

THE PRINCIPLES AND PRACTICE OF MANAGEMENT

EDITED BY

E. F. L. BRECH

ASSOCIATE AUTHORS

R. M. ALDRICH

H. E. BETHAM

A. W. FIELD

R. G. LAGDEN



SECOND EDITION

THE PRINCIPLES AND PRACTICE OF MANAGEMENT

Edited by

E. F. L. BRECH
B.A., B.Sc.(ECON.), F.B.I.M.

Associate Authors

R. M. ALDRICH
M.I.P.M., A.M.B.I.M.

H. E. BETHAM
F.C.A.

A. W. FIELD
B.Sc., A.M.I.MECH.E., F.B.I.M.

R. G. LAGDEN
M.I.M.S.M.



LONGMANS

LONGMANS, GREEN AND CO LTD

48 Grosvenor Street, London W.1.

*Associated companies, branches and representatives
throughout the world*

Second edition © Longmans, Green and Co Ltd. 1963

FIRST PUBLISHED	1953
TENTH IMPRESSION	1961
SECOND EDITION	1963
SIXTH IMPRESSION	1968

PRINTED AND BOUND IN GREAT BRITAIN BY
HAZELL WATSON AND VINEY LTD
AYLESBURY, BUCKS

THE PRINCIPLES AND PRACTICE
OF MANAGEMENT

By E. F. L. Brech

ORGANISATION: THE FRAMEWORK
OF MANAGEMENT

By Leonard Hardy

MARKETING FOR PROFIT

PREFACE TO SECOND EDITION

HOWEVER unusual the initiation, this Preface starts deliberately with a plea to reviewers—even more than to student readers—to read it, because of its bearing on the arrangement of the book and the presentation of the content.

Consumer satisfaction reflected in continuing and growing sales at profit to the producers is an accepted criterion of business success the world over. To accomplish this while contributing constructively to social advancement through higher education is an added gilding to the success. No less is the attainment of this volume in the few years of its life since first publication.

Acceptance and success, however, impose their own obligations. To the extent that this volume has gained standing as the authoritative British textbook for the serious study of management—standing thus abroad as well as at home—there is the obligation to bring its content and quality to the higher standards that are required to match the advancing levels of contemporary practice. Such is the purpose of this revised second edition. The revision has been thorough-going, the amendment comprehensive: there are new contributing authors, new matter in line with current thought, new presentation where application has advanced. To claim with a subject as wide as modern management that no aspect has been overlooked would be presumptuous, but it can be claimed that, within the limits of practical presentation, the volume offers some instruction on most of the facets of the role of any successful manager.

In fact, the comprehensive range of the revision is the source of one serious misgiving—for the already considerable length of the first edition has been extended in the second! Unavoidably so, if the revision was to accomplish its purpose. It can, perhaps, be taken as an Editor's privilege to forestall the criticisms of the reviewers: here indeed is a legitimate occasion, for there will assuredly be dismay at this greater size of the volume. Only one basic answer is the justifying explanation—the importance of the subject and the necessity to ensure that those who are practising, or aspiring to practise, the profession of management have opportunity afforded to see their skills and their roles in the round. The alternative treatment is a series of specialist handbooks, an approach that would negate the very objective of this work. That suggestion was made for the first edition and it will be repeated for the second; perhaps

advances in the understanding of management principles and practices will make it reasonable for the third! Such a state of development, however, has not yet been reached, and it has therefore been felt advisable to retain the integrated comprehensive presentation, despite the consequential bulk. There is a business aspect too: this single volume will cost less this way than the sum of its components separately issued! If the alternative were suggested as a reduction in scope and depth of treatment, perhaps the reviewers can exercise their minds on recommendations as to which items in the contents should be eliminated or reduced.

The basic approach of the first edition has been preserved in the sense of "delegation" to each contributing author, and of maintaining the broad framework of the accepted four divisions of management practice. As was said in the Preface to the first edition, no attempt has been made to present these specialist sections in any common form or style. Each is the work of an authority with high-level practical experience in his own field. To preserve the full benefit of this expert knowledge, each contribution has been left in its author's own language and presentation. Inevitably, there is a limited measure of overlap in detail, and here and there a little contradiction in practice. But co-ordination of thought from the outset of the work has prevented disagreement in principle. Perhaps the only weakness that springs from this independence of treatment is the irritation of slight differences in terminology. No apology is offered for this, or called for, even though some criticism of this has been expressed in the past. Management is a relatively new field of organised knowledge, and for some years to come divergencies in word as well as in practice will necessarily characterise its development. It can but be hoped that the continuing spread of serious management study and of professional standards will in time bring out the fusion of thought and terminology into a common language.

To obviate irritation, however, the amount of cross-reference between the Parts and Chapters has been held down to the essential minimum.

In framing the content of our various Chapters and Sections, we have aimed at presenting the latest known and proven principles and practices. This is, we hope, an up-to-date study of management which will stand the test of time. Its best value will be obtained, we feel, as an aid to organised studies, where the lecturer or tutor can further expound points of principle set out, or bring forward as illustrations other practices and methods, as well as circumstances in which different techniques appear to contradict our views. In other words, we lay no claim to exhaustive or exclusive treatment

of the various aspects of management covered. By the same token, we feel we have avoided providing in a textbook a substitute for the lecturer's or the student's own thinking. Much of the extra length of this second edition stems from the desire to present a rounded treatment of subject-matter in terms of contemporary ideas; this is particularly true of the major addition in the form of Part Five where there is consideration not only of the newer aspects of general management practice, but also of the underlying philosophical thought which is beginning to characterise the outlook of the more advanced managers. Such an addition is essential at a period when many of the up-and-coming younger managers have a background of high academic attainment and are bringing to the practice of their profession an unwonted depth of thought.

To the older, established managers, too, we are sure this volume has an important contribution to offer—in the refreshment of knowledge, in the presentation of new approach, in the stimulus to improvement of long-accepted but now perhaps deficient methods, and in the advancement of objectives and standards. In this context the new edition pays a compliment to all managers, because it is based on the expectation that they will accept analytical thinking as a vital factor in professional management competence.

Because of the background of its authors, this study of management has necessarily been written in industrial terms, with its bias mainly to the manufacturing industries and the distributive activities directly associated with them. A good deal of the matter, however—in the realm of practice as well as of principle—is of relevance to such purely commercial fields as wholesale and retail trade or the management of financial institutions, to the nationalised industries, and even to many aspects of the local and central government machinery.

In the past decade one significant change has characterised the industrial and commercial scene of Britain, as of every other major country in the world, in the recognition of the importance of the high-level skills involved in the practice of successful management. It is too early yet to talk of widespread acceptance of a "profession", but the notion is seriously gaining ground. Already there is acceptance of manager roles and objectives reaching beyond the confines of the profit position of an individual business, and the horizon of a truly-established and seriously-followed profession of management begins already to loom within human vision. Excellent educational work by a number of national and international bodies has been lending impetus to this evolution, drawing substantial support from the serious interchanges of thought and experience among many practising managers from many different settings. With justifiable

pride can Britain look back on her own contributions as one of the leading pioneers in this movement. For the Britons of the bygone age, when the pioneering was laborious and seemingly fruitless, there is consolation in the later rapid progress that their own earlier foundation made possible. That their Lordships in Upper House of Parliament could stage a full-scale debate on the "Responsibilities of Management" would have been unthinkable to our forebears of a generation ago: in the winter of 1960 the event seemed not remarkable, momentous though it was. This of itself is a measure of the progress of the role of the manager in the national economy. This is, too, the justification for this seriously-designed revision to form the Second Edition.

E. F. L. BRECH
Editor

ACKNOWLEDGMENTS

WE are grateful to the following for permission to include copyright material:

The Advertising Association for Advertising Expenditure tables; Anglo-American Council on Productivity for an extract from the First Report of the Council; The Board of Trade for tables from their *Census of Distribution, 1957*; British Institute of Management for extracts from their Review, Vol. III (1936), from *Committees in Organization* by Urwick, *A Report on the Administrative and Executive Problems of the Transition from War to Peace—Personnel*, and for a Pre-Production Chart; British Standards Institution for an extract from the Report for 1932; the Director of the Centre for Inter-firm Comparison for extracts from its brochure the Controller of H.M. Stationery Office for extracts from *Report on the Census of Distribution and Other Services, 1957*, *Combining for Research*, the Urwick Committee Report on *Education for Management*, and *Department of Scientific and Industrial Research—Report of the Research Council for the Year 1959* (Cmnd 1049); Mrs. Samuel Crowther for an extract from *My Life and Work* by Henry Ford in collaboration with Samuel Crowther; Division of Research, Harvard University Graduate School of Business Administration, Boston, for an extract from *Management Controls in Industrial Research Organization* by R. N. Anthony; *The Economist* for an extract from *Business Note* from the issue of 3rd September 1960; Sir Arnold Hall for an extract from a paper given by him in a seminar at the London School of Economics; The Illuminating Engineering Society for a section of the Schedule of Recommended Values of Illumination from the I.E.S. *Code for the Lighting of Building Interiors*; Industrial Welfare Society for an extract from a pamphlet on Welfare and Personnel Services, and from a document of a Study Group on *The Cost of Personnel Department*; The Institute of Office Management for an extract from *Clerical Job Grading and Merit Rating*; The Institute of Personnel Management for material from two broad-sheets: *Functions of Personnel Department* by G. R. Moxon, *Personnel Management in Relation to Factory Organization* by L. Urwick; The Institution of Production Engineers for *Operational Research* by Stafford Beer, condensed from his George Bray Memorial Lecture; Macmillan & Co. Ltd., St. Martin's Press, Inc. and The Macmillan Co. of Canada Ltd. for an extract from *Laboratory*

Administration by E. S. Hiscocks; Sir Isaac Pitman & Sons Ltd. for three quotations from *The Making of Scientific Management* Vol. I by L. Urwick & E. F. L. Brech, and The Tack Organization for material from a survey of sales representatives' remuneration.

We have been unable to trace the copyright owners in "Business—A Profession" by the late Louis D. Brandels, which appeared in the June 1960 number of *The Executive*, and would welcome any information which would enable us to do so.

贈閱

CONTENTS

PREFACE TO SECOND EDITION

PAGE
V

INTRODUCTION

MANAGEMENT IN PRINCIPLE

SECTION

1 The Nature of Management	3
2 The Background of Management	6
3 What is Management?	9
4 The Elements of Management	17
5 Terminology	21
6 The Foundation of Management—Policy	31
7 The Structure of Management—Organisation	43
8 Principles of Management	64
9 The Theory of Management	71
10 Outline of Volume	81

APPENDICES

I Outline History of Management Literature	83
II Schedules of Responsibilities	94

PART ONE

MARKETING

I MARKETING	113
Scope and Definition	113
Setting the Policy	118
Marketing Plans	119
Organisation	122
Budgeting	124
II MARKET RESEARCH	128
Main Types	130
Product Testing	
Setting the Budget	139
APPENDIX—Illustration	142

	PAGE
III ADVERTISING	151
Setting the Budget	152
Choosing Media	155
How to Set About	160
IV PUBLIC RELATIONS	163
Techniques	165
<i>Consideration of Methods</i>	
How to Set About	168
<i>Setting the Budget; Example</i>	
V SALES MANAGEMENT	173
Sales Manager's Responsibilities	174
Selection, Training and Remuneration of Personnel	176
<i>Recruitment; Selection; Training; Suggested Time-table; Remuneration</i>	
Sales Office Procedure	189
<i>Incoming Orders; Customer Records; Sales Records and Statistics; Journey Cycles; Correspondence</i>	
APPENDIX I: Agencies	194
APPENDIX II: Restrictive Trade Practices Act, 1956	198
VI CHANNELS OF DISTRIBUTION	201
To the Consumer	202
<i>Retail Stores; Department Stores; The Wholesaler; Mail Order; Group Trading</i>	
To Industrial Users	214
<i>Raw Material; Manufactured Articles; Professional Services; Sundry Adjuncts</i>	
Overseas	219
<i>Research and Planning; Representation; Home Organisation</i>	
Deliveries	226
<i>System of Delivery; Van-Selling Delivery; Warehousing; Selecting the Method</i>	
BIBLIOGRAPHY	231

PART TWO

PRODUCTION

	PAGE
I ACTIVITIES FORMING THE PRODUCTION DIVISION	235
The Meaning of Production Management	235
<i>Activities Covered—(1) Designing the Product; (2) Production Administration; (3) Purchasing; (4) Ancillary Services and Departments; (5) Management in Production; Integration with Marketing</i>	
Types of Production	239
<i>Size and Diversity of Industry; Size of Factory</i>	
Organisation Structure	243
Production Administration	246
<i>Definition of Terms; Systems and Dangers</i>	
Supervision	250
II DESIGNING THE PRODUCT—THE TECHNICAL DIVISION	253
Responsibilities	253
Design	255
<i>Factors Influencing Design; Organisation of Department; Sections and Specialisation; Work Planning; Indexing and Filing; Standardisation</i>	
Estimating and Contracts	268
<i>Nature of the Activity; Methods and Practice</i>	
Research and Development	276
III PRODUCTION ADMINISTRATION	279
Production Engineering	279
Work Study	282
<i>Method Study; Process Specification; Reactions of Operators</i>	
Measurement of Work	302
<i>Units of Work; Rate of Working; Techniques of Measurement—Tools; Techniques of Measurement—Rating; Techniques of Measurement—Making the Study; Working up the Study; Synthetic or Pre-determined Standard Times; Special Cases</i>	
Tool and Equipment Design	330
Production Planning	332
<i>Definition of Activities and Terms; Organisation of Department; Compiling and Recording the Facts; Developing Plans; Putting Plans into Operation</i>	
Production Control	368
<i>Progress; Cost Control; Machine Utilisation; Automatic Control or Automation</i>	
Principles	383
APPENDIX—Production Planning Documents	385

	PAGE
IV PURCHASING	404
Responsibilities	404
Policies	410
Procedures	412
Specifications and Contracts	417
V ANCILLARY SERVICES OR DEPARTMENTS	420
Storekeeping	420
<i>Kinds of Stores; Responsibilities; Storekeeping Methods</i>	
Works Engineering	431
<i>Buildings and Services; Layout; Plant and Equipment; Tools and Toolroom; Tool Stores; Maintenance</i>	
Inspection	450
<i>Need for Inspection; Aims and Objects of Inspection; Responsibilities; Types of Inspection; Limits; Organisation of Inspection</i>	
VI MANAGEMENT IN PRODUCTION	461
Supervision—a Human Problem	461
<i>Inspiration; Communication; Joint Consultation; Decision; Co-operation, Co-ordination and Integration</i>	
Selection and Development	466
Remuneration and Financial Incentives	467
<i>Kinds of Payment; Job Evaluation; Daywork or Time Rate; Payment by Results</i>	
Performance	481
<i>Control in Action; Good Management</i>	
BIBLIOGRAPHY	486

PART THREE

PERSONNEL

I THE PERSONNEL FUNCTION—THE NERVOUS SYSTEM OF THE ORGANISATION STRUCTURE	489
The Personnel Function	489
<i>The Nervous System of the Organisation; A "Service" Facility</i>	
The Aims of Personnel Management	491
<i>Getting the Best out of Employees; The Hawthorne Investigations</i>	

	PAGE
The Personnel Department's Position in the Company Structure	493
<i>Dealing with other Managers</i>	
Responsibilities of the Personnel Department	498
<i>Interpreting the Company's Policy; Negotiations; Representation on Committees</i>	
Financial Budget for Personnel Department	505
II INDUSTRIAL RELATIONS	507
Morale and Consultation	508
Joint Consultation	515
Discipline	527
III TRAINING, PROMOTION AND WITHDRAWALS	538
Training Policy and Programmes	538
Promotion	558
Withdrawals	559
<i>(1) Retirements; (2) Terminations; (3) Redundancy; (4) Disorderly Conduct; (5) The Unsatisfactory Worker</i>	
IV THE ACTIVITIES OF A PERSONNEL DEPARTMENT	566
The Personnel Department Office	566
Sources of Recruitment	567
Reception on Recruitment	571
<i>Contract of Employment</i>	
Selection Tests	576
Employee Records	577
Wages	579
Job Analysis and Specification	581
Medical Department	582
<i>Medical Examination before Engagement; Medical Examination during Employment; Disabled Persons</i>	
V PHYSICAL WORKING CONDITIONS	586
Information	586
<i>Booklets; Notice Boards; Magazines</i>	
Recreation	588
<i>Sports Clubs</i>	
Canteens	589
Amenities	590
<i>Lavatories; Cloakrooms</i>	
Heating and Ventilation	592
Lighting	593

	PAGE
Office Conditions	595
Factory Legislation	596
Other Legislation regarding Employment	596
Safety and the Safety Officer	598
Ergonomics	604
VI EMPLOYEE SERVICES	606
Accommodation	606
Legal Aid	608
Contributory Schemes	609
Loans	610
Transport Problems	611
Superannuation	612
VII TAKING A CASE TO ARBITRATION	615
APPENDIX—Things a Personnel Manager should know	624
<i>In Some Detail; In General Principle; Where to find</i>	
BIBLIOGRAPHY	630

PART FOUR

CONTROL

I THE NEED FOR CO-ORDINATED CONTROL	633
II CONTROL—AN OVERALL SURVEY	637
The Nature of Control	637
The Nature of Objectives	640
Planning to Attain Objectives	642
<i>Long-term Forecasting and Planning; Annual Forecasting, Planning and Budgeting; Short-term Profit Planning; Weekly or Daily "Activity Planning"</i>	
The Regulating Function of Control	646
<i>Visual Control; Control by Exception; Pre-control; Control through Motivation; Control by ad hoc Decisions; Internal Controls to guard against Pilferage, Theft and Fraud</i>	
Corrective Action	649
<i>Follow-up</i>	
Functional Control	650
<i>Disposable Funds; Plant Management; Working Capital; Production Activities; Marketing Activities; Products or Brands; Overall Control</i>	
Organising for Co-ordinated Control	654
Management Information	655