



MGE Executive Seminar Series

# **CONDITIONS & STATISTIC MANAGEMENT SEMINAR**



Based on the works of L. Ron Hubbard

***MGE: Management Experts, Inc.***

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IA # 081910

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## STATISTICS, MANAGEMENT BY

By L. Ron Hubbard

The most direct observation in an org\* (or a country) is statistics.

These tell of production. They measure what is done.

It cannot be said too often that management is best done by statistics.

Each division in an org has a GROSS DIVISIONAL STATISTIC (“GDS”)\*. This is calculated to reflect the production of that division by all its divisional members.

An EXECUTIVE COUNCIL\* has all these GDSes available to it every week. This is done by the OIC system (Organization Information Center\*). The stats are collected by each division and compiled by Department 3, Division 1, Inspections and Reports\* into graphs. No matter how small an org, it has to have an OIC.

The EC\* as a Council runs the org by observation of the GDSes.

Conditions are assigned each division by the EC each week, according to these GDS stats.

The name of the executive in charge of the division is noted on the graph. EC names are also on their own graphs.

These graphs, the OIC, should be POSTED WHERE STAFF CAN SEE THEM, not hidden in some room or in only a senior executive’s office. They tell the rest of the org what the division is doing.

There is a lot to stat interpretation. The Gross Income stat is not the most important in the org. It is modified by the expense of the org. An apparent high income can be wiped out by ignorant or unreal financial planning, which makes the org cost more than it makes.

If all other stats are up, the Gross Income will go up.

Individual staff members, Divisional Executives and Senior Organizational Executives are commended, promoted, demoted or subjected to organizational discipline on the basis of their stats. A person with high stats has Ethics protection. A person with low stats not only has no Ethics protection but tends to be hounded.\*

Orgs are not well run by the old school tie\*, what professor one knew in the Ivy League University or who is shackled up with whom. Orgs run by other considerations than stats, hurt the individual staff members. Orgs are well run when they are run by fairly and realistically designed stats for every staff member, division and the org.

Reasonableness is the great enemy in running an org. “Well, of course, the Vice President for Expansion’s\* stat is down because there’s been a rail\* strike....” Nonsense. The Vice President for Expansion’s stat is down because of low production in the Expansion Divisions and that’s the whole and only reason.

Rumor can kill orgs and staff members. Suppressives\* HATE anything that helps people. Listening to rumors instead of looking at stats or instead of just producing what one is supposed to produce in an org is playing straight into the hands of the bad hats\*.

Stats are a safe way to operate.

By raising individual stats we expand.

By expanding we gain strength and influence.

It may be a long road but it is a safe one.

Run only by statistics.

**Bad hats:** Corrupt, worthless or good-for-nothing persons; people who are morally lax or who frequently engage in improper conduct.

**EC:** Short for Executive Council.

**Executive Council:** A council composed of the senior executives in charge of organizational operations (would include the CEO or Executive Director, and Vice Presidents), which is responsible for the organization’s delivery and income, for long-range promotional planning and the actions of financial planning.

**Gross Divisional Statistics:** Each division in an organization has a gross divisional statistic. This is calculated to reflect the production of that division by all its divisional members.

**Hounded:** To nag or pester in a harassing way.

**Inspections and Reports:** The Department of Inspections and Reports. A department of Division 1 (the Establishment Division). Functions of this department include: collecting and accurately graphing the organization’s statistics for executive use; maintaining a high level of ethical behavior among the staff; and inspecting the organization’s activities so any difficulties inhibiting expansion are detected and reported upon to the proper executive for swift resolution.

**Old school tie:** (also called “old boy network”): A social network of people who graduated from the same prestigious school, which often had a tie as part of the school uniform. The term has come to mean any elite social network where promotions and opportunities are given on the basis of knowing one another as opposed to merit or productivity.

**Org:** Short for Organization.

**Organization Information Center:** A large display of the graphs of each of the key statistics of an organization and is a solution to the problems of running a multi-department organization. It is updated weekly and used by executives to get a complete picture of the organization, forecast emergencies, correct small bogs, etc.

**Rail:** The railroad as a means of transportation.

**Suppressive:** (Suppressive Person) A person who possesses a distinct set of characteristics and mental attitudes that cause him to suppress other people in his vicinity. This is the person whose behavior is calculated to be disastrous.

**Vice President for Expansion:** The executive in charge of the "Expansion" divisions of an organization. Responsible for bringing new public or clients into the organization, company PR and any field (outside) events or activities relating to new public acquisition and PR.

# THE CONDITIONS STATES OF OPERATION

By L. Ron Hubbard

An organization or its parts or an individual passes through various states of existence. These, if not handled properly, bring about shrinkage and misery and worry and death. If handled properly they bring about stability, expansion, influence and well-being.

These, arranged from highest to lowest, are:

Power  
Power Change  
Affluence  
Normal Operation  
Emergency  
Danger  
Non-Existence  
Liability  
Doubt  
Enemy  
Treason  
Confusion

The formulas for these are apparently monitoring\* formulas for livingness.\*

The first thing to know about them is that each step in a formula is in exact sequence and must be done in *that* sequence. It is totally fatal to reverse the order of sequence of two or more actions.

Example: in Emergency, economize before you promote. If the sequence is disordered, the final result is a smaller organization or less influential person.

A key datum is that if the formulas are not known or not correctly applied, an organism emerges from each crisis smaller.

The next thing to know is that one knows what formula to apply only by closely and continually inspecting statistics. By *statistics* is meant numbers of things, measurement of volume, all relative to time. A statistic not compared to the same type of statistic earlier will not predict any future statistic. A single statistic is meaningless.



Statistics are always worse than, the same as or better than they were at an earlier period. Graphing and the reading of graphs is a vital necessity, then, in monitoring an organization, department or person and applying Condition Formulas to it.

This is much easier than it appears. If you made \$1,000 last week and only \$200 this week, you obviously are slipping, if you made \$1,100 this week you are pretty stable, if you made \$5,000 this week you are affluent. All compared to the \$1,000 you made last week.

What is the Code of Conduct you should use to stay healthy under these *conditions*? These are the Condition Formulas.

The third thing to know is that one can wreck an organization or department\* or person by applying the wrong Condition Formula. The person is in Emergency Condition. One applies the Condition of Affluence or Power or anything but the Emergency Formula and the person will go bust. The universe is made that way. The *right* condition must be applied.

A vital thing to realize is that the formulas of conditions exist. They are part and parcel of any activity in this universe and now that they are known they must be complied with. This takes about 90 percent of chance out of business operation or personal economics. The variables are only how well one estimates the situation and how energetic one is in applying the formulas.

The next thing to know is that the proper application of the proper formula works. It works no matter how stupidly it is applied only so long as the *right* formula is applied and the exact sequence of steps is taken. Brilliance only shows up in the *speed* of recovery or expansion. Very brilliant applications show up in overnight, sound expansions. Dull applications, given only that they are correct, show up in slower expansions. In other words, nobody has to be a screaming genius to apply them or dream up the necessary ideas in them. One only has to estimate the condition accurately and *act* energetically in applying its steps in exact order. The brighter the ideas, the faster the expansion, that's all. The expansion or gain is itself inevitable. However, if the dullness includes adding needless steps, then one may fail. And if one is so stupid that a wrong estimate is made of conditions and a wrong formula is applied and applied with its steps in wrong sequence, then one jolly well deserves to fail!

Another thing to know is that these conditions apply to a universe, a civilization, an organization, a portion of an organization or a person alike.

The next thing to know is that knowing the formulas carries the responsibility of using them. Otherwise one could be accused of willful suicide! For these *are* the formulas. And they *do* work like magic.

If these formulas are not known or used, expansion is totally a matter of chance or fate regardless of how good one's ideas are.

**Department:** A portion of an organization with its own staff headed by an executive and responsible for the performance of certain functions or production of certain products. For example, the Communications Department.

**Livingness:** Going along a certain course impelled by a purpose and with some place to arrive.

**Monitor:** Regulate or control the performance of.

## STATISTICS, WHAT THEY ARE

By L. Ron Hubbard

What is a *statistic*? A statistic is a number or amount *compared* to an earlier number or amount of the same thing. Statistics refer to the quantity of work done or the value of it in money.

A *down statistic* means that the current number is less than it was.

An *up statistic* means the current number is more than it was.

We operate on statistics. These show whether or not a staff member or group is working or not working as the work produces the statistic. If he doesn't work effectively, the statistic inevitably goes down. If he works effectively, the statistic goes up.

### NEGATIVE STATISTICS

Some things go up in statistic when they are bad (like car accidents). However, we are not using negative statistics. We only use things that mean good when they go up or mean bad when they go down.

## READING STATISTICS

By L. Ron Hubbard

In a local org\* area one reads the division stats for the WEEK. A department\* reads its stats by the DAY. A section\* does it by the HOUR. You can also read all divisional Gross Divisional Statistics\* by the day; successful orgs do.

TRENDS are used in more remote areas from the org to indicate successful leadership or broad administrative or technical situations. TRENDS are used locally to estimate expansion or warn of contraction.

Thus in weekly condition assignments one only considers two things: that exact week and the slant of that one line. Steep near vertical down: Non-E. Down: Danger. Slightly down or level: Emergency. Slightly up: Normal. Steeply up: Affluence. (As Power is a *trend*, it is not judged on a one-week basis only nor by a single line on a graph. Power is a Normal trend maintained in a high, high range; thus a Power condition must be determined by more than one week's worth of stats.)

*Note that these slants for Non-E through Affluence are used to determine the stat condition for the week.*

The volume of the stat has little to do with it. Level at high or level at low are alike Emergency.

The *proof* of this is that you always find a Why\* and it's always some change.

Typical argument about stats: "I know it's down a bit but it's so high generally that it's Power." (Even with stats validly in a Power range, one would handle a dip in the stats with the appropriate condition formula.) Or: "I know it rose but it's so low that it's really Non-E." All this is being *reasonable*. Status think\*.

When you don't value stats this way you don't catch the improvements or flubs that, piled up, wreck an org.

I recall a Director of Training\* who had high high stats. One week they plunged. He said, "Oh, of course. We graduated some students and..." But I rejected that and looked and looked, and lo and behold they'd changed their method of handling students! This, found and repaired, sent their stats soaring!

When you let status reasoning get into stat assignment of conditions, the org has had it!

The weekly condition assignments must be accurate. Only in that way can one maintain expansion.

Also, it's a bit mean to nag around about a rise. "But it isn't much of a rise, you're really in too low a range to have a rise count..."

A rise is a rise. They at least got more. Now, better organizing, they will get more than that. Week by week it goes up.

Similarly, to discount a fall just because stats are high high high is folly. They *could* do week before last's as they did it. So what was wrong that they couldn't do it again? If they got exhausted at it week before last, they need more help, obviously. Or better organization.

Only if you use the single week can you properly, locally manage.

If you keep it up, the org will start to occupy more space, need more people, need more equipment. Actually, the area control of the org increases and stability and viability increase.

If stat declines for the week are brushed off, the org will shrink, become less stable, will demand more work by fewer and will be a burden.

When you manage by the stat, you don't go wrong. But it has to be an honest stat, and explanations that aren't the real *Why* have to be rejected.

As you work with this, all becomes revealed. And one has a total control of survival.

**Department:** A portion of an organization with its own staff headed by an executive and responsible for the performance of certain functions or production of certain products. For example, the Communications Department.

**Director of Training:** The head of the Department of Training in an organization, responsible for ensuring that students are effectively trained and graduated from their courses.

**Gross Divisional Statistics:** Each division in an organization has a gross divisional statistic. This is calculated to reflect the production of that division by all its divisional members.

**Org:** Short for organization.

**Section:** A portion of a department. Departments normally have between three to five sections. The combined production of each section adds up to the overall product of the department.

**Status think:** Thinking and making conclusions based on preserving status as opposed to what's best to do.

**Why:** Reason or cause; the real reason for a positive or nonoptimum situation.

## CONDITIONS HANDLINGS

By L. Ron Hubbard

One has to *do* the steps of a Condition Formula in order to improve one's condition.

And those doingsnesses, which will bring about a changed condition, will then be reflected in one's statistics.

A communication I received from a staff member illustrates this perfectly.

This staff member had, for years, started each new week with a battle plan that encompassed the exact actions she had worked out to take on her post, in order to actually apply the steps of the formula for the condition she was in.

Whatever her condition at the end of the week, she did a weekly Conditions Formula write-up, worked out how she would apply the formula steps in relation to her post, and added those actions at the beginning of her battle plan. Other battle plan targets would also be included, but the weekly condition handling steps were always a part of it. This brought good results statisticwise.

When she ceased to do this and began simply battle planning needed actions without taking the condition into account, her application of the formulas on a routine basis also dropped out. The result was she suddenly found herself with crashed statistics and faced with post and production situations which needed resolving fast. And she experienced the phenomenon of feeling there was "no handling apparent" for the situation.

Of course, if one doesn't do the steps to handle a condition (the formula), then one has "no handling" for the condition!

Needless to say, this staff member, upon spotting what had happened, resumed doing her weekly formula write-ups at once!

I think there may be staff members who don't do any part of this. Aside from possibly not knowing what their stat is or what the organization stat really is, they don't finish their week by assigning it a condition and writing up the formula. And so, of course, they wind up not doing the handling for the condition they're in.

There are undoubtedly some staff who think they don't have to do so if it is not in a *lower* condition. Yet they are upsetting their higher conditions by not doing so.

There is a law that holds true in this universe whereby if one does not correctly designate the condition he is in and apply its formula to his activities or if he assigns

and applies the wrong condition, then the following happens: He will inevitably drop one condition below the condition he is *actually* in. Thus, if one incorrectly says he is in Power and tries to apply that formula when he is *actually* in Non-Existence, he will inevitably drop to Liability. If one incorrectly states he is in Normal when he is *actually* in Emergency, he will drop to Danger. Thus it is vital to accurately and honestly ascertain the condition one is in and apply that formula and actually do it. Otherwise one can go the route and drop down the conditions without ever understanding why. Whole nations do this and it is one of the reasons for the decline of civilizations. And while one is not a nation, one is still important enough to properly handle conditions.

And remember that it is not enough to do this as a simple administrative exercise; one actually has to *do* the formulas if he ever expects his condition to improve.

The way to never be faced with post situations for which there seems to be “no handling” is to routinely and regularly ascertain and apply the Conditions Formulas to one’s post and activities.

## ORGANIZATION INFORMATION CENTER

By L. Ron Hubbard

I have recently developed a means which should increase income at least double in any organization if applied.

This is the Organization Information Center. It is mandatory in any organization which has more than 15 on staff.

This is a precise drill. It is devoted entirely to furnishing the executives of the organization with data concerning the organization.

Organizations have slumps. These slumps stem directly from organization departmental failures. If these small slips are noticed in ample time, the organization *cannot* have a slump.

The Organization Information Center is not a clumsy graph system but a species of mechanical brain that keeps continuous check upon *and* corrects small bogs of its own accord. It forecasts emergencies. Mary Sue\* points out that this must have come from the Combat Information Center idea of World War II, of which I had told her, by which swarms of fighter planes, bombers or landing craft could be individually directed with great ease. The present idea has another source, but a wartime CIC is a good comparison.

The immediate business ancestor is a clumsy graph, usually a few months behind, hastily brought to date for board meetings. This idea, expanded as I expanded CICs to handle amphibious landing craft, gives us a complete picture, a timely forecast and, eventually, solutions to the problems of running a multi-department organization.

The board is a smooth finished surface with a number of holders of 8 by 10 (approx size) graph paper. These papers are not stapled on but drop into a three-sided border, open at the top. New papers every quarter or so are put into the holder in front of the last quarter's sheet so that one can refer back.

The board has various signs on it, one for each department.\* The graphs are in three horizontal lines for one organization, with space for two to three charts (in a single line) for each department. It is necessary, for quick reading, to have the graph sheets in long lines rather than in blocks – hence, the board appears to be three long lines of graph, no matter how many graphs there are in how many departments.

The board is divided to allow for all of the organization's departments. These departments are in the same order as on an org board.

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This means that a board about 80 to 100 inches long and 48 inches high will accommodate the lot. There would be seven 10-inch graphs in each line and three lines. Given space, allow extra widths. Molding can furnish the boxes to slip the graphs into.

These graphs are marked with broad, 1/2-inch-long lines, using bold black and bright red ink. If the graph remains level or rises it is marked in black. If it dips, it is marked in red. All graphs are removed to be marked.

With a single glance at the board, an executive in charge of the organization can see the organization's weak points. His attention is thus drawn to impending slumps long before they happen, rather than by emergency flaps in Accounts. He can tell weak or nonfunctioning department heads and train or change them before they sink the department and the ship.

It will be at once noticeable that Organization Information Center initials quite by accident say "O.I.C." And so one does and at once.

Please start this board at once with graphs and pins, and do a smoother carpentry job for sure, but later.

It will practically end emergencies and should promptly increase income and units.

Department heads and staff may, of course, view the board, but it is not a public board.

It is cumulative slips that reduce income, not big drops suddenly. Catch the small ones and the big ones never show.

**Department:** A portion of an organization with its own staff headed by an executive and responsible for the performance of certain functions or production of certain products. For example, the Communications Department.

**Mary Sue:** Mary Sue Hubbard, Mr. Hubbard's wife.

## STATISTICS TO KEEP

What follows are a list of statistics that can help track productivity for much of your practice.

While this does not comprise every possible statistic you could keep, it is a workable point to start from when initially implementing stat management.

1. LETTERS OUT – Personally signed letters (non-form letters) sent by the office.
2. BULK MAIL OUT (BMO) – Total volume of ALL mail sent out from the office – including letters out. For example: 100 flyers and 10 letters go out in a given week. This would constitute 110 Bulk Mail out.
3. \$ VALUE TREATMENT PLANS PRESENTED/SOLD – Self explanatory.
4. # CONSULTS – Number of consult appointments done.
5. COLLECTIONS – Total dollar value collected by the office.
6. ACCOUNTS RECEIVABLE – TOTAL amount of moneys OWED to the office – this amount NOT to include credits for pre-paid treatment.
7. PRODUCTION – Total dollar amount of charges made to patients. This figure should always be ADJUSTED for discounts, PPOs etc. This goes for all of the production stats. If it is not collectable as hard currency DO NOT count it.
8. HYGIENE PRODUCTION – Total dollar value of procedures performed by the hygienist.
9. DOCTOR PRODUCTION – Total dollar value produced by the doctor.
10. RECALL APPOINTMENTS KEPT – # of RECALL appointments kept that day. Note here that this is NOT a total of all hygiene patients. This statistic includes ONLY official recall appointments meaning 3, 4 or 6 month recalls. You can include Perio maintenance in this though as this IS a recall appointment.
11. % APPOINTMENTS KEPT – the percentage of appointments kept that day or week. It is figured by dividing the number of appointments kept by the number of appointments booked that day.
12. COLLECTIONS DIVIDED BY STAFF – This is the Collections stat divided by the number of staff. Part time staff may count as .5 staff. Doctor should be counted in this figure. This figure should include only staff that worked that week (i.e., if someone is out of the office on training, they do not count).

13. # OF NEW REACHES – # of new people who call in or contact the office that week. Could be a promotional response, referral, etc., and WHERE they come from should obviously be tracked.
14. NEW PATIENTS – # of new patients seen by the office.

## STAT INTERPRETATION

By L. Ron Hubbard

The interpretation of statistics includes *trend*.

*Trend* means the tendency of statistics to average out up, level or down over several weeks or even months as long as the situation remains.

The closer one is to the scene of the stat, the more rapidly it can be adjusted and the smaller the amount of time per stat needed to interpret it.

One can interpret one's own personal statistic hour to hour.

A divisional executive can interpret on a basis of day to day.

A Senior Executive (i.e., Vice President in charge of multiple divisions) needs a few days' worth of stat.

A CEO or Executive Director would use a week's worth of stat.

A more remote governing body would use a *trend* (which would be several weeks) of divisional stats to interpret.

In short, the closer one is to a statistic, the easier it is to interpret it and the easier it is to change it.

One knows he had no stat on Monday – he didn't come to work. So Tuesday he tries to make up for it.

At the other end of the scale, a regional executive responsible for the supervision of multiple organizations would have to use a trend of weeks to see what was going on.

### READING STAT TRENDS

A *trend* is an inclination toward a general course or direction.

*Trends* can be anything from Danger to Power, depending on the slant and its steepness. It is also possible to have a Non-Existence trend.

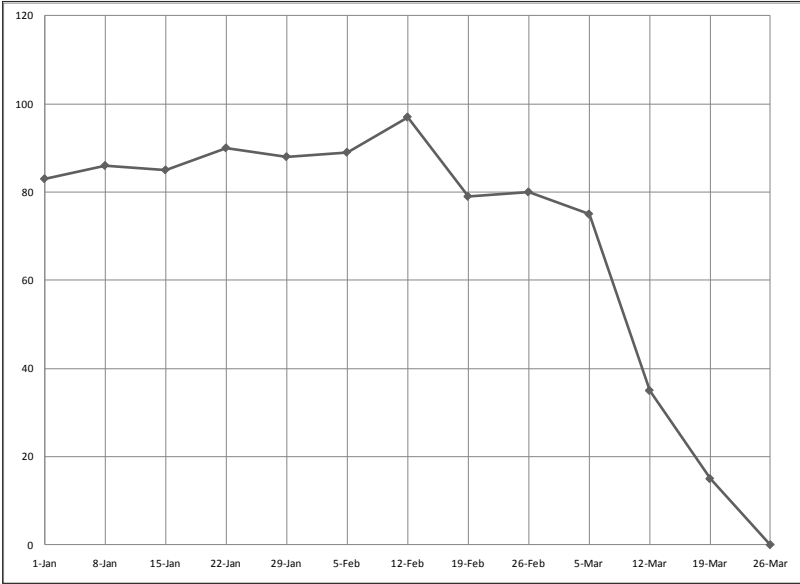
*Note: On the graphs below the dotted lines have been drawn in simply and only to show the trend – the general course or direction – these statistics are taking over a period of weeks. They are given here to educate one in the relationship between trend lines and conditions and for no other purpose. One does not in actuality determine a trend by drawing a dotted line or any kind of line through the graph. A trend is determined by looking. It is done*

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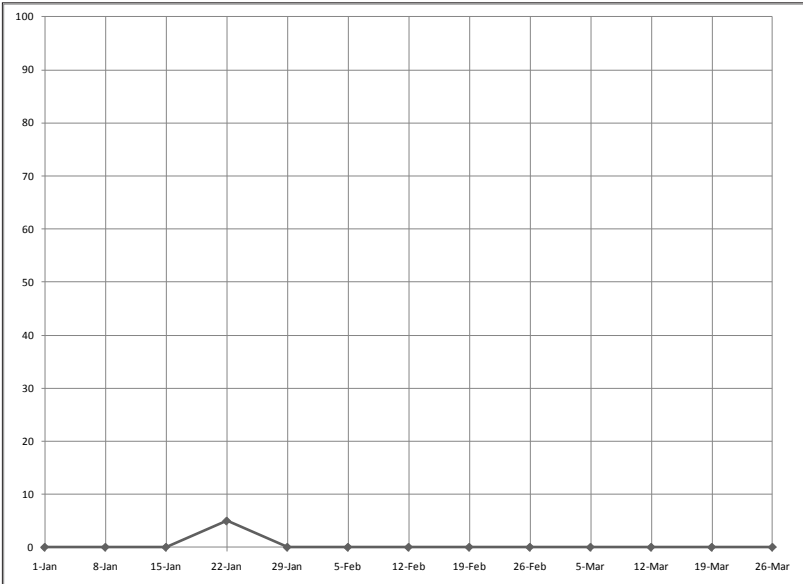
MGE Executive Seminar: Conditions and Statistic Management

with the eye. One must visually average the peaks and valleys of a stat and one looks at the period of time overall and determines the pitch or slant of the graph

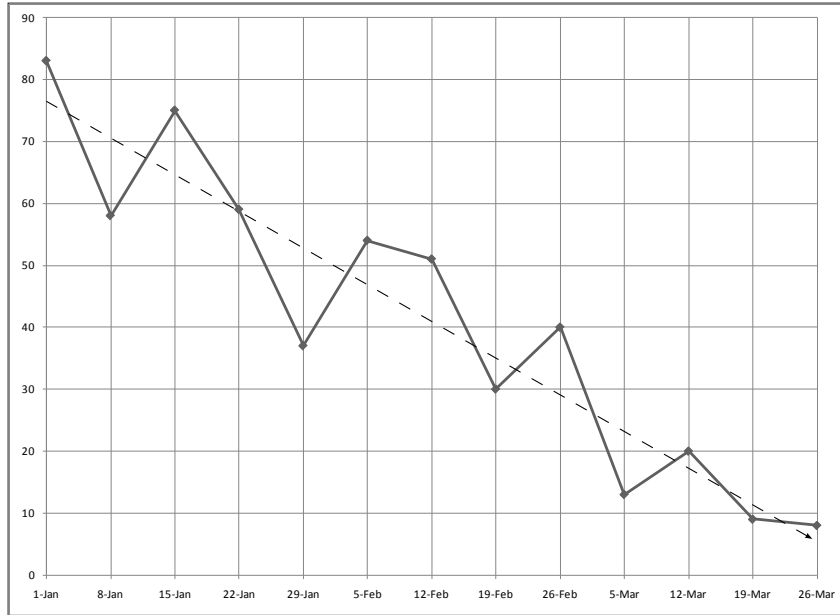
A Non-Existence *trend* would look like this:



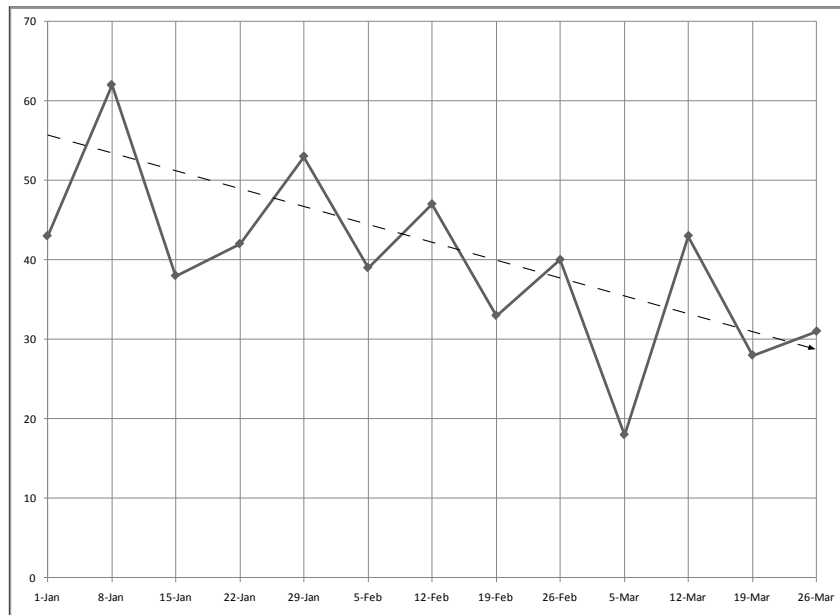
This would also be a Non-Existence *trend*:



This would be a *Danger trend*:

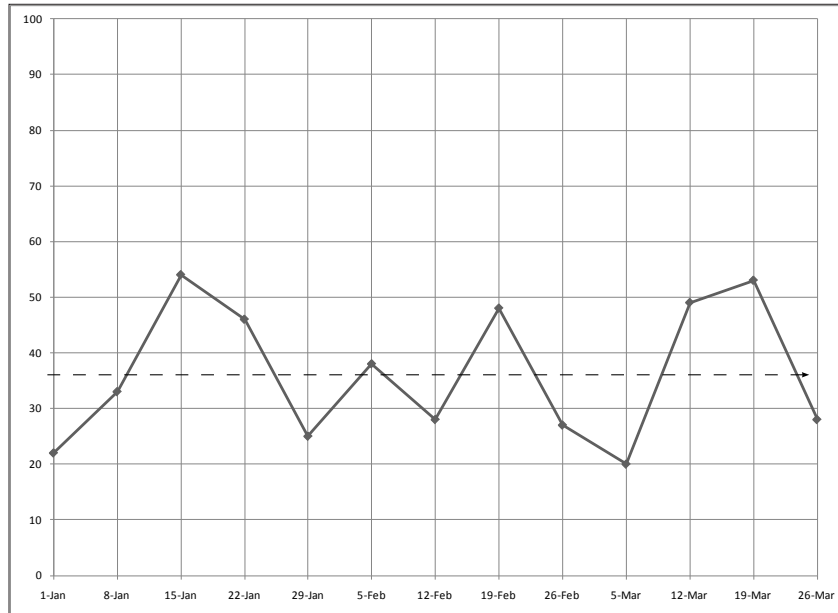


This would be an *Emergency trend*:

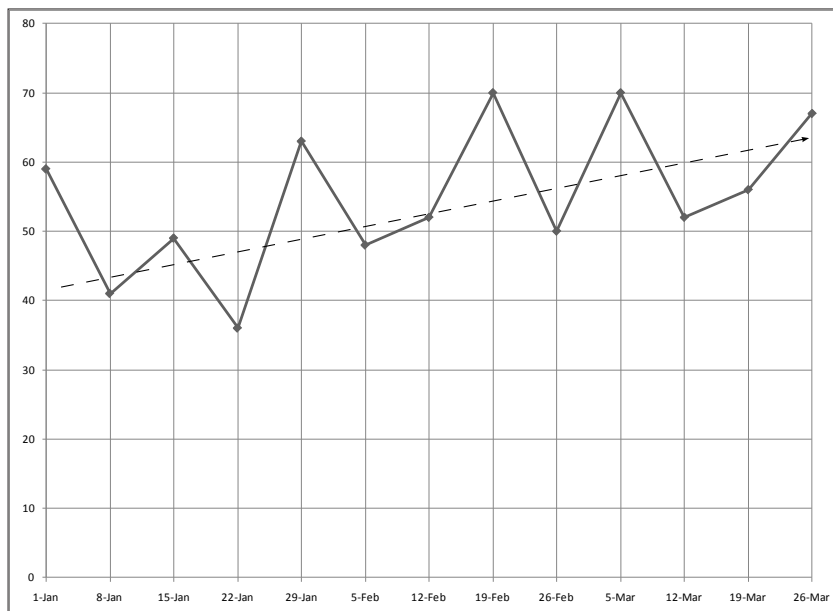


As you can see, it is not so steep.

This would also be an *Emergency trend* as it will collapse – nothing stays level long.

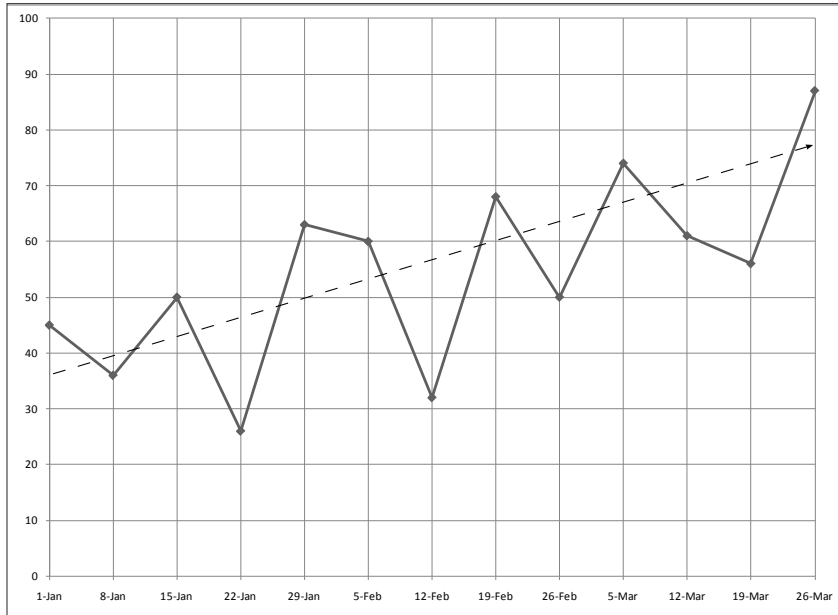


This would be a *Normal trend*:

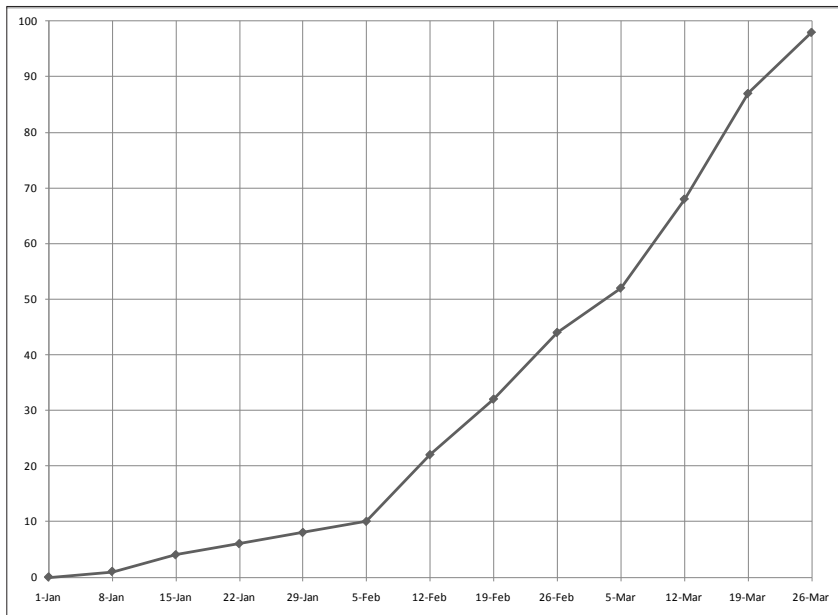


Any slight rise above level is Normal.

This would be an Affluence *trend*:



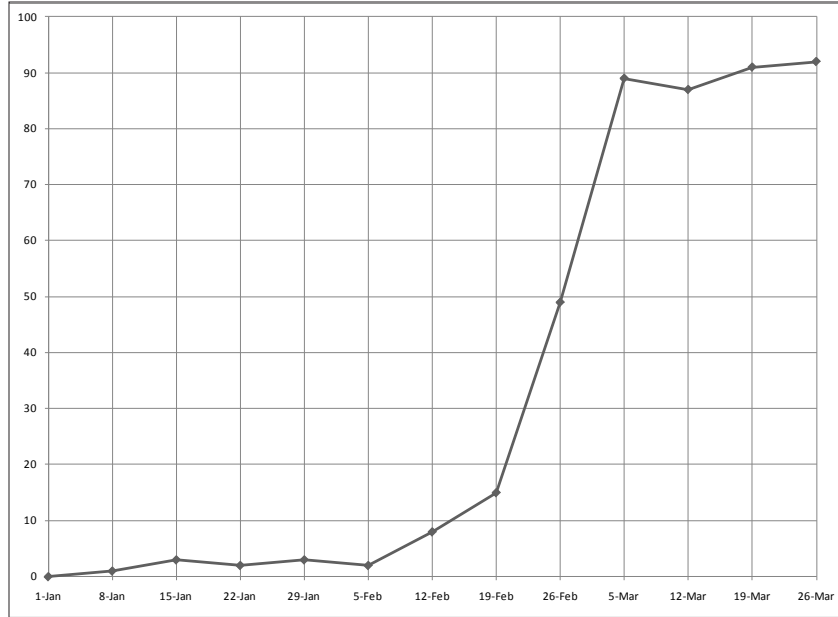
This would also be an Affluence *trend*:



The graph is steeply Affluence trending.

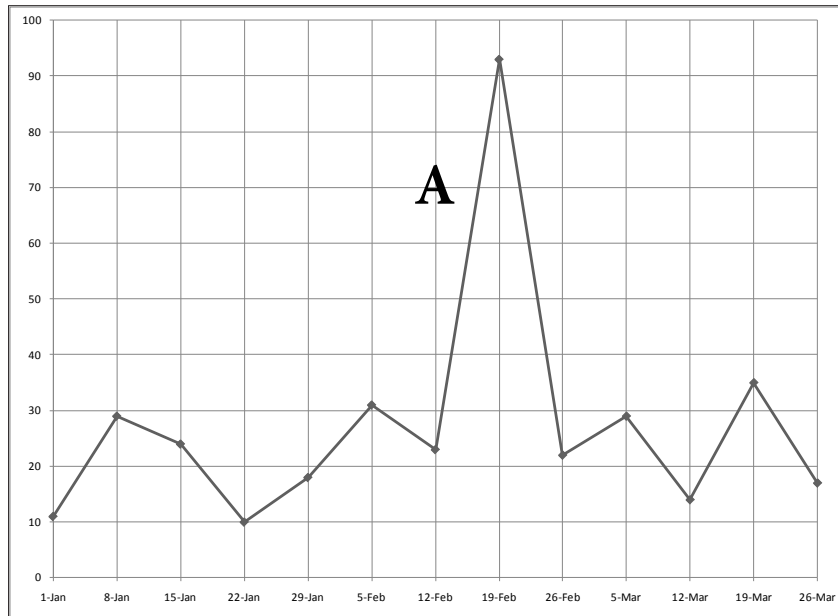


This graph shows an Affluence going into Power:



The Affluence *trend* has peaked at a new high range. Power is a Normal *trend* that is being maintained in a very, very high range.

A single day or week's graph goes into Affluence differently:



Point A is the single Affluence. The *trend* however is barely Normal as the single surge did not maintain itself.

## REMOTE MANAGEMENT

Not knowing TRENDS, remote management can err. An organization or division may be in an Affluence trend and because the last week's stat was a bit down, actions can be (and have been in the past) taken against the organization or one of its divisions and broke the winning streak.

A remark "All Gross Divisional Statistics\* were down" could be at first glance factual until it was seen that all Gross Divisional Statistics were in Affluence trend.

## REASON

A valid statistic is the best indicator\* of the ideal scene.\*

When an organization or division has departed from its ideal scene, it cannot be made to recover in an instant.

The reapproach to the ideal scene for a group is by a gradient approach because so much has to be done.

One can't ordinarily jump from making 2 cars a week for months to 2,000 cars a week in one week. Workers, tools, materials, machinery out of use all have to be moved back into line. It may go to 15 cars, then 120 cars then 200 cars then 750 cars then 800 cars then 20 cars then 1,000 cars then 1,500 cars then 1,800 then 2,000.

It is so easy for an individual to decide a fact and so arduous to move it into physical universe existence that management tends to be impatient.

"Get Central Files\* straight" takes 1½ seconds to say but may take 6 weeks of time for a manned up specially appointed crew to accomplish.

"Get Central Files straight" is easily said to an existing undermanned staff. They do but "Letters Out" falls to 10 from 1,200.

It is so easy to think it. But thinking it isn't doing it.

The right way is to program it. "Recruit 2 new staff members. Hat and train on Central Files. Get Central Files straight" is the right statement.

WHY stats go up and down traces to backlogs being caught up, to new projects given overloaded staffs, to unreal planning, to finance squabbles and failures to hire, hat, train and program.

So wildly varying stats in an organization's divisions almost always mean finance poorly handled, hiring, hatting, training is poor. Utilization of staff is not good.

But by TREND it shows the overall tendency to approach or depart from the ideal scene.

When you are close up you can do something about it and when you are far away the day's or the week's stat has already changed before any order could ever arrive.

In remote management, not managing by TREND is a serious fault as one's orders are always rather unreal.

An upward TREND even if only slightly upward shows people are trying and level or downward shows it is in trouble.

TREND is the overall measure of expansion or contraction and is the most valuable of stat messages.

**Central Files:** A file system in an organization which has the purpose of collecting and holding all names, addresses, pertinent data about and correspondence to anyone and from anyone who has ever bought anything from the organization.

**Gross Divisional Statistics:** Each division in an organization has a gross divisional statistic. This is calculated to reflect the production of that division by all its divisional members.

**Ideal Scene:** The state of affairs envisioned by policy or the improvement of even that.

**Indicator:** Those manifestations in a person or group that indicate whether it is doing well or poorly.

## STATISTICS, ACTIONS TO TAKE STATISTIC CHANGES

By L. Ron Hubbard

When statistics change radically for better or for worse, look for the last major alteration or broad general action just before it and it is usually the reason.

Example: Letters out statistic falls and falls. In investigating, look for the last major change in that area and, if possible, cancel it and the statistic will then rise. Let us say that just at the top of the down drop, the third week in November, the Sales and Marketing Department was given new dictation equipment. Take it away and restore the old arrangement and routing pattern that was in use with it and sit back and see what happens. The statistic will probably recover.

I learned this while researching the life force of plants. Every time I saw a research bed of plants worsen, I queried what routine had been varied and found invariably some big change had been made that wasn't usual.

It is change that changes things for better or for worse. That's the simplicity of the natural law.

If you want to hold a constant condition, don't change anything.

If you are trying to improve something, make changes cautiously and keep a record of what is changed. Then you watch statistics and if they decline, you hastily wipe out the last change. And if they improve, you reinforce the change that began it.

For instance, we know the seven-division system pattern works, for the better it's gotten in, in an organization, the more its graphs go up.

It is, of course, obvious that if Joe as Finance Executive did okay and if replaced with Bill who is only fifteen the Finance Division will falter.

But, frankly, it is not just a personnel question by far.

While personnel changes are always a possible reason for radical shifts in statistics, they are by no means the major ones.

Shifts of communication lines, functions, policies, equipment, duties, locations are quite often far more responsible for graph shifts.

Personnel comes into it this way: When you make a bad rearrangement and you have an incompetent personnel also, you have disaster!

If you make a bad rearrangement and the personnel are good, the statistic drop may be only a small one as they cope. So even small drops should be investigated, particularly around good personnel.

The morals are these: If you have a disaster (big Danger condition), find the big change which preceded it or the missed order and get that fixed and also shift personnel.

If you see a person who has a good record coping like mad, inspect the area of that post to find what needs fixing up, what changes were made that overpressured that post and get it right.

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### THE PAUSED STATISTIC

During expansion, one has areas where statistics become level.

Here statistics *pause* because lines jam. People get overworked and confused.

The traffic is just too heavy.

And where do you really repair in such a case? More clerks? No! Always look to the lines of the *highest post* in the overloaded area and get them eased.

In expansion the person who never notices is the man in charge. And his lines are the most crippling to the organization if jammed.

Example: One executive and her division stacked up and coping frantically. Senior executive wonders what to do. Their statistics are paused (in a level line). They are overworked. Hire more clerks? No. Sort out the executive and be sure more help is furnished *on that post\**. Then the executive (with a personal secretary to sort her mail, etc.) looks up and starts sorting out the division.

The old trick I used to use was to tell an overworked director\*, "Draw me up a list of all the hats you are wearing." And he or she would finally bring one in, round-eyed. "Thirty-five hats!" I recall one saying.

I would take the one nearest the director in duties and fill it with a staff member and the department would ease off.

So a *paused* statistic comes from the jammed lines of the topmost executives and is best remedied by easing them.

An organization today is *not* run on personalities. It's run on statistics. All orders are based on statistics. The old personality system used by the business world and military is as yesterday as the rack\* and almost as cruel. Go modern. Use statistics only.

**Director:** The executive in-charge of a department (a portion or section of an organization with its own staff headed by an executive and responsible for the performance of certain functions or production of certain products. For example, the Communications Department).

**Post:** A post is an assigned area of responsibility and action which is supervised in part by an executive.

**Rack:** A machine used in the middle ages that tortured a victim by pulling their arms in one direction and their legs in another direction.

## STATISTIC INTERPRETATION STATISTIC ANALYSIS

By L. Ron Hubbard

The subject of making up statistics is probably well known. How one draws one. But the subject of what they mean after they are drawn is another subject and one which executives should know well.

Things are not always what they seem in statistics.

### BACKLOGS

A backlog caught up gives one a high soaring statistic which promptly slumps. To call the soar Affluence and the slump Emergency is an executive error.

When you see a leaping and diving pattern on something that *can* be backlogged, you can be very sure it has been.

This activity is working in fits and starts, usually only occasionally manned.

For a long time nothing is done or counted, then suddenly a month's worth is all counted in one week.

So when you see one of these, realize that the one surge in stats is averaged out with the smaller peaks and the depressions. You have to visually average the peaks and valleys and note the trend the entire stat is taking.

### CAUSATIVE STATISTICS

In any set of statistics of several kinds or activities, you can always find one or more that are not "by luck" but can be directly caused by the organization or a part of it.

Examples are the "letters out" and "new customers" gross divisional statistics.\* Whatever else is happening, the organization itself can improve these as they depend only on the organization, not on "fate."

So if you see the gross divisional statistics generally down or going down for the last couple or three weeks and yet see no beginning upsurge in the current week in "letters out" and "new customers" you know that the organization's management is probably inactive and asking to be removed. For if they saw all stats going down they should have piled in on "letters out" and "new customers" amongst other things as the least they could do. They *can* push those up.

So amongst any set of statistics are those which can be pushed up regardless of the rest and if these aren't, then you know the worst – no management.

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## COMPARING STATISTICS

Thus you get the idea. Statistics are read against each other.

A statistic is a difference between two or more periods in time so is always comparative.

## PREDICTION

You can predict what is going to happen far in advance of the occurrence, using statistics.

High gross income and low delivery mean eventual trouble as the organization isn't delivering but is "backlogging." Carried on long enough this means eventual civic and legal trouble.

Bills owed and cash in hand are read by the distance between the two lines. If it is narrowing, things are improving; if widening, things are getting worse. If they are far apart and have not closed for a long while, with the cash graph below, the management is dangerous and not at all alert.

## THE DANGEROUS GRAPH

When all statistics on one set of graphs show a sinking *trend* line, it is a dangerous situation.

*Trend* means an inclination or tendency toward a general course or direction. Thus to get the trend one would look at several weeks worth of stats.

To read the stat trend, one needs to visually average the peaks and valleys over a specific time period on the graph. It is done with the eye; there is no internal system of lines that can be drawn to assist this. One sits back and looks at the pattern as a whole and there is a definite pitch or slant that one can determine by this. That is the stat trend.

If all of these stat trends or most of them are down, the management is inactive.

## THE BIGGEST MISTAKE

The one big god-awful mistake an executive can make in reading and managing by graph is *being reasonable* about graphs. This is called JUSTIFYING A STATISTIC.

This is the single biggest error in graph interpretation by executives and the one thing that will clobber an organization.



One sees a graph down and says, "Oh well, of course, that's \_\_\_\_\_" and at that moment you've had it.

Never JUSTIFY why a graph continues to be down and never be reasonable about it. A down graph is simply a down graph and somebody is goofing. The only *explanation* that is valid at all is, "What was changed just before it fell? Good. Unchange it fast!" If a graph is down it can and *must* go up. How it is going to go up is the only interest. "What did we do each time the last few times just before it went up? Good. Do it!"

Justifying a graph is saying, "Well, graphs are always down in December due to Christmas." That doesn't get it up or even really say why it's down!

And don't think you know why a graph is up or down without thorough investigation. If it doesn't stay up or continues down then one didn't know. It takes very close study on the ground where the work is done to find why a graph suddenly rose or why it fell.

This pretended knowledge can be very dangerous. "The graph stays high because we send out the XY Info Packet," as a snap judgment may result in changing the person who was the real reason with his questionnaires. And the graphs fall suddenly even though no info packet change occurred.

## GROSS REASONS

Graphs don't fall or rise for tiny, obscure, hard-to-find reasons. The errors are always BIG.

Book sales fall. People design new fliers for books, appropriate display money, go mad trying to get it up. And then at long last one discovers the real reason. The bookstore is always shut.

A big reason graphs fall is there's nobody there. Either the executive is double-hatted and is too busy on the *other* hat, or he just doesn't come to work.

## STICKY GRAPHS

Bad graphs which resist all efforts to improve them are *made*. They don't just happen.

A sticky graph is one that won't rise no matter what one does.

Such a graph is *made*. It is not a matter of omission. It is a matter of action.

If one is putting heavy effort into pushing a graph up and it won't go up, then there *must* be a hidden counter-effort to keep it down.

You can normally find this counter-effort by locating your biggest area of noncompliance with orders. That person is working *hard* to keep graphs down.

In this case it isn't laziness that's at fault. It's counter-action.

I have never seen an organization or a division or a section that had a sticky graph that was not actively pushing the graph down.

Such areas are not idle. They are not doing their jobs. They are always doing *something else*. And that something else may suddenly hit you in the teeth.

So beware of a sticky graph. Find the area of noncompliance and reorganize the personnel or you, as an executive, will soon be in real hot water from that quarter.

Those things which suddenly reared up out of your in-basket, all claws, happened after a long period of sticky graphs in that area.

Today's grief was visible months ago on your stats.

## SUMMARY

The simple ups and downs of graphs mean little when not watched over a period of time or compared to other graphs in the same activity.

One should know how to read stats and what they mean and why they behave that way so that one can take action in ample time.

Never get *reasonable* about a graph. The *only* reason it or its trend is down is that it is down. The thing to do is get it up.

**Gross Divisional Statistics:** Each division in an organization has a gross divisional statistic. This is calculated to reflect the production of that division by all its divisional members.

## STATISTIC MISMANAGEMENT

By L. Ron Hubbard

A no-cause attitude toward statistics expresses itself in various ways.

1. No stats at all in that they are not computed, collected or posted.
2. Stats computed and collected but not posted or issued.
3. Stats posted but disregarded in handling.
4. Stats posted and looked over but reasonably explained.

The head of an organization or division who is not going to make it operates this way:

HANDLING EVERYTHING AND TOO BUSY TO ORGANIZE AND ENFORCE STATS.

Sooner or later but we hope at *some* time he will realize that he is only handling unworn hats that result in no stats.

The rule is of course: Cope by all means but spend some of that time organizing. If one does not devote some time to organizing, then his cope will increase and he will drown for sure with increased cope.

If everyone in an organization wore his hat, there wouldn't be odd bits left to handle.

If an organization staff half wears its hats, then everyone in the organization is wearing some piece of everyone else's hats and the result is bedlam\*. At the top there is total cope.

A measuring stick for a worn hat is a stat.

Half-worn hats have half stats or none.

By making sure every post is filled and every post has a stat, one can then progress toward less and less cope, more and more result.

If the stats are an indication of the ideal scene then low stats show a departure from the ideal scene and one can find out WHY *and* get the stat up again.

Thus, the ideal scene can be approached.

Down stats or none at all are a wide departure from the ideal scene. Where the stats are lowest or absent the departure is greatest.

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For example, one organization's individual stats were very low. They were posted. It was a very ragtag\*, bobtail, out-tech\* scene a *long* way from the ideal.

Another organization had no stats even compiled or posted and was making about one-tenth of its normal income and collapsing. The head of it had worked himself to a dead end, had ceased to cope and was not even there!

## REASONABILITY

Even with posted stats, one can defeat the purpose of them by being reasonable or alter-izy\* about them.

"Well, the study stat is down but I know why. Our top student graduated." "We have a slump in Treasury stat but I know why. . . ." ". . . I know why. . . ." ". . . I know why. . . ."

That off-the-cuff "I know why" without even looking carries with it a spectator flavor unless one (1) went and looked and (2) figured out how to get it up.

One area with fifteen blown\* students using a "I know why. Joe graduated," explanation is being a bit kooky.

"Yes, we know all the stats are down but there's been a football game. . ." is a big outpoint\* statement in itself.

I traced some of these "I know whys" down once and found them covering up holes you could lose an elephant in. The "Joe graduated" explanation for lowered statistics in the courseroom disclosed a fifty percent nonattendance being neglected!

So this off-the-cuff shrug showed a hat not being worn, seniors sweating and the head of the place madly trying to handle OTHER COMPLICATIONS ARISING FROM THE SAME POST.

So if you don't have stats and they're not collected and posted and *used*, prepare to do an awful lot of coping!

Also prepare to have injustice, overload of good workers, unpleasantness and overloaded seniors.

To have anything running one has to have stats, they have to be computed, posted and USED.

Locating the real WHY of down stats takes a *considerable* study of the area where they are down.

The gross outnesses are usually:

Inadequate personnel procurement

Inadequate training for or on post

Inadequate org board

Use of PR\* instead of sweat to get by.

One lesson you learn when you have been at this for a while:

THE INCOME OF AN ORGANIZATION IS TOTALLY UNDER ITS OWN CONTROL.

All public flaps and catastrophes do is upset the staff. They have almost NO effect on public or inflow potential. One could even say that public flaps are assisted by down stats in the organization. The staff, having produced poorly or poor quality of basic product, then invites a flap. Down stats generate down stats.

A no-product, no-stat condition is the same graph as the trouble graph.

But the organization stats were affected only internally! By internal causes!

So any organization determines its own stats – all of them!

So the basic gross outness re stats is not to have real stats and not to compute, publish, use and PUSH THEM UP.

The “I know why” doesn’t carry with it a “let’s find a WHY that we can remedy and push the stat up.”

While all this is modified of course by whether or not you have an organization product you can do and offer, it is a comment that the quality of the product and creating a demand for it only determines the ceiling of the organization as a whole.

Having a real product that one does well brings about an almost no-ceiling condition.

The only thing that could go wrong is not establishing, collecting, computing, posting and using the stats to establish a nearer and nearer approach to the ideal scene.

**Alter-is:** A composite word meaning the action of altering or changing the reality of something. Is-ness means the way it is. When someone sees it differently he is doing an alter-is; in other words, is altering the way it is.

**Bedlam:** State of chaos or disorder.

**Blown:** When one has departed from a job, location or area usually suddenly and with relatively no explanation.

**Outpoint:** Illogical data.

**Out-tech:** Means that technology is not being applied or is not being correctly applied.

**PR:** Means public relations to cover up – and in our *Slang* talk “PR” means putting up a lot of false reports to serve as a smoke screen for idleness or bad actions.

**Ragtag & bobtail:** Disorganized group of people.

## FLOWS AND EXPANSION THE FAST FLOW SYSTEM

By L. Ron Hubbard

This is the principle of traffic flows. It is called the FAST FLOW SYSTEM OF MANAGEMENT.

A person controlling a traffic or activity flow should let the flow run until it is to be reinforced or indicates a turbulence will occur and only then inspects the part of the flow that is to be reinforced or is becoming enturbulated,\* and inspects and acts on only that one flow.

To do this, one of course needs another principle: that of indicators.

An indicator is something that signals an approaching change rather than finding the change is already present and confirmed.

In supervising a number of sections\* or departments,\* it would work this way:

The person in charge does not examine *every* action or decision on the lines. If all dispatches\* of all the activities went through his or her one pair of hands, the volume would be too great and would jam. The executive's "plate" would be too full and this would *halt any expansion* of the activities as the executive would feel overworked, yet in actual fact would be getting nothing much done. The flows which *needed* watching would be buried in a huge volume of flows that did not need watching.

Instead, the principle of flows tells us that the executive should have statistical INDICATORS\* such as OIC\* charts on every part of the activity each week and should act only on the basis of the charts' behaviors.

If a chart went down, the executive would not wait for that area to collapse before inspecting it. At a dip point the executive should go over all the plans and traffic and dispatches of the area dipping down and unearth the *real* reason why it did dip. If the matter needs minor remedy, it should be corrected. If then the graph still dipped down, the executive would not only be advised of it by the OIC indicators but would know, having inspected earlier, what had to be done on a more drastic scale to get the graph going up again.

The OIC system *must* be used and all data plotted and circulated to the executives in an organization before this system will work.

If the OIC system is put into effect fully, the executive can then (and *only* then) let go the communication lines and let the traffic flow.

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He then only needs to:

1. Keep alert for and correct dev-t\* (off-line,\* off-policy,\* off-origin\* and noncompliance),
2. Keep an eye on the weekly OIC charts,
3. Find from OIC the upward trends and inspect and find out what's working so well so it can be reported,
4. Be alert to any down dip and inspect the activity itself and correct the matter, and
5. Spend most of his time getting his own job done (since executives *do* have jobs besides supervision).

The one thing he mustn't do is "get reasonable" about dips or zooms and not act to really check the decline or to reinforce the rise.

- a. Thinking one does know when he has not gotten it inspected closely, and
- b. Not believing the graph and indicators, and
- c. Not acting, are the fatal errors.

Doing (1) to (5) tells us who's an executive and doing (a), (b) and (c) tells us who shouldn't be an executive.

If this system is in effect, the organization can't help but boom.

We will call this the FAST FLOW SYSTEM OF MANAGEMENT.

It is a very precise art. One predicts the slumps and reinforces the tendency to boom.

It can't miss. If it's done completely.

**Department:** A portion of an organization with its own staff headed by an executive and responsible for the performance of certain functions or production of certain products. For example, the Communications Department.

**Dev-T** (short for Developed Traffic): Developed traffic does not mean usual and necessary traffic. It means unusual and unnecessary traffic. Additionally needless, inhibitive actions are called developed traffic.

**Dispatch:** A memo from another staff member in your organization.



**Enturbulate:** To put into a state of agitation or disturbance.

**Indicator:** Those manifestations in a person or group that indicate whether it is doing well or poorly.

**Off-line:** A communication or dispatch is off-line when it is sent to the wrong person.

**Off-origin:** Things originated by a post that aren't the business of that post.

**Off-policy:** Not knowing, or not applying policy.

**OIC (Organization Information Center):** A large display of the graphs of each of the key statistics of an organization and is a solution to the problems of running a multi-department organization. It is updated weekly and used by executives to get a complete picture of the organization, forecast emergencies, correct small bogs, etc.

**Section:** A portion of a department. Departments normally have between three to five sections. The combined production of each section adds up to the overall product of the department.

## DISCIPLINE, SUPPRESSIVE PERSONS AND ADMIN HOW STATISTICS CRASH

By L. Ron Hubbard

One of the ways an SP\* works to stop an activity or to halt an Affluence is to pick out key personnel and spread wild, false and alarming stories about them.

Another way, often used in conjunction with the above, is to pound a key executive with alarming entheta\* about staff, divisions or activities. This urges the key executive to take uncalled-for action which upsets things and which may lead to the dismissal of valuable staff.

Also, it is a symptom of an organization under external pressure to come down on its own personnel rather than on the public or on real SPs.

SPs tend to vanish in memory since they speak in generalities. "Always" "everyone" salt their language so that when you say, "Who told you?" in tracing a rumor, it is hard to remember since "everyone" seems to have said it. Actually, the SP who did say it used "everyone" in his communication so often as to become in memory "everyone."

### A GOOD MANAGER IGNORES RUMOR AND ONLY ACTS ON STATISTICS.

Had I heeded over the years any rumormonger, we would have no organizations. I generally don't listen and, if I do, only go so far as inspecting stats.

It is easy to discipline staff and hard to discipline the public. A *lazy* executive only disciplines staff. It takes more confront to tackle the public.

When an executive listens to rumor and bad things about his fellow staff members without looking at the actual production statistics, that executive can harm the organization badly.

I have never tried to make staff members "be good." I have only tried to make them produce and wear their hats.

Our whole statistic system exists to end excessive discipline of valuable staff members.

To me a staff member whose stats are up can do no wrong.

I am not interested in "society's" concept of morality. I am only interested in getting the show on the road and keeping it there.

Also, I detest having to discipline anyone for anything. However, if anyone is getting industrious trying to enturbulate\* or stop our organizations or their activities, I can make Captain Bligh\* look like a Sunday school teacher.

I well know man's fixation on trying to make "everybody good." Which means, really, inactive. The best men I have had in wars routinely have been continually arrested and generally frowned on by "shore patrols," "military police," etc. To the body politic\* a *quiet* person is the ideal. When the guns begin to go, these quiet ones are all hiding and only the active ones are there to fight. I often wonder what would happen to a state if it *did* achieve its apparent goal of making one and all inactive little sheep.

So I don't care what men or women do if they just wear their hats and keep their stats up. Only when our organizations are being slowed or stopped do you find me rigging up the tools of discipline.

In actual fact, I rather hold the person who is inactive because he is afraid of punishment in contempt. I respect only those who are strong enough to be decent without the "self-protection" of evil.

I use discipline to hold the edges of a channel, not to stop the flow.

SPs *love* to coax those with power to slay. As the basic ambition of any SP is "Everybody dead so I can be safe," he or she will use all manner of lies and mechanisms to excite a thirst for discipline in those in power.

If I ever heed any "Kill everybody" advice, it is to put the adviser up against a brick wall.

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The world will never become good because of discipline or oppression of evil. All discipline presupposes that the person being disciplined wants to survive. The truly evil only want to succumb. So discipline threat is no answer. The truly evil *love* pain and suffering and deprivation. So it coerces nothing and improves nothing when you seek to solve all evil with discipline. Only the already decent can be disciplined. It only obliges the evil ones. So all you can do really is to get the evil ones parked off the lines.

The executive in disciplining is concerned with those who would stop or hinder the flow and those who are just plain idle or stupid. So he severely leaves alone all upstats and only acts to move the Suppressives off the lines and not let the idle and stupid slow the flow.

**Body politic:** The people of a nation or any politically organized state, considered as a group.

**Captain Bligh:** William Bligh (1754-1817), British admiral chiefly remembered for the mutiny (1789) on his ship, the *Bounty*, and whose name is synonymous with severe and tyrannical leadership or oppressive behavior. During a trading voyage in the Pacific while sailing from Tahiti to the West Indies, he and 18 of his crew were overpowered by mutineers and set adrift in a small boat in the Pacific. He and his men manage to survive a 3,600 mile journey to a Dutch colony in Indonesia and Bligh eventually returned to England to continue his naval career.

**Entheta:** En=enturbulated; theta=Greek for thought or life. Especially referring to communications, which, based on lies and confusions, are slanderous, choppy or destructive in an attempt to overwhelm or suppress a person or group.

**Enturbulate:** To put into a state of agitation or disturbance.

**Suppressive Person (SP):** A person who possesses a distinct set of characteristics and attitudes that cause him to suppress other people in his vicinity. This is the person whose behavior is calculated to be disastrous.

## ETHICS, THE DESIGN OF

By L. Ron Hubbard

It is very easy for a staff member and even an Ethics Officer to completely misunderstand ethics and its functions. In a society run by SPs\* and controlled by incompetent police, the citizen almost subconsciously identifies any justice action or symbol with oppression.

Yet in the absence of true ethics, no one can live with others and stats go down inevitably. So a justice function must exist to protect producers and decent people.

To give you an example: When I was a little boy, the neighborhood a block around and the road from home to school were unusable. A bully about five years older than I, named Leon Brown, exerted a very bad influence over other children. With extortion by violence and blackmail and with corruption, he made the area very dangerous. The road to school was blocked by the five O'Connell kids, ranging from seven to fifteen, who stopped and beat up any smaller child. One couldn't go to school safely and was hounded by the truant officer,\* a hulking brute complete with star, if one *didn't* go to school.

When I was about six, I got very tired of a bloody nose and spankings because my clothes were torn and avidly learned "lumberjack fighting," a crude form of judo, from my grandfather.

With this "superior technology" under my belt, I searched out and found alone the youngest O'Connell kid, a year older than I, and pulverized him. Then I found alone and took on the next in size and pulverized *him*. After that, the O'Connell kids, all five, fled each time I showed up and the road to school was open and I convoyed other little kids so it was safe.

Then one day I got up on a nine-foot-high board fence and waited until the twelve-year-old bully passed by and leaped off on him, boots and all, and after the dust settled that neighborhood was safe for every kid in it.

So I learned about justice. Kids would come from blocks away to get help in *their* neighborhood. Finally, for a mile around, it was a safe environment for kids.

From this I learned two lessons:

1. Strength is nothing without skill and technology and, reversely, without skill and technology the strength of brutes is a matter of contempt.

2. Strength has two sides, one for good and one for evil. It is the intention that makes the difference.
- 

On further living I found that only those who sought only peace were ever butchered.

So things do not run right because one is holy or good. Things run right because one makes them run right.

Justice is a necessary action to any successful society. Without it, the brute attacks the weak, the decent and the productive.

There are people who suppress. They are few. They often rise up to being in charge and then all things decay. They are essentially psychopathic personalities. Such want position in order to kill. Such as Genghis Khan, Hitler, psychiatrists, psychopathic criminals, want power only to destroy. Covertly or overtly they pay only with death. They arrived where they arrived, in charge of things, because nobody when they were on their way up said "No." They are monuments to the cowards, the reasonable people who didn't put period\* to them while they were still only small bullies and still vulnerable.

Ethics has to get there before technology\* can occur. So when it doesn't exist or goes out, then technology doesn't occur and suppression sets in and death follows.

So if someone doesn't hold the line, all become victims of oppression.

## TWO SECTIONS

The Ethics Section is in Department 3. This department is called Inspections and Reports.\*

In small organizations there is only one person in that department.

Primarily his duties consist of inspecting and reporting to his divisional head and the Executive Council.\*

That is the first section's function.

*When inspection reveals outness\* and reports (such as graphs or direct info to the EC\*) do not result in correction, then it is a matter for the second section.*

The second section of Department 3 is Ethics.

Now it is an Ethics matter. If correctly reported outnesses that threaten the organization are *not* corrected, then one assumes that suppression exists.

Because he has files of Damage Reports and other ethics reports and because he can see and investigate, the Ethics Officer locates *who* is causing outnesses and suppressing the organization. By condition assignments, publication and disciplinary actions he gets in ethics.

Hitting people with conditions is such a small part of Ethics that it is almost an abandonment of post. Letting people be hit with wrong conditions is a disciplinary offense.

Letting an SP collapse stats or an organization is a "shooting\* offense."

An Ethics Officer uses ethics to protect Ethics Upstats and keep the stats up and to smoke out crimes that push people and stats down. It is a simple function.

The basic duties of Department 3 are what it says. Inspection and reports. These alone usually work. When they don't and stats fall or people fall off the organizing board, one goes into Ethics actions.

You don't let incompetent and suppressive people on staff in the first place and you crowd Ethics in on them if they're found to be there.

You *don't* confuse an executive's effort to get the stats up with suppression.

The Ethics Officer is making the environment safe so that production can occur and service can be given. He is making it unsafe for those who by neglect or continual errors or suppression push stats down and get good staff members to leave.

If none of this is well understood and yet someone is making it impossible to work, find a nine-foot-high board fence...

The Ethics Officer must know his Ethics Policy. He must understand why he is there.

And the rest of the people in the organization should understand it too.

**EC:** Short for Executive Council.

**Executive Council:** A council composed of the senior executives in charge of organizational operations (would include the CEO or Executive Director, and Vice Presidents), which is responsible for the organization's delivery and income, for long-range promotional planning and the actions of financial planning.

**Inspections and Reports:** The Department of Inspections and Reports. A department of Division 1 (the Establishment Division). Functions of this department include: collecting and accurately graphing the organization's statistics for executive use; maintaining a high level of ethical behavior among the staff; and inspecting the organization's activities so any difficulties inhibiting expansion are detected and reported upon to the proper executive for swift resolution.

**Outness:** Things which should be there and aren't or should be done and aren't, are said to be "out" i.e., "Enrollment books are out."

**Period** ("put period to"): To bring an end to.

**Shooting:** (Figurative) Subject to severe reprimand or discipline.

**Suppressive Person (SP):** A person who possesses a distinct set of characteristics and attitudes that cause him to suppress other people in his vicinity. This is the person whose behavior is calculated to be disastrous.

**Technology:** The methods of application of an art or science as opposed to mere knowledge of the science or art itself.

**Truant officer:** A school official who investigates and addresses cases of truancy. Truancy would be missing school without permission or valid reason.



## THE ETHICS OFFICER HIS CHARACTER

By L. Ron Hubbard

If a staff has no confidence in their Ethics Officer (E/O), their morale is difficult to sustain.

A staff member has his head down, doing his job. Suddenly he finds out that nobody has mailed any letters or magazines\* for a month. This is a shock, an ARC break.\* He was doing *his* job. So he natters\* a bit and resolves to keep his eye open after this. He may even do some investigation on his own. In other words, he's distracted from his post and duties. The environment is not safe.

*Where* was the E/O? Who didn't notice there was nothing going out?

A few weeks later the staff member hears that the address plates\* are full of duplicates, wrong addresses and half missing. This is a shock. It means the magazine never reached anyone really despite all the work. The staff member says to hell with it. There couldn't be an Ethics Officer worth anything and the organization must be full of SPs.\*

So the staff member goes out and has a cigarette and sneers.

So do I.

A safe environment is a productive environment. An unsafe environment is an empty hall.

### ETHICS FUNCTIONS

Now this would appear that the E/O runs the organization. Or that he gets in everyone's way. Or that he is a whip that forces people to work. Or any other silly idea borrowed from a world where the police make things about as safe as a snake pit full of assorted reptiles.

The *technical* fact is the data we have about SPs. There are very few of these in proportion to decent people. That one fact is something this society's police don't know. According to extant\* social technology, *all* people are basically bad and are only made "good" through punishment. So everyone everywhere has to be threatened. That's extant technology of this society. It doesn't work. The crime rate soars, so obviously the know-how isn't to be found out "there." People are all animals, "they" say, and must be herded. Well that's the "modern social scientist's" nutty idea. Society does not know

that all they'd have to do is round up their few SPs and they'd have no crime. Instead, whenever they arrest criminals they prove to these that society is brutal and crime justified and just let them loose again. They don't straighten SPs up because the "social scientists," the psychologist and psychiatrist, are at this writing at least mainly SPs themselves and haven't any technology but the club.

So the E/O must understand at once that he is dealing with a new, highly precise technology. It is the technology of Ethics. A knowledge of the technology on SPs and PTS\* phenomena, and you can identify an SP promptly. He makes things go wrong, hurts people, oppresses. Around him all the right actions vanish and the wrong actions appear.

Now because he or she can make others go PTS, then *they* make mistakes.

So you get a whole group making things go wrong.

The E/O, knowing his Ethics Technology, can sort out the group, find the real SP, remove him or depower him and zingo the group will rebound and do great.

If an E/O finds himself having to assign lots of conditions, finds as he inspects the organization that the policy on promotions of the organization or a checklist of basic organizational successful actions when checked against the organization, demonstrates too many outnesses,\* he knows that he is dealing with one or more SPs in the organization or around its area.

Careful investigation by the E/O (and he has very exact procedures all to be found in policy) discloses the source or sources of the trouble. He verifies all against the person's stats.

If he is right, the organization straightens right out. If the E/O is wrong in his investigation and action, things will get worse – i.e., stats will go down. So he can do it all over again, "exhume the body" he incorrectly "shot,\*" apologize and now find the real SP!

So Ethics has its own technology, very superior tech indeed.

Ethics could clean up a whole nation and make it boom, using its technology correctly.

As Ethics is a powerful technology, an uninformed E/O who thinks he is a sort of Local Cop-KGB\*-FBI-Scotland Yard\* sure has missed the point. They are (or are at this writing) total failures, as witness the condemnation of crime stats in their areas. They are simply oppressive terror symbols. They take psychiatric advice and get psychiatric results. The end product is mutiny and revolution by the population.

When you threaten the whole population, you get riot and civil commotion. When you have riot and civil commotion, the police are threatening (because of lack of Ethics Tech) the whole population whereas less than 10 percent, even as little as 1 percent, are bad hats.

### SUPPRESSIVE REASONABLENESS

The greatest enemy of the E/O is the reasonable person. There are no good reasons for any outness except:

- a. Natural catastrophes (such as earthquakes, lightning, etc.)
- b. Suppressive Persons
- c. Persons who are PTS to Suppressive Persons.

When an exec starts to explain the “reasons” for low stats instead of working to get high stats, he is being reasonable.

When Joe Blow has just smashed his fifth typewriter and the Sales and Marketing Executive starts to explain how he’s just a good boy gone a bit ARC breaky, she is being “reasonable.” He’s either an SP or he’s PTS to someone.

The explanation is the answer to the E/O’s *who*, not the Sales and Marketing Executive’s *why*.

Reasonableness is suppressive since it lets oppression continue without action being taken.

Suppressive reasonableness is a common trait. It comes from *the inability to confront evil*.

Evil takes a bit of confronting.

People who want desperately to “have no trouble” often won’t confront and handle trouble.

Murder is murder. It occurs. A murder is not a frightened wish it had not occurred. It occurred. Somebody did it. There’s the body.

Psychiatrists, for instance, have two major types in their ranks, both psychopathic. One is a theetie-weetie\* who thinks all criminals are poor abused things and the other is himself a criminal psychopath who turns criminals loose on the society just to get even with people for his own fancied wrongs. Tracing several major crimes, it can be found that the violent criminal was in the hands of a psychiatrist earlier and told him his intentions, yet was let loose on society.

Such a criminal – a rapist, a murderer – can't be helped by psychiatry. But that isn't the point. Decent people died and some died horribly. That doesn't make a very safe environment, does it?

It is true that this criminal could be straightened out if we could keep him out of circulation for a while. It is true the criminal is in trouble, *but it is also true that he commits crimes.*

So an E/O doesn't want somebody in circulation in a group or a society who commits crimes.

The job of the E/O is to disconnect and depower the criminal and so protect the group.

The criminal, the SP (same thing) is *trying to get even with people.* That's his common denominator. He does it by covert omissions or overt violence. It all amounts to the same thing.

The E/O works for from 90 percent to 99 percent of the group, not for the 1 percent.

*When* the E/O has done his duty to the group, he can then take up the individual. I always handle things in that order.

1. Safeguard the group.
2. Rehab the individual.

You will have a mess if you only do one or the other or try to rehab the individual criminal without safeguarding the group.

In actual practice, you safeguard the group by removing or isolating the individual. Then you see what can be done for the individual to rehab him *without* endangering the group in any way.

An E/O can be used by an SP (with false reports or stupid orders) to needle\* and hurt a group. The duty of the E/O is plain. Follow policy.

An E/O can be paralyzed when seniors will not let him do his job, either because they don't understand it or because they are suppressive. The stats tell which one.

### **ETHICS OFFICER CONDUCT**

An E/O should never discuss staff members who are merely under investigation or act in a way to Third Party\* people. An E/O gets the *facts* and then acts.

An E/O should himself be an ethics upstat. E/Os who aren't don't last long.

An E/O should act like a shepherd, not a wolf. When the facts are in plain view, he or she should act like a panther with one straight pounce.

An E/O who is an efficient E/O is *very* popular with a staff. If he or she knows his business and carries it out effectively, the E/O easily becomes a local hero.

An E/O shouldn't permit a staff to be nagged, threatened or given floods of conditions. When he sees these things occurring, he knows it's time to investigate for *who* has got people PTS and handle without other orders.

An E/O's rehabilitation actions should be limited to reinvestigation on request, correcting actions based on false reports, and seeing that the Qualifications Division performs corrective actions on anything that comes up.

An E/O can get so irresponsible as to assign his whole function to just ethics conditions assignments. Never enforced, no sort-out of staff ever attempted, no real confront at all, just a weary round of conditions and threats of conditions. That E/O was removed of course. Lots of threats and conditions mean only somebody is SP and a lot of others are PTS.

An E/O trying to handle a long organizational history of down stats and trouble should look first only at those who have been in the organization throughout the trouble period. One or more will be SP or PTS but good.

An E/O who has had an area all calm but suddenly sees it roughed up should look only at those who came into it since it went bad.

An E/O is only trying to make a safe environment in which staff members can work happily and good service is being given to the public.

An E/O in the final analysis is answerable for ensuring that all is well and secure with his area.

**Address plates:** A small plate containing an address typed on a stencil (a special type of paper used for mass reproduction of typed material). Address plates would be fed into an addressing machine and then used to print individual addresses on mass mailings.

**ARC Break:** A sudden drop in affinity, reality or communication with someone or something. It's called an ARC break instead of an upset, because if one discovers which of the three points of understanding have been cut, one can bring about a rapid recovery in the person's state of mind.

**Extant:** Currently in existence. Not lost, or in disuse.

**KGB:** Abbreviation for K(omitet) G(osudarstvennoy) B(ezopasnosti) (Russian for “Committee for State Security”) , the former Soviet Union’s secret police, espionage and security agency. Established in 1954, the KGB controlled the intelligence operations within and without the Soviet Union. People found to be anti-soviet by KGB agents were interrogated and those deemed as security risks were incarcerated in prisons, forced labor camps or psychiatric hospitals run by the KGB. The KGB became the largest secret-police and espionage organization in the world, estimated as having between 400,000 and 700,000 employees in the late 1980s. In 1991, after the breakup of the Soviet Union, the KGB was re-formed and its personnel and functions greatly reduced.

**Magazine:** In this sense, a key communication and promotional vehicle of the organization, spreading important information, promoting organization services, materials and events.

**Natter:** To find fault; to gripe.

**Needle:** To repeatedly tease or provoke someone to the point of annoyance.

**Outness:** Things which should be there and aren’t or should be done and aren’t, are said to be “out” i.e., “Enrollment books are out.”

**PTS:** (Short for Potential Trouble Source) Is a person who is in some way connected to and being adversely affected by a suppressive person. He is called a *potential trouble source* because he can be a lot of trouble for himself and to others.

**Scotland Yard:** The general term for the headquarters of the London Metropolitan Police, situated in central London, England. The original location of these headquarters was situated on the site of a twelfth century palace used for visiting Scottish royalty and, as a result of this, the police facilities became known as Scotland Yard. In 1890, the location of the facility changed and became referred to as New Scotland Yard. In 1967 the location changed again, however the name was retained.

**Shot:** (Figurative) Demoted, dismissed or subject to severe reprimand or discipline.

**Suppressive Person (SP):** A person who possesses a distinct set of characteristics and attitudes that cause him to suppress other people in his vicinity. This is the person whose behavior is calculated to be disastrous.

**Theetie-weetie:** A slang term from England, meaning sweetness and light. The person can’t face the environment around them or any outness.

**Third-Party:** To act as a Third Party, one who by false reports creates trouble between two people, a person and a group, or a group and another group.

# CONDITIONS

By L. Ron Hubbard

The following conditions will now be assigned:

NON-COMPLIANCE = LIABILITY

NO REPORT = DOUBT

FALSE REPORT = DOUBT

DESTRUCTIVE ACTIONS = ENEMY

WORSENING RELATIONS  
WITH THE COMMUNITY = TREASON

MESSING UP COMM LINES = TREASON

WASTING MONEY = TREASON

DEPRIVING THE ORGANIZATION  
OF VITAL GOODS = TREASON

## KNOWLEDGE REPORTS

By L. Ron Hubbard

We live in an era of “civilization” where it has become general not to care what is going on.

The First Dynamic “nothing to do with me” attitude is the product of drugs, TV and the psychiatrists and psychologists who have perverted education and produced a criminal society wherein the individual is supposed to be the effect of everything, incapable of handling his environment.

In this society it is a constant challenge to one’s own ability to keep things going right.

Factually, to succeed in this “civilization” or *any* society, crude or sophisticated, one has to act continually to keep one’s own environment under some control. To do otherwise results in a lingering or sudden and always painful death. It *does* matter what goes on around one. The only thing which does not care is a corpse.

It is a rather simple thing – not heroic. If one can’t control a coffee cup, he is likely to get scalded! If one can’t control a car, he is a statistic.

Extend this to one’s fellows slightly and it is plain to see that total permissiveness (as loudly advocated by the psychiatrists) is suicide. Standing with a bland look while Joe sticks pins in someone or something is not good manners, it’s idiocy!

To live at all, one has to exert some control over his equals as well as his juniors and (believe it or not) his superiors.

When misconduct and out-ethics is occurring in a group, it is almost impossible for other members of the group not to know of it. At least some of them are aware of the outness.\*

When a group has down stats, it is not true that *all* of them are trying to fail. Only a few are dedicated to not doing their jobs.

The question one can ask of any group that is not doing well is this: Why did the *other* group members tolerate and ignore the loafers or out-ethics cats\* in it?

In analyzing countless numbers of groups with whom it has been my good fortune – or misfortune – to be associated, I finally isolated *one* factor which made an upstat group upstat and a downstat group downstat and a horror to be around.

The single most notable difference between an upstat, easy to live and work with group and a downstat, hard to live and work with group is that the individual group members themselves enforce the action and mores\* of the group.

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MGE Executive Seminar: Conditions and Statistic Management



*That* is the difference – no other.

In an upstat group, at the first pinprick, Joe would probably have a black eye!

In a downstat group, Joe could go on and on with his pins, each group member watching and shrugging.

In a group where members have some concept of controlling their environment and their fellows, you don't have loafers or out-ethics cats. *Because* the rest of the group, on an individual basis, just won't tolerate it.

Those who would have a tendency to wreak havoc or loaf don't dare. And the group becomes easy to live with and work with.

It is not whether the group individuals should be preselected or carefully made ethical by some process or inspired leadership or a separate police force. It is whether the group members themselves exert any control on each other.

One can say, "Oh well! If I reported the Salesperson violating policy, the General Manager would fire me – she is his wife!" One can say, "If I complain they won't let me wear my hat, they'll discipline me for Third Party\* actions." If such conditions prevail, the group has already lost the group ability to control the environment – and they will be downstat. Their pay will be low – their working conditions rotten.

Do we have a mechanism to prevent this?

Yes, we do.

It is called Knowledge Reports.

Knowledge Reports are enforced as follows:

1. Anyone who knew of a loafing or destructive or off-policy or out-ethics\* action and *who did not file a Knowledge Report* becomes an *accessory* in any disciplinary action taken thereafter.
2. Forbidding anyone to write a Knowledge Report makes the person forbidding it *and* the person accepting this illegal order both accessories to any later action taken.
3. Failing to file a Knowledge Report written by another makes one an accessory to the contents.
4. Removing Knowledge Reports from files makes one an accessory to the contents.
5. Knowingly false statements made in Knowledge Reports, when proven false beyond any reasonable doubt with intent to cause trouble, may become the subject of disciplinary action.

6. Any person who knew of an outness or policy infraction and failed to report it and thus became an accessory receives the same penalty as the person disciplined as the actual offender.

With these policies, a person with knowledge of nonoptimum conduct by other group members cannot be stopped from writing and filing the report in the person's Ethics File\*. And that does not mean this policy is to be used to withhold from anyone that he is writing a report.

### SUMMARY

This makes it a pretty rough group for a loafer or criminal to be around. *Unless* he or she decides to get busy and go straight.

IT IS A FAILURE OF THE INDIVIDUAL GROUP MEMBERS TO CONTROL THEIR FELLOWS THAT MAKES A GROUP HARD FOR ALL TO LIVE AND WORK WITH.

If it is present, when that is cured, the group will become a joy to be with and work will become a breeze.

If the stats of a group, large or small, are down, try it.

And get a *real* group in return that, collectively, can control the environment and prosper because its group members individually help control each other.

**Cat:** (*Slang*) A person.

**Ethics file:** A folder (by staff member name) containing copies of any reports (i.e. for policy infractions and misconduct as well complimentary reports written for excellent performance) written on them as covered in the article "Staff Member Reports."

**Out-Ethics:** An action or situation in which an individual is involved contrary to the ideals and best interests of his group. An act or situation or relationship contrary to the ethics standards, codes or ideals of the group or other members of the group. An act of omission or commission by an individual that could or has reduced the general effectiveness of a group or its other members. An individual act of omission or commission which impedes the general well-being of a group or impedes it in achieving its goals.

**Mores:** Practices or customs that are considered important to preserving a social system or way of life, such as moral standards or behavior.

**Outness:** Things which should be there and aren't or should be done and aren't, are said to be "out" i.e., "Enrollment books are out."

**Third Party:** One who by false reports creates trouble between two people, a person and a group, or a group and another group.

## STAFF MEMBER REPORTS

By L. Ron Hubbard

Staff members must personally make certain reports in writing.

Failure to make these reports involves the executive or staff member not making a report in any offense committed by a junior under him or, in case of job endangerment, by a senior over him.

These reports are made to the Ethics Section of the Department of Inspections and Reports.\*

The report form is simple. One uses a clipboard with a packet of paper on it. This includes a piece of pencil carbon paper. This is the same clipboard and carbon one uses for his routine orders.

It is a dispatch form addressed simply to the Ethics Section. It is dated. It has under the address and in the center of the page the person or portion of the organization's name. It then states what kind of a report it is (see below).

The original goes to Ethics by drawing an arrow pointing to "Ethics" and the carbon goes to the person or portion of the organization being reported on *by channels*\*.

The following are the reports required:

1. *Damage Report.* Any damage to anything noted with the name of the person in charge of it or in charge of cleaning it.
2. *Misuse Report.* The misuse or abuse of any equipment, materiel\* or quarters, meaning using it wrongly or for a purpose not intended.
3. *Waste Report.* The waste of organization materiel.
4. *Idle Report.* The idleness of equipment or personnel which should be in action.
5. *Alteration Report.* The alteration of design, policy, technology or errors being made in construction.
6. *Loss or Theft Report.* The disappearance of anything that should be there giving anything known about its disappearance such as when it was seen last.
7. *A Found Report.* Anything found, sending the article with the dispatch or saying where it is.
8. *Noncompliance Report.* Noncompliance with legal orders.

9. *Dev-T\* Report*. Stating whether off-line\*, off-policy\* or off-origin\* and from whom to whom and subject.
10. *Error Report*. Any error made.
11. *A No-Report Report*. Any failure to receive a report.
12. *A False Report Report*. Any report received that turned out to be false.
13. *An Annoyance Report*. Anything about which one is annoyed, giving the person or portion of an organization or organization one is annoyed with.
14. *A Job Endangerment Report*. Reporting any order received from a superior that endangered one's job by demanding one alter or depart from known policy, the orders of a person senior to one's immediate superior altered or countermanded by one's immediate superior, or advice from one's immediate superior not to comply with orders or policy.
15. *Knowledge Report*. On noting some investigation is in progress and having data on it of value to Ethics.

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These reports are simply written and sent. One does *not* expect an executive to front up\* to personnel who err. One *does* expect an executive to make a report routinely on the matter, no matter what the executive also does.

Only in this way can bad spots in the organization be recognized and corrected. For reports other than one's own collect and point out bad conditions before those can harm the organization.

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These reports are filed by Ethics in the Ethics Files in the staff member's folder or in the folder of the portion of the organization. A folder is only made if Ethics receives an Ethics Report.

*Five* such reports *can* accumulate before Ethics takes any action. But if the report is deemed very serious, Ethics may take action at once by investigating.

The most serious reports, which are the only ones taken up at once, are Noncompliance, any False Reports, No-Reports, along with any reports of severe organizational policy infractions. The others are left to accumulate.

## THINGS THAT SHOULDN'T BE

If you see something going on in the organization or incorrect that you don't like, and yet do not wish to turn in an Ethics Report, or indeed don't know who to report, *write a dispatch to the Inspection Officer.\**

Tell him what you have noticed and give him what data you can.

The Inspection Officer will then investigate it and make a report to the right executives or turn in an Ethics Report on the offending persons himself.

Don't just natter if there's something you don't like.

Tell the Inspection Officer. Then something can be done about it.

**By channels:** Routing a communication up through the seniors in one's own area, across to the senior of the person the communication is addressed to and down to the intended recipient.

**Department of Inspections and Reports:** The Department of Inspections and Reports. A department of Division 1 (the Establishment Division). Functions of this department include: collecting and accurately graphing the organization's statistics for executive use; maintaining a high level of ethical behavior among the staff; and inspecting the organization's activities so any difficulties inhibiting expansion are detected and reported upon to the proper executive for swift resolution.

**Dev-T** (short for Developed Traffic): Developed traffic does not mean usual and necessary traffic. It means unusual and unnecessary traffic. Additionally needless, inhibitive actions are called developed traffic.

**Front up:** To deal with face to face in a confrontational or oppositional manner.

**Inspection Officer:** An officer in the Department of Inspections and Reports, responsible for inspecting the organization's activities so any difficulties inhibiting expansion are detected and can then be reported on to the proper executive for swift resolution.

**Materiel:** Used as a collective term for the articles, supplies, machinery, etc., used in an army, navy, or business, as distinguished from the personnel or body of persons employed.

**Off-line:** A communication or dispatch is off-line when it is sent to the wrong person.

**Off-origin:** Things originated by a post that aren't the business of that post.

**Off-policy:** Not knowing, or not applying policy.

## MORE ON STAFF MEMBER REPORTS

By L. Ron Hubbard

The ethics that can be out in an organization is the whole basic system of ethics reports and investigatory actions, Knowledge Reports, Damage Reports and Lateness Reports.

These are turned in by the members of the organization, are filed by the Ethics Officer and the body of them comprise the Ethics FILES so one can spot sources of dev-t,\* noncompliance and upsets and handle before they become general.

People had ethics just boiled down to conditions which are about a tenth of it.

An oppressive, confused and overworked organization occurs when the usual actions are not taken by its E/O\* and members to send in Knowledge Reports, Damage Reports, Dev-t Reports and Enturbulence Reports. These, filed by the E/O, then let the E/O straighten out areas. When this report function vanishes, the situation goes bad and seniors have to take general actions which are often hard on many just to keep things going. Ethics is out on you when you don't report what you know and find to the E/O in a dispatch. By not being cause you become an effect.

**Enturbulence:** Agitation or disturbance.

**E/O:** Abbreviation for Ethics Officer.

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MGE Executive Seminar: Conditions and Statistic Management

## ORDER BOARD AND TIME MACHINE

By L. Ron Hubbard

Executives must have and use an “order board.”

In our management system, if it is not written it is not true. That’s a major policy.

It applies to all.

Every order an executive issues must be in writing.

He does this on a clipboard. There is a sheaf of paper on it. It has a sheet of pencil carbon and a ballpoint slipped through the top of the clip. It can have a hook on the back to slip on a belt for persons walking about. This is the order board.

Even when one gives a verbal order it is also written down.

The executive keeps no copies of his orders. This is done by the Department of Inspection and Reports.\*

The original is handed to the person being ordered. The other is sent to the Inspection Section\* of the Department of Inspection and Reports. If one is away from his comm station,\* the carbons are left on the order board until one returns, when the copies are all sent to Inspection.

### COMMUNICATOR ACTION

The carbon of an order is sent to Inspection because it is obviously a carbon copy and an order. It is not otherwise designated.

An original sent through the communication lines is obviously an original order as it is not a carbon. It is simply delivered to the addressee’s basket.

### JUNIOR’S ACTION

The person receiving the order does it, says he has (or couldn’t) on the original order he received and sends it TO INSPECTION. However, even if he sends it to his issuing superior, the communicator\* sends it to Inspection only.

### INSPECTION ACTION

Inspection has a time machine. This is a series of baskets advanced one basket every morning.

A carbon of an order is placed in today's basket.

When the original comes in, the carbon is dug out of the basket (by date) and original and carbon are clipped together and routed to the issuing executive.

Orders not complied with in one week of course fall off the time machine by appearing in the basket being emptied today. (It was filled one week ago and advanced once each day.)

A copy is made of the order and it is sent to Ethics for filing in the staff member's ethics folder and counts as a report against the staff member.

The carbon is returned to issuing executive to show his order has not been complied with, so that he can handle the situation. No report from the executive is required in this instance as a copy is already in Ethics.

The executive should investigate or ask Ethics to do so if the matter is of considerable importance.

If an original is returned to Inspection which has no carbon, it is copied and held and the copy is sent to the executive with a "Sir, there is a lost carbon of your order. Did you fail to turn one in?" This disciplines a forgetful executive. When Inspection receives the answer it attaches the original to it and sends it back to the executive.

### VERBAL ORDER

A junior may report a verbal order to Ethics as it places his statistics and job in danger by leaving it open to have it said the order was otherwise.

### PROJECT ORDER

If something requires more than two weeks to do, it is a *project*. Inspections files projects in their own files. This is also time machined by one month's emptying of a file drawer or one year's emptying of a file drawer.

### URGENT ORDERS

Orders marked Urgent by an executive are entered into a one-day time machine and handled in one day as described above for one week.

**Comm (Communication) Station:** The three-basket system (In-Pending-Out) located at someone's desk or space in the organization from which they work.



**Communicator:** A position in an organization responsible for maintaining fast, certain communication lines between all of the people in the organization.

**Department of Inspections and Reports:** The Department of Inspections and Reports. A department of Division 1 (the Establishment Division). Functions of this department include: collecting and accurately graphing the organization's statistics for executive use; maintaining a high level of ethical behavior among the staff; and inspecting the organization's activities so any difficulties inhibiting expansion are detected and reported upon to the proper executive for swift resolution.

**Inspection section:** A section in the Department of Inspections and Reports. This section is responsible for inspecting the organization's activities so any difficulties inhibiting expansion are detected and can then be reported on to the proper executive for swift resolution.



# APPENDIX



## CONDITION OF CONFUSION

By L. Ron Hubbard

The lowest condition is a Condition of Confusion.

In a Condition of Confusion, the being or area will be in a state of random motion. There will be no real production, only disorder or confusion.

In order to get out of Confusion, one has to find out where he is.

It will be seen that the progress upward would be, in Confusion, find out *where* you are; in Treason, find out *that* you are; and for Enemy, find out *who* you are.

### CONFUSION FORMULA

The formula for Confusion is:

FIND OUT *WHERE* YOU ARE.

*Note:* It is important that the person who is in Confusion be cleared up on the definition of *confusion*. (This is done before the formula itself is started.)

*Definitions:*

1. Any set of factors or circumstances which do not seem to have any immediate solution.

More broadly:

*A confusion in this universe is random motion. If you were to stand in heavy traffic, you would be likely to feel confused by all the motion whizzing around you. If you were to stand in a heavy storm with leaves and papers flying by, you would be likely to feel confused.*

A confusion is only a confusion so long as *all* particles are in motion. A confusion is only a confusion so long as *no* factor is clearly defined or understood.

Confusion is the basic cause of stupidity.

A confusion could be called an "uncontrolled randomness." Only those who can exert some control over that randomness can handle confusions. Those who cannot exert control actually breed confusions.

2. All a confusion is, is unpatterned flow. The particles collide, bounce off each other and stay *in* the area. Thus there is no product, as to have a *product* something must flow *out*.
- 

The additional formula for the Condition of Confusion is:

1. Locational\* on the area in which one is.
2. Comparing where one is to other areas where one was.
3. Repeat step 1.

The purpose of the formula is to get someone located in his present time environment, knowing where he is and where the various things he needs to operate with are, so that he is no longer in a Condition of Confusion.

For someone who is actually in a condition of Confusion, this can be a huge win and it will start him on the road to Power. It can be a turning point in his life.

The formula is complete when the person has made it out of Confusion, knows where he is, has established order in his area and knows the basics of how to operate out of that area.

When this end result has been achieved, the person will be ready to be upgraded and move on up through the other conditions. The fact that he has not completed all steps of the formula must not be used as a reason to keep someone in Confusion when he has honestly made it out of that condition.

Lack of this condition sometimes brings about an assignment of Treason in which the person cannot actually find out that he is and so occasionally does not make it on up the conditions.

Many more persons are in this condition than is generally realized.

With the expansion of the formula, anybody who is in this condition can really make it out of Confusion and on up through the other conditions.

Doing Confusion fully and properly gives one a very firm footing so that he can make it up the conditions and be truly successful in his area.

### **GROUP CONFUSION FORMULA**

Correct application of the Condition Formulas by a group is vital to its survival and expansion, and this includes the lower conditions and their formulas.

A group in the Condition of Confusion will be in a state of random motion; its staff will be stumbling around and running into walls, with no real production. When such an organization or group is assigned Confusion, it does *not* apply the formula “Find out *where* you are.” This is a formula for an individual.

The formula to be applied by a group which is in the condition of Confusion is:

FIND OUT *WHAT* YOU ARE.

Once this formula is complete, the group would apply the Treason Formula and continue up the conditions, eventually arriving at Power. Each formula is applied *for the group*, not as an individual formula.

**Locational:** A Locational is done by walking around with the person, both indoors and out-of-doors, using the commands: “Look at that (indicated object). Thank you,” using objects such as a chair, a tree, a car, the floor, the ceiling, a house, etc. The person running the Locational would point at the object each time. It is simply run until the person visibly brightens up and has a cognition (a *cognition* is a new realization about something or life. It is a “What do you know, I...” statement; something a person suddenly understands).

## CONDITION OF TREASON

By L. Ron Hubbard

*Treason* is defined as betrayal after trust.

The formula for Treason is very correctly and factually "Know *that* you are."

It will be found, gruesomely enough, that a person who accepts a post or position and then doesn't function as it, will inevitably upset or destroy some portion of an organization.

By not knowing that he is the \_\_\_\_\_ (post name), he is committing treason in fact.

The results of this can be found in history. A failure to be what one has the post or position name of will result in a betrayal of the functions and purposes of a group.

Almost all organizational upsets stem from this one fact:

A person in a group who, having accepted a post, does not know *that* he is a certain assigned or designated beingness\* is in Treason against the group.

### TREASON FORMULA

The formula for the Condition of Treason is:

FIND OUT *THAT* YOU ARE.

**Beingness:** The condition of being is defined as "the result of having assumed an identity." It could be said to be "the role in a game." An example of beingness could be one's own name. Another example would be one's profession. Another example would be one's physical characteristics. Each or all of these things could be called one's beingness. Beingness is assumed by oneself, or given to oneself, or is attained. For example, in the playing of a game each player has his own beingness.

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## CONDITION OF ENEMY

By L. Ron Hubbard

When a person is an avowed\* and knowing enemy of an individual, a group, project or organization, a Condition of Enemy exists.

### ENEMY FORMULA

The formula for the Condition of Enemy is just one step:

FIND OUT *WHO YOU REALLY ARE*.

**Avowed:** Openly acknowledged or declared.

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## CONDITION OF DOUBT

By L. Ron Hubbard

When one cannot make up one's mind as to an individual, a group, organization or project, a Condition of Doubt exists.

### DOUBT FORMULA

The formula is:

1. Inform oneself honestly of the actual intentions and activities of that group, project or organization, brushing aside all bias and rumor.
2. Examine the statistics of the individual, group, project or organization.
3. Decide on the basis of "the greatest good for the greatest number of dynamics" whether or not it should be attacked, harmed or suppressed or helped.
4. Evaluate oneself or one's own group, project or organization as to intentions and objectives.
5. Evaluate one's own or one's group, project or organization's statistics.
6. Join or remain in or befriend the one which progresses toward the greatest good for the greatest number of dynamics and announce the fact publicly to both sides.
7. Do everything possible to improve the actions and statistics of the person, group, project or organization one has remained in or joined.
8. Suffer on up through the conditions in the new group if one has changed sides, or the conditions of the group one has remained in if wavering from it has lowered one's status.

## CONDITION OF LIABILITY

By L. Ron Hubbard

Below Non-Existence there is the Condition of Liability. The being has ceased to be simply non-existent as a team member and has taken on the color of an enemy.\*

It is assigned where careless or malicious and knowing damage is caused to projects, organizations or activities. It is adjudicated that it is malicious and knowing because orders have been published against it or because it is contrary to the intentions and actions of the remainder of the team or the purpose of the project or organization.

It is a *liability* to have such a person unwatched as the person may do or continue to do things to stop or impede the forward progress of the project or organization and such a person cannot be trusted. No discipline or the assignment of conditions above it has been of any avail. The person has just kept on messing it up.

The condition is usually assigned when several Dangers and Non-Existences have been assigned or when a long unchanged pattern of conduct has been detected.

When all others are looking for the reason mail is getting lost, such a being would keep on losing the mail covertly.

The condition is assigned for the benefit of others so they won't get tripped up trusting the person in any way.

### LIABILITY FORMULA

The formula of Liability is:

1. Decide who are one's friends.
2. Deliver an effective blow to the enemies of the group one has been pretending to be part of despite personal danger.
3. Make up the damage one has done by personal contribution far beyond the ordinary demands of a group member.
4. Apply for reentry to the group by asking the permission of each member of it to rejoin and rejoining only by majority permission. And if refused, repeating (2) and (3) and (4) until one is allowed to be a group member again.

**Color (of an enemy):** The flag (symbol) of the opposition in any fight or battle. The word *color* refers to a flag of a regiment or ship.

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## CONDITION OF NON-EXISTENCE (NEW POST FORMULA)

By L. Ron Hubbard

Every new appointee to a post begins in Non-Existence, whether obtained by new appointment, promotion or demotion.

He is normally under the delusion that now he is "*THE \_\_\_\_\_*" (new title). He tries to start off in Power Condition as he is usually very aware of his new status or even a former status. But in actual fact *he* is the only one aware of it. All others, except perhaps the Personnel Officer, are utterly unaware of him as having his new status.

Therefore he begins in a state of Non-Existence. And if he does not begin with the Non-Existence Formula as his guide, he will be using the wrong condition and will have all kinds of trouble.

### NON-EXISTENCE FORMULA

The Non-Existence Formula is:

1. Find a comm line.
2. Make yourself known.
3. Discover what is needed or wanted.
4. Do, produce and/or present it.

A new appointee taking over a going concern often thinks he had better make himself known by changing everything whereas he (a) is not well enough known to do so and (b) hasn't any idea of what is needed or wanted yet. And so he makes havoc.

Sometimes he assumes he knows what is needed or wanted when it is only a fixed idea with him and is only his idea and not true at all and so he fails at his job.

Sometimes he doesn't bother to find out what is really needed or wanted and simply assumes it or thinks he knows when he doesn't. He soon becomes "unsuccessful."

Now and then a new appointee is so "status happy" or so insecure or so shy that even when his boss or his staff comes to him and tells him what is needed or wanted, he can't or doesn't even acknowledge and really does go into Non-Existence for keeps.

Sometimes he finds that what he is *told* is needed or wanted needs reappraisal or further investigation. So it is always safest for him to make his own survey of it and operate on it when he gets his own firm reality on what is needed or wanted.

If the formula is applied intelligently the person can expect to get into a zone of bypass where people are still doing his job to fill the hole his predecessor may have left. This is a Danger Condition – but it is the next one higher than Non-Existence on the scale. If he defends his job and does his job and applies the Danger Formula, he will come through it.

He can then expect to find himself in Emergency Condition. In this, he must follow the Emergency Formula with his post and he will come through *it*.

He can now expect to be in Normal Operation and if he follows the formula of that, he will come to Affluence. And if he follows *that* formula, he will arrive at Power. And if he applies the Power Formula, he will stay there.

So it is a long way from Power that one starts his new appointment and if he doesn't go *up* the scale from where he really is at the start, he will of course fail.

This applies to groups, to organizations, to countries as well as individuals.

It also applies when a person fails at his job. He has to start again at Non-Existence and he will build up the same way condition by condition.

Most failures on post are occasioned by failures to follow the conditions and recognize them and apply the formula of the condition one is in when one is in it and cease to apply it when one is out of it and in another.

This is the secret of holding a post and being successful on a job or in life.

### **NON-EXISTENCE FORMULA EXPANDED**

Many staff misapply the new post Non-Existence Formula or the Non-Existence Formula by stats and then wonder why they seem to continue in trouble.

Executives sometimes wonder why certain staff personnel never seem to be able to do anything right and out of exasperation go into a Phase I\* and wind up handling the whole area themselves.

The answer is a misapplication of and not really doing the Non-Existence Formula on post.

Experience has shown that even experienced executives and staff members have not in fact ever come out of Non-Existence. And where the organization runs at all, it is carried on the back of one or two key seniors.

The phrase “find a communication line” is shortened down by too many to locating somebody’s in-basket and dropping a “needed and wanted” request in it. This is not really finding a communication line.

To handle *any* post, you have to have *information* and furnish *information*. Where this is not done, the person finds himself doing projects that get rejected, projects that have to be redone, restraints put on his actions and finds himself sinking down the conditions. He gets in bad with his seniors *because he doesn’t acquire and doesn’t furnish* the vital information of *what is going on*.

It is the duty of any staff member, new on post or not, *to round up the communication lines that relate to his post, find out who needs vital information from him and get those lines in in* as a continuing action.

When a person fails to do just that, he never comes out of Non-Existence. He isn’t even up to Danger because nobody knows they are even bypassing him. In other words, when a staff member does not do that, in the eyes of the organization, he is simply a *zero*.

Orders being issued by him usually wind up *cancelled* when discovered by some senior because they are not real. Joe was already handling it. Bill’s schedule was thrown out by it. Treasury yells, “How come this expensive Dev-T!”\*

Pretty soon, when staff hears it’s so-and-so’s order they just ignore it.

The bright hopes of such a staff member usually wind up as hopes he will be able to get transferred, the sooner the better. Everybody is agin\* him.

But what really happened?

He never applied the Non-Existence Formula for real and so he stayed in Non-Existence. His actions do not coordinate because he does *not have the lines to give or receive information*.

It is really and factually not up to anyone else to round up his lines for him any more than it is up to others to do his breathing for him. The inhale and exhale of an organization is the take and give of *vital information and particles*.

Any staff member who finds himself in apparent Non-Existence, Liability or worse, should rush around and find the comm lines that apply to his activity and post and insist that he be put on those lines.

Sometimes he is balked by security measures. Messages going out and coming in in code are not likely to be pried out of communicators, secretaries or the mail office with ease.

Well, there's a thing called a security pledge. One signs it and if the information is not safeguarded by the person, he's for it. The bulk of such information does not relate to his post anyway. But some of it may.

Such a staff member or executive has to write down what information he has to have to handle his post and what information others have to have from him to do their jobs.

And then arrange comm lines so that he is an info addressee from communicators on those lines.

Senior executives such as division heads or heads of an organization do have a responsibility for briefing staff. But they are usually also faced with security problems as well as a wish to look good. And their data is general for the whole division or organization. It does include specifics like "Mrs. Zikes is arriving at 1400 hours" or "The telephone company rep says the bill must be paid by 1200 hours today or we got no phones."

Havoc and Phase I occur where the bulk of the staff has omitted to get themselves on important comm lines and keep those lines flowing. Do not send to find why the stats are down if 90 percent of your staff is in Non-Existence or worse! Simply because they never really found any comm lines.

### **EXPANDED NON-EXISTENCE FORMULA**

Therefore the Expanded Non-Existence Formula is:

1. Find and get yourself on every comm line you will need in order to give and obtain information relating to your duties and materiel.\*
2. Make yourself known, along with your post title and duties, to every terminal you will need for the obtaining of information and the giving of data.
3. Discover from your seniors and fellow staff members and any public your duties may require you to contact, what is needed and wanted from each.
4. Do, produce and present what each needs and wants that is in conformation with policy.
5. Maintain your comm lines that you have and expand them to obtain other information you now find you need on a routine basis.
6. Maintain your origination lines to inform others what you are doing exactly, but only those who actually need the information.

7. Streamline what you are doing, producing and presenting so that it is more closely what is really needed and wanted.
8. With full information being given and received concerning your products, do, produce and present a greatly improved product routinely on your post.

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I can guarantee that if you do this – and write your info concisely so it is quick to grasp and get your data in a form that doesn't jam your own lines – you will start on up the conditions for actual and in due course arrive in Power.

**Agin:** An informal term for against; opposed to.

**Dev-T (short for Developed Traffic):** Developed traffic does not mean usual and necessary traffic. It means unusual and unnecessary traffic. Additionally needless, inhibitive actions are called developed traffic.

**Materiel:** Used as a collective term for the articles, supplies, machinery, etc., used in an army, navy or business, as distinguished from the personnel or body of persons employed.

**Phase I:** When beginning a new activity an executive single-hands while he trains his staff. When he has people producing, functioning well and trained, he then enters the next phase, Phase II – running an established activity; an executive gets people to get the work done. By “single-handing” one means do it himself, being the one responsible for actually handling things. Phase I occurs when an executive is forming up his personnel.



## CONDITION OF DANGER

By L. Ron Hubbard

When the formula for handling a Danger Condition is not done, an organization or activity or person cannot easily get above that condition thereafter.

A prolonged State of Emergency or threats to viability or survival or a prolonged single-handing will not improve unless the actual Danger Formula is applied.

### DANGER FORMULA

The formula follows:

1. Bypass (ignore the junior or juniors normally in charge of the activity and handle it personally).
2. Handle the situation and any danger in it.
3. Assign the area where it had to be handled a Danger condition.
4. Assign each individual connected with the Danger Condition an individual Danger Condition and enforce and ensure that they follow the formula completely. And if they do not do so, do a full investigation and take all actions indicated.
5. Reorganize the activity so that the situation does not repeat.
6. Recommend any firm policy that will hereafter detect and/or prevent the condition from recurring.

The senior executive present acts and acts according to the formula above.

A Danger condition is normally assigned when:

1. An Emergency Condition has continued too long.
2. A statistic plunges downward very steeply.
3. A senior executive suddenly finds himself or herself wearing the hat of head of the activity because it is in trouble.

### INDIVIDUAL FORMULA

The formula is converted for an individual to:

- 1st 1. Bypass habits or normal routines.
- 1st 2. Handle the situation and any danger in it.
- 1st 3. Assign self a Danger Condition.
- 1st 4. Get in your own *personal ethics* by finding what you are doing that is out-ethics and use self-discipline to correct it and get honest and straight.
- 1st 5. Reorganize your life so that the dangerous situation is not continually happening to you.
- 1st 6. Formulate and adopt firm policy that will hereafter detect and prevent the same situation from continuing to occur.

### JUNIOR DANGER FORMULA

Where a Danger Condition is assigned to a junior, request that he or she or the entire activity disclose any known out-ethics\* situations and turn them in at a certain stated time on a basis that the penalty for them will be lessened but if discovered later after the deadline it will be doubled.

This done, require that the junior and the staff that had to be bypassed and whose work had to be done for them or continually corrected, each one write up and fully execute the *Individual Danger Formula* for himself personally and turn it in.

When production has again increased, the Danger Condition should be formally ended and an Emergency Condition assigned and its formula should be followed.

**Out-Ethics:** An action or situation in which an individual is involved contrary to the ideals and best interests of his group. An act or situation or relationship contrary to the ethics standards, codes or ideals of the group or other members of the group. An act of omission or commission by an individual that could or has reduced the general effectiveness of a group or its other members. An individual act of omission or commission which impedes the general well-being of a group or impedes it in achieving its goals.

# CONDITION OF EMERGENCY

By L. Ron Hubbard

One applies the Condition of Emergency when:

1. Statistics of an organization, department or portion of an organization or a person are seen to be *declining*.
2. *Unchanging* statistics of an organization or a portion of an organization or a person.

## EMERGENCY FORMULA

1. Promote. That applies to an organization. To an individual you had better say "produce." That's the first action regardless of any other action, regardless of anything else, that is the first thing they have to put their attention on.

Exactly what is *promotion*? Well, look it up in the dictionary. It is making things known. It is getting things out. It is getting oneself known, getting one's products out.

2. Change your operating basis. If, for instance, you went into a Condition of Emergency and then you didn't change your operation after you had promoted, you will just head for another Condition of Emergency. So that has to be part of it. You had better change your operating basis because that operating basis led you into an Emergency.

3. Economize.

4. Prepare to deliver.

5. Stiffen discipline. Part of the Condition of Emergency contains this little line of "you have got to stiffen discipline" or "you have got to stiffen ethics."

To an individual, this would simply mean not go down to the pub every Friday night. Stiffen up the discipline. Stay home and burn the midnight oil, do one's homework, etc. Be a little more regular on the job, work a little harder, don't goof quite so much, don't make so many mistakes. All of this would be part of stiffening discipline.

Organizationally, suppose the activity doesn't come out of emergency when a State of Emergency is assigned. Regardless of what caused the emergency, in spite of the fact that they have been labeled a State of Emergency, suppose

the activity just doesn't come out of emergency. They have been directed to "follow the formula," they have been told to "snap and pop" and "get that thing straightened out," yet they are still found to be goofing and the statistic continues to go down. What do you do? There is only one thing left to do and that is discipline. Because life itself is going to discipline the individual.

So the rule of the game is if a State of Emergency is ignored and the steps are not taken successfully ("not taken successfully" is different than "not taken"), then you get an announcement that the condition has been continued. And if the condition is continued beyond a specified period of time, it has to walk forward into a disciplinary matter. Because how else could you straighten out that activity? There must be somebody goofing like crazy, sitting on most of the communication lines. You've got some ethical problem involved with it, somebody who won't function, somebody who has got the brakes on so that you can smell the smoke. And so you walk forward into an disciplinary situation.

## CONDITION OF NORMAL

By L. Ron Hubbard

You could call Normal a “condition of stability” and it probably should be called a condition of stability, except for this one little factor: This universe does not admit of a static\* state. It won’t admit a no-increase, no-decrease. You cannot have a condition in this universe where there is no increase and no decrease. That’s a totally stable condition and there is no such thing in this universe, from one end of it to the other. There isn’t anything that always remains the same.

The Condition of Normal Operation, then, is not one of “stability,” because it can’t be. Normal Operation must be a routine or gradual increase. And there must be a regular, routine, gradual increase. And if there is no gradual increase, there will not be a condition of stability. You cannot have a total, even state of existence which does not eventually fall on its head. The second you get this even state in this universe, it starts to deteriorate. So a state of stability would eventually deteriorate. To prevent a deterioration, you must have an increase. That increase doesn’t have to be spectacular, but it has to be something. There has to be a bit of an increase there.

### NORMAL FORMULA

1. Don’t change anything. The way you maintain an increase is when you are in a state of Normal Operation, you don’t change anything.
2. Ethics are very mild. The disciplinary factor is quite mild and quite reasonable. There are no savage actions taken particularly.
3. Every time a statistic betters, look it over carefully and find out *what* bettered it. And then do that without abandoning what you were doing before. Those are the only changes you make.
4. Every time a statistic worsens slightly, quickly find out *why* and remedy it.

And you just jockey\* those two factors: the statistic bettering, the statistic worsening. You will find out, inevitably, some change has been made in that area where a statistic worsens. Some *change* has been made and you better get that change off the lines in a hurry. And when you find that a statistic is bettering, you better find out *how* it is bettering.

**Jockey:** To direct or maneuver by cleverness or skill.

**Static:** A fixed or stationary condition, lacking movement or motion.

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## CONDITION OF AFFLUENCE

By L. Ron Hubbard

When you have a line going steeply up on a graph, that's Affluence. Whether it's up steeply for one week or up steeply from its last point week after week after week, it's Affluence.

When you've got an Affluence, regardless of how you did it, the Affluence Formula applies.

You *must* apply the Affluence Formula or you will be in trouble. Anyone dealing with Affluence should be aware of the following peculiarities about it.

Affluence is the most touchy condition there is. Misname it or handle it off formula and it can kill you! It is, strangely enough, the most dangerous of all conditions in that if you don't spot it and apply the formula, you spatter all over the street! Spot and handle it right and it's a rocket ride.

### AFFLUENCE FORMULA

1. Economize. Now the first thing you must do in Affluence is economize and then make very, very sure that you don't buy anything that has any future commitment to it. Don't buy anything with any future commitments, don't hire anybody with any future commitments – nothing. That is all part of that economy. Clamp it down.
2. Pay every bill. Get every bill that you can possibly scrape up from anyplace, every penny you owe anywhere under the sun, moon and stars and pay them. Pull everything down in all directions until you have got it down to as close to zero as you can get or at zero.
3. Invest the remainder in service facilities. Make it more possible to deliver.
4. Discover what *caused* the Condition of Affluence and strengthen it.

### ACTION AFFLUENCE FORMULA

When an Affluence exists based on a statistic measuring one's actions, and disrelated to finance, this is the formula to apply.

1. *Economize* on needless or dispersed actions that did not contribute to the present condition. Economize financially by knocking off all *waste*.

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2. Make every action count and don't engage in any useless actions. Every new action to contribute and be of the same kind as *did* contribute.
3. Consolidate all gains. Any place we have gotten a gain, we keep it. Don't let things relax or go downhill or roller coaster. Any advantage or gain we have, keep it, maintain it.
4. Discover for yourself what *caused* the Condition of Affluence in your immediate area and strengthen it.

## CONDITION OF POWER

By L. Ron Hubbard

A Power stat is a stat in a very high range; a brand-new range in a Normal trend.

A Power stat is not just a stat that is steeply up for a long time. Nor is Power simply a very high stat. Power is not a one-week thing. Power is a *trend*.

Definition: *Power* is a Normal in a stellar range so high that it is total abundance, no doubt about it. It is a stat that has gone up into a whole new, steeply high range and maintained that range and now, in that new high range, is on a Normal trend.

Operating in this new range, you may get a slight dip in that stat now and then. But it is still Power.

There is another datum that is of importance if one is to correctly recognize and understand this condition:

Why do we call it Power?

*Because there is such an abundance of production there that momentary halts or dips can't pull it down or imperil its survival.*

And *that is Power.*

The question could be asked, "How much work can one guy do?" Or, "How many bricks can a guy lay in a day?"

Of course, a person can only work so many hours in a day. He can only get so much individual production in a day. But he can get enough production in a day to support himself. He can get his production up into such abundance that he can take some time off. That depends on his efficiency and brightness.

At a certain peak of Affluence, he will hit how many bricks he can lay. By increasing practice and efficiency, he can keep that level of production going in a Normal.

If he's laying so many bricks that nobody is ever going to think of firing him, why, he's in Power. That's a Power Condition for an individual.

### POWER FORMULA

1. Don't disconnect. The first law of a Condition of Power is *don't disconnect*. That will bring about catastrophe for both you and anybody else.



You'll find out that people whine and complain about this. How about the big boy? He's been a local boy in some town and all of a sudden he becomes a big boy. He's highly powerful on Wall Street and he never again speaks to any of his friends in the old home town. Those people resent that so much that it's almost impossible to speak to them. That is to say, if you've been in an area where you've been very well known and you suddenly become a celebrity or something like that, these people won't believe that you want to talk to them, you see? They're so used to having the formula violated. You get the idea? In other words, beings in the universe fully expect that you're going to violate the first position of the Power Condition, which is "don't disconnect." They think you're going to disconnect.

No! Power! Position of Power! Don't disconnect. Even though you're promoted to general from colonel of a regiment, don't be such a fool as to think that you can totally disconnect from that regiment. Because the only way you *can't* disconnect from the regiment is *to* disconnect from it. You can't just deny your connections. What you've got to do is take *ownership* and *responsibility* for your connections.

## 2. Write up your own post.

Now, the Condition of Power is the guy going into a Condition of Power or the organization going into a Condition of Power.

And the Condition of Power Change is actually a fellow assuming a condition which has been held from Power. You get the difference? You're replacing Bill, who was in a Condition of Power. Now, when he moves off, disconnects, then the Power Change is who took over. The first thing an upgrade of the Power has got to do is make a record of all the post's lines. That's the only way he will ever be able to disconnect. And then the assumption of this state of Power, Power Change, is governed by its own formula.

Now, for instance, I'll show you how this applies big and small. Supposing you were a very, very successful Receptionist in an organization and you were so successful that you were made the Salesperson. Well, actually, that is an upgrade of Power. Now, you don't permit the person who takes over the post to operate in a condition of Power Change unless you make a total record of your post.

So, on a Condition of Power, the first thing you have to do is write up your whole post. You'll find out if you don't write up your whole post, you're going to be stuck with a piece of that post for time immemorial. And a year or so later, somebody will still be coming to you asking you about that post which you occupied because you didn't write up your post. So by writing up your post, you

make it possible for the next fellow to assume that state of Power Change – of *changing nothing* – because you’ve shown what was there so he knows what *not* to change. But if you didn’t write it up, then he could change it. That’s the surest way in the world to be snapped in against some old post that you have held and that’s how never to get away from a post. And you say, “These new people that take over these Reception posts are no good and they don’t care.” Now, let’s make sure before we start being too critical: Did we ever write up this post? Did we ever really leave the post? Did we leave it in a condition that it could be left? And then, did we just negate the whole post after we left it or did we occasionally walk by and say, “How’s the post coming?”

It’s no sudden disconnection. That’s what it really amounts to. Don’t go disconnecting. And the responsibility is write the post up and get it into the hands of the guy that’s going to take care of it. Now if the other guy doesn’t take care of it, that goes on his performance record, not yours.

Do all you can to make the post occupiable. Sooner or later somebody is going to come along and occupy the post properly.

## CONDITION OF POWER CHANGE

By L. Ron Hubbard

There are only two circumstances which require replacement: the very successful one or the very unsuccessful one.

What a song it is to inherit a successful pair of boots. There is nothing to it. Just step in the boots and don't bother to walk. And this is somehow or another considered reprehensible by people. You are supposed to "strike out on your own," you are supposed to "put your own personality on the post." No! Put on the boots, but don't walk, man! If it was in a Normal State of Operation, which it normally would have been in for anybody to have been promoted out of it, you just don't change anything.

Power Change: *don't change anything.*

You just sit around for a while. You know immediately that all of the pressure points in the organization are going to come to you at once. The fellow who had the position before you had all these pressure points, but he must have resisted them successfully because they still exist. See? So, anybody wants anything signed that your predecessor didn't sign, don't sign it. That's an easy rule to follow, isn't it? This absolutely is the laziest position that anybody could ever occupy. And that's the only way it can be occupied – with total laziness. *Don't do anything!*

Keep your eyes open, learn the ropes and, depending on how big the organization is, after a certain time, see how it's running and run it as Normal Operating Condition. If it's not in anything but a Normal Operating Condition, just apply the Normal Operating Condition to it. Besides the little routine that's done, go around and snoop around and find out what made it a little bit better that week and reinforce that. And find out what worsened a little bit and take that out. Just sniff around. By that time, you're so well acquainted with the operation, you know everybody by his first and last names, you know this, that and the other thing, you know where all the papers are, you know the favorite dodges and you've seen all these things happen and, frankly, the operation will just keep on moving on up. It will move ahead very successfully.

Go through the exact same routine of every day that your predecessor went through, sign nothing that he wouldn't sign, don't change a single order. Look through the papers that have been issued – these are the orders that are extant – and get as busy as the devil just enforcing those orders and your operation will increase and increase and increase and increase.

The keynote of the State of Power Change is study the organization, policy, lines, patterns and activity and *issue no orders* that are not routine – change nothing, innovate nothing. Write up fully post just left. Mainly observe on post just taken over. Learn the new post before doing anything.

One takes over a *new* post or a collapsed post in Non-Existence. *But* a going concern is taken over by the Power Change Formula.

### **POWER CHANGE FORMULA**

The formula of the Power Change Condition is:

When taking over a new post change nothing until you are thoroughly familiar with your new zone of power.

### **POWER CHANGE VIOLATION REPAIR FORMULA**

A Danger Condition can be brought about by a violation of the Power Change Condition.

An example was in some transfers to form the heads of a few organizations.

None of these organizations except one were higher than Emergency. There had been a false condition. The rule is that when a false condition is assigned, the organization will drop one lower than the one it is actually in.

These organizations then compounded the felony by their new heads violating the Power Change Formula almost without exception.

The new heads of organizations and some juniors, who were given new senior posts, introduced new changes, violating Power Change.

Not being briefed in and not following existing successful patterns, three of these organizations were trying to operate with greatly changed patterns, losing touch with former actions.

Power Change should have been followed by the heads and seniors. They should have studied what was going on previously.

Therefore, those who had a Power Change must apply the Power Change Violation Repair Formula:

1. Observe, question and draw up a list of what was previously successful in your area or zone of control.

2. Observe and draw up a list of all those things that were unsuccessful in your area in the past.
3. Get the successful actions *in*.
4. Throw the unsuccessful actions out.
5. Knock off frantically trying to cope or defend.
6. Sensibly get back in a working structure.





**MGE Power Program**  
**Executive Seminar**  
 Based on the works of  
**L. Ron Hubbard**

**CONDITIONS & STATISTIC  
 MANAGEMENT**

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**EXERCISE**

1. List out three examples or instances where a person was promoted, rewarded, penalized or dismissed *wrongly* based on statistics.
2. Now list out three examples or instances where someone was rewarded, penalized or dismissed *correctly* based on statistics.
3. If you are watching this seminar with someone else, you may wish to compare notes as to what you came up with.
4. When finished, type "statistics" in the chat.

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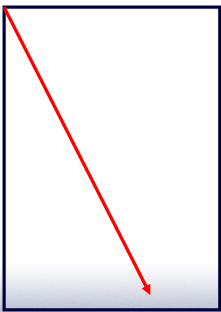
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**Non-Existence**

Steep near vertical down




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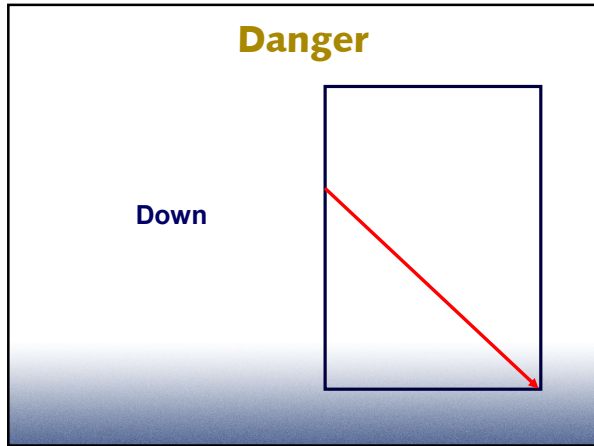
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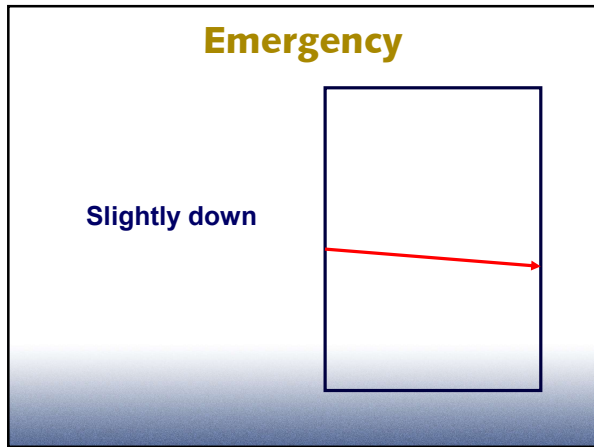
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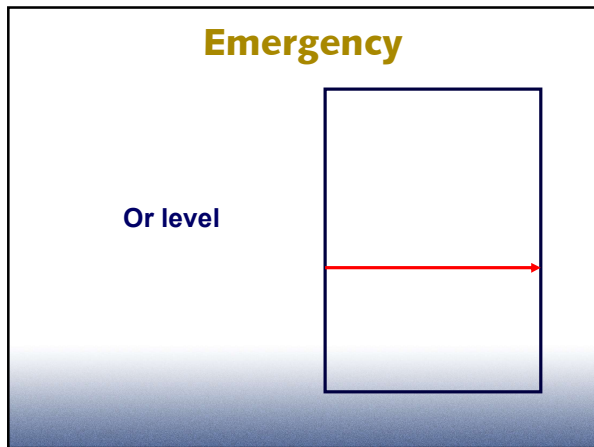
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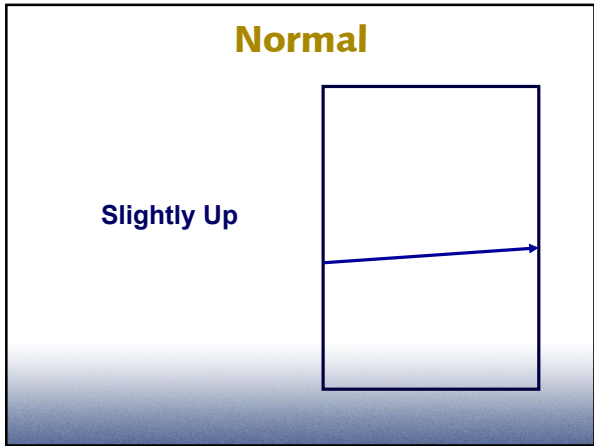
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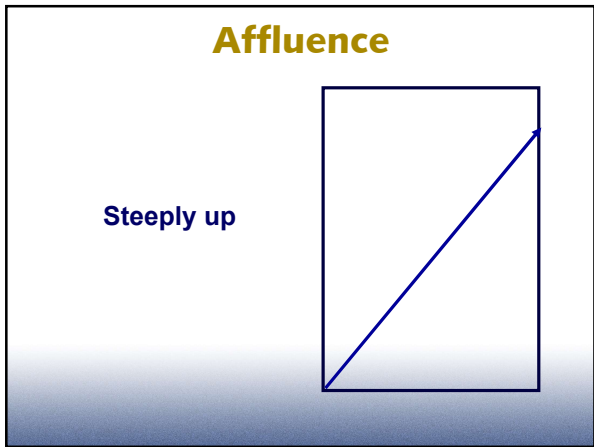
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**EXERCISE**

1. Think up a scenario where someone is starting a new post in Non-Existence.
2. Now, work out how steps 1-4 of the Non-Existence Formula would be applied to move this person up through the condition.
3. If you are watching this seminar with someone else, you may wish to compare notes as to what you came up with.
4. When finished, type "NE" in the chat.

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## EXERCISE

1. Think up a scenario where someone's statistics have gone into Non-Existence.
2. Now, work out how steps 1-4 of the Non-Existence Formula would be applied to move this person up through the condition.
3. If you are watching this seminar with someone else, you may wish to compare notes as to what you came up with.
4. When finished, type "NE1" in the chat.

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## EXERCISE

1. Think up a scenario where someone is in a condition of Junior Danger.
2. Now, work out how steps 1-5 of the Junior Danger Formula would be applied to move this person up through the condition.
3. If you are watching this seminar with someone else, you may wish to compare notes as to what you came up with.
4. When finished, type "Danger" in the chat.

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## EXERCISE

1. Think up a scenario where someone is applying the condition of Senior Danger.
2. Now, work out how steps 1-5 of the Senior Danger Formula would be applied to move the area up through the Danger condition.
3. If you are watching this seminar with someone else, you may wish to compare notes as to what you came up with.
4. When finished, type "Danger2" in the chat.

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## EXERCISE

1. Think up a scenario where someone is in a condition of Emergency.
2. Now, work out how steps 1-5 of the Emergency Formula would be applied to move this person up through the condition.
3. If you are watching this seminar with someone else, you may wish to compare notes as to what you came up with.
4. When finished, type "Emergency" in the chat.

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## EXERCISE

1. Think up a scenario where someone is in a condition of Normal.
2. Now, work out how steps 1-4 of the Normal Formula would be applied to this situation to continue its improvement.
3. If you are watching this seminar with someone else, you may wish to compare notes as to what you came up with.
4. When finished, type "Normal" in the chat.

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14

## EXERCISE

1. Think up a scenario where someone is in a condition of Affluence
2. Now, work out how steps 1-4 of the Affluence Formula would be applied to keep the scenario described above improving.
3. If you are watching this seminar with someone else, you may wish to compare notes as to what you came up with.
4. When finished, type "Affluence" in the chat.

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## EXERCISE

1. Think up a scenario where someone is in a condition of Action Affluence
2. Now, work out how steps 1-4 of the Action Affluence Formula would be applied to keep the scenario described above improving.
3. If you are watching this seminar with someone else, you may wish to compare notes as to what you came up with.
4. When finished, type "Action" in the chat.

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16

## EXERCISE

1. Think up a scenario where someone is in a condition of Power.
2. Now, work out how the Power Formula would be applied to this scenario.
3. If you are watching this seminar with someone else, you may wish to compare notes as to what you came up with.
4. When finished, type "Power" in the chat.

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## EXERCISE

1. Think up a scenario where someone is in a condition of Power Change.
2. Now, work out how the Power Change Formula would be applied to this scenario.
3. If you are watching this seminar with someone else, you may wish to compare notes as to what you came up with.
4. When finished, type "Power Change" in the chat.

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## EXERCISE

1. Think up a scenario where someone should apply the Power Change Violation Repair Formula.
2. Now, work out how this would be applied to this scenario.
3. If you are watching this seminar with someone else, you may wish to compare notes as to what you came up with.
4. When finished, type "PCV" in the chat.

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19

## Conditions Handlings

*By L. Ron Hubbard*

"Whatever her condition at the end of the week, she did a weekly Conditions Formula write-up, worked out how she would apply the formula steps in relation to her post, and added those actions at the beginning of her battle plan. Other battle plan targets would also be included, but the weekly condition handling steps were always a part of it. This brought good results statisticwise."

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## Example: Beginning of a Condition Application

Production is in Emergency. Appointment Coordinator applies this formula:

1. Promote/Produce...
  - a. Get 200 recall/reactivation letters out by Wednesday. Follow up with personal contact.
  - b. Call anyone with outstanding work and set up consult with Dr. or a checkup if due.
  - c. Work out that any patients needing a consult come in the following day rather than putting it off, etc.

And so on with the rest of the condition.

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## EXERCISE

1. Work out what statistic you should be monitoring for your own personal production in the office.
2. (THIS IS AN EXAMPLE) Your condition for the week is Emergency. Work out how you would apply each step of the Emergency condition to your statistic.
3. When finished, write "application" in the chat.
4. Email a copy for us to review at [seminar@mgeonline.com](mailto:seminar@mgeonline.com). If you're attending the seminar live, the Seminar Director can make a copy for the Practical Department

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## Weekly Batteplans

Now the Appointment Coordinator's weekly Battleplan would start off with the targets from his or her condition:

### Weekly Battleplan

1. Get 200 recall/reactivation letters out by Wednesday. Follow up with personal contact.
  2. Call anyone with outstanding work and set up consult with Doctor or a checkup if due.
- This would follow with any other steps of the condition.  
You would also get targets like:
14. Call software company to learn how to fix appointment book.

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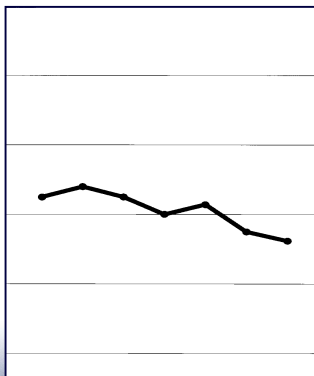
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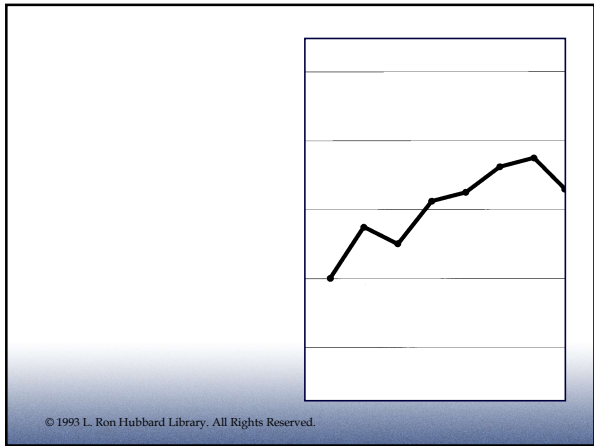
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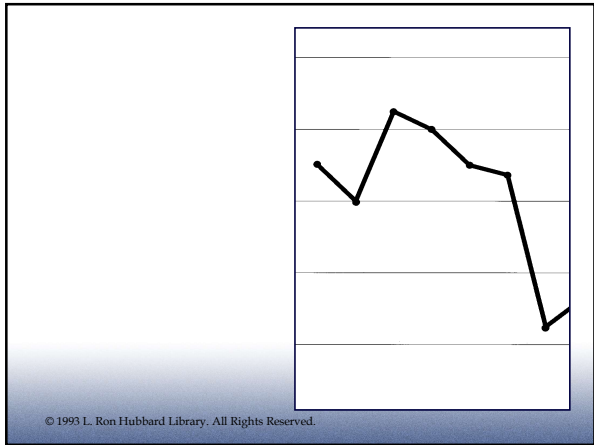
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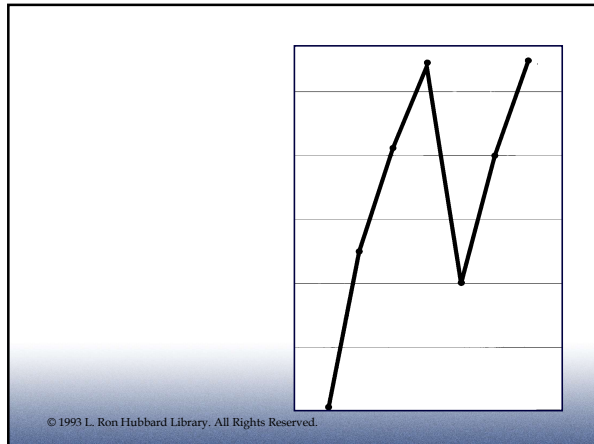
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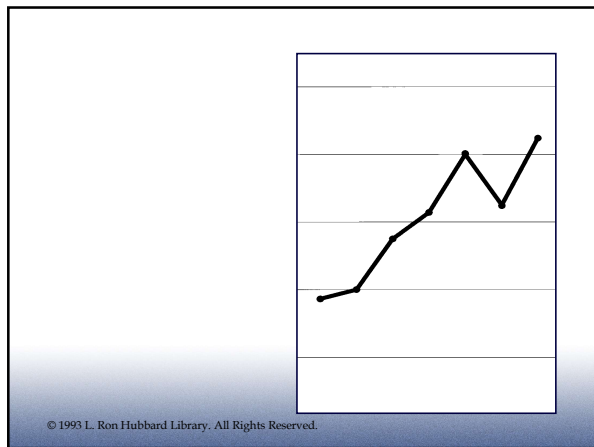
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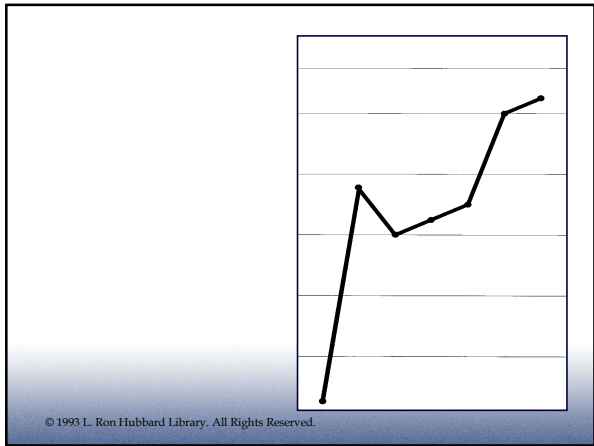
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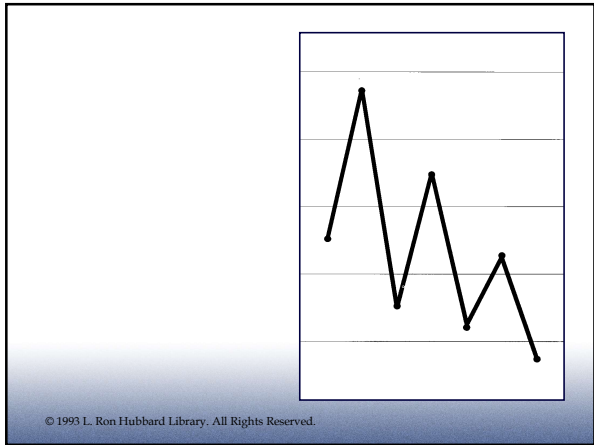
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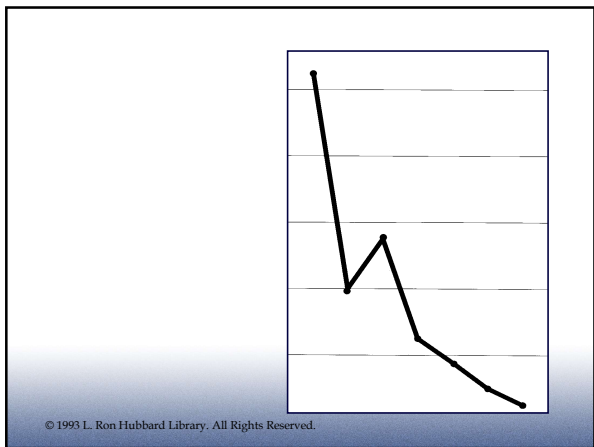
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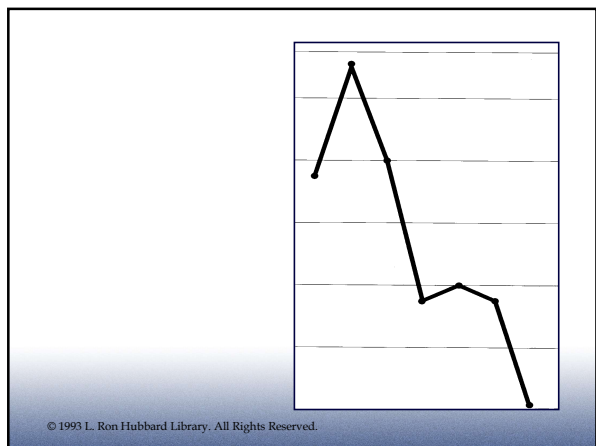
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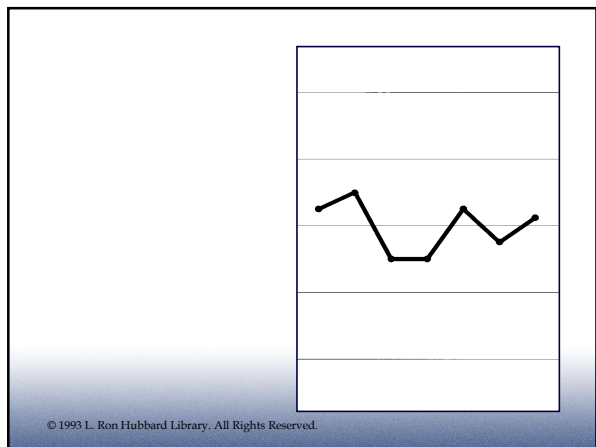
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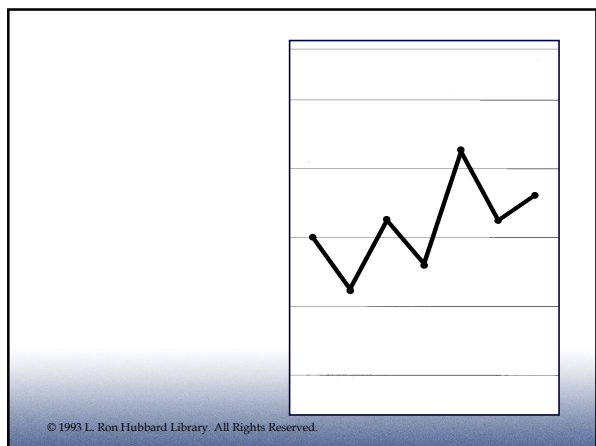
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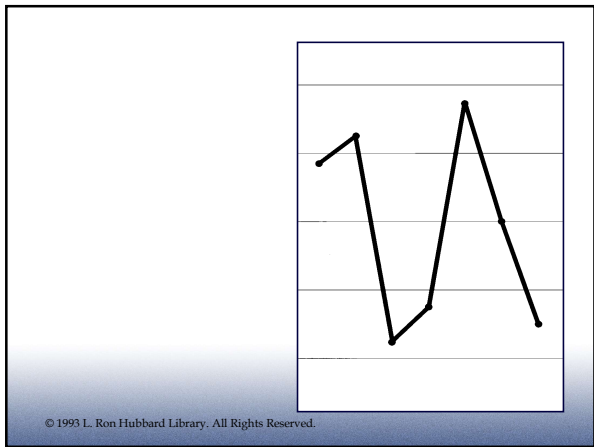
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**EXERCISE**

1. For each of the following, note three examples that would constitute a shift of:
  - Comm lines in your office.
  - Functions in your office.
  - Policy in your office.
  - Duties in your office.
2. When finished, write "change" in the chat.
3. Email a copy to [seminar@mgeonline.com](mailto:seminar@mgeonline.com) for review. If you're attending the seminar live, the Seminar Director can make a copy for the Practical Department.

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## Comparing Stats - Examples

1. High collections with low production = non delivery and refund potential.
2. High outflow statistics should forecast increased income.
3. New patients going up, compared to unchanged production statistics would indicate an issue with the sales area and could forecast problems there.
4. \$ value of treatment presented and accepted has dropped should forecast decreased production and collections.

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## Comparing Stats - Examples

5. High volume of treatment accepted should indicate a production increase in the near future.
6. Interesting one to track: lower number of *recall patients* while hygiene production going up or the same could mean your perio program is working at the expense of your recall programs. Could also forecast lower future productivity for the office as a whole.
7. High volume of new patients with no increase in the hygiene area (especially in numbers of patients seen) could indicate mishandling of patients or a poor recall system.

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## EXERCISE

1. For your office, work out what would be considered "causative statistics," in accordance with the reference just covered.
2. If you are watching this seminar with someone else, you may wish to compare notes as to what you came up with.
3. When finished, type "causative" in the chat.

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## EXERCISE

1. For your office, work out five combinations of one or more statistics that you could use to predict what might happen in the future.
2. When finished, write "combo" in the chat.
3. Email a copy to [seminar@mgeonline.com](mailto:seminar@mgeonline.com) for review at If you're attending the seminar live, the Seminar Director can make a copy for the Practical Department.

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## EXERCISE

1. Review points 1-5 from the article just covered "Flows and Expansion the Fast Flow System."
2. Work out a list of actions you can take to apply each of these points in your office.
3. If you are watching this seminar with someone else, you may wish to compare notes as to what you came up with.
4. When finished, type "Fast Flow" in the chat.

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## EXERCISE

1. Based on the reference we just covered, work out three examples you've observed of a "safe environment," where production could occur, and service could be given. Note in each instance how productive the organization or scene was or is.
2. Now, work out three examples you've observed of an environment that was not safe for production to occur and service to be given. Note what elements seemed to make the environment unsafe.
3. If you are watching this seminar with someone else, you may wish to compare notes as to what you came up with.
4. When finished, type "production" in the chat.

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## EXERCISE

1. Based on the reference "Ethics Officer, His Character," work out five examples of someone (an executive, etc.) being reasonable.
2. Examine how being reasonable in each of these examples allows oppression to continue.
3. Now look at the potential outcome for each of these examples if this person involved (executive, etc.) was *not* reasonable.
4. If you are watching this seminar with someone else, you may wish to compare notes as to what you came up with.
5. When finished, write "reasonable" in the chat.

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## EXERCISE

1. Work out three examples for each of the actions (that result in a particular condition assignment) from the article "Conditions."
2. If you are watching this seminar with someone else, you may wish to compare notes as to what you came up with.
3. When finished, "conditions" in the chat.

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## EXERCISE

1. Think up a scenario where someone is in a condition of Confusion.
2. Now, work out how the Confusion Formula would be applied to move the person up through this condition.
3. When finished, write "Done" in the chat.
4. Email a copy to [seminar@mgeonline.com](mailto:seminar@mgeonline.com) for review at If you're attending the seminar live, the Seminar Director can make a copy for the Practical Department.

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## EXERCISE

1. Think up a scenario where someone is in a condition of Treason.
2. Now, work out how the Treason Formula would be applied to move the person up through this condition.
3. When finished, write "Done" in the chat.
4. Email a copy to [seminar@mgeonline.com](mailto:seminar@mgeonline.com) for review at If you're attending the seminar live, the Seminar Director can make a copy for the Practical Department.

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## EXERCISE

1. Think up a scenario where someone is in a condition of Enemy.
2. Now, work out how the Enemy Formula would be applied to move the person up through this condition.
3. When finished, write "Done" in the chat.
4. Email a copy to [seminar@mgeonline.com](mailto:seminar@mgeonline.com) for review at If you're attending the seminar live, the Seminar Director can make a copy for the Practical Department.

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## EXERCISE

1. Think up a scenario where someone is in a condition of Doubt.
2. Now, work out how the Doubt Formula would be applied to move the person up through this condition.
3. When finished, write "Done" in the chat.
4. Email a copy to [seminar@mgeonline.com](mailto:seminar@mgeonline.com) for review at If you're attending the seminar live, the Seminar Director can make a copy for the Practical Department.

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## EXERCISE

1. Think up a scenario where someone is in a condition of Liability.
2. Now, work out how the Liability Formula would be applied to move the person up through this condition.
3. When finished, write "Done" in the chat.
4. Email a copy to [seminar@mgeonline.com](mailto:seminar@mgeonline.com) for review at If you're attending the seminar live, the Seminar Director can make a copy for the Practical Department.

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## Definitions

*By L. Ron Hubbard*

**Off-line:** A communication or dispatch is off-line when it is sent to the wrong person.

**Off-policy:** Not knowing, or not applying policy.

**Off-origin:** Things originated by a post that aren't the business of that post.

**Roller Coaster:** To better and worsen – a person gets better, gets worse, gets better, gets worse.

**Dev-T:** (short for **Developed Traffic**): Developed traffic does not mean usual and necessary traffic. It means unusual and unnecessary traffic. Additionally needless inhibitive actions are called developed traffic.

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## Definitions

*By L. Ron Hubbard*

**Alter-is:** A composite word meaning the action of altering or changing the reality of something. *Is-ness* means the way it is. When someone sees it differently he is doing an alter-is; in other words, is altering the way it is.

**Entheta:** En=enturbulated; theta=Greek for thought or life. Especially referring to communications, which, based on lies and confusions, are slanderous, choppy or destructive in an attempt to overwhelm or suppress a person or group.

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## Ethics Reports

By L. Ron Hubbard

"Tech and Qual personnel are peculiarly liable to covert, off-line, off-policy annoyances which in time turn them into PTSEs. They will then Roller Coaster and begin to go off-line, off-policy and off-origin (see Dev-T policies) themselves."

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## Ethics Reports

By L. Ron Hubbard

"This results in a technical breakdown and an apperency of busyness in those divisions which does not in fact produce anything, being Dev-T."

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## Ethics Reports

By L. Ron Hubbard

"The policy then is:  
*No Tech or Qual personnel may omit giving Ethics Reports to Ethics on any incident or action covered in Dev-T Policy or which indicate SP or PTS activity.*"

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**Ethics Reports**  
*By L. Ron Hubbard*

“This means they may not ‘be decent about it’ or ‘reasonable’ and so refrain.

This means they must know their Ethics and Dev-T Policy.

This means they may not themselves act like Ethics Officers or steal the Ethics hat.”

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**Ethics Reports**  
*By L. Ron Hubbard*

“It means that they must report public who ask for unusual solutions; they must report *all* discourteous conduct; they must report instances of roller-coaster; they must report all suppressive actions observed; they must report snide comments; they must report alter-is and entheta; they must report derogatory remarks; they must report all Dev-T. Anything in violation of Ethics or Dev-T Policy must be reported.”

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**Ethics Reports**  
*By L. Ron Hubbard*

“Ethics will find then that only two or three people in those areas are causing all the upset. This fact routinely stuns Tech and Qual personnel when it is called to their attention – that only two or three are making their lives miserable.”

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## EXERCISE

1. Write a sample report as covered in the article "Staff Member Reports." The report can be for any of the categories listed in the article.
2. When finished, write "Done" in the chat.
3. Email a copy to [seminar@mgeonline.com](mailto:seminar@mgeonline.com) for review at If you're attending the seminar live, the Seminar Director can make a copy for the Practical Department.

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## EXERCISE

1. Write an example of an order directed to someone in your office.
2. When finished, write "Done" in the chat.
3. Email a copy to [seminar@mgeonline.com](mailto:seminar@mgeonline.com) for review at If you're attending the seminar live, the Seminar Director can make a copy for the Practical Department.

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