

obstacles created by the environment of disorganization. But even if it does fail it is likely to have an influence on the opinions of working people in western Europe and America, where policies relating to state control of certain industries are being considered. Such ideas as the following, presented by Lenine in his official paper, are sure sooner or later to come to the attention of and to be appraised by the working people of all nations. In discussing the urgent problems of the Soviet rule, Lenine says that the necessity of Soviet administration has been recognized by the Russian people, that the dictatorship of the bourgeois class has been overcome and their wealth expropriated, and that now the problem of the people as joint owners of the industrial enterprises is to submit to organization and discipline for competition with the bourgeoisie regime of western Europe and of America. Then he proceeds to say specifically: "Socialism demands a conscious mass movement towards a higher productivity of labor in comparison with capitalism and on the basis which has been attained by capitalism." Again: "The best organizers and the biggest specialists can be used by the state in the old bourgeois way (that is for a higher salary) or in the new proletarian way (that is by creating such an environment of universal accounting and control as would inevitably and naturally gain the submission of and attract specialists.)" Again: "Can this expenditure of 50,000,000 roubles a year for the reorganization of the work of the people according to the last word of science and technique be considered excessive or unbearable for the Soviet Republic? Of course not." It may be that nothing new in technique will come out of Russia, but ideas concerning the conditions of management may come which will influence the conditions of management in this country.

The fourth and final problem to which I wish to direct your attention is that of the necessity for trained managers with universal and adaptable managerial principles, free and able to organize and direct enterprises—national, state, municipal or private—wherever at any moment or in any emergency their services may be in demand. This is not a problem which has arisen as a result of the war, but as a problem, it has been thrown into a clearer light by our experience in organizing for and administering the operations of war, especially with respect to the procurement and distribution of material.

The idea is not new for it has been suggested by such books as Professor Jones' *The Business Administrator* and Mr. Gantt's *Principles of Industrial Leadership*. As a result of the use of the corporate form of business organization, there has gradually come about a distinction between ownership and administration. It has come about as the result of the delegation of authority from stockholders to directors, from direc-

tors to executive committee, and from executive committee to president. "The result is that we now have in great businesses, three distinct interests: namely, a body of investors who own the securities, a body of operatives who perform the routine tasks, and, standing between these two, a body of administrators."

In addition to the development of specialized administrators as a by-product of the development of big business, the development of the profession of consulting engineers in management has begun to have a similar influence. Engineers consulted with respect to organization and routine are coming to be consulted more and more with respect to larger policies of business. Mr. Babcock's interesting volume on *The Taylor System in Franklin Management* tells us how the routine methods of production, the sales policy and methods, and even the determination of the type of car were phases of one common problem which was handled as such. In the development of the Franklin Company, the engineer in management was also administrator and executive participating in decisions on matters of policy. There is emerging a combination engineer-administrator with universal and adaptable principles of management available for application in any business and at any place.

The need for such administrative management engineers in private industry has not been met, and other fields of activity are adding to the need. It is necessary to call your attention only to the demand created by the increase in the administration of municipal affairs through city managers. Here is a demand, with almost no supply, for individuals who can adapt the best managerial principles to a highly important kind of business. It is quite possible that there may be a similar demand on the part of state and federal governments. The problem of the disposition of the railroads is not settled; nor is the problem of government controlled shipping. Is it not probable that we are entering upon a period of industrial and governmental activity which will require a class of administrators who are masters of managerial principles capable of adaptation to any condition, who are transferable from one large task to another, and who serve on the highest plane of professional ethics?

I had been impressed with this growing demand before the war, but not with the scarcity of supply. From an academic environment I had looked out upon the world of active industry and had come to know the reputations of able men and had observed their successes. I was inclined to accept the common opinion—of the world of business—that their managerial abilities were transferable. It was assumed that we had the personnel for organizing and managing successfully the public business of war, in the men who had been highly successful in organizing and managing private industry. But the most vivid impression I have car-

ried away from my experience in military service is the failure of business men to deliver the same quality of service they had displayed in private industry. I am not unmindful of the urgency of the work and the speed with which organizations had to be built up and operations begun; I am not unmindful of the limitations placed upon the business men by the tradition-serving spirit and the narrowness (with respect to business affairs) of the professional military superior. After making allowances, I believe the business men as a class failed to measure up to the reputations which they brought with them from private industry. May not the explanation lie in these two facts: (1) absence of fundamentally sound and universally applicable management principles in these men, each of whom had made his reputation in a particular business in a particular field; and (2) absence of discrimination in the assignment of this personnel to particular tasks, because of an assumption of adaptability in successful administrators?

I shall always have admiration for the manager who has built up a reputation for great ability, but the admiration will be colored by a consciousness of the particular conditions under which he achieved success; I shall presume he would have been equally successful if he had managed some other business in some other field, provided he had grown up with that business; but I shall not believe to the extent we have been led to believe in the past that any great number of the highly successful business men of this generation can be suddenly called upon to perform a large and emergency task of organization and administration in a wholly new field, with signal success, for the reason that they will not carry with them universally applicable and adaptable management principles, but principles which depend for success rather on a reproduction of many of the conditions of the businesses from which they are called.

"Wanted, therefore, a body of leaders for industry (and for public service) who shall unite with native talent, trained and liberal minds; men who believe that the sea of affairs can be charted and can be sailed by the aid of permanent worthy principles (of management) and a fine exact technique of diplomatic and humane methods, and who shall be as zealous for the ennoblement of their art as they are active for their own advancement." Out of this want arises some of

the greatest and immediately practicable opportunities and obligations of this Society.

The purpose of this address has been to analyze the conditions which should determine the policies and activities of the Society during the new period of opportunity which is just beginning. You are requested to consider what has been presented, in the light of your several experiences, observations and preliminary conclusions, and in the morning to determine through discussion what is the concensus of opinion. You will be requested to render decision concerning a concrete program of organization and purpose, which will have been laid before you by the Governing Board. This program involves three important changes in the constitution of the Society: a broader statement of the objects of the Society; a more liberal definition of the conditions of membership; and the provision for a paid and responsible managing director who will give all his time to the affairs of the Society. The broader statement of objects and the more liberal definition of conditions of membership will permit us to enlist the cooperation of many able men and women who have been with us in purpose, but not formally because of obstacles in technical conditions to membership; the managing director will permit the Society to be administered in accordance with a definite policy inspired by a definite purpose. Details of controlled activity in accordance with that policy will then follow naturally, such as the restoration of a recognized center of information and advice concerning scientific management, as was Boxley during Mr. Taylor's later years; the classification and recording of data concerning the application of the principles of scientific management; the coordination of experiments and investigations; the publication of carefully edited bulletins of standard practice and general pertinent information; the organization of machinery for lectures before industrial associations and educational institutions on the science and art of management; cooperation with educational institutions in determining the best methods of instruction in scientific management and in preparing material therefor; earnest effort to enlist the sympathy and cooperation of labor in the discovery and application of the best principles of management; and, not least, the development of a code of ethics to govern the practice of the consulting engineer in management and the administrator in both private and public service.