

an over-look

Coordination has become a ~~very~~ popular word in business terminology. It is frequently used in the sense of a general cure-all for all ills of organization and administration without any definite understanding of what it implies, or of the functions and limitations involved. A standard dictionary defines the word "coordinate" as "To place in harmonious relation; to combine or adjust for action or for any common end", not a bad definition from one point of view except possibly for the word "harmonious" which is not always applicable.

In order to visualize clearly the application of coordination to the business of government it is necessary to have in mind the conditions which brought about the establishment of the Federal Coordinating Service.

The executive branch of our Government has grown from a very simple to a very complex organization. Originally it comprised few departments and presented only minor difficulties of administration. Interdepartmental questions were easily adjusted through personal contact. Gradually, however, with the creation of additional departments and the expansion of Federal activities, the problems of administration have become more and more involved. For years the duties of the Chief Executive have multiplied, but there was no agency at his command to take from his shoulders the burden of routine business affairs which from their very nature demanded coordinated control.

This condition reached a climax at the termination of the World War, when the fiscal problems arising from the national debt, together

with those questions concerning the necessity for liquidating the tremendous war surplus, became so impressive as to indicate the imperative necessity of departing from the established practices of more than a century.

When the first budget director in 1921 undertook his task of balancing the national budget, he found this problem of liquidating accumulations of war surplus to be the most pressing one and the one most susceptible of coordination. More than five billion dollars of Federal money was tied up in surplus property. Liquidation was going on slowly in a rather haphazard way through the uncoordinated efforts of the three departments, War, Navy and Shipping Board, which held the bulk of these supplies. The markets were glutted with the sale of war surplus, but the Federal activities not engaged in liquidation were purchasing for Governmental use quantities of material identical with that which the Government already held in warehouses at a large expense for storage, or which had recently been sold at a sacrifice to dealers who resold it to the Government and realized a handsome profit on the double transaction.

The budget director placed the situation before the President, with the result that the Office of the Chief Coordinator was created by Executive Order on July 27, 1921, as a part of the National Budgetary System. Since the liquidation of war surplus was a paramount consideration at that time, the original duties of the office related principally to the inventorying and disposal of this property.

Brigadier General H. C. Smither, an officer of the Army who had distinguished himself as G-4 of the Service of Supply during the war, was selected for this duty and he immediately proceeded to create the machinery necessary for its accomplishment. He assembled a small group of assistants and established a field force of officers who were designated as area coordinators. One of these area coordinators took station in each of the Army corps areas, a territorial division adapted arbitrarily to the coordinating service for convenience. In his own office he established a liquidation section composed of two sub-divisions, the Federal Liquidation Board and the interdepartmental transfer division. With these were associated as a supplemental coordinating agency the General Supply Committee of the Treasury Department. The liquidation board functioned as a directorate of sales, and its proceedings in establishing a liquidation policy for the Government concerned primarily those agencies actively engaged in the sale of surplus property.

It was composed of The Director of Sales, War Department; the Senior Member, Board of Survey, Appraisal and Sale, Navy Department; the Manager, Material and Ships Sales Division, U. S. Shipping Board; The Quartermaster, U. S. Marine Corps; the General Purchasing Agent, The Panama Canal, and the Superintendent, General Supply Committee. Since its organization there have been added to its membership the Assistant Surgeon General, U. S. Public Health Service and the Assistant Director for Supply, U. S. Veterans' Bureau. Its duties were to knit all sales activities of the Government into a

business association which should safeguard the interests of the Government and at the same time promote the confidence of private interests doing business with the Government. Now that forced liquidation is at an end, the board functions in an advisory capacity on matters of policy relating to the sale of Federal property.

It became almost immediately evident that the greatest economy in the disposal of surplus lay in transferring it to other Federal activities which had need for it, thus avoiding the expenditure of funds for supplies which the Government already possessed and which could be sold in the open market for only a fraction of their actual value. The interdepartmental transfer division was designed to meet this phase of the liquidation problem. All surplus Federal property is cleared through these activities and since their establishment there has passed through their hands property to the value of more than four billions of dollars, while the estimated savings resulting from interdepartmental transfers is almost one hundred fifty millions. They are responsible in a large measure for the sound policies under which this vast liquidation problem was conducted, and which the Government is still following in the disposal of its surplus material.

At an early stage in their operations they demonstrated the value of coordination in the Government's routine business. A letter from the Secretary of Agriculture, written at that time to the Chief Coordinator, stated:

"The Bureau of Public Roads wishes me to express to you not only the appreciation of the Bureau itself, but

also that of the State highway departments throughout the United States for the work which has been accomplished in facilitating the transfer of surplus road building equipment to the Department of Agriculture in accordance with the provisions of the various Acts of Congress".-----"It would be difficult to estimate too highly the importance of this single improvement in the Government service which has been accomplished by your efforts. Any may I add that, in my opinion, one of the most remarkable developments has been that your recent decisions seem to be as welcome to the War Department as to the Department of Agriculture."

Within a short period of time the President enlarged and more clearly defined the duties of the Chief Coordinator and placed his office on a stable basis by the provisions of Executive Order No. 3578 of November 8, 1921. This order states the mission of the coordinating agencies as that of enabling the President in matters of routine business so to coordinate the activities of the different departments and establishments as will ensure the most economical and efficient expenditure of monies appropriated by Congress. It places upon the Chief Coordinator the responsibility of exercising general supervision over the coordination of routine business activities of the Governmental organization, with particular attention to methods of purchasing, liquidation of supplies, specification of materials, advertising, warehousing, employment, manufacturing, disbursing and

all other ordinary business activities of the Government. This is a rather large order, and to enable the Chief Coordinator to carry out his responsibility, he was delegated a very considerable measure of authority.

The Executive Order provides that the decision of the Chief Coordinator in all matters of coordination shall be transmitted to the heads of departments or independent establishments concerned, and shall be final, except that such heads may appeal to the Director of the Bureau of the Budget within four days after the receipt of notice of the coordinating order, and if not sustained by the Director of the Budget, may appeal to the President of the United States within six days after the decision of the Budget Director. If such appeal is not taken, or is not sustained, the decision in question shall stand and shall be published to those affected by the heads of the departments concerned.

It authorizes the Chief Coordinator to call on all bureau chiefs and employees of the Executive Government to furnish any available information desired for purposes of coordination, and requires them to attend any conference on coordination as requested by the Chief Coordinator. It places the officers detailed on coordinating duty in a status of direct responsibility through the Chief Coordinator to the President.

Coincidental with the enlarged mission assigned the coordinating service came the establishment of other coordinating agencies whose need had already become apparent. Within a short space of time there were created the Federal Purchasing Board, the Federal Traffic Board, the Coordinator for Motor Transport of the District of Columbia, the Federal

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Specifications Board, the Interdepartmental Board of Contracts and Adjustments, and the Federal Real Estate Board. These were followed subsequently, when conditions indicated their desirability by the Interdepartmental Board on Simplified Office Procedure, the Coordinator for Purchase, the Interdepartmental Patents Board, and more recently the Forest Protection Board. The Permanent Conference on Printing, an activity already in existence, was also announced as a coordinating agency.

As their names indicate, each of these boards was designed to meet a specific need. In order to visualize clearly the character and scope of the duties assigned them, it must be borne in mind that these agencies are in effect standing committees in which departmental representatives are brought together in order that they may be in a better position to understand and serve the best economic interests of the Federal Government, while at the same time serving their respective departments. They are in no sense amalgamated organizations designed to consolidate any business function of the several departments into a single body. In supervising their activities the Chief Coordinator is guided by the principle that there must be sufficient flexibility in the organization as a whole to permit freedom of action on the part of the representative units.

The organization of the Federal Purchasing Board is fairly typical. This board is composed of one representative from each department or establishment having authority to purchase supplies, together with a representative of the Federal Specifications Board, who acts as

liaison contact between these two activities. Each representative may have one or more associates designated by himself, but only the representative has a vote. The Chief Coordinator is ex-officio chairman of the board, but he usually details an assistant to sit with the board and to represent him. The executive chairmanship is delegated to an official in the Chief Coordinator's office. The board's investigational work is performed largely by committees, because of the amount of study made necessary by each of the complex problems connected with the purchase of commodities by the several large departments of Government. The chairmen of these technical committees are designated from among the representatives of the board. Other members of the committee are officials selected because of their particular knowledge of the subject to be considered. The report of a committee is considered by the whole board and is adopted with or without amendment, or is rejected. When a report is adopted in its final form and approved by the Chief Coordinator, it is promulgated through his office as a guide to all departments and establishments in performing their purchase functions.

The purpose of the board is to coordinate the purchasing activities of all departments of the Government with a view to bringing the Government's vast purchasing power to bear in securing supplies at lowest cost, in eliminating duplication of effort and reducing overhead expenses and in establishing economical methods of purchase.

Through its committees the board investigates and studies the purchasing methods used in the various departments, with a view of having improved methods adopted. It endeavors to discover those cases where it

may be practical and economical to have two or more departments pool their requirements for certain supplies, in order that the one department best fitted for the purpose may purchase for all. Examples of the board's accomplishments in the pooling of purchases are the present system of purchasing lubricating oil by the Navy under Navy specifications for all of the larger Government departments; the purchase of gasoline on War Department contracts for the departments in Washington and the Federal activities in several other cities; and the supplying of provisions to certain Veterans' Bureau and Public Health Service hospitals about Boston on Navy Department contracts.

The board has brought about a gradual extension of the uses of the inspection service of one department by others, thus eliminating travel and overhead expenses and giving a flexibility to the Government inspection service. For example, the inspectors of the Bureau of Animal Industry inspect provisions and meats for Government hospitals in Boston, for the Shipping Board in New York, and for the Army and Navy in many places, while the Navy's highly developed technical inspection service has been made available to all departments of the Government. The Coordinator for Purchase is the agent through which the board, acting for and in behalf of the separate purchasing agencies of the Government, effects such joint procurement arrangements as may be agreed upon.

The operations of the board are closely interrelated with those of the Federal Specifications Board and the Federal Liquidation Board and in a lesser degree with those of several other coordinating activities. The Federal Specifications Board is the medium through which the Chief

Coordinator secures economy in the procurement under specifications of materials and services used by the Government. It compiles and promulgates standard specifications for materials and services, brings these specifications into harmony with the best commercial practice, and when possible endeavors to broaden the field of supply. The Director of the Bureau of Standards is ex-officio chairman of the board which consists of groups of technical committees made up of experts selected for their special knowledge of particular commodities or class of commodities. These technical committees are appointed from time to time as commodities or services are taken up for consideration. The board has promulgated its six hundred and second master Federal specification, and it is now quite a usual thing to see manufacturers placing on their products the statement: "This product conforms to United States Government Master Specification_____."

The Federal Traffic Board was established for the purpose of effecting economy and better business administration throughout the Government service in the handling of passenger, freight and express shipments. It is under the chairmanship of a special assistant to the Chief Coordinator who is designated as the Coordinator for Traffic. It utilizes in a practical way the various available carrying facilities and institutes methods for prompt settlement of the Government's traffic accounts. Like the Purchasing Board, it is composed of one representative from each department making shipments, and its clerical force is furnished by detail from the several departments in proportion to the volume of shipping done. Every Government shipment of two or more carloads is

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referred to the board for routing and through this control of large shipments and by means of its contact with the carriers the board has been able to obtain very valuable concessions and to effect large savings. As it exists at present it provides a skeleton organization around which might be built a Federal traffic bureau, should such an activity ever become a necessity.

The Federal Real Estate Board, under the chairmanship of the Surveyor General of Real Estate, coordinates all matters affecting the real property of the Government, including procurement, occupancy and disposal. It collects and compiles data pertaining to owned or leased real estate and suggests changes that may be desirable in the interest of the economical use of lands or buildings. All projects for the purchase, sale or lease of real estate are required to be submitted to the board for clearance. Its decisions form the basis of the Surveyor General's action on all real estate matters.

These five important boards provide coordinated control of the paramount business activities of the Government; purchase, sales, traffic and real estate. No less important, though more specialized and limited in their scope, are the remaining coordinating agencies.

The Interdepartmental Board on Simplified Office Procedure is engaged in devising standard forms and standard practices for the office procedure of the Government. It has been very successful in eliminating a mass of non-standard office material and has reduced the supply schedule on envelopes, wrapping twine and similar items of common use from many hundred to a relatively few items. It has just completed a study and

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standardization of the Governmental leave regulations which will undoubtedly be enacted into law.

The Interdepartmental Board on Contracts and Adjustments is completing a standardization of the Government's methods of contracting and of its contracting forms.

The Patents Board and the Forest Protection Board were created to deal with specific problems, the first to formulate a Governmental policy with respect to handling the inventions of Federal employees, and the second to coordinate and bring together for greater efficiency the Federal activities engaged in the various phases of Forest protection. Each of these boards, in its particular field, is accomplishing valuable and constructive work.

The activities just described provide the Chief Coordinator with a self-contained organization. In order to derive the maximum benefit from this organization and to give it and the area coordinators a direct point of contact with Federal activities in the field, the organization of additional coordinating agencies, known as Federal business associations was undertaken and the first association was formed at Cincinnati, Ohio, in 1921.

In a recent address to the business organizations of the Government, the President described the Federal business associations in these terms:

These associations are composed entirely of Federal employees who at frequent sacrifice of time and labor hold regular meetings which are presided over by duly elected officers. Their sole purpose is to

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promote economy and efficiency in the conduct of public business within their particular locality. They were created and exist today for no other purpose. Among other things, these Federal business associations have been instrumental in effecting the loan of Government trucks to the Postal Service in handling Christmas mail; in procuring office and storage space in Federal buildings and leased warehouses for agencies in need thereof, frequently recommending, after further study of the situation, a reassignment of space; in making telephone surveys in certain cities to ascertain whether a reduction in service may be effected; in arranging for the consolidation of purchases where supplies and material are used by more than one local establishment so that lower bids may be obtained and in arranging for the transfer of surplus supplies and materials from one service for use by another. They are organized on a definite plan with committees appointed to consider matters susceptible of coordination.

Every field activity is represented in the Federal Business Association of the zone in which the activity is located, and all local executive heads are enjoined by departmental instructions to participate actively in the operations of the association.

The Federal business association is the basic coordinating unit of its zone, of which it forms the center. Through the exercise of initiative in the assignment of missions to its committees, by the discussion of means for improving service efficiency and effecting economy in operation, and by the pooling of experience, business knowledge and facilities for a common purpose, these associations are made self-reliant, self-sustained units. There are at present some 270 such associations

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distributed throughout the United States including Alaska, Hawaii and Porto Rico. They are under the direct supervision of the area coordinators.

Area coordinators are the field deputies of the Chief Coordinator. They are the connecting links between the Chief Coordinator and the coordinating agencies in Washington on one hand and the various field services, as represented by the Federal business associations, on the other. Their functions within their areas are comparable in general to those of the Chief Coordinator with respect to the Federal Government as a whole.

Through these agencies, and with their cooperation, the Chief Coordinator supervises the routine business activities of Government. In addition to these routine activities, however, there have devolved upon his office certain miscellaneous functions that defy classification. These include the activities which are performed by the immediate assistants of the Chief Coordinator. Some of these activities are only temporary investigations, while others constitute continuous operations. For example, the Government has at its disposal extensive facilities for communication in the Army and Navy radio nets with numerous leased telephone and telegraph lines and the Alaska cable and telegraph lines. It was only rarely that these facilities were used by any of the administrative services except the one which immediately controlled them and they were seldom used to capacity. After considerable study an Army message center was established, having in addition to its own, the Navy facilities, and this message center took over all or a greater part of the dispatch traffic of the several Federal services. The resulting saving has been substantial.

The coordination of all the Government services maintaining patrols on the borders of the country is another problem that has been studied in this office. Some half dozen services under four departments maintain border patrols for different purposes. At present they render little or no assistance to each other. The result of this study is represented in a plan prepared by the Chief Coordinator's Office for the reorganization of all border patrol activities and the consolidation of forces and stations which will result in an increase in effectiveness at reduced cost. This plan is represented by legislation which is now pending.

Surveys of the telephone service expenditures of the Government have been made in cooperation with the Bureau of Standards and a standard form of nationwide contract for telephone service is in course of preparation and is nearing completion. Loans of services, equipment and personnel, adjustments of office and storage space not falling within the purview of the Federal Real Estate Board, and the service and supply of buildings projected in the new Federal building program occupy the attention of the office.

Alcohol and liquors seized in the enforcement of the Eighteenth Amendment and National Prohibition Act are distributed by the Chief Coordinator for use in accordance with approved regulations, throughout the Federal Government and vessels and vehicles seized in conformity with these acts are utilized in the Government service when they become available.

More important than any monetary savings, however, is the new conception of service unity which has made coordination possible. I think the following example is typical. Some time ago the Bureau of

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Fisheries found its appropriations insufficient to provide clothing for the natives of the Pribilof Islands who are wards of the Government in a remote part of Alaska now devoted to sealing and foxing operations. When this fact was communicated to the coordinating service a representative of the Bureau of Fisheries was placed in touch with the records of surplus property and was enabled to obtain shoes from the Army, winter trousers from the Marine Corps; coats, overcoats, raincoats, blankets, comforters and nurses' dresses from the Veterans' Bureau; sails, oilskins, clothing, mosquito bars and soap from the Shipping Board, and medical supplies from the Public Health Service. All these materials were transferred without funds in time to be made part of the annual shipment of supplies on a ship furnished by the Navy Department. This transaction, while relatively small economically, is significant in the changes it indicates. Similar examples can be quoted to the point of wearisomeness. They show that departmental laws have given way and that bureaucratic prerogatives have been willingly abandoned where the best interests of the Government were involved. Ten years ago they would have been impossible.

The Chief Coordinator's Office is not a power to be superimposed over and upon the departments and other branches of the Executive Government; neither is it a bureau equal with them, nor does it attempt to assume any of their functions. It is what its name implies, an agency for the coordination of all activities. Its decisions have their principal application to interdepartmental affairs and it regards as a cardinal principle that where authority lies, there also must rest responsibility. Accordingly,

it is the policy of the office to bring about coordination by agreement among those departments that are engaged in related activities, to call together representatives having authority to speak and act for their respective departments so that in conference views may be exchanged and the problems, purposes and objectives of each department may become known to all others. Thus a line of action can be agreed upon that will result in greater economy and increased efficiency in the administration of the business affairs of the Government.

I have outlined the functions of our service in time of peace. Where we fit in to a national defense plan or what our function would be in time of war or of active preparation for war is problematical. These are matters, however, that are worthy of very serious thought. Unquestionably the administrative bodies which were called into being during the last war were actually great coordinating agencies, but they acted in a semi-independent capacity rather than in pursuance of a definite, common plan. The World War demonstrated that armies can do no more than the logistic organization behind them will sustain. The non-military establishments of Government occupy peculiarly favorable positions from which to participate in the preparation for mobilizing the country's economic strength. They are daily exerting a powerful influence upon the logistic forces of the country that are the tributary streams feeding the main channel of industrial mobilization.

The coordinating service provides at least the skeleton of an organization capable without further executive or legislative authority

of directing the energies of the non-military forces of the Government toward any desired end in the event of national emergency. To so direct them intelligently, however, requires, what we have called in the absence of a better word, a master plan. We visualize the creation by executive order of what we have called for the sake of an identifying name a Federal Board on Master Plans whose duties should include, but should be more comprehensive than those for which the Council of National Defense was created. It is possible for such a board to formulate a logistic plan for the Government as a whole which could pass smoothly and readily to the control of the Army and the Navy in the event of emergency and which would facilitate joint operations on the part of Government activities in time of peace. As the agent of such a board the Chief Coordinator is in a position to iron out difficulties, to harmonize specifications and to determine questions of priority for the governmental organizations. The budgetary aspects of such a program would be very simple of solution. Already in one instance, the estimates of eight bureaus belonging to three departments have been heard as a single project, which in fact it was. These, however, are all Simon pure conjectures. We have given you what information we have in the hope that we may have your views of how the hiatus which we all know to exist today may best be filled in.

These remarks began with a definition, but at the risk of being trite I am going to conclude them with another one. Some time ago, Mr. Oliver Sheldon, writing in the Harvard Business Review on the subject of

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"Policy and Policy Making" makes this statement: "Coordination - To control without restraining the vigor; to guide the way without pulling at the reins; to urge forward without the whistling of the whip; to determine the halting place without applying the brakes -- it is, indeed, the task beyond all others. Coordination encounters the greatest obstacles and difficulties, yet calls the most imperatively for performance".