

ask some person who knows that fact. So, in setting up premium and bonus plans, it is an excellent idea to be governed more largely by the judgment of those who are to be affected by the plan than by theoretical considerations. If the problem is put to any group of employes to determine the most desirable apportionment of any total expenditures for services, between fixed salaries and premiums, and to determine also the basis on which the premiums should be paid, it will frequently be found that the solutions arrived at will differ very greatly from those that might be assumed, theoretically, to be most effective.

In general, if the organization morale is high, the best results will be obtained if the special premiums, while large enough to seem substantial, constitute, nevertheless, a relatively small proportion of the total payments for services. This is particularly true when premiums are to be paid to those in executive positions, owing to the fact that premiums paid on the judgment of a single executive, or even of a committee, are always looked upon as being tinged with favoritism; while, on the other

hand, premiums paid on the basis of any arithmetical calculations are always exceedingly difficult to adjust to the merits of executive performance.

Conclusion

And now to conclude—the Taylor Society is described as a society to promote the science and art of administration and management. The science of management deals primarily with methods, but the art of management must deal primarily with men. The science is relatively easy to learn; the art is difficult. It may be going too far to say that, if the art is really studied, the science will take care of itself. Nevertheless, those who are interested in the true development of scientific management should keep always before themselves the distinction between the two; for the corporation that secures unity of purpose and action in a loyal federation of natural leaders, working under a trusted chief, will always win in the long run in competition with an organization that ranks the science of management above the art—that values Things above Men.

RESULTING from the recognition of the fixity of non-human factors in managerial situations, the search for laws which govern co-operative activity, and the recognition of the importance of analysis of functions, was consideration of human adjustments in accordance with capacities. Certainly one outstanding achievement of modern psychology is proof and measurement of variability in characteristics among individuals; of a norm and dispersion about the norm with respect to any characteristic. But before this new psychology had appeared, the management movement had begun in practice to disregard the traditional assumptions that all men are created equal in ability, that any man can do anything, and to seek men adapted by nature, training and experience for particular functions.

Taylor was a pioneer when he incorporated this point of view into his technique and his philosophy. The first man he selected at Midvale was a skilled (adjusted) man, and thereafter much of his attention was given to discovery and definition of capacities for particular operations It was an essential part of the new outlook toward management that effective joint effort of complementary specialists working for the accomplishment of a common purpose must be truly co-operative; must be effort in which there are in general common desires and motives, and understanding and acceptance of the nature and effects of specific acts. Predetermination and effective execution of planned action cannot be established without these (The Taylor Society, *Scientific Management in American Industry*, pp. 29-30.)

Stores Room Control¹

New Methods in the Organization of Stores Rooms

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IN 1920 I was asked to organize the central stores rooms of a large chain store system in France, at that time the second largest and now the first. The company had in 1920 two depots, feeding each about four hundred branches. In accordance with the usual French system, each branch carried a small stock of about Frs. 30,000 (\$1,200) consisting of dry groceries, family wines and liquors, small dry goods, shoes, kitchen utensils and other articles of daily consumption in small towns and villages. (The financial, sales and administrative organization of these French concerns, which show profits uniformly much higher than those of American chain stores, is worth study also.)

It was decided to begin with the organization of the dry goods, shoes and kitchenware departments, leaving aside for the moment the groceries and wines. This was due to the fact that the dry goods and the kitchenware departments were managed by a young man, son of the founder recently deceased, already wide awake, progressive and aggressive, and now (1929) the director of the whole affair which has taken on a still continuing and very remarkable extension. In 1920 the other departments were managed by elderly and conservative associates and contemporaries of the founder. Their attitude toward the son ("young George") and all his ideas was at the best one of a benignly tolerant scepticism and at the worst of openly expressed distrust and active opposition. I was engaged by "young George."

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²Before the War Mr. Thompson was associated with Harvard University as Lecturer on Manufacturing. He is the author of *The Theory and Practice of Scientific Management* (1917) and editor of *Scientific Management* (1914), a collection of the more significant articles on the Taylor System of Management. Both of these works still stand as authoritative sources of information on the subject. Mr. Thompson has recently published a French book entitled *La Réorganisation des Usines* (1928). Since the War Mr. Thompson has been located abroad and has numbered among his clients many prominent European industrialists.

In 1920 the departments to be organized occupied an old building or a series of buildings, built at different times, one against the other, in the usual French provincial way—each building with ground floor and one story, and the upper floor of each building on a different level from that of the others, with steps in the passages from one building to the next. The merchandise was received and verified in each department, stored in bins of all shapes and sizes, or on shelves, or left in cases on the floor. The tagging was done when an order was received from a branch manager. The manager of each branch was allowed per week one large order to be shipped by ordinary freight, and two small orders by fast freight. Branches within twenty-five miles of the center were fed by automobile trucks, but followed the same rule. There were on the average about seventy main orders per day and 140 special orders for quick delivery. This meant a total of 1650 lines per day, a line being any quantity of one kind or size of article, at one price; for example: 6 pairs of shoes, size 8 C, at Frs. 38; 3 pairs of shoes, size 8 D, at Frs. 38; 4 shirts, Number 24, size 32, at Frs. 16; 6 mouse traps, Number 12, at Frs. 6.

At that time these orders represented about sixty tons of merchandise to be prepared and shipped per month. These small orders were and are the characteristic and normal expression of the old established merchandising principle of the house: small and frequently renewed stock in each branch (one little branch store to about eight hundred inhabitants) and just sufficient stock in the central depot.

Orders were made out by branch managers in duplicate, the original sent to the depot where the numbers, designations and prices of each article were verified, and the quantity ordered usually reduced. The orders then passed to the "preparation"; that is, to the clerks who got out the merchandise