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HCO POLICY LETTER OF 28 FEBRUARY 1966

DANGER CONDITION DATA
WHY ORGANIZATIONS STAY SMALL

The size of an organization depends upon this law:

A LARGE ORGANIZATION IS COMPOSED OF GROUPS. A SMALL ORGANIZATION IS COMPOSED OF INDIVIDUALS.

If you really understand this principle and use it properly you will be able to have a large organization.

There are other factors such as (1) the desirability and quality of one's commodity, (2) the able promotion of it, (3) the ability of the heads of groups in the organization to catch dropped balls and (4) the close following and comprehension of the policies of the organization and its groups.

But the gross monitoring law is as above. When one does not know this and apply it one has a small, semi-bankrupt organization that overworks everyone and underpays.

This rule applies to a planet or a nation and is most readily seen in these gross terms. A planet with nations will be far more prosperous than a planet with one central government governing the individuals of a planet.

Socialism fails (and it always fails) because of two factors:

- (a) The government seeks to run the individual, and
- (b) Socialism unmocks companies.

At this writing the prosperity difference (and there is one, Russia currently starving) between the democracy of the US and England and the Super Socialism of Russia is that the "West" still has companies and the "East" (Russia and China) have abolished them. Russia seeks to run the individual. It has collective farms etc, but they won't leave a manager alone - to manage - they govern his workers.

To the degree that England and the US tax the individual and seek to govern him they will dwindle in size.

England at this writing is undergoing one unmock of the whole empire solely because it is by-passing the manager and the governor and directly seeking to govern individuals through income tax, "benefits" etc.

The US is about to come to pieces. Like all big countries on the way out it never looks so good as when it is already about to fall apart. The US is by-passing the states and US companies and is therefore putting the governors, managers and the states and companies in Danger Condition. This, unrepaired, will unmock states and companies and collapse the sub-group on which the big group called the US depends for an organization is composed of groups. Non-Existence is the Condition just below Danger. A Danger Condition carried on too long drops down scale to non-existence. A large group made up of non-existences is of course non-existent itself. Thus by-pass by the heads of a big organisation of the heads of its internal small organizations works toward non-existence. It is really quite simple. To make an organization get smaller all one has to do is by-pass the sub-groups and run the individuals only and the org will collapse or struggle along at near-collapse NO MATTER HOW BRIGHT ITS MANAGER MAY BE OR HOW HARD HE OR SHE WORKS OR HOW BRIGHT THE STAFF IS, OR HOW GOOD THE PRODUCT, the violation of the law in the second paragraph will decay.

Fantastic, isn't it?

All one has to do to make an organization grow is apply the law that a large organization is composed of groups. It is NOT composed of individuals.

In absolute proof of this, in a tiny org it is always observed that every-one there wears each one all the hats. It is a madhouse of individual cross-endeavour. Show me an org that stays small and I will show you an org where every staff member is wearing all the hats in the place. They can't grow because they violate the law that a large organization is composed of groups.

Russia, just yesterday sweeping the world has begun to lose ground and her empire withdraws. Russia won't allow companies. She never says to the head of Georgia "Get your statistics up, bub" and leaves him to it. Instead she governs

the Georgian individual with spies, secret police and even income tax and is more apt to shoot the head of Georgia if his statistics do rise as he is then looked on by a paranoid central government as capable enough to be a menace. Russia once governed via cells and did so as long as she was expanding. Now she has income tax! Russia expanded despite bad-management solely because she was composed of cells and collectives - but she went too far and erased the individual entirely, so, though growing she starves. Her groups were mainly dedicated to politics, not production, which is a frailty of governments anyway. But the basic group is composed of individuals. (For heaven's sakes don't tell, Russia as we don't want her growing - tell her she must govern her individuals individually and she'll vanish. You can tell the US, if you like, but only because no president yet ever listened to anything except his popularity poll and with only a four year career, isn't likely to. In the US, the government itself vanishes regularly and only the companies, with plenty of interference, keep the civilization going.)

England's sad old empire was great as long as India was run by the East India Company etc etc. Its colonies and dominions did fine right up to the moment the government in Westminster and Whitehall started to run the natives as individuals, by-passing the company controlled colonies. Then the "Empire" started to go broke because it never was a political empire but a commercial one. As a political empire it uniformly failed until about 350 years ago it began to charter companies to rule and govern foreign lands. Then it got an "empire". When it began to by-pass its company heads and set up crown controlled governors and then by-pass these it ceased to be an English Empire and it looks today that soon there won't even be an England. It could not control even one colony the moment it started to govern individual colonial citizens on a by-pass of the colonial companies.

You can use the same argument they use. That "concentrating only on groups is hell on the individual". Marx used that line. Well it isn't true. When you get too big a group the individual in it, suffering the whole pressure of the state suffers. The reverse is true - "by concentrating only on groups the individual is protected and prospers".

Now we get to the philosophic question in the law, how large is large, how small is small.

Oddly this is easily answered, unlike most philosophic conundrums. You have to have the answer to "how big should a group be in order to get the job done". That asks and answers it. A correct group size is one where the individuals in it are not made too small by the group being too large". This is a ratio question. The Government of England! and the individual Englishman are of incomparable magnitude. What the hell can Joe Cockney a citizen do against the Government of England! Nothing! So Joe Cockney goes to pieces. You can't have a comm line between a Billion horsepower motor and one grasshopper! Something is going to explode and it isn't the Billion h.p. motor. It's the grasshopper. Therefore when the management unit is too big the individual (despite all the protection laws in the world) becomes apathetic and can't work or doesn't see himself as important enough to bother about.

So what is a proper sized basic group?

A GROUP IS A PROPER SIZE WHEN THE INDIVIDUALS IN IT CAN EASILY APPROACH THE MANAGER OF THAT GROUP ON A FAMILIAR BASIS AND BE SURE HE KNOWS WHAT THEY'RE DOING AND WHY AND IF THEY'RE DOING IT.

The individual in that group is not oppressed. His charm counts. He feels up to arguing with that manager. The executive (with a deputy on his side) feels up to confronting the rest of the group. His own personality counts.

The only reason you have strikes and labour unions is that this group law has been violated. Too many individuals in the group for them to know intimately their manager on a friendly co-operative basis.

This is all Marx is about. Marx is really a protest against too big a group solved by creating a protective state (an over-

whelmingly large group) that "rescues" the individual! So Communism is a mess. For by making a state group one overwhelmed the individual and sure enough the only criticism of Communism that a Communist will tolerate is that it has too big a "bureaucracy" by which he means too big a government for an individual to confront. Communism goes even further. It abolishes the individual utterly! It forces him to be a group. And that is very bad for individuals are the building block of the small group. So Marx neither knew nor solved the basic problem of government. He didn't know the above 2 laws about organizations and groups so Communism, supposed to solve individual oppression, is the most individually oppressive form of Government on this planet.

How many individuals can effectively compose a group?

It depends on the ability of the manager to handle men on an individual basis. This varies. But such men or women as can handle a large number are very, very rare. So we take a safe answer.

A fairly safe answer is six - the manager of the group plus five individuals, one a deputy manager.

This is determined by the answer to this question:

How many subordinates are you willing to work with on the job? Five others is about all you'd care to stretch it. Two others would be too comfortable - even too dull. But you can stretch it up to five.

Thus we could stretch out an org composed of groups of six persons - a manager a deputy and four - making 6 maximum in each group.

And you now have the size of the largest building blocks it takes to make a big org. Six persons in each.

If we pyramid this we have (each maximum):

5 staff members and their In-Charge as a unit;

5 units and the section executive in a section;

5 sections plus the department's director in a department;

3 departments and the secretary, a deputy and a communicator in a division;

4 divisions in a portion and the Org Exec Sec and a deputy and a personal sec;

3 divisions and the HCO Exec Sec plus her deputy and a personal Sec in the HCO portion.

Or with a full Exec Division set up:

4 ES Comms in an Office for the Org Exec Sec and a personal sec;

3 ES Comms in an Office for the HCO Exec Sec and her personal sec.

But we build downwards by groups of six if we expand further, rarely exceeding 5 and an Executive.

You see then that the moment the HCO Exec Sec starts handling Address in Charge, the jump is too great as it puts Address in Charge up against the equivalent of the total executives of units and sections of HCO! It makes his group too big. It makes him too small (being such a small part). He gets rattled, feels oppressed, tends to snarl because he is overwhelmed - his group is too big so he is too small. Simple as that.

So long as an Executive only handles 2, 3, 4, 5 people he can handle his job because they know him. The people under him can handle their sub-groups so long as they contact only 2, 3, 4, 5 people and themselves.

For instance, so long as there are only 5 Continental Orgs, Exec Sec Communicators will feel comfortable, providing the Continental orgs have each 2, 3, 4, 5 orgs under them and have in their

turn ES Communicators.

So proper organization for expansion builds in blocks of 6 maximum - 5+ an executive. That can be 5 groups plus an Executive as you go up or 5 staff members plus an executive as you go to the bottom.

Wherever this is violated the organization (whether a nation or a company or us) will dwindle. Where it is kept, the organization will grow.

I warn you that 5 plus an executive groups is hard work, even a strain at times, but it can be done. 6 or 7 + an executive is quite too much. And a Government vs Joe Doakes is a complete smash as Joe is only maybe 1/70,000,000th as big as the Government!

So never by-pass. Completely aside from the true mechanics of the Danger Formula where by-pass results in non-existence, it is hell on the Executive and every member of the organization to have continual violation of the maximum groups size.

If an executive feels overworked, even with all Dev-T cared for and policed, then that executive has below him violations of group size and is by-passing some point that should have an executive below him, with a group under that executive. The overworked executive is trying to handle more than five other people directly. (Five staff members of five group executives).

It's like boxes in boxes in boxes. But in this case 6 boxes at the most fit comfortably.

If a department has 8 sections under its director, then we have to group the sections by giving the Director 2 who each control 4 sections. This is a very comfortable director for he has a group of 2+ the director. He can loaf. But his assistants will sweat. So add 1 assistant and divide the department's sections into 3 groups, 3, 3 and 2 and you will have a more efficient department.

That's the way you juggle it about to prevent overwork by Executives and overwhelm of individuals.

If you want to increase efficiency on a 5+ executive group, always make one of the 5 a deputy and slightly senior to the other 4. The four can then approach the deputy to see if they should approach the executive on matters they feel uneasy about. This adds a gradient.

There are various ways to juggle this about. An executive with 7 sections can take 3 himself and give a deputy 4 etc. Lots of ways to do it but just stay at or below 1 + 5 if you can.

The senior to the group exec is not counted as a member of the group.

Here and there we violate this. A Comm Ev is not as acceptable as a Hearing because one person faces more people. Jury trials are a horrible strain and a cruelty because one has to face about 14 people! (Judge, prosecutor, jury.) Too many!

So those are the laws which underlie organization.

But you can have it all on the org board and not practice it and collapse. If an Exec Sec is approaching 15 staff members past their executives, it can wreck the place as the staff members go into apathy, the secretaries go into non-existence and bang! no org.

So completely aside from Danger Condition violations of following proper group organization will bring any organization, a planet, a state, an org, into a mess.

This is what underlies the decline and fall of civilizations: the state begins to govern the individual!

An organization is composed of groups not individuals. And that truth followed and practiced in the flesh as well as on paper

will bring about a happy civilization, a happy nation and a flourishing org.

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SUMMARY

A LARGE ORGANIZATION IS COMPOSED OF GROUPS, A SMALL ONE IS COMPOSED OF INDIVIDUALS.

The primary difference between the opulent West and the starving East is that the West still permits companies. This means to some extent the Western nations are composed of groups so they are still somewhat successful.

A GROUP IS A PROPER SIZE WHEN THE INDIVIDUALS IN IT CAN EASILY APPROACH THE MANAGER OF THAT GROUP ON A FRIENDLY BASIS AND BE SURE HE KNOWS WHAT THEY ARE DOING AND WHY AND IF THEY ARE DOING IT.

More than 5 persons plus their executive tends to be too large a group.

The persons under an executive can of course be executives of groups. And the five persons below each of those executives can be executives of groups.

If things aren't organized this way the individual is crushed. The executive is crushed by overwork and the persons under him are overwhelmed.

By-pass of an executive, aside from putting him in danger, overwhelms the members of his group and makes them do less and makes them feel attacked and lessens their sense of their own power.

2 + an executive is also a group but the executive is not really working to capacity.

With all Dev T cared for an executive will be overworked if he is over more than four subordinates.

The principal reason orgs stay small is no matter how fancy their org boards they do not actually practice what is on the board but by-pass or pay no real attention to command lines and so in actual practice are only one or two oversized groups - which results in them staying small and being overworked and also underpaid as their system in actual practice is inefficient.

The moral is, practice proper grouping as provided by the org pattern, never by-pass and so expand and have a happy staff.

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