

Reviews

Industrial Management, by Richard H. Lansburgh, John Wiley & Sons, Inc., New York, 1923, pp. 488.

Mr. Lansburgh's book is a text book primarily intended for students of management, although it contains valuable contributions to the literature of management which would be worth the reading of any business executive. The book covers the entire field of management, giving the general principles applying to the job of management with many illustrations and examples of methods which are commonly used in carrying out these principles. As might be expected in a book endeavoring to cover the whole field of management, some things have been omitted, but this review is undertaken not with the idea of enumerating those things which might have been discussed but rather to call attention to what has been developed.

In general, it may be said that the book deals with those matters pertaining to the larger phases of management, such as the principles of organization and the meaning and value of standardization, and then confines itself primarily to the physical operation of the plant as it is concerned mainly with the job of producing.

Like most writers on management, Mr. Lansburgh has introduced his subject through the historical approach but has done it exceedingly well. In making this introduction he has established the interdependence of one industry upon another and has developed the idea of the managing group as a force in industry to take its place alongside capital and labor. He then treats of plant organization, the physical side of the plant, standardization, job study, wage payment, personnel relations and controlling operations, each of these subjects occupying a section composed of several chapters.

In Part Two dealing with plant organization, the fundamentals of organization have been well set up. There probably will be some disagreement with some of Lansburgh's conclusions as, for instance, his recommendation to have the inspection department under separate control from the producing unit where quality must be a first essential of manufacturing. There have been so many instances of successful manufacturing where the administrative force has made it a part of the foreman's job to consider quality as well as quantity that it would seem wise to urge the placing of responsibility for all phases of a man's job upon him if possible.

Lansburgh has done well to call attention to many errors of organization building which are commonly made as the result of trying to obtain a too high degree of organization. The chapter which has to do with morale-building vs. morale-destroying organization contains excellent advice which many executives would do well to heed. He points out the dangers of the restrictions of individuals and shows how overorganization is often likely to deaden the individual's initiative. The necessity for proper balance—avoiding too many supervisors, a too fine division of responsibilities and an overreliance on organization charts—is made very evident. Also, he has shown a correct understanding of the meaning of overhead charges by his statement that

high rate of burden is not necessarily bad in itself but should be scanned in the light of its savings in the cost of production rather than as to the amount itself. In other words, if the total unit cost is decreased as a result of adding to the indirect charges, this should be the basis of judgment as to the usefulness of the mechanism or method concerned.

In Part Three dealing with the physical side of the plant, Lansburgh has gone further, than most authors by pointing out certain influences and advantages pertaining to location not ordinarily given in the standard discussion of plant location. His chapter on plant layout covers a general layout rather than machine or process and he points out dangers to be avoided. The other chapters in this section give in somewhat detailed form the factors to be considered in lighting and air conditioning, pointing out the general effects upon workers and production. The chapter on power enters into some discussion of the methods of measuring the economy of power units, particularly with reference to central power vs. isolated plant power.

Part Four is described as standardization (a primary management step). Although it may be argued that the whole job of management is concerned constantly with various problems of standardization, it probably is worth while, nevertheless, to call attention to this factor as a main element in good management. In the matter of product standardization, Lansburgh calls attention to the sales department which has in recent years received much publicity as to its responsibility for a large diversity of products, as evidence of poor sales policies. He might well have emphasized the value of parts standardization as a basis for interchangeable manufacturing, as this is a source of great economy in all standardized manufacturing. Under standards of operation, he calls attention to the desirability of standardizing materials, equipment and machines. He advocates a strong inspection department and shows how the control of this may vary according to the organization and the emphasis which must be put upon quality. Again we may quarrel with his conclusions; yet we must agree that proper inspection is necessary if we are to have efficient manufacturing, particularly in the assembling industries.

The chapter dealing with standard nomenclature is most excellent. The author points out the advantages and disadvantages of various kinds of symbolization and in his development of the mnemonic system which he recommends as the best, he links up in a very understanding way the organization, materials, accounts and production, and indicates how such a system is of advantage in the control of stores and accounting. He might well have emphasized the advantage of a proper system of symbols to the organization in budgeting and its financial control of inventories.

Part Five covers job study. It contains a general consideration of the reasons for job study together with a brief summary of the advantages and methods of motion study, time study, and some suggestions as to how these may be made and computed. The author emphasizes the necessity of exact knowledge in the determination of the

job rather than the building up of standards based on past experience of either supervisors or workers themselves. He calls attention to the recognized merit of job study as well as to the comparatively little use that is made of it, even by executives who recognize its worth. We all must agree with him that job study has two motives: first, to improve methods of manufacturing; and second, to form a basis of rate setting; and that the first may be undertaken without the necessity of employing the second purpose. His chapters on methods of making and computing time studies are good reading for students who find more technical works such as Merrick's "Time Study" a little too difficult for a moderate understanding of the subject.

Parts Six and Seven are discussions of wage payments and personnel relations. The author does not hesitate to declare that wages are the basis of all other relations between employer and employee. A just basic wage, he believes, should be the starting point of a proper wage system and it should be dependent upon cost of living, the man's productive capacity, and the general community level of wages. With regard to incentive wages he says: "Schemes can be devised which will prove entirely satisfactory to the worker but which will in time be eliminated by those controlling the enterprise because they will not be flexible enough to permit the meeting of increasing sales competition. Thus any wage scheme which gives the worker a percentage of the savings incident to increased production and yet prohibits innovations in manufacturing method or inclines to make the worker peg his production merely at a somewhat higher point than formerly, due to fear of ultimate wage-cutting, will not be beneficial for long." This is perhaps a new emphasis to be placed on wage consideration, and yet, a very essential point.

A proper personnel policy is built up on the basis of a proper morale among the workers. With this there will be little disagreement. This matter of policy, Lansburgh feels, should be covered by the personnel department. The employment department's job is to reduce turnover and he suggests certain means, most of which are now commonplace, such as the use of selection tests, both mental and physical, and the proper kind of interviews, types of service work, and so forth. Employee participation, he defines as an attempt on the part of management to instill into its employees a feeling of private ownership and shows the ways in which this is ordinarily undertaken, either by a financial appeal such as a share in the profits or stock ownership, or by an appeal to interest in participating in the affairs of the organization through some type of works councils or committee form of organization. He forecasts the greater development of trade agreements only in those industries which are strongly organized. Although he makes no recommendation as to the use of these various contrivances to secure better personnel relations, the following opinion certainly seems sound: "The individual plant, in most industries, which maintains the confidence of its employees, and particularly, which makes the wages and conditions of work equal to or better than the union standard, will probably continue to operate smoothly and in successful relationship to its employees without the use of trade agreements, or even without the development of

any form of works council, except possibly a very loose committee organization."

The last section of the book, comprising a little over a hundred pages or one quarter of the book, has to do with the development of certain principles, amply illustrated by examples of methods used in controlling operations. His development of budgeting for administrative control, being brief, is necessarily rather general, but indicates those things which budgeting control should strive for. Under the control of inventories he expresses the desirability of proper control and enters into a discussion of maximum and minimum quantities and detailed operation of a balance sheet. He also takes up the physical basis for control in discussion of the location and layout of the stores department, types of bins and auxiliary equipment, together with the details of storeroom operation. His discussion of the place of the purchasing agent in the organization takes into consideration the different requirements of the job according to the industry in which he is located, and the part which he may play in inventory control. He also gives a brief summary of the purchasing agent's job.

His discussion of the control of sales has to do largely with the importance of sales analysis and planning, the determination of sales quotas and special factors that have to be considered. He does well to point out the foolishness of allowing distributing agents to dictate the manufacturing policies to the main organization.

His development of production control is most sound and practical. The first step which he recommends in an organization free from the use of planning methods is the development of a simple production department which has to do chiefly with the controlling of orders, answering such questions as "when" and the order in which work shall be done, and concerning itself largely with the elimination of delays. This he feels should lead to the later development of a planning department. He does well to call attention to the confusion which exists between the planning department and the production department since the latter term is often used to indicate the former. He makes an excellent analysis of the functions of the planning department and undoubtedly expresses the general conviction of most of us that the tendency is away from, strongly centralized control to more decentralized operation. He develops routing, scheduling and dispatching as the main functions of planning, shows the scope of each and gives many illustrations and samples of mechanisms and forms, draws attention to the Gantt chart as an excellent means of routing and scheduling, and gives rather an elaborate discussion of the use of planning boards. In his chapter on the adaptation of production planning methods he suggests the uselessness of trying to obtain 100 per cent planning control, and the adaptation of older methods as it seems advisable. He refers to costs as one of the means of management control—"the yardstick of the management of performance." He also points out that the cost system should be so related to the organization that it will show the responsibility of each department for its part in manufacturing, through a record of its own costs. "Industrial Management" is a worth-while addition to the literature on management and of particular interest to