

of our accomplishment. On the other hand, there may be another bridge available and our ideal may be to build the new bridge stronger, more permanent and more beautiful than the old bridge; in this case, time is a unit of our standard, but it is not the controlling unit.

Expediency is dangerous only to the extent that it is used. If one will only remember that it is a tool to use in temporary or transient situations, expediency has no effect on our ideals. It is only when an expediency decision is allowed to stand without checking against our ideal that we later find that we have permitted an unfortunate and perhaps deplorable condition to exist.

The failure in the installation of scientific management methods has been, in most cases, attributable to the improper consideration of the unit of time. Time has usually been given an important place in measuring the ideal or standard of accomplishment and little or improper consideration in laying out the plan of action.

Any ideal or any true standard must be based on facts. An analysis based on facts of procedure must consider the unit of time and will fix this unit relatively in its measurement of our ideal.

A company losing money requires the same treatment as the bridge that must be put over the river in a hurry. Time is an important element; the liquid capital may disappear while corrective measures are being planned and the first step in attaining our ideal is to save what we have.

Another unfortunate thing for scientific management has been the assumption that methods and principles are the same. We hear the Taylor system confused with principles of scientific management. These principles are, of course, universally applicable but I do not know of any system, Taylor or otherwise, which can be used in applying them under all conditions.

In attaining our ideals we are similarly quite likely to confuse our method of reaching them, our plan of action, with the ideal itself.

I think it is perfectly proper to be stubborn regarding our ideals. They are our own, and a man isn't worth much unless he has them.

As I have suggested, there are other units of measurement than money, but fortunately the accomplishment of ideals can be measured in money alone and in this single unit show a credit balance.

I think it has been demonstrated in several fields

of endeavor that the maintaining of ideals is profitable. No large undertaking can be successful without the cooperation, goodwill and earnest effort of all who have to do with it. Whether we are motivated solely by the desire to make money, or also by the desire to make our business world a little better place in which to live or to furnish a little more service to those who are affected by it, our plans and results are the same even though measured in different units. Until others are educated or "sold" on all the units of measurement of accomplishment, it may be necessary to use their vocabulary and the single unit of money.

Some years ago I laid out what I considered an ideal power plant for a company with which I was connected. The then existing plant was scattered all over in different buildings and was a wonderful education as to diversification and inefficiency. The new plant was estimated to cost \$200,000 and the money was not available. However, the plan was revised so that each replacement fitted into a general plan that would ultimately result in centralizing all the power in standard units in one location. It gave me a great deal of satisfaction to learn two years ago that the first part of the accomplishment of this plan was so successful that the company went ahead and replaced all the remaining equipment at one time. This was the accomplishment of an ideal, though a very material ideal.

In attaining management ideals, however, we are dealing with the relation of human beings, and while I do not believe in paternalism in any form in industry, to bring about cooperation of workers in a joint endeavor we must necessarily effect a mental stimulus (and perhaps a spiritual one) in our business associates.

In the installation of any new methods the first part of the work is often tedious and discouraging, but after the first successes have obtained cooperation there is a tendency to force the other steps ahead too rapidly.

There is another point where the man with ideals and a definite vision of his ideal has the jump on the other fellow. With a predetermined plan of action the next step and the reasons for it are known. It is possible to justify each step in itself. If the other fellow has a plan, it gives you the opportunity to check yours. If he has not, then there is no opposition.

The engineer has often been criticized by the layman for his use of the word "standard." It is said

that one cannot set a standard in this day of rapidly changing thought and progress in industry. The same situation exists with reference to "ideals." It is largely a question of definition. If our ideals are considered standards, based on analysis of facts and expressed in common units of business measurements, there should be no difficulty in maintaining such ideals in the solution of practical problems. In fact, our practical problems become steps in the attainment of our ideal.

In concluding, I wish to quote from the writings of a business associate:² "We are prone to term an 'Idealist' one who indulges in idle dreams. The real idealist is he whose dreams come true. He it is who possesses that serene unclouded vision of realities unobscured by regrets, fears or hopes. It is he who has the power and courage to look at the sun, not seeking to envelop realities in a pleasing haze. The idealist envisages fearlessly the premises of today, and consequently can read the answer which tomorrow holds." This fits my idea of an idealist.

Trends in General Administration³

As Seen by a Specialist in Budgetary Control

By J. O. McKinsey⁴

NOT enough data have been obtained through research in the field of management organization as distinguished from sales management, production management or financial management, to warrant any fixed opinions on the subject. These observations are to be accepted merely as some indication of the trends.

I. Trend to attempt some control of the kind of stockholders.

(a) Sale of stock to employees (other than executives). The greatest tangible asset in this is the encouragement of thrift habits through the installment method of purchasing securities of the firm.

(b) Sale of stock to customers of the firm—this has some very important possibilities.

II. Trend to give consideration to the composition of the Board of Directors. Heads of departments

²Frank C. Kearns, Secretary, Executive Committee, American Radiator Company.

³Abstract of a talk before the Chicago Section of the Taylor Society, December 10, 1925.

⁴President of the James O. McKinsey Company, specialist in budgetary control and practice; Associate Professor of Accounting, The University of Chicago.

(who make a very good executive committee) are not as desirable for Board in formulation of general policies as persons with outside interests.

III. Trend to select as Chairman of the Board a man other than the president of the company. There is a marked difference between policy making and executive work. The Chairman is the contact man with the outside world. He needs plenty of time to think.

IV. Trend to appoint committees of the Board, as Executive Committee, Finance Committee, etc., to study various problems. The interesting thing in this movement is that the Board today is taking a more active part in the life of the firm.

V. Trend to make the president's job different from what it used to be when the president was a product of the institution—a man who was an authority on all branches of the business. Today staff men are filling the presidency, coming from the law department, the accounting department, etc., men who are not so quick to give decisions as formerly—men capable of analyzing problems rather than men necessarily of dynamic personality.

VI. Trend toward the delegation of authority and responsibility to subordinates—a marked getting away from the one-man basis.

VII. Trend (on account of VI) to fix the responsibility of subordinates. A limited use of charts and instructions is desirable, with provision for expansion of the job when the given man is capable of doing more. Such charting, after all, is but a reflection of thinking.

IX. Trend is again to the placing of emphasis on

(a) Functions of personnel administration
(b) Functions of comptroller

with a vice-president in direct charge of each.

X. Trend to restrict the number of executives reporting to the chief executive—there have been too many departments in the past.

XI. Trend to set up some means for coordination of budgetary control by

(a) Committees
(b) Plans by head of each department.

XII. Trend toward the realization that we must recognize the personal element. (There are not enough good men to go around.) I suggest making up an ideal organization chart first and then trying to get men to measure up to the standards set. Wise executives attribute to their type of organization the failures of some of their men.

XIII. Trend toward the realization that the or-