

MANAGEMENT
IN
ACTION

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Management in Action



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Preface

This is a book about what managers do, based largely on observation and experience. Like most attempts to describe something, it goes beyond simple description, by selecting, ordering and analysing. So that although it deals with the world and work of the manager as it is, rather than as it should be, it seeks to give some order to this by looking for patterns and connections, arranging material around themes, and putting it all together in a meaningful sequence.

There is already a substantial introductory literature on management, but many of these introductory books are about management systems and functions. They tend to depict the business company as a finely structured administrative machine, and its managers as computer-wise systems monitors. Such books tend to be formal and static, exhortatory and rather dry. They do not give a good idea of the way companies are actually run, or of what management work is really like. So there is scope for a book like this that tries to give a more life-like account of the realities of management, including the problems, crises and unresolved tensions.

Most writing about management is suffused with the idea that management is always and everywhere the same, that management work is governed by the same principles, has the same dynamics, and demands broadly similar skills from its practitioners. What is more, there are quite clearly several senses in which this is true. Management work invariably includes elements of planning, initiation and control, for example; there is generally a co-ordinative element; the ability to 'self-start' and motivate others is always important; social and political skills are usually central to the manager's ability to get things done; and so on. At the same time, recent research has shown that there is a lot of variety in terms of the pattern of activity and the content of management jobs. It makes a lot of difference whether one is talking about a salesman or a management accountant, about a manager in charge of a research unit or a factory, about a manager charged with buying raw materials for his company, or

one whose work consists of devising manufacturing methods. So it is only fair to say what kind of managers are at the centre of this book.

This is primarily a study of production managers and general managers in charge of factories. It is not an attempt to say 'something about everything' on the subject of management, but to say a lot about managers concerned with the organisation of production and the direction of manufacturing concerns.

Production managers are a particularly good focus for insights into the reality of management for several reasons. First, production is a central activity, and one accounting for the bulk of a company's budget, workers and fixed assets. Second, production is very far from being an island, and has connections with a range of other departments and specialisms within the firm. This means that a study of production managers is a strategic site for the examination of the relations between various departments within a company. Third, there are more production managers than managers of any other kind, so to focus on their work is to be involved in the study of 'a major species'.

So our concern is with general and production managers, and most of the material is derived from a particular research project conducted by the author. This study was a three-part one involving a series of interviews with production managers, then a questionnaire survey, and finally a set of case studies in the form of periods spent as an observer of manufacturing operations in some thirty-five companies. It is the last of these, the observational case studies, which have yielded first-hand accounts of the work managers do, and some insight into why it is the way it is. There are two things to add.

The first is that this research was in two countries – Great Britain and West Germany – so there are managers of both nationalities in the sample, and the companies are not only located in the two countries, but by ownership are a mixture of British, American, German and Swiss. And of course the dual national base makes it possible to include some comparisons. It should be said that this book is not written in the form of a *systematic* comparison of British and German managers, and indeed the present writer has already written a book about German management.¹ But there are some occasions in the following chapters where it is helpful to point to Anglo-German differences, as for instance in the discussion of delivery punctuality, or interesting to identify practices as particularly British or German.

The second thing to add is that although a concern with general and production managers, based on the research project described, is at the

centre of this book, there are some other sources to hand. In the last few years the present writer has made a study of technical managers in Germany, been associated with a comparative study of company organisation in France, interviewed a sample of purchasing managers in Britain, organised a study of British salesmen and sales managers, studied the workings of personnel departments in Germany, made a general study of industrial management in Sweden, and more generally been in and out of industry on a variety of assignments. The results of all this are secondary so far as the present book is concerned, but wherever there are gains of understanding or insight to be made by drawing from these other research studies, this is done.

The book is aimed primarily at management and business studies undergraduates in polytechnics and universities. Students who are committed to working in industry, and who have chosen a course of study oriented to that end, but who have not had much direct experience of industry yet, have most to gain from this book.

It is possible that older people doing post-experience courses, the Diploma in Management Studies, or MSc/MBA courses after industrial training, will also get something out of this book. Although they will know from experience most of what is presented here they may still benefit from having it presented systematically. Or to put it another way, they may enjoy the experience of having a mirror held up to the work of managers.

Lastly the book may be of help to students of sociology. Sociology degree courses invariably comprehend some component or option on industrial sociology. In this author's experience such courses owe their existence to a desire to explore questions interesting to the sociologist rather than to the wish to map the reality of industry and management for its own sake. This book may be a useful complement.

Note

- 1 Peter Lawrence, *Managers and Management in West Germany*, Croom Helm, 1980.

Acknowledgments

This book is based on a lot of contact with companies and managers in several countries, but especially in Great Britain and West Germany. Most of all I would like to thank these companies for their hospitality, and many managers for their readiness to talk to me about their work.

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1

What managers do all day

At 20.15 each evening in the summer Train 92 leaves Stockholm Central on a journey up through central-north Sweden, into the Arctic Circle, through Swedish Lapland, over the border to Norway, and finally along the fjord and into Narvik. Train 92 is popular with student holders of Euro-Railcards, and it goes as far north as one can get by train in western Europe. Indeed anyone who travels this line does have a feeling of having really got somewhere, until entering the town square in Narvik where a signpost tells by how many thousand kilometres you are still short of the North Pole. The first chapter is rather on this model. The intention really is to talk about 'what managers do all day', but this requires some hefty preliminaries to show how business firms are put together, who exactly production and general managers are, and where they fit in.

Sample organisation charts

A good way to propound the preliminaries is by means of example, using some organisation charts, but a word of warning is in order here. Text-books often introduce charts or plans of organisation structure, but these are sometimes rather idealised, depicting a complete and perfect company organisation. This is a pity because an important point about company organisation structure is that there is a lot of variety.¹ There is, that is to say, a lot of variation about what the parts are, how they are put together, who or what reports to whom, and how it is depicted in the organisation chart. What is more, not all these differences can be explained rationally. While factors like the size of a company, what it requires to operate effectively, and in particular whether it 'stands alone' or is part of some larger corporate entity, are all important, there is still scope for personal choice, historical accident, pure empire building, and moulding jobs to management people. To try to get more out of the examples here we will use organisation charts from real companies in Britain or West Germany

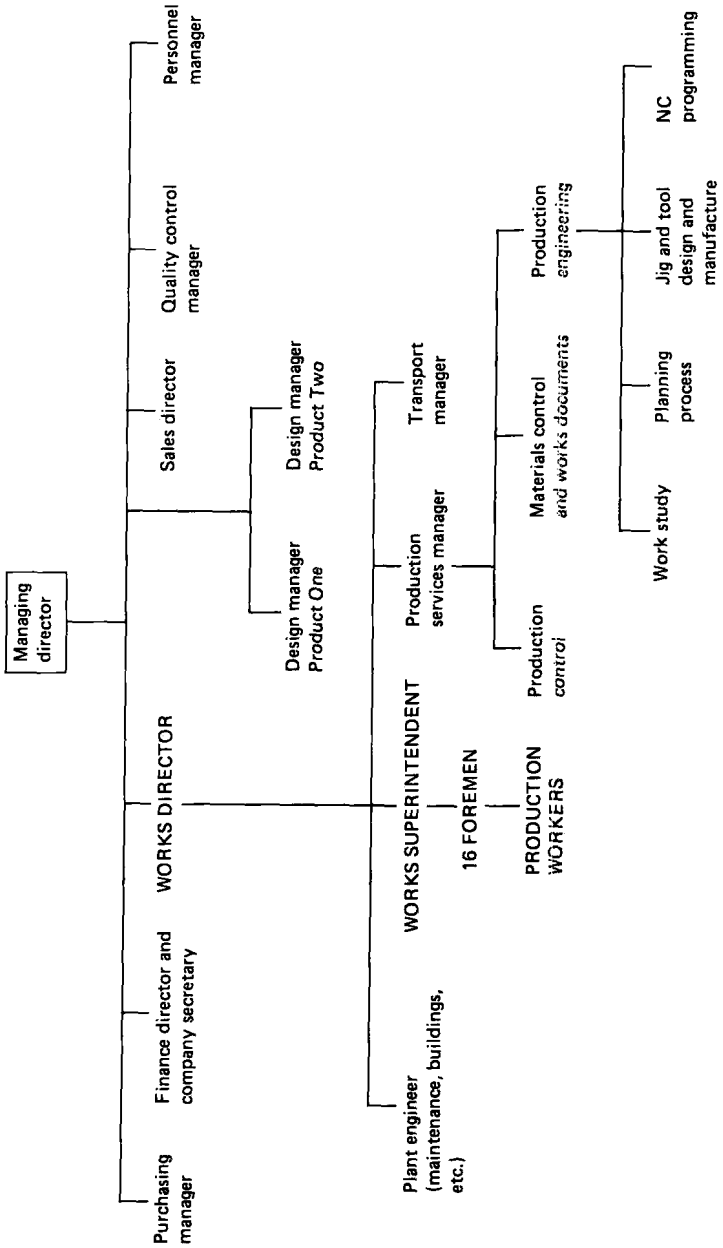


Figure 1.1 British company making two types of industrial equipment, employing 450 people

that have been studied in the research project on which the book is largely based. We will use more than one to get past the notion of a single 'one-best way', and try to footnote some of the differences and their causes.

A first view of company structure

The first challenge is this. To show who production managers are, one has to map the production function, and that is not easy or incontrovertible.

To make a start, consider the company depicted in Figure 1.1. It is a British company in the Midlands engaged in the manufacture of two industrial equipment products, sold both in Britain and abroad; it employs some 450 people.

Starting at the top, this company is headed by a *managing director*. This is not a truism: many companies, and still more particular works or factories, do not *legally* count as independent corporate entities, so the *de facto* chief executive will be called something else – works manager, plant manager, division manager, unit director and so on. Note also that of the eight managers on the next level down, from purchasing manager on the left to personnel manager on the right, some are directors and some are not. This may look organisationally messy, but it is not at all unusual. Whether or not a manager on this top line becomes a director will reflect various things, the general importance of his department to the particular company concerned, as well as the individual's personal merit, and an ingredient of pure chance.

Exploring this top line a little further a comment on purchasing, design, and quality control may be helpful. Most manufacturing companies have to buy raw materials, or much more likely, components, in order to make their products – hence a purchasing manager/purchasing section. In this case the purchasing manager reports direct to the managing director: this is normal with larger companies, and a recent survey by the British Institute of Management shows that it is becoming increasingly common.² But it does not have to be this way, indeed it is quite common for the purchasing function to come under production and report to a works director or higher production manager.

Not all companies have a research and development capability: R & D tends to be a feature of large companies, and ones whose product or service is technically sophisticated. Rather more companies have a design function, as with the company depicted in Figure 1.1, and having a design department goes further down the size scale of companies. The importance of design also varies from company to company. At the strong end,

creative design, perhaps responding to refined customer need or incorporating the rising high-water mark of a developing technology, will be the very essence of a company's business, without which it will achieve nothing. The aircraft industry is a good example. In such cases design will be represented at board of directors level in the person of a technical or engineering director. In the case of the company shown in Figure 1.1 design is not that important. At any point in time the company has designed products, in manufacture, for sale. On the other hand, there is scope for improving the models, and one of the two basic products can be made in a variety of ways, and the design and the manufacturing method are related. What is more this same basic product can be made in all sorts of shapes and sizes to suit customer needs, but the particular customer need may require an input from design in the first place. So in this case a design department exists, or rather two parallel design sections for each of the two basic products, but is not important enough to rate board status. And of course there are other companies too small to have a design capability at all, or whose product is so simple and unchanging for design not to be an issue.

It is also often the case that some particular factory or works will not have a design section because this design capability is located elsewhere. There are many American-owned machine tool companies in Britain, for example, where the design and development work is mostly done in the USA, and then these machine tools of American design are actually manufactured in factories in Britain. Even where there is no separation by national ownership there is a tendency to separate R & D establishments and design centres geographically; in Britain they are often located in choice country houses far from the grime of manufacturing sites. And with multi-national companies this separation of design/R & D may reach international proportions: the Swedish mining equipment corporation Atlas Copco, for example, whose head office and main works are in Stockholm, has its R & D centre in French-speaking Switzerland.

Finally, with regard to the top line in Figure 1.1, note the position of the quality control manager. A company would have to be much larger than that depicted in Figure 1.1 for the quality control manager to be a full director (or the product would have to be very critical from a safety point of view) but it is still normal to have the head of the quality control or inspection department report directly to the managing director or other most senior person on site. The intention here is quite simply to guarantee the independence of judgments about quality by protecting inspectors from interference by production bosses or anyone else. This splendid

principle may get modified in practice in two ways. First, in very small companies inspection may in fact come under the control of production; it may be difficult to avoid this in a company so small that there is only one level of management between the foreman and the owner-manager. Second, it is not unusual for a production manager to control the inspectors with regard to the allocation of work and priorities, while they report to an independent quality control manager with regard to standards (and it is even more common for production managers to work towards a situation like this unofficially).

Moving to the next level down, that of the four direct subordinates of the works director, the plant engineer on the left is in charge of the repair and maintenance of the buildings and machinery. Companies invariably have some person or section in charge of maintenance, but its importance varies. The maintenance function tends to be most important in assembly-line mass production factories working shifts, such as car factories, and in process industry plants with near continuous production, such as the chemical works and food processing companies. It is common for maintenance to come under the control of a higher production manager, as in the company shown in Figure 1.1, but it does not have to be this way. Maintenance may be entirely separate from production, reporting directly to the managing director, or the maintenance team may report to a technical or engineering director who is separate from the works or production director. Where maintenance is separate it often gives rise to complaints by production managers that the maintenance service is inadequate (e.g. too slow, shows too little sense of urgency), with maintenance managers making counter-claims that production workers abuse the equipment while their bosses lack any appreciation of the problems of maintenance.

The works superintendent, the next manager on this line, is of course a part of the production chain of command. He has some sixteen foremen reporting to him, who in turn supervise teams of production workers. Superintendent is a common name for this rank in the production hierarchy immediately above the foreman level, but it is not invariable. Part of the natural variation referred to at the start of the chapter is that there are few standardised job titles or ranks in industry, and that is equally true for Germany as for Britain.

Moving again to the right the three functions of production control, materials control, and production engineering are all grouped under the production services manager. This is a neat organisational arrangement. The purpose of the production control section is to devise and monitor a

production schedule: to decide, that is, what manufacturing jobs are to be done in what order to what deadlines, and then to try to see the schedule is adhered to. The production control function is most important (and intricate) in a company which is making a lot of different things in different quantities, for separate customers expecting delivery at different times. It is least important in process industry plants running more or less continuously with the plant having a controlled variable output. In these cases it is more a matter of production planning, of deciding how much is needed in a time period and adjusting plant output accordingly.

The materials control section is concerned with lining up things the company has bought (raw materials, bought-out-parts) ready for their use in production, and keeping tabs on them. Materials control is not always a separate organisational entity as in the company depicted in Figure 1.1. Sometimes it is comprehended by production control. And sometimes production control and purchasing are joined organisationally, on the grounds that the schedule will depend on the availability of the parts and materials bought by the purchasing section so that the two activities need to be integrated. And to complete the variety scenario, materials control often appears on a company organisation chart as an umbrella for purchasing and production control – especially in German companies.

Moving again to the right, production engineering is broadly speaking a link between design and production. Designers will produce a model of a new product, or newly modified product, but they will not tell anyone how to make it. This is done by production engineering, who will devise manufacturing methods, solve technical problems relating to manufacture, and generally assist in the process of production. In the company depicted in Figure 1.1 production engineering is broken down into sub-sections. The work study section will time jobs and part jobs with a view to establishing payment rates for the workers who do them. Planning process is concerned with detailing a sequence of operations to complete various jobs. The jig and tool section will make up any tools or other appliances that are needed on the shop floor to help to make the company's products. And the NC programming section prepares and edits the tapes used to run numerically controlled machines in the workshop.

Production engineering, materials control and production control are not always grouped under a production services manager. In many companies they would appear separately at the works superintendent level (or higher). Finally with reference to Figure 1.1, the works director's last subordinate is the transport manager. One of the products produced by this company is consumed in a routine way by other firms so that some

scheduled deliveries take place; this is what is organised by the transport manager. Not all companies have a transport section of course. Some leave their customers to collect the goods, others hire hauliers to do the deliveries for them. On the other hand some consumer goods companies, especially if they serve a chain of retail outlets (breweries, for instance) will have an elaborate distribution system which will figure prominently on the organisation chart.

The company depicted in Figure 1.1 was chosen deliberately because its operations are technically quite detailed and thus give an opportunity to explain a range of interlocking parts. At the same time, the organisational arrangements of this company have been used for relativising purposes, to indicate how things might be different elsewhere. This leads to a new question, that of identifying the production managers.

Who are the production managers?

There are two answers to this apparently straightforward question, and again we may take Figure 1.1 as a starting point. One view would be that the works director and all those of managerial rank directly or indirectly reporting to him are production managers. After all, they are all doing things closely allied to production, as has been made clear in the previous section. The other view is that the real production managers are those forming a direct line from the top to the production workers at the bottom, this line being denoted in capitals in Figure 1.1. So that in this company there are only two production managers in the strong sense: the works superintendent, who is solely concerned with direct manufacture, and the works director, whose responsibilities importantly include direct manufacture.

It is the second of these views which is preferred here. Production managers are those who are responsible for *direct* manufacture, some of them being responsible for related activities as well. But managers solely in charge of related activities — the production controllers, purchasing managers, production engineers, materials controllers, maintenance managers, and so on — are excluded. So the sample of production managers whose work is reported here are production managers in the strong and narrow sense. The manufacturing manager shown in Figure 1.2 is a good example.

The company shown in Figure 1.2 is a consumer goods company in West Germany employing some 350 people. The manufacturing manager in this company is solely responsible for direct manufacture. His immediate

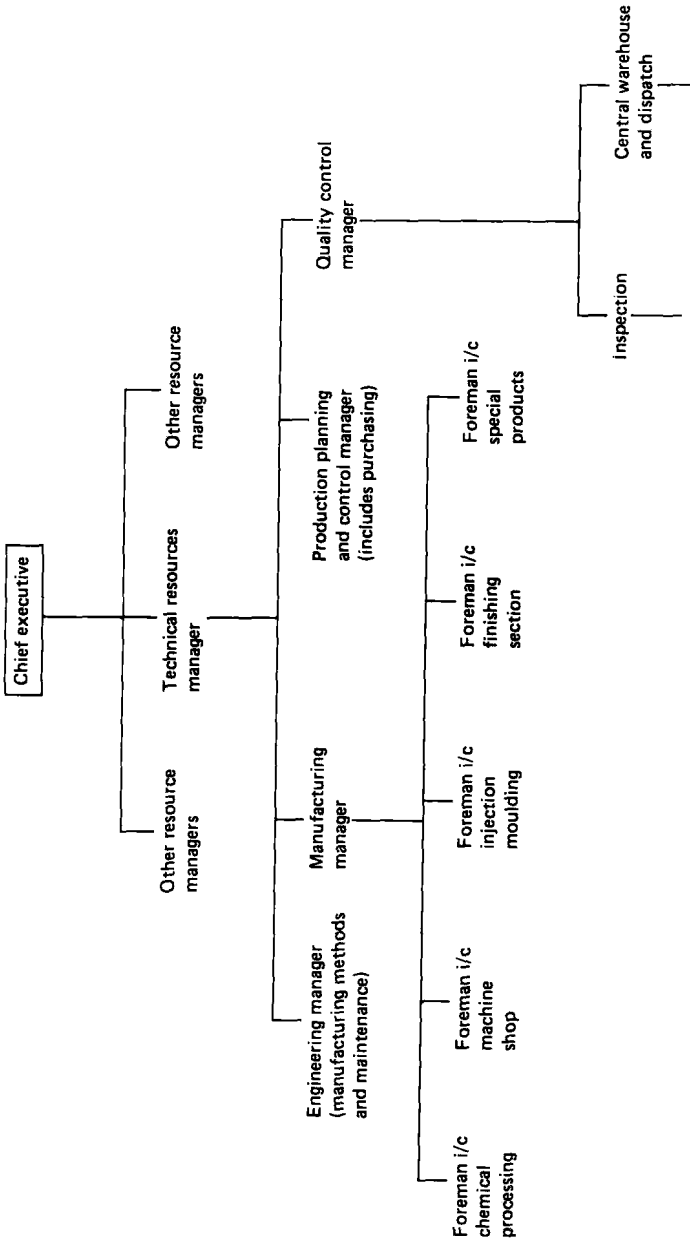


Figure 1.2 Company in West Germany making consumer goods, 350 employees

subordinates are five foremen in turn in charge of various production operations. This manager is assisted at his own level by an engineering manager responsible for both manufacturing methods and maintenance, and by a production planning and control manager whose responsibilities include the purchase of necessary parts and materials. The quality control manager is responsible for the warehouse and dispatch of finished goods as well as for inspection. Like so many of these arrangements, it makes good sense but it does not have to be like this.

It should be added in connection with this example that the span of control of the German foreman tends to be larger than that of his opposite number in Britain; the German foreman, that is, tends to supervise a larger number of production workers. The German foreman is also often qualified in a formal way, as well as by experience and character.³ These two facts make the German foreman a more consequential figure in the company organisation, both more opinionated and capable of taking on more. In this particular company, for example, the foremen made recommendations about capital equipment purchase, assisted the manufacturing manager in quality tests and calculations, visited other companies to inspect machinery, and occasionally visited the sister company in northern Spain to advise on operations.

General managers

The sample of observed managers whose work is discussed include some general managers. By general manager is meant a manager who is responsible for a range of functions, not just production and its closely related activities, or a manager who is in charge of a complete manufacturing works or unit, not just the direct manufacturing operation therein. An example of such a general manager in the sample, one who in fact fits both criteria, is the works director of the company depicted in Figure 1.3. This is a food processing company in West Germany, employing some 550 people.

This manager is in charge of a complete manufacturing unit, which in turn is just one of many works making up the nation-wide company with its national headquarters on another site. This of course explains the omissions: sales, market research, R & D, corporate policy, and so on, are being done at head office or at separate establishments. Nevertheless, the works director at this company is in charge not only of production planning, production, quality control, and maintenance – the hard-line production-related functions – but also of personnel, buying, administration and safety.