

anesthesia was used, in order that the proper charges may be made at the close of the day's business. It is also difficult to make the head nurse in the accident ward see the importance of showing clearly, on the charge slips sent to the office, the name of the employer in compensation accident cases, when she has had ten or a dozen accidents per hour to care for. In spite of these difficulties, great progress has been made in recent years in putting business methods into hospital accounting. In most hospitals this department is headed by a department head, sometimes known as comptroller, sometimes as chief accountant or head bookkeeper, who takes from the administrator the details of this work. Several hospitals with which I am acquainted, my own included, have installed a book-keeping machine which classifies receipts and expenditures into as many items as may be needed and which gives the Board and the administrator the detail on any special item of receipt or expenditure on short notice. Another matter that somewhat complicates hospital accounting is the number of reports which it is necessary to make. In business, a report to the Board of Directors is all that is necessary, but if a hospital receives aid from the State, and aid from the community chest, reports, worked out in great detail, must be furnished both, and in addition the State Board of Medical Education and Licensure, the State Board of Nursing Education, the College of Surgeons, the American Medical Association, the American Hospital Association, and many other organizations, official and unofficial, require the filing of statistical or financial reports at regular intervals. Most of this the chief accountant takes care of. Statistical records are kept in the office of the record librarian, another department head whose work is of great importance.

Last but not least is the assistant superintendent, or assistant director, or assistant administrator, or whatever he may be called. In almost every hospital, the assistant to the executive officer is the purchasing agent, and I take pleasure in saying that I have never seen keener buyers in any business than one will find in this group of men. The variety of supplies which they are called upon to purchase is remarkable: furniture, equipment, medical and surgical supplies, drugs, food, housekeeping supplies and laundry supplies—everything from an operating table to a hot-water bottle, from a case of eggs to the newest thing in maternity instruments is at their finger tips. This gives the assistant superintendent an intimate knowledge of his hospital which he could get in no other

way, and well prepares him for the management of a hospital of his own. In addition he cares for a thousand and one things which would otherwise come to the administrator, and in his position of purchasing agent is closer to the control of expenditures than anyone else in the organization.

Both budgeting and cost accounting in hospitals have far to go before they are perfected. Except for a few hospitals, budgets are made out on a yearly basis. They should, of course, be drawn for shorter periods of time and in far greater detail. In order to make the control of expenditures anywhere near perfect, not only salaries but supplies used in each individual section should be charged to that section. By this I mean a single ward or a floor for which one person is responsible. In order to do this, adequate storeroom space must be furnished so that all supplies can be issued from one storeroom under the supervision of the commissary department. You would be surprised to know in how few hospitals provision was made when the buildings were planned for a central storeroom. It is to be hoped that hospital architects in the future will give more attention to the matter of central storerooms conveniently located for the whole plant, and sufficiently large to take care of all the supplies required by the hospital. Such a storeroom would greatly simplify the control of supplies issued and consequently make possible a better budgetary control.

I have tried to give you, in thirty minutes, a composite picture of the modern hospital and of its management. Of necessity I have had to hit the high spots only. You can be better judges than I of how much this picture resembles that of the usual business management. The hospital business has become a very large one. I am told it is the fourth largest in the country. The Committee on the Costs of Medical Care states that "Hospitals in the United States now represent a three-billion-dollar investment; they expend annually about a billion dollars and employ more than one-half million workers." We are doing our best to install modern business methods in this vast undertaking. I make no apologies for myself or my confreres in this undertaking. I know of no group of men and women who give so largely and so willingly of the twenty-four hours of each day they have to live than hospital workers, unless it be the members of the medical profession. There are certain difficulties which all the modern business methods known to man will not solve. There is the natural friction due

to a number of professions working together in one workshop—medical men, nurses, dietitians, social workers, X-Ray technicians, laboratory technicians, etc., etc. Although the medical and surgical staff are the most important workers in the hospital, their services are voluntary and gratuitous. Can you imagine carrying on a manufacturing or merchandising business with volunteer workers over whom you have no control except your hold on their loyalty? In almost all hospitals, the loyalty of the staff for its hospital is an outstanding and remarkable thing. Where this loyalty is lacking, however, or in those rare cases where the staff feel that the trustees are trying to put something over on them and are therefore unwilling to give their services in the wards, the dispensaries and the training schools, the situation is hopeless. It would be better for that hospital to close its doors until it can secure a loyal staff.

In addition to these peculiar difficulties, we must face the fact that our "customers" are not normal at the time they are doing business with us. When a man is ill, he is not normal. You will agree that when a member of your family is ill enough to be in a hospital, you yourself are not normal in your reactions to irritations and mistakes. A delay in the nurse's answering a bell, or in an intern's coming when telephoned for, is magnified many times. A mistake in the bill which, if made by a department store, would not even irritate you, assumes tremendous importance in your mind if you are sufficiently worried over the illness of one of your family. These reasons, and the constant shortage of money, justify me, I believe, in stating that hospital management is in many ways different from an ordinary business undertaking. We are doing our best to put modern business methods into effect. You men, whose organization is for the promotion of better management, can help us greatly by your advice and experience. More money is what is most needed, but a better understanding on the part of the public as to our peculiar difficulties and problems would also be of great assistance.

### Discussion

**Morris Llewellyn Cooke.**<sup>2</sup> This is the second time that this matter of hospital management has appeared in the proceedings of the Society. Dr. Huntington of New York gave us a paper about ten years ago. At that time we thought the interest of the Society and

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the community at large in this subject was sufficient to warrant such a paper. As I see it now, however, I realize that we got started about ten years too soon. We are, I hope, now making our real start in interesting the Taylor Society membership in this subject.

In recent years I have been telling people that if I had a son leaving college, I should recommend two fields to him—either chemical engineering or hospital management. In view of the stupendous capital and operating expenses involved this latter field will provide vocations for a good many high-class men.

The two talks approach the subject from two angles, one from the outside and one from the inside, but each emphasizing the differences between hospital and industrial administration. I know of no two men who have made more distinct contributions to a better understanding of the hospital administrative problem than Mr. Clark and Mr. Rorem.

A good many years ago I was requested by the Carnegie Foundation to prepare a brochure which I called "A Comparison of Academic and Industrial Efficiency." I brought upon myself a good many epithets at that time by comparing the colleges with industry and therefore am a little hesitant about discussing the problem of hospital administration from the same angle.

I have observed the hospital of which Mr. Clark is manager for more than thirty-five years. My father-in-law, Mr. Henry L. Davis, was a director of this institution and about ten years ago I became one. The change that has occurred during those years has not been a change from night to day, because the methods of those days were appropriate to the time, but it has been a radical change. Those early directors devoted not an hour or two a month at directors' meetings, but perhaps an afternoon or two a week in competent service. In the intervening years it has become impossible to manage in that way. At present the men in the community who are best fitted to sit on such boards have other absorbing commitments. Our Board now has an executive committee that meets for a couple of hours twice a month. We consider ourselves responsible to the public but not charged with the details of operation. We are trying to give our managing director as much or more status than the general manager of a business. He has almost the status of the president of a normal enterprise.

The real answer to these problems is constantly obscured by the feeling that a salaried business director cannot "boss" professional men. My answer to that