in the pan." It is apparent that the campaign did produce results. The high point of December, 1927 was due entirely to a series of helper driver accidents in one suburban station. Suburban accidents form a small percentage of the grand total and this accounts for the slight rise in the curve during the fall and winter of 1927 and 1928.

There is evidence in these charts of the workings of a more powerful influence than that of the standard accident campaign. This influence is the driver's interest, aroused by "selling" his record card to him and basing his compensation upon its story. Before proceeding with this point, however, let us turn back and examine two lessons learned from the campaign proper—the first lesson concerned with bonus payments and the second with the motor school.

On January 1, 1928 we eliminated the $5.00 bonus payment to drivers who had driven twenty-five consecutive days without an accident. During the year and two months in which we operated under this plan $11,200.00 were expended in bonus payments. Examination of the records of the men who were laid off for accidents disclosed that nearly all of them had secured at least one-half of the total possible bonuses. It was possible for this to happen because after the first twenty-five days of safe driving a driver could have an accident and then start over again to earn his next $5.00 bonus. After another accident the same thing could be repeated indefinitely, until the man was laid off. Under this plan we wasted about one-half of the $11,200.00. We also felt that the financial appeal would be greater if an equal amount of money was expended in substantial salary increases to men for *well demonstrated* ability only—for month after month safe driving records. Our new drivers' salary plan, inaugurated May 1, 1927 and finally put across during the fall of the same year, accomplished the result we had in mind.

As I have pointed out before, the motor school was a result of the findings presented in Figure 3, which shows high accident levels during the period in which helper drivers are used. Through the reading of hundreds of accident reports during these two years several significant theories were evolved. They are:

1. It is possible that the driver helper does not know what to do under different driving situations. Perhaps his driving education was like Topsy's.

2. Perhaps he knows what to do but not *why*. Here it may be said that it has long been known that the *why* of a rule is just as important in teaching its observance as the *how*.

3. Perhaps the driver helper or driver is not fit to drive—mentally incapable of reacting quickly enough.

We have therefore set about to show the men *why* they must approach intersections with the car running slowly and under perfect control; why a certain speed at a certain distance behind another vehicle is too fast. In showing the drivers why and how an instructor takes them out on the street and makes them drive into dangerous situations while he explains the proper safety principles.

The third theory raised above—that the driver may be mentally unfit—we have made the basis of an experiment with laboratory driving tests. These, however, are still in the study stage.

I will now return to the driver's record card and the process of "selling" it to him. As each driver starts his employment the record of his work and behavior is also started. This device has supplanted the standard accident campaign technique and far surpasses it in efficacy. On the driver's record is shown: (1) a description of each vehicular accident with comment by the Superintendent of Delivery to indicate the nature of the accident, whether it was avoidable, etc.; (2) daily production—pieces on the load and returned, order-backs on the load and returned; (3) absence and tardiness, complaints and commendations of customers; (4) the opinion of his supervisors expressed quarterly on a rating sheet as an indication of the driver's attitude and disposition and (5) damaged merchandise charged to his load, his cash shortages and a record of his failure to deliver paid merchandise.

The records are carefully reviewed each quarter by a committee composed of two Assistant General Managers, the Superintendent of Delivery, the Assistant Superintendent of Delivery and the Superintendent of Training. Each factor in the driver's record is examined and weighed and recommendations for advancement are made on the basis of these studies.

If a driver cannot be advanced because of his record he is told why advancement is not possible. Vehicular accidents are given the most weight. No driver who is guilty of an accident which is

considered avoidable by the Superintendent of Delivery can receive an increase in salary until at least eight months have elapsed, during which time the driver's record is entirely free of any kind of accident.

This plan has been explained many times in printed matter presented to the men and also through personal interviews with the Delivery Supervisors. After showing the driver how, we tell him why; then we show him what other drivers are doing and demand that he do as well to make a good job for himself—good in that it is secure and well paid. We hope that this program will not only eliminate many unfortunate injuries from accidents, but also that it will give us management economies along with high salaries for good work.

This paper should not close without a word to the careless imitator. As this plan has in it great possibilities of benefit it also has in it great possibilities of danger. In the hands of a careful, intelligent and strictly just management which has well defined personnel policies our plan should pay dividends within two or three years. If it is carelessly handled, however, it will just as surely result in discontent and injury to the individual and to the community.

News of the Sections

The Central New York and New York Metropolitan Sections have resumed their regular meetings.

The Central New York Section joined with the National Association of Cost Accountants at Syracuse on September 18 in a meeting on "Organizing Business for Profit." Mr. J. P. Jordan, of Stevenson, Harrison and Jordan, was the speaker.

On October 18 the New York Metropolitan Section will hear Mr. O. W. Knauth, Executive Vice-President and Merchandise Counselor of R. H. Macy & Co., Inc., on "Hand to Mouth Buying; Its Influence on Retail Merchandising Management." This is the first of a series of meetings on the effects of hand to mouth buying on management problems in various types of enterprise.

Communications

August 28, 1928

The Editor of the Bulletin:

Dear Sir:

Your issue of February last contained a review by Mr. Joseph H. Barber of my book, "Business Forecasting and Its Practical Application."

All an author can ask in such matters is that the reviewer should be fair, and Mr. Barber was friendly. I do not therefore ask to enter into any discussion from my point of view as an author. There is, however, one criticism of the book which does appear to me to raise a matter of general interest to your readers; that is, the objection to my two statements: (1) that we in Great Britain do not yet fully know where we stand in the post-war trade cycle and (2) that the orthodox forecasting theories should not be counted upon to work automatically in abnormal periods.

To these two statements I firmly adhere. Indeed I am inclined to submit that at the present time you in the United States do not really know where you stand in the trade cycle; that your present conditions are abnormal, and that for these reasons you have no definite and authoritative guidance as to the probable course of general trade over the next year or two. I hope I may be wrong in this, but it is an opinion not lightly arrived at and I throw it out as a matter meriting your consideration.

In the United States the "speculative" indices have risen to unprecedented heights, and now money rates are rapidly rising and have already reached the highest point since 1921. According to your most influential school, this would normally presage an early and severe slump in business. Do you expect it? I find no hint of such expectation in the views of any of the chief forecasting agencies summarized in the monthly circular of the American Management Association. I take it that the answer would be that while speculative and money conditions are suggestive of boom, industry and commerce are in fact in a conservative position, and that no slump need be expected. Accepting this view to be correct for the sake of argument, is it not just another way of saying that present conditions are abnormal, and orthodox forecasting theories therefore cannot be automatically applied? In Great Britain the "speculative" indices have for a long time shown steady and substantial rise, accompanied by comparatively low money rates, and this would normally point to fairly rapid improvement from our trade depression. It would, however, be a very bold Briton who would take this view today. On the contrary, unemployment (which I have found to be our best single index of prosperity) has steadily increased (leaving seasonal variations out of account) for nearly a year and is still increasing. Either some of the theories break down or the conditions are abnormal. I could draw similar lessons from Germany, France and Italy. I could suggest, too, in what respects conditions are abnormal in the different cases, and why; but space does not permit, nor is it necessary to my purpose. I cite these things in support only of the view that, until at any rate the tidal wave of war has subsided and disclosed the old landmarks or proved their removal, it is as foolish on the one hand to rely upon any cut and dried system of business forecasting as it is on the other to ignore forecasting altogether. Willy-nilly, we must rely upon our own considered