

HUBBARD COMMUNICATIONS OFFICE
Saint Hill Manor, East Grinstead, Sussex

HCO POLICY LETTER OF 15 APRIL 1982

Remimeo

Finance Series 29

THE COUNTING OF GROSS INCOME

(Ref: HCO PL 5 Jun 59, Vol 3, pg. 8, INCOME REPORTS REQUIRED.

"These reports [Departmental Income Reports] are compiled by department heads after Thursday at 2.00 p.m. on the week's income ending then.")

(Ref: HCO PL 11 Dec 62, Vol 1, pg. 323, OIC REPORTS TO HCO WW.

"The HASI week operates from Thursday 2.00 p.m. to the next Thursday 2.00 p.m. This is mandatory for all orgs without exception, from here on.")

(Ref: HCO PL 6 May 64, Vol 3, pg. 17, ACCOUNTS POLICIES.

"The accounts week closes at 2.00 p.m. Thursday, at which time a new accounts week begins.")

(Ref: HCO PL 6 May 64, Vol 3, pg. 18, ACCOUNTS POLICIES.

"Posting [of disbursement vouchers in ledgers for the companies concerned] is done in periods of one week ending 2.00 p.m. Thursday to agree with the Income period.")

(Ref: HCO PL 12 Oct 66, Vol 1, pg. 344, OIC GRAPHS.

"Graph 2 -- a continuous line which shows the number of Clears made that week (Thursday 2.00 p.m. to Thursday 2.00 p.m.) and a dotted line (when it comes to apply) showing the number of OTs made.")

(Ref: HCO PL 23 Dec 66, Vol 3, pg. 265, ACCOUNTS INVOICES.

"Bundles of invoices are routed to their proper destinations from the baskets when convenient but at least once a day and at 2.00 p.m. Thursday.")

(Ref: HCO PL 18 Nov 67, Vol 3, pg. 212, BLUE AND GREEN ACCOUNT INVOICES.

"The green invoices will be kept continuous and removed from the machines at the end of each day and at 2.00 p.m. Thursdays. The money will be removed at the same time (leaving only the float).")

It might interest you to know why an org's income production period, measured by the Gross Income statistic, is a weekly period, from 14:00 hours (2:00 p.m.) Thursday of one week to 14:00 hours of Thursday the next week.

IMPORTANCE OF THE GI STAT

It is complete folly to run or try to manage by anything but correct stats. Rumours, bad or good, kill orgs. Generalities, bad newsy or good newsy, kill orgs. Old school tie popularity, or lack of it, kills orgs. Running an org or managing an org by anything but stats kills the org.

Running by stats shows one the state of the org and enables one to do something about a down statistic and reinforce an up statistic.

NEVER RUN OR MANAGE BY ANYTHING BUT STATS.

CORRECT GI STAT

The GI stat must be correct and must honestly reflect the org's income production.

No one can bank money "enroute to the org, but not here yet." No one can FP against money "lined up." And you cannot be paid from sums that "will be here soon."

But you can bank, FP against, and pay yourself from real money, good right now, that is in the shop right now.

A GI statistic that is made up of anything but cold, hard, bankable currency, bankable immediately, and in the shop right now is a false statistic, denying you a paycheck and blocking those who would attempt to expand the org.

NEVER REPORT, RELAY, OR CONDONE A FALSE GI STATISTIC.

TRENDS

Orgs are managed by trends and ranges of statistics. Is the trend of this statistic up or down? What is the condition of the trend? And at what range?

Weekly statistics, neatly graphed, shows one and all the condition of the Continent or Org or Division or Department or Section or Unit or individual staff member.

Why weekly?

Because our orgs are fast man! Other organizations and companies throughout the world work at a snail's pace compared to any Scientology organization.

How would you like to find out how you were doing at three month intervals, a month or so after each interval? Yet this is common business practice!

It's no wonder governments go broke and talk of budget deficits and corporations cackle proud as peacocks about how they only lost 30 million less than they lost last year this time.

No, thank you! 19th Century "business practices" will not do for us. You must know how you're doing right now and you must know how you did this week compared to previous weeks. Only then can you take measures to correct or reinforce, in order to improve or raise next week's production.

Why 14:00 hours Thursday?

I instituted this at London Org in the '50's. Friday was too late for their Advisory Council to act on the just ended week's statistics, and get the gears rolling for the new week as the weekend (and the Foundation Org) was right upon them.

By meeting on Thursday they could put their plans into motion Friday and get started. 14:00 hours was the chosen cut-off period to enable them to meet that evening.

That procedure worked then and for decades since!

Only when an org goes out-ethics and varies its stat ending period from 14:00 hours Thursday do you have trouble managing by stats and trends.

YOU CAN ALWAYS DO SOMETHING ABOUT A STAT TREND. BUT YOU HAVE TO KNOW WHAT IT IS.

UNUSUAL SOLUTIONS

I can't imagine any org staff member or executive failing to understand any of the above. This is all hard-won experience and established policy which should be known to all.

Nevertheless, one encounters the "strangest" applications of unusual solutions anyone ever heard of. And every time an org tries to count its Gross Income in a way other than as described above, the org and its staff suffer.

For example, there were "postulate checks" in the early '70's in which some orgs counted non-existent funds as in the shop GI, while swearing to one and all that, "90% of them are good. The FBO's just aren't collecting them."

Result: frozen accounts, busted boom!

An org one time sought to "raise its GI" by transferring sums back and forth between accounts, counting these transfers as income.

(Well, that's just grand for the Double-Entry finance "wizards of Wall Street." "Improves" their balance sheets remarkably. But it doesn't prevent one giant corporation after another from slipping away to bankruptcy.)

Result: the org went insolvent!

Another org sought to "raise its GI and booksales" by "buying" its own books (they transferred from their main account to the HCO Book Account and counted it as GI), and then gave the books away.

His "majesty," Lord Keynes, would cheer with gleeful approval. But unfortunately there's a hitch. Unlike the Keynesian dupes, governments, we don't haul out the presses and print more currency. And books cost us real, earned, in the shop, money.

Result: this org, too, went insolvent!

And then there was the org that reported its GI on Thursday, waited for it to come in by Sunday, and worked all weekend to make sure it did come in Sunday so that what they reported last Thursday would be correct!

They were spending three days (sometimes more) of the new week to make good the production of the previous week. This left them with about four days of production time to devote to the new week's GI.

But not to worry, they had this solved!

"We have until Sunday to get in next week's GI, that we report on Thursday, and GI's and CGI's can easily be reported a week behind based on Sunday night collection figures."

Oh yeah? One might ask, "But how can you allocate funds at the weekly FP meeting on Thursday night when the funds are not going to be there until Sunday night?"

"Oh, that's no problem. That's why we hold FP on Sunday."

Digging deeper, one might ask, "But that means you can't get going on activating the org's FP and get the items required by the org to carry on until Monday."

"Well, yes, but that's because the money doesn't come in until Sunday. and we don't want to be non-standard, so....."

And now, jumping in with both feet, one asks, "But, look! Ron just wrote this new HCO PL, Finance Series 27, entitled CHANGING WORKABLE FINANCE SYSTEMS, in which he says to, 'beware of people who change workable finance systems.' And what you've done is changed a workable finance system!"

"I know, but see this CSW here? We're going to change that PL....."

UNUSUAL SOLUTIONS

All right, where does all this leave us?

THE MOMENT YOU VARY FROM THE EXACT, STANDARD, ON-POLICY PROCEDURE, YOU INVOLVE YOURSELF IN POTENTIAL CONFUSION THAT REQUIRES EXTRAORDINARY SOLUTIONS.

WHEN YOU FIND YOURSELF BEING ASKED FOR EXTRAORDINARY SOLUTIONS, YOU HAVE DEPARTED FROM THE EXACT, STANDARD, ON-POLICY PROCEDURE.

Note these two principles well. Chisel them in granite. They amount to Third Dynamic Axioms.

What is the exact, standard, on-policy procedure?

1. The stat period of an org is from 14:00 hours Thursday to 14:00 hours Thursday the following week. Not Friday, not Sunday. Thursday. Not 18:00 hours, not 14:10. 14:00 hours.
2. Gross Income of an org is the total amount of cash, coin, cheques, money orders, cashier's cheques, bank drafts, that are immediately depositable, received by the org in the mail, over the counter or wired directly into the FBO #1 Account, by 14:00 hours Thursday, for any org service or item.
3. The GI figure, already counted, totalled, and verified, is telexed on Thursday as part of the org's OIC cable.
4. FP Committee meets Thursday night.
5. The FBO approves the FP or sends it back for corrections/changes (but in any case, makes the FP approvable), transfers the FP amount, HCO Book Account amount, and the org reserve amount to the org Thursday night or Friday morning.
6. The org deposits the FBO cheques Friday morning and activates the FP.
7. The org is already (as of 14:00 the day before) collecting the new week's gross income.

Sounds simple, doesn't it? It is!

It is difficult or confusing only when it is made difficult or confusing by those who have other fish to fry, usually for their own selfish benefit at the expense of the org and thus your own paycheck.

If you want a higher Gross Income, if you want the things your org needs, if you want a larger paycheck, just do the usual as laid out above.

Honestly, it is so much easier to be standard.

Try it!

L. RON HUBBARD
FOUNDER

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