

METHODS OF ORGANIZATIONAL STUDY
AND DEVELOPMENT

By

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AND DEVELOPMENT

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Introduction

There is nothing more important about an organization than its future. Owners, management, employees, and society in general are, and should be, more concerned about where a company is going than where it has been. Farsighted planning, the choice of good objectives, and a sound plan of organization are basic to good management, which in turn, is fundamental to a successful future for the organization.) To reverse the preceding statement, good management must provide farsighted planning, good objectives, and a sound plan of organization. Concerning this, there was a dictum attributed to Rockefeller which stated "that it is the task of management to enable ordinary people to do the work of superior people." From this discussion, it is possible to state that the part of management is to create conditions which will bring about the optimum use of all the resources available to the undertakings in men, methods, and materials. A significant proportionate part of this "creating conditions" is the activity of organizing and organization planning. "Organizing is dividing up all the activities which are necessary to any purpose and arranging them in groups which may be assigned to individuals."

The purpose of organizing is, of course, to secure the maximum advantages and economies from the subdivision and specialization of effort or coordination. Success in maximizing these two factors secures the most from each and the most from the combination of all: it therefore maximizes effectiveness."¹

¹Lyndall Urwick, The Theory of Organization (New York, New York: American Management Association, 1952) p. 15.

This activity of assembling the information concerning the organization, its functions, its objectives, and its personnel is followed by the analysis of the information. First, it is analyzed from the viewpoint of the logical grouping of the functions and then (independently) from the viewpoint of the aptitudes and abilities of the personnel. When these two viewpoints are reconciled, the company is on the road to better understanding and a sounder operating basis.

The objective of this thesis is to present some of the methods of approach to an organizational study; to point out some of the problems which may be encountered; and to describe the analysis and presentation of the results of the study. Organization studies of four widely different types of organizations were made. These consisted of a small municipal government, a medium-size oil producing company, a medium-size steel fabricating company, and a small manufacturing company. Each of these organizations required a different approach, but the same basic fundamentals were used to analyze and to design the solutions and proposals.

Chapter I

Symptoms of the Need for Organization Study

Many authors on various problem subjects (including organization study) tend to omit a very important aspect of their subject. This is the consideration of the symptoms of the problem. How do the participants come to the realization that there is a problem? It is too easy to assume that "everybody knows we should have an organization study," or, "if they didn't know they had a problem they would not be reading advice on how to solve the problem." The discovery of an illness in time for treatment is made by observing characteristic symptoms. A medical doctor, upon learning of a superficial complaint of a patient, will take certain steps to find out the condition of the vital life-continuing organs and processes. He will then relate the results of this investigation to his knowledge of diseases and their symptoms. This information and thought process will lead him to a diagnosis and treatment. The functioning of a company must be observed in much the same manner. Its operations must be observed, the complaints of the participants must be heard, and probing questions asked. Then, with these symptoms in mind, diagnosis can be made and treatment can be prescribed.

To amplify the previous discussion, several actual cases might be described:

Case 1. A methods engineer was employed by a small firm (Company A) which assembled prefabricated parts for a line of pipeline clean-cut tools. During his study of the methods employed by Company A, the engineer found that one of the critical

operational points was the timely receipt of parts from the parts manufacturing firm, Company B. Company B was located on the adjoining lot and was under separate ownership and management.

In the course of events, the Owner-Manager of Company B called on the Methods Engineer and asked for some assistance in his production planning. He stated that he "just couldn't seem to get things smoothed out in his production." The engineer found it impossible to do any work for Company B, but referred the problem to this author.

The Owner-Manager of Company B was called upon in a few weeks. He was asked to describe the operations performed by his plant. The operations seemed to be well understood and well planned. Then followed such questions as: "How do you schedule your production? Do your leadmen and foremen understand their schedules? Do you have to change your weekly work schedule often? Is this a regular occurrence? What are the reasons for having to revise the work schedule? Do you have enough storage space to allow you to manufacture parts without regard to the daily orders?" From his answers it began to appear that production planning was not the real problem. The Owner-Manager undoubtedly had the educational background, the experience, and the ability to schedule and produce his product well. The thing which was causing his difficulties was the receipt, without warning, of a large order of parts for a specific type unit for Company A. There

apparently was no possibility of forecasting the receipt of one of these rush orders. He must then reschedule his week's work in order to produce, without delay, the required parts. When the conversation reached this point, it had become clearly apparent that the technique of production planning was not the man's trouble at all. He was quite able to do this. The trouble was based on a faulty fundamental working arrangement between the two companies. Company A was in difficulty because Company B did not get the parts to it when requested. Company B was in difficulty because Company A gave no notice of unusual orders, would not accept a large stock-on-hand, and did not understand the difficulty it was causing Company B. The fundamental working arrangement (synonymous with the term "organization design") was the root of all the difficulty.

While Case 1 referred to a current problem as being a symptom of the need for an organization study, it is not too unusual for an executive to ponder the future of his firm. He may try to project into the future the reaction of the organization to the loss of certain key personnel. He realizes, consciously or unconsciously, that one of his duties is to aid in the perpetuation of the organization. A good example of this type of thinking occurred in following example.

Case 2. This firm (a steel fabricating company) was a closed corporation with no stockholders outside of the families of the three founding brothers (one deceased.) The elder of the two brothers was the president and his self-delegated duties consisted of the normal ones ascribed to the president of a

firm, plus those of purchasing agent, public relations, industrial relations, salesman, designer, treasurer, and others. Practically all major decisions were made by him and all fiscal matters were his.

The younger brother was vice president in charge of production. He realized that there was no provision being made for training men for more responsible jobs. It seemed to him that so many of the functions were being performed by the president that the company could not possibly stand the shock of suddenly losing the president's services. Not only was the future of the company in jeopardy, but, due to the concentration of the decision-making responsibility in one man, there was an increasing lack of ambition and feeling of responsibility among the other members of the firm. To the president, it appeared conditions of cooperation were ideal, while, actually, there was a decided lack of communication and control.

The difficulties, apparent to the vice president, were all specific symptoms of a need for a study of the organization and the design of an improved intra-company structure and relationship.

Another symptom is that of a break-down in communications within the organization and a general feeling of non-purposive and uncoordinated action. It might be well to describe briefly this situation.

Case 3. This is an oil producing company that has had a rapid growth in its last ten years of operation. There is a general feeling that each major department of the company is an entity in itself and an attitude of non-responsi-

bility for the company as a whole. There had never been any formal delegation of duties and responsibilities. As a result, a majority of the management felt that any unprecedented action they might take tended to put them "out on a limb." There was very little action, on the part of the executive vice president, to give advice or to outline the areas of responsibility.

In Case 3 it was the general feeling of the thoughtful executives that "one of these days we'll wake up and wonder where everyone is."

Let us examine another interesting example. This organization is a small manufacturing company that makes dies, does die-casting, and assembles and markets a small pump.

Case 4: The stockholders found that their company was grossing around \$300,000 per year. According to the management, they were making about a 10 per cent net profit on the product. Yet, for the last two or three years the company had lost around \$10,000 to \$15,000 per year.

Upon their own investigation, the stockholders found that the product returned from the customers for replacement was amounting to 12 per cent to 17 per cent of the total product sold. This indicated to them that there must be something wrong with the design and they asked the author to find out what was wrong with the product.

As will be explained in more detail later in this thesis, it was found that the difficulty was not in the product itself, but rather in the organization. There was no definite delegation of responsibility. For instance, the responsibility for inspecting the units before they

were shipped to the customer was the responsibility of everybody. As a consequence, it was the specific responsibility of nobody. Here again was a symptom of the need for an organizational study (loss of money due to returned units) which, on the surface, did not indicate the fundamental difficulty of the company.

There is one other type of organization, entirely different from the cases already discussed, which the author had the opportunity to examine. This is the organization necessary to operate a small municipality. In this case, it was the governmental organization of a city of 15,000 to 20,000 population.

Case 5. In this instance, there seemed to be a certain feeling (among some civic groups) that voiced itself in general dissatisfaction with the existing form of government. They felt that the city could operate more "efficiently" under a city manager type government than the mayor-commissioner type. There was little condemnation of the incumbents in office, but they felt that the city did not have certain benefits that it should have.

At the same time, there was the feeling among some of the city employees that they were hampered by an outgrown plan of operating the city services.

The symptoms in Case 5 were probably more specific than will be found in most organizations, but may be typical of this type organization.

Research Report No. 20 of the American Management Association cites a number of deficiencies which might indicate that a change in organization is needed. These are in part:

1. Slowness in decision-making and in carrying out decisions.
2. Frequent and serious errors in decision-making.
3. Delegation of various decisions to executives who lack knowledge of the phases of the business affected.
4. Lack of uniformity in policies.
5. Interdepartmental and personality clashes.
6. Poor balancing and meshing of the different departments.
7. Staff-line conflicts.
8. Lack of clear-cut objectives.¹

It can be concluded from these examples that the outward manifestations of the need for a study of the organization are so varied that it is difficult to reduce them to a standard pattern. Whether the company problems are problems of finance, of production, of sales, of engineering, of communication, or of human relationships, it is wise to make an examination of the basic organization and how it operates before attacking the specific problem.

¹Ernest Dale, Planning and Developing the Company Organization Structure (New York, New York: American Management Association, 1952) p. 125.

Chapter II

The Organization Study

The discussion in the preceding chapter outlined a number of symptoms by which a need for an organization study can be recognized. Once the need for such an investigation is recognized, management must make its decision as to what is to be done. If it is decided that a study will be made, then the answers to the following questions must be found: Who should conduct the study? How it should be conducted? How extensive should it be (what levels of management it will include)? How should the information be disseminated? How (tentatively) will the proposals be presented and installed, and who will maintain the program? The answers to all of these questions cannot be obtained immediately, but nevertheless, should be considered at the outset. Then, as the investigation progresses, these tentative decisions can be reviewed and adjusted to best fit the circumstances as they unfold.

The question of who should make the study is a first consideration. There are certainly some advantages to having the firm's own employees do it. They will already have much of the historical background and will be acquainted with the personnel. This, of course, could just as well be a disadvantage in that it will tend to breed some preconceived ideas. The Standard Oil Company of California has a Department on Organization which furnishes organizational counsel to its far-flung organizations. The activities of this department have had marked success, but, of course, to support such a permanent section within a company is costly and naturally must be confined to very large organizations. Even

this department often sees fit to employ outside consultants under certain circumstances. It must also be pointed out that individuals with a company usually find it difficult to make recommendations which are to the disadvantage of personnel in the same firm.

Particularly, in the first such survey for a company, it is believed that an experienced consultant or consulting firm can obtain the best results. He has the advantage of specific experience, wider acquaintance with other organizations, will be less affected by past precedent, and will have less pressure placed upon him from within the company. He should have a company liaison man appointed to aid him in his introductions and in furnishing him help and advice in his investigations. This liaison man should be high enough in the management organization that "standing" will be no problem. At the same time, he must have the real and obvious (to all employees) support of top management. When possible, this liaison man should be the one who will be responsible for maintaining the activity after the consultant has completed his work.

The scope of the study should next be decided (with the aid of those who are to conduct the study). From the standpoint of the economic use of the consultant's time (or the time of the executive who may conduct the study) it is considered good practice to, at least initially, study only the top three or four levels of management. In many cases, if these levels are improved by the study, the management can conduct its own study and analysis for the lower echelons. Too, the scope may depend on the size of the organization, although, in most small organizations (up to 150 to 200 employees) there are usually only about three levels in the management group.

The key executives, with the aid of the person (or persons) who are

to conduct the study, should then crystallize their thinking to the point where they can formally write the objectives and the scope of the proposed study. This is an important communication and must be carefully worded. Exhibit A, page 13, is an example of such a statement. The top executive distributed this explanation to the personnel affected by the study described in Case 3, Chapter II.

After it has been decided who will conduct the study, the next consideration is, what information is desired and what method shall be used to obtain the basic information necessary for analysis.

Methods of Obtaining Basic Information

The organizational problems of businesses are usually based upon human judgments, human actions, interests, attitudes, precedent, and environment. These items, in turn, vary in importance from company to company and even from department to department. It is not practical, then, to try to develop a fixed method of obtaining information about the organization. Yet, to analyze and solve the organizational problems, information must be obtained and recorded in a useable form. Using the Methods Engineer's words, an "accurate picture of the present method of operation" is the soundest fundamental upon which to base an analysis and, subsequently, a recommendation.

The United Parcel Service Company has a "Coordinator of Management Methods," who, among other things, conducts organizational surveys. That company's method of obtaining information is to "ask each plant manager to reduce to paper his present and his proposed organization plan, to examine his men in view of their assignments, to develop plans for strengthening or removing the weaker individuals and for preparing more capable ones for key spots." By this means considerable thought

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ORGANIZATION STUDY
OF
THE BLANK OIL COMPANY

The Blank Oil Company has grown rapidly, particularly within the last ten years. Organizational relationships and the assignment of duties and responsibilities, once adequate, may now be outmoded. It, then, appears desirable to examine and study the present organization so that the present operations of the company may be improved and that preparations may be made for growth in the future. To make this examination and study Mr. M. R. Lohmann, Mr. W. J. Bentley, and Mr. H. G. Thuesen, all of the staff of the School of Industrial Engineering and Management of Oklahoma A & M College, have been employed to make this examination and study.

Objective:

The objective of this study is:

1. To study and determine the appropriate grouping of the principal functions of the company.
2. To study and determine assignment of the functions, duties, responsibilities and authority to the managers of each department.
3. To implement the results of the study after acceptance by the company.

Scope of the Study:

A. To reach the objective of this study the functions, duties responsibilities and authority delegated to the managers of each department will be studied. Inter-departmental, as well as intra-

Exhibit A

departmental assignments and relationships will be clarified.

B. The study will include every department, namely, Land, Geological, Treasury, Purchasing, Production and Engineering, Legal, Production Research, and Personnel. A period of four to five months will be required for completion of the study.

C. The study will result in written descriptions for all department manager positions and will include the duties, responsibilities, and authority. In some cases immediate subordinate positions will also be studied. In the event that there are new duties or responsibilities to be assigned a recommended position description will be made.

D. Present and proposed organizational charts will be prepared.

Note That:

1. This study is of the organizational functions and practices and is not a study of the department managers or other personnel.
2. It is an attempt to determine the responsibility for the various functions, not an appraisal of how well the functions are being performed.
3. It is not an efficiency study, although, by a proper allocation of duties and responsibilities, a smoother functioning, more effective organization will result.

Procedure:

A. A meeting of all departmental managers will be called for the purpose of explaining the detailed procedures to be followed in this study.

B. Each departmental manager will be asked to prepare a list of

his duties and responsibilities. Each manager will also be asked to prepare a statement of duties and responsibilities delegated to his subordinates - supplemented with an organization chart if it is found necessary for clarity.

C. Departmental managers will be interviewed by one or more of the consultants so that the latter may gain a factual picture of the departmental activities and organizational relationships. This information will be used to develop an effective organizational structure. The organizational structure will be defined by organization charts and descriptions of the functions and responsibilities of each position.

D. The visits of the consultants will be largely fact gathering and will require approximately one day per week in the Tulsa offices of the company.

E. Mr. M. will act as liaison between the company and the consultants. When possible, appointments with company personnel will be made previously.

was generated and a number of concrete plans produced. The Coordinator of Management Methods, with key executives, then studied and analyzed the suggestions. This organization is one which has a background of thought on organization planning which, of course, greatly facilitates the method of obtaining information.¹

A second method is one which the author used with the oil company described in Case 3, Chapter I. It is a plan to obtain the initial information by asking the principal executives and managers to complete a set of information forms. The actual distribution of the forms must be preceded by an informatory meeting with those who are to complete them. At this meeting, the top executive should outline the objectives and the general conduct of the study. He thus indicates his approval of the project and his personal backing of the consultant. The consultant then explains in detail the information desired in the forms.

To describe his own job seems to be one of the most difficult things for an executive to do. He either floods the inquirer with a mass of detail or he is completely at a loss and finally states that his job "can't be described." To ease this situation, somewhat, three forms were used in this particular study. The first form to be completed by the organization member is a Departmental Organization Sheet, Figure 1, page 17. This form asks the management member to indicate the position title and the name of everyone who reports directly to him. He then writes in briefly the principle duties of each.

The second form to be completed is the Cooperative-Relationship

¹Charles W. L. Foreman, Inventory, Planning, and Development of the Management Organization, A. M. A. Personnel (January, 1951) p. 268.

Department _____

Date _____

Departmental Organization
Sheet

Indicate Position, Title and Name of Position Holder of everyone who reports directly to you.

Name	Position Title	Principle Duties

Fig. 1

Cooperative - Relationship Description
Sheet

Name _____ Position _____ Department _____ Date _____

Describe what relationships you have with persons and departments other than those you supervise or to whom you report in discharge of the duties of your position with British-American.

Name	Position	Department	Activities Requiring These Relationships
Fig. 2			

Description Sheet, Figure 2, page 18. In this form the management member is asked to describe his relationships with persons and departments other than those he supervises (or to whom he reports) in discharge of his duties with the company. Columns are provided for the name, position, department (or company), and the activities requiring the relationships.

Then the management member fills out the third form, the Position Description Sheet, Figure 3, page 20. Columns and spaces are provided for the person to state from whom he receives his direction and authority, his functions, responsibilities and duties, and the scope of authority or degree of responsibility possessed in order to perform these duties.

In short, the Departmental Organization Sheet elicits who reports to the executive, and their duties; and the Cooperative-Relationship Description Sheet describes all the business contacts (other than those described in the Departmental Organization Sheet). With the information he has recorded in the first two forms it is comparatively easy to summarize them into a description of his own job on the Position Description Sheet.

When the forms were distributed, written examples were also given to each person. Enough blanks should be given out to make it possible for the individual to keep a copy of the completed forms which he submits. The members of management are then given a period of a week or ten days to complete the forms and return them to the company liaison man. As the consultant receives them, he studies the descriptions and takes note of any items which are not clear to him. Then he makes an appointment with the individual to discuss the description he has submitted. These discussions are preferably informal. The duties and responsibilities, as recorded by the individual, are considered and any points, not clear to

Position Description
Sheet

Name _____ Position _____ Department _____ Date _____

Receives Direction and authority from _____,
(Name) (Title)

Functions, Responsibilities, Duties

Scope of Authority or Degree of Responsibility

Fig. 3

the consultant, are discussed thoroughly. Similar interviews are made with everyone who comes within the scope of the study.

A third method was used with the steel fabricating company in Case 2, Chapter II. Here the problem was to obtain information from everyone in the office except stenographic and clerical workers. The group to be interviewed numbered about 26 people. There had never been a study of this type made in this company, nor had there ever been much, if any, interviewing of the employees by anyone in (or outside) the organization. For this reason, it was believed that no form-completing procedure would give satisfactory results and that a plan of interviewing the employees would be the best in this particular case.

The consultant (the author) was given a private office in the main building of the plant and was supposed to conduct interviews here. The vice president was asked to notify the personnel of the plan of study and its objectives. An assembly of the personnel was at first planned, but cancelled when it was learned that this would probably be alarming to the personnel. There had not been a group meeting of this type at any time since the death of the founder (some 12 years past). It was decided, then, that it would be best for the vice president to write a letter to each member to introduce the consultant and to explain the plan of study and its objectives. The vice president was furnished such a letter (similar to Exhibit A, page 13).

Each person was allowed to spend as much time as he desired with the consultant. The object was to obtain virtually the same information as the forms (Figures 1, 2, and 3,) furnished. The interview was usually a "semi-nondirectional" type and took place on the job, in the consultant's office and/or near the coffee machine. In addition to the information

necessary to complete the aforementioned forms, the person being interviewed was asked what he considered were the weak points and the strong points of the existing organization and his opinion as to how it should be changed. After a certain level of rapport had been established with the individual few probing questions had to be asked. In the company's history seldom had the employees' advice ever been requested. As a result, as soon as they became accustomed to the idea of being listened to, they were quite willing to voice their opinions. From the outset each employee was assured that the opinions he expressed would be held strictly in confidence (unless he wished it otherwise).

A minimum of notes were taken during the interview as this action seems to have the effect of making the employee over cautious of his statements. As soon as the interview was completed, the consultant recorded all the information possible about the interview. Then, as soon as convenient, he filled out forms similar to Figures 1, 2, and 3. At times while interviewing others in the organization, additional information would come up about jobs already described. This information was noted and verified later.

Summary of Methods for Obtaining Basic Information:

For achievement of a goal, the objective of any activity must always be kept in mind. The objective of the procedures just described was to obtain information about the duties, responsibilities, authority, and relationships of each position within the scope of the study. There can be any number of variations in the specific method used to obtain this information. For instance, technique of interviewing is a subject conducive to much study and thought, but cannot be discussed in this thesis except as it might enter into the descriptions of some of the case ex-

amples. The principle objective, then, is an accurate concept of the real manner in which the organization operates. Each company studied has a character and environment all its own and, as a result, the method of conducting the study must be designed for the specific conditions existent in the organization.

The Analysis of Information

Information is of very little value unless it can be used. One of the objectives of the preceding section was to systematically record the information obtained so that analysis would be facilitated. Analysis is a mental tool which is used to obtain a systematic successful solution to problems. It is the tool with which an idea or thought process is taken to pieces, the elements are identified and defined, and then are examined separately. At this point the sequence of investigation is as follows: (1) an organization chart depicting the organizational relationships as they actually exist is constructed: (2) the functions of the company are defined; (3) the "ideal" organizational structure is constructed; and then (4) this ideal structure is modified in terms of the people in the company.

By studying the description of the current positions, and other notes made during the information gathering phase, a chart can be constructed to reflect the relationships which have been discovered. This chart will serve as a magnifying glass to emphasize the existing grouping of functions and the lines of communication. Figure 4, page 24, is an example of this chart of actual relationships (charted as a result of the investigations described in Case 2, page 5.) In some instances, there will be a need for two charts, one to depict the manner in which the employees say it operates and one depicting the manner in which it

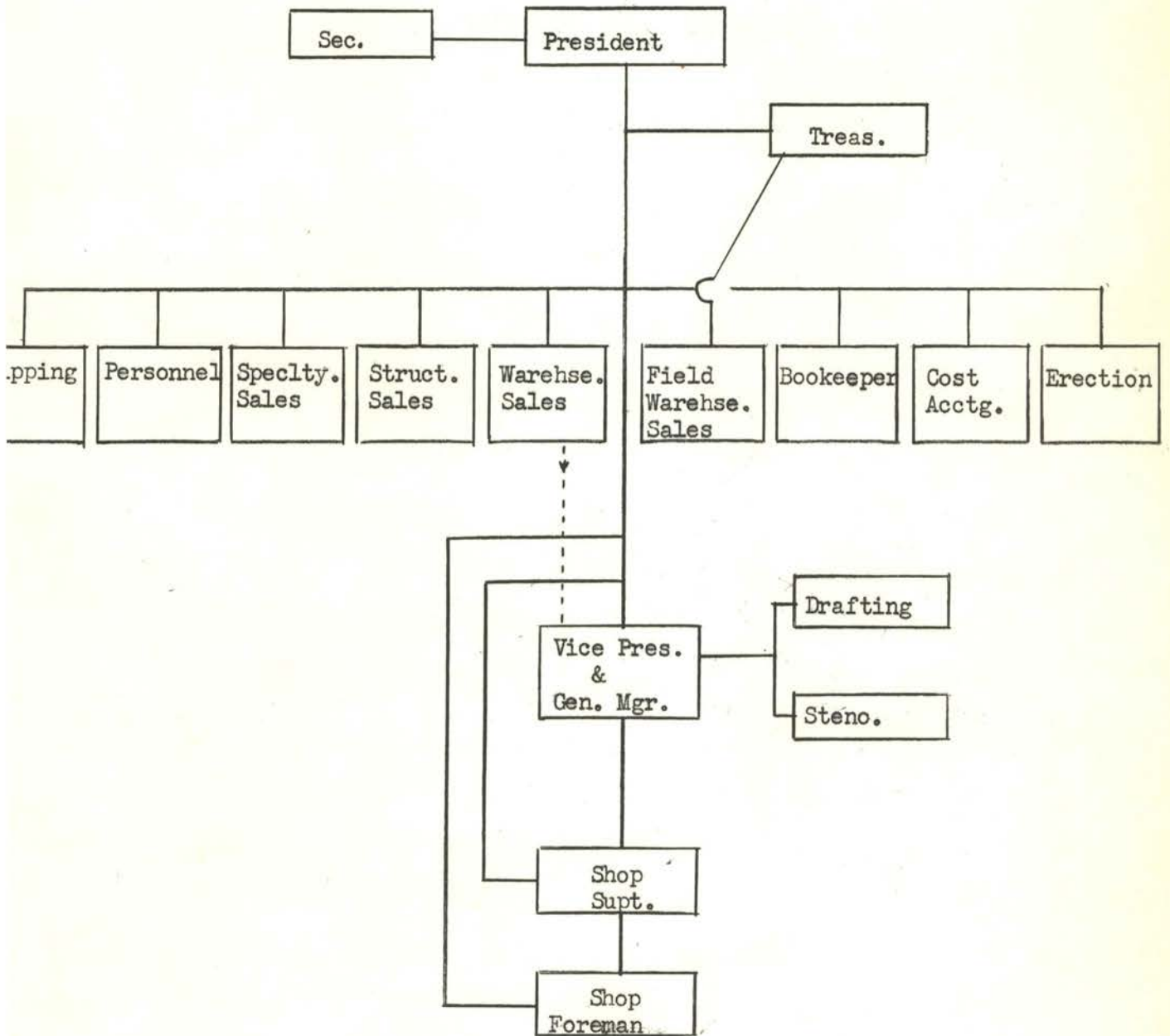


Chart of Actual Relationships

Fig. 4

actually operates. In Case 4, it was advisable to make four charts, (1) the organization as the general manager visualized it; (2) the organization as the Chief Engineer thought it operated, (3) the organization as it actually operated, and (4) the proposed organization chart. The municipality study required a chart of the manner in which the City charter indicated that the city functions should operate and a second chart showing how it actually operated. The charts of the organization as it actually operates may be a good device to furnish information to the top executives. Nevertheless, these charts are constructed for the primary purpose of making it possible for the analyst to visualize the company as a whole, and thus to facilitate the analysis of the information obtained.

The objectives and major functions of the company should be clearly defined and put in writing. The question, "What are we trying to do?" must be posed continually. There is a reluctance to put so-called "self-evident" items of this type in writing. In most cases, until a thing is written down, it has not been completely thought out.

During the work of making the organization chart of the existing conditions and the consequent definition of company functions and objectives that the analyst will discover items, here and there, that require additional investigation. The analyst then obtains this additional information, records it, and pictures it in the charts which have, by this time, been drawn. The complete information concerning the company's operations and relationships is now in such a condition that it can be studied and an analysis made.

It is now that it is most important for the individual to be of an inquisitive nature, open minded, and have a sound knowledge and under-

standing of the theory of organization. To expound on, or review, theories of organization is outside the scope and objectives of this thesis, but to make a real contribution to the company's success the analyst should have studied the writings of such men as Frederick W. Taylor, Henri Fayol, Chester I. Barnard, Lyndall Urwick. From the thoughts of these men he can acquire a basic philosophy of organization resulting in sound theory, and successful application.

The importance of having a sound knowledge of the theory of organization cannot be overemphasized. "Practice" will tell one what to do in a situation which is exactly the same as that experienced, but the situation is never the same. "Practice is static. It does and does well what it knows. It has, however, no principle for dealing with what it does not know."² Theory can adapt itself to changed circumstances, think out fresh combinations and possibilities, and look into the future. The organization studies described in this thesis have to do with four entirely different types of enterprises. Yet, a basic knowledge of theory provides the means to develop creditable solutions. In questioning the executives of the various enterprises it was found that few, if any, had done any real thinking about the functioning of the organization. To ask an executive the question, "What are the objectives of your department?" was usually embarrassing. It was also found that a clear conception of the meaning of the expressions line functions and staff functions, was the exception rather than the rule.

The reports which were made to the executives of each of the four enterprises contained a short discussion of the subject of the value of

²Lyndall Urwick, The Theory of Organization (New York, New York: American Management Association, 1952) p. 10.

a study of the organization structure. For instance, it was explained that the line departments were those which directly carried out the objectives of the company. In the case of the oil company the Exploration Department, the Production Department, and Pipeline Department were the line departments. In other words, the objectives of the company were to find oil, remove it from the ground, and to transport it to the buyer. The staff departments were the Treasury and Accounting Department, the Legal Department, the Industrial Relations Department, the Purchasing Department, and the Production Research Department. These departments are staff because they assist the line departments in achieving the objectives of the company.

The information obtained and the analysis performed now make it possible for the analyst to design the "ideal" organization. To make this design a number of criteria must be kept in mind:

1. Efficiency. The organization must meet the requirement of fulfilling the individual objectives of those who are connected with the enterprise.
2. Effectiveness. Are the objectives of the enterprise, itself, realized and how well does it meet the test of supplying goods and services.
3. Specialization. Define the nature of the work, the objectives, similar and dissimilar functions, and auxiliary functions.
4. Authority and Responsibility. What are the positions necessary to achieve the objectives and what authority and assignment of responsibility is necessary?
5. Communication. What are the best channels of contact to expedite the work?

6. Flexibility. Can the organization react to new situations without a major regrouping of its forces?
7. Perpetuation. The plan of organization should provide a series of positions of increasing scope of responsibility and authority so related to each other that at all times there are replacements in training for each higher position.

With the above criteria in mind, the ideal organizational structure is designed and the principal functions and responsibilities tentatively placed. It will be found that there are a small number of varied duties yet unassigned. The assignment of these duties may seem to have as much justification under one head as another. At this time, the personalities concerned (and past practices) are considered with the objective of matching these duties with capabilities and desires. At times, it seems, that ready acceptance or rejection of the organization plan hinges on the successful assignment of these items. The reason, of course, being closely associated with the personal status and the resistance to change.

This chapter has been primarily concerned with: (1) the different methods of obtaining information about the organization: (2) the analysis of this information with the resulting definition of objectives and functions and the personal and positional relationships; and (3) the design of an ideal organizational structure. The next step is the writing of the position descriptions as indicated by the ideal organizational structure and modified in terms of people in the organization.

Chapter III

The Organizational Guide

The man who is best able to accomplish his job thoroughly and successfully and the one who gains the most inward satisfaction is the man who has a clear understanding and knowledge of the requirements, the limitations, and the relationships of that job and its relative position in the whole organization of which it is a part. The position description, then, is the written map of the area in which the incumbent can operate to achieve the objective of his function.

The Position Description

Tentative position descriptions of each job within the scope of the study must be carefully written. This is a difficult and tedious job. It has been found that an experienced person can write only two or three finished descriptions per day. Consistency in wordage and form is a necessity for clarity and acceptance. Otherwise, comparing positions will be difficult and there may be bickering among the incumbents as to differences in terminology. Listed below are the recommended principle headings which compose the line position descriptions:

Function: a statement of the general function, stating briefly its basic objective, to whom the incumbent reports, positions directed, and the number of people reporting directly and indirectly to him.

Responsibilities and Authority: a statement of the major responsibilities and authority necessary for the achievement of the objectives.

Activities: the actions he takes in the performance of the job.

Organization: the responsibilities and authority in relation to the departmental or section organization.

Personnel: the responsibilities and authority in relation to personnel of the department.

Finances: the responsibilities and authority in relation to money matters.

Relationships: the relationships necessary to maintain in order to achieve the job objective.

These positions are then taken to the incumbent of the particular position and discussed thoroughly with him. Usually there will be comparatively few major changes in positions. When this is the case, the discussion with the incumbent is an easy matter. It consists of checking to see if all aspects of the job were included. The wordage of the position description writer may not be to the liking of the man on the job. Where no harm to the general study is indicated, then it is usually advisable for the analyst to compromise on the words.

It may be that the analyst thinks that the duties should be changed considerably. In a case of this kind the company liaison man can be of great value. Knowing the individuals who now perform the duties being changed he can advise the analyst as to the best procedure to take. The situation and the personalities will indicate the best course to take here. Another factor bearing on the actions at this time is the attitude of the top executive. If he says to the consultant or analyst, "I want your opinion of how my company's organizational structure should look and then my top executives are going to study it and make up their minds," then, to go to an incumbent who may be disgruntled as a result

of the analyst's recommendations prematurely excites the employee over something that may not come about. If the top executive states that he wants a "good organizational structure implemented," then it becomes more necessary for the analyst to talk about the possible alternative arrangements with all concerned.

The acceptable changes in position descriptions (resulting from the previously mentioned investigation) are integrated into the descriptions which will form the basis for an organization guide. Exhibit B, page 32, is a typical line position description. In writing these descriptions the opening statement outlining the responsibilities and authority should be consistent in wordage and general content throughout all the departments. All statements under the various headings begin with a verb and are written in the present tense, third person singular, for ease of understanding and for uniformity as to degree of action indicated. Sentences, in general, do not have to be complete (from a sentence structure standpoint) as long as there is good understanding. All line positions should consistently be described according to the outline given on page 29.

Position descriptions of the service (or staff) functions and non-supervisory jobs vary slightly from the line position description. This variation consists of omitting the sub-headings of Activities, Organization, Personnel, and Finances; and using only the headings, Function, Responsibilities and Authority, and Relationships. Exhibit C, page 35, is a description of a salesman's job and is quite typical of the non-supervisory type job.

Some system of studying technical or operating problems which involve functions of more than one department must be planned. At the

Production Division

VICE PRESIDENT AND SUPERINTENDENT OF PRODUCTION

FUNCTION

Under the direction of the President, the Vice President and Superintendent of Production, as a line member of management, is charged with conducting the manufacturing, fabricating, engineering, purchasing, shipping, and erection activities of the company. Supervises the Shop Superintendent, the Chief Engineer, the Purchasing Agent, the Erection Foreman, and the Shipping and Receiving Foreman.

RESPONSIBILITIES AND AUTHORITY

Within the limits of company policies and control procedures, the Vice President and Superintendent of Production, is responsible for, and has commensurate authority to accomplish the duties and activities listed below. He may delegate to members of his division appropriate portions of his responsibilities together with proportionate authority, but he may not delegate or relinquish his over-all responsibility for results nor any portion of his accountability.

Activities

1. Formulates, or receives and recommends for approval, policies on general production and fabrication.
2. Directs, plans, and coordinates production procedures and activities.
3. Determines, with Sales Department, the customer requirements on projects and designs, schedules, and plans accordingly.
4. Studies operating costs and takes appropriate action to obtain economical operations.
5. Recommends new equipment, services, alterations, or controls to increase production and/or reduce costs.
6. Formulates all contracts and letters of agreement in cooperation with the Sales Coordinator.
7. Keeps abreast of developments and current practices by study, contact with other companies, and by attending conferences, conventions, and technical meetings.

Exhibit B

8. Formulates and administers plans for training personnel.
9. Represents the company in the absence of the President.
10. Aids in negotiation of union contract.

Organization of the Production Division

1. Formulates plans for changes in basic structure, organization, and complement of the Production Division. Implements these plans upon general approval of President.
2. Directs the Shop Superintendent and, through him, the Shop Foremen and Shop Personnel.
3. Directs the Chief Engineer in the contract writing, the estimating and/or designing of projects, the drafting, the requisitioning of materials, and the making of templates.
4. Directs the Purchasing Agent in the purchasing of materials, study of freight problems, and the inventory control.
5. Directs the Erection Superintendent in the erection of steel where customer agreement stipulates this function or in construction and maintenance of company properties.
6. Supervises the Shipping and Receiving Foreman in the checking, shipping, and receiving of materials and finished projects.
7. Coordinates the functions of the five departmental heads reporting to him.

Personnel of the Production Division

1. Hires personnel for, or appoints employees to, positions other than in management, within limits of the basic organization.
2. Approves, within limits of company policy, all salary changes, vacations, and personal leaves, except his own.
3. Responsible for the effective utilization, development, and evaluation of personnel within his division.

Finances of the Production Division

1. Recommends extraordinary or capital expenditure programs and appropriations.
2. Approves all expense statements of division except his own.
3. Approves and authorizes expenditures within company policy.

RELATIONSHIPS

1. Keeps the President advised on activities of the division, particularly on operations not conforming to schedule or of an unusual nature.
2. Consults and cooperates with the Treasurer and Controller Department, the Sales Department, and the Personnel Department on problems of mutual concern.
3. Conducts such relationships with other companies and agencies so as to perform function.

(Vice President and Superintendent of Production)

Sales Department

SALESMAN

FUNCTION

Under the direction of the Sales Coordinator, the Salesman, as a line member of management, conducts sales activities in his specialized field.

RESPONSIBILITIES AND AUTHORITY

Within the limits of company policies and control procedures, and Sales Department policies and control procedures, the Salesman is responsible for, and has commensurate authority to accomplish the duties and activities listed below.

1. Formulates and recommends policies and procedures on sales and advertising activities.
2. Makes customer contacts, sells service and product, and represents the company to the customer.
3. Makes rough estimates (when necessary) for customer on cost of product or project, submits prints or adequate description to the Chief Engineer (through the Sales Coordinator and Vice President and Superintendent of Production) for making firm estimate.
4. Makes estimates (to customer) of cost on standard material or construction.
5. Reports to the customer the progress of fabrication of his project.
6. Aids the Sales Coordinator, Chief Engineer, and Estimator and Designer in the formulation of necessary contracts, letters of agreement, or estimating problems.
7. Furnishes reports to the Sales Coordinator on the progress or results of sales prospects assigned to him by the Sales Coordinator.
8. Reports to the Sales Coordinator all definite prospects of sales which may come directly to the Salesman, giving sufficient data to be a basis for any management decisions necessary.

Exhibit C

9. Writes orders when no engineering or estimating is required, unless salesman is in the field, in which case, he sends sufficient data that designated salesmen in the office can write the order.
10. Travels, attends conventions and conferences as may be necessary to perform function.

RELATIONSHIPS

1. Accountable to the Sales Coordinator (except Warehouse Salesmen who are accountable to the Head Warehouse Salesman) for performance of function and informs him of all important matters.
2. Consults and cooperates with the Chief Engineer, the Estimator and Designer, and the Purchasing Agent in the interpretation of the customer's needs and desires.
3. Consults and cooperates with the Shop Superintendent in the interpretation of the customer's needs and desires.
4. Makes such contacts with organizations and personnel outside the company as may be necessary to perform his function (in so far as these activities are in agreement with the policies of the company).
5. Consults and cooperates with other departmental supervisors or executives when mutual problems indicate a need.

(Salesman)

same time there is a need for a system of representation, discussion, and recommendation on problems which effect company-wide conditions or policies.

As in the position descriptions an examination is made of the existing method of accomplishing these inter-departmental and/or company-wide situations. This examination of the existing groups or committees is made in terms of its advantages as a group decision-making body, and with a view to the desirability of amalgamating it with another committee, or of abolishing it in order to assign its functions to individuals.

Needs for group action, in addition to those which are answered by existing committees, are investigated. Then the recommended committees are outlined in a committee description similar to the position descriptions. An illustration of the form for a committee description is shown in Exhibit D, page 38. Included in this description is the function, the responsibilities and authority, the activities, the membership and organization, and the frequency of meeting.

The Organization Chart

Decisions have now been reached as to the recommended division of functions as reflected by the position descriptions. An organization chart is then drawn to provide a birds-eye view of the general structure of work and work relationships within the company. The chart is primarily a technique of presentation of the formal relationships.

A great deal of care must be taken in the manner in which the chart is drawn. Individuals who see these charts tend to attach significance to the smallest change in design, particularly with reference to their own position. Even a variation in the width of a line takes on importance at times. Prompt thorough explanation of the position descriptions

MANAGEMENT COUNCIL

FUNCTION

Under the chairmanship of the President, the Management Council furnishes a medium for exchanging information between the various departments and for disseminating information to the management group.

RESPONSIBILITIES AND AUTHORITY

Within the limits as established by the President, the Management Council provides a location and atmosphere for the communication of information concerning the activities of the company.

Activities

1. The Council discusses and analyzes (when appropriate) the various activities of the organization.
2. Provides a means by which each member of the group describes his current work problems, suggestions, new innovations or ideas, plans for future projects, new customers, new projects, new materials, and new employees.
3. Each member should make an effort to contribute to the discussion.

Organization of the Council

1. The Management Council is composed of the President, Vice President and Superintendent of Production, Sales Coordinator, Personnel Manager, Treasurer and Controller, Chief Draftsman, Purchasing Agent, Shop Superintendent, Shipping and Receiving Foreman, Erection Superintendent, and the salesmen.
2. The President is the Chairman of the Council and, in his absence, the Vice President and Superintendent of Production serves as chairman.
3. The Council meets once each month on a regularly scheduled evening, hour, and day.

and the meaning of the charts will aid in avoiding many misunderstandings. Some of the problems encountered on this subject during the studies previously mentioned will be discussed in the next chapter.

The Organizational Guide

The information recorded in the position descriptions, the committee designations and descriptions, and the organization charts are placed in the useable form of a manual. This manual, or organizational guide, is tangible evidence of the thought and work connected with making an organization study.

The exact composition of the guide may vary as to the desires and requirements of the specific company. It should be designed to facilitate the finding of any desired section. Not only should an index be provided, but tab indexes to indicate the major sections of the organization should be made. Organization charts should be placed at least at the beginning of each major section. The author usually puts the chart with each section and uses some means of indicating the area covered by the adjoining description. This is illustrated by Figure 5, page 40. The graphic representation coupled with the written description provides a better means for complete understanding.

In addition to the organization chart, itself, it is useful to provide a functional chart listing the major positions and the principle functions assigned them. This functional chart is illustrated by Figure 6, page 41.

Loose-leaf notebooks are the best containers for the guides. As the positions are re-studied and changed it will be a simple matter to delete the old description and replace it with a new one. It is important that the manual be attractive, dignified, and neat in appearance.

British-Amer.
Oil Co., Ltd.

Exploration Dept.

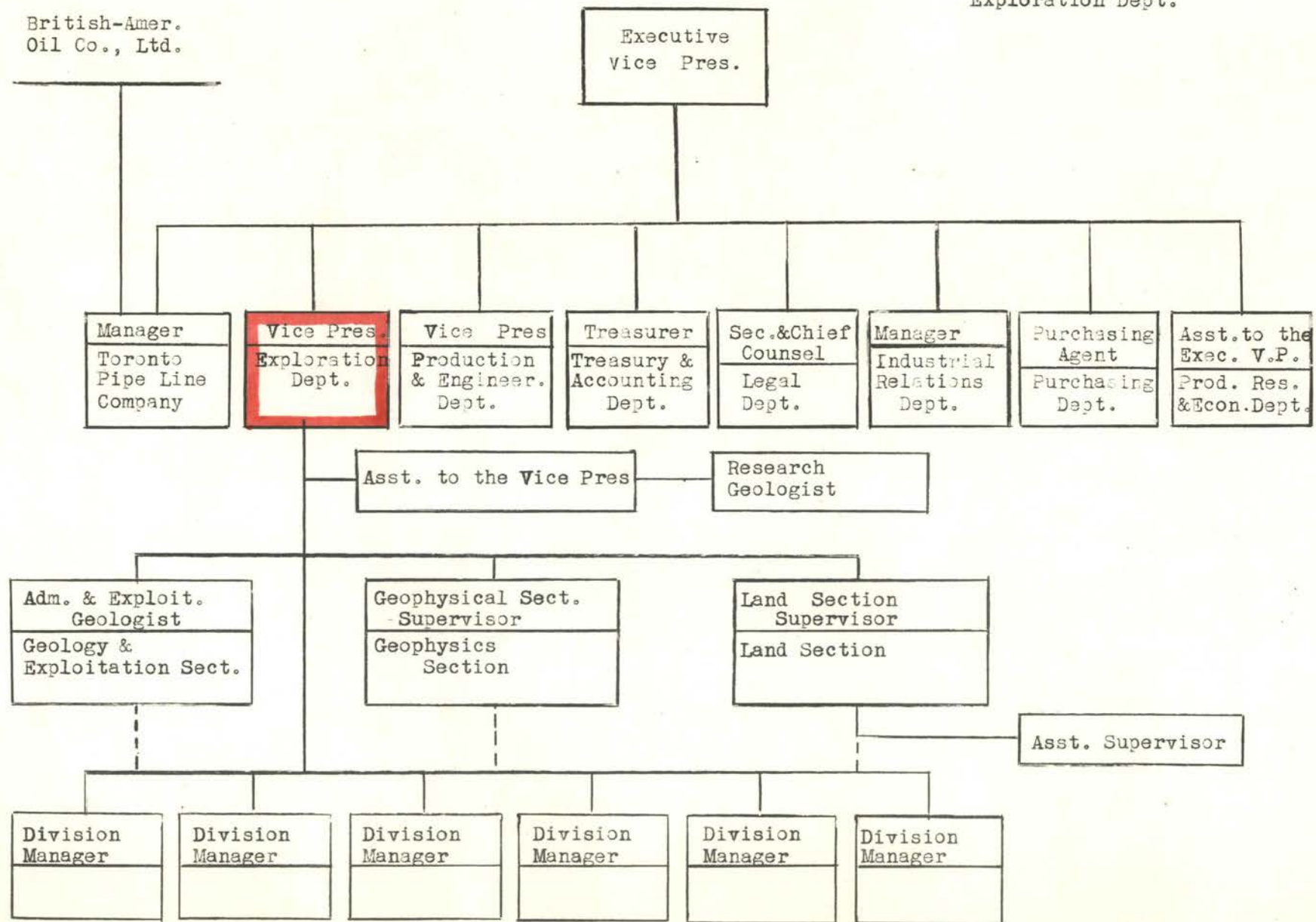


Fig. 5

FUNCTIONAL CHART OF THE ██████████ STEEL COMPANY

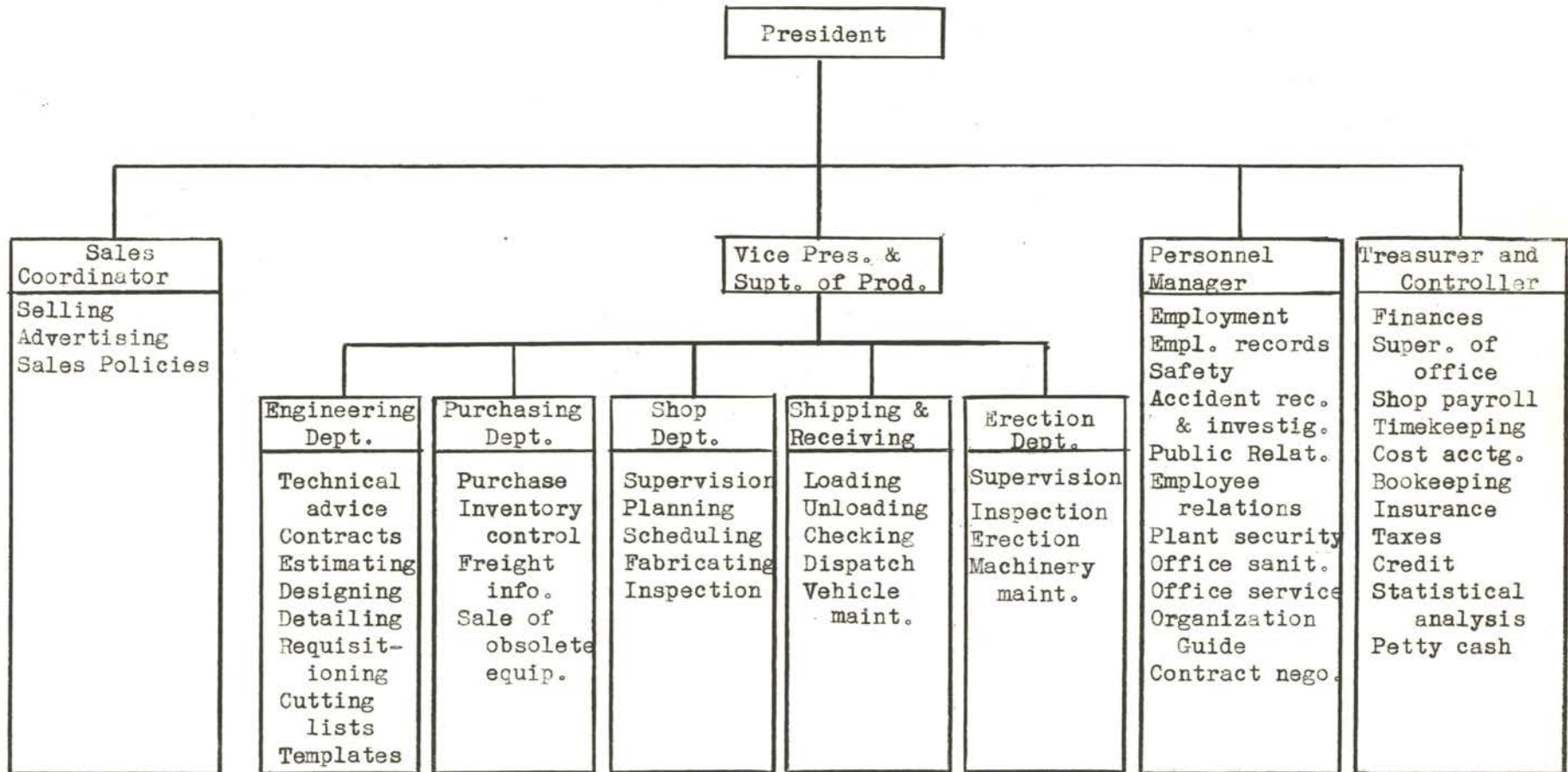


FIG. 6

The paper used in the manual should be of heavy bond paper, possibly 20 #. Often the pages are not numbered, but well tabbed separator sheets are used for ease of locating particular descriptions. Not numbering the pages reduces confusion resulting from adding or deleting descriptions.

A few of the mechanics of reproduction and assembly of the manual have been discussed, although, no fixed rule as to appearances can be firmly advocated. From this short discussion it is considered most important to proceed to review the real value of an organizational guide.

As has been explained, it is a series of delineations of the functions, responsibilities, authorities, and principal relationships of a particular position in a business enterprise.

Members of management of a corporation formally derive their powers and duties from statutes, the articles of incorporation, the by-laws, and the resolutions of the Board of Directors. These do not set forth the duties and powers of members of management in detail and, of course, are not designed to serve this purpose. The organizational guide provides a means by which usage, corporate practice, tradition, and other requirements are formally set forth. The organizational guide is, therefore, supplementary to the by-laws, governmental laws, basic policies, or other formal sources of powers and duties. Each member of management is provided with a permanent source of clear understanding of his position in the organization, and with instruction and guidance in the objectives and cooperative relationships for which he is responsible. The guide serves to augment the general organization plan as embodied in organization or functional charts by recording for reference and use the func-

tions or objectives of each management position, the breakdown of each function into its component parts (duties), and the important relationships involved in the accomplishment of the function. It serves the further purposes of indicating overlapping responsibilities so that the situation may be altered or clarified as necessary and of highlighting matters requiring special attention and coordination.

As a tool of management the organizational guide has important uses. If a member of management is to any degree unsure of obligation or authority, reference to the guide will ordinarily afford the answer. Similarly, the question of what channels to use in obtaining approval of proposals or decisions on important matters can be determined with relative ease by consulting the guide. Conflicts between individuals over jurisdiction are readily resolved by reference to the organization guide. The guide serves as an open, official record of the entire scope of the responsibilities and authority of management positions.

The progressive member of management should review those sections of the organizational guide pertaining to his position, and thus gain a broader knowledge and increased understanding of his attendant obligations in the hierarchy of the enterprise.

An additional useful application of the guide is to provide, for the immediate supervisor, an objective or "ideal" against which can be measured the performance and progress of the subordinate employee; this reveals those segments of the position in which performance may be inadequate and provides a means of evaluating the individual, his potential, and his further training. In much the same manner, the guide assists in the selection of candidates for a vacant position, wherein individual capabilities and potentialities may be compared with the re-

quirements of the position.

Real use of the organizational guide will lead to better understanding of the objectives of management, the duties for which each member is responsible, the means by which the objectives may be realized, and the channels or relationships through which the functions of management may be fulfilled.

Presentation to Management and the Installation

Depending upon the manner in which the study has been conducted the presentation of the results of the organization study may necessitate careful strategy or it may require none at all. The attitude of the personnel during the study, the number of changes recommended, and the magnitude of the recommended changes will determine the manner in which the results are presented.

It will be remembered that the original information came from those within the scope of the study. Their suggestions for changes and comments on the general organizational picture were solicited. The information was re-written in the standard form of the position descriptions and, again, the information (as re-written) was discussed with each person whose position was studied. Any possible changes or rearrangements which occurred to the consultant, or the interviewee, were discussed. Then further recommended changes were reflected in the position descriptions and a functional chart and an organizational chart were drawn to reflect, graphically, the information contained in the position descriptions.

With this indicated constant contact with the company personnel it can be seen that most of the information has already been communicated. Regardless of how well the information has been disseminated it is es-

essential to assemble the top executives for a summary of the work accomplished and an explanation of the organizational guide. It is then the responsibility of these executives to decide how the information should be presented to their departments. In addition, the making of any changes recommended by the study (and agreed upon by this group) should be considered. The question of the personnel involved, and the urgency of the need for change are both important factors in these considerations.

The plan with the oil company was to generally follow the one just described. After the explanation to top management the organization guides were taken (by the department heads) to each of the departments and discussed among the immediate subordinates of each major department head. The liaison man then consolidated the resulting suggestions and gave them to the consultant. Most of the suggestions were questions of word usage and were not difficult to integrate into the descriptions. In some instances conditions may have changed and some major items must be considered. In this case, a decision must be made as to what should be the course taken in respect to the balance of the organization. If the major item to be considered is limited to the arrangement within one administrative unit (department, for instance) it may be possible to activate the proposals in the balance of the company while further considering the problem unit. Due consideration must be given to the many inter-relationships in an organization and therefore the entire picture should be studied carefully before deciding to follow this plan. The other alternative, of course, is to withhold the entire new organizational plan until agreement is reached on all the problems. The decision as to the course to follow should be made by the top executive group. A brief understandable summary of the reasons for the organiza-

tion study and the uses for the manual should be written as part of the presentation and educational plan. Such a summary was placed in the organizational guides as an introduction and seemed quite effective.

It is possible that it may be considered not feasible or advisable to actually make the recommended changes in the organization at the time of completion of the study. Such was definitely the situation in the case of the steel fabricating company. Some of the reasons were: the present method of operation was too engrained in company history; there were too many major changes to be made; and the president was not thoroughly convinced that he wanted to apply the recommendations anyway. The presentation of the results of the study then was made to the five top executive - owners of the business. The organizational guide, in this case, was (for the present) to serve as a guide in employing new people and for long range planning.

Another method of presentation and installation of a program of this type is that which is sometimes called the "earthquake" method. The explanation of the proposed organization is made one day and it is ordered into effect as of starting time the next day. This, of course, reflects a lack of understanding of human behavior and the objectives of such a study. Needless to say, desired results are seldom obtained by using this policy.

Generally speaking, the presentation and education process must be designed and planned so as to reach everyone who may be directly affected by any of the recommended changes. For an extreme instance, should the study result in the proposed movement of any company units away from the community, the residents of the community should be given the information in an understandable form. If there are changes to be made timing

may be very important. The general economic and social climate should be examined before deciding upon a date and method of presentation and application. Times of stress may either aid or hinder the success of the program. If the organization has had a difficult operating history, a change in organizational structure may be a beneficial psychological factor. In another situation, it may be that the company had undergone a similar organization change so recently that the feeling of insecurity would be heightened rather than reduced. The possible number of combinations of situations affecting the timing of the installation of a new study are too numerous to list, but the importance of considering the economic and social situation before action is taken must be kept in mind.

Maintenance of Program

No organization plan can continue to be the best plan as long as there are personnel changes and product development. Yet, a company, to continually restudy its organization and make major changes, would risk too much in the consequent general feeling of insecurity. A case in illustration is that of an oil refinery which had two organization studies within an 18 month period. The recommendations of each of the studies resulted in a number of major changes in the organizational structure. These major changes dictated the dismissal of some personnel and definite changes in the duties of others. The feeling among the personnel was typified by the constant question, "When is the next reorganization?" Several of the top executive personnel resigned and others were looking for job opportunities. The first reorganization was rather welcomed by all personnel as there was the feeling that the organization had stagnated and really needed the change. It seemed

that the employees were afraid of it, yet knew that a study should be made. The second study served largely to increase the sense of insecurity.

Any plan should have an element of flexibility in it in order to cope with emergencies and to allow for some differences in personnel and product design. Someone must be responsible for insuring the continuity of this flexibility and to see that the organization guides are kept current. It is necessary to obtain agreement as to the placement of the responsibility of maintaining the organization guide. The activity of maintaining the organizational guide consists of reviewing periodically the position descriptions. This is a check to determine whether or not the description sufficiently describes the manner in which the job is currently being performed. This study may result in the discovery that there are some duties for which no one feels responsible. A situation such as this can easily occur when a new person is assigned a position and he never quite assumes all the responsibilities of his predecessor or assumes other responsibilities, but not the same ones. Decision must then be made as to what course to follow, i. e., write a description to agree with the manner in which it is now being performed or point out the deviations and adjust the incumbent to the responsibilities included in the old description. Maintaining the program also consists of the education of newly employed personnel, as well as others, in relation to the organization and the use and interpretation of the organizational guide.

Normally the responsibility for maintaining the organizational guide is placed in the industrial relations department of companies large enough to have such a section. In those firms not having an industrial

relations functional division the responsibility may be placed in the department most likely to have an interest in it and who, in the natural course of events, would be most able to perform it.

It is common practice for all manuals to be called into a central office so that they may be checked. At this time obsolete descriptions are removed and new ones inserted. It is also quite common to ask for certain sections of the manual to be sent in for inspection. Then, of course, there is the plan by which new sheets are mailed, with a note asking the individual to delete and/or add the material in question.

Definite plans, then, should be designed whereby the organizational guides are kept current, descriptions are reviewed periodically, and the management is kept aware of the importance of good organization practice.

Chapter IV

Description of Studies Made

This chapter is devoted to the narration of the manner in which specific organizations were studied, the experiences encountered, and some observations concerning the conduct of this type investigation.

Steel Fabricating Company

This steel fabricating company is the one referred to in Chapter I as "Case 2". It is the typical successful "one-man company". The president has two sons and a brother in the business. In addition, the brother has one son in the company. As was indicated in the description in Chapter I, it was at the request of the vice-president (brother of the president) that the author made the study. The company employed about 30 office personnel and about 125 in the shop. Its gross income amounted to about three and one-half million dollars per year.

Discussion of the method of obtaining information can be found on page 21, Chapter II. It was decided that every person in a supervisory capacity, the office services, and sales would be interviewed. Little knowledge concerning organization could be obtained from many of these people but it was felt that they would like to be asked. As it developed, this procedure would have been worthwhile to the company even if no proposed organization was designed. For a majority of the people it was the first time that their opinion concerning the company or its practices had ever been asked. Each interviewee was told that he could, without prejudice, terminate the interview any time he wished. It was nearly always

the author who had to rise to indicate that the interview should be ended.

A good illustration of this was the interview of the general foreman. Everyone had warned the author that he was tough and sour, probably would not talk at all, and might even "throw me out". The foreman did lose his temper within the first five minutes and it appeared that the interview was over. The fact that he could walk out anytime he wished was repeated to him. The interview ended three hours later. He revealed himself to be one of the most loyal employees possible. He never, in his criticisms, became subjective, but remained constructively objective throughout. Unbeknownst to the management, or any other employee, he had been suffering from a serious stomach ulcer condition for about eight years. Why hadn't he told anyone? His answer was that nobody had asked him and nobody wanted to know. His analysis of the current organization of the company was probably the best of all interviewed.

It was found that an average of three interviews per day were about as many as could be accomplished. With people, such as these, who were not accustomed to this type of activity it was important to give the impression that there was no hurry at all. In addition, an air of informality had to be established or no information would be forthcoming.

This interviewing continued until all those listed had been interviewed. All the ideas and observations were summarized. An organization chart (Figure 4, page 24) was drawn to reflect how each individual thought of himself in relation to the rest of the organization. This chart, then, is how the company actually operated.

Two other like-sized companies performing identical work were visited and their organizations discussed with their management. The value of doing this is not so much in obtaining ideas, but rather to check ones'

TO:

As you may know, Mr. Wilson Bentley has completed his study of the organization of the Blank Steel Company. He has made a preliminary report and is now in the process of making up his final analysis and recommendations.

The report contains a number of ideas for improving the organization (many of which were suggested by the employees in their conversations with him). These ideas and recommendations will certainly be studied over a period of time. Rest assured that, should there be any changes in the organizational methods, interested employees will be consulted and all alternatives will be considered before any action taken.

Mr. Bentley reports that your cooperation was good for which I also want to express my appreciation to you. Attached is a letter he asked me to distribute for him.

(Signed)
Vice President

Letter to Company by Company Executive

Exhibit E

own thoughts.

At this time, the author composed a letter for the vice-president to sign and send to each person interviewed. A copy of this letter is shown as Exhibit E, page 52. The reason, of course, was to reassure the employees that a "storm was not brewing". At the same time a letter to the same personnel from the author was distributed. A copy of this letter is shown as Exhibit F, page 54. The reception of both these letters was very good.

A preliminary report was given to the five members of the owning family. Charts showing actual operation and ideal operation were presented as a part of the report. Descriptions of other plants were also included. Then a function by function description of the faults, virtues, and suggestions for correction of the faults were submitted. Suggestions were offered by several of the members along with some expression of disbelief from the president.

With these suggestions in mind the "ideal" organization was altered somewhat and the present personnel were mentally fitted into the positions. Then an organizational guide was composed with descriptions of the major positions. A formal report was written to accompany this guide. This report was accompanied by a transmittal letter outlining the recommendations (See Exhibit G, page 55). The report, itself, discussed in detail all aspects of the changes recommended (taking up the findings by department or function). As an additional part of this report suggestions were submitted as to the possible location (in the building) of the various functions.

Again the five members of the family were assembled in the president's office for an explanation and discussion of the report and the organizational guide. This discussion proved to be a difficult one to conduct as

TO:

I want to express my appreciation for the excellent cooperation given me during my study of the organization of the Blank Steel Company.

Many of your suggestions have been incorporated into my report. All recommendations were made with the objective in mind to benefit the individual and the company. I have confidence (and I think you also should) that these recommendations will be considered and the decisions will be deliberate and well thought-out.

My short acquaintance with the people of the Blank Steel Company has been most enjoyable. Thanks again for making it a pleasant assignment for me.

Sincerely yours,

Wilson J. Bentley

Letter to Company by Consultant

Exhibit F

Stillwater, Oklahoma
August 5, 1952

The [REDACTED] Steel Company
[REDACTED] Avenue
[REDACTED], Oklahoma

Gentlemen:

I am submitting herewith five Organization Guides containing organization charts and position descriptions for executive and managerial positions in the [REDACTED] Steel Company.

The objectives of this study of the organizational structure of the [REDACTED] Steel Company were to prepare an organizational chart, position descriptions, and to recommend changes in the organizational structure for greater efficiency. In the paragraphs below, the recommendations are summarized.

1. Creation of a different type sales organization with a head of the organization entitled, the Sales Coordinator.
2. Change in the type work performed by the salesmen in that more time is spent selling and very little (if any) time on design, estimating, or purchasing.
3. Creation of a Production Division under the management of the Vice President and Superintendent of Production.
4. Creation of specialized sections of the Shop with increased supervisory aid.
5. Creation of the position, Assistant to the Shop Superintendent, to aid the Shop Superintendent in record keeping, inspection, and other delegated activities.
6. Creation of an Engineering Department with a manager entitled, Chief Engineer.
7. Creation of a staff assistant to the Chief Engineer called the Estimator and Designer. All designing and major estimating would be performed as a function of the Engineering Department.
8. Division of the Drafting Section into specialized groups and the creation of a Template Group and leader, all under the direction of the Chief Draftsman.

Transmittal Letter to Steel Company

Exhibit G

9. Creation of a Purchasing Department under the Supervision of a Purchasing Agent who does all purchasing and inventory record keeping for the company.
10. Creation of a Shipping and Receiving Department under the supervision of the Shipping and Receiving Foreman.
11. Assignment of the Erection Department to the Vice President and Superintendent of Production.
12. Creation of a Treasurer and Controller Department in which all credit, money, and bookkeeping matters are centralized and controlled. The head of the department is the Treasurer and Controller.
13. Change in the duties and responsibilities of the Personnel Department.
14. Creation of the following committees for better coordination of the company's activities:
 - a. Management Council
 - b. Operating Committee

It is recommended that these organizational charts and position descriptions be maintained on a current basis at all times and that this be a responsibility of the Personnel Manager.

A detailed report follows this letter. It contains some comments on the recommended organizational structure of each department.

I wish to express my appreciation to each member of the executive staff for so courteously assisting me in gathering the necessary information.

Very truly yours,

Wilson J. Bentley

the majority of the shortcomings of the firm were attributable to the actions of the president. Communication within the company was one of the major shortcomings, but it was very difficult for the president to believe. The organization chart, Figure 4, page 24, was a great surprise to him. His ideas about the organizational relationships were very much different to those voiced by the individuals. There was little disagreement among the other four members of the group. No one had ever quite dared to tell them what was wrong with their company and the four men had never dared tell the president their ideas of the shortcomings. As the author explained the needs of the company from an organization standpoint, and its present shortcomings, he was readily supported by the four relatives of the president. Most of the employees felt that the owners were good and honest people, but that there was no provision made in the company for anyone but the owning-family to attain any important position. In other words, they thought that all jobs in the company were dead-end jobs. Some arrangement should be made whereby competent personnel can advance to responsible positions. Two avenues were provided in the plan; namely, the Sales Department and Sales-Coordinator, and the Engineering Department and Chief Engineer. Compare the chart, Figure 4, page 24 and the proposed chart, Figure 7, page 58 .

Another legitimate complaint was that of everyone being uninformed as to the present status of the company and the outlook for the future. One of the remedies for this condition was the recommendation of two committees for better coordination of the company's activities.

This session lasted about three hours and was followed by a two hour session with the vice-president. In this discussion the relative importance of the recommendations was considered. It was considered inadvis-

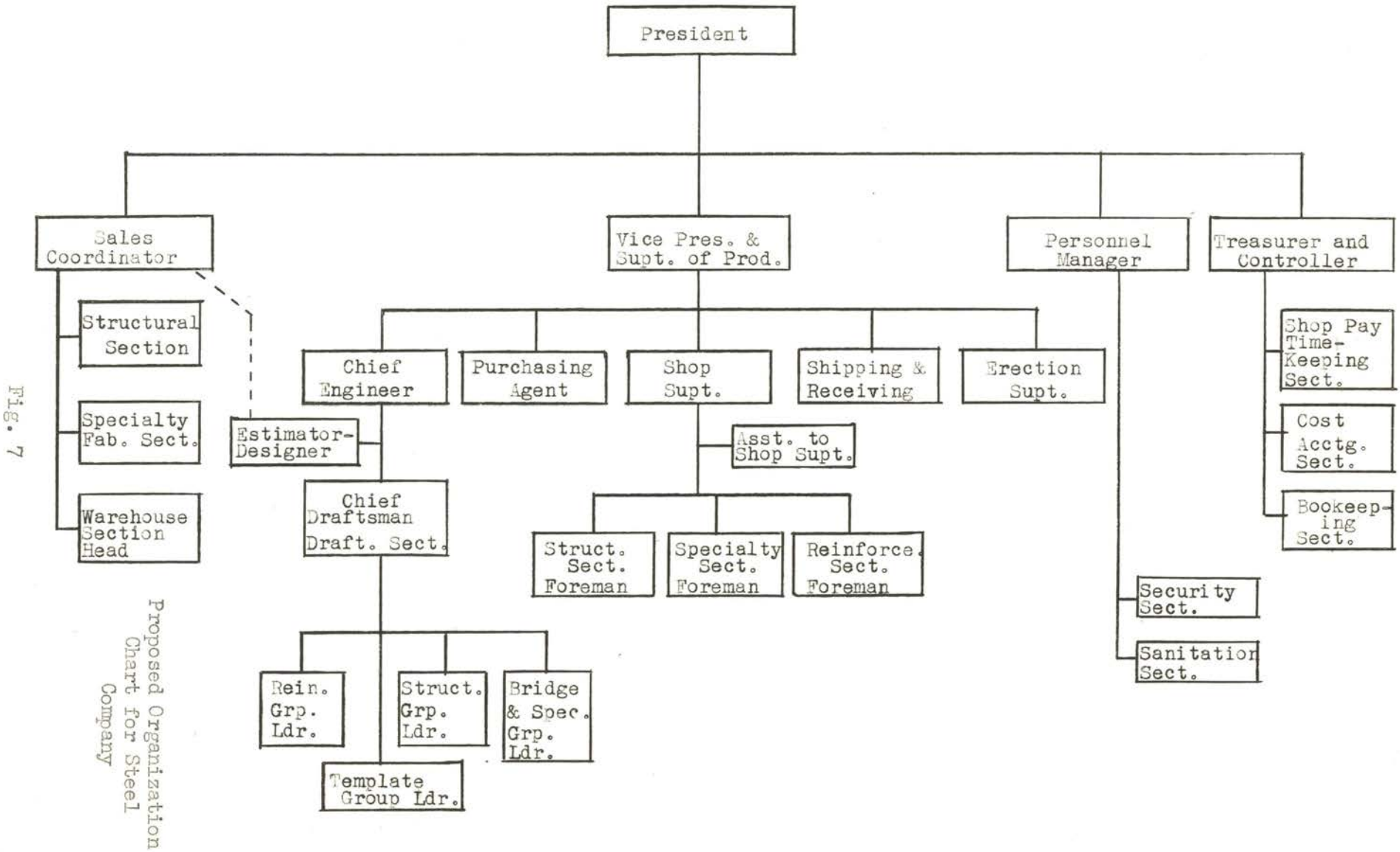


Fig. 7

able and almost impossible to immediately make any changes in the organization. The study would serve well as a long term guide for employment policies and for organization objectives. At the same time suggestions were given as to who, in the organization, might fill the various positions. For instance, one of the salesmen (son of the president) had the aptitude and education to take charge of all treasury and accounting functions. The company was not ready to make this consolidation of duties, but he could be training himself to step into this position. It was pointed out that he would also learn more about the operation of the enterprise from this position than in his present one of salesman.

Although no immediate action was taken by the company on any of the suggestions, it was considered a successful organization study. The relationships which were recommended may eventually be changed when the time comes for them to be implemented. Nevertheless, the study will prove to be a valuable guide to building a successful and self-perpetuating organization.

A Municipal Government

A description of the symptoms of the need for an organization study was made in Chapter I and referred to as Case 5. This study came about through the thoughts and efforts of a city planning group. The group was unbiased, but believed that more should be known about organization of the city government. Further, that this information should be recorded in a manner which would facilitate additional study. Initially a proposal was made to the mayor and the city commissioners for such a study. The scope of the investigation and the manner of obtaining the information was outlined in the proposal designated Exhibit H, page 60.

A group of six faculty members of the School of Industrial Engineer-

Proposed Method
for
Cooperative Study of City Government

In cooperation with city officials and administrators it is proposed to jointly make an analysis and study of the organization of the city government. From this study, recommendations for changes in structure, or assignment of functions and responsibilities may arise from the study group or from city officials. At every step in the study, it will be necessary to consult city officials and employees and their cooperation is earnestly solicited.

The objective of the proposed cooperative study is to present information to city officials for their use on an organizational structure that will provide the maximum service to the citizens for their taxes.

It is essential to record the functions now performed by the city officials and the department heads and their staffs and to determine if all needful functions are being performed. Information will be presented on a possible grouping and arrangement of these functions for maximum efficiency. An organization chart may be drawn for study by city officials on which lines of authority and communication are indicated.

It is proposed to interview the mayor, commissioners, city clerk and major department heads. Department heads will be interviewed along the following lines.

- a. Is position elective or appointive, by whom.
- b. Who is the immediate superior.
- c. Functions and responsibilities of the department in detail.
- d. Staff available to discharge the functions.
- e. Authority possessed by department head to discharge the responsibilities.
- f. Source of funds, method of allocation and authority to expand.

Proposal for Study of Municipal Organization

Exhibit H.

ing and Management, Oklahoma A & M College volunteered to make the study. This group met with the Mayor and discussed the objectives and the method by which these objectives could be attained. It was planned to interview, working in teams or singly, the holders of various positions in the city government in order to find out how it actually operated. Approximately fourteen individuals were interviewed and descriptions were written of the manner in which they performed their jobs.

The author collected the descriptions from the committee members and re-wrote them, using as nearly as possible, a standard form. These descriptions were shown to the position holders for review and then composed in their final form. The information contained in these descriptions was studied and translated into a chart showing the manner in which the city actually operated. This chart, Figure 8, is shown on page 62.

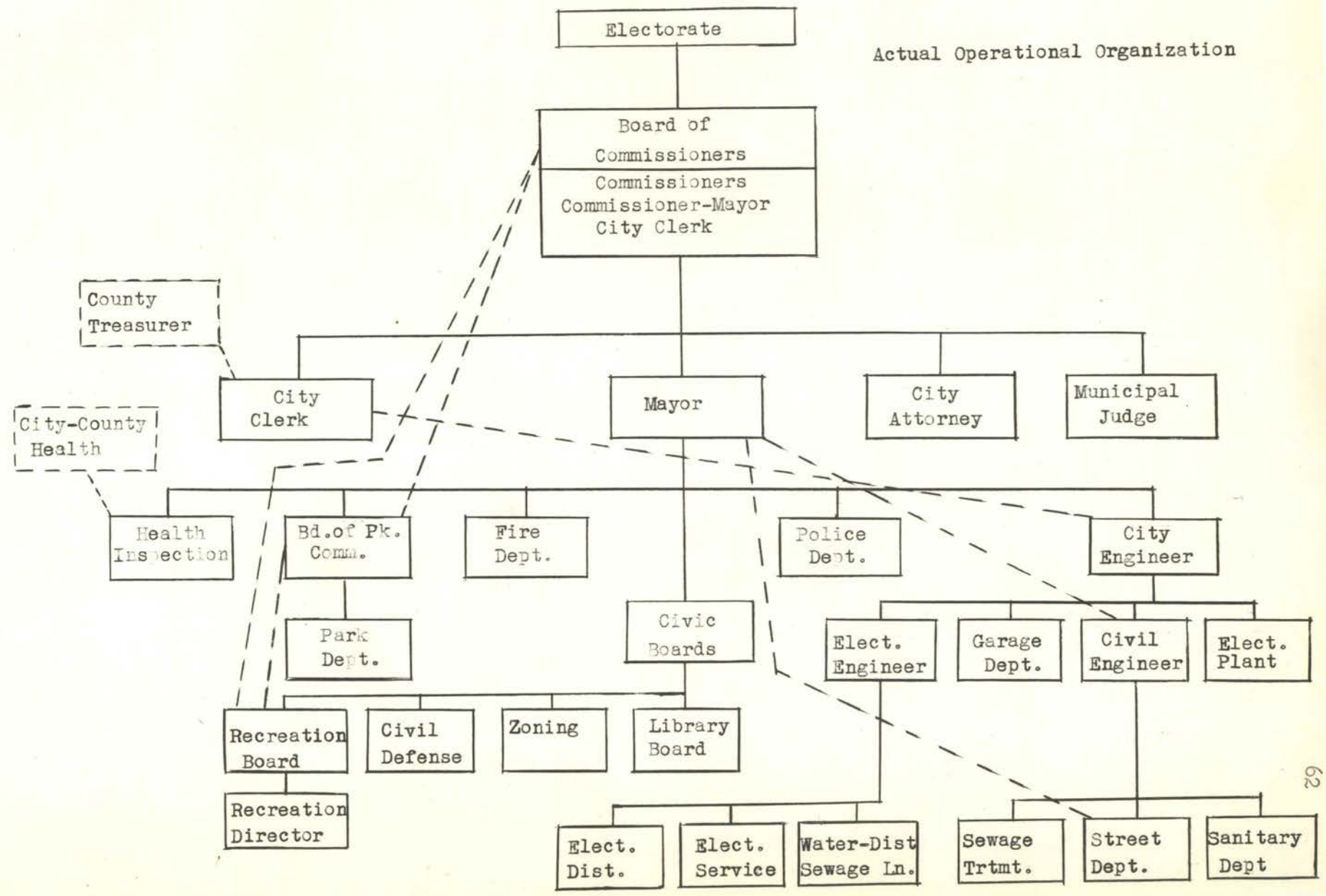
The city charter was studied and a chart showing the manner in which the charter intended for the city to operate. This chart, Figure 9, is shown on page 63.

With the information described above, the organization, as suggested by analysis (from a purely functional viewpoint) was designed. This is shown in chart form in Figure 10, page 64. This "ideal organization" did not consider politics or precedent, but was designed primarily to indicate the best arrangement from an operating point of view.

Several "progress reports" were given to meetings of interested citizens while the study was in process. There was little opposition to the study encountered although it took a great deal of time to get appointments and then to get the interviews. The interviews, themselves, took from one to two hours each.

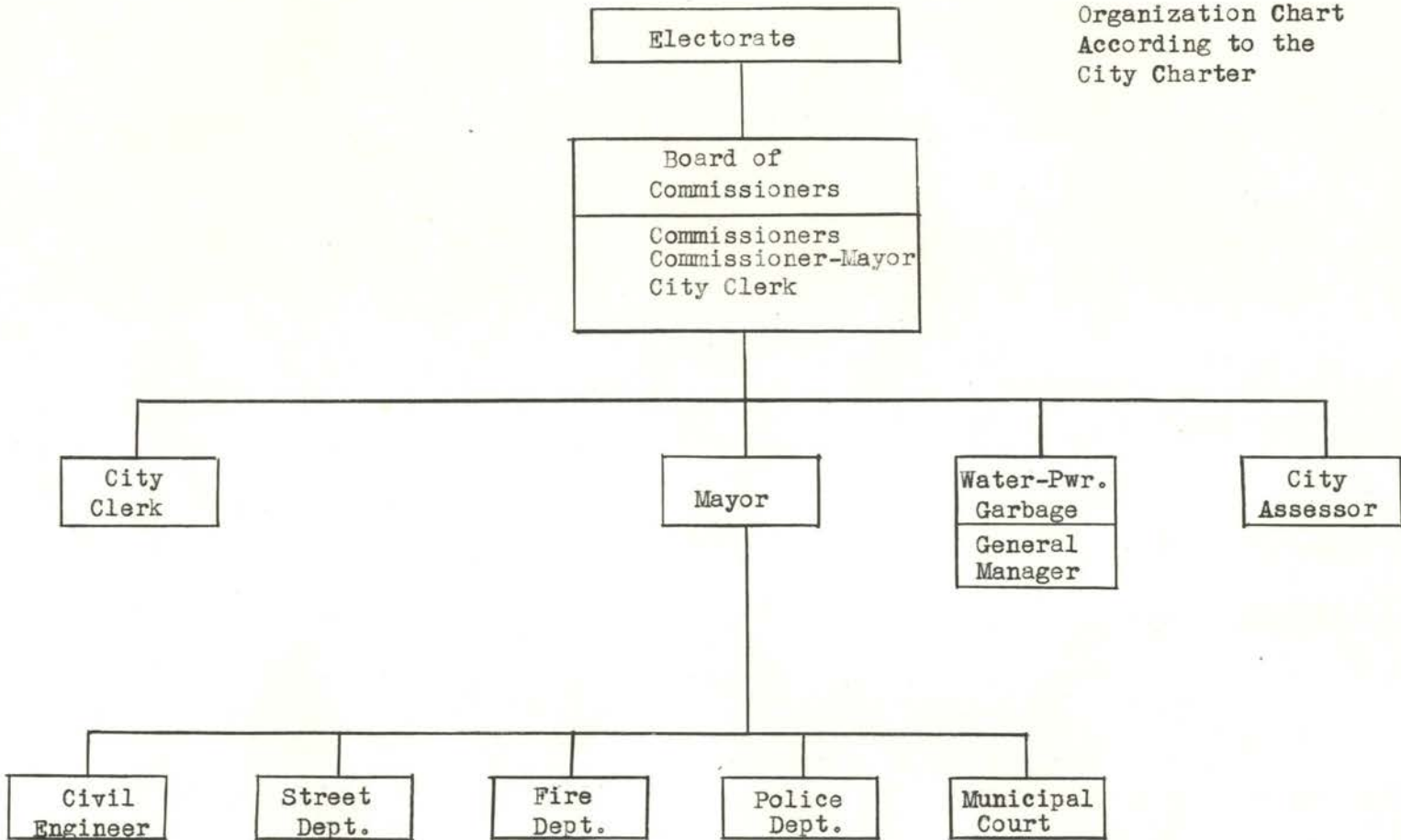
From the information obtained and the analysis which followed, a

Actual Operational Organization



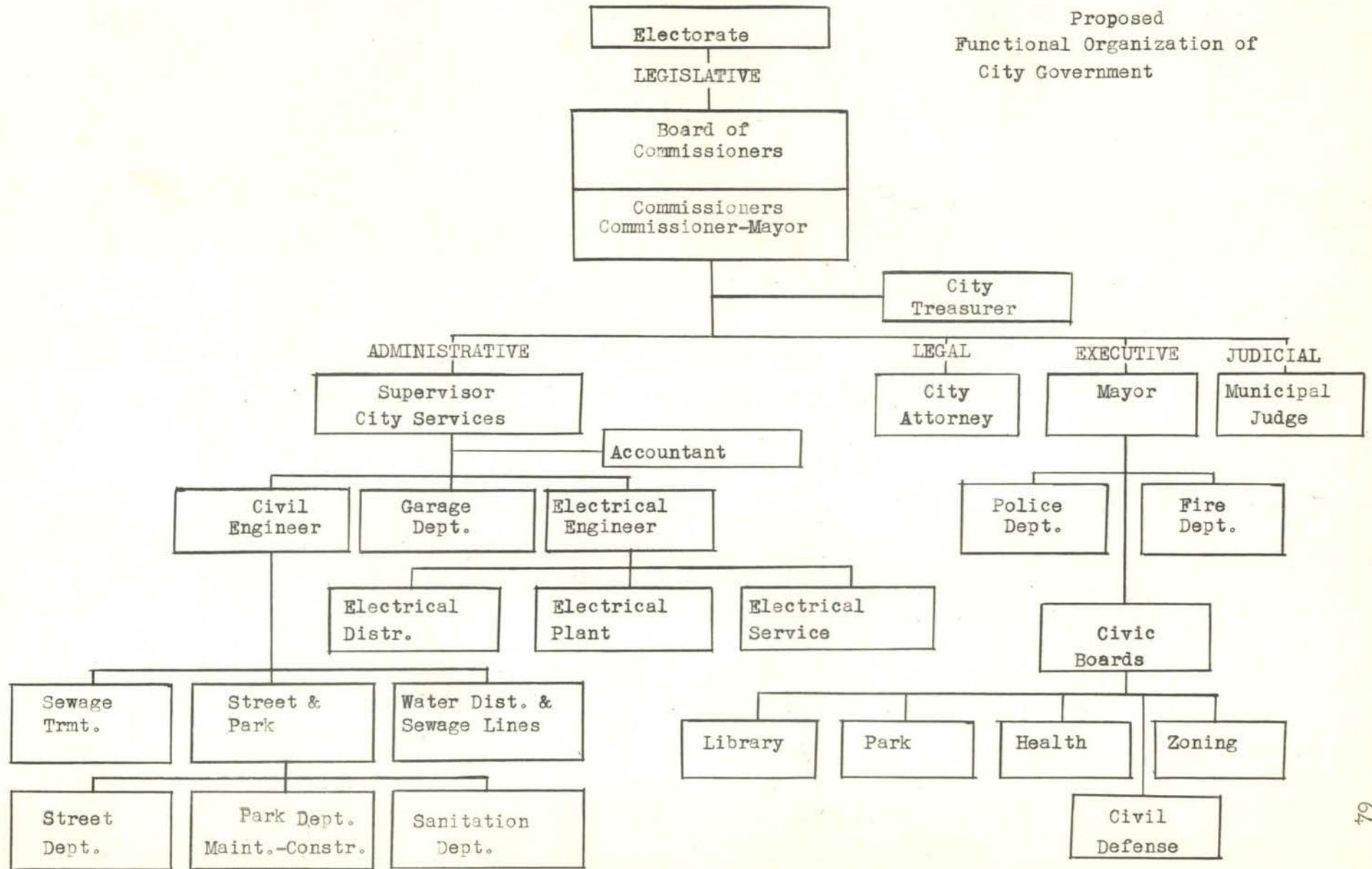
Organization Chart of Municipal Government (Actual)
Fig. 8

Organization Chart
According to the
City Charter



Organization Chart of Municipal Government as Dictated by Charter
Fig. 9

Proposed
 Functional Organization of
 City Government



number of observations were made. The following observations are excerpts from the final report made.

"1. General

- a.
- b. The functions of the city government should be placed under these five headings:
Legislative, Executive, Administrative, Legal and Judicial.
- c. Drastic changes from the present method of functioning do not seem to be indicated, but due to the growth of the city and resulting complex relationships and problems, this study is considered necessary.
- d. A need is indicated for making provisions for enabling and encouraging the various sections to carry on the important function of planning. This applies particularly to the top echelons. For example, the Board of Commissioners, with the aid of the Supervisor City Services, the City Attorney, and the City Treasurer should be the group which consciously plans for the future and makes general policies. The City Services Supervisor, the Civil Engineer, The Electrical Engineer, and possibly other department heads should be the planning group in the City Services Division, etc.
- e. There is a need for more conciseness in the placement of responsibilities.
- f. Lines of communication should be studied and an opinion obtained from the City Attorney as to the legality of operating, as at present, or as indicated by the suggested functional chart, or a combination of the two.

- g. Greater freedom of expenditures within departmental budgets appear desirable.
- h. Written reports of the activities of various boards should be encouraged.

2. Specific

a. Board of Commissioners

It is believed that the five-man board of commissioners, with the Mayor being a voting Chairman of the Board, is good democratic representation of the Electorate. Since it is the policy making body it is imperative that its duties be such that the functions of planning and policy making may be performed under the most favorable conditions.

The approval of each city expenditure does not appear to utilize the time of the Board to the best advantage. The allowance of greater freedom of making expenditures within departmental budgets is one feature which would allow the Board additional time to perform the function of planning. (See paragraph "c" for discussion on City Clerk.)

b. Commissioner - Mayor

The Mayor should be the Chairman of the Board of Commissioners. As such he is the Chief Executive of the city and should not be expected to carry on, or supervise service functions classed as administrative. (Among the latter have been that of Superintendent of Streets and Civil Engineer). The Police and Fire Departments are emergency units and should remain directly under his control, as well as the

various Civic Boards and Committees.

c. City Clerk (Commissioner of Revenue and Accounting).

Due to the growth of the city and the corresponding increase in complex problems it seems advisable to divide this position into two appointive jobs; namely, City Treasurer and Accountant.

City Treasurer:

The holder of this position would be appointed by the Board of Commissioners. He would serve as a staff member of the Board; have custody of the funds of the city and pay out the same upon warrants properly drawn, keep all records and archives; and collect all revenues.

Accountant:

The holder of this position would be appointed by the Supervisor City Services Division and send out all bills necessary for these services.

d. City Engineer.

The functions (and even the title) of the job have changed greatly since the writing of the City Charter. It is not absolutely clear what position the present city engineer holds in relation to the charter. The functions can probably best be performed by allocating responsibility for the administration of all city services to one man. The chart indicates that he might be called the "Supervisor, City Services" and that his group would be called the City Services Division. He would be responsible for the admin-

istration of: The Sewage Treatment, Water Distribution and Sewerage Lines, Streets and Parks, and Garbage, under the general supervision of the Civil Engineer. The Electrical Distribution, Electrical Plant, Electric Service under the general supervision of the Electrical Engineer and the Garage. In addition, the function of accounting and billing for all city services would be under his supervision.

e.

f.

g.

As was set forth in the original proposal, Exhibit H, the objective of the study was to present information to the city officials (or to the electorate) for their use on an organizational structure that would provide the maximum service to the citizens for their taxes. There was no final recommendation to be made, but merely the presentation of the findings and the analysis. A report containing (1) a description of the objectives and method of attaining them, (2) a discussion of the general and specific observations, (3) position descriptions of all major positions in the city government, and (4) Charts similar to Figures 8, 9, and 10 were submitted, orally and in writing, to the city officials and the citizen group which initiated the study.

An Oil Company

The description of Case 3 in Chapter I indicated the reasons which prompted this oil producing company of about 1500 employees to have an organization study conducted. The company had grown rapidly in a comparatively short time and with little planning or thought as to organization. By visiting the offices of the firm one would have the feeling

that the various functions of the company were completely disconnected. Other observations are made in Chapter I. A detailed description of the method of obtaining information is given in Chapter II, Case 3, starting on page 16.

The initial explanatory meeting was called several times before a majority of the executives could be there. It appeared that they were unaccustomed to meeting to discuss mutual problems. It is very important to the success of the study for the top executive to conduct this meeting. By doing this he personally authenticates the study and the consultant. His presence, alone, will fix the status of the consultant on an equal level with him. This results in a greater willingness to cooperate on the part of all executives. Unfortunately the executive vice-president could not attend this first meeting and, as a result, it was felt that the conduct of the entire study was made more difficult.

As described in Chapter II, the executives within the scope of the study were given three forms to complete (Exhibits A, B, and C). About 25 per cent of the positions were completed and returned within one month. (Although no time limit was placed on completing them the executives were asked to return them as soon as possible). The liaison man was asked to remind all personnel that their descriptions should be completed at an early date. This reminder, with the author also personally reminding them, brought in about 50 per cent within another month. In order to obtain the last 25 per cent of the descriptions, the author had to make an appointment with the individual and then write the description from the interview. There were numerous excuses given by this last group. For instance, the purchasing agent claimed that he was "just too busy", and the chief counsel stated that it was impossible

to describe his job. Those members with this or similar attitude were ones which the consultant should talk to as soon as possible. They could be a detriment to entire program if not convinced of the value of this type of activity.

The Exploration Department was also slow in submitting their completed forms. It was found that it was undergoing an almost complete change of personnel including the vice-president. The author was able to confer with this department and to formulate over a period of two to three months a practical organizational structure. This department was probably the most difficult to work with from the standpoint of actually getting the executives to stay in one place long enough to think. By the nature of their work they are constantly travelling so the author had to make appointments at hotel rooms, at the airport, or any other place agreeable to the individual members.

The completed forms were discussed with the respective authors as well as other subjects bearing upon the company and their work in it. Some situations may arise which can be corrected before the study is completed. Such was the case in the Blank Pipe Line Company (a wholly-owned subsidiary). It was found that the Manager, according to the top executive in the parent company, was supposed to direct and supervise the operation of the pipeline (including the General Superintendent). The General Superintendent would not report to him, take any advice, or follow any orders and stated that no one told him he was supposed to do this. This situation had existed for about three months, and it was felt that it should be immediately cleared up. The situation was explained to a surprised executive vice-president who took the necessary steps to fully explain the relative positions of the two men. This

arrangement has operated smoothly ever since.

Another similar situation was discovered in the production department. The relationship of the vice-president, the general superintendent, and the chief engineer was not clear. In addition, the chief clerk and the contracts supervisor wondered where they were in relation to the ones just mentioned. It was a case of "Who reports to whom?" and "Who is boss when the boss is gone?" These matters were discussed, an agreeable solution reached, and the policies implemented shortly.

A third case is that of the Industrial Relations Department. It was found that it was badly under-manned. A special report and recommendation was written and presented to the chief executive. He approved the hiring of two new men.

It is an ideal situation when the consultant can confer often with the top officer. From these contacts one can learn the type organization within which that executive can best operate. In this case, the chief executive travelled a majority of the time and, as a result, only one conference with him was held during the study.

The information obtained and discussed was re-written in the standard form and discussed again with the holder of the position. As the additional corrections were made, the information was analyzed and organization charts were drawn to represent the company. These charts were drawn for each department, (Figure 5, page 40), as well as, just the company and its major functions (Figure 11, page 73). These again were discussed with the individuals and a majority were in agreement with the plan. The purchasing agent was not in sympathy with the proposal to transfer his department to the Comptroller, but he could not be expected to be. This was a recommendation resulting from the belief that in a producing oil

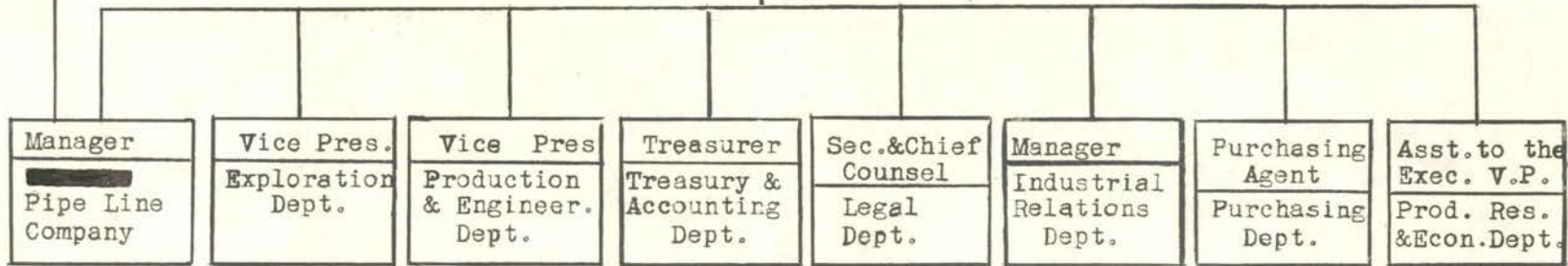
company this function is a comparative minor one and, consequently, should not report directly to the top officer. It was also reasoned that it basically is a control function and should be placed with other like functions.

One of the gravest faults of the organization was the lack of any mechanism by which coordination and communication could be obtained. Coordination was obtained only by accident or the individual efforts of competent, responsible executives who knew it must be done. To accomplish this an Advisory Council was described and recommended. This group was composed of the top executive, the vice-president of exploration, the vice-president of production, the treasurer, and the assistant to the top executive. The Council was to meet once a week to consider and analyze problems of mutual concern. A Departmental Council composed of all departmental heads and section heads was decided upon. In addition, a Supervisory Council was to be formed. These latter two councils are primarily two-way communication channels.

Twenty-four organization guides were assembled and an explanatory report to accompany each guide was written. After a number of attempts, the group was assembled and the material presented. The executive vice-president explained that this was in the same category as a staff report and that all of it, part of it, or none of it might be used. Exhibit J is a copy of the letter of transmittal in which the suggestions are listed. This meeting lasted about two hours. The decision was then made to allow the top executives in each department to discuss the plan with their immediate subordinates. They would in writing suggest changes they think necessary and send them back to the consultant. This activity was within the company and the consultant was relieved of the responsi-

Oil Co., Ltd.

Executive
Vice Pres.



Oil Company Organization Chart
Fig. 11

bility for expediting the work.

About five months elapsed before the liaison man was able to submit the suggested changes to the author. All position descriptions, or changes, were edited then. All but two position descriptions had some changes suggested, but most were minor changes of words. There had been some changes in the treasury and accounting functions of the company during the interval. Possible organizational elements were suggested for this although actual formulation will be performed by the company's expanded Industrial Relations Department.

Five revised organization guides were assembled and submitted to the company. It appears that this last organizational structure will be accepted, and the entire plan will be formally implemented.

This study found that the organization, in general, was satisfactory. The real need was for an over-all check on the manner in which the firm operates, a clarification of the duties and responsibilities of the top two or three levels of management, and the mechanics by which coordinated action can take place. These needs, it is believed, were fulfilled.

A Small Manufacturing Company

The subject of this discussion is the method used in studying the organization of a small manufacturing company employing an average of fifty men and women in the shop and about five in the office. It was described as Case 4 in Chapter I, page 7. The Executive Committee of the Board of Directors requested aid in finding out what was wrong with the design of the pump which the company manufactures. Since the pump had been in production for several years with less than half the number of returned units in other years it did not seem logical that design alone could be the basic difficulty. To treat the superficial sore would

Stillwater, Oklahoma
June 16, 1952

Mr. [REDACTED], Executive Vice President
[REDACTED] Oil Producing Company
[REDACTED], Oklahoma

Dear [REDACTED]:

I am submitting herewith a book of Organization Guides containing organization charts and position descriptions for executive and managerial positions in the [REDACTED] Oil Producing Company.

The objectives of this study of the organizational structure of the [REDACTED] Oil Producing Company were to prepare organizational charts, position descriptions, and to recommend changes in the organizational structure for greater efficiency. In the paragraphs below, the accomplishments and recommendations are summarized.

1. Change in title of the Production Research and Economics Department and some enlargement of the area of work undertaken by the redesignated Executive Technical Advisory Section.
2. Creation of a new organization structure for the Exploration Department with clarification of the duties of the new positions.
3. Creation of a new position of Assistant to the General Superintendent in the Production and Engineering Department. Clarification of relationships of top level executives in this department.
4. Recommendation of the future transfer of the Purchasing Department to a section designation in the Treasurer and Controller Department.
5. Reorganization of the Personnel Department into a three-section Industrial Relations Department.
6. Creation of the new position of Methods and Procedures Analyst in the Industrial Relations Department.
7. Creation of the Safety and Employee Activity Supervisor in the Industrial Relations Department.
8. Transfer of the public relations function to the Industrial Relations Department to include the responsibility for the hall receptionists and telephone operators.

Transmittal Letter to Oil Company
Exhibit J

9. Clarification of the relative positions and responsibilities of the top level management in the ██████ Pipe Line Company.
10. Creation of the following committees for better coordination of the company's activities:
 - a. Executive Committee
 - b. Industrial Relations Advisory Committee
 - c. Wage and Salary Committee

Steps should be taken to assure the understanding of the relationships of the positions of manager, assistant manager, and subordinates. In this organizational structure the manager having direct supervision of only the assistant manager, has the tendency to omit this organizational link and deal directly with subordinates. Similarly, the subordinates tend to by-pass the assistant in their efforts to reach the manager. To keep each other informed, most communications must pass through both hands and, in addition, memorandums written. To the extent possible, line assistant positions should be eliminated or changed to technical staff assistants. If they are created for training or understudy purposes, their separate responsibilities should be carefully defined.

The aforementioned organization exists in some sections below the level to which this study was directed. In the light of this discussion, these relationships should be studied in the future.

It is recommended that these organizational charts and position descriptions be maintained on a current basis at all times and that this be a responsibility of the Manager of the Industrial Relations Departments.

A detailed report follows this letter. It contains some comments on the organizational structure of each Department.

Mr. Lohmann, Mr. Thuesen, and I wish to express our appreciation to every member of your executive staff for so courteously assisting us in gathering the necessary information.

Very truly yours,

Wilson J. Bentley, P.E.

be an unwise action to take when more basic difficulties seemed possible. A complete organization study was approved by the Executive Committee.

The president of the company and the Executive Committee are business and professional men who have had no manufacturing experience. They are still active in their own businesses and do not have the time (or inclination) to actively manage this company. A comparatively young man is the manager at the plant.

Again, a clear picture of the present method of operation was the first objective. To obtain this picture several interviews were conducted with the general manager, the treasurer, and the chief engineer. These were the three top men at the plant. The chief engineer was the inventor of the pump. Each of these interviews were of two hours or more duration and produced a number of impressions. There was a great deal of jealousy and distrust between the three. In addition to this situation, the manager and the chief engineer were, together, resentful towards the treasurer. This resentment towards the treasurer stemmed largely from the fact that he was instructed, by the executive directors, to be a "watchdog" on every activity carried on by the company. The executive directors had no confidence in the manager and the chief engineer, but could not afford to dismiss them.

It was found that there was very little, if any, direct communication between the president and the manager (who also was a vice-president). Practically all communication was between the president and the treasurer, and then, lastly, the manager.

Knowledge of this situation had sifted down through the organization and resulted in a condition of no one knowing who was the "real boss".

After questioning the manager, treasurer, and chief engineer, it was

found that each of them had their own ideas about the actual delegation of authority. An organization chart was drawn for each man's concept of the organization structure. These showed that the manager and the chief engineer each thought the other was responsible for the final assembly and inspection of the units. In following up this situation it was found that the company had never inspected parts which were purchased for inclusion in the finished unit. To summarize this condition, none of the purchased parts were inspected (before or during assembly operations) and, although there was a testing procedure for assembled units, no one felt themselves responsible for the activity.

The financing of the company was on an increment basis. Money would be released for 5000 units or 10,000 units at a time. This made it almost impossible for the manager to do any long term planning or take advantage of quantity discounts in ordering. Where scarce items, such as aluminum and stainless steel screws, were concerned this policy worked a decided hardship on the efficient operation of the company.

No production records had ever been made. The nearest thing to a production count was the record of sales. This, of course, was of little help when a comparison of production to number of people involved was desired.

There seemed to be very little communication between the purchasing function and the warehousing and receiving of items purchased. The warehouseman never knew what items had been ordered until they were delivered to his door.

Numerous production practices which needed correction or modification were discovered and a program of making indicated changes outlined. These are not a fundamental part of the study, from an organization standpoint,

and consequently, will not be described in this thesis.

Specific recommendations to remedy the critical situations in the form of a letter of transmittal (Exhibit K, page 80) and report of the study. Of primary importance was the relationship between the president and the general manager. It appeared that the president of the firm would normally be someone who could not actively guide the organization. It was then necessary to place authority, responsibility, and trust in one top executive who would manage the business. The situation of being the manager, but not being allowed to manage was an impossible one. If given this authority, responsibility and trust (with the proper guidance and steady influence of the president and board of directors), and the manager did not perform in a satisfactory manner, then the path is clear to replace him.

The delegation of duties and responsibilities within the company was next in importance. To illustrate the recommended functional division of duties a functional chart was designed (Figure 12, page 83). A recommended organization chart showing the various departments, sections and job titles was also drawn (Figure 13, page 84). The chief engineer was redesignated "Supervisor, Manufacturing Department" and assigned the responsibilities outlined under "Manufacturing", Figure 12. He was a person whose interests and abilities lay in this field. As soon as he had any responsibilities having to do with the public his value was negative.

A new man to be foreman of the Assembly Department was employed and given the responsibilities indicated on the functional chart. As an indication of the value of his inspection responsibility the first six man-hours of inspection of electric motors received resulted in a

January 2, 1953

The Board of Directors
The [REDACTED] Company, Inc.
[REDACTED] Blvd. (P.O. Box [REDACTED])
Oklahoma City, Oklahoma

Gentlemen:

I am submitting herewith a report containing a tentative organizational guide containing organization charts and position description for a key position. It is anticipated that if this plan is acceptable in general, then specific descriptions should be discussed with the plant personnel for any minor suggested changes. Then a finished organization guide should be compiled.

The objectives of this study of the organizational structure of the [REDACTED] Company were to prepare an organizational chart, position descriptions, and to recommend changes in the organizational structure for greater efficiency. In addition, a study was made to try to determine the optimum production level at which the company should operate. In the paragraphs below, the findings and/or recommendations have been summarized.

1. The basic design of the unit currently being made appears to be good. Functional causes of failures in operation have been remedied.
2. Operate the plant on a production basis of at least 3000 units per month or obtain additional work to make up for the losses incurred by operating at lower rate. Accurate charts showing this information should be available and current.
3. Inspection procedures and check lists for motors have been designed and put into operation.
4. Create Treasurer and Controller Department.
5. Assign the responsibility of Receiving and Warehousing to the Treasurer and Controller Department.
6. Design a production control system and assign it to the Treasurer and Controller Department.
7. Assignment of primary responsibility of assembly and shipping to the Vice President and General Manager.
8. Clarification of the duties and responsibilities of all personnel.

Transmittal Letter to Manufacturing Company
Exhibit K

9. Creation of the Manufacturing Department and the title, Manufacturing Supervisor.
10. Inspection, testing, and assembly methods need constant watching and much help in standardizing the methods. New man in that function appears to be good.

Additional comments on production and on the suggested organizational structure follow this letter.

Very truly yours,

Wilson J. Bentley

saving of seventy dollars in faulty motors found.

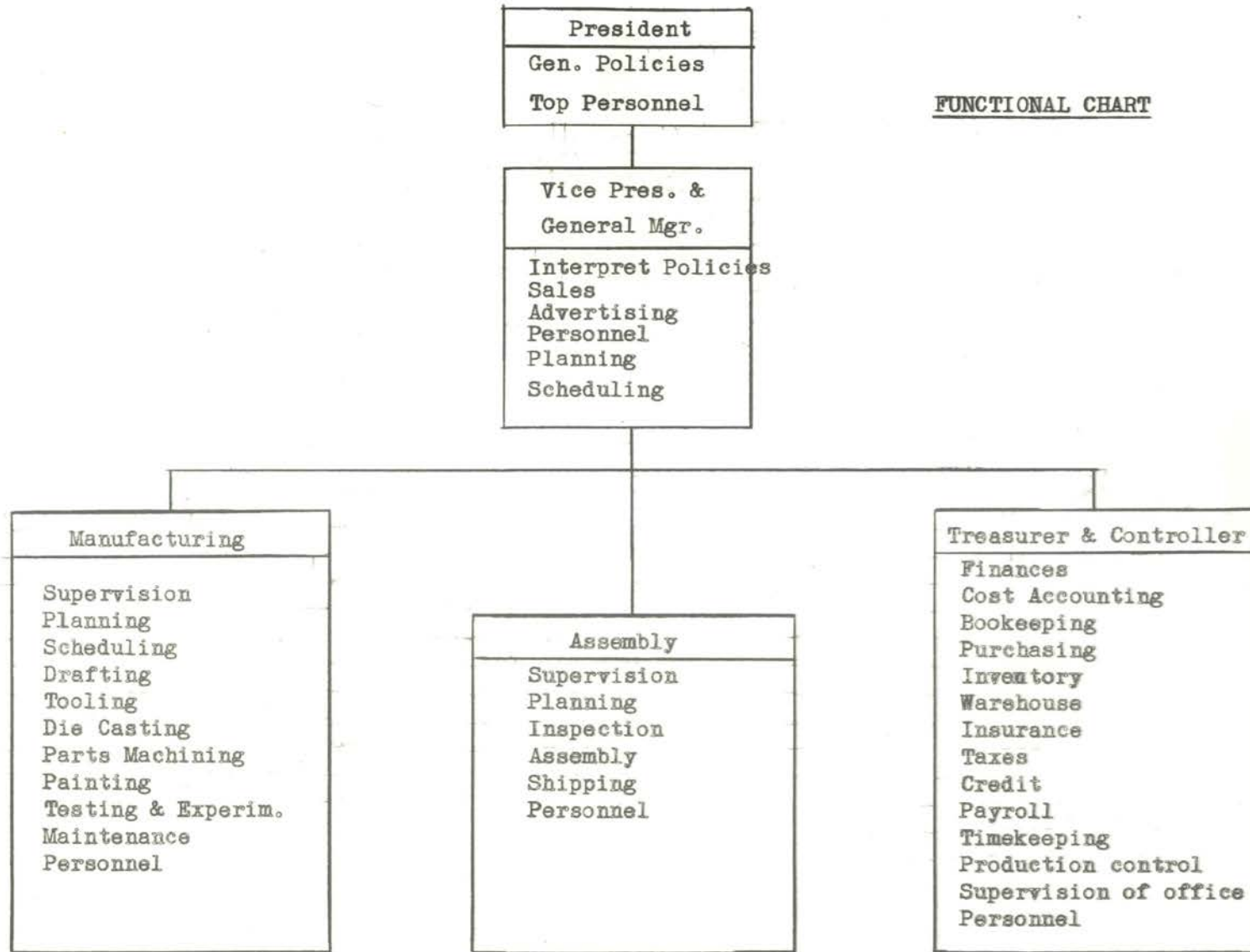
The treasurer accepted his new role of treasurer and controller (only) very gracefully. He felt that his former role in the organization was an embarrassing one and that the proposed arrangement was a workable one. A closer relationship between purchasing, inventory, receiving, and warehousing was established under his control.

The hiring of a competent aid to the treasurer was recommended. As the current personnel were evaluated it was found that at least two good follow-up men were learning the business of the manufacturing department; the assembly department was in a good position with a new young foreman; but that the treasurer and comptroller department had no one who could advance to the treasurer's position. The treasurer was in his seventieth year and not too healthy. His bookkeeper was a partial cripple who had reached his peak performance. This is an important function and one which could furnish the necessary background for managing the business. In order to perpetuate the organization it was of primary importance to make this addition to the staff.

The report was accompanied by an organization guide. Each member of the executive committee was furnished a copy at the time the author discussed the recommendations. The committee approved all aspects of the study and requested the author to recommend future steps to be taken.

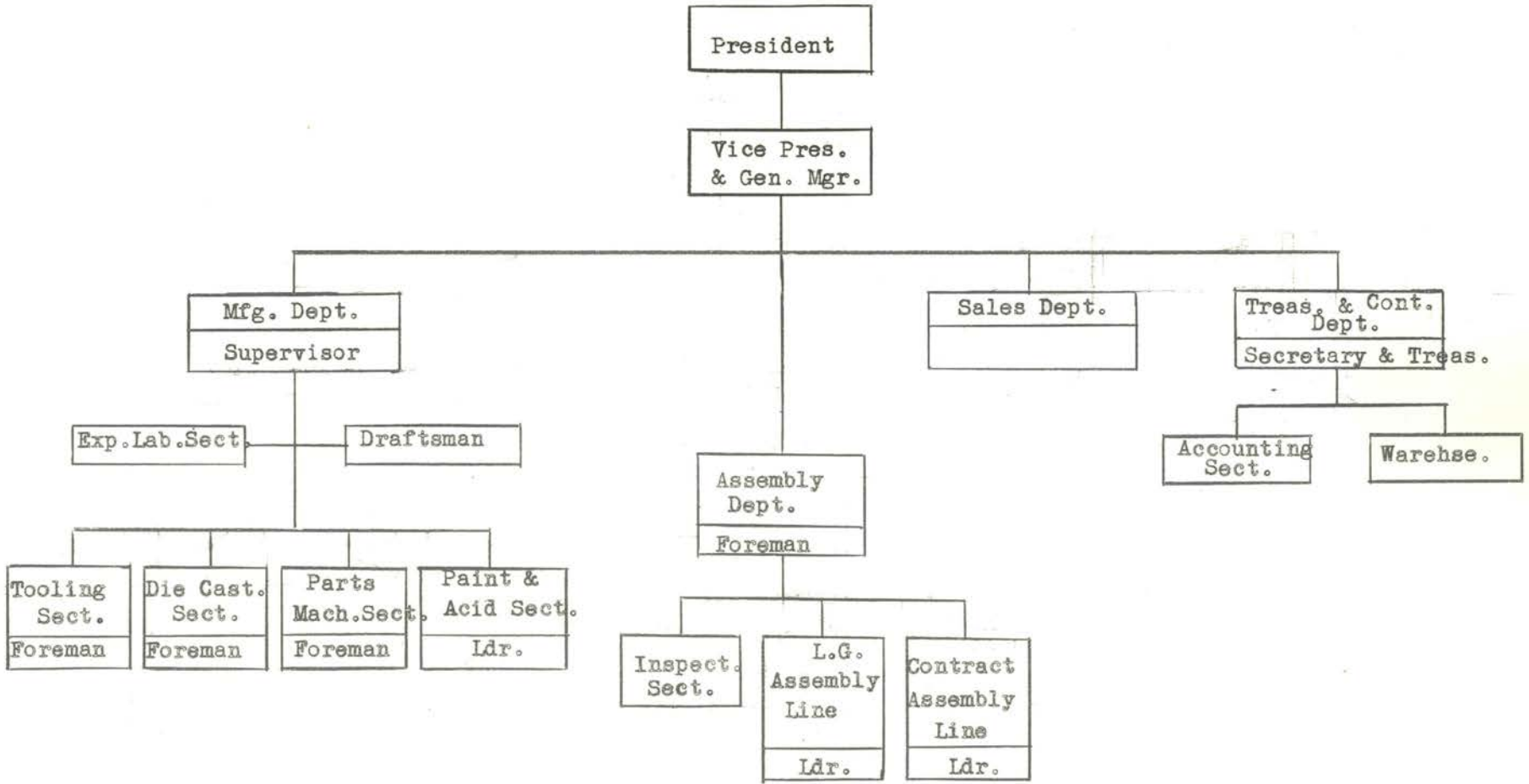
Organization guides were furnished the general manager, manufacturing supervisor, assembly foreman, and treasurer and comptroller. Descriptions of these positions were included in this guide. The duties, responsibilities, and relationships were discussed at length with each of the aforementioned personnel. The redefined positions were assumed and are currently in practice.

FUNCTIONAL CHART



Functional Chart of Manufacturing Company
Fig. 12

Organization Chart of Manufacturing Company
 FIG. 13



Chapter V

Conclusion

It is said that a good organization is a framework in which people can work happily and productively. How can the condition of an organization be determined? Some of the tests of good organization are as follows:

1. Is the organization equipped to meet and solve new problems?
2. When tasks are delegated does the company make there performance and accomplishment possible?
3. Is the company structure designed to prepare individuals for promotion?
4. Does the organization structure reflect the duties performed?
5. Does each person know definitely the area in which his position allows him to operate?
6. Are there overlapping responsibilities?
7. Is any individual actually overburdened?
8. Are the functions logically located?
9. Are the lines of communication open and are they designed to facilitate understanding and operations?
10. Is there a proper balance between control and flexibility?

It can be concluded from the foregoing chapters that there can be no successful standard approach to making a study of the organizational behavior of a company. The decision to conduct a study of this type must be approached with caution. The environmental history of the company and its present economic and morale status must be studied carefully.

The manner in which the study will best be received should be seriously considered. It must be born in mind that a company can be technically well organized, but mentally unorganized. Organization must be studied as a process of growth. The size of the company and its problems are continuously changing and, therefore, it is necessary to acquire the knowledge and ability to adapt the organization to these changes.

The study of the organization of a company; the analysis of the technical and the human situations; the design of a more workable solution; the implementation of the changes; and the survey of good results: this is the essence of organization study, and it can be a most rewarding and satisfying activity.

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THESIS TITLE: METHODS OF ORGANIZATIONAL STUDY AND
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