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DIVISIONS 1, 2, 3

**THE STRUCTURE OF ORGANIZATION
WHAT IS POLICY?**

The only reason anyone fights good policy is they're too stupid or too inexperienced in an org to understand it. Unable to grasp it, they are too lazy to work at trying. They miss words, don't see reasons, imagine situations are otherwise and in general can't grasp it. So they try not to use it or dream up their own. People with bad study histories can't grasp policy. For policy also follows the rules of study.

Therefore never put a person with bad study history on a key executive post. They can't grasp policy as they can't study it either.

Only personnel with quick study histories, fast passages through courses, can be counted on to put in an org or department pattern and keep it wheeling. The others are too involved in their own troubles and too imperceptive to be of any use in making an org boom.

Such people do however sometimes have a use even when not straightened up. They do well in pioneer areas where they have to do it all off the cuff and where their very inability to accept anything causes them also to refuse defeats and discouragements. Their inability to grasp a situation is often of benefit when bravery is required. This does not however excuse efforts to make them more capable and as they grow older and *more* experienced, they will also become brave and quick and *will* follow policy.

Following policy is a matter of grasping situations and knowing policy well enough to apply the right policy to the right situation. Where no policy covers, an experienced, quick person can easily extend the idea of general policy to cover it, knowing it isn't covered.

The dull person has never even grasped basic, general policy and so, confronted with usual or unusual situations alike, can't find any policy to cover anything and so acts in any old way.

On the other hand, policy, to fit and be of benefit, must be itself born out of great insight *and* familiarity with the facts. Government policy is usually written by clerks who have never heard a shot fired in anger. Therefore almost all current government policy is completely silly. Nobody can apply it as it fits nothing and just gets everyone in trouble. Therefore a quick person with good judgment in the field and in the real situation can get through only by following his own policies and insights. This is easily mistaken for a dull person acting against policy that is good.

But even dull policies provide wide agreement as a basis for work coordination and so something happens on a larger scale. Individual policy-making on every post is the definition of chaos. Thus even bad policy is usually more workable than individual policy and can make stronger orgs.

Brilliant policy based on experience of course can cause orgs to zoom.

We conclude then that where we see a person constantly off-policy in an area that has worked well when *on*-policy, that we must act.

Where we have a *large* organizational scope, we must have workable policy that is followed. For just lacking policy good or bad and lacking its being followed, we stay small by definition.

NO POLICY EXISTING MAKES SMALL NONEXPANDING DEPARTMENTS OR ORGS.

POLICY GOOD OR BAD EXISTING BUT NOT FOLLOWED MAKES CHAOTIC DEPARTMENTS OR ORGS AND CAUSES SHRINKAGE.

GOOD POLICY BASED ON ACTUAL SITUATIONS EXPERIENCED, FOLLOWED WELL, MAKES AN EXPANDING DEPARTMENT, ORG OR CIVILIZATION.

The smaller the org unit or department, the less policy is needed. Reversely, the less policy is used, the smaller will become the org unit or department.

One can always safely assume, when policy is available, that nonexpansion is the direct result of the policy remaining unknown or not followed. The steps to take are therefore:

Expansion formula:

1. PROVIDE GOOD POLICY.
2. MAKE IT EASILY KNOWABLE.
3. BE STRENUOUS IN MAKING SURE IT IS FOLLOWED.

This is the most broad possible formula for expansion.

Profitable expansion of a unit, department, org, company, empire or civilization depends utterly on the above formula being applied.

If it is well applied, literally thousands of other impeding factors drop into unimportance.

This applies to anything, even a person; but the bigger the number of individuals involved, the more rigorously it has to be followed.

The bigger the size of the activity concerned (the more people involved in it), the more damage can result from failures to follow policy.

Thus orgs or companies which halt expansion mysteriously only need to have more policy, or to make policy more easily available or to be more vigorous in requiring it to be followed.

Policy is a *guiding* thing. It is composed of ideas to make a game, procedures to be followed in eventualities and deterrents to departures.

The basic policy of an activity must be the defining and recommending of a successful and desirable basic purpose.

Take a navy, to get a more distant comparison. If a navy has the basic purpose of defending a nation and its citizens and expanding their scope, and if the policy is the guiding principle behind all other policies and if these in turn are developed from experience and made known and followed, then oddly enough even new inventions or new philosophies of state could not prevent that navy from doing its job and expanding the nation. The US Navy might very well have won the war with Japan in its six weeks if those who headed it in Washington had not been mere political puppets subject to every Congressional and Presidential whim. The textbooks were very clear about what the navy should do. But King, Nimitz and Short, the admirals involved, had been

chosen by whim, favoritism and capacity for liquor, not by raw statistics of “good navy activity.” They had been trained at an academy where the basic principles of “good navy” and raw statistics on personnel had not been used to choose an academy head or instructors. So King, Nimitz and Short, as admirals, *listened to current political rumors or whims* (being only confirmed in political not naval policy) and so let Pearl Harbor happen. How? Their own naval textbooks said, “During times of negotiation with an unfriendly state, the position of the fleet should be at sea, whereabouts unknown.” That is line one of the navy textbook on tactics and strategy. Where was it? In Pearl Harbor during many days of hostile negotiation between Roosevelt and the Japanese—the most dangerous naval rival. Where were King and Nimitz? At a cocktail party with the politicians. Where was Short? Giving his all ashore, having given his men full weekend liberty and having ordered all ammunition stowed below for a coming admiral’s inspection. So Pearl Harbor could happen. But did the humans learn? No. True, Short, acting on his Washington orders notwithstanding, was removed and eventually court-martialed. But King and Nimitz took over the whole navy for more than four heartbreaking years of “promote by political whim,” “what policy?” and defeat in battle after battle until aircraft turned the tide of war and the army and an atom bomb finally finished it. Now the navy is really no more. A few subs. A few patrol ships. The rest in mothballs. People think the navy is small now because of new weapons. No, it is small because it (a) didn’t clearly express its basic purpose, (b) didn’t educate its people well in the policy it did have, (c) let political opinion shift it about, (d) chose its officers by rumor, cabal and *social* presence and (e) forgot its texts when the emergency loomed. Result, long war, now no navy with anything—officers palling with men, ships in the boneyard. Could the navy have done its job in 1941? Yes. Had its original policies regarding officer training and selection been followed ruthlessly despite all politics over the years, King, Nimitz and Short would not have been in charge or would have acted by policy had they been. The fleet would have been at sea during negotiations and the strike on Pearl Harbor would have been a Jap bust. The fleet would have been there to knock out the Jap in his own home ports. The war might have ended with Japan in the first six weeks. The point is not whether it is good or bad to have a navy. The point is that here is an actual organization and an actual occurrence.

Therefore one can learn that

An individual, *species*, organism, organization, to succeed, survive and expand in influence must have a formulated BASIC PURPOSE.

To keep beings from growing, the reactive bank is almost entirely made up of false and booby-trapped purposes. Thus we can see that, by its having been impeded so thoroughly in past ages, the idea of having a personal or organizational or group basic purpose is an extremely valuable one.

Without one expressed or unexpressed, a being or an organization or group without one doesn’t grow but shrinks and becomes weak—in this universe nothing can remain long in an unchanging state. Given a potentially successful basic purpose that is acceptable to the being, organization or group, one can then formulate POLICY.

POLICY is a rule or procedure or a guidance which permits the BASIC PURPOSE to succeed.

The basic purpose runs through time. When it is impeded, distracted from, not complied with, thwarted or stopped, a state of failure of the basic purpose occurs in greater or lesser degree. Sometimes challenges to it cause it to strengthen but only when the challenges are consistently overcome.

A being, organism, organization, group or species or race *learns* in forwarding its basic purpose or meeting challenges to its basic purpose certain *lessons*. Certain procedures or courses of action, rules or laws were conceived at times of stress and some of them were successful. Those that were not successful or helped the opposition were *bad*. Those that were successful forwarded of course the basic purpose and were *good*.

The successful ideas or procedures that assisted the basic purpose were then dignified by the status of proper ideas, acts, procedure or *policy*.

Those that were unsuccessful in assisting the basic purpose became *bad policy*.

Ideas or procedures that distracted from or balked the basic purpose were called *offenses*.

Things, groups, other-determinisms that challenged or sought to stop or refused to comply with the basic purpose became *enemies* or opposition.

Therefore *policy* is derived from successful experience in forwarding the basic purpose, overcoming opposition or enemies, ending distractions and letting the basic purpose flow and expand.

Policy laid down which is thought up independent of experience in similar situations is either the result of great foresight and is successful or it is simply stupidity, in that it seeks to handle situations which will never exist or if they do, won't be important.

Policy based solely on bad rumors, unverified, which may or may not reflect actual existing conditions or which is laid down at the insistence of some self-interested person or minority without taking the rest of the group into account is very destructive policy simply because it does not match the conditions which actually exist and so, *in itself*, may impede or distract from the basic purpose. An example of this is legislation by legislators who, otherwise uninformed, act because of pressure groups, minority riots or simply sensational press that seeks not legislation but simply to feed the appetite of a disaster-hungry public.

If bad policy or laws or actions based on rumor rather than raw facts become too frequent and general, then the basic purpose of a being, organization or group becomes itself distracted, smothered and forgotten and the result is shrinkage, loss of power, death and oblivion. Although it is often too late when bad policies or pressure-group laws have been the order of the day to slash them all from the books and exhume the basic purpose, the action of sweeping away unreal, unapplicable and impeding laws and policies which were based originally on rumor and bad sources can have the effect of rejuvenation on a being, a group or an organization which has begun to die. Periodic sweep-outs of antiquated and didactic laws (rather than general concepts and subpurposes) *must* be undertaken by a being, organization, group or race or species. However, such an action must be carefully done, selecting only those laws or rules which came into being because of pressure groups or infrequent enemies or which were derived from no experience. And before throwing any policy away, one must carefully examine its history to see if it is still restraining an enemy or forwarding some subpurpose. For throwing away a *lot* of lessons could also collapse the forward thrust of the basic purpose which has "gotten this far for *some* reason."

SUBPURPOSES are the purposes of the various sections or parts of the being, organism, group, race or species which forward the basic purpose. They must amplify, qualify and/or describe the action or procedure of the part of the whole in a brief and crisp way so as to hold them in function in their support of the basic purpose. They could also be called the PURPOSE OF A PART OF THE WHOLE, or as we use them, the purpose of a post, unit, department or an org with a special function. When one hears of the PURPOSE of his hat or section, unit, department, org or division, he is observing the SUBPURPOSE of a part of the whole organism which is vital to the action of forwarding the BASIC PURPOSE of the movement. Indeed he may never know what the BASIC PURPOSE really is and only know the SUBPURPOSE of his own hat, section, unit or department. However, by studying the various SUBPURPOSES of several hats or sections, he could probably figure out the SUBPURPOSE of the department; and by studying the various SUBPURPOSES of the departments of an org, he could probably guess at the BASIC PURPOSE of the whole being or organization or movement. If study of SUBPURPOSES either fails to locate any or ends in being unable to relate them into any large PURPOSE, one is of course studying a disorganized movement.

One can change a SUBPURPOSE (cautiously indeed) or add parts with new SUBPURPOSES, and leave a movement (a) unaffected, (b) increased in scope, or (c) decreased in size and influence.

One can, up to a point, add policies on and on, limited only by the ability to get them known, and leave an organization or movement (a) unaffected, (b) increased in readiness to meet emergencies, or (c) crippled. The wisdom of the policy and whether or not it was a successful solution to some actually possible confusion or crisis determines whether or not it should be added or deleted. Foresight plays a large role in formulating a SUBPURPOSE or a policy. These two are never wholly the product of chance or experience; indeed they may be 80% wise foresight and 20% experience and still be good, usable SUBPURPOSES or policies. Twentieth-century science sought to discount wisdom entirely and beings and organizations were educated or developed with no SUBPURPOSES whatever and all policies were developed either by clerks, teachers or legislators inexperienced in any part of life or were taken from past experience only, with no refinement of any wisdom. The failures of governments and systems and races in the first half of the twentieth century were wholesale and the wars frequent and senseless.

Personal, state, or organizational or social chaos results from adding parts with no well-defined SUBPURPOSES, enforcing policies based on rumor or taken from the data of mere theoreticians in their ivory towers, an irresponsible press or legislators in their self-interested heads and smoke-filled rooms. A study of how the pressure groups, clerks, theoreticians and irresponsible press and duly elected but completely unselected and uneducated legislators destroyed individualism, states, businesses, civilizations and races would be only a study of how not to organize and survive, how to ignore, abandon or discredit all basic purposes, subpurposes and successful policies. The scene was one of indescribable chaos that filled one with protest and dismay. If there was a wrong way to do things, it became the order of the day; and youth went into a complete apathy—purposeless and drifting; and the world began to die a little each day, the mental hospitals became flooded, life ceased to be any fun at all. Things are not always like this and indeed don't have to be.

Mismanagement or misgovernment of self, an organization, group or state would then consist of failing to forward the BASIC PURPOSE, not grasping and specifying SUBPURPOSES, and not experiencing and formulating policies to strengthen successful ideas or actions that forward the basic and subpurposes and impede ideas or actions that retard them, and not recognizing actual enemies or oppositions or planning and carrying out successful campaigns to handle them. Failing in any of these actions, the individual, group, organization, state, civilization, race or species will falter, fail and die.

Recognizing the basic purpose, supplementing it with subpurposes for the parts of the whole, and learning and enforcing the policies which bring success, spotting actual enemies, or oppositions and planning and carrying out campaigns to overcome them, removing distractions, rewarding the forwarding of basic purpose and subpurpose and penalizing actions which retard, an individual, group, organization, civilization, race or species survives, gets better, lives on higher and higher planes.

The game of life has the formula of having and forwarding a basic purpose and supplemental subpurposes.

This is done by the Formula of Policy which consists of

1. Conceiving, recognizing, testing and codifying successful ideas, actions and procedures that forward the basic purpose and retard its opposition;
2. Making these policies known and in greater or lesser degree understood; and
3. Getting these policies followed.

If in (3) policy is to be followed, there must be discipline, but even more important,

there must be ways of choosing personnel other than by sloppy rumor or social presence.

Personnel can *only* be chosen on raw statistics supported by ample data containing figures. If the raw data is good, then one assumes that basic purpose is being forwarded as it is meeting with success. The raw data already has a curve in it as it is tabulated against the success of basic policy. So the person whose raw data is good *must* have been forwarding basic purpose, therefore must be either a screaming genius at originating ideas that forward the basic purpose or a wizard at knowing, applying and following policy. Either way he or she is worth all the diamonds of Kimberley.

Such a person will inevitably rise in the organization or group if raw data alone is observed in selecting and promoting personnel.

If the person is a screaming genius at originating policy and has not made enough errors to reduce his successful raw data, and has stayed on-policy otherwise so as not to reduce the effectiveness of those around him, he will eventually rise to a level which makes policy; and the whole organization will benefit. Similarly a person who grasps and follows policy very well and forwards the basic purpose well and who is very capable will sooner or later rise to a position of trust that safeguards against sweeping changes that will retard or crash the group or organization and so is vital at higher levels.

Out of these two general types of being one gets the leadership levels of a movement. But they will never arrive at all if those in charge ever use anything but statistics in judging them, since their very success will cause enough cabal to influence high levels against them if these high levels ever use fragmentary rumors or opinions in handling personnel.

RAW DATA means assembled but otherwise unevaluated data. It is "uncooked" and "unflavored" and "untouched by human hands." It, in short, is uncontaminated or unchanged data. It is native and natural and unspoiled. And the only data that answers those qualifications is statistical data. "How many or how few and how much or how little in what time." That is the *only* data that a senior official in a group, organization or state ever *dare* use in selecting and promoting personnel.

The "state" of the person, the "result of his tests," "the examination figure," are all *useless* to a senior official deciding upon who to promote or pass over. His decision will be wrong in exact proportion that he permits opinion to enter and raw data to drop out.

Introducing opinion into personnel selection is a study of "how crazy can one get." How much liquor a man can hold, how acceptable socially is his wife, his breath, his taste in ties, are all completely disrelated data. For how does anyone know at the top really what the environment is now like at the bottom? Maybe that lovely music room-board room requires a pink necktie, a purring wife and endless capacity for drink, but is that the organization's environment? It is not! Maybe the organization's environment demands an allergy to liquor, a complete tart for a wife, overwhelming breath and neon ties. And maybe tomorrow's board level will too! The world changes, it does not become softer. Only some people do.

The psychiatric or school test alike are written and administered by people in ivory towers who again have no contact with the organization's real environment. Statistical as they may try to be, such tests are utterly worthless. They are not on-the-job statistics. They are classroom or laboratory statistics. They are definitely cooked data. And when used for personnel and promotion, they cook a lot of careers. And by putting eggheads on post, they cook a lot of parts of an org if not the whole thing. They have some small value in determining someone's quickness or slowness, but the conditions are too unreal and the necessity level of real environmental emergency is missing. It's like a plane crash synthesized in bed. No jolt. So, poor (but not the worst) of cooked data.

Maybe the working environment demands a dumb guy who is too slow to panic at

awesome futures! Yet bright enough to see what policy applies. When men with small experience in it can qualify to run the world, they can only then administer tests to advise who should run it.

Only statistics that represent action and accomplishment are fair tests of ability and who deserves promotion or the gate.

Therefore the only organization that is a sound organization is one WHOSE EVERY ACTIVITY can be tabulated by statistics.

If you wish to reorganize, you must do so with an eye toward "Can this post (dept or division) be statisticized?" Any body of people such as "the typing pool" or "the instructors" must be broken down to individuals one way or another. One has three things then that must be tabulatable: (a) the individual, (b) the part and (c) the whole. Each of these must be so organized as to be capable of being seen through accomplishment or lack of it. Only this is fair organization. All other types are unfair, will not select out leaders or good workers and subject these to the enturbulence of the lazy or those with other philosophies to fry.

If you have any other type, people are promoted or fired by rumor, backbiting or common brag, and either type have only liability. In using them one destroys empires and every great civilization that is dead died because opinion and rumor were the key causes of personnel changes.

It is unfair to every decent staff member to have an org that cannot be tabulated by relative income, work or traffic.

The common way of the dead and dying past was to put some fellow in charge and then shoot him or reward him if things went wrong or well and neglect the rest. This works unless a society only protects the man at the bottom and routinely weakens the man at the top. When that happens, the system is useless. Only by chance do things go well. So chance is added to rumor as the means of promotion or the gate. No wonder the Asiatic, a member of our oldest civilizations, says "Fate!" and explains it all. He had too many rulers who ruled by rumor or chance or didn't rule at all. And so the power died. Only when you can find out who did which or why can you be just. And only when an organization can be fully viewed top to bottom through raw data of how much or how little can individual show be rewarded and individual nuisance be weeded out.

REALITY

Reality in policy, in orders, in advice, depends upon either great insight or great experience. Combining both gives great success.

But no matter how great the insight may be, viewing the actual condition is a vital step to resolving it. Remote solutions not based on experience or close inspection are usually unreal.

Therefore no orders should ever be issued without data and experience and insight. Data comes from tabulation of actions and amounts in organizations. Experience comes from working in similar or parallel situations. Insight comes from the ability to observe coupled with the courage to see and the wit to realize without any thought of personal importance.

Therefore, the soundest leadership comes from the most extended experience and intimate knowledge of that or parallel circumstances. Leadership without this will lack judgment.

Remote leadership is best when it itself is involved close to its hand with the same problems. Therefore remote leadership must have under it similar organizational problems and traffic at home that exist at the remote point. Then understanding is quick and solutions are real.

For one organization to command another, they must be similar.

Management-labor problems evolve from the communications formula "Cause-Distance-Effect with intention at cause, attention at effect, and duplication." A board room is not a machine shop. The machinists seek to duplicate the board or refuse to. If they fail to, they always refuse to. Thus only a working org of similar pattern can command a working org.

The commanded org will always seek to follow the pattern of the commanding org and duplicate what it thinks the commanding org consists of. A great tension exists at all points of nonduplication. This tension stems from the effort to duplicate. If foiled, trouble or breakage will occur at that point. Where the subordinate org is unable to duplicate what it thinks exists at the senior org, then it suffers an ARC break of greater or smaller magnitude. Patterns, officer authority, comm lines, all must be similar. Size is not important in this. Org pattern is. If the subordinate org has any hope of ever attaining the size, and if the purposes, pattern and policies are the same, that is enough. ARC will remain high, execution will be good and expansion is assured, providing of course that the basic purpose is good in the first place.

EXPANSION

All that is needed to expand an org or its business, given a good basic purpose and an area to expand into, is the knowledge of the expansion formula:

DIRECT A CHANNEL TOWARD ATTAINMENT, PUT SOMETHING ON IT,
REMOVE DISTRACTIONS, BARRIERS, NONCOMPLIANCE AND OPPOSITION.

The basic formula of *Living* (not Life) is

HAVING AND FOLLOWING A BASIC PURPOSE.

Thus expansion is an increase in living. To increase living and raise tone and heighten activity, one need only apply the expansion formula to living. Clean away the barriers, noncompliance and distractions from the basic purpose and reduce opposition, and the individual or group or org will seem more alive and indeed will be more alive.

All an executive has to do to expand a part or the whole of an org is to divine the basic purpose, divine or issue the subpurposes, point out an area to expand into and then remove the distractions from, barriers to and noncompliance with the basic purpose and subpurposes, and put something on the channels that augments existing impulses and expansion will begin. It will be successful to the degree that the basic purpose is good, the subpurposes real and the policies are taken from real experience and interpreted by persons facing similar current problems.

By the process, thereafter, of just removing barriers, distractions and noncompliance, expansion can be accelerated to a point where it overwhelms all hostile efforts to contain it and the result is extremely gratifying in terms of expansion at velocity. It seems completely magical. For life instantly appears.

One must remember to *channel* a basic purpose. A channel has two boundaries, one on either side of it. These must exist in an org. They consist of discipline of those who would distract or stray or wander or who help the opposition or suppress the basic purpose or subpurposes or who cannot seem to learn or comply with policies or orders. Discipline must only be aimed at the above and where it is random or doesn't serve to channel, then it itself is a distraction or a barrier and will breed noncompliance. But when entirely absent, the force is let to wander and expansion does not occur. Discipline must be precise, known, uniformly applied and inevitable when the rules are broken. Those who do their job welcome it as it helps keep others from preventing them from working or acting or complying or getting their own jobs done.

L. RON HUBBARD
Founder

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