

all authority, dispenses individual dollops of resources in response to specific requests, supervises as closely as possible the work of subordinate managers and relies principally on exhortation to keep the troops moving forward. This type of management is found in quite a number of organizations. In some, it is the most appropriate alternative. In an airline, for example, the really important matters lend themselves to central direction - equipment selection and quantities, equipment scheduling, fare structure. The field office tasks of ticket sales and reservations are clerical by nature and should be given no autonomy in either their operations or their use of resources. In many other organizations, however, centralization is simply bad management; it hampers effectiveness, lowers morale, and often wastes resources as well. For example, the regional manager for a brewery, if one of his brands suddenly catches on with the ski set, must be free to hire second shift drivers and to rent and buy more trucks to move the product out to customers. Without such freedom his effectiveness, measured in gallons per skier or whatever, is likely to be very low.

The third alternative, budgetary control, falls between the two extremes and is the type of management found in most organizations. It shares with many other good ideas the virtue of simplicity.

How Does it Work?

First, the operating manager and the top management reach agreement on the job or jobs to be carried out by the former during the year ahead. This agreement may be a straight edict from the top or it may involve varying degrees of consultation and negotiation.

Second, the operating manager carefully plans his operation for the year and forecasts the manpower and money required to carry it out. This