The roots of modern management: Bat'a-system

In the heydays of mass production, taylorism, fordism and the ‘therbligs’ of the rampant and out-of-control specialization (division of labor), there was a management system of extraordinary productivity and effectiveness. Its main characteristics were: integration instead of atomization of labor, whole system orientation, continuous innovation and quality improvements, team self-management and profit-sharing, workers’ participation and co-determination, clearly defined responsibilities, organizational flexibility, vigorous automation and most importantly – uncompromisingly human-oriented capitalistic enterprise.

As we enter the era of human systems management (a high-technology supported managerial system which reinstates humans at the center of enterprise), we search for the roots of the newly emerging paradigm. Some find them in the ‘Japanese’ techniques or in Deming’s statistical diagnostics, others in theories ‘X, Y, Z1 or Z2’, still others in modern gurus’ revelations about the ‘goodness’ of productivity. Most are not even aware that the managerial revolution is afoot and simply wait for their ‘Godot’: possibly a Iaccoca-like supersalesman of the times past.

Yet, there was a time when craftsmanship and excellence were rewarded, workers’ prosperity and pride grew together, and managerial competence reigned supreme. This shining precedent to all of the fashionable ‘bits and pieces’ of today’s turbulence was the Bat’a Enterprises in Zlin, Moravia, during the 1906–1939 period, strangely coinciding with the era of ‘scientific management’.

The Bat’a-system of management was invented, evolved and refined by Tomáš Bat’a: entrepreneur, manager, executive and leader par excellence. In about twenty years he transformed his birthplace, a provincial village of Zlin of the Austro-Hungarian monarchy, into the shoe-making capital of the world.

In 1986 we remember the 110th anniversary of Bat’a’s birth.

T. Bat’a apparently evolved his management system ‘from scratch’: he was a poor shoemaker, with little schooling and no capital. Yet, he designed a system of management which was at least 50 years ahead of its time- and he made it work on a large scale.

There are some clearly identifiable principles T. Bat’a adhered to and ultimately incorporated into the ‘Bat’a-management system’:

- He fell in love with the machines (‘Thinking to the people, labor to the machines!’ proclaimed the factory sign), but not with any machines: only with perfect machines, and not with any workers: only with perfect workers.
- He eliminated the ‘middleman’: huge network of Bat’a-run stores and outlets complemented and extended his production operations.
- He made the consumer and the public not only the purpose, but the very foundation of his enterprise (‘Our customer – our master’ and ‘Service to the public’ were not just slogans, but sound principles of business).
- Production and profits were not the ends, but the means towards improving individual lives of all Bat’a employees (or ‘co-workers’ as Bat’a-men liked to call themselves).
- Employment was stable and long-term: part of each worker’s earnings was reinvested in the company (the initial endowment was put up by the company) – each worker became a capitalist and company co-owner.
- Bat’a claimed that the quality of employee life (not just of ‘working’ life) was a primary
concern of the employer (not of the state). He also offered incentives to stop drinking and smoking, or to lose weight; he provided family houses (with gardens) and social infrastructure: hospitals, museums, churches, swimming pools, leisure facilities, sports stadiums, roads – they were all part of the self-imposed responsibilities of the Bat'a Enterprises.

- He established and ran his own School of Management: an institution considered too important to be left to the external and traditional providers of business education.
- He was seeking total self-reliance, independence and vertical integration: railroads, waterways, airports, land, forests, even local government – all became connected to the enterprise.
- He strived to operate with no debt and with no credit; yet all state taxes were paid according to almost fanatical principles of integrity.

Thanks to such principles, Bat'a business grew and flourished even during the worldwide Depression of 1929–1932. T. Baťa was fully aware of the qualities of his system: he knew it was the system – a whole which cannot be copied per partes – thus, there were no ‘company secrets’. Often he assured his co-workers that no fair competition could ever pose a threat to their performance. He was right.

Bat'a symbiosis of workers and technology was unique and by today's standards still rather 'futuristic'. Modern American and Japanese companies have only recently started to experiment with similar concepts. Consider a short sampler of Bat'a practices:

(1) Process of continuous innovation and improvement; total system of preventive maintenance; machine shop as a 'clockwork'.
(2) In-house adaptation and re-building of all purchased machinery; 10% of the engineering employees directly in the R&D function.
(3) Assurance of continuously high-quality output; elimination of breakdowns and stoppages; individual worker responsibility.
(4) Total manufacturing flexibility achieved: (i) by breaking the 'classical' large factory plant into smaller, semi-autonomous, and specialized workshops, and (ii) by making all machines self-contained, independently powered and motorized by electric motors ('electric robots' they called them).
(5) Changes in product styles and types achieved quickly (in a few hours) by rearranging machine sequences and layouts, and by pulling out machines temporarily ('decoupling the line').
(6) Close personal relationship between worker and 'his' machine: not only was there no 'hatred' of the machinery – there was no neglect; only pride of ownership, emotional involvement and total care.
(7) All operators able to stop production line conveyors at will; all time wasted in production minimized (everything had to be just in time for the next step); all machines designed to serve 'the process', not just to perform individual operation.
(8) Dedication to automation: one of the Bat'a machines 'did everything but talk and sing'. They showed it proudly to the notes-scribbling overseas visitors: they were never able to copy it. A machine called 'Union Press' produced a pair of shoes in a single movement.
(9) A perfect, semi-automated, rotational system of preventive maintenance of all machinery (including full overhauls and updates), carried out without ever stopping the production. (Compare with American 'If it ain't broke, don't fix it'.)

While reflecting upon these principles and concepts, we should remember that they were fully operational in 1930, somewhere in Moravia.

Another set of Bat'a concepts relates directly to people. The need for total involvement of top management was never questioned. In order to be promoted to a managerial position, one had to personally make a pair of shoes. All executives were close to their product and actually had to learn how to make it themselves. (Compare with the ‘top’ executives who never even saw how ‘their’ product is made).

Quality circles of course emerged spontaneously because they had to – the very system design required it.

More interesting is that top executives (and T. Baťa himself) were part of the continuous quality improvement process: their suggestions ranged from company-store door design to teaching all workers statistics and profit calculations.
Editorial

Many decades before the decadence of managerial hierarchies, Baťa and his entire directorship ate at the company cafetaria (to assure proper quality of food and operations). It was insisted that each executive must be replaceable and that competent leaders must be continually trained and educated: the company-run ‘Tomáš Baťa School of Work and Management’ was the answer. Baťa was no fool: ‘High wages can only be attained through human intelligence’, he said.

Baťa was also an optimist (‘A day has 86,400 seconds’): he simply knew it was possible to succeed. He laughed at the notion that any acquired wealth must be taken from somebody else (the ‘zero-sum’ fallacy): his workers were paid eight times more than the prevailing average. He insisted that each worker should be able to retire at 40 and live from his accumulated capital. The best savings strategy, he taught, was the repayment of debts. He warned that producers asking for state customs and quota protections ultimately harm the public and minimize employees’ gains. To beg for subsidies or bailouts was not only unworthy of a professional manager, but a sin. He also never trusted in situations where he needed to know.

He also dreamt, almost longingly, about the ‘new machines’ which would ease human mental work, computations and accounting. He had big plans for such machines, in 1930.

Baťa’s response to the ravages of the Depression was masterful: he achieved workers’ approval to reduce wages by 40%; at the same time he took steps to reduce their cost of living expenditures by 50%; finally, he reduced the prices of all Baťa products by 50%. It worked.

Baťa was fond of saying: ‘And how do they do things in England?’ He used to answer, rather proudly: ‘Just the other way around’. He obviously did not think too highly of the British management: ‘In England there is no understanding between managers and workers. They do not trust each other. They even have powerful adversary organizations, separately for employers and employees. Employers are not allowed to raise wages without approval … workers cannot accept work on their own terms …’

It is safe to say that he could say that again.

The purpose of this editorial is to encourage those who wish to take active part in learning and implementing the newly emerging management principles: they did work in Moravia, they do work in Japan, they are bound to work in the U.S.A.

Tomáš Baťa was never short of courage: ‘We are the pioneers. The cowards did not even start the journey, the weak were lost on the way. Forward!’

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