

General Administrative Organization and Control¹

The Principles and Practices of a Textile Enterprise Realizing a Noteworthy Growth and Success

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I

SCIENTIFIC management began with the shop. Its objective was the finding of all the facts on each job, intelligent analysis and interpretation, and effective application to the solution of manufacturing problems. It completed its objective with each job. It put its units of finished work together in a united and complete whole. Its contribution to industry has won from the world the appellation "excellent."

The problems of administrative organization and control involve many intangible elements, such as human behavior and motivation, aims and purposes, objectives and goals. These problems have been and are now placing upon scientific management a new and heavier demand. The scientific method of solution of such problems was indicated by Taylor when he wrote:

"We are now but on the threshold of the coming era of true co-operation. . . . All great things will be done by the co-operation of many men in which each man performs that function for which he is best suited, each man preserves his own individuality and is supreme in his particular function. . . . and yet is controlled by and must work harmoniously with many other men."

The friends and disciples of Taylor, those who believed in him, caught his vision and were inspired by his ideals, are carrying on and are approaching the accomplishment in the broader field of administrative organization of what has been so well done in the field of production. The facts of the intangibles are being ascertained, described and evaluated, thus furnishing workable tools for creative leadership.

Under the constructive leadership of Henry P. Kendall, the president of The Kendall Company, who is president also of the Taylor Society, a plan

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of administrative organization and control was conceived and developed in order that the ideals or objectives for which we are striving might more effectively become realities, and that a closer approach might be made in the upper strata in management to that which has been so successfully accomplished under the Taylor System in factory management.

This plan is in successful operation. We believe it is concomitant with all that the principles of scientific management imply, and is one further evidence that we are nearing the goal which the industries of the civilized world require and have just reason to expect will be reached.

The story of The Kendall Company plan and its development will constitute my discussion of the subject "General Administrative Organization and Control."

1. *Definition of Administrative Organization.* The function of administrative organization and control is to marshal and integrate the known facts of psychology and economics for the utilization and correlation of the human and material resources of a given enterprise in a way which will most effectively:

a. Promote its continuance and sound development from an economic standpoint.

b. Contribute to the development and welfare (physical, mental, spiritual, material and social) of the individuals directly connected with it or within the sphere of its influence.

c. Promote social welfare by rendering a needed service with the maximum economy of material and effort.

2. *Basic Principles and Factors in Administration and Control.* Analysis of plans of administrative organization and control which have been developed by various successful enterprises shows that however much these plans may vary in detail (and they do vary widely) they are based upon the cor-

rect application to a given situation of a relatively few basic principles and factors. Such plans embody in all instances several, and in rare cases all, of the following elements: (1) constructive leadership; (2) the development and application of sound policies; (3) recognition and varied application of research; (4) intelligent selection and utilization of executive personnel; (5) emphasis upon the training function; (6) definition and development of responsibility; (7) effective motivation of the organization; (8) means for measuring actual results against well set standards.

These factors react upon and are reacted upon by the organization plan.

Constructive leadership is the keystone of the organization arch. Potential and actual capacity for leadership of this type must be present in any organization which aspires to large success economically, or in the broader sphere of social usefulness.

What is not so obvious is that the type of general administrative organization found in any particular business is not only a reflection of the capacity, or lack of capacity, for constructive leadership which exists in that business, but the type in use determines to a great extent the degree to which such capacity may realize itself.

If the plan of organization is such that the aims as expressed in the enunciated policies of the business can be carried out by executives of adequate ability and experience, soundly motivated and working within well defined lines of responsibility, the chief executive and his associates, freed from the pressure of daily operating detail, but secure in the adequate control which sound organization makes possible, will be able to bring to bear all of their capacity for leadership.

In the field of planning and policy there are two broad functions which must be performed in any business—first, the making of plans and policies to fit the exigencies of a particular situation, and second, the successful execution of these plans and policies. When these two functions are confused, as they too often are, so that neither is well performed, this is usually due to bad organization, not to the fault of individuals.

In a similar way, it would be possible to analyze the interaction between each of the factors I have mentioned, and the organization plan in use, but time limitations make it desirable to proceed

immediately to a description of the way in which The Kendall Company has built its organization structure on these foundations, and to follow this by a summary of the results of this plan as we see them.

II

The Organization Plan of The Kendall Company

It has been well said that any institution or organization is but the lengthened shadow of a man.

To explain clearly the present organization plan of The Kendall Company and its operation—why this plan was developed and how it works—I will first outline the fundamental concepts and ideals of the founder and present head of The Kendall Company, Henry P. Kendall, and sketch briefly the historical background without which it is difficult to grasp the essential significance of any evolutionary development, such as our present organization plan.

1. *Underlying Purposes and Objectives.* The history of the company covers a period of more than a quarter of a century, dating back to 1904 when Mr. Kendall at the request of friends took hold of the insolvent Lewis Batting Company at Walpole, Massachusetts. Later known as the Lewis Manufacturing Company, this rejuvenated business became the nucleus of the present group of nine plants. In those early days, the first Kendall unit was a small and struggling business, housed in a few wooden buildings, without organization, financial resources or much of anything except problems.

Looking back over the history of the intervening years, it becomes clear that the development of this business has been furthered by intelligent adherence to certain objectives, economic, social and humanitarian.

2. *Economic Objectives.* The textile industry was then made up, as it has to a large extent continued to be made up, of numerous small and relatively weak plants, operated along traditional lines, often with antiquated and inefficient equipment, without specialized skill in either buying, manufacturing, selling or financing. The finished product was sold, as a rule, through commission houses, unbranded.

In this situation Mr. Kendall saw an opportunity for a business which would attain success through:

a. The carefully controlled purchasing of suitable raw materials of high quality.