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What People Are Writing About

Bradley J. Schwieger

Carl G. Kretschmar

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what people are writing about

BOOKS

The Economy of Cities by JANE JACOBS, Random House, Inc., 1969, 168 pages, \$5.95.

The perennial gadfly of the urban planners now takes on economists and archaeologists, among others, in another defense of the cities she loves so well.

In *The Death and Life of Great American Cities* Jane Jacobs spoke up fervently on behalf of the crowded, anarchic, unmanageable cities that urbanologists now view

with such alarm. Her defense in that book was based on human values; in this volume she shifts to an economic front. Since Mrs. Jacobs is no more a trained economist than she is a sociologist, this book, too, will undoubtedly draw storms of protest from the professionals. But for the layman her thesis is both provocative and appealing.

Mrs. Jacobs feels that we must look to the city rather than to the giant corporation or the government for the sources of our future economic growth. Indeed, she argues that cities are, and always have been, primary economic organs.

Challenging the general assumption that cities are built upon a rural economic base, Mrs. Jacobs goes back to prehistoric times to argue the reverse—that cities did not arise after nomadic hunters had taken up agriculture but rather that agriculture itself originated in early cities, out of the storage and then cultivation of food, and was farmed out to the rural areas when the cities became too crowded to accommodate it. This theory, she claims, is consistent with recent archaeological findings, and she invents a city, New Obsidian (based on the trade of a raw material needed by hunters), to show how every significant economic ac-

REVIEW EDITORS

In order to assure comprehensive coverage of magazine articles dealing with management subjects, MANAGEMENT SERVICES has arranged with fifteen universities offering the Ph.D. degree in accounting to have leading magazines in the field reviewed on a continuing basis by Ph.D. candidates under the guidance of the educators listed, who serve as the review board for this department of MANAGEMENT SERVICES. Unsigned reviews have been written by members of the magazine's staff.

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tivity could have originated there.

Darting through history with examples that range from overspecialization in the production of pottery and unspoked wheels in two prehistoric Indian cities to the invention of the modern brassiere in New York City in the early 1920s, Mrs. Jacobs shows how cities grow by adding new work to old work and decline by ceasing to innovate.

A city usually starts, she says, by exporting one or more items (either as trader or producer) for income used to pay for its imports. When the city begins to replace its imports with local production, it usually grows explosively because the import replacement both leads to new exports and creates new work that is strictly local in nature.

This analysis, if valid, has significance for the development of underdeveloped economies, where, Mrs. Jacobs seems to feel, the addition of giant mass production industries from above is not going to spark local economic development unless local innovative talent is already primed to take advantage of it.

This gives Mrs. Jacobs a chance to take a jab at the current popular emphasis on population planning: "If it is true that poverty is indeed caused by overpopulation, then it follows that poor people ought to prosper whenever populations decline appreciably." Actually, of course, this is not true. Nor is it true that thinly populated areas are necessarily prosperous. "Countries that have always been thinly populated, and have rich resources besides, are quite as liable to poverty as heavily populated countries. . . Birth control has much to recommend it. . . but birth control as a prescription for overcoming intellectual stagnation and poverty is nonsense."

Indeed, says Mrs. Jacobs, to seek causes of poverty is to enter an intellectual dead end because "poverty has no causes. Only prosperity has causes." Just as cold is merely the absence of heat, poverty is "merely the absence of economic development" and "can be over-

come only if the relevant economic processes are in motion. These processes are all rooted . . . in the development work that goes on in impractical cities where one kind of work leads inefficiently to another."

Cities must be inefficient, Mrs. Jacobs argues, because new work cannot develop freely in efficient organizations; such organizations will develop only work that is logical for their customers and hence for the organization as a whole. The disorderliness of cities is a virtue and should not be tampered with by overzoning, large-scale planning, union restrictions, or racial and class discrimination.

The city of tomorrow, Mrs. Jacobs forecasts, "will not be smaller, simpler, or more specialized than today but more intricate, more comprehensive, more diversified, and larger." She is less specific about the sources of future growth. She does predict that, just as manufacturing replaced trading as the dominant economic activity, so manufacturing will be replaced by services, and she suggests that waste recycling is a fruitful area for development. Nor does she pinpoint the cities that will grow, beyond specifying that they will be cities that have managed to evade the bureaucratic simplification "so dear to present-day city planners and urban designers."

Those who are caught up in the current urban planning wave would do well to give at least some consideration to Mrs. Jacobs' views. Even those who have no interest in or responsibility for the future shape of urban development should find her ideas fascinating.

Moving Mountains or The Art and Craft of Letting Others See Things Your Way by HENRY M. BOETTINGER, The MacMillan Company, New York, 1969, 329 pages, \$7.95.

This book on the art of persuasion has much to say that is of

value to consultants, businessmen, and others who have occasion to sell ideas—although its style can become somewhat wearing after a few hundred pages.

The author of this book, rather surprisingly the assistant comptroller in charge of management sciences for American Telephone & Telegraph Corporation, says it is for "those who have something to say, but who are dissatisfied or irritated by their inability to present their thoughts to others." In it he explains how to make presentations; handle discussions; and prepare speeches, memos, and reports in such a way as to influence others.

Mr. Boettinger's writing style, variously described on the book jacket as urbane, witty, lively, and imaginative, is all of that, as a sample listing of his chapter headings will indicate:

"Presentations Are Performances or Why There's No Business Without Show Business," "How to Get and Hold Attention or Creating Sleeplessness," "Matching Style to Material or Don't Cut Meat with Scissors," "Some Psychological Hints or What Every Police Lieutenant, Bartender, Reporter, Dog Walker, and Shopkeeper Knows," "How to Use—and Abuse—Visual Aids 'For They Have Eyes and See Not,'" "Building to a Strong Finish or A Cathedral Is More Than a Pile of Bricks," "Coping with Special Knowledge and Its Jargon or Undermining the Tower of Babel," and "Sources of Ideas or Hunting, Fishing, and Trapping in the Country of the Mind."

As is probably evident, Mr. Boettinger's wit verges, on preciosity, and his book is hard to take in large doses. There is, however, absolutely nothing wrong with the content, which, as Peter F. Drucker points out on the book jacket, goes beyond the title to become a "highly practical treatise both on how one thinks and how one presents thinking." No accountant, consultant, or staff executive should fail to read it.

Briefly listed

Retirement — A Time to Live Anew by HARRY W. HEPNER, McGraw-Hill Book Company, New York, 1969, 298 pages, \$6.95.

As the title suggests, the emphasis is psychological—even inspirational—but there are sections on choosing a place to live; possible purposeful projects, hobbies, and volunteer activities; and information and services available to retirees.

Operation Breakthrough: An Approach to Hotel/Motel Operations in 1978 by Booz Allen & Hamilton, American Hotel & Motel Association, New York, 1968, 174 pages, \$25 (to nonmembers), spiralbound.

This forecast of trends affecting the lodging industry is primarily of interest to those concerned with the hotel, motel, travel, and transportation businesses.

MAGAZINES

Will Your Computer Pay Its Way? by JOHN PLUMMER, *Business Horizons*, April, 1969.

To determine the profitability of the computer as a business investment, management should employ the traditional approach used in any capital investment program—the project approach. This will take the mystique out of computer planning.

Many uses can be made of a computer. Too often, this article points out, a computer is evaluated on the basis of whether it can be applied rather than whether it should be applied. Management should use a project approach to the planning and control of computer development activities.

The key to this approach is the project description. Intensive effort by both operating and computer management should be given to the

The description should cover the objective, expected benefits, costs, and inputs and outputs of the application, and the description should include a summary project evaluation.

Defining objectives

The objective of the computer project is the improvement that will result from its completion. The author feels that in most cases the dollar benefits can be ascertained, but only the operating management can really do it. Where the benefits are difficult to determine, experimentation may supply the needed answers. An example is given of a marketing manager who felt the computer could help him improve advertising effectiveness. He randomly selected market areas for testing. As a result of these tests, a concept of “advertising fatigue” was hypothesized, and a computer-based sales forecast application was developed to relate levels of advertising expenditures to sales and profits generated in an attempt to maximize the return from advertising dollars.

Opportunity costs, as well as direct costs, should be considered. Available personnel may have the competence to develop a computer application, but, if they so utilize their time, they may be unable to develop another application that would be more profitable.

Agreement essential

The author says that there must be complete understanding between operating and computer personnel as to the necessary inputs and outputs of the application being considered. Otherwise, the benefits estimated by operating personnel may be based on inputs and outputs that differ from those anticipated by computer personnel in their cost estimates, leading to an inaccurate estimate of the profitability of the investment.

The project summary should be developed to let top management

know what is being considered. Otherwise, an extensive project may be undertaken when top management is developing plans that would make the application useless. The project summary should include not only the anticipated costs, benefits, and return on investment but also an assessment of the technical and operational risks. Technical risk refers to the likelihood that the desired computer output cannot be achieved. Operational risk refers to the danger that an application will prove not to be feasible. An application that requires several hundred people to perform their jobs in different and unfamiliar ways carries a higher operational risk than an application designed to help an eager production manager improve his approach to production-line scheduling.

Choice of applications

Once the project plans are developed, management must decide which applications should be attempted. The author gives some criteria to guide top management in setting priorities for the projects. The most important criterion is return on investment. Other criteria that should be considered are the distribution of benefits and risk, the balance of risk, personnel interests and capabilities, and departmental priorities.

Secondary criteria

It may be desirable to distribute the benefits among operating managers either for political reasons or to broaden awareness of the computer's capabilities. The probability of achieving benefits is often significantly higher if several projects are under way simultaneously rather than if available resources are tied up in one or two major projects. It may be possible to break down major projects into several sub-projects, each with its own benefits, to satisfy this criterion.

High benefits often reflect high risk, and it may be desirable to balance high- and low-risk appli-

cations. The author suggests that no project be undertaken unless the user department is prepared to commit needed resources.

The last point made by the author is that to obtain the stated objective of any project the project must be controlled. The appropriate control device, whether it be PERT or a Gantt chart, depends on the size and type of the project. Two aspects of control that are often ignored are these: (1) The control system should relate directly to the planning system, and (2) the control of the project should be continued after it is in operation.

Much of the value of the project approach, according to the author, is its familiarity to management. It is, in principle, like the traditional approach to the appraisal of any capital investment. "It takes the mystique out of computer planning. Most important, it puts the focus of management attention where it belongs—on the profitability of the computer as a business investment."

BRADLEY J. SCHWIEGER
Indiana University

Managing Technical-Intellectual Resources by ALBERT SHAPERO, *Business Horizons*, April, 1969.

Management scientists have almost succeeded in mastering the management of the routine, the repeatable, and the specifiable. Our managerial problems, however, have become more complex. Our available body of knowledge appears inadequate and may even be detrimental when applied to the management of one-of-a-kind endeavors. Solution of these more complex problems requires large amounts of technical and intellectual resources. The demand for such resources is high, and the supply is relatively inelastic. Thus, the management of these resources needs greater attention. This attention should take the form of concern with new kinds of goal state-

ments; with manpower and information; and with recruiting, retaining, and motivating a high level of talent.

Since 1900 the United States has made remarkable advances in supplying a sizable portion of the world's demands and in becoming the world's major supplier of management knowledge. This management knowledge has been massively transfused to Europe and is still being supplied to underdeveloped countries as part of our aid programs. Our ability to manage the routine, the repeatable, and the specifiable has reached the stage where we can automate almost anything we can specify.

Shift of emphasis

As a result, the emphasis of our concern has shifted to more complex problems. Such problems generally involve numerous and non-commensurate variables. The solution of the complex problems facing today's managers requires large amounts of technical and intellectual resources—scientists, engineers, planners, etc., and the information they generate and use.

The techniques used to manage the routine and specifiable normally are not effective and may even be harmful in the management of technical and intellectual resources. That is, we typically design a job specifying the sequence of work to be performed in detail. We then "human engineer" the job so that the "typical" human will be able to perform the job accurately and rapidly. Then we hire people to meet the job specification and train them to perform the task. Finally, we try to motivate employees to perform their jobs accurately and rapidly.

Old techniques inapplicable

With one-of-a-kind problems, however, we typically cannot design the job in detail. Furthermore, in such kinds of work as R & D we cannot predict what the individual

will be doing in six months or a year. And, if we need several individuals, the first one hired may change the characteristics required of the next one hired. Thus, the techniques used in managing the routine and specifiable are not appropriate to the management of technical and intellectual resources.

New science needed

We need to develop a new body of knowledge relevant to the management of activities that are

1. "relatively unspecifiable and non-repeatable"
2. "primarily dependent upon creative human outputs. . ."
3. "dependent on the quality and quantity of available information. . ."
4. dependent on economically and politically scarce resources
5. dependent on the voluntary efforts of men who have many alternative choices.

Keeping these characteristics in mind, we can speculate as to the elements that should be included in an appropriate body of knowledge. Such a body of knowledge should explicitly take into account the uncertainties involved in formulating organizational goal statements. In addition, manpower and information should command primary attention, with all other organizational aspects taking supporting roles. Thus, this new body of knowledge would depend heavily upon the behavioral and information sciences.

Organizational goals

Organizational objectives should be stated in terms of the organization's capability for goal seeking, problem identifying, problem structuring and solving, and self-renewal. Such goals might be stated in terms of achieving a higher probability of relevant and successful outputs over a given number of years without falling below the threshold necessary for survival. Goals of this kind call for a differ-

ent style of management and new kinds of measures of management innovations. For example, measurement of the success of recruitment should emphasize retention and subsequent performance of people hired as well as the number of people hired. Thus, some form of manpower budget should be developed so that managers can be held responsible for excessive turnover. In addition, managers should be concerned with incentive programs geared to the retention, motivation, and education of their creative personnel, particularly of those people most likely to continue to work for the organization. Another area of efficient use of creative manpower is the effective use of the professional hour. Sufficient support facilities, such as secretaries and libraries, should be provided to permit the time of professionals to be spent effectively.

Although much has been said about information collection and retrieval, there should be more emphasis on the information-using habits of scientists and engineers. It does not make much sense to pay a scientist \$25,000 per year and then require him to obtain approval to purchase a \$10 or \$15 book or magazine subscription. If such a publication fits the individual's information-using habits, it may save him time in writing a report or it may help improve the quality of the report. Such publications should not need to be approved by anyone.

CARL G. KRETSCHMAR
Indiana University

Automated Retrieval of Legal Information: State of the Art by STEPHEN E. FURTH, *Computers and Automation*, December, 1968.

An IBM marketing man reports on some aspects of computerized legal search systems.

Documentary information retrieval by computer is being applied to existing and proposed stat-

utes by Federal, state, and city governments and by attorneys. The entire U.S. code and the statutes of a number of states now have been incorporated into computer memories by various organizations.

This author has something to say about computerized document retrieval—although it is not quite what the title of his article implies. He does not offer a comprehensive survey of existing applications, nor does he review the capabilities and limitations of technically feasible systems—two possible interpretations of the term

used in the title, "state of the art."

Instead, he concentrates on a description of an IBM program package called the System/360 Document Processing System. It is usable for textual information storage and retrieval.

Those who are deeply interested in specific information retrieval systems will want to read this thinly disguised sales presentation. Those interested in the overall technical state of the art or the extent to which computerized legal search facilities are available must look elsewhere.

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