

how much more business must be done to make the same profit as before? If the plant is enlarged, with a consequent increase in fixed charges, how much more goods must be sold to warrant this expansion? These questions, and a host of others, arise in many businesses; they may readily be answered if a proper analysis of the characteristics of the business has been made and the results thereof properly formulated. Charts and tables, of course, will never run a business. However, there certainly must be some facts and relationships from which to orient a sound policy if the business is to be guided successfully and not just happen to be successful.

Business, of course, is always a venture and is continually subjected to hazards. Any one who can eliminate the hazards from business has his fortune made. However, we can eliminate many otherwise uncertain conditions by a careful analysis of the characteristics of the particular business dealt with. Thus having clearly defined some things, the mind is free to deal with a turn of events with some degree of confidence. The problem is quite similar to the one of planning production. No sane man expects to plan the systematic flow of production through a plant like clockwork. If, however, 80% of the work is handled by routine methods, the mind is free to deal with the other 20% on an emergency basis.

Unfortunately, the work of the economist has dealt more with the problems of barter and trade than with the problems of production, and the results of his studies are more useful in dealing with broad economic situations than in solving the problems of a particular industry. By following the analysis of the economist, the manufacturer may learn of the hazards to business in general and of other situations which the business cycle discloses. This is important. But the manufacturer must know the characteristics of his business in order to take advantage of the conditions which the general economic factors forecast. The Bureau of Navigation may send out storm warnings, but it takes good seaman-