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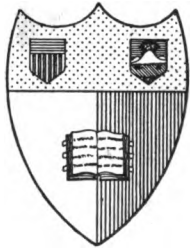
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Analyzing the Job

A.W. Shaw Company

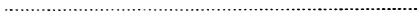
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The Knack of Managing

By HERBERT WATSON

SYSTEM'S
*new method of training men
to manage*



First:
Analyzing the Job



A. W. SHAW COMPANY
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Analyzing the Job

IN ART, with its hundreds of years of handed-down experience, it has been proved that to draw with true insight the men and women of everyday life in everyday dress, the artist must first have studied the human figure in the nude.

So in "The Knack of Managing" it is SYSTEM's idea to show the fundamentals of managing the everyday affairs of everyday business by study of MANAGEMENT IN THE NUDE.

For the INDIVIDUAL FEATURES OF MANAGING this or that particular business—each one's peculiar trade conditions, financial problems, labor questions, production methods, range of activities, selling difficulties, personal equations, and so on—are but the "CLOTHES" THAT THOSE PARTICULAR BUSINESSES WEAR. These clothes may vary from each other as widely as the dress of an American girl varies from the fig-leaf of her Hottentot sister, but beneath them all the naked, fundamental PRINCIPLES OF MANAGEMENT apply to, and are used in each business alike, just as the principles of anatomy

are the same in all races, regardless of dress.

SYSTEM, in its fifteen years of confidential relations with business men and business houses, has investigated and studied the management of many different enterprises, varying from Charles M. Schwab's management of the Bethlehem Steel Company, to the management of a little bakery on a side street of New York; from the Santa Fe and other railroad systems, to a two-vehicle bus system in a Connecticut village; from the management of a great State Street department store in Chicago to the management of a small grocery in Michigan; from the management of great offices to the management of small jobs in them; from the running of an express company, delivering packages all over the world, to the running of errands from one office to another. And stripped of the "FLUFF AND RUFFLES" OF DETAILS and the tools and the raw materials, the problem of their management is identical—TO GET SOMETHING WELL DONE with the greatest possible dispatch and the least possible expense.

To get that thing done a man may have a thousand people to direct, or he may have only his own efforts. He may have to use a million dollars of capital, or only ten cents carfare—or even only his own time. It may

be the making of bread from flour and yeast, or the making of steel out of pig iron. Those are but the "clothes." Beneath them the fundamental steps in managing are identical, and the basic "knack" of getting them done—**THE ANATOMY OF MANAGEMENT**—is the same for all.

Give an errand boy an errand to run, and if he is a thoroughly efficient errand boy—a real **MANAGER OF HIS JOB**—he does exactly, in principle, what the manager of the biggest corporation in the world does in meeting *his* problems.

First—He settles in his mind exactly what has to be done—or where he has to go—in other words, he **ANALYZES THE BUSINESS**, or the job to be done.

Second—He maps out in his mind the shortest, most economical way to get there—in other words, he **PLANS THE DOING OF THE JOB** to short-cut expenditure and time.

Third—He takes thought of the nature of the errand and its relative importance, so as not to use carfare when walking would do, or to walk when taking a car would be better—in other words, he distinguishes between work he can afford to do personally

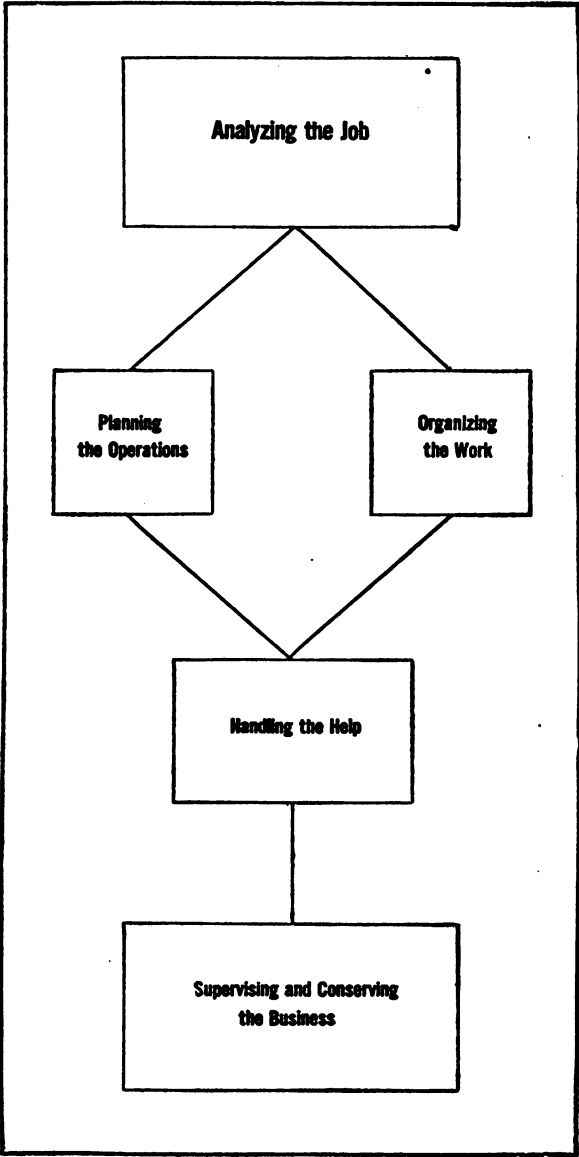
and work he should hire others to do for him—HE ORGANIZES THE HANDLING OF HIS WORK.

Fourth—He aims to “get along” with the office boys or servants or elevator men or clerks from whom he must get service to execute his errand with dispatch—in other words, he has the regular manager’s problem of HANDLING “HELP.”

Fifth—Through all the work of planning, going and doing, he never loses sight of the final object of his errand, but keeps his eye on the welfare of the message or the parcel he is carrying, and gets his receipt before he lets it go—in other words, he SUPERVISES AND CARES for his business.

Observe the chart on the opposite page. It represents MANAGEMENT “IN THE NUDE.” On that chart of naked management you can drape the “clothes” of a Wall Street bank or an Ann Street fruit stand, a railroad system or a taxicab.

True, it is drawn from one of the most primitive tasks there is to be managed—the simple delivery of a message. Yet, if instead of carrying the message himself, the boy’s job were to have an assistant carry



it equally effectively, every point in the chart would be as necessary, and the chart would cover every essential in its management equally completely; if instead of *one* message it were *fifty*, requiring fifty assistants, not a point in the chart could be omitted, and no fundamental would need to be added to it. If instead of fifty *messages* to be delivered, it were fifty *boxes* to be shipped, the principles of management applying would be absolutely the same. If instead of fifty boxes to be *shipped*, it were fifty machines to be *manufactured*, or if instead of fifty machines it were fifty thousand, and a thousand men and a million dollars of capital were to be employed in the operation, every one of the five principles shown on the chart would be used, and every essential point in the management of the business could be covered by those five fundamentals.

THE knack of APPLYING THOSE FIVE PRINCIPLES to any business or any job is The Knack of Managing.

The first requisite to THE PROPER MANAGEMENT OF ANYTHING, whether it be the carrying of a message or the directing of an organization doing a million-a-year business, as shown by the chart, is

to find out exactly what needs to be done before you make a single move.

That is not so trite as it sounds.

Certainly it is something that many men neglect to do.

For instance, a large wholesale tailoring house in Chicago a few years ago needed a new office and shop manager. Under the old manager everything seemed to be going wrong in the conduct of office and shop detail, and as the business grew the delays in making shipments on "measures" were becoming serious.

The firm makes each suit of clothes to the individual measurements sent in by the local clothing stores which act as its agents. And as the clothiers' customers were kept waiting day after day for their suits, complaints poured in and cancellations often resulted.

A young man who had shown ability as an assistant was given the position of office manager, with instructions to speed the work up and get the orders out on time, at any cost.

He assumed his duties with great enthusiasm and "pep."

The first day's mail brought the usual complaints of over-delayed orders and the new manager seized on them personally.

He had each order traced. Some he found were in the shipping room.

“Why aren’t these orders out?” he demanded of the shipping clerk.

“Haven’t had time yet,” the shipping clerk said, “and we have others here that are still further overdue.”

“Then you’re working short-handed. Get another checker. Get another packer. You’ve got to get orders out quicker. We’re going to stop these delays. Put on more help right away.”

Other delayed orders were in the trimming room.

“You’ve got to get these orders downstairs today,” he told the foreman.

“Can’t be done, sir,” replied the foreman, “unless I hold up some still older orders. We ought to have more people if we’re going to rush like this.”

“Put on more people then—how many do you need?”

And so it went all down the line. More people were added. And COSTS OF RUNNING WENT UP. But confusion only increased, and complaints of delays did not lessen one particle.

When the increasing cost sheets were shown the new manager, he went back over his trail demanding retrenchments.

“He had simply plunged into his duties as manager without finding out what it was he had to accomplish,” the president of the company now says, “and he failed. We fired him. We hired a quiet, slow-going fellow who had been manager of a general mail-order house. He didn’t know a thing about the tailoring business, but he knew a lot about the managing business.

“He did nothing but ordinary routine work for several days. Never made a move to boss anyone but his stenographers and detail clerks. Apparently spent his time reading the mail and tapping his teeth with a pencil.

“Complaints were increasing, but they didn’t seem to faze him.

“One day I would notice him sitting in the measurement-file room helping with the work. Another day I would see him helping the entry clerk take off orders.

“I thought I had picked another lemon.

“But he fooled me. He came into my office late one afternoon and showed me a map. This map showed by dotted lines just where an order went when it came in, how long it stayed there, where it went next, and so on until it went out of the shipping room. That’s what he had been working in various departments to learn. I had

never realized before how an order did halt, and stumble, and stagger back and forth around the office.

“Then with a red line he had shown where he proposed to re-route orders, and how. Just to illustrate one item of it—by our old system all the papers and instructions and samples on an order traveled together. No one could lift a hand on an order till the measurement-record department had made a copy of the measurements; then no one else could lift a hand until the goods stock-room had looked up the goods, and sometimes that meant waiting for a special order; and later on everything waited for the lining-and-findings stock; and so on all along the line.

“He showed me by his red lines on the map just how he could split up the order data, sending work to two, three, and some times four places at once, and bringing it together again at the right place. He showed me how certain records that took time to make could be made after the order was filled, instead of before it was started. There were other similar short cuts. And by his schedule whole days could be wiped out in making delivery.

“It was foolishly simple—when you saw it in red ink. It was what we would have been

doing for five years—if anyone had stopped to think. We had simply grown into our way of handling work from the days when our business was small. And the former office manager had never stopped to study into the whys of it.

“In thirty days we were up to a seven-day delivery of orders without putting on a single extra person.

“And all because the new manager had been in no hurry to act until he had found out just what had to be done.”

IF YOU look carefully about you, you will see plenty of men who don't stop to find out what needs to be done before they start trying to do it.

“Pep,” “punch,” “driving power,” have been extolled so much that many men have lost sight of the fact that all the “pep” in the world is so much wasted energy if not directed along the right lines. And nowhere is this truer than in **MANAGEMENT**.

Then there are other men who sincerely think they are finding out what needs to be done, when as a matter of fact they are merely jumping at conclusions. Actually to know just what your business or your job requires, demands **ANALYSIS**.

Some men shy at that word. It has been abused. A certain type of superficial business executive has brought it into disrepute. This type has become so hypnotized by the impressiveness of the word analysis that it has lost sight completely of the real simplicity and value of the act itself. And so "analysis" to many practical men has come to remind them only of involved, complex research, and aimless, valueless phrase-making.

REAL ANALYSIS of any business problem **CAN BE SIMPLE**—in fact, **IT CAN BE NOTHING ELSE.**

"Analysis" means, literally, "taking to pieces"—resolving a thing into its elementary parts so that the composition of the whole can be seen **CLEARLY AND PLAINLY.** So-called "analyses" which becloud and involve the problem are not analyses at all. They are "bunk."

The messenger boy analyzes his business with 100% effectiveness when he fixes in his mind where the place is to which he must go, and what he must do when he gets there. He takes his business to pieces. In his case it happens to be only two pieces—the trip to his destination, and the job when he gets there. But if it consisted of twenty pieces, its analysis would be no more difficult; it would only be longer.

The successful office-manager of the tailoring house, whose experiences have been mentioned, analyzed his business when he mapped out the route of an order. He virtually took the business to pieces so that he could put the pieces together in more efficient order.

THE very thought of "taking to pieces" suggests the correct way to undertake the analysis of a business or a job. Suppose you had a house built of blocks that you were going to take to pieces. You would begin with the roof and GO BACKWARDS.

And a study of the methods of the most successful managers shows that they follow the same scheme in ANALYZING ANY BUSINESS or task.

In the west there is a certain man who has made a fortune in four years from the cafeteria business. His chain of eating places feeds several hundred thousand people a day. He was a dentist when he started in the business. "In modern dentistry, you know, we plan backwards," he says. "When a patient comes to us with a decaying tooth, or an old root to be built up, we start with the assumption that we want a perfect tooth there. Then we start sizing up sur-

roundings and conditions to see how we can develop them enough to permit of a perfect tooth. And that is how I turned a bankrupt eating-place into a success."

Two young men had started the cafeteria out of which the dentist built his success. Each of them had been employed as assistant manager in similar businesses. Each knew the OPERATING DETAILS thoroughly. They had felt that, with what they assumed to be their "knowledge of the business," they could make a great success.

They knew how to *handle* the help, how to *buy*, how to *operate* the kitchen, and so on, and their new place was apparently up to the standard. But it never grew beyond the point of barely paying for itself.

Each partner had been trained to buy carefully and manage economically, and between them they raised close buying and tight managing to an astonishing degree of perfection. "Well bought is half sold" was a motto that both had learned somewhere, and they believed they were being excellent salesmen. But the business did not pay.

They knew the "clothes" of their business but they had never seen THE MANAGEMENT OF IT STRIPPED NAKED. They were on the edge of bankruptcy when they were finally bought out, at a loss to them-

selves, by the dentist. He wanted to get out of his profession and this particular cafeteria business interested him. He believed that the only reason it did not pay was because the owners had not managed it rightly—although wherein they had done wrong he did not know. But he believed he could find out.

He hired one of the partners to stay on as manager temporarily, and he spent a week merely observing, without attempting to make a single change.

Every night he made a list of the POINTS IN MANAGING the place that he had observed come up during the day.

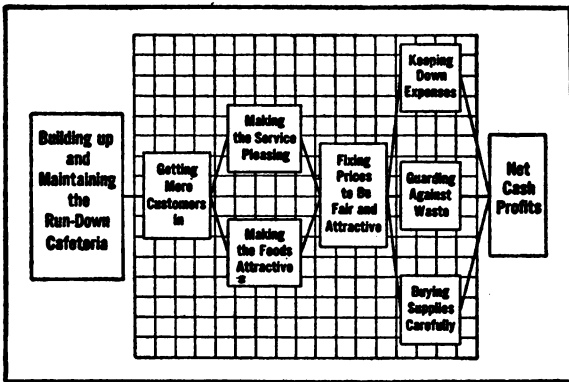
At the end of the week he put all these lists together into one long list. Then he eliminated all duplications. He then had, he believed, a pretty fairly accurate list of all the actual work done in managing the business, as all bills, except those for gas and rent, were paid each week and a profit and loss statement taken, so one week would be about like another.

He then began to arrange this list in the order of natural importance.

It began with marketing and checking up bills with deliveries, and ended with counting the money and depositing it in the bank.

“But, here,” he thought, “what am I in this business for?”

“Because as big a share as possible of that money I take to the bank I want to stay there as profit,” he answered, and started a diagram with his “Net Cash Profits” as the conclusion of it. The substance of what he did roughly at that time, will be found in finished form in the following chart. Note how it works backwards from his final objective.



“But now,” he questioned, “what determines how much of that money stays in the bank for me, and how much has to be checked right out for expenses?”

And from his list of managerial functions it was easy to see that this was dependent on three factors—buying at right prices; selling what was bought with as little waste and loss as possible; and not paying more for expenses than the expenses could profitably return.

BUT buying wisely, handling supplies carefully and keeping expenses down, were of no avail unless the selling prices covered the costs, yielded a profit, and still appealed to the public as reasonable.

But the most reasonable prices, made profitable by the best of buying, handling and operation, could not yield cash unless the foods attracted customers to buy liberally, and the service **INDUCED THEM TO COME BACK.**

Still again, attractive foods and good service could not exercise an influence unless customers were drawn into the place.

“That, then, should be my ‘Number 1’ job,” he said to himself. “But by these old methods we have been looking after expenditures first and receipts last.”

Look at the chart on the opposite page again—you will see at a glance now that it shows in detail how his **ANALYSIS LED BACK** from “Final Objective” to the most important job to be looked after first.

Thus, by study and a chart of his job, he had definitely **FOUND OUT WHAT HAD TO BE DONE**—the fundamentals of it—and what had to be done **FIRST**. His predecessors had assumed that they knew, but they had begun at the wrong end. They were working to make a margin on their re-

ceipts before they worked to get the receipts.

The new owner engaged permanently one of the former partners to take charge of "the back"—which in restaurant parlance is the kitchen, the store room, and the marketing. He himself took over the management of "the front." To "get more customers, get them to spend more, and so please them with the service that they will come back and bring their friends," was to be his job.

And he began it by SPENDING MONEY. He put in a brass rail at the entrance, instead of the ugly gas pipe that had been there. He installed upholstered chairs in the little lounging room, instead of the plain wooden ones. He bought a solid, prosperous looking desk for his own corner by the window. At the serving counters he installed plate glass tops, and on the serving girls he put jaunty white caps.

He was making an effort to distribute AN AIR OF SOLIDITY and good taste about the place.

Then he began changing the arrangement of his serving counters. Dishes that made the best profit he gave the most tempting display. Staples of low profit he put in the background. He placed the desserts so that they caught the eye first and en-

couraged a purchase before the heavier part of the meal had been bought, and had perhaps given the customer the feeling that he had enough without a dessert. He was planning to increase the purchases of customers.

And the business **STARTED GROWING.**

At the present time this man owns a *chain* of cafeterias extending into many cities and feeding many thousands of people a day at a good profit.

“I flew in the face of one of the traditions of the hotel and restaurant business,” he says, “which is ‘first watch the kitchen.’ But as in dentistry I had learned to begin with what I wanted—a perfect tooth—and then go back to shape conditions to give it, instead of taking conditions as they were and trying to make the best of them, so in this business I started with what I wanted—money to deposit in the bank—and worked backwards to make conditions that would provide it. I needed **VOLUME OF BUSINESS** before I could have **MARGIN OF PROFIT**. I have no doubt that I could have saved a cent a pound occasionally on meats, or bought a bargain in fresh vegetables, if I had gone to market every day personally. Probably I could do it today. I haven’t a doubt my cooks throw some things away that they would save if I looked

around the kitchens more. But if I were to give up my attention to 'the front' in order to watch 'the back,' I'd be right where those boys were when I bought them out."

To hear such a man make statements of that sort about the relative value of economy in a business like the restaurant business sounds like heresy to those who uphold old traditions, and only a careful analysis of what had to be done would have given him courage to follow his plan.

"Well bought is half sold" is one of those maxims that, being part of the "clothes" of some particular business, have been often mistaken for a part of the fundamental anatomy of management. And absorbing such external generalities without having studied management "in the nude" to see how and when such "clothes" fit, makes many a man a failure as a manager.

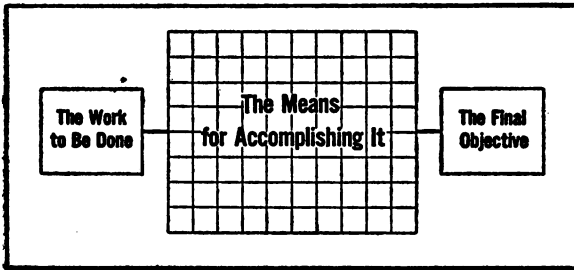
BUT the important fact here is not what the cafeteria man found had to be done in his business, but **HOW** he found it.

**HE TOOK HIS BUSINESS TO PIECES
—BACKWARDS.**

He began with the objective he wanted to get from business—money. It was a simple matter to find that to get money from the

business he had to get customers to come in and spend money; that to get customers to come in he must make his place look like a good place to come to; that to make his place look attractive he must spend money on equipment, and thought on the arrangement and the display of the food. And there he had his big "Number 1" job cut out for him, with the others following naturally. It altered the whole METHOD OF MANAGEMENT.

The following chart shows the skeleton—the "nude" in graphic form—of just what this manager did, though he did it mentally.



But it shows more. It shows the skeleton of what *every* manager—whether he manages a whole business, or one department of a business, or a single job—should do if he wants to get A TRUE PERSPECTIVE of his work. And he can do it simply and easily.

Just a sheet of plotting-paper—paper ruled in small squares, such as can be had at any stationery store, on which to fill in the steps necessarily between what you have to do and what you seek to accomplish by it—and some careful thought as to just what your job is and why it is to be done, will develop A TRUE ANALYSIS of your problems superior to reams of typewritten words.

The “MEANS FOR ACCOMPLISHING” the final objective may be many or few. To illustrate, while the chart on page 18 shows the cafeteria manager’s problems, the chart on page 28 shows the problems of the file clerk in the statistical department of a large investment house.

A great deal of trouble over these particular files had been experienced. The firm preserved a mass of data on all classes of investments, types of industry and the various business firms engaged in each, records of earnings, and so on. In fact, the data filed was so complete and so far-reaching that it had NULLIFIED ITSELF by the difficulty with which any particular piece of information could be found.

The blame for not finding what was wanted was usually placed on the file clerk. When the trouble had gone so far that his discharge was threatened, the clerk deter-

mined that, as his was the blame for all errors, he would also have the responsibility of CHANGING THE SYSTEM of filing, which *he* blamed for the trouble. And so he began.

But days of planning and scheming only led him back to the old system. He was about to conclude that no improvement was possible, when in desperation he took the course he should have taken first, and MADE AN ANALYSIS of his problem by starting at the end and WORKING BACKWARDS.

“What do we want a filing system for? Why do we file these papers?” he asked himself.

“To find them again, quickly and surely, when wanted,” came the answer, automatically.

“What is the way to have these data so you can find them quickly?” was his next question.

“Have them arranged like the words are arranged on the page of a dictionary—one place, and one place only, where each can be,” was the common-sense answer.

But in this filing system there were a dozen places for each set of data. There was a file for data on “Industrials,” with a sub-file for “Automobiles;” a file for data on “Railroads,” with two sub-files, and several

other similar classifications. There were separate files for data on various types of industry, and there were separate files for various types of securities. The filer had to exercise judgment and discretion in selecting the heading under which each piece of data should be filed, and sometimes judgment had erred. Men who called for data from the files also might err in describing it.

One file, arranged alphabetically—only ONE PLACE TO LOOK, regardless of the nature of the fact looked for—was the logical conclusion, viewed from the viewpoint of finding facts when wanted.

When the assistant file clerk was told of this radical idea he was horrified. “What! Mix ‘railroads’ in with ‘public service’ and ‘manufacturing’ with ‘agriculture’?”

The file clerk referred back to his analysis. “Why,” it forced him to ask, “why care how classes of data are *kept* so long as they are *found* quickly? When Mr. Brown asks for data on ‘C. P. R.’ does he care, if he gets it at once, whether it was filed alongside data on ‘Coal’ or alongside facts about other railroads?”

Because the old filing system had been built from a *filing* starting point instead of a *finding* starting point, it had been easier to file in than to find from. It looked fine to

have such closely classified files, but WHO PROFITED FROM THE LOOKS?

“But,” objected the assistant, “suppose someone asks for *all* the data we have on railroads?”

A sensible question, because it, too, was from a “finding” standpoint. And because it was directed from the “finding” standpoint backwards, answering it was easy.

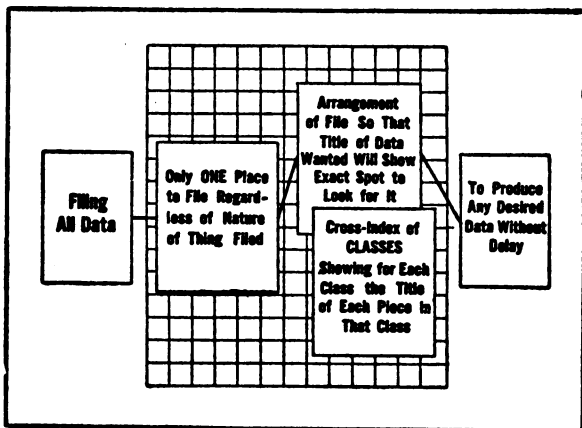
“Have a separate cross-index of data by classes, but have this a classification index only—that is, have a card showing under “Railroads” the name of every group of railroad data; under “Industrials” the same, and leave the data itself in their regular alphabetical places.”

“But think of the extra work that makes in filing,” the assistant said.

And back to his analysis went the file clerk. “Why file at all, except to make it easy to find? If we were to make a filing system for *easiest filing*, we would simply put all data in boxes without order. Our main objective is to make information easy to *find*, and any work in filing that lessens work in finding, is profitable.”

The result was a plan that has made all the great mass of data in that institution as accessible as words in the dictionary. And the basis of the plan, the idea that gave it

birth, was the SIMPLE PROCESS OF ANALYZING from the “Final Objective” backward, as shown in the following chart instead of forward from the “work to be done.”



IN HUNDREDS of business offices you can find time, labor, and money being wasted in obsolete methods that grew up only because the manager who started them did not stop to reason out first just what had to be done, or, if he did, he failed to reason from the “Final Objective” backward.

One is as ineffective as the other.

In fact, not to go to the very *bottom* and reason out **THE ABSOLUTE RIGHT** of what has to be done, is even more ineffectual than not to stop to reason it out at all.

The surest way to avoid error in your

analysis is to **PERFORM THE ANALYSIS ON PAPER**. A professor of mathematics in one of the great universities always impresses on his students that no problem should be performed "in the head" that can be performed on paper. "Make pencil and paper do as much as you can, for your brain has enough to do to supervise the work." And his maxim is good management.

At least until you have trained your mind to the habit of **QUICK, ACCURATE ANALYSIS** of each problem that presents itself, you will find it helpful indeed to keep handy at all times a supply of blank charts like that on page 23, on which to sketch an analysis of new work or important decisions. The constant performance of this detail will of itself train your mind to look at propositions more analytically, and automatically to sift and classify them more logically.

A man who has earned a world-wide reputation as an organizing genius, and who has made his business one of the greatest of modern times, has found so high a value in graphically "**TAKING TO PIECES**" each business problem or proposal that comes to him, by charting it on paper, that he is said never to be without a pad of blank forms suitable for such analyses on his desk, and

never to travel without such a pad in his bag. Even decisions about **HIRING OR PROMOTING OR DISCHARGING** men, he analyzes in graphic form on these charts.

In the chart on page 23 is a composite blank made up by **SYSTEM** from its observations of many different ideas for different purposes. You can perhaps improve on it for your own needs or adapt it to the peculiarities of your own problems. But forcing yourself to make use of *some* such method will almost certainly help you to cultivate the instinct of **SHREWD, RAPID ANALYSIS**, while it can not help but give you at the same time a **KEENER, SURER INSIGHT** into the particular problem submitted to it, regardless of how complex or how simple the problem may be.

Sometimes it is the **APPARENTLY SIMPLE PROBLEMS** that need analysis most. That is the positive belief now of the manager of the New York branch of a western factory. "Any question of selling," he states, "I go to the bottom of instinctively—that is my daily exercise. But hereafter any problems that come up about the office work, I settle only after analyzing from front to back, on paper, too."

His office, like most headquarters for a sales force, had been in difficulties over the

stenographic problem. Liberal and broad on the question of salesmen, the manager was parsimonious when it came to stenographers. Valuable men sat idle in the office mornings and evenings waiting for a chance to dictate to a staff of stenographers which was measured to fit the average load of the day, but not the rush load of the two hours a day when the salesmen were inside.

Always figuring from the payroll end, the manager then saw the economy of dictating machines. He figured that they would not only solve his salesmen's dictation problem, but would further reduce stenographic costs.

They were installed, and with them a reduction of the stenographic force made to insure keeping all the force busy through the day.

Then an equally bad condition became apparent. The salesmen had no difficulty in giving dictation at their own conveniences, but the letters dictated were often a day or two days late in being transcribed.

It was only by a loss of temper over these complaints that the manager turned to **THE CORRECT METHOD** of analyzing the problem back from the point of "Final Objective."

"What's the trouble with this cursed letter-writing bugaboo, anyway?" he de-

manded. "What do we have typists or stenographers for?"

And his own involuntary and unexpressed answer to the question calmed him. He seized a sheet of paper and mapped out the problem, somewhat like this:

"The salesmen's letters are to save salesmen's time and give prompt service to customers.

"I don't begrudge half a day's time of a \$10-a-day salesman to call on a customer. Then if half of the time of a \$3-a-day stenographer is utterly wasted in order to save a long trip for a salesman, or to get a quick answer to a customer's question, it is still profitable.

"What we need is enough typists to transcribe every letter of every salesman promptly, even if part of them have to be idle part of the day and are therefore set to work on other than stenographic duties for a time."

The increased use of sales letters, the greater freedom the salesmen felt in their dictation, and the number of selling details handled promptly by mail that formerly had been left until a salesman could handle them

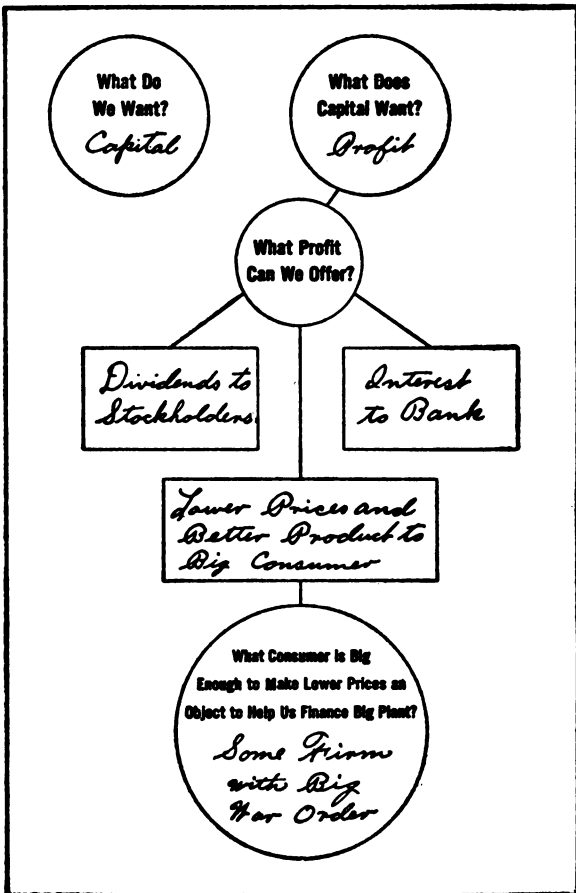
by personal call, all of which quickly became apparent from the better service installed, were **TRACEABLE ABSOLUTELY** to the manager's simple analysis of the problem, and **THIS SIMPLE ANALYSIS** was made possible only by using the "Final Objective" as a starting point.

How the same knack of simple analysis may be utilized in attacking almost any kind of business problem is illustrated by the way in which a middle western concern worked out of its financial difficulties.

Three young men had started the business with a special process for making steel castings. They secured some additional local capital and began a small plant. But after two years' operation it became evident that by the nature of the process no profit could be made except on a large production basis. Large production called for a great deal **MORE CAPITAL**. The bank declined to loan more money for equipment, stating that more liquid capital must be invested in the business. But the local stockholders had been rendered skeptical by the failure of dividends to appear, and refused to put up more money.

The partner in charge of finances gave up in despair. Then the engineering partner took it up. To him it seemed quite un-

reasonable that as long as profit was assured, as it was in his mind, by a bigger plant, someone could not be found to *take that profit*.



With an engineer's instinct he charted the problem out in simple, direct form, practically as shown in the chart above.

Beginning with what HE WANTED—CAPITAL—he moved unerringly to what CAPITAL WANTED—PROFIT. The two primary forms of profit that could be offered—dividends to the stockholders and interest to the bank—had to be eliminated.

Who else could profit by a big plant and big, low-cost production?

To the engineer, with his confidence in the product, the natural answer was “THE CONSUMERS OF THE PRODUCT.” At that time the influx of war orders was at its height, and some recipient of these profitable orders naturally suggested itself to him as the one to benefit.

From the engineer’s analysis of THE FINANCIAL PROBLEM, a most successful plan of financing was worked out. A bid was put in on the contract for certain parts needed by a concern in the east holding a large war order. The bid was made at actual cost. The eastern manufacturer was amazed at the price and sent an official to investigate the plant. Of course it quickly developed that the small plant could not deliver the order in short of a year, and the customer wanted to know why the plant couldn’t be enlarged. He was impressed with the process and it looked safe to him.

This was exactly what the partners wanted,

of course, and they explained the situation to him frankly. Then they broached the subject of his firm advancing a loan to make the proposition possible.

“If you buy these parts at our price,” they said in substance, “you will not only make a much bigger profit than you expected on your present contract, but you can outbid any competitor on *future* contracts. For we will agree not to sell to anyone else at this price if you will advance us money enough to make our plant enlargement.”

A talk with the local banker corroborated what he had been frankly told, and convinced the Easterner of the sincerity of the partners, and after a few preliminaries a loan was made by his firm large enough to finance the enlargements. While the contract was delivered at cost price, and future orders from the same firm also filled at cost, the increased profits from *other* business, and an extension at the bank on the strength of the new activity, put the partners in a position to meet the interest on their notes and keep up with supply bills fairly well, while getting in position for a *future* business on a regular basis, with a *big capacity* plant.

While the engineer's method of actually charting his analysis is different in appearance from the chart on page 23 it is iden-

tical **IN PRINCIPLE AND EFFECT.**
It works from "Final Objective" backward.

A still different application of the same **KNACK OF ANALYSIS** is that of an Ohio manufacturer who recently put up a new building.

The architect's plans called for four stories and basement, and when the arrangement of space came to be discussed it was found that one department would have to occupy part of the basement. Objections began to go up on all sides.

The manager had to take the whole matter away by himself to **DISSECT AND ANALYZE.**

And he began with the "Final Objective" of the new building—"What's it for?" It was to provide more space for enlarged operations.

"How much space is needed?"

He went over all the figures and plans and found it true that with the enlarged facilities wanted for each department, the four main floors did not provide enough space.

"Then why not a fifth floor?"

The manager thought over that question.

"As long as a bigger building was to be constructed why not make it big enough? Why not, instead of a basement, have a full story?"

He investigated. Strange to say, he could find no one who could tell him why a basement had been considered. The old building had one, and that was the only reason known for proposing one for the new building. A full story would give all the general storage space of a basement, all the power-plant room, and also give regular working quarters for the department crowded out of the four upper floors. And when the architect was consulted, it was found that with the extras for excavation, waterproofing, and the like, the cost of a basement was considerably more than the cost of a full story.

And yet, but for the manager's analysis of the building problem from the point of "Final Objective," the basement would have gone in—simply because NO ONE HAD STOPPED TO THINK, and think clearly and logically.

LOGICAL thinking is a trait that can be cultivated. Every problem thought out logically by means of some such simple help as has been suggested here, will make your mind more ready to attack the next problem.

Some men's minds grow so keen by practice of that kind of thinking that they

AUTOMATICALLY TAKE THINGS TO PIECES as they listen, and before you are done talking to them, they have analyzed your statement and already are planning on the execution of your proposal or are ready to reject it. It is more than intuition—in all but possibly some phenomenal cases, **IT IS CULTIVATED KNACK.**

Don't try to emulate these men's **SPEED OF ANALYSIS.** Speed—all you need of it—will come of itself. Emulate their accuracy. Many men flatter themselves on their speedy decisions who might better be earnestly striving for accuracy.

The man who is now vice-president and general manager of one of the country's biggest clothing houses, stood one morning, some fifteen years ago, at the corner of Madison Street and Fifth Avenue in Chicago, one of the crowd of hundreds such as can be seen waiting at that corner every working day in the year—waiting for the first edition of the *Chicago Daily News* with its "Help Wanted" advertisements.

Next him was a man of about his own age—evidently, like him, a newcomer from the country, after a chance for a job.

When the papers appear, there is always a mad rush for the newsboys. Hundreds of eager, trembling hands hold out perhaps

their owners' last pennies in return for those chances at jobs. There is a great rustle of paper as each copy is swung open to "Help Wanted." Then one man turns and runs; then another; than a dozen more; and soon the whole crowd has melted away. Each has seen a chance for a job and he is after it.

The young man already mentioned was one of the last to get under way that day. The stranger next him had already started. Our friend—we will call him Hopper—had an intuitive feeling that the stranger had started for the same job that had attracted him. "Wanted,"—it read—"young man for shipping department. Must be strong and active. Apply shipping clerk, Henderson, Oplin & Co., 437 Main Street."

When the stranger had started, Hopper was figuring out where Main Street was. He finally remembered that it paralleled the street on which he stood. He could now see his rival nearly a block away—running. Where would 437 be? Hopper turned and looked at the number of the store behind him—it was in the three hundreds. Four hundred and thirty-seven would be to his right—the stranger had started to the left!

Hopper was ready to start, then stopped to take one more look at the ad—"apply shipping clerk"—he must remember that.

Then he was off. When he turned into Main Street, almost the first person to meet his eye was the stranger, whom he now felt certain was his competitor. Having gone a block out of his way had lost the rival all the advantage of his quicker start, however. Hopper was a bit ahead of him at the entrance of 437 and had looked the building directory over before he came in panting. "Henderson, Oplin & Co.," Hopper had seen, "General Offices, Sixth Floor." But below it his eye caught another line: "Stock Rooms, Fifth Floor"—that was interesting. Hopper took another look—there were several other departments listed, then: "Shipping Room, Second Floor" was recorded. As Hopper started on, his competitor passed him and dashed into an elevator about to start. "Henderson, Oplin & Co.—what floor?" Hopper heard him ask the elevator man, and as the elevator door shut he also heard the reply: "Sixth floor." Then the elevator started. Hopper, bound for "Shipping Room," walked up the stairs to the second floor, found the shipping clerk and had the job half won when his rival arrived, after a trip to the general offices, a wait for attention, and finally a direction to go to the second floor.

And as the man we have called "Hopper"

sat in his private office in that same establishment, and wound up the story of his entrance into it fifteen years before, with this laconic remark: "So I always say, take your time—don't start until you know where you're going." Thus he summed up **THE FIRST PRINCIPLE OF MANAGEMENT** as effectively as if he had quoted the life experience of a Schwab or a Patterson.

There is no task so trifling, no business so gigantic, that its management does not need what Hopper gave to his run for a job—an analysis, first, **TO FIND OUT EXACTLY WHAT THERE IS TO DO.**

And with that, we will go on to the **KNACK OF "PLANNING THE OPERATIONS"**, after your analysis has shown what needs to be done.

