

the responsibilities with which the earlier type of chief executive was intimately concerned—matters of departmental execution—must now be left to department chief executives with adequately defined responsibilities. Another considerable portion of the responsibilities of the earlier type of executive—determination of policy, projects and plans—cannot be carried adequately by a single individual. Is not the conference and committee system, properly developed, really a *composite executive* which aids, on the one hand, the chief executive in carrying the policy and project portion of executive responsibility, and on the other hand, the several departmental executives in carrying the responsibilities of detail execution?

Several times in the course of the discussion of this group of propositions reference was made to ideal relations and practicable relations between the chief executive and his associates. Those who made such reference agreed that a chief executive should set up in his mind an ideal organization and ideal routine of relationships, based on the assumption that the enterprise has been functionally analyzed and suitable individuals for each function are available, and that the chief executive should have this ideal plan in mind in the development of the organization. However, experience has demonstrated that it is practically impossible to bring together individuals each perfectly equipped for a particular function. Individuality is a powerful element in any group composed of persons who have been chosen for executive positions in large part just because they have individuality. Furthermore, each individuality will develop new qualities under the influence of any particular association of individualities. Therefore the chief executive is under the compulsion of modifying his ideal plan to conform to the particular characteristics of the group of executives associated with him. The truly great chief executive is he who has a wise ideal plan, calls to associate with him such individuals as conform reasonably to the requirements of the plan, then by force of personal educational ability and by force of the moulding influence of the environment he creates, causes these individuals to grow into truly functional cooperative relationships, and at the same time brings out in each individual all his valuable peculiar potential capacities.

The second group of propositions was as follows:

II. Detail Aspects of Relationship

1. *Until such time as the procedure outlined above has resulted in the establishment of an understanding*

staff group, each member with a proved, coordinated departmental policy and procedure, the chief executive should keep in close—daily—contact with staff executives and operations.

2. *The principal activities of the chief executive should be concerned with*

a. *The responsibilities outlined above (I-1, I-2).*

b. *Exceptional problems of operation resulting from unexpected situations and miscalculations.*

c. *Failures in coordination of work of associate executives.*

3. *The chief executive should define clearly each staff executive's responsibility and its relations to general purpose and plans; and should grant each executive adequate corresponding authority.*

4. *The chief executive should establish and observe a routine of executive work and of relationship to executives; he should not, for example, directly instruct or discipline the subordinates of a staff executive.*

5. *Chief executive decisions and orders should be fully explained.*

6. *In his contacts with associate executives the chief executive should be*

a. *Assured of his facts and conclusions, and not convinced of his infallibility;*

b. *Direct and firm as supervisor and appraiser, but courteous;*

c. *Patient in expectation of understanding and action by associate executives with respect to new propositions which he alone has had time to investigate and consider thoroughly.*

7. *The chief executive should use the conference as an opportunity for self-expression on the part of his associates and for securing their judgments, but should not misuse it as an opportunity for expressing himself only and imposing his own judgments.*

8. *Staff executives should be developed within the organization; the chief executive is morally bound to exhaust every resource in developing junior executives to capacity to assume staff responsibility; for every executive there should be in the organization a competent alternate.*

9. *The chief executive should establish clearly defined principles of remuneration of executives along the following lines:*

a. *Remuneration should be direct and at regular intervals—in the form of salary;*

b. *Remuneration should not have as its major element profit-sharing rewards of supposed distribu-*

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tion of profits which tend to depress standard salaries;

c. *Remuneration should increase with experience and length of service;*

d. *Remuneration should be based on measured contribution of each position to the common result.*

10. *Provided there is not opportunity for promotion, the chief executive should "graduate" out of his organization into positions in other organizations which he has helped to discover, such of his executives as have developed ability and capacity greater than is required by and adequately remunerated in the position now occupied.*

As stated earlier in this report, this group of more specific propositions did not receive much consideration, chiefly because the available time was exhausted in discussion of the first group of more general propositions. However, the second group of propositions was referred to as a group a number of times in discussion; in most instances with general approval without exceptions, and in several instances with general approval but with certain exceptions. It is these exceptions which should be noted in the record.

Proposition II. 4—that the chief executive should establish and observe a routine—was not disapproved, but the example utilized in explanation—that a superior executive should not directly instruct or discipline the subordinate of an associate executive—was disapproved. It was asserted in that connection that there should be free intercourse between the chief executive and any member of the organization, of whatever degree of responsibility, that the chief executive should be accessible to any subordinate and any subordinate accessible to the chief executive. There should be no such sense of rank, higher or lower, as to impair good fellowship throughout an organization.

As understood by these particular discussers, the example cited in the statement of proposition II. 4 was subject to criticism. But it was not intended that it should be so interpreted. Obviously the example was not happily worded. The example was intended to be so worded as to disapprove the practice of the chief executive who, walking through plant or store, observes something which he thinks is wrong, and immediately and publicly "calls down" the workman or sales person involved. The chief executive does not know the circumstances lying behind the act or situation to which he objects. To him, the responsible person should be the department head. This is quite a different matter from being accessible to all individuals in an organization. The example supporting propo-

sition II. 4 should have been so stated as to assert that the chief executive should establish and observe an understood routine of executive relationships which, on the one hand, would prevent his undermining the responsibility of a department head by giving casual instructions directly to a subordinate of that department head (except when functional responsibility requires such direct instructions); and, on the other hand, would provide accessibility to him for any member of the organization. The two are not inconsistent. If a clerk gets out a report to the chief executive in a form not agreeable to the chief executive, it is the supervisor of that clerk and not the clerk himself who should receive instructions from the chief executive as to the form desired. On the other hand, if the clerk believes he is not receiving adequate instructions or fair treatment from his supervisor, and if he wishes to appeal to the chief executive, the way should be clear.

Exception was taken by one discussor to proposition II. 9. c. as stated. He raised the point that while agreeing in general with the proposition, remuneration should increase with length of service only "in case the mind and spirit of the employees grow." Responsibility to the employee who does not grow is a difficult problem.

Proposition II. 9. d. was commented on by several discussers. Although all who referred to this proposition were in general agreement with it, they called attention first to the difficulty of determining what elements enter into contribution to the common result; and second, the difficulty of measuring the elements that it is agreed do enter into the common result. You can't judge an executive's earnings by the balance sheet. It is inanimate; it is cold. It is a list of material things. You have got to get right down to each individual and find out how much he contributes to goodwill and esprit de corps, contributions which cannot be identified in the income statement. It is not impossible to rate the goodwill-building ability of executives and it is desirable to consider that, in addition to the profits he turns in, as a basis of remuneration.

It is hoped that the plans of the Taylor Society for further inquiry into the work of the chief executive may be carried on, and that the only individuals who are in a position to pursue that study—the chief executives themselves—will appraise the results of this reconnaissance as warrant for continued active participation in the inquiry.