

must pass through the hands of a cashier and a wrapper or packer. The wrapped merchandise is then sent to the Delivery Department, where it is sorted and assigned to a delivery route. The driver then conducts it to the customer's door, and that is the end of a cycle as far as the merchandise is concerned—unless there is a complaint! If this happens—and cases are known to have occurred—the merchandise may make a trip back to the store, or at any rate will be the subject of investigation by the Adjustment Bureau, and will also occasion some correspondence carried on by the Correspondence Department. At all events, while the merchandise is being delivered, the Auditing Department will be using the record of its sale in computing the daily totals of transactions. These activities are inevitably a part of the routine of conducting a large distributing business. Other departments have been established to supplement various selling departments, such as the following manufacturing departments: Millinery Workroom, Mattress Factory, Carpet Workroom, Printing Shop, Photo Laboratory, and Picture Framing Department. Still others are needed for the work of building maintenance such as the Carpenter Shop, the Paint Shop, and the Engineer's Office. The coordination of the jobs performed in such a variety of departments to the end that the whole store operate as a unit is a task of gigantic proportions.

Not only does work vary in different departments; very often a great variety of operations of comparatively short duration must be performed on a single job. This is true even after the principle of division of labor has been utilized. Take as an example the work of a marker who attaches price tickets to articles of merchandise before they are sent to the selling departments. At one time, and even today in many stores, a salesclerk not only sold merchandise but marked it also. We, however, have taken the function of marking away from the salesclerk. Furthermore, we attempt to assign markers to certain departments. If we stop to consider the thousands of articles sold in one department, such as the Drug Department, we have some conception of the variety of operations and therefore the difficulties encountered in trying to standardize the job of marking.

A third factor which must be reckoned with in developing standards of performance is the tremendous fluctuation in business. To be sure there are certain periodical fluctuations which can be prognosticated. These would include a daily peak between

the hours of 11 and 4, a weekly peak on Saturdays, and seasonal peaks at Easter and Christmas. By a careful analysis of past performance one can note with increasing accuracy where these peaks occur and can study their behavior. But in a merchandising business there will always be many valleys and peaks of which we can have no warning until they are upon us. These are caused by such uncontrollable factors as weather and style of merchandise.

The fact that many of the employees are in direct contact with our customers increases the difficulty of the problem and makes it imperative that we instruct our salesforce not merely in the mechanics of their job but also in the psychology of salesmanship.

All these factors make the work of determining standards of production for so many jobs more difficult. We have not found a solution for all cases, but we have gone far enough in our studies to recognize certain principles. In order to measure performance when so many operations are involved that it is impossible to set a separate standard of production for each, we attempt to find a common denominator of work. Where the fluctuations in the amount of work received or other conditions of work cannot be controlled, we measure average performance over a period of time against the standard set.

The function of our Planning Department is that which may be attributed to any agency of scientific management—in Mr. Leffingwell's phrase, "to standardize policies, methods, equipment and tools." Our method of attack is to standardize procedure, supervise its installation and finally to follow up after the installation has been completed. We maintain these three well defined divisions of any piece of work, as they insure a comprehensive grasp of the problems and a check-up on progress made. For illustration, we make job analyses, to furnish the employment and training departments with job specifications, and to develop, with these departments promotional plans and a standardized wage scale after the operations of the job have been standardized. In addition to the study of the individual jobs, an analysis of the relationship of one job to another is made in order to determine the most direct routing of work and the best layout of the department as a whole. The equipment—chairs, desks, tables, files, etc.—and the condition of work, lighting and ventilation are studied also.

²⁰"The Application of the Principles of Scientific Management to the Office," *Bulletin of the Taylor Society*, Vol. VII, No. 1, February, 1922.

In contradistinction to the planning department, in a factory, which is in important respects an operating department, our Planning Department occupies a purely staff position in the organization. It acts in an advisory capacity to the management and more especially that representation of the management which is called the Board of Operations. This body is composed of the Vice-President of the organization, the General Manager, the Controller, the managers of the larger non-selling departments and the Director of Planning. The Planning Department is closely associated with this board so that any problem of operation which might need investigation or study can be referred to it. Recommendations resulting from such investigations are referred to the Board for approval. The Planning Department is directly responsible to Mr. Percy S. Straus, Vice-President, who is the chairman of the Board. It is our good fortune that Mr. Straus possesses qualities as an executive which make him unusually sympathetic with our aims. He is continually eager to replace what he likes to call "rule of thumb" methods with "the best" methods. As this desire is coupled with a thorough and intimate knowledge of every phase of store operation, his concern with our problems is a continual stimulus to greater effort.

Only with such an appreciation and understanding on the part of the owners and managers is it possible for an organization to derive the greatest benefit from planning of this kind, since it is at best hardly through the stage of pioneering and experimentation. We must not omit to say also that the cooperation of all the operating personnel, from the General Manager himself to the employee on the least important job, has been an indispensable factor in whatever success we have had. In fact, we like to think of the personnel of the Planning Department as including every individual in the organization, with our staff as those selected to devote more time and thought to specific problems because they are not interrupted by the many immediate operating duties. Our conception of the Planning Department's primary function would be, then, that it is educational to the extent that it is trying to get the organization to think more and more in terms of "what has been accomplished in the course of a day or week," instead of in terms of "the number of hours or days or years that an individual has been present in the organization."

In discussing one or two specific problems which have been assigned to the Planning Department I

shall not attempt to describe our methods of attacking each one individually. I shall rather limit myself to a statement of the problem and its solution.

One of our earliest assignments arose from the desire on the part of our executives to compensate our non-selling employees, in addition to their weekly salary, by some means which would be comparable to our commission payments to selling employees. At this time we were thinking of a non-selling bonus in terms only of attendance, punctuality, personal ratings and other factors not directly pertaining to production. After much thought and discussion it was decided that any kind of a bonus payment should be limited to a payment on production measured against standards of work set for each job. This was a new principle in the payment of such employees, and its acceptance made it necessary for us to discard the general attendance and punctuality bonus then in use. But in order to avoid the feeling in the organization that we were even indirectly reducing wages, we introduced a compensating more liberal vacation plan, which in dollars and cents would cost the organization just about as much as the bonus had cost.

The determination of the vacation plan best suited to our needs was the responsibility of the Planning Department. We carefully studied a number of plans already in operation in this city and elsewhere, both in department stores and in other types of business. On the basis of these and with an understanding of our own needs gained through study of the local situation from all angles we were able to present alternate plans, one of which was finally adopted.

To digress a moment, let me utter a word of caution on the subject of bonuses. While we have decided upon what basis they shall be paid, we are at present paying bonuses on only a very few jobs. Our reason for this is that the process of working up standards is necessarily a slow one, since it involves the preliminary steps of standardizing methods, routing and equipment. Even after these steps have been covered we still have to meet conditions like fluctuations in the amount of work received and other variables which are beyond the control of the management and the worker, before a standard day's work for each job can be determined. Accordingly, it is absolutely essential to proceed with great caution. We can report progress, but in some ways we have been brought nearer to barriers which appear more difficult to surmount close at hand than they did from a distance.