

and a careful estimate of what those mistakes cost the house. The extra cost which will be added because of this factor will usually be a big one and it should now be possible to offer a very handsome opportunity for bonus earning. The offer should contain a heavy penalty for errors. This method has a double advantage. It brings the seriousness of mistakes home to the worker very emphatically. It costs her real money if she is not careful. In this regard the makeup of the pay envelope is important. A pay envelope reading as follows—

Wage	\$10.00
Bonus	4.00

Total Earning	14.00
Charge for Errors	3.00

Amt. Enclosed	\$11.00
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is surely more effective than one reading—

Wage	\$10.00
Bonus	1.00

Total	\$11.00
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After a brief period of operation it will be found that the workers are divided into two classes—

Those who exceed the standard.

Those who fall below the standard.

The bonus earners must be encouraged to reach a high percentage and to stay there. Heavy bonus will be the permanent incentive, but pride can be used to good effect.

The advertising of an offer both during installation and thereafter is very necessary. It is of great importance that the consciousness of the individual worker should be really reached. At the Curtis Company a bulletin showing the name of each worker, followed by a gold star if 100% or better, a blue star if between 90% and 100%, and a red star if less than 90%, has proven very successful. The bulletins cover a period of from three months to one year and are posted weekly.

The need for encouraging high average workers to maintain their positions is obvious. If the offer is to be truly successful, however, it is of even greater importance that the non bonus earner be raised to earning ability, for until she reaches the production required for her guaranteed salary rate she is an unduly expensive individual. Peculiarly there seems to be a lack of comprehension of this need in many offices. Much pride is felt in the earners but little attention is given the less successful workers. Pride and the bonus

furnish but slight stimulus with such workers. The cure comes through personal study and instruction, and through some form of prize as an incentive.

Take for instance, an office worker who is guaranteed a \$12.00 weekly salary. Her weekly production is 2000 units and the standard is 3200 (for the sake of simple explanation let us assume a straight piece work basis.) The clerk is receiving \$12.00 weekly and is earning \$7.50, a loss to the establishment of \$4.50. Before she can make any bonus she must increase her production to 3200. To a clerk working at a rate which she believes is about her best, an increase of 1200 units seems almost impossible. However, if the clerk can be made to understand how simple it is to make the standard and to maintain it, our problem is solved. To encourage these persons who are less efficient we offer various forms of special prizes. One of the favorite methods is to offer a cash prize for each increase of five or ten points in efficiency over the clerk's best previous weekly average.

In the above instance the jump of 1200 points before bonus earning might seem not worth the trouble, but where an offer of possibly \$1.00 extra for a jump of 200 points is made, it is easier to get real effort from the worker. In such cases everyone gains. Based on the workers' 50% production, a jump of 200 means a company gain of \$1.20; this after paying the \$1.00 prize is still a gain of 20c, and in future weeks if the increase is held the full amount is company gain. One of the special values of this prize plan is that it gives the workers a "taste" of extra money and they usually move step by step into the bonus earning class. The offer is never withdrawn, but at about 100% the possibility of further increase ceases.

This is a very simple example, but the same plan is easily applied to more intricate bonus plans. The trouble with many schemes which start with small earnings at 66% or 70% is that the amount offered is so small that no real incentive is offered at the very time when it is most needed.

In brief, the standardization work consists in revising conditions and methods after investigation, installing new methods, supervising the installation and doing whatever follow-up work may be necessary to insure efficiency. The actual permanent maintenance of the plan is handed over to the operating departments.

Let me review the advantages which we secure through our corps of standardization specialists.

They insure uniform methods throughout the organization.

They bring in the valuable outside viewpoint without friction.

They spread information of methods and facts which have been found valuable in other departments.

They relieve managers of much detail which they have neither the time nor inclination to attempt.

They centralize records of expense and results.

They concentrate standardization in the hands of specialists.

Although I feel that the form of our department has much to do with our success, and know it to be true that improperly handled standardization may cause serious loss of good will, the fact remains that the point which I wish to make is that the use of standard methods and the bonus system is effective in office work.

It results in other than economic advantage. It appeals to the sense of fairness of employees, for increased production means increased earnings. Increased earnings are the strongest incentives to the employees for good work and stability. The realization of the fairness of the proposition and the increased earnings together claim the good will of the individual toward the employer. The attitude of the individual employees forms the general "esprit de corps" of the organization. For the employer there is need for good work and good will. Good work affects both quality and quantity of production; good will affects labor turnover, and solves to a large extent employment problems. From another point of view, standardization increases the efficiency and usefulness of the individual; it teaches workers to work. It has other than money value to the employees. It teaches them to increase their production, thereby helping the ignorant to overcome obstacles and encouraging the shiftless and lazy to have pride in their work. If we succeed ever so little in affecting the general "esprit de corps" of the organization and assist in the upbuilding of our employees, we are accomplishing much.

Though our plan works for the general good of all concerned it is economical; the adoption of it has been of benefit to our stockholders. It does away with useless processes and overlapping of effort. It makes effort uniform. It reduces supervision. It insures a certain rate of production from employees, which may be counted upon. As I have already said, our savings on office work alone for 1917 were over \$100,000. Despite this economy the appeal of the work could not be so great as it is if it were not for the human element; with our knowledge we help other workers do better things.

War conditions demand a constructive industrial program. This audience is composed of men who are not mere theorists, but who are practical industrialists. There is no longer a question whether you can afford to standardize; the question is, can you afford not to? As one of our friends says, "You pay for it when you don't buy." The Curtis plan is a success. I trust it will have currency.

DISCUSSION

MR. W. H. LEFFINGWELL:¹ It gives me considerable pleasure to lead the discussion on this subject tonight for the simple reason that Mr. Fuller has given the whole matter so clearly and so plainly that I will not have much to do.

I have only a few suggestions to offer. I have had about twenty years experience in office management, and I know only too well the breadth of the subject, and of course we could not expect a complete answer to all sorts of things that associate themselves with these ideas in such a short paper.

Mr. Fuller has described scientific methods in use in a huge office, of which there are few counterparts in the country. By inference these methods are valuable to the small office; but some of them, I fear, might seem difficult of accomplishment to the management of a small office, say under 100 employees. That, by the way, is the ordinary office—under 100 employees. For this reason I have always made it a practice to hold to certain definite principles rather than methods. The principles always hold good, no matter what the size of the office, and the same methods rarely occur in any two offices.

For example, Mr. Fuller has emphasized the importance of consecutive operation, and says that practically all office work can be handled this way. If he were to say that the principle can be utilized in practically all offices I would agree with him. I would go even further and say that this principle has been in operation to a limited extent in many large offices for years. In my own experience, however, there are cases of small offices where it is extremely difficult logically to carry out this principle and obtain the high efficiency that Mr. Fuller speaks of.

In many small offices it actually would not be economy to do so. However, I presume Mr. Fuller's experience has been mostly with large institutions, and he naturally thinks in large numbers. He has pointed out exceptions in the bookkeeper and other clerks who

¹President, W. H. Leffingwell Co., New York City.