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Management Services Forum

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MANAGEMENT SERVICES FORUM

The writer of the following query is a methods and procedures manager for a very large company, making a quite sophisticated office machine, that has recently expanded into several new fields.

We are establishing methods and procedures development groups in our operating divisions. These groups will be staffed with high-quality, professional personnel who will be responsible for designing and implementing manual methods to optimize the contribution and productivity of the clerical work

force in the operating divisions. My job is to monitor and guide these groups from my Corporate Headquarters staff position, which is a new Corporate Headquarters function.

My purpose in writing to you is to seek your assistance in gathering information about organizing and staffing methods and procedures development groups such as: industry guidelines for size of staff in relation to revenues or number of employees in operating divisions, the organizational placement

of methods and procedures organization, how to organize to make cost/effective use of related technologies (for example: work measurement).

I will also appreciate it if you could identify corporations who have organized similar corporate staff organizations to monitor and guide methods and procedures development organizations.

There was general agreement among the MANAGEMENT SERVICES panel that there is no hard and fast rule for the size of a corporate or

PANEL OF ADVISORS:

Under the auspices of MANAGEMENT SERVICES, a panel of management services advisors from leading accounting firms have agreed to answer to the best of their ability questions about any area of management services with

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PHILIP L. BLUMENTHAL, *Geo. S. Olive & Co., Indianapolis, Ind.*

which readers would like help. Both questioners and advisors will remain anonymous. One or more of the following members of our panel are responsible for the answers published in this department:

ROY A. LINDBERG, *J. H. Cohn & Company, Newark, N. J.*
ARTHUR B. TOAN, JR., *Price Waterhouse & Co., New York*
H. G. TRENTIN, *Arthur Andersen & Co., New York*

divisional methods and procedures group. Individual replies follow:

In answer to the inquiry forwarded to me with your letter:

We know of no generally accepted guidelines for the size of a Methods and Procedures staff. Our clients with sizeable office forces have staffs ranging from zero (about 400 in the office) to twenty-five (about 750 in the office). A one-man system staff is quite common in medium-sized companies. Much depends on the extent of computerization, whether computer programmers, manual writers, and forms designers are considered part of the methods group, and the nature of the office operation.

The Methods and Procedures staff if concerned only with office operations ordinarily reports to the controller or data processing manager. If the major problems lie in manufacturing or marketing areas, it may report to an administrative vice-president or the assistant to the president. Although we are not acquainted with other arrangements, the nature of your organization might easily suggest some other logical relationship such as vice-president for management services, head of long-range planning, industrial engineering, or the like.

A large organization can ordinarily benefit from clerical work measurement. This is a sufficiently specialized field so that you would be well advised to employ experienced personnel to do this work. There are a number of techniques used such as Methods-Time-Measurement, Work Sampling, Short Interval Scheduling, each of which has its trained practitioners.

As to identifying companies with experience in this work, we do not feel we should supply the names of clients, but our experience leads us to believe that most companies large enough to be listed on the New York Stock Exchange would have pertinent experience. Your inquirer can query those companies whose size and general nature of operations appear to be similar to those of his own company.

* * * *

My comments with regard to the question raised about organizing and staffing methods and procedures groups are as follows:

1. I know of no industry guidelines indicating the size of staff which should be assigned to such a group, either in relation to revenues or number of employees. In practice the size of a group of this type is usually determined (a) by the number of capable people available to carry out the work, (b) the requirements of contemplated projects, and (c) the expected results which will be derived from their successful completion. Most groups of this type operate on a project-oriented basis and their requests for budgetary funds are determined largely in relation to the probable results of the proposed projects. The size of the staff would be expected to increase or decrease in relation to the attractiveness of these projects (and to others where the talents of this group might be used, even if those projects fell outside its responsibility). In most companies an attempt also is made to spread out the work load of the group in order to provide it with a degree of stability and, conversely, at times to supplement the group by the use of individuals drawn temporarily or on a task force basis from the departments in which they are going to work.

Company philosophy important

Finally, it should be noted that some companies consciously assign the responsibility for methods and improvements to a specialized group, while others assign some of or all of the responsibility for making at least certain types of improvements to individuals in the operating departments. Some companies also rely on using outside assistance for certain types of projects or to cope with a temporary demand which exceeds that which the permanently assigned manpower can comfortably handle.

2. The organizational placement of the methods and procedures or-

ganization likewise varies substantially from company to company. In part, this reflects the nature of work and level of difficulty assigned to the methods and procedures group. In part, it also will reflect the overall organizational philosophy of the company with regard to any one of a number of staff groups (e.g. industrial engineering). It will also reflect to a significant extent whether the work of the methods and procedures group will be restricted to a single department or take place largely within that department or extend over a number of different departments. Finally, it will reflect whether a great deal of highly technical knowledge is required or only the normal type of systems skills. If the responsibility is assigned to a single department, the methods and procedures group will normally report to either the division controller or to the divisional equivalent of an administrative vice president. If several departments are very large users of assistance in the methods and procedures field and most of the problems are within individual departments it will not be uncommon for methods and procedures personnel to be attached to the individual departments in question. This obviously has serious disadvantages as well as advantages attached to it.

The third question is not clear to me and so I shall not attempt to answer it.

I would think that most major divisionalized companies have attempted to deal with these matters in one form or another. In fact, one can say that they can hardly avoid dealing with them and with a corollary question which has not been raised, namely, how should the strength be distributed between corporate headquarters and division?

One could almost pick any well managed, divisionalized company at random and find useful and helpful information on this question.

* * * *

Here are a few notes in response to your inquirer's interest in methods and procedures groups.

I have not succeeded in finding any guidelines to size or configuration of such groups as they relate to revenues or number of employees. Nor have I been able to discover anything in the nature of standards that apply to the organization or staffing of such groups. It is apparent that the range of variations of systems and procedures units is very wide indeed.

The very lack of specific information makes it apparent that systems and procedures productivity will depend upon the degree of planning and controlling done; i.e., the objectives of the group must be defined beyond doubt, the work mixing be tightly scheduled, and progress carefully controlled. Nothing could be more destructive of such a group than to give it an amorphous assignment and allow it to operate permissively.

One of the reasons this should be avoided is that staff members must be chosen for well demonstrated skills in the area. This means they are going to be expensive and, very likely, fairly powerful individuals. Having such people around without specific missions and ready capacity to do the work will cause more disruption than accomplishment.

One of the touchiest problems to be dealt with but one that must be resolved is the question of the nature of this group's authorities. I have seen huge internal consulting staffs virtually immobilized because they were instructed to treat the department and units they worked for as "clients." This largely reduced the consultative effort to pleasing people and not making waves. I do not believe that staff groups can have unbridled power to change things; that power should rest in the hands of the managers of the business. Nevertheless, no business can run on the basis of totally particularized authorities, so things are going to have to be made the same throughout the enterprise. This very well may be true of the

methods and procedures group, they ought to address themselves to systems and subsystems for the entire company, and this means that in some meaningful way they must not be subordinated in their focus of attention or interests to any but the top executives. This means they must have the right to look where they wish and to recommend without restraint from unit management.

And another question . . .

I am working in the Research and Budget Office of a city, on a project to compile information and to make recommendations as to possible revisions in our City Council procedures.

Insofar as City Council meetings are concerned, we have no real written information available to us now that could serve as a guideline for our project, since nothing of this nature has been undertaken here in the past.

It has occurred to me that perhaps an article or articles on the topic of City Council procedures have appeared in the back issues of your publication. If this be the case, would you please inform me as to how I might go about obtaining such back issues, either directly through yourself or through some other source.

I must emphasize that time is a very important factor, since my project is due to be completed at the end of August. [An answer was sent the correspondent at the time, but this exchange could not be published earlier because of space limitations. Ed.] Any help you may be able to give me will be greatly appreciated.

Ed. Note: The writer is an official in a seacoast city of approximately 150,000 population in the Southeast.

The panel prepared, and this office relayed to the writer, the following list of suggested reference material relating to Government Systems and Procedures.

Although MANAGEMENT SERVICES has not published any articles specifically relating to City Council procedures, the following references are representative of recent literature relating to the broad area of Government Systems and Procedures.

"Planning Programming Budgeting System. MTM Criteria for PPBS," *Journal of Methods—Time Measurement*, May/June, 1968 (2200 Fuller Road, Room 101 B, Ann Arbor, Michigan)

"Quiet Revolution in Government Planning Techniques," *Management Review*, April, 1968 (American Management Association, 135 West 50th Street, New York, New York 10020)

Governmental Accounting, Auditing, & Financial Reporting, National Committee on Governmental Accounting, 1968 (1313 East 60 Street, Chicago, Illinois 60637)

"Systems Analysis in Government Operations," *Management Science*, October, 1967 (The Institute of Management Sciences, Box 273, Pleasantville, New York 10570)

"Distributed Output Concept for the Planning - Programming - Budgeting System," *Personnel Administration*, July, 1967 (The Society for Personnel Administration, 1221 Connecticut Avenue, N.W. Washington, D.C.)

"Planning - Programming - Budgeting: Government's New Tool for Improving Efficiency," *Conference Board Record*, May, 1967 (National Industrial Conference Board, 845 Third Avenue, New York, New York 10022)

"International City Managers' Association Idea Generates City Policy Seminar," *Public Management*, June, 1966 (International City Managers' Association, 1313 East 60 Street, Chicago, Illinois 60637)

"Renaissance of Cleveland," MANAGEMENT SERVICES, March/April, 1966 (American Institute of CPAs, 666 Fifth Avenue, New York, New York 10019)