

THE ROCKEFELLER FOUNDATION

A Statement by the President

Made at the Meeting of the Trustees, February 24, 1926

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At the meeting of November 7, 1924, the President made a statement which formed the basis of a special conference that was held at Princeton, N.J., February 23 and 24, 1925. The topics which were presented and discussed were the following:

1. The problems of budget making.
2. The theory of the organization of the Foundation.
3. Practical problems of administration.
 - a. Tendencies toward autonomy of Boards and Divisions.
 - b. Difficulty of co-ordinating programs.
 - c. Presentation of voluminous dockets to Trustees at brief meetings.
4. The evaluation of actual accomplishments.
5. The possible tendency toward private bureaucracy and inflexibility.
6. Relations between the Foundation and other Rockefeller Boards.

It seems fitting to report upon the progress which has been made with respect to these questions.

The Budget Committee and budget making procedure. At the meeting of February 25 a Budget Committee was created and at the meeting of May 27 a procedure for the making and presenting of budgets was adopted. The new plan is working reasonably well. Estimates are considered by the President and Directors in relation to the resources available. Knowledge of the programs of the different administrative units is shared by the members of the group. There are beginnings at least of reciprocal criticism and suggestion. The idea of co-operation in a unified institutional effort becomes appreciably clearer.

But only the first steps have been taken. Certain obvious difficulties have emerged. The Committee does not have a real opportunity to consider in detail the large number of programs and projects embodied

in the estimates which are laid before the trustees at the November meeting. Nor have the Boards and the trustees enough time to examine these thoroughly in two or three limited sessions. When once programs have been approved later analysis and scrutiny by the Budget Committee and even by the Executive Committee are virtually estopped.

Another point calls for consideration. The limited powers of the Budget Committee raise a question as to character of the reports which should be made to the Executive Committee and Trustees. The Budget Committee has no power to eliminate items except by unanimous consent. Every director's right to present any project to the Trustees either through a Board or directly is guaranteed. On the other hand it would seem that the Trustees ought to know of any differences of judgment in the Budget Committee. The President, unless otherwise instructed, will follow the plan of informing the Executive Committee or Trustees of objections which may have been raised with respect to any item in the Committee.

Co-ordination of Programs. This subject has received some consideration at the hands of the President and the Directors. There has been an agreement to ask for simultaneous reports and recommendations from the field representatives of the Boards and Divisions with respect to plans which affect co-operation with a given government or institution. The details of procedure, however, have not been worked out. The practical results so far have not been significant. In the majority of instances commitments had already been made. In other cases the programs were not intimately related. It becomes increasingly clear that a real solution of the problem of co-ordination within the Foundation must await decisions as to the whole question of organization. To this reference will be made later.

One gratifying example of successful co-operation may be reported. In the autumn a conference of all concerned with nursing education devoted ample time to a full discussion of the subject in all its aspects. As a result an agreement on policy and procedures was drawn up in the form of a memorandum which was submitted to the Trustees at the meeting last November. In the same way a unified and consistent policy with respect to fellowships is maintained through office conferences and a centralized administration.

Relations between the Rockefeller Boards. If the Advisory Committee be included there are six agencies which are carrying on work or making appropriations or doing both: The Rockefeller Institute for Medical Research, the General Education Board, the International Health Board, the Rockefeller Foundation, the Laura Spelman Rockefeller Memorial, and the Advisory Committee of Mr. Rockefeller's office. The Institute occupies so specific a field that it is unlikely to overlap the activities of the other units.

An informal group made up of executives of the five agencies meets at luncheon every Monday. Under the auspices of this group the questions of relations between the different units is being considered. Special committees have examined the various programs as these have a bearing upon specific subjects such as mental hygiene and biology. A little overlapping and some rather vague definition of frontiers have been disclosed. An agreement has been reached to study the entire question of interrelationships. As a first step it has been decided that each group will make a preliminary survey of its own organization and policies. Later an attempt will be made to work out a plan for division of labor and current consultation. Meanwhile a small committee

is being tested as a means of continuous liaison. Another committee is studying the possibilities of adding other common services to that which is now being rendered by the Treasurer's office.

An independent appraisal of results. This question has received no further attention from the Trustees. There are inherent difficulties which are perhaps insurmountable. Two or three Trustees have said that they would be willing to visit projects under way in the field. So far no definite plans have been made. While such visits would have value, this ought not to be overestimated. Possibly a good deal more can be done in the future in the way of giving the Trustees detailed reports on different activities. Thus a rather elaborate analysis of the fellowship system is being prepared. It is hoped that the section which deals with the fellows of the Division of Medical Education will be ready for presentation at the May meeting. Other sections will follow in due course.

Flexibility of policies and of administrative machinery. The following resolution adopted by the Trustees February 25, 1925 bears upon this question:

RESOLVED that the officers be requested to keep in mind the importance of constant vigilance in the appraisal of work already in progress, in withdrawal from projects as soon as these are in a position to develop independently, in the termination of administrative units, whether Boards or Divisions, when conditions justify, and in the consideration of new opportunities whether these are closely related to present activities or extend into other fields.

Attention is also called to two paragraphs from a letter dated December 28, 1925 from the Chairman of the Board of the Rockefeller Foundation to the Chairman of the Monday Luncheon group:

"As you know, this whole matter has long been very much on my mind, and the tendency to measure success by the volume of business done by a single Board or by one department of a Board instead of by the wisest and most economical promotion of the well being of mankind by all the Boards has caused me growing concern as I think of

the future. Any human institution tends to get into a rut, to confuse motion with progress, and to exalt machinery and organization above work and objectives. This is certainly true in the business world, and it is equally true in philanthropy. We get so used to following a particular line of activity that the routine and machinery by which it is accomplished takes on a certain sanctity. It is not necessary for me to tell you that there is nothing sacred or inviolate about any type of organization. Machinery and personnel are merely the instruments by which objectives are reached, and unless we keep ourselves clear-eyed and fresh and keep the machinery elastic, we run the risk of dry rot.

"If these Foundations are going to fulfill the high purposes that the Founder had in mind for them - indeed, if they are to escape the decay which seems eventually to attach itself to all human institutions - they must be subjected to constant, critical scrutiny, and their directors and officers must be ready at all times to redefine their aims, reorganize their technique, and scrap existing machinery in favor of something that is better."

The translation of general principles like these into concrete procedures is a difficult task for executives themselves to undertake. A specialization of professional training and experience, genuine faith in existing programs, the momentum of a going concern, the future careers of a loyal personnel constitute a vested interest which can hardly be expected to appraise itself quite objectively or to initiate its own transformation or dissolution.

Nor is the central administration, under existing conditions or organizations, in a position auspiciously to raise questions which affect the work of the institution as a whole. In these circumstances is it not a function of the Trustees themselves to assume the responsibility for examining the organization, policies and programs of the Foundation in such ways as may seem best?

The question of organization, to which allusion has already been made, underlies many of the administrative problems which currently arise within the institution. The present constitution and by-laws are apparently susceptible of different interpretations. The fact that

personal courtesy and good will prevent these divergencies from developing into open conflicts of authority should not blind one to the actual embarrassment in the present situation. There can be no doubt that it affects the team-work and morale of the Foundation as a whole.

After having for a number of years made every effort to maintain unity of administration and co-ordination of effort almost solely by conference and mutual understanding, the President has come to believe that the only satisfactory basis for the future is to be found in a clear definition of status, powers, and duties. This might take the form of an authoritative interpretation of existing regulations. Or if this should prove unsatisfactory, changes might be made to bring the organization into conformity with such policies as the Trustees might wish to carry out.

Of one thing the President is definitely convinced: Until the precise relations of the Boards to the Rockefeller Foundation and the responsibilities and duties of the Central Administration - i.e. the President and the Secretary, have been clearly defined, the conditions for effective administration will be lacking.

GEORGE E. VINCENT