

EFFICIENCY, ITS USE AND ABUSE

An Address before the Chicago Executive Club
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No line of endeavor has been less understood or more generally misunderstood than efficiency. It is an unfortunate selection of name for a most important phase of our domestic and commercial life, and is as susceptible of varied definitions as some of the hieroglyphics of Cleopatra's needle. Operative standardization has become one of our most important factors of development. It deals with those things which we can control, and has nothing to do with the settled forces of nature. The action of a falling weight has an established effect. The attraction of gravitation is a known force. We cannot change the basis of the force, but we can change its method of utilization. Steam at a given pressure contains a certain force that we cannot change. We may utilize that force in a variety of ways and with a wide range of net results. We do not change the constituent elements of a pound of coal, but we are very extravagant in our utilization of the energy contained therein. It is entirely a matter of operative science; and the development of standard of operation is as essential to the ultimate realization of what ought to be as was the adoption of standards of weights and measures, and the harnessing of all natural forces.

Insufficient attention is being paid to the human side in the mad rush for the so-called efficiency. Man shall no longer be regarded as a machine. There are too many opportunities open to the red-blooded man of this day to necessitate his accepting employment which is open to him only on that basis.

We all know of many instances where men are continuing in positions for less money than can be obtained elsewhere, because of the satisfactory conditions and consideration which they enjoy, which is sufficient to prove that money is not necessarily a competitor with occupational good-will. Much antagonism has been created against efficiency because of the false interpretation which has been placed upon the plan by many who have seen only the hard, driving side of the question. Men are apt to get the idea that they are being speeded up only to enhance the profit of the employer, and thus there may be aroused within them the spirit of resentment that cannot help but defeat the very purpose of the science.

Efficiency in fact is speeding down, but make the motions count for something. It should save labor, and physical as well as mental strains. Less motion and more results is the keynote. Sometimes it is the person, sometimes the machine or the operation that is changed. The mind must be cultivated in advance of the body, and ample opportunity must be given for a full understanding of the meaning and advantage of operative standards and rewards to the end that all workers, from top to bottom, may feel the same responsibility to meet standard conditions in occupations that a merchant should feel in giving sixteen ounces to the pound or thirty-six inches to the yard.

The conservation of the human resources of the country is vastly more important to our ultimate success and prosperity. I do not refer to this so much from a physical standpoint, as from the intangible, yet more impressive and more important viewpoint of happiness and contentment—the spiritual side. The spending of money which has been earned by hard work is never considered from the standpoint of a labor equivalent. A worker at 25 cents per hour does not think how hard he or she worked when the 25 cents goes for chocolate creams or cigars; and on the other hand, a pleasure enjoyed may seem cheap measured against the work standard.

No efficiency work was ever successful that did not earn for itself the approval and

satisfaction of the worker; or in other words, his spiritual cooperation must be secured. We don't work well under any system if we have the strain of machine methods in our minds, yet in our capacities as executives, we may be endeavoring to press that yoke on those under our supervision without a thought that the same sentiments and feelings that control our disposition to work also exist in the minds of those associated with us.

We talk about "mixing". Has it ever occurred to you that the same glad hand and smile and consideration to our fellow workers may seem more to us and to those receiving them than the same evidence of good fellowship which we may effusively give to a customer, or to some from whom we may expect to benefit through a business transaction. If we seek to influence a business deal with "good mixing" why not go further and give some of it to our associates that we are with every day and who work with us shoulder to shoulder, for better or worse? They want it; they like it. You liked it when you were in their places, and you responded to it or you would not be where you are today.

If you worked for a man or firm who didn't give you that cheer and comfort of a certain comradeship, the chances are you would quit the job and go to a more congenial atmosphere; and under that influence the best that was in you came out, and you delivered the goods you could have delivered to your former employer if he had known how to encourage you.

I do not mean to be sentimental in this matter; we often find men who are apparently successful who say there is no sentiment in business; to such, I say "Bosh!" I wouldn't give the snap of my finger for the business or organization that does not contain some sentiment, some vestige of a human soul. No vital problems are finally and satisfactorily disposed of that do not contain some consideration of the human element and as for myself, I prefer not to deal with any conditions or forms of organizations—social, political, or commercial—in which the dominating influence is actuated by an

arterial circulation of ice water. It doesn't get anywhere. Every one who comes in contact with it gets a chill. Other connections are sought at the first opportunity where the broad human spirit does prevail. We can nearly always tell the dominating spirit that pervades an organization the moment we come in contact with any part of it. In the right sort, everybody radiates enthusiasm, good cheer, courtesy and consideration. There is no greater asset to any business than occupational good will, yet it is never seen in a financial statement and would probably be bluepenciled if it were stated and appraised, because of its intangibility. Nevertheless, it is one of the most important factors in developing a successful business.

Corporate or organized personality finds its origin in the executive, and in so far as he recognizes its value as a world or business force, his undertakings will prosper as he capitalizes it in the minds of those of the public with whom his enterprise comes in contact. The unseen, unfelt, intangible thing becomes the real, active force that makes the wheels go around. No task is severe, no difficulty is unsurmountable, no requirement is too exacting where this spirit really prevails. We cannot buy it, we cannot produce it, except as we cultivate it within ourselves, and expand the usefulness by radiation and encouragement. The human element, therefore, becomes the most important controlling factor in operative standardization, and to just the extent to which it is recognized and developed may be measured the ultimate success of any and all efficiency undertakings.

I have every reason to believe that some of you are some golfers. I want to remind you that the ancient and honorable game of golf is probably the original "efficiency" game; and whether you are a scratch man or one of those G. A. R. players who goes out in 61 and back in 65, you get an equal amount of pleasure out of the game, and that is because of the "standard" score, which is established for every course regardless of dissimilarity. Col. Bogey may be a myth, but he keeps us busy regardless of his

absence. We play off bogey according to our ability, with the same degree of pleasure that the professional plays off the par score. Our handicaps may be expressed in percentages of efficiency, just as well as in the way they are expressed—the meaning is the same. We seek to improve and approach the standard with the same zest at 15 handicap as we would at 5 handicap.

It illustrates the application of standards and how it adjusts itself without undue distress to individual ability. Sales quotas, expense ratio are simply golf standards applied to business and through the influence of the game, such contests take on the atmosphere of sport rather than the irksomeness of a task. If for no other reason than to teach the application of standards, golf ought to be the national game and I don't expect to have to call for the yeas and nays on the question.

There is a great awakening to the importance of the human side of things, one has only to review some of the recent developments along that line. Amongst other movements of a national character is the recent incorporation of the National Association of Corporation Schools, having for its motive the development and standardization of educational work to be carried on in connection with actual business, industrial, and agricultural operations. This movement has the support and initiative of some of the largest employers of the United States and deals with all branches of education from that of the cash boys and girls of the department stores, and apprentices covering the rudimental work, to the advanced office employes of our largest concerns, covering finance, salesmanship, organization, etc. Proper education is the all-around cure for many of our ills, and will solve our most perplexing problems.

Another example: In nearly all large establishments and many small ones the subject of safety to employes and to the public, is receiving most careful and detailed consideration, and many unique forms of producing personal interest have been introduced. One form of creating cooperation in this line may be interesting to you,

and I refer to it with some pride because of my personal connection with its inception and development. In the manufacturing department of the Dodge Manufacturing Company we conduct a score board on much the same line as a batting average baseball record, twenty-six departments complete—our first year will expire September 30th. For each day's absence on account of injuries due to work accidents, a departmental penalty is charged against a score of 1,000. No penalty is charged for less than one day's absence for obvious reasons. The penalty is adjusted in each department according to monthly men-hours of the department, thus we have a good example of efficiency standard for scoring, all being on the same penalty basis.

A large score board is erected at the main works entrance, giving the monthly and year-to-date record of each department in the competition. Two days' extra pay will be paid to all employes, including foremen and general foremen, in all departments scoring 1,000 for the year, or for the highest score, and one day's extra pay for the second highest. The competition is keen, workmen caution their fellow workers, foremen are watchful, and woe unto the man who causes a penalty to his department because of carelessness, for above all the controlling spirit seems to be in maintaining a perfect score for the department rather than the intrinsic value of the prize. On Sept. 1, thirteen departments stood at 1,000, eight departments are above 995, and two at 945 are the lowest or in tenth place. This is a fair example of the human interest phase of accident prevention, and I firmly believe it more productive of good results than many forms of guards and warnings that are so readily provided.

You daily see the workings of the human, the blood and soul side. No greater asset, or one subject to less deterioration, can be given a community. The human depreciation reserve may even be permitted to dwindle to nothing and be expanded on the other side as an asset, as we establish the right and justice of humanity and carry the art of micing to the operative side with the same

enthusiasm and consideration that we use it on the selling side. May God speed the day when the executive will come into his own through his ability to develop and maintain the occupational good will of his associates at 100 plus, and the blood in our veins leap with joy at the consciousness that degree does not depreciate the red corpuscle blood count.

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