

John H. Patterson: Pioneer in Industrial Welfare

By John H. Patterson, Samuel Crowther

**TO SURVIVE,
MEN AND BUSINESS
AND CORPORATIONS
MUST SERVE.**

- John Henry Patterson



Summary

1. “His whole enterprise was an affair of little things combining to make a big thing. He did little things in a way to make them big. Always he went to extremes. He often made unusual demands or created unusual jobs to see if his people could rise to it. He could be very great and he could be very petty. A man never knew whether he was going to be rewarded or fired. He had no scale of relative importance - the details were just as important as the big programs. *He could keep everything in his mind at once.* In no sense a businessman, he was the founder of most of the practices which distinguish modern American business from all other business in the world. Not a salesman, he was the founder of modern salesmanship. Not a speaker, he was among the most effective public demonstrators. Not a financier, he was the chief exponent of getting money by spending money and yet not overreaching. Not a manufacturer, he was the originator of the modern American factory. Not a judge or a picker of men, he was the father of organized business and the developer of more business leaders than any other man who ever lived. Not a man of commanding personality, he was a rare leader of men, equally sure in threatened defeat or in expected victory.”

Key Takeaways

1. About John
 1. His chance to do something big came well-disguised. The National Manufacturing Company of Dayton was the first to create cash registers but it lost money and was the butt of all jokes. Patterson thought differently though and bought impulsively - he bought controlling interest of the company for \$6,500, within a few thousands of all the money he had. He was 41 years old, with all his cash in a company making a product that apparently no one wanted - a company with a continuous record of failure. However, from then on he made the cash register his life. He did not know enough about business to realize what was impossible. He thought it would make the whole world financially honest, he thought in terms of the good that he could do to the buyer of his machine and not of the profit that he would make for himself. *The profit became and always*

remained a means to an end. He never wanted to grow too fast - he wanted his money to come as an incident to service. One finds that men do not create success - whatever the definition of the success may be - unless they believe in themselves and in what they are doing. Patterson believed so much that he went at this alone - he gave up everything that might even remotely interfere with the motive of his life. Men do not do big things in dilettante fashion - they put their whole selves in their work, making all else subordinate.

2. There were a host of things he wanted to do, but to do them he first had to have money and power. He did not then or ever after think of money and power as an end in themselves. He never counted the costs - if he wanted to do something, he did it and checked up on the cost afterward. He worked so tirelessly that his brothers thought he worked day and night and had an independent mind, acting on his ideas even if others laughed at him.
3. Patterson had early events which pushed him in this direction. He was head of the household after college but couldn't get a great job so was helping out around the farm and farm store. The keeping of accounts bothered him as he wanted everything certain but everything was slipshod. It might not have bothered a man who knew bookkeeping, but John knew nothing of account books and was not even quick at figuring. His was a directing type of mind that could plan every detail, but could execute few of them with clerical neatness. And that type of mind is very unhappy when it has to pore over petty detail tasks. The books rarely agreed with the books of the employees and proper records were almost impossible to keep - forgetting to charge people the right amounts and making other costly mistakes
4. His primary principle: *good enough is the enemy of all progress.* Therefore, whatever they did was but a step toward doing something bigger and better. He had more work planned ahead when he died at 78 than when he began at 41. Many of these plans had nothing at all to do with his own business or with business in general; but he used those terms in thinking of them. He thought that well paid wage earners and executives, living in good houses and working in pleasant shops and offices, would do better work than ill-paid men living and working in squalor. Therefore he brought about these things. He made over the City of Dayton so that it was a well-governed community and brought his ideals even to the state and federal levels. Politics failed him eventually though so the only place where he could help to provide more goods was in his own factory. He

spent millions for relief work in Dayton during the flood and though this had no relation to business, his response was, "*It pays.*"

1. *As Henry Ford would have called it, enlightened self-interest*
5. He had no large investments, a modest house, and made far less than he could have. He bought great tracts of land to one day build home sites for his workers and to provide a natural park for the people of the city. He spent less on himself than any other rich man in the country. The remainder of his income he gave away and most of it he gave away personally with the sole idea of making better citizens, or, as he liked to put it, "making better business."
6. He thought there was only one best way of doing anything and that everyone ought to be taught that best way and then forced to follow it.
7. "What I learned at Dartmouth was mostly what not to do." He never could get behind the use of knowledge purely for its sake - he wanted it applied to something human
8. To describe John Patterson's personality would take pages. His business methods and his whole mode of life are novel. His brain works night and day. At his bedside are pencil and pad on which he commits ideas the instant they enter his head. To his secretary he dictates dozens of orders every morning to be transmitted to different heads of departments
9. He planned each day in advance. At breakfast he made up his schedule of work, and every item of work on the schedule had to be done before he went to bed. He subordinated all else to work - he had little interest in social life and had few close friends or companions. He considered that every man should have his day planned in advance and also have some means always at hand for making notes.
Patterson was an uncannily skilled adapter rather than an originator
10. *All his thinking had to be done in solitude* - later when his affairs became large he worked out most of his important plans in the middle of the night in bed. *He had yet to learn that a plan cannot go into full operation without the help of convinced human beings. He learned he had to walk his people through his reasoning and, if he was shown wrong, he would immediately change his mind.*
11. Many a man acquires his principles after he has acquired his money. Patterson acquired his success because of his principles. They were reasoned out of the bitterest of experiences. For nothing came easily to him; during the first ten years of the company there was never a moment when he could have paid his debts. The only market during those early years was the saloon market. His machine -

the machine out of which he hoped to do so much - was just a contraption for catching light-fingered clerks.

12. It pays to be honest, truthful, straight - to say what you mean and mean what you say. All his reasoning was likewise direct and simple - the whole business thesis was this: "Every merchant must account for cash. The cash register accounts for cash. Therefore, every merchant needs a cash register. *He could reason from the particular to the general or from the general to the particular in the precise manner of the logicians.*
13. *Patterson learned that kindness pays in dollars as well as in disposition. The more he did for the happiness of those around him the more fun he got out of it.*
14. He had an almost Chinese veneration for his ancestors - but not because they were dead. He revered them as people who had, by their lives, taught him something. He studied them - he found out all he could about them - to discover what was in their lives that he could use in his. He had something of all of his ancestors in him. He was always searching for lessons out of the past to use in the present
15. Believed men raised on farms to be more honest and hardworking than those who hadn't and chose those men if they had an option. Asked to lay down his principles of success, he said - learn to overcome difficulties while young. The farm is the best school, for it teaches the fundamentals of success, namely: *hard work, common sense, good habits, practical experience, the value of a dollar*
16. John did not take honesty for granted. He took nothing for granted. He thought that any man might yield to temptation. Therefore he devised a system of receipts while working at the canal

2. On Advertising & Salesmanship

1. Patterson was the father of modern advertising. Before, it had been used to announce that goods were on hand ready to be bought - it was not a method of selling. He regarded advertising as a fundamental expenditure. With this he helped educate people and grow demand for his product. He made little dramas of everything that he wanted to teach. He invented salesmanship - as distinct from order taking. He brought salesmanship to an intensive scientific basis. And

thereby he changed the whole character of American business. *He recognized that the best salesmen were contented customers and so he made it a primary principle that any man who bought must not only be satisfied with the purchase but must be kept satisfied by being instructed not only how to use his machine, but also how to make money out of it.* Considering his ideals, any other course was impossible to him

2. He thought that pooled knowledge was better than scattered knowledge and hence he invented the *conference* idea and carried it to extraordinary lengths. He also guaranteed his salesmen *guaranteed territories* so that they would be more incentivized to help each other. He knew perfectly well that it is not human nature to work as hard when an income is assured as when the income depends solely on the effort exerted. *It was not a new idea to put men on commission. It was a new idea to put them on commission in order that they could earn more. He started in at once to help them to earn more.* They were initially afraid to report how much they were making because they thought he would cut their commissions but he reiterated that the company could not make money unless the agents did. He also went against the grain by publishing the lists of purchasers which at the time was thought a great trade secret. He refused to subscribe to the notion that a market could be saturated. There was always the opportunity to sell for the first time, to sell more, or to sell new models
3. *His coal business was at first just a commodity but he then asked himself why anyone would buy from him aside from friendship. There was no good answer so he began to create some reasons - he made a specialized product out of an ordinary commodity.* Then, when he had something special, he advertised it. He bought the cleanest coal, gave customers more coal than they paid for, bought the best horses to deliver the coal, and advertised all of it. *In a way, he took himself out of competition with others in business.* Like on the canals, he had developed a system of receipts so that each receipt printed with the kind of coal, the weight, and the price. This helped both customers and the business. He started educational advertising - he gave the reason why the purchase of a register would make money for the purchaser. *However, no advertising could equal word of mouth advertising of the satisfied user.*
 1. *Moats, seeing through the eyes of the customers, Will Roger's horn*
4. When he began advertising he noticed that envelopes bearing the name of NCR were carefully watched for by clerks and destroyed before they reached the proprietor. He took the name of the company off the envelopes. This worked for a

while, but then clerks began to watch for envelopes postmarked "Dayton." For quite a number of years the advertising matter each month mailed from a different city in envelopes bearing only the return address of the agent in the city. The salesmen had not only to overcome the inertia of the proprietors but they had everywhere to fight the bartenders and store clerks in Chicago. A cash register was considered a challenge to honesty. The purchase of a cash register was often the signal for a walkout. The clerks had no end of tricks to make it seem inaccurate and have them taken out. They created organizations to prevent the sale and use of cash registers and passed around information as to what to do to make the machines appear inaccurate.

1. *So difficult to change behavior but approached the right way, with deep fluency and taking into account different points of view, if the value proposition is great enough, it can happen*
5. Salesmen would walk around with the big cash registers but when clerks saw them they were almost never able to get into the store. Mr. Patterson met this at once by making a small working model of the register, known as the "three key sample." This he enclosed in a case which had nothing about it to indicate the NCR Company. In this way did he get into the shops
6. The cash registers were mostly sold on an installment plan, resulting in the profits being mostly deferred and this strangled him because advertising was expensive, essential, and had to be paid up front. His big advertising initiative went against the current times which thought that the way to make money was to cut down expenses. The two places he devoted his time to were advertising and selling. *If we advertise properly we pave the way for our agents. If we have a thoroughly trained selling force, the men can sell our goods in good times or bad. The important things to do, therefore, are to improve our advertising and improve our sales force.* Patterson was not a salesman and that probably helped him as he was not hampered by having his view narrowed by his own experience.
7. The clerks were some of the strongest opposition to the registers and in the *The NCR* magazine, he had a section called "clerk's corner" which had suggestions as to how clerks could make themselves more valuable
 1. *Cater to the opposing demographic and cater to them to win them over - they could be your loudest advocates*
8. To have an office on the ground floor on the most prominent street is the best-paying investment that an agent can make. Light and cleanliness are the two great

essentials to selling. A dark store is never as profitable as a light one. People are attracted by light

9. There are five things we insist upon ever sales agent doing. They are the foundation principles of success, and it is absolutely necessary that they be adopted at once. Don't deceive yourself by thinking you can get along without them. You cannot
 1. Give guaranteed territory - every salesman must be given a certain territory and receive credit for all orders from that territory, whether taken by him or at the salesrooms
 2. Use the primer - commit the primer word for word
 3. Use the book of arguments - have everyone familiarize himself with the arguments so as to be able to repeat them
 4. Decorate windows and offices - use the illuminated pictures, the registers operating by electricity, and other novel devices to attract passers-by
 5. Hustle - have your men start out early; send out advertising; keep a good potential purchaser list; mail circular letters; take advantage of the many suggestions published in *The NCR*
10. Above all, the salesman must put himself in the place of the prospect
 1. *See through the eyes of the customer, empathy*
11. Write so all can understand. Use small words and short sentences. Tell why as well as how to do it and use as many visuals as possible. An absolute simplicity of language and directing the appeal through the eye to the thing advertised were his two cardinal points. Be direct, don't try to say too much (benefits of advertising - page 300). He favored simple writing and his test of good writing was the ability of an utterly uneducated man to understand what was written.
12. One of the better salesmen made friends with not only the proprietor but with all the men who would use the registers before he even mentioned the matter of a cash register. This evolved into what became the NCR method of training salesmen
13. The potential buyer should be taken from their shops/bars/etc. so that they wouldn't be distracted and could focus solely on the register. That became a key principle - never to sell a prospect in his own places. Another is to never hesitate when asking questions. If can't respond quickly say, "why, that's just the very reason you should have one." This gives you more time to think and shifted the position from defense to offense. The sales process was broadly divided into four main parts: salesmanship, approach, demonstration, and closing arguments

14. Don't bewilder a man with a mass of trifling arguments. Tie to a few important points, drive them in and clinch them. But tell him what he wants to know. If a trifle will close him, it's no trifle.
15. The surest way for a salesman to arouse and keep up the interest of the prospect is to have a genuine interest in it himself.
16. *The quick and efficient interchange of information between those in business is what sets it apart and allows it to grow.* He set about creating an easy method of communication with the agents but also a forum in which the agents could tell how and why they made their sales. Created a bi-weekly distribution for all agents. Its principal object was to distribute information and serve as a medium for asking and answering questions among agents. Wanted to learn the manner of selling adopted by different agents, what they think their strongest points; points to avoid as well as points to make. He learned a lot as well as a list of don'ts: don't advertise the register as a thief catcher, don't try to make out clerks are all stealing, don't do all the talking, don't answer a question except with the truth, don't wait for a man to come to your office to buy, don't stop calling on a man if he says he doesn't need one when you know he does, don't think the people in your territory are harder to sell than anywhere else. We know by experience they are not, don't try to sell a systematizer without a system, don't imagine we make any more money than any retailer when they sell the same amount, don't think you can handle a territory with 1m inhabitants, don't think that a firm is doing too much business to use our registers, don't fail to write us when any points come up that you are not familiar with, don't remain idle, don't read these once, but twice, don't forget while trying to sell a storekeeper to call attention to our books for registering credit sales...
17. He always thought that a factory was a part of the advertising of a company
18. The 100-Point Club - Each sales district and each regular salesmen has a yearly quota of points - a certain value of cash registers that he is expected to sell. That gave a method for working out the reward. The men who sold their full quotas were designated members of the 100-Point Club and invited to Dayton for the annual convention. The man who first got his quota was the president of the club that year, the second man the VP, the third the secretary, and the fourth the treasurer. These men are taught and entertained at the company's expense for one week. He stopped publishing the number of registers sold but rather the percentages of realization to the possible realization on the basis of 1 register per 400 people and together with it the gross sales by points, \$25 being a point.

19. There are two occasions in the life of nearly every business – particularly in the manufacturing field – when it advertises without an unusual amount of coaxing or pressure: when it is flush and when it is sick. However, Patterson seemed to plan for adverse selling conditions, panics, and the like. *Mr. Patterson always enlarged his advertising when business was bad for it was then, he said, it was most needed.*

1. *Expand during the depressions – this takes courage, conviction, preparation*

20. One of the large ideas of his was to hold the convention of the wives of the salesman in order to show them how to aid their husbands in making more money. He taught how to critique the salesmen's demonstrations, the importance of good clothes, a lot of sleep, good food, and encouragement

3. On Management & Welfare

1. *Mr. Patterson was not a manufacturer in that he had little interest in process or materials. His whole interest was in men. He studied the work place and changed it from a mere place to work to a place where human beings could work*

2. *Enthusiasm is the biggest asset in any man or enterprise. It is the one thing that you have to work eternally to keep up.* It is to the stimulation of enthusiasm that most of our work is directed, for it is impossible for anyone not to do his work well if he takes a joy in its doing. I have found that a man lacks enthusiasm when:

1. He has not an appreciation of the work in hand
2. He is out of sympathy with what you are doing
3. He lacks knowledge of the business and the motives of the officers
4. He is not in harmony with his surroundings
5. He does not realize his obligations.

3. Therefore, we have solved the labor problem if we can infuse enthusiasm into all the various kinds of people who go to make up a working force. It is a give-and-take proposition of mutual benefit and mutual responsibility. I have no solution to propose - there are no solutions as yet. But I have learned these big points

1. Treat people well and they will treat you well. They will not instantly respond but they will in the long run. Be square with them

2. Do not try to take any advantage and do not try to get the last cent's worth of energy out of them. They will give you their best if they think you are giving them your best; they will not work the better for being forced
 3. It pays to do good; it pays to help them to help themselves in every moral and physical way and also to give them every possible opportunity for advancing to higher positions and more money
 4. The basis of a good product is labor - workers who go forward loyally and enthusiastically as a team. Hence it is necessary to let the workers know what you are trying to do by bringing them together frequently in meetings in which the ideas and ideals of the business can be explained
 5. Let every worker have the opportunity to make complaints and suggestions for betterments, reward them adequately, and make it impossible for a man to be fired on account of a personal dispute with the foreman or other subordinate
 6. Extend your personal acquaintance with the men by every means possible.
 7. Such are the principles I have gradually learned in my years of company management. They are not successful in every case - and it must be recognized - there are some men who will not be fully pleased no matter what you do. Helping men to help themselves is not a task to be undertaken by anyone who is not content to have his motives misunderstood, or who may be disturbed by undeserved censure. The sustaining power of farseeing labor direction is the knowledge that you are doing good and that your business is not going forward over the dead bodies of countless workers. The other and less sustaining motive is that it pays. My lessons have been learned through bitter experience. They seem simple enough. So they are in the stating, but they are complex in execution
4. Until 1892 business prospered. Then many registers were returned as defective, causing heavy loss in dollars and reputation. *Mr. Patterson moved his desk into the factory and started an investigation.* He found conditions bad and discovered his trained workmen were leaving because working conditions in his factory were no better than those in any other. There was serious lack of knowledge of the business among the workmen. Also, neighborhood conditions were affecting the quantity and quality of products - skilled mechanics simply would not live or work in "Slidertown", the disreputable section of Dayton in which the factory was located. The district was full of thieves, gamblers, and even worse. *But the*

greatest trouble of all, he soon become convinced was that he lacked the cooperation and sympathy of his employees. He, representing capital, and his employees, representing labor, had both been trying to get the most for the least from each other, with the result that neither derived much satisfaction from the arrangement. He gave them cleaner facilities, a cafeteria, food at cost, and cleaned up the neighborhood around him as well. He painted the buildings, planted flowers, shrubs, and grass, a free landscape gardening school was started, prizes were offered for the best kept yards, window and porch boxes. Thousands of shrubs, plants, and packages of seeds were distributed. All this was done on the theory that beautiful surroundings are conducive to good work and that the man who takes an interest in his home and its surroundings will prove a more valuable worker than a man who lives in a slovenly shack. He has given the troubled boys plots of land to raise their own vegetables. This acted as a miracle. Slidertown has been transformed into "South Park", one of the most desirable sections of Dayton. According to the judge of the juvenile court, there has not been a single delinquency case from the South Park neighborhood in nine years, whereas the locality was once the haunt of the lowest young ruffians and hoodlums in the city. All through the factory the latest approved safety devices are used - a man can do more and better work when not in constant fear of an accident.

5. The first seven factors in efficiency are: health, character, education, ambition, equipment, environment, and reward. The friction between capital and labor will be reduced just to the extent that each discharges his responsibility equably, willingly, and effectively.
6. Patterson has put his fortune into building cash registers and making workers happy. *He has made the earning of a living harmonize the earning of happiness. A long time ago Patterson quit thinking first about dividends and directed his thought to making each man and woman connected with his institution happy and successful. As soon as he did that, he found that the success of the institution began to take care of itself.*
7. Long before the minimum wage law was passed the lowest salary paid by the NCR company was \$9 per week and they only had an 8-hour work day. Welfare work does not take the places of wages at the NCR. One of the results of welfare work is good wages.
8. *He worked so hard and set up his business organization so that there would never be static contentment. He always wanted to do everything more expeditiously*

than anyone else could do it. Therefore he kept his business in flux - he was always working on a program extending at least five years ahead. Every idea that seemed to have merit was tested. It was axiomatic that everything being done by his company was to the end of preparing to do it better. He went incessantly from one end of the world to the other hunting for new ideas. He read everything related to his business and sent hundreds of copies to his executives. He was always learning and he expected everyone about him to be learning

9. *He had made one mistake in the treatment of his workers; some of the privileges, such as taking baths and attending certain of the entertainments provided, were made compulsory. This form of paternalism, naturally, was resented. Mr. Patterson, however, saw his mistake and rectified it. Able-bodied citizens of a free market abhor even the most benevolent efforts if they're compulsory and smell of paternalism*
10. I learned an unforgettable lesson that nearly put us out of business. It was worth every cent that it cost. We sent registers to England which had to be converted to pounds, shillings and pence but every registers - \$50,000 worth - was returned due to faulty workmanship. The men had no heart and I had to frankly confess to myself that there was no particular reason why they should put heart into their work. Patterson asked the men directly what their complaints were and remedied all of them. *We take the attitude that if anything more can be done - not reasonably done but if it can be done at all - for the improvement of comfort or safety, we will do it.* And, they were right: it was not fit place to work in. We added a lunch room, our new factories had a lot of light, we improved the chairs in which they sat, we raised wages, made hoods to absorb dust, painted the inside a light color, put in every safety device that could be devised, had first class baths and locker rooms, hospitals and first-aid stations, medical inspections, and free, clean aprons for the women. In fact, we did everything that we could discover to make the conditions of work as comfortable as possible. *Men and women work better when they have self-respect; the first step toward self-respect is decent living and working conditions. He will be still more efficient if, added to self-respect, is the knowledge that he is on the way to a better job, if he has something to stimulate ambition. The best stimulation is knowledge, not merely knowledge of work, but general knowledge of what is going on in the world and what people outside of his own little group are thinking about.* We added a dining hall where the workers can get subsidized food. Of course we lose money on this as well as on the dining room in the office building but we get the loss back in the better

work done. We love when our men travel too. It is really surprising how much more efficient a man is for having seen something outside of his own home town. So, instead of a dirty factory in a dirty town where there was nothing to do but work, we now have, I have been told by many people, the largest opportunities for clean, healthy work, education, and physical exercise that are to be found anywhere in the world. Only time will show men that you say what you want and mean what you say.

11. Keeping workmen is not altogether about wages, but the wages are of the highest importance. I have always believed in paying men well, but paying them on results. Every job that can be so arranged is on piece-work basis; we encourage the making of the highest possible wages. Does it pay? All through the shops are scattered signs with the two words "*It Pays*". There is no charity in anything we do. Isn't it just good business to lose three cents on a girls' lunch and get back five cents' worth of work? And so throughout the whole. It is not possible to reduce it all to a profit-and-loss account; there cannot be an exact balance sheet. But I do know that our labor turnover is trivial when compared with most concerns of our size, and that careless work is very rare. *These are two of the most important elements in the success of the business and they are not capable of exact measurement. Indeed I am so thoroughly convinced that it pays that I would recommend changes to keep labor happy no matter what might be the immediate effect upon our business, for it is only the ultimate effect that counts.* It all comes down to this: in our farmhouse my mother nursed the hired man and cared for them just as though they had belonged to her; she felt that they did. They came to feel so, too. The factory has now taken the place of the old farm, but the methods that were a success on the farm are just as good today in the factory. *Times have changed but human nature has not.* Those registers are kept today, behind glass, locked up as an object lesson for all time. They called me 'crazy'; it has been my privilege to be called 'crazy' many times during my life. It is an epithet which I prize highly, for I take it as a compliment to a vision that is denied to many unfortunates. There are advantages to being crazy
12. Mr. Patterson's policy was of trying always to have NCR do more for those who work for it whole-heartedly than any other company had ever thought of doing for its people
13. He thought of his machines as instruments of precision. And therefore he brought about working conditions that would lead to precise work.

14. When he found the office girls were holding themselves above the factory girls because they could wear better clothing while at work he put all the girls in the organization into white aprons so that there could be no clothing distinctions. He would not permit one class of employees to tyrannize over another - which is the cruelest of all tyrannies
1. *Hierarchies, incentives, reducing friction*
15. *As Mr. Patterson conceived it, he believed that an employee is entitled to a good environment, a happy home, and an incentive to advance; and that given these things he will produce more and better work.* These policies are being scrupulously maintained, with the result that a remarkable spirit of goodwill and cooperation exists throughout the organization. Their goal, to be the world's model factory, seems to be holding true. *Workers want mainly 3 things - contentment, opportunity, security. Everything that is done to improve the worker's environment, earnings, consciousness of square treatment, makes for present satisfaction - a contented worker. Everything that is done to bring out the best that is in him, to assure him that his ambitions will find an open road to advancement, encourages him to stick and strive for opportunities that lie ahead. Everything that is done to keep him regularly employed, to assure him that his job will provide a livelihood today, tomorrow - as long as he does his part - everything that provides for his future, brings a sense of security that he will not lightly forsake*
16. *A fundamental factor in keeping labor turnover down is the ability to provide steady work. In this The NCR Co. has been notably successful, due to careful anticipation of needs of the future and to broad gauged and effective sales policies.* A future demands department studies the market to learn what improvements in the product may be desirable, and a corps of inventors is constantly employed to supply these improvements and provide new machines to meet changing conditions. Liberal prizes are offered for sales in excess of quotas and all who secure their quotas in a given year become members of that year's 100% club and attend an elaborate convention at the company's expense. The NCR Co. was the first large concern to conduct sales schools. All new salesmen go through a six weeks' course of intensive training, studying the needs of the market and how the company's product is adapted to those needs. *Service to the user is a point strongly emphasized in this training.* As a result of these sales policies, during the last five years the average monthly business of the company has more than tripled. For 21 consecutive months this organization broke all

previous sales records. *In the industrial depression of 1921, when many industries were working part time or not at all, the factory smokestack was kept steadily smoking. Instead of letting down, the selling force was augmented and put forth extra effort.* Instead of joining in the pessimistic chorus, optimism was preached persistently to the employees, the selling force, and the trade. Daily bulletins showing the progress of sales are posted in every factory department, and are read with keen interest. This helps to establish confidence and optimism in the minds of employees

17. Patterson invests his money chiefly in the happiness of his people. Every notch he rises, he lifts a hundred with him; every dollar he makes, makes a hundred for others. He has mounted by helping, and by cooperation. What he does anybody else can do; other businesses can extend a helping hand as they thrive
18. *No man possessing ability in any given line need blow his own horn. His work rings truer and sounds louder than a brass band. He requires neither recommendation nor pull. The whole world is seeking him. He could not hide if he tried. He is wanted by every aggressive organization in the world. The bottom of the commercial ladder is congested with applicants, but there is ample room at the top*

4. On Business

1. We have found a monitor cash register machine system which organizes the business of retail stores and *brings order out of chaos*. It does not prevent wrongdoing; it does not prevent mistakes; but it tells the proprietor after they have occurred, and he can thus guard against similar errors.
2. The mine store gave him a great deal of trouble. He could not understand what the matter with it was. "We were doing \$48,000 per year, with almost no competition, and our prices were high. The surprising thing, however, was that at the end of each year we could see no improvement in our finances. In fact, we were running behind. We had no bad debts and paid cash for all our goods. We found that our net profits should have been about \$12,000 per year. But at the end of 3 years we not only had not declared a dividend but had lost \$3,000 and were in debt over \$16,000. We tried to give our interest away to anyone who would agree to pay the debts. We had no takers. And yet not a dollar was stolen. Where did the profits go? This was a problem no one seemed able to solve. "I went on a

tour of inspection. I soon found that certain miners waited to buy from certain clerks. This was the clue that led me on. Taking a miner's basket, I found him charged with only half the goods he actually received. I kicked three of the clerks into the street, and sent the superintendent of the store coatless after them. I realized that I had adopted a wrong plan in giving a reward to the clerk who sold the most goods. They were giving away goods in order to get personal following. We had had the most popular clerks in Coalton. The coal miners were loud in their praise of them." Mr. Patterson was at his wits' end. He had to reorganize the store but did not know how to ensure against the old evils unless he stayed there himself, and that he could not do. He heard of a machine to register sales that were being made in Dayton and wired for two of them. They were \$50 and everyone else was against them. He said flatly thought that he did not care how much they cost if they would check the business and stop the losses. The result was that in six months we reduced our debt from \$16,000 to \$3,000 and our books showed a profit of over \$5,000. The registers did it all.

1. *Agency costs, incentives, nudges*
3. Patterson decided that the cash register business can be made one of the largest industries in America so he bought the controlling interest of National Manufacturing. However, he lost his nerve the next day and tried to cancel the agreement but George Phillips refused. He essentially bought some factories and the right to produce cash registers. However, simply by adding the cash drawer at the bottom which was known to merchants already and would only open by hitting a register key. This marked the beginning of the policy of never considering the product as finished and which was to resolve into a definite policy a few years later. Mr. Patterson conceived of business as starting with the buyer; he went into the making of cash registers only because he thought every merchant would eventually have to use one. Thereafter he worked on the theory of not supplying what the buyer wanted - for the buyers then did not want cash registers; he worked on the theory of supplying what the buyer could use to the best possible advantage once he had been taught the need. *As he then said to his people and repeated thousands of times afterward: "Send in the complaints. These are our schoolbooks from which we learn what is needed and how to remedy the difficulty. We propose so to improve the quality of our registers as to make them look as finished as a watch. He wanted everything right, every minute detail*
4. He got out of the coal business and burned some friends and acquaintances. He lost \$24,000 and three years on this venture. The kind of business knowledge he

had accumulated was entirely peculiar to himself, but although he did not know it and no one else knew it, it was exactly the sort of knowledge that was most needful in the work that he was later to undertake. His principles were forming out of his experience. From coal, he learned to do things that nobody else would think of doing, delivering coal as though it were jewelry. "To accomplish an unusual end do the unusual thing."

5. *First secure excellence, then set your price; the world will pay it*
6. Charge a profit - a reasonable profit, but always a profit on every sale. Then make your real money by volume of business
7. A man of ideals, Patterson has never hesitated to bring about changes and innovations, no matter how radical, provided they were sound.
8. He would keep a simple financial system in his head for his entire life. He got the daily sales and the daily bank balance and with this he could estimate in his own way the condition of the business. No matter where he was, the daily sales record and the bank balance had to be wired to him, and if they did not look right he got home by the fastest means possible to locate the trouble
9. He did not start with a big idea and a small capital. He had no big idea. That did not come until much later, for John Patterson developed rather slowly. Most men think it hard enough to have to start into business from scratch. Patterson started several yards behind scratch - his new enterprise had no working capital and fixed capital owed on a short-time obligation. Yet, he succeeded in this coal business which spun into NCR
10. He thought that earnings put back into the business ought to pay for all capital improvements and extensions. It was his sound practice with respect to taking money out of the business that saved him from the disaster that would otherwise have surely come as a result of an essentially unsound confusion of fixed and working capital. *From the beginning he regarded a profit as something to put back into the business to make it bigger and better. He put back the profits with supreme confidence. He was always willing to go down with the ship. He never had anything laid by on the outside for himself. And he met financial crises head on. He never cut expenses as he thought this cut down on initiative and energy - he went right out after the fresh blood of new business. Patterson was always at his finest when in trouble. He fairly reveled in it*
11. Mr. Patterson invented the idea of having a man do inspection. He was himself an unofficial inspector - checking every register before it left the place; he had his eye on everything.

12. If a man learned how to perform any operation especially well, he hoarded his knowledge as a miser hoards gold. Mr. Patterson took exactly the opposite tack. *He thought he could gain more from the comments of outsiders than they could gain from him. So he personally took in charge anyone who cared to look through the factory. This has developed into the elaborate guide-and-lecture system by which visitors are now taken through the NCR plant*
13. He early learned the importance of an air of prosperity; one of his maxims was that before a man could be prosperous he had to look prosperous
14. He was always searching for the quickest and most convenient way of doing everything. But the way had to be also the most thorough and most accurate
15. Another characteristic principle was to never leave open the way to error if it could possibly be guarded
16. Patterson learned through his coal mining operation never to engage in an enterprise which he did not control and never to buy a bond or a share in an outside company. In any business he didn't control, he was afraid of erecting any power in his own business which would challenge his own. That seems to be a feeling universal with the founders of enterprises.
17. Patterson was unique in understanding business cycles - simply that they existed and that he should be ever wary of the depression which follows prosperity. He always made preparations for bad business. Whenever he found that the junk men were eagerly buying scrap iron, he made ready for an advance in business. He was ready for every panic before it started and he met each one in exactly the same fashion. He would always hold a meeting long before anyone else thought that a panic was conceivable. *He would explain that there was going to be a panic. He would make a big "V" on the blackboard and say something like this: "Here we have a valley of depression. Business is going to drop right down to the bottom and then come up the other side. We can drop right down to the bottom and then come up the other side. We can drop with business or we can build a bridge and go across. Let's build a bridge." His way of building a bridge was to intensify every sales effort. He did not draw in for a panic. He put on extra effort, and each panic marked a substantial advance by the NCR Company. The company really grew up in the Panic of 1893.* He also used panics to revise his business methods and to press business the more furiously. He not only had a nose for panics but he also had an antidote for them. We take pains to be ready. We cannot know everything; we cannot always be certain that developments of business will follow the lines that we map out. But no matter what the situation,

we have something in hand to meet it or adapt to it. We work on the plan: the secret of success in life is for a man to be ready for opportunity when it comes

1. Feed during the depressions, margin of safety, dialectical materialism

18. Business is founded on confidence; success on cooperation
19. Everybody knows that profit is the difference between expenses and receipts, and yet fully one half of the business men make more effort to cut down expenses than to increase their receipts
20. If there ever comes a time in this business when courage will not be necessary, when it will not be necessary for us to fight against obstacles, I shall know it is time to put up the shutters, turn off the power, and draw the fires for all time. Mr. Patterson would not bother with anyone who was afraid to go upstream. This thought dominated Patterson's life, and now, with the experience of having not merely weathered but actually turned to advantage the Panic of 1893 and having seen what trained salesmanship could do, he decided as far as his company was concerned, all salesmen would be trained. We have since decided against memorizing but focus instead only through association of ideas. This makes the men more natural in their bearing and sales talk than if they tried to think of the arguments without having the actual primer before him
21. *He had it firmly fixed in his mind that the product must be ever improved, and gradually this became an integral part of the business. The business that is satisfied with itself - with its product, with its sales, which looks upon itself as having accomplished its purpose - is dead. The actual burial may be postponed but it is dead because it is not going forward. To my mind, nothing can ever be good enough; I am always dissatisfied; I preach dissatisfaction. I can always see where something might be better; and therefore our business is never at rest - and I never want it to be. The throbbing heart of business is the intense desire to do better. When that desire ceases, the heart stops beating. My idea of a successful business is this: fill not only every known want of your customers but also have in ready reserve that which you calculate they are going to need next year or the year after. That is, do not merely keep up with the market but preferably a few paces ahead in what you are actually offering and about a mile ahead in your reserve offerings. However, you cannot go too far ahead. There is only one way that I know to determine the exact lead to be taken, and that is by thoroughly knowing the whole market and its trends. We devote a great deal of attention to finding out, not only what the public wants and what it may need, but also just how ready it is to absorb new ideas. We achieve our results: first, by keeping our*

eyes wide open all the time and putting down all the information that comes to hand; and, second, by never considering that we are marketing a fixed product. There is no magic about it, no second sight, nor do I think it is a gift; it is simply a matter of not plodding along with blindfolded eyes and, when you have seen, of reasoning out the meaning so definitely that you can write it into a chart and hang it on the wall. We have made a policy to be just a short distance ahead, for the cash register has always had to make its market. *We had to educate our first customers; we have to educate our present-day customers; and our thought has always been to keep just so far ahead that education of the buyer will always be necessary. Thus the market will be peculiarly our own - our customers will feel that we are their natural teachers and leaders.*

22. He despised bookkeeping and thought that you should never try to make an executive out of a bookkeeper for he might drop all the affairs of the company to run to earth an irregular item of eleven cents. Likewise he would not make an executive out of an engineer. He said that an engineer might think the company's fate hung on a thousandth of an inch.
23. *He was constantly speeding up everybody; frequently making business moves that were primarily expensive for the sake of the speeding-up on the organization*
 1. *Velocity > Mass*
24. Often, he argued that the organization and completion of a superhuman accomplishment would more than offset the expense involved.
25. Patterson came up with the idea of *deliberate delegation* - an executive should do only what he could not delegate as the chief business of an executive is to think and to plan. Never do anything if you can get someone else to do it. This is why Patterson was able to spend so little time in Dayton and the reason why the more important executives have always been able to spend more of their time out holding conventions through the country or in Europe than at their desks in the office. *Any executive worth his salt would be more useful gathering ideas than administering details. They were still expected to know every detail - it was simply that they were not expected to administer the details*
26. His principles of management:
 1. Every organization should have but one head
 2. Everything is done to keep things moving and save time, nothing is so valuable as time

3. It pays to have the best working conditions - the more we do for our employees, the better work they can do and the more they do for the company, the more we are able to do for them
4. Machinery makes men dear and their products cheap
5. *That business is best which requires the least attention from the head*
6. Time off because of sickness is the same as money lost by the employee and the company (we keep doctors on staff to look after injuries, sickness, and carry out a health campaign and a traveling nurse makes home calls to employees who are ill)
7. When few men try to carry the entire load the business suffers - great tasks can only be accomplished by the assistance of all parts of an organization
8. 50,000 people visit NCR each year and they tell the world about NCR products and this helps to sell more cash registers
9. The best way to teach is through the eye as a man remembers best what he sees
10. Each register is rigidly inspected several times as it is built
11. People do the best work when they are best cared for, nothing is more important to workers than good food (warm, substantial, well-cooked meals are furnished at cost, and often less than cost in our dining rooms)
12. Much of the growth of this business is due to the constant improvement of our product, we are never satisfied and always trying to improve
13. Untidiness causes a great waste of time and lowers the morale of employees - carelessness means poor workmanship
14. Workers are entitled to decent and comfortable surroundings at their work
27. It was his constant aim to have as leaders for the various organizations natives of the respective countries, and eliminate everything American from the organizations that could in any way be objected to by the natives. *The business and business models should be adapted as much as possible to local conditions.* He placed as much responsibility on his employees and by placing such confidence in them, he made them self-relying
28. Patterson was one of the first American businessmen on the ground in Berlin after the armistice of 1919. He wanted to convince himself on the ground of the real conditions
 1. *Deep fluency, touching the medium*

5. On The Suggestion System

1. *He was an adapter rather than an originator. His genius for adapting was such that the result amounted to a new idea in its application. What he did was to take an idea out of its setting, put it in his own setting, and then change it about - the origin got lost.* The meetings were done and the foundation was:

1. Teach through the eye and contrast the right and the wrong way.
2. Business is only a form of teaching.
3. You teach people to desire your product; that is selling
4. You teach workmen how to make the right product; that is manufacturing.
5. You teach others to cooperate with you; that is organization.
6. *To succeed in business it is necessary to make the other man see things as you see them.* I say 'as you see them' - which means that you yourself must first see and believe before you can tell another. I have been trying all of my life, first to see for myself, and then to get other people to see with me. The measure in which I have succeeded is the measure of the progress of my company. The methods which I shall set down here are those which have proved best with me - and I have tried many ways.

2. A major innovation that came out of his regular meetings was the employees' suggestion bureau. Because there are many prizes and rewards, there are 6,000 brains, 6,000 hearts, 12,000 eyes and 12,000 ears all working to help one another. The suggestion idea is a big success. To supplement the suggestion plan, Patterson habitually walks through the factory, and going from bench to bench, talks to the workmen. Thus he gets their confidence and the benefit of their ideas. *And a boss whom the workers can see daily toiling away harder than any of them is certainly the one who will get the most work from his men.* This does not mean he is "easy" to work for but he is willing to speak a word of commendation and to recognize a bit of fair work and to reward it.

3. You do not get full value out of the wages and salaries that you pay unless there is a return in addition to the number of hours spent in actual labor at specific tasks. I might almost say that full value is not received unless each employee is in that critical and yet appreciative frame of mind which makes for close observation of defects and which leads him to think what he would do if he were a manager, a head of a department, or even the president of the company. *You must have that employee's ideas as well as his time. You should get to know your*

men intimately for then you can more readily get their ideas and learn to size them up. Remove any walls that exist between the men and you and the department heads. It is no fault of the foremen or any of the subordinates to turn away these ideas because it is perfectly natural that a man whose whole duty is the carrying out of orders should not welcome suggestions that might result in the change of a system to which he had become accustomed. And there is also the additional fear, held by so many men down the line, that if a fellow under him is too good he will get his job. That is wrong but perfectly natural attitude. The suggestion system has grown to 3,200 suggestions per year and 42% of them have been adopted. Both complaints and improvements are welcomed. We placed all over the factory suggestion boxes in which any member of the organization might place his idea and we gave one dollar apiece for suggestions or complaints but this did not work out well. We found that greater enthusiasm was aroused and more suggestions offered by having a contest. We have two contests each year and \$1,200 is offered in 128 prizes; the best suggestion adopted receives \$100, then \$75, etc. Each prize winner in addition receives a medal and a certificate signed by the president, and the contest is put on a team as well as on an individual basis by awarding a banner to the prize department. The points considered in awarding the banner are: total prize money of the department; number of prize winners; number of adopted suggestions; average prize money per adopted suggestion; average prize money per employee in the department. We have an anonymous system today to protect employees and give them more comfort. When a suggestion is not adopted a note is sent to the employee telling him why it was not good. If it was good, it is put into effect as soon as practicable, and if an employee thinks that his idea was not given the proper attention he may ask for a re-investigation and one is always made. The winner may not be the one who made the biggest suggestion, but he who makes a large number of minor suggestions. If two or more employees submit the same idea, the one who submitted it earlier will receive recognition. All men except for supervisors, department heads, foremen, job foremen, section heads, and sales agents are eligible for prizes. Practically every one of our present factory executives and foremen reached his position through making suggestions. And in addition to that, the morale of the organization is strengthened and the enthusiasm kept up. The employee is encouraged to observe, think, and suggest, and that lone makes a better man of him.

4. We ask for help from all divisions of the business and most particularly as follows:
 1. Increasing cooperation
 2. Improving the quality of our work
 3. Decreasing the cost without decreasing the daily wage and lowering the quality
 4. Eliminating unnecessary and duplicating work
 5. Better plans for shop work
 6. Increasing the sales of our product
 7. Improving blank forms
 8. Improving the health of our employees
 9. Additional safety precautions to make work less dangerous
 10. Using cheaper tools and operations to accomplish the same result
 5. *Although I regard the financial gain from these suggestions as highly important, I do not think that it is anything like as important as that other gain which we cannot measure in money - the bringing of men with ideas to top positions in our organization.* In all the important offices we want men with ideas rather than routine experts, because you can pick up a routine man almost anywhere and practically any one can be trained to handle routine. But with ideas it is different. The man with the most active mind will not necessarily be the most expert with his hands. Indeed, the best idea men are not commonly the most expert workmen. I have found that the very active brain does not as a rule seem to go with the super-skilled hand
 6. It was Patterson's habit to have an investigation started at once whenever a good idea was suggested to him and he gave the results freely to the community at large
-
6. On Profit Sharing
 1. Patterson approached wages never with the thought of how little he could pay, but first to see how much he could pay, and then to find what he could give in addition to the wages
 2. The executives under the plan do not receive salaries quite as large as they might receive in other companies of similar size - their fortunes depend upon the

fortunes of the company, but the workingmen have their shares over and above the highest going wages.

3. The profit sharing plan provides that, after deducting from the year's profits a sum of 6% on the money invested, the remainder is divided equally between the company and the employees. The half that goes to the company is used for buying additional land, buildings, machinery, inventions, and similar expenditures necessary in expanding the business. *The company takes all the risk, the employees take none but every increase of efficiency or elimination of waste on the part of an employee is reflected in the amount of the profits in which he shares*
 4. Three distributions of the profits are made each year to the employees. Upon the conclusion of the first six months of the year a conservative estimate of the profits is made and the money distributed to the employees. This is repeated on the last of December. After the actual profit of the year has been determined by an outside firm of accountants, distribution is made of whatever profits remain.
 5. The profits are not distributed equally to employees regardless of the importance of their positions. One half of the employees' share, or 25% of the total profits, is given to the managing employees, including executives, department heads, and their assistants, of which there are approximately 600. The remaining 25% is divided between all other employees in the office and factory, with the exception of those who have been employed less than 30 days. All profits distributed among employees of any group are in proportion to the wages or salaries received for the six-month' period. *Those who contribute the most should be entitled to the largest share of the profits. Under this plan, not only do all employees, from the general manager to the messenger boy, have the incentive to do their best in their positions and thereby earn more profits, but the employees in the lower groups, those with less responsibilities, have the added incentive to advance into a higher group. Profit sharing makes employees realize they are partners in the business and this results in reduced labor turnover, closer cooperation, increased production, decreased waste of material, time and labor, and other benefits*
7. The NCR Co. was the best MBA in the US
1. The men around him had to work continuously and in harmony. He believed that men work hardest to gain a reward or to avoid punishment. Therefore he paid

salaries and commissions that at the time were unheard of. He deliberately overpaid - and as deliberately over-punished. He never kept a man - no matter what his value - after that man came to consider himself indispensable. But also he never fired a man without making a financial recompense - sometimes a most extravagant recompense. With this system, he created the greatest business university in America. His methods attracted ambitious and capable men from all parts of the country to his organization. His system forced them very quickly either to the front or out the back door. The men who survived were fit. Few survived

2. "When we get to the point where all depends on one man, let's fire him." And that is exactly what he did and that is one reason why the alumni of The NCR Co. have so generally made good - they all had the ability to work himself into a position of central authority - Henry Theobald (Toledo Scale Co.), Jacob Oswald (Roto-Speed Co.), Colonel Deeds, Hugh Chalmers, Tom Watson (IBM). All these men controlled to an unusual degree the companies which they afterward founded or headed. These firings were often cruel and produced bad feeling but not one of them didn't learn and copy from Mr. Patterson. The whole policy was to keep the men on their toes and to check the least signs of self-importance. He was very tough on his people but never as tough as he was on himself. In the period from 1910-1930 it was estimated that 1/6 of US business executives were former NCR executives
3. He had no system for selecting and hiring men but in the last ten years he hired nobody of significant from outside the company. His ventures in hiring stars were all failures and the men who really helped him make the company were all men who had come up through the ranks. They attracted him in various ways - some because their duties threw them in contact with him; others because they just happened to do something which drew his attention. His tactics were a mess of contradictions but the outstanding principles are his urging forward at a hectic pace and his policy of meetings. "I have yet to meet a man who had the ability to be accurate, quick judges of human faculty. Men rise by a process of elimination."
4. Mr. Patterson knew no caste excepting that based on ability
5. *Our only gauge of a man is his record.* If he sells he is good and if he does not he is a failure
6. It has been said that no sales organization anywhere in the US numbering more than 25 people is without someone who received a course of training in the NCR.

For Mr. Patterson dealt not in things but in men - he thought that the machine was only a human aid and that if you made the human being work aright then the machine would work aright. *Everything that he did was in the way of developing men*, and that he did develop men is evidenced by the number of concerns which have NCR among the officers. He never thought of anything but men. If the product were in trouble, he looked to the men who made the product; if the selling were down, he looked at the salesmen. *However, he did not have a profound knowledge of human nature - in fact, he really knew little about me and their motives, but he did know that most men either like money for itself or for the things it will buy. On this he based all his plans of management. He wanted his men to spend lavishly (hotel, clothes, first-class travel), and often did the same with the wives of the executives. Mr. Patterson's temperament was not fitted for business so he took discontent as the active force of life; he was afraid of contentment. He was afraid of people around him becoming content*

8. On Giving Back to the Community

1. The most comprehensive plan, is that for the education of apprentices. Arrangements were made with the Dayton Cooperative High School for continuation of classes by which the boys from 16-18 years may go to school four hours per week and work the balance of the week. Following the grade school they may go to the Dayton Cooperative High School, attending school two weeks and working in the factory two weeks alternately. Cincinnati University students alternate four weeks in the university and four weeks in the factory. At the end of the university course they take an engineer's degree. The apprentices are given a certificate when they have served their time and I personally sign each one of these certificates; the term is three years. We have other schools for teaching adults and just now, because of the shortage of labor, we are putting adult unskilled workers through a part of the apprentice courses and paying them full wages. *Even though many of the apprentices start out for themselves at the end of their courses instead of going on with us, we do not feel that the expense of their education is lost, for anyone who helps to provide the country with skilled mechanics is really helping himself as well as the community*
2. He never cared about money and only saw it as a means to an end. He never knew how much money he had and never took much of the profits of the

company for himself. He gave his money away. He sent countless numbers of teachers and clergymen on tours of Europe and the US. He thought that traveling was the best education. He had no investments. His capital was in the NCR and in the people he added.

3. Mr. Patterson took it that the cheapest way to train a man was to start him right as a boy. Therefore, his largest concern was always with children. He had Saturday morning entertainments for children in the NCR schoolhouse but this was only to get the children together. Patterson wanted to teach them how to play constructively and at the same time not only to learn the reasons for modern business, but also to bring about changes in their own neighborhoods. Out of these thoughts sprang the boys' garden company and the Boys' Box Furniture Company. They are taught some lesson and given a treat. In a separate effort for children, garden plots are provided free to 80 boys and 40 girls of the neighborhood annually, and prizes are awarded for the best results. The children are incorporated, market their own produce, and declare dividends
4. *Inefficient government is more often due to the weakness of the method and system than to the weakness and dishonesty of public officers*
 1. *Assume ignorance rather than malevolence*
5. As he grew older he had the opportunity to give more of his life of public service than to the company; he knew the company and conditions so thoroughly that he could dispose of its affairs in less time than formerly
6. He never made any extravagant purchases and when he saw others do so, he drew up a chart of how much good that man missed by not putting that money towards the betterment of others
7. Patterson left no great fortune because of his expenditures on social programs at his company, and because he believed that "shrouds have no pockets".
8. Towards the end of his life, his main consideration was to influence others, especially employers, to have more consideration for their workers, for after he has a competence, money can do nothing satisfying for a man's own wants. It is useful only in enabling him to do Good. He would rather spend money to bring his fellow beings out into the open, into God's sunshine and enable them to enjoy the beauties of nature than hoard great wealth for his children.

9. On the Dayton Flood

1. Dayton is built on low ground between two lines of hills and when the Miami River grows too high, it took a direct course through the center of the city. The city built dikes but Patterson never had any faith in the dikes - that is one of the reasons why the NCR factories were built on the hill far above the highest flood point
2. When he knew the flood would be imminent, he declared the NCR out of commission and proclaimed the Citizens' Relief Association was now up and running. *He knew the flood was imminent because he had studied the lay of the land for years and didn't see how the city could escape being someday caught in a big overflow of the Miami River.* The river's banks were low; drainage of land above the city was poor; the easiest way for an extra amount of water to escape was through the town; and the country that the stream tapped was such that it would someday inevitably provide more water than the river could hold. *That is why he built the plan on high ground. There was nothing lucky or accidental about that - nothing to marvel about, though people did marvel at our forethought. When the big flood came we did not rise to an emergency, because there was nothing unexpected so far as I was concerned. I had always looked for just what then happened. We had 'kept ahead of the market' and were ready once the city was flooded.* He could not think of the factory as separate from the city for to him, a factory was a collection of human beings

1. *100-Year Flood Plain*

3. The homes of the people and what they did when not at work was even more important than the conditions under which they work. He was not content that the work of the NCR should stop at its doors. And so he went into the cleaning up of Dayton
4. A city is a great business enterprise whose stockholders are the people. Large amounts of money should not be spent for any purpose until the amount and manner of expenditure had been previously announced and through the press or in some other public manner, and those who take public contracts should not be allowed to sublet them

10. On Health

1. Patterson thought of the body purely as a machine. A machine is valuable only as it is efficient. Without health the human body cannot be efficient. Therefore, at all costs, one has to have health. A machine is an instrument of destruction, not production, unless it be under full control. Therefore he wanted a man to be in full control of himself. *Everything that he did and advocated had human efficiency at its end.* He thought of pleasure and recreation not as things of themselves but as aids to efficiency. Probably no individual ever did as much as Patterson toward providing for the pleasure and recreation of those who work with him, or who lived in his city, or with whom he came in contact. It was all thought of and implemented so that people could make better use of their lives. He came off as materialistic but he talked in terms of money because he wanted to talk in a universal language. Money is the one subject which needs for its presentation no education whatsoever. The most impassioned oratory fails when opposed to the shining of a gold piece. That is human nature. *Patterson was dealing with human beings as they existed and not with hypothetical human beings. He refused to fool himself into the belief that spiritual development could precede economic development - which is something worth thinking about.*
2. Few men had his powers of endurance. He had no ills. No one can remember Patterson having any really serious illness - he was incredibly lithe and with great tenacity. However, in his own health habits he was most irregular and hardly exercised, smoked a lot, worked all day. His wife died when the kids were young and he was helpless - sending them away to be raised by relatives. He loved his children but he did not understand them. One understands children only through being with them through the early stages of their development. It was only when they grew older and began working together that he began to get anything out of life for himself.
3. The 5 natural divisions of life are: physical, mental, moral, financial, and social. He had an obsession with the number 5 and it came into play in his work, life, and community giving.

What I got out of it

1. Patterson did whatever it took to improve the environment and life of his employees - "It Pays." Black and white man with no tolerance for gray, father of direct/efficient advertising, innovative, big focus on health and education but because it would make his people more productive and fulfilled, enlightened self-interest, suggestion system, profit sharing, tough on his people, NCR trained some of the best executives in the country



