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The Fundamentals of Industrial Management

CCS Management Course

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Preface

As the year 1946 began, the good news was the War in the Pacific had ended. The bad news was Japan was a devastated country. Its economy was at a standstill. The industries that had devoted their resources to its war efforts were now, to a large extent, destroyed. Their factories were reduced to rubble. People's lives were in chaos. Food was hard to come by. Government operations were disrupted and ineffectual.

Into this situation came the Allies' occupation force led by General Douglas MacArthur. The immediate question he faced was: shall Japan be treated unrelentingly as the vanquished enemy, or shall it be restored to viability as a democratic nation to take its place in the community of nations? The Allied decision was that Japan would be helped to rebuild its national economy and its national life.

For this purpose, MacArthur's general headquarters (GHQ) was organized into several staff groups, each one having direct supervisory and leadership responsibility for an assigned segment of government operations. One of these groups was the Civil Communications Section (CCS). Its task was to rehabilitate the communications industry, which was in shambles, and put it into good working order.

This would be no small or simple job. The country's telephone, telegraph and radio broadcast systems had been heavily damaged by aerial bombardment. But even before this, these systems had been neglected by the lack of regular facility upgrades and scheduled maintenance services. Adding to the problem now was the loss or unreliability of the manufacturing industry these systems had to depend upon for equipment and supplies support.

The starting point for CCS's effort to get the communications systems back into service had to be the revival of the equipment manufacturing industry. This meant that companies that had been producers of items such as radio receivers and transmitters, telephone instruments and switch gear, telegraph devices and related components such as vacuum tubes, relays, cables and chassis had to be identified and scheduled for attention.

Getting their facilities back into operation in the 1946–1948 time period was a daunting challenge. Debris had to be cleared from factory sites and work spaces set up. Machinery that had been removed to rural areas to escape the air raids had to be located and brought back. Other machines and equipment had to be repaired, refurbished and installed. Workers had to be hired and trained for their jobs. Supplies and materials had to be brought in. This was literally starting the manufacturing process from the ground up.

As difficult as these problems were to resolve, there was yet another major obstacle to overcome. At the very beginning of the Occupation, the decision was made to eliminate the *zaibatsu*, the cartels that dominated Japan's industry and provided major support to the country's military

ventures. Their senior executives were removed from positions of power and influence. New managers, then, had to be selected and installed to run the companies that were being revived. The source of these new people was primarily the companies' second levels.

Basically, these were inexperienced functionaries. They tended to be followers, rather than leaders. In their previous role they typically relayed their superiors' instructions to their subordinates. They were seldom involved in strategic planning or decision making. Their vision of what might lie beyond the immediate at hand was limited by feudal traditions. They were unprepared for their new responsibilities, and uncomfortable in the positions into which they had been "force-fit".

Great advances had been made in the West in production technology during the war years. Major improvements had been achieved in product quality, manufacturing productivity and yield though the use of statistical process control techniques, universal machine tools, and paced automatic assembly methods. It was appropriate that, at the proper time, information about these new ideas should be passed on to these managers for application in their companies. And, they were eager to get that information. But at this time (1948–1949), it was of greater importance that these people be trained in the modern concepts of progressive management. A solid foundation of knowledge must exist first if these advanced techniques were to be successfully employed.

A colleague of mine in CCS, Charles Protzman (now deceased), and I decided that a university-level course in the fundamentals of industrial management was needed to modernize the practice of management in the communications industry. The course would be called the CCS Management Seminar. Senior executives of the companies in the industry would be obliged to attend as students. Protzman and I would be the teachers. We would write the textbook since none other existed that met our requirements. Protzman's half of the book had to do with the pragmatics of manufacturing: industrial engineering, production processes, cost controls, plan layout, etc. My part covered management policy formulation, strategic planning, organization principles, product innovation, quality control, etc.

The course was presented first in Tokyo in the latter part of 1949, and second in Osaka in the spring of 1950. The "students" represented more than 100 companies, universities and government agencies. Classes were held four days a week, eight hours a day for eight weeks. Subsequently, the course continued to be presented to other industrial groups for several years under the sponsorship of interested Japanese training organizations.

It should be noted that the fundamentals of industrial management never wither into oblivion. Application of those fundamentals to new situations, however, may require new and creative — even imaginative — ideas. Successful managers will recognize the need for such new ideas, and they will respond appropriately and in time to maintain the vigor of their enterprises.

That is fundamental!

Homer M. Sarasohn
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Acknowledgements

What was created fifty years ago as a matter of necessity has been given a new life as a historical record by some very special people.

One of these is Kenneth Hopper. His research into the post-World War II evolution of Japan's industrial success led to the publication of *Creating Japan's New Industrial Management: The Americans As Teachers* (Human Resource Management, 1982). This was a detailed scholarly analysis of the environment the CCS Seminar was designed to change. It helped to put what we achieved in Japan into proper perspective.

Myron Tribus is indeed a special person. He is an educator, practitioner, consultant: an internationally renowned authority on the subject of quality management. Among his many accomplishments, he produced and made available to the public a comprehensive video tape record of the CCS Seminar program. His suggestions and critique were invaluable in updating this text for publication.

Of particular note are the contributions made by Nicholas Fisher in bringing this text to publication. It was Nick who conceived and implemented this project. He was positive it could be done, and was worth doing as a historical record of something that helped to change a nation. The timeworn appearance of the original 50 year old printed pages of notes did not deter him. But, it was Suzanne Lavery, in fact, who had to contend with those pages. She labored mightily to produce a comprehensible typescript, organize the chapters, and put the charts and other illustrations into proper order.

My personal thanks go to Nick and to Suzanne, and to my wife Shirley for her editorial help.

H. M. S.

Notes:

1. References available to me at the time of preparation of the original course material were:

L. P. Alford, *Principles of Industrial Management*. New York: Ronald Press, 1947.

P. E. Holden, L. S. Fish & H. L. Smith, *Top Management Organization and Control*. Stanford: Stanford University Press, 1947.

D. S. Kimball, *Principles of Industrial Organization*. New York: McGraw-Hill, 1939.

2. In producing this electronic version of the course notes, the opportunity was taken to make a few minor changes of an editorial nature, and to improve the layout. Otherwise, the notes are as originally prepared.