

1-1972

What People Are Writing About

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Recommended Citation

Krueger, James M. (1972) "What People Are Writing About," *Management Adviser*. Vol. 9: No. 1, Article 7. Available at: <https://egrove.olemiss.edu/mgmtadviser/vol9/iss1/7>

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what people are writing about

BOOKS

Corporation Man by ANTONY JAY, Random House, New York, 1971, 304 pages, \$7.95.

In this book the author of Management and Machiavelli uses the "New Biology" as a peg on which to hang some provocative observations about the way to organize work.

In his best-selling *Management and Machiavelli* (M/S May-June '68, p. 59) Antony Jay, a British management consultant, analyzed

the behavior of corporations by comparing them to political states. In this new book he has found a more newsworthy source of analogies than Machiavelli—the so-called "New Biology."

In the past few years such writers as Konrad Lorenz, Desmond Morris, and Robert Ardrey have popularized a new approach to the study of man. The New Biology, as Jay interprets it, "takes Darwin a whole stage further: it shows animal behavior, and human behavior, as the consequence of the same evolutionary pressures that produced claws and teeth, feathers and fur, or hooves and horns. Status-seeking emerges

not as an unworthy failing of jealous executives, but as an immutable ingredient in man's make-up. . . . The same is true of exploring, and aggressive behavior, and defense of territory, and protection of young: they are deep in our nature because our predecessors who lacked these qualities died, while our ancestors who had them survived."

Using this theory as a base, Jay goes on to analyze Corporation Man in terms of the "enduring essentials of human collective behavior: the elements which go back . . . to the hunting life which over millions of years formed us into what we are today."

REVIEW EDITORS

In order to assure comprehensive coverage of magazine articles dealing with management subjects, MANAGEMENT ADVISER 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 ADVISER. Unsigned reviews have been written by members of the magazine's staff.

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He concludes "that there is, in the most proper sense of the word, a natural way to organize a corporation or government institution or any other human enterprise involving large numbers of people . . . the basic unit is not the individual but a group, nearly always a male group, which varies from three to twelve or fifteen in number, and perhaps optimizes somewhere around ten; that this group is bound together by a common objective, with the bond of trust and loyalty thus formed capable of becoming an extremely powerful uniting force; that the ten-group needs to decide on (or at least take part in deciding on) its own objective, and to work out for itself how that objective shall be achieved; that it will evolve a leader out of its own members by a process of interaction between the needs of the task and the nature of the individuals; that the leader once evolved will resist challenges to his authority from inside and from outside the group; and that he will quell strife, punish dangerous behavior, discard passersengers, and enforce the status-ranking."

"Hunting band" analogy

Jay establishes all this by careful analogy with the hunting band, whose establishment, he says, is shown by the New Biology to be a basic urge—perhaps an instinct—in man. "This, then, is the premise upon which the book rests: that the tendency to form 'hunting bands' groups of about ten people, nearly always men, is a part of our nature; that these groups have been the instrument of our survival for up to fifteen million years; and that the modern corporation, or any large modern organization, still depends on these groups for its survival."

The hunting band, which Jay dubs the "ten-group" (deducing the ideal number for a work group from military and sports practice and his own experience), is vital to morale in the corporation, Jay

believes. Personnel management's preoccupation with the motivation and development of individuals is misplaced, he says; the key unit is "the group whose members depend on each other for survival, as they have for fifteen million years . . . the formation, support, and development of effective ten-groups . . . is the major task to ensure the morale and long-term future of . . . organizations."

Ten-groups, he notes, are "trying to form themselves all the time." If they are not formed to promote the objectives of the corporation, they will form themselves in opposition to it (work restrictions and unionization).

Spontaneous grouping best

Ten-group organization, which Jay identifies with Douglas McGregor's Theory Y, is both more natural and more effective in corporations, he argues, than hierarchical or "instrumental" organization (the equivalent of McGregor's Theory X—"People don't want to work, they don't want responsibility, they have to be controlled and directed and coerced"). As the success of corporate task forces has shown, people will work effectively in a semi-independent small group that is given an objective and allowed to work out its own means of reaching it. Telling each man to turn a crank ten times an hour—"the instrumental approach to managing large concentrations of men"—tends "to force the growth of a natural organization of ten-groups in opposition. The corporation then has two management structures—the official one it draws up and circulates, and the one on the factory floor that controls the work."

The leader, says Jay, evolves naturally out of the group. "Leadership is not a quality at all . . . leadership itself is a relative term. A man becomes a leader in relation to a specific group and a specific task . . . All too often the corporation gets itself into desperate trouble by not endorsing the

evolved leader; it thinks it is choosing between one candidate and another, whereas in fact it is choosing between order and disorder."

The ten-groups are the real line organization of the corporation, according to Jay. He compares the corporate staff to the camp (including the women and children) that backed up the hunting group and warns against letting the staff grow too large or too powerful. The chairman of the board he compares to the senior elder of the camp, the man whose task it was to plan for the long term as contrasted to the chief executive officer (or leader of the hunting groups).

Hunting groups or ten-groups plus the camp make up the tribe, or small company, whose ideal size he identifies as 400 to 500 (the largest number that the chief executive can know personally—hence the "identity group"). In a large corporation the tribe might correspond to a profit center.

Larger companies he classifies as kingdoms (again warning against letting the palace group become dominant), and corporate giants are described as empires. The farther Jay's analysis gets from the basic ten-group the more strained it becomes, but, just as in his earlier book, he has sense enough to ignore his theme where it does not apply. In the latter part of the book he devotes increasingly less attention to the New Biology and increasingly lets his observations about management stand on their own.

He has much to say that is worthwhile. Although his chapter on status is one of the weakest in the book (What is there left to say about status symbols?), he is wise enough to echo Col. Lyndall Urwick's sage suggestion that status and function should be separated from each other, as they are in the military services, and that more use should be made of "citations for gallantry."

On decentralization:

"Several people have noticed how the argument between cen-

tralization and decentralization, though it never ends, goes in phases; that there is no correct state to be achieved—even for a single corporation, let alone as an absolute rule for everyone. There is simply a central mark, and the needle moves from one side to the other. My guess is that the needle follows the movement from boom to slump and back.”

On meetings:

“In practice, even the most apparently futile of meetings usually serves some wider corporate purpose than simply preserving the mental health of those who attend; it builds and maintains the communications network, it gives a feeling of security, it helps to sort out status and quasi-territory, and it reaffirms identity and the sense of belonging. No corporation could survive . . . if every member traveled in from his private house by his private car to his private office, met no one during the day, and traveled back in the evening.”

“International corporate tribes”

In the concluding chapter Jay expresses the hope that the international corporation—by providing a “comradeship of international corporate tribes”—may serve as a counterweight to the “chauvinism of national governments” and some day bring an end to war.

All this has carried the author increasingly far from the prehistoric hunting group, but, as he himself is the first to admit, the New Biology is not the whole truth about the corporation but merely one facet of it. This book, he says in the preface, is “not the full and sole truth about the nature of the corporation which has somehow been concealed from all previous writers. It is just one more photograph, even if it is taken from a new angle, and it does not make sense unless it is looked at in conjunction with the other familiar pictures which we have all been looking at for some time.”

Jay’s photograph is a lively and interesting one—not the less inter-

esting because his message is embedded in a controversial—and quite possibly invalid—thesis. Actually, his advice to management can stand without the New Biology and stand well. It is basically common sense—with the New Biology added for seasoning.

True, Jay’s common sense is more common than innovative—but it is common sense so entertainingly presented that the message cannot be missed. Critics who dismiss Jay as a “mere popularizer” err in the choice of adjective; the role of the popularizer is not to be sneered at if what he is popularizing has merit—and in this case it does.

Office Work Measurement by HAROLD W. NANCE and ROBERT E. NOLAN, McGraw-Hill Book Company, New York 1971, 184 pages, \$11.50.

This is a simple, concise explanation of the elements of work measurement by use of MCD (Master Clerical Data).

The authors of this book, both officers of the Sirge A. Birn Company (a consulting firm specializing in clerical work measurement), are hailed in the foreword as “recognized leaders in the field of work measurement.” The foreword, incidentally, is by Sirge A. Birn.

Thus, it is evident that these authors have something to sell, namely, a work measurement technique (MCD or Master Clerical Data) that is used by the Birn firm. Nevertheless, they do their selling job well.

Explains need and pitfalls

The book explains the need for work measurement in the office, attitudes that must be overcome first, how to plan for a work measurement program, how to sell the program to employees, how to select analysts and pilot areas, how to conduct the study, how to conduct

an employee interview, how to design and use control reports, and how to enlist the cooperation of supervisors.

Book is overview

The authors tell enough about work measurement to convince the management reader that it is feasible in the office and to show him how to organize a program. They do not tell enough to enable someone to go ahead and actually do a work measurement study without the help of a consultant—but then if they did, they would probably lose their readers anyway. And they are generous in their use of sample forms as illustration.

As a sales piece and as a primer in a fairly complex field, this book is well done.

Computers and Crisis by R. W. BEMER (Editor), Association for Computing Machinery, Inc., 1133 Avenue of the Americas, New York 10036, 1971, 401 pages, \$15 (hardcover), \$7.50 (paperbound).

This volume, the edited proceedings of the ACM’s 1970 conference, may well be more interesting for its demonstration of a novel way to hold a conference than for its contents, which are thin despite their bulk.

Conference proceedings, as the editor of this one notes, typically are issued a year or more after the event to “gather dust on the shelves of the fraction of the interested community that actually attended.” This book is not intended for that fate. It is aimed at the “much larger number of nonattendees who could also profit from what might be the first cohesive, broadband look at computer usage.”

Instead of simply reproducing what was said, the editors have put a tremendous amount of work into “selective reporting, distillation to essence, . . . structuring to

accommodate many vectors of interest, and . . . editorial cut and fill" in hope of producing "a readable volume for the generalist, requiring a minimum level of knowledge of or contact with the computer industry."

The conference itself was also unusual. Instead of the conventional gathering with presubmitted papers, ACM, its staff says, decided "to throw the meeting open to a free exchange of ideas and questions in 17 main sectors of interest ranging from education to medicine and the humanities." The result was a "three-day dialogue between a group of innovative users of computers and computer professionals."

The editors then tackled the more than 2,000 pages of transcript, involving more than 200 chairmen, speakers, and panelists at 115 sessions, gleaning the most interesting exchanges and adding summations and commentary.

It must have been a tremendous amount of work. Unfortunately, the results do not really justify the effort, for the conference itself was just not that interesting.

In essence, it consists of an updating of what has been going on with computers in the 17 sectors—data, people, programing, communications, education, finance, government, health and welfare, industry, transportation, urban affairs, engineering, the humanities, law, management, medicine, and science.

From the computer specialist's point of view, what was going on in 1970 was not all that different from what was going on in 1969. From the general reader's point of view, despite the editors' efforts to provide background, each isolated session lacks perspective. And, of course, there is no cohesion.

Another problem for the general reader is the format. The computer helped to prepare the material, which is reproduced in a typewriter face without any spacing between lines so that it is gray and difficult to read. Unfortunately, because of lack of time, the plan for computer-controlled typesetting had

to be abandoned; the copy was run on Datel terminals and photo-reduced. As a result, even the boasted-of lack of formulas in the book is not enough to give it much appeal to the general reader. The editors' basic idea was a good one; what they needed was more exciting material.

Understanding Modern Business

Mathematics by A. M. C. MORRISON, C.A.; R. BURDEN; and M. G. CRABTREE, C.A., The Accountants' Publishing Co. Ltd. (Publishers for the Institute of Chartered Accountants of Scotland), 27 Queen Street, Edinburgh, Scotland 2, 1971, 259 pages (paperbound), 3 pounds (\$7.42 at the time of this writing).

Here is another—a British—entry in the already crowded field of mathematics for the nonmathematician. This one, however, has certain novel characteristics that may well make it the best of the lot.

It is a truism that most accountants—like most businessmen—who are more than a few years out of college lack the mathematical background they need to cope with today's increasingly mathematics-based business world. A number of persons have sought to help remedy this deficiency by supplying self-study manuals.

And here is another one. It has, however, some unusual, perhaps even unique, advantages over the others.

For one thing, two out of the three authors are not mathematicians, which should enable them to understand the reader's point of view. For the most part the book is based on papers prepared by two partners in a firm of chartered accountants for use in training their own personnel.

One of the authors, according to the preface, wrote the papers "while studying the subjects for the first time when already well advanced in the vale of years. These are the kind of—no doubt very elementary—questions that entered his

mind when coming to the matters *de novo* . . . most of it has been written and designed by someone *learning* the subject for the first time rather than someone *teaching* it for the *n*'th; the questions asked here are the questions that actually were asked, and these were the kind of answers that actually were accepted as answering them."

These authors feel that the businessman's aim in mastering mathematics is "understanding not expertise . . . most managers and accountants today need to be able to talk to the experts, to quiz them, to understand what kind of things these tools can do. This is therefore a 'why' book, not a 'how' book."

"Elementary school mathematics" is not repeated. (It is to be hoped that British and American elementary school mathematics are the same.) The book goes on to cover fields that were not "conventional school mathematics say twenty or thirty years ago. . . . We begin at the beginning of the part that is new. The book is therefore designed for those who never specialized in mathematics at school, or who covered the ground in a more mechanical way and have now forgotten whether they ever knew the explanation of what they were doing, let alone what the explanation was. It is a book exclusively for the non-mathematician."

Therefore the treatment is not rigorous, and the explanations given are essentially verbal. That does not mean, however, that the use of mathematical symbolism is avoided. In fact, the first chapter is devoted almost entirely to a sort of glossary of the language of mathematics. (The Greek alphabet is reproduced at the end for those who may have forgotten or never learned it.)

The second chapter, on symbolic logic, is described as "required reading for parents whose children are doing the 'new' mathematics." Other subjects covered are permutations, combinations, and the binomial theorem; calculus; probabil-

ity theory; basic statistical language; statistical inference and the logic of sampling; correlation and regression; empirical and subjective probabilities (including Bayes' Theorem, exponential smoothing, and Monte Carlo simulation; stock optimization; linear programming; and matrix algebra).

Although the style of the book is concise, it is frequently enhanced by the kind of dry wit so often found in the work of British authors who are not professional writers. Besides being a useful book, this is an entertaining one. It should have great appeal to accounting and management advisory services personnel in CPA firms.

Briefly listed

Financial Management by GORDON WRIGHT, McGraw-Hill Book Company, New York, 1971, 291 pages, \$12.50.

This author, a certified accountant in England, sees the functions of the financial manager as the provision of funds and the control of their use in a business. He divides his book into three sections: managing assets, managing sources of funds, and corporate strategy. Topics covered include inventory management, credit management, cash management, capital budgeting, costing and pricing, problems of valuation, and mergers and takeovers.

Management Decision Systems: Computer-Based Support for Decision Making by MICHAEL S. SCOTT MORTON, Division of Research, Harvard Business School, Soldiers Field, Boston, Massachusetts 02163, 1971, 216 pages, \$8.

This book describes an experiment in decision making using a computer-based technique called Management Decision Systems (MDS). The system involves the use of interactive graphics terminals, a multiple-access computer, and a data bank and model bank rele-

vant to the problem. The system, designed to support "a real ongoing decision" was tested by line managers in an operating environment. The book explains the system and the theory behind it, the software used, the effects on the managers studied, and the types of problems for which such systems can provide useful support.

Accounting: A Guide to Information Sources by ROSEMARY R. DEMAREST (Editor), Gale Research Company, Detroit, 1970, 420 pages, \$14.50.

This annotated guide to the literature, associations, and Federal agencies concerned with accounting was prepared by the chief librarian of Price Waterhouse & Co. It is described in the introduction as "a basic guidebook for the identification of authoritative sources and for specific subject and industry references . . . for anyone wishing to perform competently in the fields of corporate accounting, government regulation, education, and professional public accounting." Sources listed include associations and their periodicals; United States Federal regulatory agencies and their major publications; bibliographies; indexes of accounting literature; and accounting handbooks. Books listed include those that show how accounting has evolved through the years and major works on various aspects of accounting published through 1969. Publications used in tax and management advisory services practice are listed in special sections. In the final part of the book are listed the publications that would make up a basic accounting library. In the appendices are directories of state CPA societies, state boards of accountancy, and publishers.

MAGAZINES

Guidelines for the Practice of Operations Research by the OPERATIONS RESEARCH SOCIETY OF

AMERICA AD HOC COMMITTEE ON PROFESSIONAL STANDARDS, *Operations Research*, September, 1971.

This statement on the ethics and techniques of operations research, provoked by the 1969 Congressional debate on the Safeguard missile system, should be of interest to all professionals who give advice to clients.

During the 1969 Senate Armed Services Committee debate on ballistic missile defense, sharply conflicting analyses were presented by operations research specialists representing the Administration and anti-Administration points of view. One of these specialists, Professor Albert Wohlstetter of the University of Chicago, requested an ORSA investigation of "some aspects of professional conduct during the ABM debate . . . not whether the ABM decision was good or bad, but a question of professional standards and professional ethics."

A committee was named under the chairmanship of Thomas E. Caywood, Caywood-Schiller Division, A.T. Kearney & Company, Inc. Other members, all also past presidents of ORSA, were Howard M. Berger, Business Products Group, Xerox Corporation; Joseph H. Engel, Systems Engineering Department, University of Illinois at Chicago Circle; John F. Magee, Arthur D. Little, Inc.; Hugh J. Miser, Department of Industrial Engineering and Operations Research, University of Massachusetts; and Robert M. Thrall, Department of Mathematical Sciences, Rice University. The results of their investigation take up the entire September, 1971, issue of the ORSA journal, *Operations Research*.

A 70-page analysis of the way in which operations research questions were treated in the debate raps some of the opponents of the Safeguard system (and of Professor Wohlstetter) for their conduct of their side of the debate. According to the committee:

"The evidence strongly supports the disturbing conclusion that

when prominent experts outside the Administration supported their opinions on Safeguard deployment with arguments or results of an operations-research nature these analyses were often inappropriate, misleading, or factually in error. Moreover, in many instances, elementary standards for proper presentation of results to permit verification and meaningful dialogue were not met. Failure to distinguish properly between the roles of the analyst and the advocate contributed to the lack of complete research to clarify the presentation. Quite often the misleading nature of an analysis is not apparent on a superficial reading. Because of this, poor analyses can be quite effective in public debate."

Professional guidelines given

This document, of interest principally to those concerned with the ABM issue, is an appendix to the main report, which seeks to set forth guidelines for professional practice in operations research. Guidelines covered include general procedures, beginning a study, conducting a study, reporting a study, reviewing a study, and following up a study as well as a specific analysis of the role of the operations analyst in an adversary process. This report should be, as the editors suggest, "of wide interest to those who give or receive technical advice and to those who perform or use scientific analysis," including management consultants and tax consultants as well as OR specialists. Another appendix, on the nature of operations research, is of value to consultants who conduct OR studies.

Program Budgeting Works in Nonprofit Institutions by RODERICK K. MACLEOD, *Harvard Business Review*, September-October, 1971.

Nonprofit institutions can never hope to account for their costs with the precision that is taken for grant-

ed in business. Too many of their workers are professionals, and their "products" are often too intangible. But even an inexact cost accounting system can produce many benefits, as this case study shows.

Traditionally, nonprofit service organizations have been casual about—if not hostile to—cost accounting. As Mr. Macleod points out, they have considered it both unnecessary—since their funds usually came from gifts—and impossible—because their services were both qualitative and intangible. In recent years there has been increasing pressure to change this attitude—both from cost-conscious trustees and community chests and from Government (as in the case of Medicare, for example).

In this case study Mr. Macleod, a partner of Lybrand, Ross Bros. & Montgomery, uses the experience of a mental health clinic of whose finance committee he has been chairman to illustrate what can be done. The agency, he says, is representative in that it derives its funds from "a variety of sources for a variety of reasons; its professional staff is employed on a variety of terms; and there is no objective or numerical measure of its diversified services."

Where ignorance was bliss

The center's new program budgeting system was sparked by a new director who felt the need of cost information for use in fund raising and setting priorities. With the help of a college student who had no accounting background or other qualifications for the task, he succeeded in installing a workable system in less than three months. "Perhaps an important reason for this extraordinary accomplishment," the author notes, "is that neither she [the college student] nor the director was burdened with the professional accountant's knowledge of how difficult it is to set up a new system."

They started by defining the programs carried out by the center

and then asked the professional staff members to report how their time during an average week was allocated among the 26 programs. Reporting was on a percentage of time basis because of the numerous varieties of part-time participation. This made it easy for the professionals, an important reason for the cooperativeness they displayed. The results may not have been very accurate, but, Mr. Macleod emphasizes, "... even a rough idea of the cost of a program is so useful that arguments about precision are reduced to the level of quibbles."

Pay proportioned to time

Salaries—or salary equivalents for trainees and those donating time—were assigned to the programs in proportion to the percentage of time each professional gave to each program. Overhead, which turned out to be insignificant (less than 10 per cent of total costs), was assigned to programs in proportion to their salary costs.

The remaining step was to figure out who was paying for each program. Assigned grants were allocated first, then appropriate fractions of the state salaries paid to professionals who had indicated participation in the programs. The difference between these funds and the total program cost was made up from the amounts billed to the communities served.

Crude and simple though the system is, it has produced many benefits, the author reports. The center was able to start assessing users for the cost of the services they demanded. In some cases this meant asking the city administrators for more money; in some cases not—"Sometimes we 'found' costs that were reimbursable under one program buried in another."

Now, too, the center is able to examine the costs of new demands made on it and to "think and talk about relative costs in setting priorities." There may also have been some improvement in professional performance, but any increase in "efficiency" has been minor com-

pared to the help the cost accounting system has provided in resource allocation and in getting full reimbursement from agencies sponsoring contract research or specific aspects of treatment (i.e., Medicare).

"It can be done"

The message of this article, Mr. MacLeod concludes, is "not that we have found program budgeting and accounting to be a good thing; everyone knows it is. My message is that *it can be done*."

He also offers these recommendations to institutional administrators and trustees:

"Insist on knowing what the institution's programs are and who is paying for them.

"Insist on analysis of the costs of proposed program changes.

"Insist that the reasons for proposed changes in expenditures be stated, and in terms of output of services.

"Insist on knowing what the institution is getting for its overhead."

Strategic Planning in the Small Business by STEVEN C. WHEELWRIGHT, *Business Horizons*, August, 1971.

Besides describing a recent research program and the specific application of strategic planning procedures in three companies, Mr. Wheelwright has set forth a general approach for selecting and implementing a strategic procedure which will, in his opinion, be especially beneficial to a small, growth-oriented firm attempting to achieve satisfactory profitability.

Strategy, the development of an approach that gives a company a competitive advantage in meeting the needs of the market, is important for two reasons: first, a good strategy greatly enhances the chance of success; and second, a body of research has been developed which allows a company to

evaluate the worth of a given strategy. Mr. Wheelwright then proceeds from the fact that strategy, as defined above, is important.

According to Mr. Wheelwright, the first aspect of a good strategy is that it is possible to develop criteria for evaluation of the strategy before it is implemented. The second aspect of a good strategy is that it is possible to define the purpose that the strategy is to serve in the company.

A three-phase, two-year program of research was carried out at the Stanford Graduate School of Business in order to study the effects of various factors on corporate strategy. The major result of the first phase, which was strictly exploratory, was that business managers felt that they developed more creative and unusual strategies when they used an interactive computer in their strategy development.

The results of the second phase of the research program, which was aimed at developing a controlled experiment that could effectively test the impact of the interactive computer program on strategies, were that in some cases a given set of procedures for strategic planning were better than none, while in other cases, a given set of procedures were worse than no procedures.

In the third phase of the research program, two classes of procedures, synoptic and incremental, were compared. Synoptic procedures emphasize generating a range of alternative strategies, and then examining the entire range of possible strategies in order to select the one which would best accomplish the stated set of objectives. Incremental procedures usually consist of identifying the strengths and weaknesses of the firm along with the threats and opportunities of the environment (particularly competition).

Two major conclusions resulted from the third phase. First, although synoptic procedures resulted in more creative strategies, incremental procedures resulted—overall—in better strategies. Sec-

ond, both the synoptic and incremental procedures were affected by each of the following elements: the strategic planner, the strategic task, and the environment in which the planning took place.

The research findings were then applied to three firms in different stages of development: (1) a new enterprise in the computer peripheral equipment industry; (2) a prominent firm in the urban planning field; and (3) a well-established firm in the yearbook printing industry. Mr. Wheelwright briefly described the situation of each of the firms, the procedure for strategic planning which was used in each, and finally the effectiveness of the particular procedure for strategic planning.

In each of the three firms, a different purpose was achieved by using strategic planning. In the computer peripheral company, the major focus of the strategic planning process (after the initial search for alternatives) was the development of a strategic plan to serve as a guide for action. In the urban planning company, a strategy had to be developed which would ensure continued success of the firm and which, also, would be acceptable to the two founders of the company. The major purpose of the strategy in the yearbook printing company was to strengthen the company's position by focusing management attention on those actions required to implement the strategy.

Because of the complexity of most situations, it is impossible to develop one approach for selecting and implementing a strategic planning procedure in a firm. However, it is possible to develop, and Mr. Wheelwright does set forth, some guidelines that will usually prove beneficial. First, in selecting a strategic planning procedure, it is necessary to specify and define the three most relevant variables: the planners, the environment, and the strategic situation. Second, it is necessary to identify the one main objective of strategic planning in the situation in question.

Once the above two prerequisites have been satisfied, it is then possible to select a strategic planning procedure. The strategic planning procedure which is finally selected should be one that lies between the synoptic and incremental procedures and, at the same time, best helps management achieve its purpose.

After the procedure has been selected, it must be implemented. First, responsibility must be assigned for preparing, recording, and communicating the corporate strategy to the appropriate members of management. Overall responsibility for strategic planning should rest with the chief executive officer.

Second, the task of strategic planning must be started and then kept moving. In this phase, it is necessary to keep the major purpose of the strategic planning in mind in order to prevent unnecessary delays over minor details.

Third, in order to complete the plan, it is necessary to put the strategic plan in writing so that it can be communicated to others and easily referred to.

It is possible that, once a strategy has been developed, a firm may fail to adopt it. In order to prevent this, Mr. Wheelwright recommends that the written strategy should be translated into a series of specific actions against which actual performance can be measured. Such an evaluation procedure is often accomplished through a series of periodic (monthly or quarterly) planning meetings in which the progress in adopting the strategy is reviewed.

JAMES M. KRUEGER
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Participative Management: A Panacea? by REED M. POWELL and JOHN L. SCHLACTER, *Academy of Management Journal*, June, 1971.

Participative management has become something of a fad in some circles. This report of a research study on its effects suggests that, while it may enhance worker

morale, it does not necessarily lead to increased productivity.

Participative management, the idea that employees should be consulted about the management of their jobs, has been lauded as a way of getting workers to care about their jobs and hence to do them better. Some studies have seemed to indicate that the technique does, in fact, pay off in terms of job performance.

None of those studies, however, was conducted in an environment in which no other incentives to improved performance were present, these authors point out. In industry, they say, "economic reward almost invariably accompanies improved performance"; hence, it is "quite impossible to divorce the effects of participation from the explicit or implicit economic incentive which accompanies it."

Tested in nonprofit setting

The authors decided to test the effect of participative management in an environment "different from the typical industrial setting and without economic incentives." The environment chosen was a government organization in Ohio (the Operations Division of the Bureau of Traffic, Ohio Department of Highways). The department had, of course, no wage incentive system, and promotion was based on seniority rather than performance.

Six groups, members of two construction and four electrical crews responsible for the installation of electric utilities for the state highway system, were allowed—with different degrees of participation—to perform the scheduling activity that determined their work routines for the coming months. Changes in both productivity and morale were measured at the end of 5½ months.

Three distinct degrees of participation were employed. In first-degree participation two crews worked indirectly in determining their work schedules by having their supervisors confer with Operations about the acceptability of

the final schedules. Second-degree participants conferred directly with a representative of Operations in developing their work schedules; and third-degree participants assumed entire responsibility for their work schedules.

The two crews participating at the first-degree level showed contradictory results. One crew improved its productivity slightly; the other crew performed at a lower level than before. In neither case, however, was the change statistically significant. There was no significant change in morale.

Results were also inconclusive for the second-degree-participation crews. One crew showed a gain (although it was not statistically significant) in productivity; the other crew showed little change. Neither crew showed a significant change in morale.

Both the crews that employed third-degree participation showed marked improvement in their attitudes toward both the motivational and maintenance factors involved in their job performance. Better performance, however, did not follow. The performance of both crews was consistently poor, in one case significantly so.

All this, the authors say "does not suggest that the manager should abandon his attempts to involve his people as participants in the decision making process and work activities. Instead, it points to the importance of the manager's being able to find that trade-off point between participation and morale on the one hand and high productivity on the other which gives him the best overall results."

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