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THE ART OF ADMINISTRATION

THE ART
of
ADMINISTRATION

BY
RANALD M. FINDLAY

OLIVER AND BOYD
EDINBURGH: TWEEDDALE COURT
LONDON: 98, GREAT RUSSELL STREET, W.C.

First published 1952

PRINTED IN GREAT BRITAIN BY
W. S. COWELL LTD, AT THE BUTTER MARKET, IPSWICH
FOR OLIVER AND BOYD LTD, EDINBURGH

PREFACE

IF you are one of those—and their name is legion—who feel that they are not getting on so well, or so fast, as they should do, I believe this little book can help.

I am thinking of the thousands of men and women in British industry and commerce today who—through no fault of their own—lack the administrative sense and knowledge that is essential to success. Without a live appreciation of the importance of administration—as *an art*—they are sunk, or at least bogged down. How can any man or woman get *there*—that is, to the top—unless he or she is properly equipped? And how can any man or woman hope to get to the top—or anywhere near it—unless he or she has a sound working knowledge of the principles and practices of modern management?

IF you, as you glance at the dust cover of this book—and perhaps as you even have a quick dip into it—*IF* you happen to be one of the younger school, then you are on a good wicket. You have a glorious advantage. (How I wish I had enjoyed it.) Time is on your side—and *time is money*. Make no mistake about that. You can go further and faster if you equip yourself now. Not tomorrow, nor next month, nor next year, but NOW. (*Now* is about the most important word in the English language.)

However, if you are *not* one of the younger school, it does not matter a great deal. You can still take time by

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the forelock. Old Father Time is one of the best-natured people in this world of ours. There is just one thing he won't stand for: he won't go backwards. He won't even stand still. And I agree with him there. If you are *not* one of the younger school you have the advantage of practical experience in one sphere or another. If you read on, I shall be a trifle scathing about the virtues of 'experience' (because even a dull sheep has *that*), but at least it is something to build on. So you can start with at least one advantage.

Have you perhaps failed so far to derive the full benefit from your experience? If so, why? I believe it is because you have failed to get the full advantage of the powerful force of administrative knowledge that you can quickly acquire—if you have the will and spirit. You are in danger of being 'rutted'—that is, stuck in a rut. Well, you can soon get out of that.

Myself, I happen to have worked my way up *the hard way*. But there is no virtue in that. Why do it the *hard way*? I have studied and practised management in five fields of operations—politics, journalism, Government service, international organization, and big business. And I stand appalled at the monstrous lack of knowledge of ordinary modern management principles—and, worse still, at the failure over a wide front to be *conscious* of this lack of knowledge. This failure is costly to British business—so costly that, even in these days of budgets, we cannot attempt to calculate the cost. It must run into many millions of pounds a year.

We go to elaborate pains to produce budgets. We go further: we produce targets. We call in the business efficiency experts to introduce new systems—systems for increasing turnover, for reducing staff, for avoiding depreciations, for tightening up stock control, for

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streamlining distribution, and so on. Yet, as often as not, THE PEOPLE WE MAKE RESPONSIBLE FOR OPERATING THE NEW SYSTEMS AND CONTROLS LACK KNOWLEDGE OF THE ELEMENTS OF ADMINISTRATION.

So we go on making a botch of things.

Is there any lack of expert tuition? Definitely no. It is available in hundreds of scholarly books on every aspect of management, both in Britain and America.

Why, then, the continued failure?

Partly, I believe, because too many people in high places, sublimely unconscious of their own deficiency of knowledge about the ways of modern management, do not encourage interest in the subject. And partly because most of the acknowledged expert literature on management is a little—and sometimes a lot—too technical or academic to appeal to the untutored.

My aim has therefore been to produce a short, plain statement on *the art of administration*, which is vital to sound management at every level and essential to everyone with a real, live urge to achieve success.

This statement gains inspiration from the giant accomplishments of an amazing man. I have called him Meredith John. It is as good a disguise as any other.

Epsom, Surrey, 1951

R.M.F.

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TOP LEVEL

LET US BEGIN at the top. There is plenty of room there.

My description of the senior organization in a typical large concern will be followed by a closer examination of the duties, responsibilities, principles and practices of those, the many, who want to get to the top.

There is no easy way. But should the hardest way be chosen? The man with ambition, if he is also intelligent, will realize that both knowledge and experience are essential, but he will also seek the short cuts.

The genius seems to have a third eye for short cuts. I see no reason why we should not borrow this third eye from a genius, hence my reference from time to time to Meredith John, one of the great administrators of our time. Meredith John learned the hard way, but at sixty he sees no virtue in it; and they say he studies most of the up-to-date writings on modern management with the object of discovering why he has been so successful.

Do not underrate the value of first-hand experience. But those who aim at becoming top-line managers should develop the faculty of using the experience of *others* as well as their own. I recall one of Oscar Wilde's mischievous epigrams: 'Experience—the name men give to their mistakes'. So I would say at the start that those who dwell constantly on the virtues of hard experience, as compared with the attributes of intellect, imagination, organizing ability and drive, have failed to profit from experience just because they lack the

livelier attributes. Note Andre Gide's recent judgment: 'I believe that what is called experience is often but an unavowed fatigue, resignation, blighted hope'.

At the top, then, in a large organization, we have (1) that august body, the Board of Directors, who lay down policy, and (2) the Board's chief executive officers—the Managing Director, the General Manager and their top assistants—who plan and put into operation the policy of the Board. In a nation-wide organization the top administrators will normally work through (3) regional executives and local managers, who are responsible for conducting operations as instructed, *with wide authority in their own areas*. (It has always been one of the basic rules of administration that if you make a man responsible for something you should give him authority as well.)

To be more specific, in a large organization the Board's duty is 'to determine policy and check up on progress towards its fulfilment; to ensure that the Company's legal obligations are carried out; to watch over the financial interests of the shareholders'.¹

It is a glaring fault in the set-up of many large bodies that certain members of the Board exceed these functions. They assume departmental responsibilities. As Directors, with departmental axes to grind, they therefore tend on occasion to run counter to the general policy. In so doing they may cut across the authority of the Managing Director himself and weaken the effect of his operational instructions, which have been drawn up strictly in accordance with the declared policy of the Board as a whole.

¹ *Fundamentals of Industrial Administration*, by Edward Tregaskiss Elbourne.

On the other hand, sometimes the Managing Director is himself to blame for operational weakness. To quote again, 'it is unfortunately too frequent an occurrence for a Managing Director to be over-concerned with some of the specialized activities of the enterprise. This may spring either from his own earlier bias or from lack of appreciation of his real task and a consequent failure to realize how much the organization is losing in effectiveness by reason of the deficiency in real top management.'¹

So, we see, it is a cardinal principle of top control that a distinction should be drawn, *and observed*, between the Board and the Management, between policy and operations, because in practice it is when members of the Board are allowed to assume departmental responsibilities that the Managing Director, in defence of his own authority, and in order to counteract the irregular influence of fellow-directors, so often feels bound to extend his direct control too far down the line.

The Board should, in operational matters, vest its authority in the Managing Director, leaving it to him, free from interference, to delegate authority as he thinks fit, only calling upon him from time to time to account for his stewardship in terms of staff welfare, business development and increased profit.

If we accept this cardinal principle of top control—that a distinction should be drawn and observed between the Board and the Management—it will be clear that one man should never hold the offices of Chairman of the Board and Managing Director at one and the same time. 'I strongly deprecate the practice of the Chairmanship being held by the Managing Director,'

¹ *Fundamentals of Industrial Administration*, by Edward Tregaskiss Elbourne.

said Sir Charles Renold, Chairman of the British Institute of Management, a short time ago. 'The two offices are quite distinct, and to combine them in one individual renders it unlikely that he will do full justice to either.'

There is an exception to every rule, and some readers may have experience of a chairman who also acts as managing director, without any apparent loss of efficiency. But we are considering here the basic elements of administration, so let us be on our guard against justifying a practice just because it may have 'worked' in a certain case. I hope it will weigh with readers that Meredith John, who has so often shouldered these dual responsibilities, has more and more in recent years shed the second responsibility—that of Managing Director—confining himself to the supreme function of Chairmanship, in accordance with the Renold rule.

2

MANAGEMENT AND ADMINISTRATION

In recent years good management practice has become more and more essential to industrial and commercial efficiency; it has also most certainly become more complex, and the duties of management will call in a very special degree for such qualities of leadership as can only be given by the best persons in the country fully supported by the pooled experience of all the specialists. *Board of Trade committee appointed to formulate proposals for the establishment of a Central Institute for all questions connected with Management* (1946).

A GOOD MANAGER is a good leader who takes full advantage of the knowledge of the experts. He does not himself try to be expert in everything. It is unnecessary for him to be expert in anything but *management*.

This book of mine is no more than a primer in management; and—as will shortly become clear—my main purpose is to explain the principles and practice of one vital element in management, the element known as *administration*.

It is my view that even in the sphere of top management it is not sufficiently appreciated that what we call *administration* is a separate element, with a very distinct character of its own.

From time to time since Meredith John set out to discover why he had become such a successful top manager, I have given him books and treatises on the subject. I remember the day I handed him Elbourne's two weighty volumes on *Fundamentals of Industrial Administration*; and it is characteristic of Meredith John that a week or two later he should march into my office and recommend me to study the writings of Edward Tregaskiss Elbourne!

Another book I gave him was a slim, paper-bound essay on *Principles of Management*, by one of the new school of authors, M. A. Cameron. This immediately won his praise and justified Cameron's statement that 'successful management is based on certain broad and universal principles which can be studied with advantage not only by those who seek to rise to managerial positions, *but by all who already occupy them*'. We were agreed, however, that at one point Cameron had gone off the rails.

Cameron seeks to distinguish between management and administration as though they were separate *functions*. It is my conviction that Cameron—like the great Frederick W. Taylor himself—errs here. I think it is important at this early stage to state my contention (with which Meredith John associates himself) that

administration is part and parcel of management, just as much as the juice is part of an orange. (If you think I am making rather a fine point here, please suspend judgment. I believe the point is vital to a sound understanding of modern management, particularly large-scale management.)

Another authority, L. C. Marshall, also seeks to stress the separate functions of management and administration, but in doing so he reverses Cameron's order. Whereas Cameron puts management first and administration second, Marshall puts administration first and management second.

Taylor declares that administration means 'general direction', and that management means 'detailed execution'; *that administration is concerned with procedure which is not clearly formulated, and that management is concerned with procedure after it has been clearly formulated.*

Now, with all respect to these experts, I think they are barking up the wrong tree. The cat, in fact, is in the next garden.

Do not think that I am merely looking for an argument. The writings of these authors deserve the closest study by all who are interested in management theories and practices. When, for example, Cameron says that top management involves the recording and analysis of all records with the object of laying down *policy*, I am in total agreement with him. 'Good management (he writes)¹ will always demand, in addition to the analytical approach, *leadership* backed by personality, *judgment* based on knowledge, and *understanding* of human psychology.' And I commend his summing-up of the principles of management and administration. 'A common end; Leadership; Unity; Delegation (or

¹ *Principles of Management.*

Functionalism); Span of Supervision; Co-ordination; Control (checking); Research; Flexibility.' Here is evidence of clear thinking, breadth of vision and knowledge which will, I hope, persuade readers to study his work.

What, then, is my own summing-up of the relationship between Management and Administration, on which I find myself at odds with Cameron and certain other writers? It is this. *Do not try to draw a distinction between management and administration as though they were separate activities.* Administration is an integral part of management. The higher the management, the greater the part administration should play. So, in this book, my aim is to shed light on the principles and practices of *administration*, so that they may be adopted to promote better management at every level.

3

THE FRAMEWORK

It is top management which sets the objectives of a business.
It is top management which establishes *the framework* within which the executive and specialist officials operate.

SIR CHARLES G. RENOLD,
Chairman of the British Institute of Management.

ONCE THE BOARD has declared its policy and set forth its objectives, the task of administration begins; and it does not end until the lowest levels of routine work are reached. The Managing Director is *primarily* an administrator. The Local Manager is *to a great extent* an administrator. Every junior executive is *in some degree*

an administrator. Even the filing clerk—though *only in a small way*—is an administrator.

(Good administration right down the line makes for efficiency throughout the organization. Always there must be development, progress, improvement. There is no going back, no standing still. 'The keynote of efficiency is improvement in people and products and operations. There can never be an end to improvements.) This means that a business man . . . must keep on pouring facts and ideas into the hopper of his brain.'¹

Progress means constant organization—which, as every executive in every big concern knows, means everlasting *re-organization*. Even if the old pre-war clock stops, time marches on. 'Re-organization,' says Urwick, one of our leading authorities on management, 'has to be carried along all the time, a continuous evolution.'² And nothing makes for a steady, ordered advance more than *a common end*. Without that, misunderstanding, friction and delay make for inefficiency. Give the people—at all levels—a common end: make it known throughout the organization; and things will keep moving in the right direction. This duty of providing and promulgating a common end is one of the essential duties of top management. This is where the *art* of administration begins.

Cameron, pursuing Urwick's line of thought, has summed up in this excellent way:

All recorded experience suggests that this common end must have enough *social content* to appeal in some degree to the conscience of each of us. . . . To get the best out of men and women an aim must appeal to the best in them.

¹ *Efficiency Magazine*, March 1947.

² *Patterns of Organization* (an address to the Institute of Industrial Administration, May 1947).

The first principle of management is, therefore, to have an inspiring aim. But it is not enough to have such an aim or even to have it formally accepted by the entire staff.

Once accepted and declared, the aim must be constantly kept in front of the staff, not blatantly or obtrusively, but quietly and persuasively. . . . Any group of people pursuing a common end needs to find *a leader to focus and co-ordinate the group effort.*¹

Yet leadership often fails in its efforts to establish a common end. Why? Because insufficient attention is given to the human element. Today, more than ever before, one of the root causes of discontent in business and industry, is the fact that so much of the work has been robbed of personality. The worker lacks *interest* because he does not see clearly how his or her own small contribution is related to the main purpose of the business. The little clerk doing a recording job in a great trading organization does not see how such a dull routine job can have an effect on ultimate sales and profits. His co-workers plod along in the same lifeless way. Their bosses have failed to give adequate study to human relations. The work of the juniors has not been given any social meaning. Yet a full understanding of the technique of management, with regular practice of the art of administration which such understanding ensures, would transform this situation and raise the standard of work, health and happiness all round. It has been done; but I question if it has been done over more than, say, a quarter of the whole area of British business and industry, in spite of social and industrial legislation designed to promote these ends.

There was a time when Meredith John nursed a prejudice against *accountants* in business. It was the time,

¹ *Principles of Management.*

closely following World War II, when a surprising number of professional men—lawyers and accountants foremost among them—began to establish themselves as top managers.

The reason was not far to seek. With the enormous increase in restrictions on private enterprise and in the number of returns required for the operation of the various Controls, the need for the services of the lawyer and the accountant grew ever greater; and with so many gaps in management due to wartime wastage these men, able in their own spheres and accustomed to control, found new opportunities opening up for them.

Meredith John, like many other business men, developed a very lively suspicion of this trend. The reason for concern was, of course, sound. *The technique of management is every bit as important and highly specialized as the technique of accountancy.* A man may be the finest accountant in the country, and yet he may be a poor manager. But—and I would stress this point—a good accountant who has also acquired the qualifications needed for top management can readily become a successful and formidable figure in business.

This, however, need not worry the young man with his eye on the top of the ladder, who already possesses a sound general knowledge of management and is busy acquiring a specialist knowledge of the art of administration, because it is easier for him to learn the elements of accountancy—and so become very fully equipped—than it is for the qualified accountant to learn all about higher management. An elementary knowledge of accountancy has become essential to the prospective top administrator, because of the special burdens which central controls impose these days on industry and

commerce. It has become part of his necessary technical equipment for his climb up the ladder.

How can we sum up the attributes needed for successful top administration? What range of qualities is required in a potential Managing Director? Donald McDonald, who speaks with the full authority of high office, has answered the question:

There is the power of leadership and the gift of enterprise; the character that commands respect; the wide experience and knowledge of human nature; the courageous, imaginative and experimenting mind; the power quickly to analyse situations and reject the unessential; and the necessary equipment of technical and commercial knowledge.

So speaks a Managing Director. Let this be noted: knowledge of management rules and precepts will not alone produce leaders of this stamp, but knowledge of *the art of administration* can go a long way to bring out all the latent qualities in a man and enhance the attributes which he has already revealed, so driving him forward and building him up.

Elbourne recalls the specification drawn up by the former French industrialist, Henri Fayol, who defined administration as being concerned with the following six functions: forecasting, planning, organizing, commanding, co-ordinating, and controlling; and Elbourne's commentary should be carefully noted and borne in mind. Fayol's definition, he says, '*not only confirms the view that administration is a factor in every kind of organized service, public, industrial or commercial, but it also indicates that some element of administration enters into the work of all ranks engaged in such services. The proportion*

*varies widely over the scale of responsibility, being extremely small in the non-executive ranks and rising to a maximum among the highest officers, some of whom may be engaged almost solely upon administrative duties.*¹

Arising out of his consideration of Fayol's specification, Elbourne sums up the duties of a top administrator as follows:

1. To interpret the policy of the Board.
2. To issue the necessary instructions.
3. To approve plans drawn up by subordinates.
4. To co-ordinate related activities.
5. To define functions.
6. To promote and maintain morale.
7. To provide for proper personnel training.
8. To supervise the main activities of the organization.
9. To account to the Board.

Do not imagine that it is the prerogative of the Managing Director alone to interpret the policy of the Board (Point No. 1). The responsibility passes down the line in a big organization—to the General Manager, to the chief area or departmental officers, and to other senior executives. Points 2–6 are applicable to all who occupy executive posts, and to most departmental and section heads. Points 7–9 are mainly responsibilities of the Managing Director, or of senior administrators to whom he delegates the functions of staff training and the general direction of operations.

At a later stage I shall deal more specifically with two aspects of administration—co-ordination and dele-

¹ *Fundamentals of Industrial Administration* (Vol. II).

gation of duties—whose importance in successful management should never be underestimated. It is enough to touch on them here. Since the top administrator has to correlate many diverse activities, he is constantly called upon to weigh the merits of this or that proposed action, to solve problems, to make decisions and to issue clear and firm instructions. In a big organization he has many specialists under him. He cannot know everything about all the processes, but as L. C. Marshall has put it, 'he should be intelligent with respect to them, and particularly he must be intelligent with respect to the relationship between processes'.¹

It is, I believe, one of the secrets of success that *we should always be intelligent about the relationships both between processes and people*. We should never forget that behind the process there is a person—an honest-to-God human being like ourselves. That is why the great man so quickly establishes himself as a great leader. He is never afraid to trust people. Sometimes he is let down, but not often.

Some of us have had occasion to crab the methods of the Civil Service. But senior Civil Servants long ago discovered that in delegating responsibility they could make good use of Personal Assistants; and the practice is a sound one.

Delegation of authority is something all accept in principle, but all too few put into practice. Skilful delegation of duties is an art; and today, even among the big chiefs in business, I notice a strong reluctance to treat this art as a specialist, wholtime job, to be carried out on behalf of the Chief by a live executive possessing qualities of tact, confidence, patience and—where necessary—punch.

¹ *Business Administration*.

The use of a competent personal assistant as a go-between can make every top administrator's task easier and his performance smoother; and, incidentally, it is a fine way to fit a promising man, with some achievement to his credit, for bigger and better things.

4

THE RULE OF ORDER

No high quality avails where the rule of order fails.

L. URWICK

THE 'O' in Organization stands for Order. It is therefore a prime essential in a man who aims at becoming a good organizer that he should have an orderly mind. If he lacks an orderly mind, he must acquire and cultivate one before he can be relied upon to take orderly action.

In organization a great deal depends on correct timing. And correct timing depends on the correct *apportionment* of time. The man who is always 'in a rush' is a poor organizer—and he will never become an able administrator. He fails to allot his time properly because his sense of proportion is under-developed. His organization lacks order. It is like a piano with a kitten or two on the keys.

In organization, too, a great deal depends on correct application of the *division of labour* principle. Without it, action will often be mistimed. Timely action depends, as a rule, on the efforts of several departments or individuals whose efforts have to be correlated. If the labour involved has not been properly assessed and allocated, a hold-up may develop at the eleventh hour because one unit, fighting against the clock, lags behind. It is the

fault of the man responsible for organizing the action.

When such failure occurs the senior executive should be able to recognize the *cause*; and it is his duty to pinpoint it, for the benefit of his subordinates. But too often the senior executive is himself blind to the cause, and later there is another failure. Even in these advanced days far too few high-ups in business are alive to the vital importance of *division of labour and time* in achieving maximum efficiency.

First things first is a motto of management which is of the utmost importance. It is the simplest of all guiding rules, and, at the same time, one of the most effective and far-reaching. Yet many managers and executives act as though they have never heard of it. Or if they have heard of it, they have forgotten it so completely that it is buried deep in the sub-conscious mind. Certainly they fail to practise it.

Without this elementary but essential rule of conduct, order is impossible; and the bigger and more important the undertaking, the greater the disorder tends to be. *First things first* is one of those rules of universal application which allow of *no* exception. The occasion can never arise when it pays to depart from it. It is as much a rule for times of emergency as for normal routine. It applies in every sphere of activity and at every level. Yet in every sphere and at every level, among both management and staff, an alarming proportion of people neglect it.

What such widespread failure to practise this basic principle of organization costs the country in terms of £ *s.d.* it is impossible to estimate. It would be safe to assert that the enormous loss of efficiency must cost us tens of millions; yet for twenty years past, in various departments of our national life, I have observed such

wholesale failure to put first things first that I fear it would be nearer the mark to say *hundreds* of millions.

Why does this failure persist? Is it because the rule is almost childish in its simplicity? The rule says plainly—and means no more—that we should attend to the more urgent matters before attending to the less urgent matters. Is this so simple that it is beneath our notice? Is it so plain that we take it too much for granted? Or is there some other reason—something more subtle, related perhaps to one of the more common weaknesses of human nature?

Failure to apply the rule is so common that I believe it may be due to inherent laziness on the part of most people. They know vaguely what is right, but neither do they rouse themselves to make the small mental effort to crystallize the idea in their minds, nor are they prepared to go to the trouble of listing in order of priority the things they have to do.

All this adds up to the need for an orderly mind. In acting upon the *first things first* rule, and in listing in order of priority the things that have to be done, the effort required of a man with a well-ordered mind is so modest that laziness will not deter him. The test of laziness goes further back: it goes back to the time of a man's training in organization. If at that time the man is so lazy that he fails to assimilate the few fundamental laws of organization, a disorderly mind is the price of his failure. For him organization will always be a struggle, and (in Meredith John's words) he will 'just go ploughing along'.

This state of affairs is a sad reflection on the energy and mental calibre of a large proportion of people holding managerial and executive positions today. But laziness at the training stage does not wholly explain the

situation. There is another cause: *lack of opportunity to train in the formative years*. I can readily think of scores of people, with many solid qualities and sometimes brilliant gifts to commend them, who have risen to managerial and executive rank, most of them by 'the hard way', some by virtue of outstanding natural attributes, who are sorely handicapped today by ignorance of the bare elements of organization.

Today the complexity of life in almost every direction makes this ignorance a greater handicap than ever before, especially in industrial and commercial life. It is a drag on the individuals themselves; it is a handicap to their firms; and, worst of all, it is a serious deterrent to the nation's progress in its effort to achieve full economic recovery. So every step that is taken to provide essential management training, and every encouragement that is given to young men and women to study and master the principles of organization, contribute more to our prospects of national progress than is commonly recognized.

Mastery of the art of administration demands sound knowledge and practical experience of organization. It is a sign of bad organization when individuals are left in doubt about their particular functions. The function of every employee (or group of employees if a number perform the same job) should be capable of precise description. 'The content of every position in an organization—that is to say, its duties, its responsibilities and its relation to other positions—should be clearly defined in writing.'¹

The relationship between positions is too often omitted when new employees are being told about their jobs. This, I suspect, is often an indication that the

¹ *Patterns of Organization*, by L. Urwick.

manager or senior executive responsible for appointments is not himself clear about the relationship—a suspicion that tends to be borne out by the fact that, more often than not, the manager or executive concerned has direct supervision over too many people.

It is a generally accepted rule of modern administration—but one honoured more in the breach than the observance—that no one person should directly control the activities of more than *six* others. This rule is based on experience, which has shown that in an age of increasing specialization the task of co-ordinating and controlling the operations of more than five or six subordinates, and of producing unity of effort, is sufficient to tax the organizing capacity of any man. In a great many big undertakings today the top management have not got round to putting this rule of sound organization into effect, hence the number of executives with far too wide, roving, and therefore loose commissions, and as a result, far too sketchy a conception of the functions of some of the employees under them.

Organization has been well defined as ‘the framework of duties and responsibilities through which an undertaking works’.¹ But sometimes, even in progressive companies, there is evidence of failure to nominate and train deputies capable of assuming the duties and responsibilities belonging to each key job. Continuity of effort and sustained drive at peak periods can be secured only if there is someone available and competent to step into every job when the regular occupant is off.

Getting the most out of people is one of the signs of good organization; and one of the best ways of getting the most out of people is to let them know that they are in the direct line of succession for better jobs. They

¹ *Principles of Management*, by M. A. Cameron.

realize this when they are nominated as deputies for people one rung up the ladder—and often, when they are called upon to deputise, they are able to show that they have been preparing for the opportunity, and they reveal commanding qualities which quickly earn them promotion.

Good management, as F. W. Taylor has written, is 'the art of knowing exactly what is to be done and the best and cheapest way of doing it'. The deputy who is able to step into the breach and do his superior's job well has been thinking about the job, and of the opportunity it offered. Looking ahead and thinking ahead are grand habits.

The expert organizer always looks ahead. He always has time to think ahead. He plans things so that he is able to leave most of the day-to-day problems to his subordinates. His job is to plan and direct, and to avoid being caught up in the detailed execution of a score of different jobs.

It is the very essence of good management that a man should be able to see things whole, and so be able to co-ordinate activities towards a definite end. Too many managers cannot see the wood for the trees. They know everything about their work—except how to organize it.

5

SYSTEM AND FIRST-CLASS MEN

THOSE OF US who have had the good fortune to be associated with the planning and launching of some great enterprise have found the experience exhilarating, especially when large sums of money have been

involved. Often on such occasions the huge outlay seems extravagant, even wasteful, and can be justified only by results.

Meredith John is one of those bold leaders of industry who, without being gamblers, never flinch at demands for heavy initial expenditure; and in pointing to the early development of America, when the cream of the continent's natural resources were being scooped off the surface, he has quoted from the writings and speeches of that far-sighted and forceful leader of American enterprise, Edward A. Filene. 'The paradox of pioneering,' Filene once said, 'is that waste is economical. ... Exploitation was actually cheaper than conservation' in the early days of American expansion; but the time came when the practices of the exploiter became a social menace, 'and the creative methods of the scientific, socially-minded business man were a necessity. ... And now, only a broader and more scientific approach will enable the business man of the future to survive.'

The point has already been made that bare experience is not enough. Indeed, as Elbourne has bluntly put it: 'Experience is a poor substitute for scientific instruction. It is a slow, cumbersome and wasteful method of learning. ... Having experience and profiting from experience are two different things.'¹ So today every enlightened top management insists on the application of science to every aspect of the work; on scientific recruitment, training and appointment of staff; on scientific investigation, research and experiment—precisely in accordance with principles advocated by F. W. Taylor long before they became widely accepted in either America or Britain.

¹ *Fundamentals of Industrial Administration* (Vol. I).

The scientific method aims at increasing efficiency by bringing the mind into the closest sympathetic relationship with the process. It is not enough merely to find a good man and leave him to it. 'In the past,' wrote Taylor, 'the man has been first; in the future the system must be first'—the aim, of course, always being 'the development of each man to his state of maximum efficiency.'¹

One sometimes comes across enthusiasts for the scientific approach who are inclined to forget that management, far from being wholly a science, is also an art. They forget the human element: it is men and women who have to be managed. It is often said of a man that he has the knack of dealing with people. Such a man has cultivated part of the real art of management—in particular, that part of management which constitutes *administration*. He employs scientific means: he uses system. But the fact that he is credited with having the knack of dealing with people shows that he is not a system addict.

The system addict will always hang himself in the end, if he gives himself enough rope; but he is liable to strangle the business in the process. The trouble with systems is that it is always possible to improve upon them; and the system addict is always so busy introducing new systems that he seldom gives them a chance to work. The true administrator—the man with whom administration is an art—sees to it that progress is not blocked by disorderly telescoping of procedures.

Most of us these days have our fill of paper work. What is essential in paper planning, or re-planning, is that care should be taken to plan the routes in such a way that no key-points are by-passed. If a key-point

¹ *Principles of Scientific Management.*

is by-passed, untold confusion may result. Interest in people—in the men and women who are on duty at the key-points—saves the true administrator from such mistakes. His system is not soulless. Mr Jones and Mrs Smith and Miss Brown all figure in it. They are *part* of it. And if they do not fit in, then something is wrong with the system, so the system is not introduced until it has been overhauled.

While the system addict, in his appetite for change, often overlooks the human element, at the other extreme stand the vested interests which old systems have created. Old systems are sometimes like old water pipes: you don't find them out till they burst. It is part of the art of administration to discover when a system has outlasted its usefulness, to know how to plan a new one which takes the human element into account, to know how to persuade 'the old school' that the new system is being built round them—and then let the new school take a hand in operating it.

6

FIRST PRINCIPLES OF MANAGEMENT

THE INSPIRED LEADER is not always a good model. During World War II I had an opportunity of observing the dynamic genius of Sir Graham Cunningham, then Director General of Munitions Production. He had the reputation of being the best chairman in the Ministry. Yet any attempt to derive a compact set of first principles from the conduct of such a distinctive

administrator as Sir Graham Cunningham would, I feel sure, be doomed to failure.

I think that is why Meredith John, shrewd observer of his fellows as he is and keen self-analyst as well, has been driven, out of intense desire to know the why and wherefore of every action, to devour book after book on modern management, with the object of discovering how men like Sir Graham Cunningham and himself have been so successful in building and managing vast enterprises.

Let us see how far an examination of first principles, as laid down by acknowledged authorities in management, gives us a clue to the success of such men.

First, let us take the four basic principles propounded by Frederick W. Taylor:

1. Application of science to every aspect of work.
2. Scientific selection, training and assignment of personnel.
3. Establishment of special staff for investigation, experiment and analysis of records, the work all to be co-ordinated.
4. Co-operation in well-doing by all concerned.

I can say, with full knowledge of the facts, that long before Meredith John became aware of Taylor's *Principles* he had put them into practice and developed them in his own organization. In his earlier years, when he was busy learning the hard way, and ever impatient to find short cuts, in his zeal to assimilate every progressive idea practised by the business leaders of the day, he did in fact wean himself on these very laws, which others before him had learned and adopted.

Next let us note the *Ten Commandments* for modern managers expounded by J. George Frederick, Founder

of the Business Bourse, New York, in an address to the American Management Association in 1947 (as summarized by Herbert N. Casson in the February 1948 issue of *The Efficiency Magazine*):

1. A Manager does not know everything: he profits from the knowledge of his assistants.
2. He delegates authority along with responsibility.
3. He is on the outlook for promising people to train for particular jobs, and every job has an understudy.
4. He looks ahead, leaving most of the day-to-day problems to his subordinates. His job is to plan and direct, not to get caught up in detailed execution.
5. He is an expert co-ordinator, knowing that team-work counts.
6. He gives a lot of attention to human relations.
7. He knows that it is impossible to stand still, and that an organization must always be changing—for the better.
8. He has self-control: he is not a man of moods.
9. He give the reasons for instructions, and makes them plain.
10. He believes in, and encourages others to believe in, the scientific way of doing things, knowing that this is the way that has been evolved by those who have thought and experimented most; and to that end he encourages new ideas and research.

It was the above summary of Frederick's ten commandments of management that gave rise to a discovery on my part—the discovery that Meredith John had an almost photographic mind; and I recalled then that Oscar Wilde had apparently possessed the same gift. (Wilde, it is said, used to entertain his friends by skimming swiftly through the pages of a book and then reciting from memory lengthy passages, word for word.)

Meredith John had just had his attention called to Casson's summary of the ten commandments, with the suggestion that they might be issued as a leaflet to the executive and managerial staffs. With his hand on the telephone to deal with some other matter, he ran his eye down the list and promptly agreed. It was thought that the ten commandments had not registered, but at least he had given them his blessing, and the leaflet was ordered.

Now note the remarkable sequel. A few days later Meredith John undertook one of his whirlwind tours of about a score of his concerns, in the course of which he met individually at least a hundred employees. And as he passed from man to man, giving each and all words of advice on the conduct of their affairs, he expounded nearly all Frederick's ten commandments, often using the very words and phrases employed by Herbert Casson in his magazine.

This amazing faculty is something which, I am afraid, cannot be inculcated by ordinary mortals, though—as I have proved—it can in some measure be developed by the regular exercise of intense concentration and speed in reading passages or statistical statements. As an experiment in mental photography I invite readers to scan Frederick's ten commandments, devoting only sixty seconds to the reading, and then in three minutes attempt to write down the commandments as stated. It will be found that it is necessary to attune the mind to the task. My own brain works slowly, but I have found that when I prepare myself for a special effort and bring all my power of concentration to bear on it, I sometimes get surprisingly good results.

However, while such exercises are to be commended, most readers with a desire to implant the principles of

management firmly in their minds will want to give more deliberation to Frederick's commandments.

Let us pass to the third statement of principles I have chosen. Cameron, after analysing each of them, sums up as follows:

These principles make sense. They fit together into a coherent whole. The *common end* requires *leadership* to achieve it. Leadership promotes *unity*, but it has to work through functionalism. Functionalism, or delegation, is limited by the *span-of-supervision* and linked by *co-ordination*. Results are checked by *control* and improved by *research*. Research leads to simplification and *standardization*, which in turn has to be corrected by *flexibility* in applying the results of continuing research. Here is a foundation on which we can build with some confidence.¹

I agree, and I think this modern author has performed a real service. Several of these principles, such as standardization, delegation of authority, span of supervision, and flexibility, will be examined more closely in later chapters. Each principle must be fully understood by those who wish to master—and practise—the art of administration. If the wish is father to the thought, the thought is surely mother to the action.

7

THE STANDARD WAY

FREDERICK W. TAYLOR startled his American contemporaries—and surprised some of the British industrialists who at the time considered themselves progressive—with his advanced ideas on management.

¹ *Principles of Management*, by M. A. Cameron.

Taylor, who was himself an engineer, was probably the first man to use the term 'scientific management'; and his work, according to H. G. Wells, was 'essentially a reconstruction of industrial processes after a close study and analysis of every step in the process under treatment.'¹ Wells recalls one of Taylor's achievements which followed this study and analysis of an industrial process. In one of his factories he succeeded, by application of his own theory, in reducing the cost of handling by 54 per cent while at the same time raising the average wages of the men by 63 per cent.

Taylor is not today the last word on the subject. Much water has flowed under the bridges since he first gave his ideas to the public; and as he said himself, organization is a continuing process. But it is fitting that we should open our brief consideration of the importance of standardization by quoting Taylor's original statement that 'the first vital need in scientific management is uniformity of method—a standard way of doing things'.²

Cameron, as will have been noted in the last chapter, relates standardization to simplification; and this, of course, is the essence of the process. Uniformity of method simplifies the manager's task. It is obviously not desirable—and it is certainly not profitable—to have a large variety of procedures, involving a great many different kinds, shapes and sizes of books and forms. Today we acknowledge this. It is not a matter for argument. Yet the idea of standardization is a modern idea, just as the whole idea of scientific management is a modern idea.

¹ *The Work, Wealth and Happiness of Mankind*, by H. G. Wells.

² *The Principles of Scientific Management*.

What we tend to overlook today, in an era when we take the idea for granted, is that uniformity of method does not in itself ensure efficiency. It merely makes it easier to become efficient. Even today in Britain in some of the old-established types of business, we still meet with some obstruction in introducing standard methods, principally from people who, through shortage of experienced supervisors, were 'jumped up' during the war to positions beyond their powers; but in the main the bulldozers have done their work, and the tendency now is to expect *too much* from uniformity of method. Acceptance of the idea tends to destroy individual initiative and enterprise. Every manager or embryo manager who recognizes the special part which *administration* plays in his work should be constantly on his guard against this danger.

Once he is conscious of the danger, he can make uniformity of method one of his chief aids in well-doing. It can free him from many of his worries. It can ease many of his problems. It can enable him to devote time to devising more economic practices and to planning greater expansion of business. It can enable him to get better results with less expenditure of effort, and to give better service.

One of the troubles with standardization is that it tends to create vested interests. When a new system is introduced the people who are charged with the responsibility of putting it into effect take a legitimate pride in it. They are anxious to justify it because in so doing they justify the faith that has been placed in them; and by the same token they are inclined to resist later proposals to alter or supersede the system. They make the mistake of thinking that the new proposals embody criticism of their administration.

Yet change is inherent in good, progressive organization. Every new standard way of doing things gives way in time to a better standard way. So Cameron is right, in dealing with the merits of standardization, when he emphasizes the vital importance of *flexibility*. Let Cameron speak for himself:

Mention of standardization brings us at once to the necessary corrective, flexibility. . . . There is little point in applying research unless one is prepared to use the results to change existing methods for better ones. . . . Flexibility is a dynamic principle which it is almost impossible to draft into the static framework of organization. Yet a successful undertaking is alive. Its organization, although a framework, is also a process; and it can only remain a process if it continues to be flexible.¹

I was most interested to discover that Meredith John, although he had never heard of the great Frederick Taylor until a year or two ago, had been putting Taylor's concept of 'the standard way' into practice for thirty years. And throughout these years he had also been practising the principle of flexibility—enunciated by Cameron—so much so that murmurs of criticism were sometimes to be heard, even from loyal servants. No sooner was a new system introduced by Meredith John, it was said, than *another* new system was imposed on it! And sometimes—though not often—this was a fact. But it was not a matter for serious criticism. Nothing but the best satisfies the great administrator. No system should be allowed to establish itself if a better system is discovered in the meantime. It always pays to scrap the old, even if the old is almost new. What must be avoided is the telescoping of systems.

¹ *Principles of Management.*

'Cut the loss' is a well-known Meredith John axiom. 'If the new way is the best, it will pay dividends in the end.' In practice, however, it is seldom necessary to be so ruthless, because in the normal course a new system should be introduced only after the most thorough investigation and careful planning. I mention the extreme example only to illustrate the importance of flexibility in relation to standardization. The need for careful thought and planning *before* introducing a new system should be obvious, and should never be forgotten.

We opened this chapter with Taylor. Let us close it with Taylor. The first vital need in scientific management, he declared, is uniformity of method—a standard way of doing things. 'The second vital need,' he proclaims, 'is a clear analytical exposition of the standard method.' We shall notice in the next chapter *how essential it is always to explain things to the staff*.

8

THE JOB

It is not enough to have well-designed machinery.

L. URWICK

WE READ OCCASIONALLY about the failure of some big undertaking or other; and when the time comes for the chairman and his Board to face the angry shareholders, the same sad old story is told. The services of the best business consultants were employed, the chairman reports: able new managers were engaged: the whole organization was overhauled: the latest and best machinery and methods were introduced—all to no effect.

Why? Perhaps the called-for reorganization came too late. The rot may have set too deep. Or perhaps the powers-that-be had failed in one vital respect: they had failed to tell the staff—failed to explain the reasons why new managers were supplanting the old, the reasons why the old organization had been found wanting, the outstanding qualifications of the new men, the reassuring fact that the new organization had been devised by the greatest experts in the land, the way it was going to operate, the relationships of the various departments and sections to one another under the new set-up, and (last but not least) the precise places and functions of all the key-men under the new order.

It is sad to reflect that after tens of thousands of pounds have been spent in designing and installing a new organization, the benefits have been frittered away because the powers-that-be have failed to spend a thousand or two more in establishing a competent Director of Organization and Method to disseminate essential information and in particular to tell the staff, from the senior executives right down to the humble clerks, what their jobs are, how they all fit into the scheme of things, and how the work of one and all is going to be co-ordinated to achieve the common end.

In a big organization every function must be clearly defined and related to the main objective. This may sound a trite statement. It is certainly elementary. Yet experience goes to prove that even top managers need to be reminded of it. The failure is due to the lack of that very element in management which I stress so frequently in this book—*the element of administration*. I have just mentioned the post of Director of Organization and Method. I am not greatly concerned about the precise title. It varies in different organizations. What I do

want to point out at this stage is that the duties of this officer are at least ninety per cent administrative.

In far too many businesses in Britain today the lack of purely administrative qualities in the top levels of management is the cause of mal-expenditure and poor performance. I believe that today in Britain, under wide-spread State Control, it is the day of the survival of the fittest just as much as it was in the era of free enterprise, and that in the end no great undertaking will succeed, whether it be State-owned or privately-owned, unless high qualities of administration are fostered and displayed in its management, not only at the top levels but right down the line.

To secure co-operation and to maintain high morale among the staff, the facts must be made known; and Urwick, in his insistence on the supreme importance of telling individuals what their functions are, writes:

The content of every position in every organization—that is to say, its duties, its responsibilities and its relation to other positions—should be clearly defined in writing.¹

So far, so good; but it is necessary to go further. To get the best out of people in the performance of their jobs, it is necessary to supplement written instructions with the personal touch.

How often we read, in advertisements by men seeking senior appointments, the claim: 'Experienced in handling staff'. And how often those of us who have had the task of recruiting new men, or of approving their appointments, have found to our cost that their capacity for handling staff has been sadly under-developed and often woefully misguided.

The claim of being able to handle staff is often made

¹ *Fundamentals of Industrial Administration* (Vol. II).

by men who have held commissions in the Armed Forces; but, while they were no doubt capable officers, the difference between handling subordinates in the Army, under strict regimentation, and handling staff in a business or other civil organization, is very marked. The methods are poles apart. In the Army strict discipline is the order of the day, especially in time of war, and is very easily enforced. In the ordinary business of civilian life, even under a measure of State Control, persuasion is the keynote of successful leadership. And nothing does more to persuade subordinates to give a firm the best service of which they are capable than the personal touch by those in authority, to supplement the issue of written instructions and explanations.

In America they have been for a long time ahead of us in this particular aspect of administration, and it is noteworthy that most of the men who rise to the top in American business and industry have to a high degree developed this knack of handling people. It has been a definite and conscious part of their training for top management. I need hardly say that one of the secrets of Meredith John's notable success in this country is the superb art he has always revealed in his dealing with the ever-growing number of personnel under his charge. (I have been told of a draft instruction which was once presented to him for his approval. It contained a reference to 'the staff under my control'. It was characteristic of him that he should score out 'control' and substitute the word 'charge'. His attitude to the people under his charge—and they have grown to many thousands—has throughout the years been almost paternal.)

One word more on the importance of clearly defining a man's job (and of supplementing this, as I have

emphasized, with the personal touch). This is not a responsibility to be discharged and then conveniently forgotten. Just as organization is 'a continuous evolution',¹ so the task of defining and re-defining functions is a continuous process. That is one more reason why it is essential for every big concern, public or private, to have a highly qualified administrator (whatever his title may be) in charge of organization—a responsibility which must, of course, include charge of personnel.

The need for a *common end* has already been noted. The top management must be conscious of it, and they must make the whole staff conscious of it. This should not prove difficult. If, for example, the common end is 'the supply and sale of products or services of the best possible quality at the lowest prices compatible with good wages and good working conditions' (to quote Cameron²), then 'there is no difficulty in making it clear to all that such an end has enough social value and importance to appeal to the liveliest of social conscience'. And in support of his view Cameron emphasizes the importance of *unity* of principle and action. This simply means seeing an operation as a whole and in persuading the staff that a concerted effort is worth while and that it will produce the desired result.

(So one of the tasks of top management—and part of the art of administration—is to get individual effort and combined effort to operate along the same line of action towards a common goal. 'Give us the tools, and we will finish the job.' Give the workers a goal—a worth-while goal—and they will work as a team and drive forward. It is for the top planners to set the goal and point the way to it.) 'Action,' writes Elbourne,

¹ L. Urwick.

² *Principles of Management.*

‘must be so arranged as to subordinate all secondary considerations to that object.’¹

See things as a whole, says American expert, William R. Basset, *and co-ordinate activities towards a definite end*. This, in a dozen words, is the essence of good administration.

9

RESPONSIBILITY AND POWER

Authority without power is a vain, empty thing.

L. URWICK

WHEN I THINK of some of the men, in my own experience, who have failed to rise to great opportunities, it occurs to me that a study of the causes of their failure would produce material for an excellent primer on management. I recall, for example, one capable man—call him Jones—who was confidently tipped for high office. But he never got there. On the other hand, there is Jackson, who moves steadily up the ladder from success to success.

What has Jackson got that is lacking in Jones? It is this: *confidence in his staff*. Jones, having for a time suffered from being given responsibility without power, failed himself in his years of opportunity to delegate power to those under him. So he has lacked a following. Jackson has less knowledge and experience than Jones; but he is rapidly becoming a big man, because he gives the people under him authority. He gives them strength to their elbows, and they respond with powerful effort. They believe in Jackson, because he believes in them. They believe in the Company,

¹ *Fundamentals of Industrial Administration* (Vol. II).

because the Company has—thanks to Jackson—given them their chance.

Yet note this: Jones can *talk* about what is wanted. He can talk about 'delegation of authority'. He knows it is an essential element in sound organization, especially in a big organization. Which confirms a view I have held for some time—that many people mouth easy phrases without thinking about their meaning.

No manager with whom I have had to deal has ever questioned the wisdom of delegating authority, yet some of them have failed lamentably in putting the principle into practise. So I want to dwell on the subject for a little.

The art of administration—like any other art—is not something that can be mastered merely by reading books or listening to lectures. It has to be assiduously cultivated. This book will be of small value to the young man who is interested in fitting himself for a big managerial job unless he is willing (a) to *think* about the principles discussed, (b) to *decide* how they can be applied to the job he has to perform, and then (c) to *put them into practise*.

With many managers, unfortunately, it is now too late. Not because they are too old, but because their minds are closed. Their brains are sponges which have become allergic to water. Their thoughts are besotted by rambling reflections on the virtues of learning 'the hard way'. They do not realize that delegation of authority, by easing the burden of management, makes for greater efficiency. So strong is the conviction that the only true way of progress is the rocky way, that they push boulders in front of them instead of going round them. (Once, in the desert, I remember I expended a lot of energy scrambling over a big sand-dune on a dark

night. Looking back at its silhouette against the pale moon, I realized that if I had walked twenty yards or so to the right I could have skirted it. Wasted effort!)

It is, I believe, just because many of the old-time school of managers cling to the conviction that the hard way is the right way that they tend to resist the benefits of uniformity of method, which is designed to simplify a manager's job. And by the same token they fail to make things easier for themselves because of their innate aversion to delegating authority. It boils down to fear—fear that they will come in for criticism if a subordinate lets them down. They judge others by their own deficiencies. In this era of progress (in spite of back-turnings here and there) the subordinates are better equipped than the managers were, at the same age or stage, to cope with responsible jobs; but the outlet to easier ways is often stopped up, and so much efficiency is sacrificed on the old altar of prejudice.

(Delegation of duties, with appropriate authority, ought to free the manager from some of his worries and ease some of his problems, so enabling him to devote more of his time and more of his thought—precious thought, if he is worthy of a managerial job at all—to planning, improvising and expanding.)

Delegation of authority is an aspect of leadership which has never been adequately studied. Let us see what Elbourne says about it.

Dissemination of leadership may best be effected by successive delegation ... but though administration gains its gr̄reatest effectiveness by this means, comparatively few executives possess sufficient wisdom, perception, restraint and unselfishness to enable them to delegate sufficiently, satisfactorily and therefore successfully.¹

¹ *Fundamentals of Industrial Administration* (Vol. II).

Sir Charles Renold, Chairman of the British Institute of Management, has laid it down that in a large organization, once the departments have been marked, the next thing is to ensure that the authority vested in the head of each department is adequate to the responsibility assigned. Nor can it be left at that. The character and relationship of the departments, and the responsibility and authority assigned to the departmental heads, adds Renold, 'must be continually under review to keep them suitably adapted to their purposes'.¹

In examining what is known as the *Scalar* system of organization (which I describe in the next chapter), Urwick refers to the clear, vertical lines of authority which run from top to bottom of the organization, and declares:

Every individual is entitled to know two things—to whom he is responsible and for what, and how that immediate authority is linked up with the supreme authority which represents the purpose of the system of co-operation as a whole.²

On this fundamental question Cameron contributes two valuable points. In talking of responsibility he reminds us how important it is to lay emphasis on responsibility *for* rather than responsibility *to*. My Sales Promotion Manager is responsible *to* me; and the organization chart leaves no one in doubt about that. But, what is more important, he is responsible *for* planning and promotion of sales, and his authority is vested in the job. Says Cameron:

Authority is not delegated in the sense of being handed down from on high, open to be curtailed or withdrawn

¹ *The Job of the Managing Director.*

² *Patterns of Organization.*

at the option of those who have conferred it on some of their servants. *The necessary authority is inherent in each position, and is part of it.*¹

It is a general criticism of Government Departments that officials far too often lack authority to make decisions, so that 'passing the buck' has become an everlasting pastime.) My own view, from wartime experience, is that the weakness lies not in the system of organization but in the training—or *lack* of training—of the personnel concerned. They have not been trained to assume responsibility except in the most circumscribed sense, always well covered by the letter of the law.) It is an essential feature of good management that subordinates should be in a position to make decisions without constant reference back. But of course this means that the subordinates have been trained to responsibility and have developed the judgment needed to make right decisions, since otherwise they cannot be trusted to act in accordance with the policy laid down by the Board or Departmental Head.) (It will be realized by the newcomer to the study of higher management that a good organization cannot therefore be built in a day!)

No writer on management and administration has devoted more attention to this vital question of authority in relation to responsibility than Elbourne; and you will not be surprised when I tell you that Meredith John has issued to his companies thousands of office placards bearing some of Elbourne's aphorisms on the subject. In the Meredith John organization no Manager or Departmental Head can afford to ignore such challenges to thought and action. I recall the obfusca-

¹ *Principles of Organization.*

tion which overtook one of his old-timers when Meredith John suddenly took him by the arm, walked him across the room, and pointed to a recent placard bearing the words (from Elbourne):

Authority and responsibility must be coterminous, coequal and defined.

A silence like a London fog enveloped the company as Meredith John quietly asked: 'What's your view about that, Mr Watkins?' Poor Watkins was tongue-tied. I question if he had even read Elbourne's concentrated essence of administrative meat. Certainly it had not occurred to him to nibble, chew and digest it—which, of course, is what such tightly-packed wisdom requires. I invite the new student to have a go.

Let us follow Elbourne a little further before we leave this subject. 'The responsibility of all persons exercising authority,' he writes, 'should be absolute within the defined terms of authority.' And he sums up:

Authority and responsibility must correspond. An individual who has authority without responsibility is 'unaccountable' (that is, to a senior). He has escaped from control. An individual who has responsibility without authority is being asked to make bricks without straw.¹

There is little more to be said on this aspect of administration. Such rulings command immediate acceptance. 'Of course, that's quite true,' says Mr So-and-so when the point is made to him; but it doesn't seem to cross his mind that the reason you have made the point is that he has failed to put the principle into practice in his own sphere.

¹ *Fundamentals of Industrial Administration* (Vol. II).

If we could afford to stop production, distribution and exchange for a week or two (which we can't), and if we had enough expert tutors in higher administration (which we have not) to devote their time and patience to giving some tens of thousands of men and women of managerial status an intensive training in administration, the whole outlook for British industry and commerce would be transformed, and there would be less loose talk about Britain being no longer a first-class power.

We cannot do it just that way, but I believe we could speed up the process—at present little more than a nebulous and distant prospect—of getting our machinery of management geared up to the standard required in this new, atomic age.

We have got so into the habit of looking to the Government to do things that a great deal of our brave talk about private enterprise and initiative is a waste of words and breath. *I therefore suggest to the British Institute of Management that they should take the initiative and secure the co-operation of all like-minded bodies in presenting the Government with a plan for a nation-wide campaign—to last, say, six months—for better management and administration throughout the whole wide field of British industry and commerce.*

I believe that a Government-backed campaign, supported by all the management bodies and all the most progressive leaders of British industry and commerce, would have an electrifying effect throughout the country. In a few months, I predict, there would be such an upsurge of interest in the best principles and practices of management that our national efficiency would increase and produce rich returns in economic and social betterment in the years ahead.

10

FLOW OF AUTHORITY

By what authority doest thou these things, and who gave thee this authority?
Mark XI. 28

CLEAR DEFINITION of the lines and flow of authority is a sign of wise administration. Strict observance of the lines and flow of authority is a sign of effective co-operation. And when both conditions prevail, it is a sign of sound organization. No one should be in doubt about the source or the scope of his authority, nor should anyone else have reason to ask by what authority a man acts.

Individual workers cannot be expected to co-operate effectively if they lack a clear understanding of what their separate functions are, and how these functions are related to the functions performed by other people. And, as Urwick and most other authorities agree, it is always desirable to define both functions and relationships in writing. It is also desirable in a large organization to use charts to illustrate relationships. But 'there's an art in drawing a chart'; and a bad chart is usually worse than no chart at all. If an organization chart does not show up relationships clearly, then there is something wrong either with the chart or the organization. Some years ago Meredith John recruited a bright young man called Elderby. He came from a commercial college where he had been studying business accountancy and administration. Meredith John put him on to drawing charts of the concerns under his control. 'Elderby never managed to draw a decent chart,' he used to say after-

wards, 'but he was soon drawing a decent salary.' He found out so much that was faulty in the set-ups of the companies that he earned quick promotion.

As I mentioned in the last chapter, what is known as the *Scalar* system of organization has clear lines of authority running from top to bottom. Every person knows *to whom* he is responsible and *for what* he is responsible; and he can readily trace the series of links which join the authority inherent in his own particular position with the supreme authority at the top. In such an organization, authority carries direct from one level to the next. As Elbourne explains it: 'A subordinate has general responsibility to a superior and/or has *direct* authority over his subordinates.'¹ This, in expert jargon, is 'Line' relationship—as distinct from 'Functional' relationship, where authority over subordinates is usually *indirect*. And whereas a 'Line' officer has direct authority *over a complete organizational unit*, a 'Functional' officer has indirect authority over subordinates *concerned with a special subject*. It is vital to an understanding of the mechanism of modern organization that these essential differences should be noted.

How then do these 'Line' and 'Functional' processes tie up? The 'Line' relationship is plain and straightforward enough. But what about the 'Functional' process? How, in particular, does a 'Functional' officer impose his authority on a subordinate when, as has been noted, his authority is *indirect*? The answer—which shows the tie-up between the two processes—is that he exercises his authority *through* the 'Line' officer responsible for the organizational unit of which the subordinate functionary is a member. To illustrate the point:

¹ *Fundamentals of Industrial Administration* (Vol. II).

1. *Smith* is Director of Textiles in a large trading organization. He is a very senior 'Functional' Officer on the same level as *Burton*, the General Manager, who is a very senior 'Line' Officer (next indeed to the Board and Managing Director).

2. *Robinson* is a Regional Textiles Supervisor. He is a 'Functional' Officer in the organizational unit controlled by *Fraser*, the Regional Controller, who is a 'Line' Officer reporting direct to *Burton*, the General Manager.

3. Now, while *Burton*, the General Manager, has direct authority over his Regional Controller, *Fraser*—as the line on the chart will clearly show—*Smith*, the Director of Textiles, exercises his authority over *Robinson*, the Regional Textiles Supervisor, *through* the Regional Controller, *Fraser*.

This kind of flow of authority is characteristic of a big, decentralized organization, and is a fair sample of the kind of organization most favoured today in progressive management circles.

Note two fundamental features of this kind of organization:

1. Whereas the 'Functional' Officer is always concerned with a *special subject* (Textiles, Machine Tools, Transport, etc.), the 'Line' Officer is always concerned with *organization*, whether he be General Manager, Regional Controller, Local Manager, or a liaison or co-ordinating officer at some intermediate or lower level.

2. The flow of authority (whether in respect of 'Line' or 'Functional' operations) is represented by *vertical* lines.

But a structure consisting solely of vertical lines can never sustain a massive organization. We must, therefore, pay attention to the importance of horizontal structure. Here we may draw an easy distinction between *operations*, which are denoted by vertical lines,

and *human relationships*, which are denoted by horizontal lines.

The horizontal lines link up officials of approximately the same rank. For example, in a Government Department all Principals are shown at the same level, all Higher Clerical Officers at another level, and so on. Vertical lines, representing the flow of authority, run down, for instance, from the Assistant Secretary grade, through the Principal grade, and through the Staff Officer grade, to the Higher Clerical Officer grade, cutting the horizontal lines of relationship at every level; and as Urwick notes, 'one of the chief difficulties encountered in organization arises at the points of intersection between the vertical and horizontal lines.'¹ The short answer—though not quite the complete answer—to the difficulty which Urwick mentions is to apply the idea of decentralization to an organization, particularly if it is a large organization; because, as we have noted, under effective decentralization 'Functional' authority is exercised through regional or intermediate 'Line' officers, whose responsibility it is, by cultivating the most efficient administrative technique, to co-ordinate the activities of all the key men under them. It is generally in big organizations with over-centralized controls, where the vertical lines of authority too often intersect the horizontal lines of human relationships, that most of the difficulties mentioned by Urwick tend to arise.

In the July (1948) issue of *Business* an important article appeared, from the pen of Gordon Smith,² in which the writer analysed the merits and demerits of centralization, with particular reference to the Labour

¹ *Patterns of Organization*.

² *Centralize or Decentralize?*

Government's nationalization schemes. Briefly, his theme was that the new nationalization schemes revealed an unfortunate trend towards over-centralization. Attempts to operate an entire big industry from the top were (he argued) out of keeping with the best management ideas. From the top should come only general guidance, with local autonomy in carrying out operations; and he commended 'Line' management as opposed to centralization and 'Functional' management.

I hope I have fairly summarized his thesis, because I propose to criticize it—on the same ground as I have criticized Cameron's arbitrary distinction between Management and Administration.

Gordon Smith may be justified in attacking a particular nationalization scheme on the score that it is slow and cumbersome in operation. He may be justified, too, in attributing these deficiencies to over-centralization, and in asserting that the controlling Boards are top-heavy because most of the members are *functional* officers. But he is wrong, I believe, in condemning over-centralization and functional management as if they were one and the same thing. We must all condemn *over-centralization*; *but it is, I contend, possible in practice to have decentralization and functional management working effectively together.* It is wrong to extol 'line' management 'as opposed to functional management', because it is, I believe, possible for 'line' management and 'functional' management to combine effectively.

It is, of course, wrong to establish a centralized control on a *purely* functional basis; and to that extent I agree with Gordon Smith's strictures on the practice in one or two spheres of having functional directors on the conference Boards. But do not let us rush to the opposite extreme and condemn functional management

on that account. Our job is to plan the proper tie-up between the two primary elements in management. The correct relationships between the 'line' officers and the 'functional' officers must therefore be clearly established, so that they do not pull in opposite directions. It is all a matter for close co-ordination. It is a task for clever administration.

In the wartime Government Departments, which for lack of advance planning had to be developed far too quickly, the 'line' officers and the 'functional' officers often cut across one another savagely, with a great deal of conflict and loss of efficiency. The more aggressive man usually won, but sometimes he was wrong. On the whole, the common effort was admirable, but in some sections of every Government Department associated with the conduct of the War the common effort was undermined or stultified because the co-ordination was inadequate or misguided. There was a lack of wise and sound administration in the Departmental management.

Gordon Smith, in illustrating his thesis, selected the new British Railways Executive for special condemnation. It was, he declared, a functional body, with the chief functional officers operating right down the line, with far too much referencing back. And he compared the British Railways Executive unfavourably with the American Tennessee Valley Authority, with its admirable structure of wide decentralization of authority. His criticism in this particular instance deserved—and I have no doubt received—careful attention; but it would not be difficult to adapt the new railway system to the T.V.A. model—at any rate in great measure—while retaining expert and efficient functional management as an inherent part of the system.

As we noticed in an earlier chapter, organization is a continuous process, and no big new organization is likely to remain static for even a few weeks.) I suggest that changes in the formation of the British Railways Executive should be designed, not only to meet the criticism which Gordon Smith quite legitimately makes, but also to ensure that full advantage is taken of the merits of both 'line' and 'functional' management, with policy control at the top and improved co-ordination of activities at every level (with decentralization wherever possible) right down the line.

(The real test of efficiency in a national organization—or in any large organization—is how far decisions can be made in the right place at the right time; and this depends on a clear and even flow of authority (down vertical lines, with effective co-operation (along horizontal lines) at all levels.)

II

THE IMPORTANCE OF CO - ORDINATION

This term (co-ordination) expresses the principles of organization *in toto*; nothing less.

MOONEY AND REILEY¹

IN ANY ELABORATE, highly-tuned organization a hitch is liable to occur every now and then—as may happen even with the most elaborate piece of highly-gearred mechanism. It is always more likely to occur in an *organization* (as distinct from a piece of mechanism) for the simple reason that we have to allow for the human element.

¹ *Onward Industry*, by J. C. Mooney and A. C. Reiley.

When a hitch occurs in an organization, it normally falls to some executive to explain the cause of the failure to his superior officer. And, more often than not, it is ascribed to the fact that two or more of the specialists have not been pulling together.)

In my own experience this particular failure is a result of one man having too many people under his immediate charge. To illustrate the point, a supervisor may have nine people under him. This is probably *three too many*. So we come to consider the Span of Supervision principle in administration.

Urwick, I suppose, has done more than any other modern authority to secure recognition of the importance of this principle, which I believe has a military origin. Certainly every efficient military organization operates it. 'The principle of Span of Control,' says Urwick, 'is applicable at all levels. ... No one can effectively control the activities of more than five, or at the most six, direct subordinates whose work interlocks.'¹

This is the first law of co-ordination—particularly when one is dealing with specialists. Specialization, by its very nature, tends to blind the operator to the equal importance of other activities. So (to quote Urwick again) 'co-ordination, continuous unity of effort, is *the* purpose of all organization'. (Effective co-ordination will never be achieved unless the co-ordinator gives sufficient time, thought and understanding to the problems, and often rival claims, of the specialists—a responsibility with which he cannot cope if he has more than five or six officers reporting and presenting different problems to him.)

'There's an exception to every rule,' we say; but I

¹ *Patterns of Organization*.

sometimes wonder if this is true of the Span of Supervision rule. Even Meredith John has sometimes failed to do justice to his own amazing sweep of mind and quick grasp of essentials, just because he ignored this rule (of which I suppose he had never heard until, in his so-called retirement, he took up the study of administration as a hobby). But on such occasions, with that extraordinary mental resilience which is one of his characteristics, he has, more often than not, realized his mistake in time and given the matter second thoughts. It is enough for our present purpose that we should recognize the Span of Supervision rule as a fundamental principle in organization. And the bigger the organization, the more important it becomes to observe this rule at every level.

★ Every large organization has its special problems, but if I were asked to say what was the most common shortcoming I should say without hesitation that it was failure to abide by this particular principle. Without it, co-ordination of effort is sure to be weak★

The great administrator begins by recognizing that there are bound to be many different points of view, and that one of his main responsibilities is to reconcile the differences. This demands skilful co-ordination in order to achieve the maximum unity of effort.

I have stressed the importance of defining the functions of every job and of relating each of them to allied operations. That is co-ordination—no more, no less. It is administration fulfilling one of its primary purposes in higher management.

The great man usually has his Man Friday. Lloyd George had Colonel Tweed, and later the popular but miscast Dr Joe Hunter. Roosevelt had Harry Hopkins. And Churchill throughout the storm and stress of the

War had George Harvie Watt, as his confidential aide-de-camp. Each was a projection of the personal private secretary idea. In each case the task was high-level co-ordination of personal relationships.

(The importance of high-level personal relationships and also of staff relations at lower levels grows with the size and complexity of organizations; and the importance of the co-ordinator's role increases proportionately.) But, as Cameron has written:

(Co-ordination does not just happen. It has to be laid on, and should never be left to chance in the hope that those primarily concerned in a particular job will remember to bring in all the other people involved, and will not suddenly find that some small but vital item, lack of which holds up everything, has been overlooked. Co-ordination is needed at all levels ... and is best thought of as a continuing process.¹)

Note that co-ordination 'has to be laid on'. It cannot be left to the discretion or doubtful administrative ability of departmental and sectional heads. William R. Basset has reminded us how the benefits of sound ideas in one department are often lost or inadequately enjoyed because other departments are lacking in progressive direction, and how often only one side of the business is developed while others are allowed to stand still or slide.²

Elbourne, always precise, lays down the following six essential elements in the mechanism of co-ordination in a large organization:

- | | |
|--------------------------------|-------------------------|
| 1. Co-ordinating Personnel. | 4. Reports and Returns. |
| 2. Committees and Conferences. | 5. Training. |
| 3. Instructions. | 6. Policy. |

¹ *Principles of Management.*

² *Taking the Guesswork out of Business.*

It should be clear that the top co-ordinator must have outstanding administrative ability. Renold, speaking from practical experience, has gone so far as to say that 'the most difficult part of a Managing Director's job is that of co-ordinating and leading his team'.

In his speech from the Chair at the annual conference of the Institute of Industrial Administration in March 1943, T. G. Rose made this statement:

The co-ordinating function of general management is only slowly emerging as a recognizable specialized activity.¹

Yet today many people in high places continue doggedly to withhold recognition. Sad to relate, in many sections of British industry and commerce, top management has not got beyond the chrysalis stage.

12

THE SPIRIT OF CO-OPERATION

Co-operation in well-doing by all concerned.

F. W. TAYLOR'S *Fourth Principle of Management*

Co-operation is the fruit of co-ordination.

IF BY ANY CHANCE my references to Meredith John's success as an administrator have conveyed the impression that his organization has been free from the problem of securing co-operation, then let me correct it at once. Indeed, it would be true to say that as Meredith John's mastery developed and extended, and as the

¹ *The Job of the Managing Director.*

organization under his control grew steadily larger, the problem of securing the co-operation of all concerned has become increasingly complex. If this can happen under enlightened leadership, how much greater must the problem be when the top management is less imaginative and resourceful.

Looking back—and being wise long after the event—it is easy to see how even Meredith John's planning has proved inadequate—as I have heard him frankly admit. Of course I could put it another way and say that in spite of far-sighted planning, his enterprise and drive have been so great that his business has developed even faster than he had anticipated; but that would be merely glossing over the fact that planning had fallen short of achievement. 'A man's reach should exceed his grasp, or what's a heaven for?'¹

This insufficiency of planning has always been most apparent in the field of government. Two great wars have found us woefully unprepared. The spirit was willing but the flesh was weak; and, to go back no further than to the last War, co-operation was often, and in tragic measure, ineffective because the administrative machinery was either non-existent or unequal to the task.

Today, in post-War Britain, a different situation faces us. The first flush of enthusiasm for nationalization has died, and the wage-earning workers (with honourable exceptions) have become sullen and slow. Production has increased and will, no doubt, continue to increase, thanks to gradual re-organization, the introduction of improved methods of management, and readier access to essential materials; and in the long-run the will to work may be recovered. But taking things as they are,

¹ *Andrea Del Sarto*, by Robert Browning.

it is true to say that just as our pre-War and early-War planning was inadequate to the task confronting us, so our post-War planning has been inadequate to the task of reorganization and recovery. And today the task is all the greater because the spirit of co-operation is lacking over a wide field.

Here is a great opportunity for the co-ordinators, in both public and private enterprise. I very much fear, from my own observation in business circles, that in the sphere of private ownership far too many people of Board and Managerial status attach more importance to the word *private* than to the word *enterprise*, with the result—apparent, I am afraid, in most parts of the country—that the development of modern management ideas and technique is being left to the few. There is progress, but it is too slow. More people than ever before, no doubt, are interested in the new ideas, but a big proportion are young and middle-aged men and women who are frustrated by the parochial, *passé*, and often deliberately obstructionist attitude of tired and unimaginative old-timers.

As R. C. A. Vernon, editor of *The Factory Manager*, has put it, a successful business organization cannot be built up or conducted without a spirit of co-operation all along, and all the way down, the line.¹ Or, as Elbourne has emphasized, 'economic production can only be carried out by the correlated effort of large numbers of individuals working in co-operation'.²

The success of a manager may be measured by the willing co-operation of his staff. Most of the discontent that exists in industry and commerce today—and I believe this can be said of the United States as truly as

¹ *Manual of Industrial Management and Maintenance.*

² *Fundamentals of Industrial Administration* (Vol. II).

of Great Britain—is due to the fact that in many concerns work has been robbed of personality. The vital importance of human relations is better understood now than it was in the Thirties, but top management has still a long way to go in establishing proper appreciation of human relations at every level of activity. We have not yet reached the stage where every man and woman is a *conscious* contributor to the work in hand.

The failure, where it occurs, is commonly a failure on the part of management to tell the staff the purpose of the undertaking to which they have been assigned. Success, when it is achieved, comes not from the routine flow of information in the shape of instructions but from joint consultation between management and men (to use the hackneyed phrase coined many years ago by agitators who found it helpful to pretend—and sometimes had cause to believe—that managers were not men but automaton).

Joint consultation may take effect in committees, but (as Renold has suggested¹) committees tend to be too formal, and it is often better to work through the medium of councils. The Managing Director, General Manager or other senior member of the management simply convenes meetings of experts and formulates his decisions on the basis of views freely exchanged. He often gets ideas from such councils; and he may sometimes benefit from their support in presenting proposals to his Board.

Joint Councils, as has already been proved in many sections of trade and industry, make for better understanding. By permitting those who attend to air their views informally, meetings of this kind help to remove

¹ *The Job of the Managing Director.*

causes of complaint and to pave the way for increased co-operation. The job of promoting joint consultation is therefore a function which the trained administrator will never neglect to fulfil.

13

GOVERNMENT ADMINISTRATION

Administrative officials (in Government Departments) seem weak in the field of imaginative and creative suggestion—in the points which characterize original minds.

SIR MICHAEL SADLER

WHILE SERVING IN A wartime Government Department I used to shock more permanent colleagues by my robust comments, in between 'doodle-bugs', on the deficiencies of the Civil Service; and no doubt I often declared, *apropos* of some particularly virulent example of mismanagement: 'It could never happen in *business*'. But alas! it does. And in many large concerns today there are people in high places who could with profit learn something from the Civil Service.

The chief merits of the Civil Service lie in the following points: in the quality of the men at or near the top; in the loyalty of the officials at every level, and in the basic structure of the organization. The deficiencies, however, cannot be ignored. In action the Service is slow, and in administration it is weak. I believe it is *because* it is weak in administration that it is slow in action.

Professor Harvey Walker, in examining these shortcomings, has referred to 'the failure to consider public

administration as a science with a body of fundamental principles',¹ And H. R. G. Greaves, who says of the Report of the Select Committee on National Expenditure in 1941-2 that it is an indictment of the Civil Service, writes:

No one can fail to draw the conclusion from a reading of the Report that its general charge . . . was the lack of understanding of the importance of a scientific approach to the problems of public administration.²

The War did one good thing. It placed many specialists in Government Service. But the knowledge and experience of these specialists were often not utilized to the best advantage. The fault lay with the administrators, who failed to make full use of the experts in their midst. This was why so many of Hitler's grandiose military schemes came to grief in the end: they were found impracticable by the men in the field. So with many rulings made in British Government Departments: they were found to be faulty, if not altogether impracticable, by the people in industry and commerce who had to apply them or abide by them.

This deficiency became more apparent under the Labour Government, with its nationalization plans; and in 1947 Planning Officers were established in most departments to link up with a chief Director of Planning at the Treasury. These planners form what Greaves calls 'a key administrative body' working closely with the Departmental specialists (a) to produce practical plans, and (b) to establish working organizations, sound in structure and served by trained personnel, to put the plans into operation.

¹ *Training Public Employees in Britain.*

² *The Civil Service in the Changing State.*

This tie-up between the Treasury and other Government Departments follows the model of the Civil Service Finance and Staff organizations and is an example of centralization with de-centralized functions. It calls for pure administration of a high order; and as central Government planning has come to stay and is likely to extend, it calls for a great deal of administration of a high order. It was for this reason that I suggested to Meredith John that he should give a lead to the British business community in supporting Greaves' proposal for the establishment of 'a public authority . . . specializing in the science and art of public administration, expert in the questions of organization and machinery of government.'¹ Such a department (adds Greaves) would, 'instead of awaiting the appointment of Royal Commissions and Committees of Inquiry, be in a position to forestall the sometimes tardy undertaking of such investigations'.

A public authority specializing in the science and art of public administration would presumably go far to remove the weakness—deficiency in imaginative and creative spheres—which Sir Michael Sadler has noted in his study of our senior Civil Servants. It would, I hope, teach the trainees that one of the essential arts of administration is to be able to sit back and *think imaginatively*. So many quite accomplished Civil Servants just sit back and think with a file in their hands.

But if a national authority is needed—as I am sure it is needed—to train our future Civil Servants in the science and art of public administration, something of the same kind is needed to train young business men and women in the science and art of plain administra-

¹ *The Civil Service in the Changing State.*

tion, which (with the added knowledge of the machinery of government) could be applied as readily to the problems of a Government Department as to those of a big business organization—not merely an Administrative Staff College, admirable though that is, but a nation-wide system of training whose products would within a few years raise the whole standard of performance and give a new tone to our trade and industry.

14

CENTRAL CONTROL

The aim (of large-scale management) should be to collect a band of colleagues, not to institute an hierarchy of officials.

DR J. A. BOWIE

THE TWO CARDINAL VICES of centralization are remoteness of control and top-heavy management.

The development of large-scale business organization in both Britain and America has been so rapid during the past thirty years that planning has often lumbered along in the rear of expansion. When I hear some leaders of industry and commerce criticizing the Government of the day for introducing vast new schemes before they have been properly planned, the old tag about 'people in glass houses' springs to mind. The danger that dissolution of area or departmental control tends to create a sense of remoteness on the part of local managers and section heads has been flagrantly, and I think sometimes contemptuously, ignored by many

ambitious and fast-moving business chiefs, to the detriment of ordered progress. (This, I believe, contributed lavishly to the great slump of 1930-1 which, let us recall, began in Wall Street and spread like a petrol flame through the whole vast structure of high-g geared American enterprise until the blaze cast its fatal sparks across the Atlantic, with catastrophic results.) It is necessary in any great centralization scheme, as has been stressed in the chapter on Flow of Authority, to have *decentralization of control*. Yet, as is evident today in both public and private enterprise, we take a long time to learn the lesson. We still learn the hard way.

Top-heavy management, the second cardinal vice of centralization, arises from what Urwick has called 'the universal tendency of Headquarters to grow and proliferate, aided by the ambition of individuals to be at the seat of authority.'¹ This, of course, is due directly to lack of correct administrative control. The whole of this book is a plea for the development and application of administrative wisdom to prevent just this sort of failure. Never was the need greater. Never was the opportunity so great.

Dr Bowie, that tireless Scottish advocate of better management, has stressed the need for 'authority all along the line, in contrast to management by the fiat of a central power'.² The danger is simply the danger of establishing units which are too large. In the Army a battalion of 800-1,000 men is the largest single unit, subdivided into companies, platoons and sections, with authority functioning and scrupulously observed at every level. The shortcomings of a swollen wartime

¹ *Patterns of Organization*.

² *Education for Business Management*, by J. A. Bowie, Principal of the Dundee School of Economics.

army are normally due, not to organizational weakness, but to lack of administrative training at too many of the key points. Where administrative skill is lacking at so many intermediate stages the tendency to operate 'by the fiat of a central power' increases among the trained senior personnel, with the result that what is known as *the officer class* often degenerates into a hierarchy of officials. Military discipline goes far to safeguard the unit (of whatever size) against the full inefficiency which normally results under similar circumstances in a civilian enterprise.

In order to gear a large growing organization to cope with the ever-increasing demands that are made on it, the Managing Director and his immediate associates must plan ahead continuously; and their planning must always provide for the establishment at headquarters of staff with high qualities of administration, so that they may count on a smooth fanning-out of authority and responsibility throughout the organization.

Here let me sound a note of warning. I have seen the fan fail to open, or open only in jerky, crooked fashion (with expensive, intermittent delays), not because the headquarters staff primed with responsibility for a new operation lacked the necessary high qualities of administration, but because the Finance Director responsible for authorizing the appointment of essential new staff at the lower levels had not been fully advised of the organizational developments. Where this happens—and I hate to think how often it does happen—the blame rests with the Managing Director, or General Manager, or other senior officer to whom authority has been delegated. There has been a high-level failure of co-ordination.

15

THE SPECIALISTS

ANY MAN WHO IS an adept at handling the specialists has acquired one of the essential qualities of successful administration. Any man who lacks this facility has an awkward problem to solve before he masters the art, because the specialists, by the very nature of the functions they perform, are individualists.

Specialists are often difficult to handle for two reasons: they tend to underestimate the importance of the administrators: and they are very conscious that their special contribution to the common task is sometimes underestimated and frequently misunderstood by the administrators. So their co-operation is not readily secured, and administrators who are otherwise well equipped often fail to break down their resistance.

This is a case where it is possible to kill two birds with one stone. Once an administrator shows his desire to understand and attach due value to the work the specialist is doing, the specialist will normally respond with generous acknowledgment of the effort; and soon, when the new co-operation has produced harmony and increased efficiency, the specialist will in turn come to appreciate the importance of the administrator's function. I have seen it happen so often that I pass it on as *one of the main secrets of success in administration*.

The later development of industrial and commercial activity in America has made it easier for the administrator there. In Britain we have had to contend with conceptions born in an age long dead and with inherited

practices which have been defended to the last ditch by the elderly or the 'sons of fathers'. In Britain today an industrial and commercial revolution is in silent progress. This was not brought about by the late Labour Government. The movement is not primarily political. It began long before World War II, when a Government of a very different colour was in power; and I predict it will run its full course whatever colour of Governments we may have in the next decade. When we emerge from the revolution I believe—without considering its many other implications—that in one respect we shall have advanced. Administration as a distinct and high-ranking function will be firmly established and widely, if not universally, recognized. No longer will the specialists undervalue the part played by their administrative colleagues, and a long-drawn-out tug-of-war will be at an end.

Business administrators who fail to assess and make full use of the knowledge of the specialists and their contribution to development merely delay the day of recognition. For themselves as individuals the day of recognition may never dawn; but a new school of administrators will—I hope—be ready to take their places and seize the opportunities which are now opening up over a wide and widening field.

As the administrator's field widens, the individual specialist's field tends to narrow. 'Science,' writes Cameron, 'is still expanding human knowledge at a rate that makes the expert one who knows more and more about less and less, and to keep up with technical progress each undertaking is forced to employ an increasing number of highly qualified specialists, each concentrating on a narrowing sector of activity.'¹

¹ *Principles of Management.*

It may sound like heresy to say that the pride which many managers take in knowing everything about every process under them is sometimes misplaced. I have taken care to say *sometimes*, because I am aware that in certain kinds of activity it is essential that a manager should know everything about every process; and if he should know more about every process than everyone else in the establishment, so much the better, and full marks to him. But in most kinds of activity it is less important that a manager should know everything about every process than that he should be able competently to co-ordinate the efforts of the specialists; and today, even in great organizations where enlightened management is encouraged, many managers fall short of full achievement because they fail in this particular province.

16

THE DIGGERS.

I ONCE SERVED under a Chief who described the statisticians as *diggers*. And one day I was in his room when he impatiently tossed aside a report with the remark: 'The trouble with these diggers is, they don't use their heads'.

Figures, say the cynics, can be made to prove anything. The trouble is, they so often prove nothing. It is not always the statistician's fault. As often as not the blame rests with some senior executive who has called for certain figures without pausing to think what use he can make of them, or without explaining to the statistician what he is wanting to prove.

I remember a glorious gaffe made by a very self-satisfied sales-supervisor. Eager to show how well he had done, he totalled (a) the previous year's sales and (b) the current year's sales, and called upon the comptometer operator to give him (a) as a percentage of (b) with the idea of advertising his percentage increase of sales in the right quarter. Now, it requires no great statistical training to appreciate that if the previous year's sales were 80 and the current year's sales are 100, the latter figure represents an increase of 25 per cent; but when the comptometer operator gave the salesman the answer he had called for, he was able to prove to his own satisfaction—though not, as it turned out later, to that of his Chief—that he had increased his sales *by 80 per cent!*

Every man with a head for administration can make very good use of a man with a head for figures; but the figures must be relevant, and they must be timely. As Cameron has written:

Control requires statistics, and the sooner these can be produced after the events they record the better. But statistics need to be handled with care. Those who use them need to know exactly what they mean, and how far they are influenced by factors that do not depend on the efforts of those whose work the statistics are supposed to measure.¹

The administrative head who calls for statistics must have a definite object in view, since otherwise he is wasting the time of the 'diggers'. And for control purposes, as Elbourne has emphasized, 'all figures . . . must be in terms of standards of performance required and of past performance'.²

¹ *Principles of Administration.*

² *Fundamentals of Industrial Administration* (Vol. II).

Elbourne has performed a valuable service to higher management in Britain by pointing out that the accountancy influence—which is fundamentally a statistical influence—has so far had most effect on the financial side of industry and business. It has not yet been fully employed, he notes, on the purely administrative side. And with this I readily agree. But—and I believe the point is no less important—the accountancy or statistical influence requires to be controlled. Just because accountancy aspects have been brought more and more into view, mainly by legislation, a tendency has displayed itself for accountants to become top managers; but often they lack administrative knowledge, experience and competence. When this happens—and I have seen it happen too often—there is a tendency to introduce *systems without system*.

Accountants believe in systems. Almost to a man they believe in *new* systems. But sometimes they suffer from that distressing complaint, *systemitis*. Systems, which are as a rule based on, or at least bound up with, statistics, take control. The servant becomes master. Accountancy knowledge and practice is a sound asset in higher management, but the technique of management—involving a high degree of administration—is more important than the technique of accountancy.

Given the necessary administrative control, the accountancy influence can be, and should be, a vital factor in management, notably in large organizations. One modern authority has put it well in the following words:

While the driving power of a business organization is derived from its administration and management, no business could be run successfully without the use of a complete and satisfactory system of accounting. The

accounting department might be likened to the nervous system of the human organism. It keeps the entire organization in perfect working order, each department in harmony with every other. Any ills or breakdowns in any part of the structure are promptly signalled through this medium to the controlling brain, enabling that brain promptly to apply the remedy.¹

Better still, the business accountant can *anticipate* ills and breakdowns and by suggesting timely improvements in the system can make it possible for the management to prevent the troubles. So 'flaps' can be avoided. (What 'flaps' cost British industry and commerce, I hate to think. Too little credit is given, too small salaries paid, to the people who, by quiet and efficient administration in their own spheres, never cause 'flaps'. When such people operate at the higher levels in large organizations, their services are almost beyond price. Yet how often the 'flappers' get away with it!)

The term 'diggers' may seem hardly a fitting description for accountants; and of course they are really the officer class in the diggers' army. Sometimes they rise to take their place among the top-ranking managers of operations as a whole. They do this when their knowledge and experience of accountancy is supplemented by a keen sense of administration. A man is seldom master of both techniques, but when he is he is well-qualified to go right to the top. (In my own sphere I always take special interest in an accountant who also has a head for administration.)

Since planning requires statistics and depends on the careful consideration which is given to them by the

¹ *Library of Business Practice: Vol. I Organization Methods for every Business.*

accountants before the top management make decisions, a brief reference at this stage to budgets may be justified. A budget presents a plan and also provides a control. I would point out two common weaknesses—the first in budget planning, the second in budgetary control.

1. A budget, in presenting an expansionist plan, sometimes provides for adequate financing in every sphere except the important sphere of personnel. Why this is so, it is difficult to say, but I suspect it reflects just that lack of administrative sense on the part of many accountants which we have just noticed. Worse still, I have known of personnel budgets being issued, and attempts made to enforce them, without relation to expansionist operational budgets—which reflected sadly on the administrative sense of the administrators.

2. Many budgets are accompanied by instructions limiting the authority of the spending departments; and of course control in this respect is necessary. But often reference back is too rigorously imposed. 'No expenditure must take place without first getting authority,' the rule usually runs. But soon exceptions have to be made: the exceptions grow in number, until the rule is more honoured in the breach than in the observance. The departmental heads may be rapped over the knuckles, but they usually have a come-back. 'Operations would have suffered,' they say—and, of course, operations should never suffer. The way out of this dilemma—how to reconcile necessary budgetary control with necessary operational speed and efficiency—is to grant 'blanket' authorities for expenditure up to a reasonable fixed amount. 'No department may spend more than £50 without permission.' Limited authority of this sort will go most of the way to meet the difficulty. It is for the administrative chiefs to see that budgetary control does not take on the shape of a strait-jacket.

One word more—about market research. Those engaged in this lively occupation are also ‘diggers’, though they may be concerned with information other than mere statistics. Like the accountants they may even have achieved the status which entitles them to employ or utilize the services of regular ‘diggers’, but they are all members of the digging fraternity. And the point I wish to emphasize—and with it I shall end this chapter— is that *about 75 per cent of the work of those engaged in market research is administrative*. Digging produces the facts, but unless the facts are marshalled, co-ordinated and related to one another, a great deal of the hard work will be wasted. Sometimes the material assembled by market investigators is like a well-filled waste-paper basket, and would be better placed in one.

17

THE SELLING END

In planning the selling of a product, fix its mission.

EDWARD H. SCHULZE

COMPARED WITH THE total number of workers engaged in manufacturing concerns, reports F. T. Clark, 25 per cent of the number are engaged in distributive trades.¹ But that is by no means the whole story. The percentage rises to probably 40 per cent, says this authority, if we take into account those workers in manufacturing concerns who perform functions on the selling and distributive sides. Add the workers employed

¹ *Marketing and Market Research*.

in transport, and the proportion rises to about 50 per cent.

With this introduction, Clark goes on to emphasize the vital importance of enlightened sales planning to secure even distribution and keep selling costs balanced. To this end he urges the immediate adoption (where the system is not already in operation) of *selling quotas* for salesmen. Unless each area and each group of salesmen produces the budgeted volume of business, the balance of distribution is disturbed and the overall costs are increased.

The best way to assist salesmen to achieve their quotas is to provide them in the simplest possible language with information about the selling points of the merchandise. This applies to all merchandise, but it applies particularly to new products.

A new product? *What is its mission?* What does it *do*? What has it got that the others haven't got? If it is for the retail market, the importance of defining its mission will be all the greater, because (reports F. T. Clark) *95 per cent of retail purchases of household goods are made by women*¹—and women have enquiring minds when they go shopping.

Let us take a few steps along another well-trodden sales path, before returning to the main track. As every business man is aware, the faster the goods are turned over (other things being equal) the better the profit. Capital is not kept tied up longer than is strictly necessary; and the overall cost of distribution, storage, etc., is reduced to the minimum. As the bigger stores have discovered, the *percentage* of profit is not everything: the rate of stock-turn counts for a lot in the final reckoning. And even some of the largest stores have found it politic

¹ *Marketing and Market Research.*

to curtail the range of goods offered for sale, sacrificing big percentage profits on certain lines simply because they are slow sellers.

Up-to-date information on the above points and many more must be constantly and readily available to the people responsible for sales promotion; and to ensure that all the required information becomes available to him 'on time', the chief sales planner in a big organization must be a first-rate administrator. He will help to make things easier for himself and his colleagues by the skilful use of graphs.

The system of presenting a report in the form of a graph is not an innovation. It is based on the oldest and simplest method of communicating information—pictorial representation. No effort of the mind is needed to make the comparison between the length of two lines or the opening of an angle. The impression, and the fact which this impression conveys, are obtainable at a glance. It is this feature which brings the method of graphic reports into harmony with modern office system, and makes it one of the most effective ways of grasping all the details.

Business men know that not the facts themselves are significant, but their relation to other facts. The record of last week's prices, or cost of production, or volume of output of last month's sales or purchases or collections, is valuable only when compared with those of the week or month or year before, or with the possibilities of the corresponding period in the future.¹

In a large modern organization, sales planning and sales promotion are distinct and highly specialized jobs, the officers in charge of each department being

¹ *Library of Business Practice: Vol. I. Organization Methods for Every Business.*

responsible to a General Sales Manager. Each of these departmental chiefs has his team of headquarters specialists. In an organization operating on a nationwide scale, the pattern will be carbon-copied in each region. Vertical lines of communication will run (a) between the headquarters Sales Planning and Sales Promotion chiefs and their regional representatives, and also (b) between the subordinate headquarters Sales Planning and Sales Promotion specialists and *their* 'carbon copies' in the regions; but—in accordance with the sound principles of organization which we have discussed in earlier chapters—*all the regional representatives will be under the authority of the chief Regional Manager* (whatever his precise title may be), and instructions on policy matters and on major operational matters will be passed down direct from the Managing Director (or General Manager) to his chief Regional Managers. The vertical lines of communication between headquarters and regional officers at all lower levels are designed to prevent overloading of the main line and to provide for the direct passage of instructions and information on operations within the framework of the established central policies and systems.

Action on every top decision, on every change, on every improvement, must carry smoothly right down the appropriate lines. It is hardly necessary at this stage to stress the importance of effective co-ordination at every level. This applies to the selling side as positively as to any other department. No matter how far-sighted the top Sales Planner may be, no matter how highly developed his flair for judging the state of the market may be, he will fail in his ultimate task of creating and controlling a sound and efficient sales-planning department, with adequate headquarters and regional units,

if he lacks ability as a top administrator. So, too, will the headquarters officer in charge of Sales Promotion. And even if they are themselves first-rate administrators, both will fail—or perhaps only half-succeed—if their chief, the General Sales Manager, lacks ability as a top administrator.

If things are going wrong—if there is need for re-organization—it is best to begin at the top.

18

MANAGEMENT AND MEN

The test of a leader is not how good he is at 'bossing', but how little 'bossing' he has to do.

DR J. A. BOWIE¹

IN THESE DEMOCRATIC TIMES few people in authority will deny that good industrial and business relations are essential to successful management; but far too many of our higher-ups still fail to appreciate that it is a task of management to *promote* good relations.

'The attitude of men and women to their work,' writes Edward Brech, 'is a reflection of the soundness of the management.'² Too many people in high places who grumble about the lazy, lackadaisical attitude of their work staffs do not pause to consider whether they themselves may be to blame—as very often they are. I have noticed that the really big men in business, the men of progressive and liberal outlook, seldom have

¹ *Education for Business Management.*

² *Management—Its Nature and Significance.*

cause to complain about lack of response to their leadership and example. On the contrary, they are usually full of praise for the men and women under them; and their praise is justified. As Bowie invites every student of management to note, *leadership, not bossing*, is the answer to the problem of staff control.

British business today still carries too many of the old-type bosses. Most of them are there out of sufferance. They have given long and loyal service: often they cannot afford to retire, so they are kept on. In some businesses it is possible to transfer them to useful duties where their bossing proclivities get little or no scope. Where this is not practicable it usually pays to retire them with a generous allowance rather than retain them in posts for which they are no longer suitable. The dilemma in which many progressive business heads find themselves over these old servants is, of course, due to failure on the part of their predecessors in office to provide for proper management training and adequate pension schemes.

* F. W. Taylor was in advance of his time when he laid it down as a fundamental of scientific management that the interests of employer and employee should be mutual. Today the truth of his axiom is not questioned—though, as I have suggested, the responsibility of management for securing that fundamental condition is not always sufficiently recognized by those at the top. Even in the United States today we have it on the authority of Dr N. R. F. Maier that ‘the most undeveloped aspect of industrial progress is management of labor power.’¹ Yes, even in the States where they have moved far ahead of us in Britain in the attention they give to this elemental problem. As Maier points

¹ *Psychology in Industry*.

out, while no business chief would dream of putting unskilled men in charge of machines, unqualified supervisors are often put in charge of men; and he goes on to emphasize the distinction which exists between experience and training. 'We cannot assume that a man is highly capable of handling men just because he has done it for the past ten years.'¹ How hard it seems to be for the old-type supervisor to rid himself of the idea that the people under him are automatons! He forgets that they have personalities of their own—not very striking or colourful personalities, perhaps, but individual qualities, responses and feelings none the less; and the responsibility for drawing out the best in these people rests squarely on the manager or supervisor.

In large and growing concerns the difficulty of maintaining happy personal relations between those in authority and those in the lower ranks increases. There are two answers to the problem. One lies in the establishment of a correct 'flow of authority', with intermediate officers all the way down the line, each responsible for the work and performance of a strictly limited number of subordinates. The other lies in knowledge on the part of those in authority about people in general—hence the greater attention now being given in enlightened management circles, and in business training curricula, to the study of industrial psychology.

This all adds up to that primary and highly individual element in management which is compressed into the term *administration*—a conception which I emphasize, even at the risk of 'plugging' it, throughout this book. I can think of many men who are nine-tenths

¹ *Psychology in Industry*.

good managers. They have experience, well-developed business sense, ability, drive; but they are not great managers, and their limitations are exposed when they are moved up a rung or two, because they lack—and are not disposed to cultivate—the specialized *art of administration*. This art, as I am anxious to stress, covers the difficult and to a great extent undeveloped terrain of staff relations. Its cultivation is part of the task of leadership. Without it, something vital will always be lacking in the subordinate worker's response.

Scientific management means much more than new forms, new systems and new procedures. It means much more than mere technical efficiency. Without a highly developed understanding of people, without a ready sympathy for human shortcomings, without real respect for the workers' effort—however far short of the target it may for a time fall—scientific management will remain little more than a cold phrase. It will secure neither achievement nor loyalty. As Elbourne has said, 'allegiance must always remain doubtful . . . unless it is rooted in willingness to serve'.¹

Willingness to serve springs from what industrial psychologists call *job satisfaction*, which is based on two essentials: fair treatment and fair prospects. But while this provides a good take-off, something more is required to make workers air-borne. What is required, I believe, is well-developed group consciousness, which can grow only from participation in group activity and from tolerance within the group. So today over a wide field, apart from the important social and recreational activities, which both reflect and develop a healthy group consciousness, we have *Joint Consultation*. In our major manufacturing industries joint consultation has

¹ *Fundamentals of Industrial Administration* (Vol. II).

become a highly developed technique. The old authoritarianism has now only one foot out of the grave.

The group spirit, and the willingness to serve which manifests the group spirit, will remain high so long as joint consultation is accompanied by evidence of progress. It has become a new responsibility of management—and one which tests to the full the administrative qualities of managers—to do everything reasonable to ensure that joint consultation does not fail in its purpose.

If a top manager gets the reputation of being a *fair* man, he has cleared one of the stiffest fences in higher administration. 'By being fair and impartial,' writes Maier, 'he can instill in the men values and standards which will be respected.' And Maier develops his theme in the following important passage:

By welcoming ideas and praising men for their efforts whenever possible, he can make his men feel that they are part of the organization. His patience and tolerance can set an example and create an atmosphere which will encourage mutual respect for the rights of others. If he gladly delegates responsibility, he will make possible great participation, which in turn will result in the development of a greater sense of responsibility in the men. A man who has confidence in his ability is not afraid to delegate responsibility or to give credit where credit is due. Taking credit for the efforts of others and fearing to delegate responsibility are indications of feelings of inferiority. . . . The fear that praise will overinflate a man's ego has no support from psychology. Likewise, psychologists discourage the practice of making a man admit his mistakes. It is better to give a man an 'out'. Help him 'save his face' and encourage his pride.¹

¹ *Psychology in Industry.*

Our emphasis in this chapter has been on the psychological aspects of the relationship between managers and men; but of course job satisfaction depends too on enlightened mechanical practices. Definition of the functions of every subordinate, clear instructions on what they are responsible *for* and whom they are responsible *to*, and presentation of a bird's-eye view of the whole organization which will enable them to pinpoint their own places in the general scheme and see how their work links up with the work of others—these and similar tasks of administration all contribute to job satisfaction and good performance (as we noticed more particularly in Chapter 4, *The Rule of Order*).

It is not uncommon—even in certain Board Rooms—to hear senior executives speak jocularly, or even contemptuously, of organization charts. Their remarks 'date' them: they belong to the old or one-eyed school. ('One eye on the past, t'other closed!' as Meredith John once said rather crushingly of a tired and timid colleague.) No big business concern should neglect to plan and present a chart, expertly drawn, showing the organizational line-up. It should be readily available for examination by members of the staff, and every newcomer to the organization should be given an opportunity of studying it. But—and I am touching on a very common weakness—it is not enough merely to issue an organization chart and then, with a sigh of relief, to score the item off the *Action* list. An organization chart, like a progress graph, must be constantly reviewed and revised. There is no standing still in a big business—or in any business—and the chart, if it is to serve its purpose, must be altered to meet every change in organization. It is easier to keep a chart up to date

than to recast it later, after it has gathered dust during months of action and—inevitably—change.

The issue or re-issue of an organization chart, or indeed of any notice to employees about organization, always provides the management with an opportunity to strike a personal note. If the structure of the organization is sound—with an even flow of authority and the 'span of supervision' principle in operation throughout—the instruction or notice, if it is of interest and importance to the staff as a whole, can very quickly be supplemented by personal interviews at every level.

The personal touch is an ever-potent factor in the handling of staff. It is a matter of real importance to the administrator, because—as an American poll of management revealed not long ago—ability to handle staff is the quality which, more than any other single attribute, carries men and women to the top.

Addressing the 51st Oxford Management Conference in April, 1948, Mr Geoffrey Cooper, M.P., referred to his experience in visiting a large number of firms, and stated:

The factor that I found, above all others, to be common was that those firms that were undeniably getting the best results were in the hands of ultimately one man as chief executive who was, above everything else, *human*. . . . It was clear—abundantly clear—that good human relations were of far more importance than even good plant.

A 'chief executive who was *human*'—a man at the top, a man of the Meredith John mould, who by human treatment of his immediate subordinates and his known creed of conduct towards people has introduced a habit of human treatment which, with the right flow of authority, extends to every part of the organization.

19

PERSONNEL MANAGEMENT

Individuals are not created equal in their possession of capacities, neither are the environments which fix these capacities in habit patterns the same. *Some are more motor than others, some are more analytic than others, some are more imaginative and inventive than others, some are more informed than others.*

E. A. FILENE

MODERN PERSONNEL MANAGEMENT is based on observation and practice of the following four principles:

1. Study of the human element and cultivation of sound working human relations.
2. Use of persuasion, not force.
3. Adoption and observation of democratic practice.
4. Organization of healthy social intercourse.

Study of the human element (Point 1) is essential to sound recruitment and profitable 'placement' of personnel. That progressive American, E. A. Filene, has summed up the reasons why. (Note the fine, succinct statement at the head of this chapter.) Waste of manpower through pushing square pegs into round holes is one of the great continuing tragedies of industrial and commercial life. What is the explanation? It is due, says Elbourne, to 'failure to understand the full potentialities of departmental managers, under-managers and supervisors, and want of knowledge as to how to advise them to cultivate their abilities to the full, all of which result in frustration and wasted effort. Intelligent investigation would bring to light these and other types

of waste, and their correction would be of immense benefit to the undertaking.¹

The second of Taylor's principles is *the scientific selection, training and assignment of staff*. Cameron has given careful attention to this important aspect of management. Wise leaders, he says, 'provide for (1) *careful selection of recruits*, for (2) *introducing them to the undertaking*, for (3) *the training* necessary to ensure that each job is done in the best way known, for (4) *education* to fit staff for bigger jobs, for (5) *promotion* by merit, for (6) *retirement* schemes to cover needs in old age.'²

In short, every employee must have individual attention as a responsible human being, with a definite place in the scheme of things. Urwick emphasizes the importance of *placement*. More and more, he declares, the placement of individual workers in the right jobs has become a major responsibility of top management.

In my own sphere I have had ample opportunity to test and prove the importance and value of *placement*. Time and again I have seen a man who has not been satisfactory in one job turn out a success in another. Sometimes I have seen a man transferred repeatedly from one job to another without distinction, until suddenly he fitted into the scheme of things and went on to make his mark.

For this reason I believe it is always a sound practice in a large organization (unless the man is a proven specialist) to give a newcomer a good run round, so that he may get a bird's-eye view of the organization. Often, I have found, the man is himself able to suggest where he can give the best service. With such an opportunity, the man of worth will get a good idea of the

¹ *Fundamentals of Industrial Administration* (Vol. II).

² *Principles of Management*.

principles which guide the operations of the particular business he has joined and a balanced conception of the common end, so that he will feel encouraged to develop his own abilities in whichever job he is placed.

Opportunities of promotion as a result of good work and honest endeavour should never be lacking; and when promotion is merited and offered to individuals they should be given special training to enable them to do justice to their new jobs. This spell of training (Urwick suggests) should give the man or woman 'a pause, an opportunity for social experience, *above all for reflection*'.¹

Carrying Urwick's advice a stage further, I firmly believe that in building up a promising young man the management should give him a spell of freedom from any particular duty, placing upon him only the responsibility of preparing himself for bigger tasks. I recall how, in my years at the University, I read with close attention and conviction the volumes of the American author, Hamilton Wright Mabie (little known, I am afraid, in this country). In his very human *Essays on Work and Culture* he wrote of the *Wanderjahr*—'the year of wandering'—which was a recognized part of student life in the old Europe of Goethe's day:

Between the preparation and the work, the apprenticeship and the actual dealing with a task or an art, there comes, in the experience of many young men, a period of uncertainty and wandering which is often misunderstood and counted as time wasted, when it is, in fact, a period rich in full and free development.

Today, of course, in the cultural field we have bursaries and scholarships which offer the appointed few just this kind of opportunity. I should like to see the

¹ Urwick, in *Patterns of Organization*.

practice generally adopted and extended in business circles. Meredith John, enlightened in this as in so many other ways, and in advance of the times, has long made it a practice to give his promising young men what he calls 'a good run round'. I have often heard him give a young man what almost amounted to a blank cheque on the company's time. 'Don't do anything for six months,' he would say. And I have seen the young man come back, after his period of wandering round the company's concerns, with a mind enriched with a knowledge, poise and purpose which had been lacking before. Other business leaders would do well to invest some of their companies' capital and time in this imaginative way.

In a growing concern there is always room for reserves of staff, and the top management should always have trained people available for every job. To this end every job should be defined, with an indication of the particular qualities required to fill it competently. With this information to guide them, the top management can then choose its reserves, give them such special training as may be necessary, and then place them in a strategic position for promotion or transfer when the time comes.

Selection, training, assignment—Taylor's three points on staff management—are tasks which demand special study and skilful administration, hence the need, fully recognized today, for a qualified Personnel Officer in every large organization. Unfortunately, however, many of our Personnel Officers lack the right qualifications. In particular, many of them lack a full knowledge and understanding of the basic principles of organization. They have not studied the science of modern management—the art of administration—

upon which I focus attention in this book. We have had a flow of new writings on personnel management, many of them valuable contributions to the development of this vital aspect of large-scale organization; but I deplore the lack of attention given, even in the majority of recent American books on the subject, to the importance of *pure administration* as a qualification for personnel management.

The Personnel Manager who lacks a full knowledge and proper understanding of the nature of administration *as a management element in its own right* is bound to fail to do full justice to his own key job. More than that, there is bound to be an expensive failure, spreading far and wide as the organization grows, to imbue recruits and trainees with a right appreciation of the character and importance of administration in the work which they are to be called upon to do. So today a glorious chance to teach the up and coming generation of managers one of the key secrets of efficiency and success is being lost.

20

BUSINESS EFFICIENCY

The Roman Emperor Gallienus and our Charles the Second excelled in every art except the art of reigning, and might have excelled in that also if they would have taken the trouble.

RICHARD GARNETT¹

GALLIENUS AND CHARLES failed because they lacked, and would never learn, *the art of administration*. (How history might have been changed!) They failed because they did not realize they had a service to perform to the

¹ *The City of Philosophers.*

community. They would have failed as business men, for (as William R. Basset has written) 'a business will thrive and grow and make money in proportion to the service that it renders'.¹ This is not an altruistic statement: it is plain business sense.

Service springs from goodwill; and one of the arts which efficiency can teach us is the art of goodwill. It is not enough to harbour a vague—and sometimes fleeting—spirit of goodwill. It is something that should be nurtured and cultivated, because it makes for happier and more profitable contacts with both employees and customers. Indeed, *goodwill is good business*.

The cultivation of goodwill calls for patience and tolerance. There is seldom one-way traffic in goodwill. In dealing with colleagues or subordinates it usually pays to give credit for latent goodwill, even when it is not readily apparent. The successful manager not only exhibits goodwill: he also draws it out of others.

Efficiency, as Herbert N. Casson has written, means 'improvement in people and products and operations'—improvement as a continuous and developing process. And efficiency in any job requires not only a clear understanding of how to do a job but also an imaginative appreciation of the *purpose* of the job. So—and in no other way—the worker develops a sense of responsibility, without which he can have little hope of promotion.

Cameron has reminded us of the need for *flexibility* in organizing jobs—our own and also those of our subordinates. And here due attention must always be given to local conditions. It is an all-too-common pitfall of the central control that it fails to take local conditions into account. It has been my lot to be mainly a headquarters *wallah*; and early on I discovered the need to pay

¹ *Taking the Guesswork out of Business.*

attention to the special circumstances of those 'in the field'. Rules, according to the cynic, are made to be broken. Without condoning this sentiment I would emphasize that rules drawn up by a central control should not be so rigid that they can never be waived. Efficiency cannot be dictated. In every great organization, given efficiency at the top, there must always be scope for the regional chief, local manager, junior executive, departmental head and section leader to create and develop his own system of efficiency. *Set the example, give the cue, and then leave enough room for individual initiative at every key point right down the line.* Too often I have seen initiative dry up because the top efficiency plan was too rigorously imposed on those below. The growth of a sense of responsibility has been crabbed and stultified. Central power can drive the cogs in a machine very efficiently, but human beings cannot be treated in this mechanical way without a progressive loss of individual efficiency. Nothing creates more staff confidence in the top management than a share in responsibility.

In the operation of a central control another common and costly error—due to lack of art in administration—is failure to provide adequate equipment and suitable working conditions *before* introducing a new practice. This, I believe, is the mother of all bottle-necks—and perhaps also the granny of all double-handling.

So we come back to the vital importance of staff welfare as a live factor in efficiency. Adequate equipment, good working conditions, and reasons—given in good, plain, human language—for new rules and regulations: these are elementary essentials to efficiency, essentials far too often neglected. And all because managers have not acquired sufficient knowledge of the science and art of administration.

Business efficiency demands managerial attention to yet another potent factor in staff welfare—the factor of *equity*. I once heard an ex-colleague say of Meredith John that his sense of fairness was unbusinesslike. (The critic was not a success with us, and he has not electrified the business world since.) Justice in dealing with employees may involve an occasional nibble at a company's reserves, but it produces rich dividends none the less. And why? Because, as Elbourne has written:

A main objective of those who are responsible for the management of industrial undertakings is to recognise and give adequate expression to a spirit of equity *such as should satisfy legitimate aspirations* within the framework of the best management practice and working conditions.¹

Every co-operator in an enterprise is entitled to personal aspirations consistent with the increasing welfare of the undertaking, and nothing nourishes such wholesome ambition more than the knowledge that genuine effort—even if occasionally misguided—will receive fair recognition. Wise management, in addition to awarding marks for full achievement, will always reserve a few marks for honest endeavour.

21

SELF-ORGANIZATION

FOR MANY READERS, I earnestly hope, this chapter will be both an end and a beginning—the end of a book in which my aim has been to stimulate interest in administration as a distinct, living art and part of

¹ *Fundamentals of Industrial Administration* (Vol. II).

management: a beginning because self-organization is the beginning of all wisdom in the field of administration.

To be frank, it is often difficult to persuade people to make this beginning: yet to dispense with it is on par with starting a detective story in the middle. In my own contacts, most of those who have responded to leadership in establishing and developing orderly modern practices have been men who, in a greater or lesser degree, had already acquired some sense of administration. The majority—particularly those of the older school who have plodded up ‘the hard way’ to managerial or near-managerial positions—remain bovine in their response to lead and example, sublimely unconscious of their deficiencies, complacent about moderate performances of the units under their charge, sometimes even conceited about their antiquated ways of doing things. For the future, then, the policy of British management leaders should be to ‘catch ’em young’. Yet for those of more mature years who are willing to learn it is not too late to make a new beginning.

There are four main stages in every course of self-training. It is necessary (1) to read and study, (2) to think, (3) to plan and (4) to act. There are indeed very few spheres of activity in which it does not pay to observe these four stages.

I would recall F. W. Taylor’s definition of good management as ‘the art of knowing exactly what is to be done and the best and cheapest way of doing it’. This is particularly true of self-organization; but there is something more to it than that. It is not enough to *know*. It is necessary to be *interested*—sufficiently interested to ponder, plan, and then put into action what

has been learned. It may sometimes be necessary to stimulate this interest; and that can normally be achieved by recalling the purpose of the effort and by envisaging the prospects that will open up. This is consistent with Morley Dainow's three principles of self-development: (1) Be interested: (2) Keep the aim in sight: (3) Follow instructions strictly and intelligently. 'The first,' says Dainow, 'organizes your feeling, the second your thought, the third your conduct.'¹

In all of us, certain personal characteristics help, while others hinder. Without frank self-examination, those that hinder often remain a hidden handicap and tend to cause worry and depression. We fall victims to the habit of unplanned introspection. The way to snap out of this habit is to put pen to paper and draw up an orderly list of personal questions relating to the problem; then calmly and confidently to answer the questions with the utmost frankness; next to analyse the answers, face up boldly to the weaknesses of mind, temperament or character which they reveal, and plan a regime to turn each weakness into strength; and, finally, to carry out the regime with resolution, without being afraid to take full satisfaction from progress achieved.

I have touched on mind-training here because many of the shortcomings in personal organization which prevent young men and women from getting on are due to lack of adequate mental preparation. But other common weaknesses in personal organization characteristic, often, of people who are mentally well endowed, spring rather from failure to appreciate the importance of good organization, or sometimes simply from overconfidence, carelessness or lack of consideration for others.

¹ *Self-Organization for Business Men.*

Lack of punctuality provides a blatant and all too common example. No one needs to be told that unpunctuality is a fault, yet probably five men out of ten—and four women out of five—are guilty of it. Worse, they do nothing about it. It is nearly always the same people who are late.

Over and over again, in war and peace, I have seen high-salaried men kept waiting for meetings to begin—kicking their heels and wasting their time because some of their colleagues are late. The cumulative cost of such wastage would cause a sensation if it could be assessed. It must run into enormous figures in this country; and I believe the total would be even more staggering in the United States. In my association with Americans I have found many qualities to admire, but punctuality has not been one of them.

It is hard on the methodical man to find his timetable upset by lack of consideration on the part of others, tantalizing to be *on* time *every* time and always have to wait—and easy, all too easy, to slip in despair or disgust into the common habit.

Bad timing in keeping appointments indicates a lack of self-organization. With it, you will generally find, goes bad timing of operations—another costly short-coming in British industry and commerce, as well as in public enterprise, today. Bad management—due to undeveloped administrative sense. It may seem gratuitous advice, but I would earnestly counsel any young man with ambition to give close and concentrated attention to punctuality as an essential early lesson in cultivating the art of administration.

The practice of being 'on the dot' is just as easy to acquire as the habit of being behind the clock. Very soon a bad habit is replaced by a good one; and once

the good habit has been cultivated it is easily retained.

Nor is it any more difficult to cultivate and retain the habit of being reliable in other ways. But it is a habit that many people fail to acquire. 'I'll attend to that'—how often we hear it said! And how often the spokesman fails to attend to it after all! The glib man soon gets found out. He may score over more conscientious colleagues for a time, but once he gets a reputation for being unreliable the tag is not readily shaken off. The responsible man—the man who will earn promotion and justify it—never makes a promise until he weighs up all the prevailing and probable conditions and is satisfied that he can fulfil it.

The efficiency of most concerns is sadly weakened because in the senior ranks the proportion of people who work to system is small. Yet system can become 'your second self—the *self which works while you play*, which catches the reins when you retire'.¹ No secret formula is required to plan a personal-aid system: it calls only for a little thought and common sense. To put it into practice and turn it into a habit, however, calls for resolution; and if this is weak it can be readily developed only by interest.

If there is a lack of system at the top and near the top, there is unlikely to be much system at the lower levels—and the few who practise it will probably be regarded as fussy. But where there *is* a system at the top, it will gradually percolate down the line until it permeates the whole organization. Every worth-while junior goes into training. *The desks are cleared for action.*

The clerk who keeps an orderly desk uses much the same sort of ingenuity and method as is used by the

¹ *Library of Business Practice* (Vol. IV).

manager who keeps an orderly business. When the clerk keeps his desk free of chaos, encumbrance and red tape; when he handles a multiplicity of detail with methodical precision and dispatch; when he completes each task and proves its accuracy before passing it on to someone else; when he reviews each day's work at night and satisfies himself that he has overlooked no promise and forgotten no task; when he makes these things an unchanging part of his day's routine, and does them with the unfailing certainty of a machine, week in and week out—he is training himself in the very basic principles of business organization—training himself in capacities that will enable him to handle with ease the heavier tasks that will come with promotion later on.¹

A man soon develops system if he gives thought and attention to his mistakes. 'The business man who never makes a mistake might as well go out of business,' Meredith John once said. 'It's the man who learns from his mistakes who gets to the top.' Every mistake provides us with a new opportunity to improve our system.

Most people overload their brains. They try to remember too much—and they remember too little. Their brains are cluttered up with details. *Why*, when pen and pad are so handy? The man who has cultivated the note-taking habit sometimes suffers gibes. They come from people with disorderly, overcrowded minds.

I myself operate a simple desk memo system. A plain quarto card is divided into three columns. In column 1. I note down everything that requires immediate or very early attention; and I put a cross opposite the *immediate* items. In column 2. I note the things that

¹ *Library of Business Practice* (Vol. IV).

have to be attended to as and when convenient: important matters, perhaps, but not of pressing urgency. And in column 3. under the names of colleagues I note the subjects to be discussed with them either immediately or at a very early date; and again I put a cross opposite the *immediate* items. With this card constantly in front of me I keep tab, daily and hourly, on the many things I have to do. My mind is not overtaxed. In minutes of leisure—and I *plan* these important minutes of leisure—I survey my lists to ensure that I time my operations correctly. There may be better systems, but this is a simple one, and it works.

The desk-memo habit should be supplemented by the travelling-notebook habit. It is an everlasting puzzle to me why so many people in business fail to carry a pocket notebook. The man who relies on the back of an odd envelope or letter for notes is sadly deficient in self-organization, and he will be found wanting as an administrator. The man who regularly uses a *stiff-back, loose-leaf, spiral-top* notebook, has established a practical working advantage over his less orderly colleagues.

The art of administration demands one thing more—*well-ordered talk*. This applies not only to conferences but to interviews and the many day-to-day discussions with associates at all levels. It is as important to plan talks as it is to plan operations. In our business life the time-wastage due to unplanned talk is enormous.

Nothing makes a better impression on a top administrator when he interviews one of his executives or managers than evidence of preparation for the talk. The man who has his notebook before him, with his talking points listed in orderly fashion, not only shows that he has taken the trouble to place himself in position to have his say, but proves his efficiency by giving

his chief a balanced report without waste of time. If, in addition, the man reveals by quoting facts and figures that he has anticipated many of his chief's questions, *he is unlikely to be forgotten when an opportunity for promotion crops up.*

This is all part of the art of administration, which simply consists of intelligent, orderly, well-proportioned study, thinking, planning, talking and action.

QUESTIONS AND EXERCISES

The relative chapter numbers are given above each section of the following Exercises for ease of reference.

I

1. Why should we not pursue 'the hard way' of learning things?
2. Why should we not harp unduly on the virtues of *experience*?
3. What are the chief functions of the Board of Directors?
4. Why is it (as a general rule) wrong for Members of a Board to assume departmental responsibilities, and why does this practice tend to have a bad effect on the Managing Director?
5. Why does the author argue that (as a general rule) one man should not be Chairman of the Board and Managing Director at the same time?

2

1. Define 'a good Manager'.
2. What particular element in management receives special attention from the author?
3. On what vital point does the author disagree with certain experts in their attitude towards *management* and *administration*?

4. M. A. Cameron writes that good management demands three qualities: *Leadership*, *Judgment* and . . . What is the third essential quality?
5. Cameron mentions nine principles of management. How many of them can you remember?

3

1. In what degrees are the following people concerned with *administration*? Fill in the gaps.
The Managing Director is an administrator.
The local Manager is an administrator.
Every junior executive is an administrator.
Even the filing clerk is an administrator.
2. Define 'the keynote of Efficiency'.
3. The author emphasizes a primary duty of administration and says: 'This is where the *art* in administration begins.' What is the duty?
4. What root cause of discontent in business and industry today does the author mention? What is needed to cure the trouble?
5. (a) Why is it that so many accountants and lawyers have come to occupy important management posts since World War II ended?
(b) Why is an elementary knowledge of accountancy a great aid to administration today?
6. What qualities are required to make a successful Managing Director? And what particular point does the author make in discussing this matter?
7. What are Henri Fayol's six functions of administration?
Can you give the answer in six words?

8. Elbourne lists nine duties of a top administrator. How many of them can you write down without reference back?
9. What secret of success does the author recommend?
10. Why does it pay a business chief to have a competent personal assistant?

4

1. Some people are always 'in a rush'. What is the cause of this?
2. Why is *division of labour* so important in organization?
3. What simple motto of management is 'worth its weight in gold'? And why is it so often ignored?
4. What is the cause of that ignorance of the elementary rules of organization which so many people, even in high places, display?
5. Why do managers so often fail to explain to new employees the precise functions they are required to perform and the relationship between positions?
6. What particular factor in organization is essential to continuity of effort?
7. What good habit characterises the expert organizer?

5

1. What historical example is quoted in justification of heavy initial expenditure?
2. Why is *experience* a poor substitute for *scientific instruction*?

3. What is the aim of scientific method? Can you remember F. W. Taylor's brilliant phrase which gives the answer?
4. What serious mistake does the system addict make?
5. What important law must always be observed in paper planning?
6. Why are old systems like old water pipes?

6

1. Can you recall F. W. Taylor's *Four Principles* of management?
2. (a) How many of J. George Frederick's *Ten Commandments* can you remember without reference back?
(b) Now turn back, give three minutes to memorizing the *Ten Commandments*, and then see if you can write down all ten in sixty seconds.
3. Cameron, in summarizing his principles of management, also makes ten points. Read his summary slowly once or twice; then see if you can write down the ten points in their proper order.
4. Compare the three sets of principles—Taylor's, Frederick's and Cameron's—and note how much they have in common.

7

1. How did H. G. Wells describe F. W. Taylor's theory of 'scientific management'?
2. What did Taylor call 'the first vital need in scientific management'?

3. What benefits can be derived from standardization of method, and what dangers should managers guard against?
4. What is the best corrective to over-rigid standardization, and why is it effective?

8

1. If drastic re-organization is necessary, what information should be given to the staff?
2. What particular quality is required at the top levels to ensure the survival and success of great organizations?
3. What is the necessary supplement to written instructions?
4. What is the basic difference between handling men in the Army and handling staff in the civil factory or warehouse?
5. Why is it desirable in all large concerns to have a Director of Organization?
6. An American author, William R. Basset, has summed up good administration in a dozen words. Can you quote his phrase?

9

1. Why does Jackson (quoted as 'a coming man') get more out of his subordinates than the disappointing Jones?
2. To profit from studying the principles of administration, what are the three essential steps a young man must take?
3. Why do so many managers fail to delegate authority?

4. What is the obvious and striking characteristic of the *Scalar* system of organization?
5. Cameron makes two important points about (a) responsibility and (b) authority. What are they?
6. Why do Government officials indulge so much in 'passing the buck'? (Note the particular point made by the author.)
7. Elbourne has written: 'Authority and responsibility must be *coterminous*, *coequal* and defined.' Briefly, what does he mean by the first two adjectives?
8. What suggestion for raising the standard of management and administration throughout the country is made by the author?

10

1. Two essential conditions of sound organization are stressed here. What are they?
2. Although Elderby (quoted here) found it impossible to produce a satisfactory organization chart, how did the Meredith John group of companies benefit from his efforts?
3. It is essential to an understanding of the mechanism of modern organization that the differences between *Line* and *Functional* officers should be noted. What are these differences?
4. Vertical lines in an organization chart indicate the flow of authority. What is the function of *horizontal* lines?
5. Why is it wrong (in this author's view) to extol *Line* management 'as opposed to *Functional* management'?
6. What is the real test of efficiency in a large organization?

11

1. What is the *Span of Supervision* principle, and why is it so important in modern organization?
2. What real-life example of high-level co-ordination does the author mention?
3. How many of Elbourne's six elements of co-ordination can you remember without reference back?
4. What does Elbourne mean by *doctrine*?

12

1. Why did the problem of securing co-operation become greater as the Meredith John organization expanded?
2. Why, in World War II, was co-operation so often ineffective?
3. Why, in our industrial life in Britain today, is a spirit of co-operation lacking over a wide field?
4. In his reference to *private enterprise* what comment does the author make?
5. To what is the widespread discontent in British and American industry and commerce due?
6. What practice does the author commend as a means of achieving all-round co-operation?

13

1. What special weakness makes the Civil Service so slow in action?
2. What are the two main functions of the Director of Planning and the Planning Officers in Government Departments today?

3. What kind of modern organization do the Director of Planning and the Planning Officers constitute?
4. What essential art of administration is particularly lacking in many senior Civil Servants?
5. What kind of public authority does H. R. G. Greaves advocate in his book, *The Civil Service in the Changing State*?
6. The author goes one step further than Greaves. What is his proposal?

14

1. Name the *two* cardinal vices of centralization.
2. Urwick mentions a 'universal tendency' on the part of Headquarters. What is this tendency?
3. What is the correct modern alternative to what Bowie calls management 'by the fiat of a central power'?
4. The shortcomings of a modern wartime army are due, not to organizational weakness, but to ——— ——— ———. Can you fill in the gaps?
5. What military quality provides a safeguard against the inefficiency which results *under similar circumstances* in a civilian enterprise?
6. What factor, other than administrative inefficiency, is cited as a common cause of poor co-operation in a large organization?

15

1. Give two reasons why specialists are commonly difficult to handle.
2. How does the able administrator win the confidence of the specialists?

3. Why does the field of the individual specialist tend to narrow as time goes on?
4. In what particular way do many present-day managers fail?

16

1. When do figures prove nothing?
2. If figures are to be useful they must be —— and ——.
Can you fill in the blanks?
3. Why do accountants sometimes fail as top managers?
4. How can accountants help top managers to avoid 'flaps'?
5. On what rock does budget planning often founder?
6. What common weakness of budgetary control is noted?

17

1. For every 100 workers engaged in manufacturing there are fifty engaged in distribution to consumers.
Can you say how this 50 per cent is made up?
2. Why is the practice of *selling quotas* for salesmen so important?
3. What vital phrase (indicating a fundamental principle) about the art of selling is pin-pointed in this chapter?
4. What proportion of retail purchases of household goods is made by women?
5. *Percentage* profit (although important) is not everything.
What other factor should be taken into account?

6. Can you, in three or four sentences, write down the reasons why graphs are so helpful in assessing progress?
7. Communications between Headquarters and Regional officers are conducted up and down *vertical* lines. In a big organization there are two main lines. What are they?
8. Given the right set-up—that is, given the correct lines of communication—what fundamental factor in organization is required to ensure that the lines do not become blocked?

18

1. 'The attitude of men and women to their work is a reflection of — — — — —.' Can you complete the sentence? (See page 73.)
2. What is the answer to the problem of staff control? Can you give it in three words? (See page 74.)
3. Many progressive business chiefs today find themselves in a dilemma in dealing with old, long-established employees. What are the two main causes of this?
4. Many old-established business managers fail today because they lack one essential quality. What is that quality?
5. What is at the *root* of allegiance on the part of most workers? And what essential condition makes it possible for this root to sprout?
6. Given fair working conditions, what further factor is required to make workers 'air-borne'? (or, in other words, to make them throw themselves into their work with real satisfaction and pep?)

7. What is the name given to the modern technique for promoting sound working relations? And what evidence does the worker require to make him a willing co-operator?
8. The author quotes an important passage from the writing of Dr N. R. F. Maier on the art of getting the best out of people. Can you, in a few sentences, summarize Maier's statement?
9. Many top managers still fail to appreciate the value of organization charts. Can you repeat Meredith John's rather pungent description of this school of managers?
10. Why is it not enough merely to prepare an organization chart and then score it off the Action list?
11. What particular ability, more than any other, is required to carry a man to the top?

19

1. What are the four main principles of personnel management?
2. What is the chief cause of waste of man-power? And what is the explanation of this cardinal weakness?
3. Cameron mentions six essential needs for which business leaders ought to provide in recruiting staff. Can you remember them?
4. Which of these six essentials is emphasized by Urwick?
5. When a man or woman is given promotion, what special action should be taken? And why is this action of such great value?
6. In what way are many Personnel Officers today ill-equipped for their duties? And why is this failure so expensive in large-scale organizations?

20

1. Why did Charles II fail?
2. 'Goodwill is ———.' Can you fill in the blanks?
3. Herbert N. Casson has said that efficiency means 'improvement in people and products and operations'. To achieve this end, what special requirement is mentioned by the author?
4. What special circumstances must a Headquarters *wallah* constantly bear in mind?
5. What does the author mean when he declares that 'efficiency cannot be dictated'?
6. What is 'the mother of all bottlenecks'?
7. Why is *equity* such an important feature of management?

21

1. From now on the policy of British business chiefs should be to — — ——. Can you complete the sentence?
2. What are the four main stages in self-training?
3. Given adequate study, what are the three 'P's' in self-training?
4. Morley Dainow gives three principles of self-development. 'The first organizes your ———, the second your ———, the third your ———.' Can you fill in the blanks?
5. How can you snap out of the habit of *unplanned introspection*?
6. Why is lack of punctuality such a bad fault?

7. Many people, including business men, get an unenviable reputation. The author mentions one reason. What is it? And what steps should be taken to safeguard against this?
8. Why is *system* so important? And how can we improve our personal systems?
9. What simple *desk memo* system does the author recommend? And what does he advise as a supplement to this system for people who have to travel?
10. Why is *well-ordered talk* of vital importance? And (other things being equal) where does it lead?

