

THE ECONOMY TEST FOR STANDARDIZATION

"In the long run, there appears to be only one basic reason for standardization work. That reason is economy."

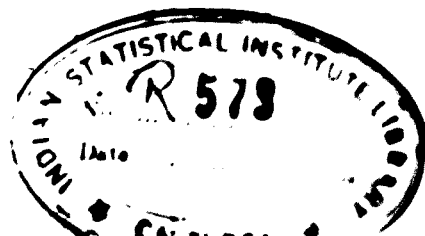
Thus concludes Howard P. Seelye of the Detroit Edison Company in a recent article, "Standardization - Its Scope and Limitations", published in the December, 1935, issue of the Edison Electric Institute Bulletin. Here we have an instance of a man from a public utility going on record as to the fundamental objective of standardization.

In order to make sure that he will be understood, he goes on to say:

"A number of supplementary advantages may come to mind, such as obtaining better and more uniform quality, simplification of buying and handling, and the convenience of having an established and recognized good practice for reference and as a basis for design. These are all essentially matters of cost, however, as well as the more obvious cost advantage of lower price due to larger and simplified production. The test of any proposed project should be simple, therefore - 'will it result in a reduction in cost? If not, why undertake it?' "

Please note the last two sentences. The only object of standardization is to reduce cost.

Now either this man is all wet or we are. So what? If he is correct, we had better quit wasting time talking about SADE. If we do not believe as he does, it is about time that some further evidence of that is made available for public consumption because sooner or later statements of this kind are going to be items of importance from the viewpoint of public relations.



To begin with, let us clear the decks for action by making the assumption that in the profit economy of capitalism every aspect of quality control must be looked at from the viewpoint of whether or not it nets a profit over a given period of time. In other words, let us admit at once that men either do not go into business for an altruistic motive or, if they do, they probably can not stay there very long. But thus granting that every business man is in business to make money is a long way from granting that the basic reason for the acts of that business man is profit.

Of course, in a state where industrial activities are planned and controlled by the state, it might be possible to look upon standardization as just one of the tools for reducing cost no matter what the nature of the quality of the output. Such a statement presumes that the minority in power would have the authority and the power of the state to force people to take the goods, irrespective of whether or not they gave the greatest possible satisfaction at the given cost. Such a policy would resemble very much the kind of policy that a good many of us heard a lot about here in America when we were younger, namely, the policy expressed by a certain big capitalist as: "The public be damned". If, however, we look at business, as we certainly do within the Bell System, as an attempt to satisfy the wants of people in a way to make them willing to pay cost plus a reasonable profit for the services rendered, the basic reason is no longer reduction of cost but instead it is the satisfaction of human wants.

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"What difference does it make", you ask, "if someone states the objective in this way"? Well, even if it were true that the basic objective is to reduce cost irrespective of whether or not this leads to the greatest satisfaction of human wants at a given cost, it would be very bad psychology from the viewpoint of public relations between industry and the public at large to state it thus bluntly. That is, even if business men were in a favored position where they could look simply to their pocketbooks and depend upon some arm of the state to protect them, they would be foolish to stir up the kind of opposition that might be stirred up by such a statement. On the other hand, if the objective stated as basic is not the basic one, it is a still worse faux pas to waive such a red flag in the face of the public. This is particularly true when the avowed objective of many groups sponsoring government control is to increase the satisfaction of the public. In fact, it is pretty generally agreed among the leading jurists of today of the type of Dean Pound of Harvard, for example, that the job of law in general since the beginning of this century has been directed toward the maximum satisfaction of human wants. Under such conditions, is it not utterly ridiculous for some one to state an objective which is so utterly at variance with this generally accepted objective of government and law, particularly if the objective thus stated is not the basic one, as I most assuredly do not think it is in this case.

In the second place, from the viewpoint of quality control by an industry such as our own with a stated policy of giving satisfactory, adequate, dependable, and economic quality, the statement that the basic end of standardization is economy and the lowering of cost directs the spotlight of activity upon the wrong point. It should be directed upon the nature and origin of standards as a means of satisfying the wants of the consumer as set forth in I.E.B. 5, which is basic to our own judicial procedures in quality control. In other words, in order to live up to the established policy of the Bell System (which incidentally is that of most protagonists of greater government control and is in line with the currently accepted objective of law in general), we must approach our everyday problems from the viewpoint of trying to give the greatest satisfaction and dependability possible at a given cost. In other words, those of us who are actively on the job must keep definitely in mind what we are aiming at if we are to be able to hit our mark as close as, or closer than, greater government control with the same expressed aim would be able to do.

In answer to the question raised in the first paragraph as to whether the author of the paper there referred to or ourselves are all wet, my answer is, "We are not". Furthermore, I contend that such statements by members of industry, if they were to be accepted as applying to all industry including our own would be serious handicaps to all of us. If I am right about this, is it not to the advantage of the Bell System

to bring to the attention of the public our view of the objective of standardization by providing an outlet for some of our basic findings in the theory of quality jurisprudence, a specific example of which is I.E. B. 5. Not only do we aim at satisfactory, adequate, dependable, and economic quality but we are leading in the development and application of the necessary techniques for attaining it.

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