

April 20

Theories and principles of organization; by  
H A Hopf, management engineer

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Discussion following Lecture by

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Q I wish to clear up a point in my own mind, please, the question of functionalization and departmentalization. You used those two terms in that order. Does that imply that they are successive stages and that departmentalization is a higher order of organization?

A No. I am glad you asked that question because I was conscious of the fact in presenting those two terms without sufficient interpretation that I was laying myself open to some questioning.

Let me put it this way. When we are dealing with functionalization -- let us say that is the area of the business (drawing circle on blackboard). Functionalization implies a limitation to one function in the given instance but unlimited application of that function coincident with the whole area of the organization. Departmentalization means limitation as to area but unlimited functions within the area. Functionalization leads to specialization. Functionalization requires more coordination than does departmentalization, given certain levels of growth. The picture changes somewhat. Departmentalization builds out because the man who has control of that department has various functions in the department. I don't mean that those functions should include even, let us say, placement, training and development of personnel. From the operating point of view a man who is the head of a department should in the last

analysis, since he has responsibility for operating results, have the authority to select his personnel. Since personnel can best be developed by the application of a standard throughout the whole organization, it seems to me that it should at least be exempted from this question of departmentalization. Purchasing might be another one, but, generally speaking, the departmentalization implies two or more functions within the department but limited as to area as far as the whole organization is concerned, and functionalization implies the one function but unlimited as to the extent of application, that is to say, throughout the whole organization. When it comes to the question of dealing with a specific organization you have to modify your theory.

What I tried to say was that at different stages of development it might be indicated that either departmentalization or functionalization was the best plan of organization to be applied. Generally speaking, when organizations grow in size you have three sorts of things according to which you can separate activities, by function, by commodity, by territory. Then you have a combination of all three when you get into these much more complicated patterns of organization which reach out all over the world. Let us say we have an organization doing a nationwide business. If we have only the simple pattern of functionalization I am prepared to suggest that that brings into play more difficult problems of coordination than should exist, not necessarily should be so difficult and that should be avoided. If, however, you have a condition where production, finance, distribution - all this administration is alike.

There is a question in one organization of putting purchasing under organization, in another not putting it there at all. It all depends on the facts of the case.

When you come down and begin to work down into regions you will have to reproduce these functions on a small scale in the regions, each one of which will be a duplicate organization of the other. In order to tie up the relationship between the men responsible, charge them through each one of these regions. It is difficult without having a concrete example to explain the pattern. I hope I haven't confused you.

Q You discussed the matter of supervision. In that you indicated that they should criticize. Before that you had indicated that where responsibility was given, assigned, the authority should also be given. I would appreciate it if you would indicate how you will transfer supervision, the authority, when you have the responsibility for supervision if you only criticize? The point I am making to you is that it seems to me that under supervision given, responsibility for supervision, you must have the authority to make changes to step in and see that the changes are made. If you have given the responsibility for supervision, the proposition of supervision, as I understood it, you limited only to the matter of criticism.

A. That was just one of my little side remarks, and I am glad you have given me the opportunity of clarifying it. I made the statement that supervision was better exercised by intelligence rather than before the facts.

Authority is so expansive with the area of responsibility, and supervision may indeed frequently find through the conference method an outlet before the fact, but my point was - and I have always run the risk of being too dogmatic - that I want the individual to have freedom of action within where to find limits and with the necessary authority that if changes have to be made they are made on the basis of facts. They are not made on the basis of supervisions that are before the fact.

Q The reason I brought the question up is because we have under our basic set-up the proposition of the supervision by The Assistant Secretary of War of certain activities. The question always arises in classes as to how far supervision goes. If things are not satisfactory, should The Assistant Secretary of War or his assistant step in and straighten out, or allow things to go simply with criticisms?

A In the first place, The Assistant Secretary of War should operate on the exception principle. In other words, wherever the routine is smoothly performed and performed according to the pre-determined functions there should be no interference in the organization. The Assistant Secretary should be furnished with timely reports on performance. He should be able to see the situation through the eyes of the subordinates and he should have through a staff member unlimited authority as to investigation and recommendation of routines of organization of performance anywhere along the line. That staff man going in there has to exercise extreme tact so as not to interfere with the performance of

the line. He is there in a spirit of helpfulness. He is the eye of The Assistant Secretary of War. I am assuming we are talking about the present situation. Periodic reports should be produced in line with the requirements through which control must be exercised. The information comes in control form, whatever it may be. If it is in terms of cost, if it is in terms of numbers, if it is in terms of time, whatever it may be, this control information comes in. If it is a question of improvement - I dare say that the military organization, no less than any other organization, is constantly being revised and improved. Then it is a question of making special studies. Perhaps, in my ignorance of just what actually happens, I am painting pictures that are not in accord with the facts, but I would assume that special studies would be made by going through channels, winning the support of the men affected by the studies, by looking at the situation from a point of view, but developing information and then sending it up to the line, which is The Assistant Secretary of War. There the question of ultimate decision rests.

I don't know whether I have answered your question. I don't think my statement regarding supervision means anything more than a critical comment upon so much of what is confused as supervision but actually exists in terms of mental interference before hand. Now, it is better to let a man make a mistake because only through mistakes can we learn. I don't know whether in the military organization you can afford to make a mistake. I mean that in this sense, that through a mistake in action you might have tragic conditions.

True, after balancing all the pros and cons there is always an area within which individual judgment must operate, whether to take action or whether to wait. Sometimes the waiting is by far the more courageous of the two things and is a question of temperament. The history of the various generals of the World War - what motivated them to action in some cases and made them refrain from action in others.

Q In the recent government reorganization bill there is a provision for a number of men with a passion for anonymity who were to be sort of lag men. Will you discuss the virtues and disadvantages of that element in organization?

A I would like to. My observation is right to the point, I hope. I think this "passion for anonymity" is, of course, a catch phrase. Nobody is so self-effacing that he carries that passion up to the point of complete self-extinction. It is just not in the cards that that should happen. In Washington we have the most effective propaganda bureaus in the world with complete ability to transmit information to the uttermost corners of the earth. It isn't to be supposed that the determination to have a passion for anonymity is going to be temptation proof. Let us eliminate the passion stuff. The problem is not solved in that fashion. That is what I would describe as a palliative.

I will take you back very quickly, without any suggestion as to personal, political preferences, to the Coolidge Administration. We know that somehow or other he managed to get his job done as he conceived it with very little energy and application. Now, we have the present administration, - I am tempted to paraphrase Tomlinson who once

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said that we had been drawn into a curious vortex of new principles and opinions. I think we are in a vortex and a furious one, of new principles and opinions. That creates work, and because one man simply cannot possibly do justice to all that Well, before these passionate gentlemen were brought into the picture just as concepts, why what happened was this. There were some 18 agencies assigned to the President's son James Roosevelt. I will give him credit for personal ability, but there isn't any such animal in existence that would be required to do justice to 18 agencies coming along and each agency getting a half hour per week. That is actually what happened.

Under the present circumstances I am astonished that the President is so moderate in his requirements. He could easily use twice the number of personal assistants. But this question is a fair one, whether the conditions that call for those assistants actually should exist, and it is only in the past few years that all of this has been created, and you can't expect that in our form of government much of this will survive in unaltered form in any change in the office of President, whether the successor is a Democrat or member of some other party. That is not in the cards I don't know what these men are going to accomplish. I am not speaking with unfamiliarity of the situation. I don't know what they are going to accomplish except to intrude as an interrupting device, whether that succeeds in protecting the President or not I don't know To me, of course, the problem is far more fundamental. To me the problem is one of decentralization, to me it is one of utilization of the members of the Cabinet as responsible officers of each one of the departments,

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with the President of the United States dealing only in terms of policy that borders general consideration.

Q At the outset, I am a lawyer. We have to periodically perpetrate solutions for various problems of the War Department, and I have recently perpetrated one, and that criticism I made was that there is not sufficient control in the Office of The Assistant Secretary of War for procurement. In that connection from the control division operation along this line, there was an officer sitting up there, one officer supervising a lot of major generals apparently. A bunch of clerks were getting a lot of reports and checking over those reports to see if they could find any holes in them. I wasn't impressed with that as constituting a control or supervision, and what caused me particularly to suspect it was that some years ago I had had occasion to prosecute a number of soldiers and civilians and we increased the jail population considerably as a result of the thing. The charges were in all cases of larceny. I found that the reports were all in excellent shape. When I first went into investigate the warehouses from which the larceny had taken place there was nothing short, everything duly accounted for. I am wondering if supervision which consists only or principally of action suggested by reports made to the operating agency is really supervision at all.

A It isn't. The test of supervision lies in the effectiveness of the results that it secures. I could say, just as in the case of government, the less government we have perhaps the better off we are, provided that government we do have is good. Supervision is a multiple

concept. In the case you cite, if I understand it correctly, a number of major generals were being supervised by an officer who - you didn't disclose his rank - presumably reported to The Assistant Secretary of War. In any scheme of things I can't conceive of a major general receiving supervision. I would say that the most he gets is general direction. I am distinguishing between terms, and of course you may mean that by the use of that word supervision. If it is actually supervision, I would say it is rather rough on the major generals.

Now, in a report, one given credit for having been carefully compiled and rechecking the facts, one finds out the report is unreliable, it isn't possible, unless in cases of extreme emergency where one wants to be absolutely sure that there can be no question of error, to parallel every investigation and to have a second report made from an independent source so as to check on the first. If you have a difference between the two you have to decide which of the first and second is right.

This discussion is very difficult because I may have certain pictures in my mind that don't agree with the pictures you have. We must understand that depending on the level in the organization where supervision is exercised - a senior clerk, a gang fore man, and then on up to the superintendent, to manager, to controller, on up the line. On each level a different type of supervision has to be exercised.

As for doubtful facts, the first thing an organization must do is to be sure of its facts and that has to start with the person who makes

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the original investigation. Somewhere along the line there is the person responsible for the production of those facts. The organization's set up must be so that as to those facts there can't be any doubt as to the accuracy of the facts. The remedy lies in changing the person who reported what was alleged to be facts what were near facts, pseudo facts or anti-facts.

I want to suggest six books for you. I am going to leave them for you since at least three of those may be difficult to secure. It would give me great pleasure to make them available to you.

Colonel Riefkohl. Mr. Hopf, I certainly want to thank you for this time that you have spent with us and giving us this valuable exchange of ideas. You should not be surprised to be asked to come here again next year.