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Sanford S. Ackerman

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Business Management Methods in Social Action Programs

by Sanford S. Ackerman

Introduction

We taxpayers are going to invest well over a billion dollars in social action programs during the next year in an attempt to bring about great changes in our society. These programs will range from the continuing redevelopment and conservation of our cities to the new war on poverty in such forms as job-training, community action centers for social services, and remedial education classes. Additional millions of dollars of our money will be spent on highway construction and mass transit development. The resulting changes in transportation patterns could easily alter our society as greatly as the post-war shift to the suburbs, which can probably be attributed to our previous investments in FHA mortgage insurance, and the roads which now give us somewhat sluggish access to them. In a broad sense then, transportation, urban renewal, and poverty programs are all social action programs.

Whether we are, by analogy, minority or majority stockholders in the vast enterprise which will manage these social action programs, we should certainly be interested in how the programs will be managed, and whether we are likely to get some worthwhile return on our investment.

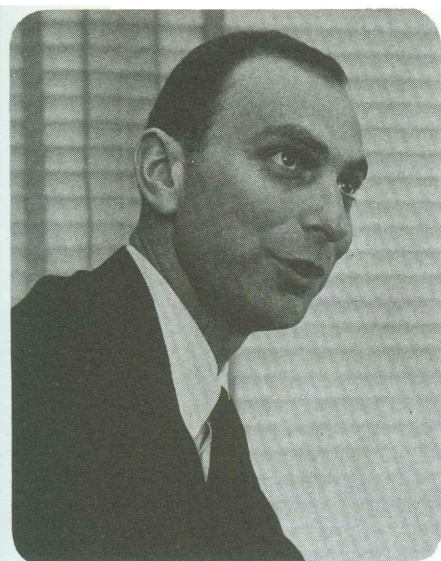
An analogy between business enterprise and the community renewal, poverty, and transportation programs is quite appropriate, because unlike welfare and unemployment insurance programs which are penalty costs we pay for the minor inefficiencies of democratic government and free enterprise, these new programs represent a kind of capital investment in the productive capacity of the gigantic enterprise called the United States. The trans-

portation system is—or should be—one of the efficient integral parts of the enterprise. All the people who live here either contribute to the success of the enterprise, by virtue of their acquired abilities and skills, or retard its growth by becoming a cost to it when they are not equipped to live and work in our competitive society. We certainly must not lose our compassion as men, nor should we lose sight of our collective responsibility for the deprived and underprivileged members of our community, but, regardless of the moral, philosophical, and political justifications which led to it, a decision has been made to spend large sums of money. This money will be spent on programs which have never been tried before, to accomplish results which have eluded man since free enterprise was tempered by social conscience.

This is a discussion of how business management methods are being used, and how they should be used to insure the best possible results in social action programs. I offer no apologies for using the language of business management to discuss the management of social action programs, but it does not mean that I have lost sight of social and humanitarian considerations. It is probably time to abandon the equally worn shibboleths which hold that businessmen and engineers are insensible to the needs of people, and that social scientists and city planners live in a dream world untouched by fiscal responsibility.

The Elements of Effective Management

The management functions in any enterprise are planning and control. The support of these functions requires the collection and storage of data necessary for measure-



Sanford S. Ackerman is a manager in our New York office. His work in management services has ranged from the design and installation of Profitability Accounting systems to complex mathematical models and their computer simulation, and he has also designed inventory production control systems and commercial data processing systems.

Mr. Ackerman, who holds a patent on a clamping device for vibrations in jet engines, was awarded the Degree of Bachelor of Mechanical Engineering from the University of Delaware in 1953. He attended the Graduate School of Cornell University and was awarded the degree of Master of Science in 1958.

During the past several years Mr. Ackerman has been a consultant to the Mayor's Committee for Community Renewal in Detroit. As part of that engagement, he actively participated in the design and implementation of the Detroit Social Data Bank, and two simulations of Community Renewal treatments. Mr. Ackerman is a member of TIMS. His published articles include one on the control of job shops in Management Technology and one on symbolic logic in the Journal of Industrial Engineering.

ment of performance, the computation of differences between actual performance and plan, effective reporting of the differences to management, and an organization structure which permits management to correct the controllable conditions which led to the deviation from plan. There is little consistency in either the form or the substance of these elements in business and industry, but most enterprises have some manifestation of each. There is, however, one kind of consistency in business which is worth noting: the units of measure in which plans are made, performance is measured, and control is exercised are generally quantitative, reasonably well defined, and convertible to dollars for purposes of reporting. One finds none of these gauges in social action programs, and for a very good reason — there has never been a program of sufficient scope, length, and interest to stimulate a persistent demand for results which could be measured. Programs at the local level have been limited to narrow areas of social action and usually supported by a small, albeit determined, group of individuals. The desired results of these programs are rarely quantitative; i.e., specified in terms of the change one hopes to make in an individual as a result of the program. The results are even more rarely measured. I am not implying that there are available measures and that they have not been used — quite to the contrary, there are very few measures. There has been, however, little pressure to develop such measures, and to use them in management of social action programs. By analogy, there has been no SEC or IRS to require uniform reporting, and no AICPA to establish acceptable practices.

Planning

At the very start then, the management of wide-scope social action programs is seriously handicapped by the lack of a body of practice and convention similar to the one we use in business. The plans for the program cannot be couched in terms of a measure of success such as profit, there are no engineered or historical standards of performance, there is nothing which is analogous to a custodial accounting system from which to draw information, and there is no recognizable organization structure through which a manager can effect change. Our concept of a profit plan extending through each responsible element in the business, and serving as a flexible standard of performance, is not immediately applicable to the operations of social action programs.

I believe that it is possible to develop some measures of accomplishment for individual social action programs, and eventually to combine them into a community social plan which would be similar to a corporate profit plan. Initially, however, the planning will have to take other forms, and be directed toward the establishment of a data base, an information system, measures of performance in social action programs, and an effective organization structure.

What can be done now is to define, as best one can in quantitative terms, the goals of a program, the work required to attain the goals, the cost in money and manpower to accomplish the goals, the relationship between the work activities and the goals, and the time sequence of the work activities which will be necessary to accomplish the goals. As an example of such a plan, consider the

programs which are involved in the renewal of residential, commercial, and industrial structures in our cities.

The city finds itself with areas of deteriorated (blighted) residential and commercial structures. The size of the blighted area is generally so large, and the social, political, and legal problems of redevelopment so complex, that private acquisition and redevelopment are not feasible. (I do not propose to argue the merits of the existing federal-local renewal organization, private vs. public sponsorship, or the results of many of the efforts; the fact remains that the problem existed, that the need for renewal was crucial, and that renewal by public agencies has been started.) The first question is, what should the blighted area look like after some sort of action is taken? The answer can be found only by considering the city as a whole, and what it should be like in the future; i.e., by creating a master plan for the city. The master plan is by necessity only the most general of plans—a map showing planned land uses in categories, such as residential, commercial, and industrial. The short-range (1-10 years) questions of what specific areas to treat, the method of treatment, and the social and financial implications of the treatment are not answered by the master plan.

A comprehensive plan which does answer these questions is called a Community Renewal Program (CRP), and is a requisite of community renewal. A local public agency is assigned to collect information, analyze it, prepare a CRP, and publish it. We have spent over ten million dollars on these CRPs in the last five years. In a large city, a CRP can take longer than two years and cost more than a million dollars to prepare.

The procedure necessary to complete a CRP is itself the legitimate object of considerable planning, an example of which is the work done by the Mayor's Committee for Community Renewal, the local public agency which is preparing a Community Renewal Program for the City of Detroit. Touche, Ross, Bailey and Smart was engaged to give assistance in the preparation of this plan, and to provide technical consultation in operations research and data processing.

Figure 1 shows the overall plan and the relationship between the major work components. The major work components were further described in increasing detail, until the entire CRP study was expressed in terms of work activities to be done, by skill level, at the man-day level. Figure 2 shows the planning for one major work component at the lowest level of detail.

This type of planning is generally known as network planning, and in its various forms as PERT and CPM. It

provides a formal structure within which the manager can specify the work, the resources, and the time required to achieve a specific goal.

Data Collection and Storage

Planners of social action programs quickly find that detailed, and even general, planning is severely limited by the lack of accessible data. This situation has not been significantly ameliorated by the succession of one-time collection of data for the specific purposes of other studies. The major source of consistent information is the decennial census, and it is inadequate for a large number of the data requirements in social action programs. The problem is not merely one of data processing and reporting—the specific items needed for planning and for evaluation of programs are not easily defined. Workers in the social sciences have not been accustomed to the rigorous definitions of data required when large-scale data processing is utilized, and the transition from the general to the specific is painful.

In Detroit, one of the most pressing needs of the CRP study was the source data on which to base its component studies and analyses. The advent of the local poverty program, Total Action Against Poverty (TAP), added a similar, complementary need for data.

The items of greatest interest in the CRP and TAP programs are not generally available on a consistent geographical and time-period basis, and much useful information is lost in summarization at the source. By the time historical data can be retrieved in a useful form, it may no longer be applicable, and the retrieval is often expensive.

The planners in the CRP wanted to make certain that future social data requirements could be met on a timely and economical basis, and Touche, Ross, Bailey and Smart was engaged to participate, with the CRP staff of the Mayor's Committee for Community Renewal, in the design and implementation of a Social Data Bank System.

A data bank is a repository of many kinds of information arranged so that combinations of information items can be retrieved by various classifications. For instance, one might want to find the number of school drop-outs and the incidence of juvenile offenses in a particular neighborhood for the months of January, February, and March. The Social Data Bank can yield such analyses.

The Social Data Bank included twenty-five items of information collected from fifteen agencies when it started operation in January of this year. The system was

PLANNING THE STUDY

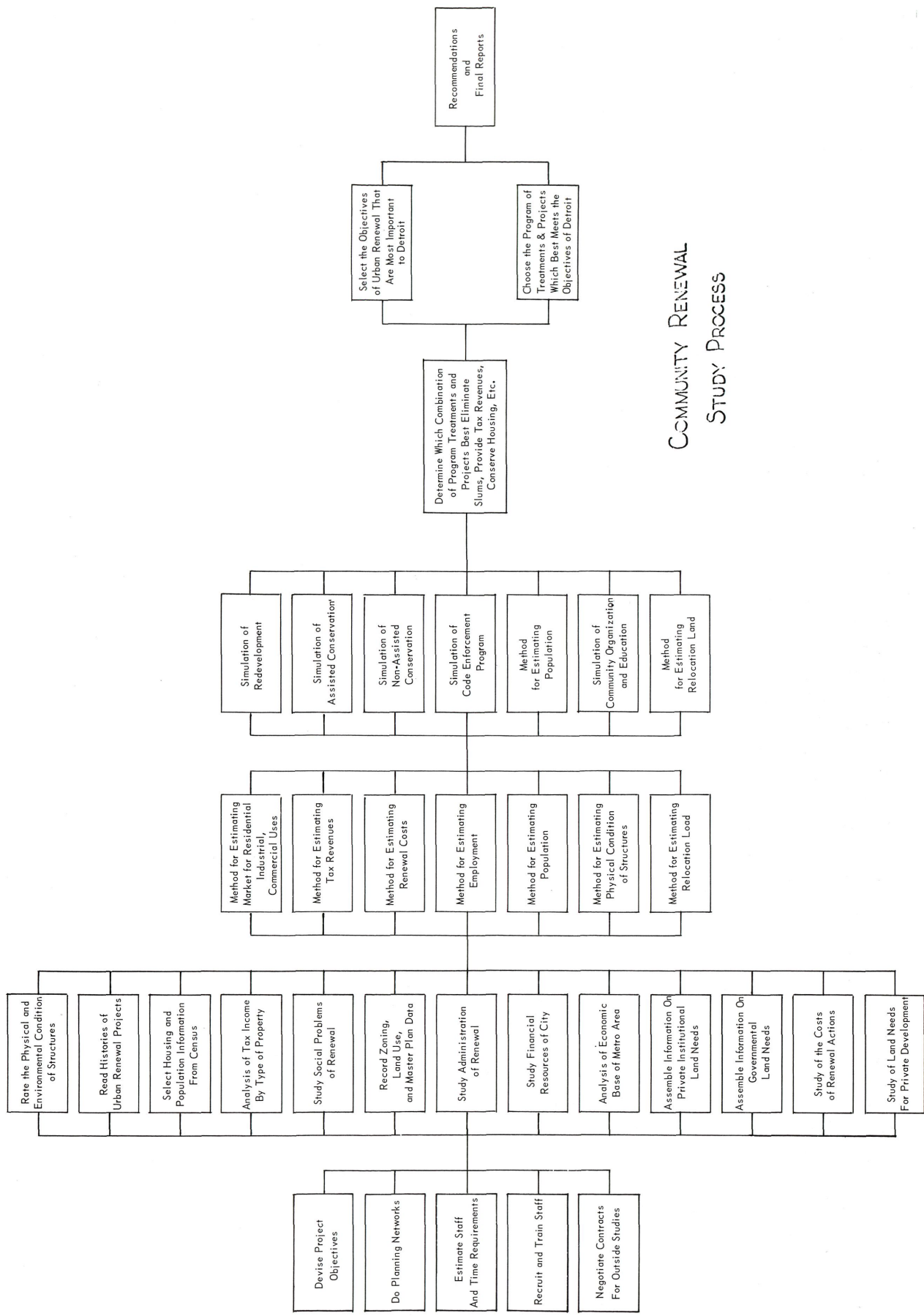
RESEARCH STUDIES AND DATA COLLECTION

DEVELOPMENT OF ESTIMATING TECHNIQUES

SIMULATION OF SEPARATE RENEWAL TREATMENTS

SIMULATION OF ALTERNATIVE URBAN RENEWAL PROGRAMS

EVALUATION TO ARRIVE AT A LONG RANGE URBAN RENEWAL PROGRAM FOR DETROIT



COMMUNITY RENEWAL STUDY PROCESS

PLANNING AREA 1001
 POPULATION 0121
 ACTION AREA

SOCIAL DATA BANK MONTHLY ANALYSIS

PAGE 1
 FOR MONTH ENDING DEC 1964

65032

SOURCE

| POLICE DEPT. | | | CITY WELFARE | | | REG VNA | VD | TB | SE | HEALTH DEPT. | STATE WELFARE DEPT. | | | | | LAW | EDUC. | |
|--------------|---|---|--------------|---|---|---------|----|----|----|--------------|---------------------|---|---|---|---|-----|-------|---|
| C | A | R | O | C | S | C | C | C | C | B | A | A | A | O | O | O | C | C |
| R | R | O | P | L | T | A | A | A | A | D | D | D | D | D | D | D | A | A |
| I | R | M | E | O | A | L | S | S | S | O | I | P | P | P | P | P | L | L |
| M | R | E | N | S | M | L | E | E | E | R | E | C | C | C | C | C | A | A |
| E | S | E | N | E | N | L | E | E | E | E | N | C | C | C | C | C | L | L |
| S | T | N | S | P | P | S | S | S | S | L | N | E | E | E | E | E | S | S |
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CODE 011 012 013 015 021 022 023 024 031 041 051 061 071 091 092 093 101 102 103 104 105 106 121 131 132

DEC _____

JAN _____

FEB _____

MAR _____

APR _____

MAY _____

JUN _____

JUL _____

AUG _____

SEP _____

OCT _____

NOV _____

DEC(LY) _____

TOTAL _____

AVERAGE _____

Figure 4

| CLERICAL TRAINING PROGRAM | | | | |
|---------------------------|---------------------------------|-------------------------|---------------------------------|-------------------------|
| DATE | GRADUATES | | COST (000) | |
| | <u>OVER (UNDER)</u> PLAN | <u>ACTUAL</u> PLAN * | <u>OVER (UNDER)</u> PLAN | <u>ACTUAL</u> PLAN * |
| JAN | - | 235 | \$64 | \$414 |
| FEB | 20 | 253 | 80 | 430 |
| MAR | 25 | 258 | 80 | 430 |
| APR | 25 | 258 | 80 | 430 |
| MAY | 35 | 268 | 100 | 450 |
| JUN | 35 | 268 | 100 | 450 |
| JUL | | 235 * | | 350 * |
| AUG | | 235 * | | 350 * |
| SEP | | 235 * | | 350 * |
| OCT | | 250 * | | 372 * |
| NOV | | 250 * | | 372 * |
| DEC | | 250 * | | 372 * |

| | | | | |
|-----|-----|-------|-------|---------|
| YTD | 140 | 1,540 | \$504 | \$2,604 |
|-----|-----|-------|-------|---------|

ANNUAL PLAN

| |
|-------|
| 2,845 |
|-------|

| |
|---------|
| \$4,266 |
|---------|

designed with rigorous accounting controls on the data from collection through reporting, and a monthly reconciliation is made to insure accuracy. The Social Data Bank should serve not only the immediate needs of the Community Renewal Program and the Total Action Against Poverty Program, but should also provide a meaningful, reliable, and timely source of information for all interested public and private agencies. The system is designed to store detail data so that future users of the data will not be penalized by arbitrary summarization and classification at the source. In the meantime, a monthly summary is made on the basis of presently meaningful planning areas and TAP target areas, and reported in the form shown in Figure 3.

Reporting

As we progress through the management cycle from planning through control elements, there is less and less basis on which to compare the management of social action programs to business enterprises, simply because we have never before had broad-scope social action programs. The kind of reporting described here is either an example from the pioneering work which we did with the Detroit CRP and TAP groups, or my own suggestion of how some elements of profitability accounting and reporting can be effectively used in social action programs.

The computer-generated report shown in Figure 3 was designed to incorporate trend reporting principles. Each month, the current month's figure is shown in the first line. Immediately below, the previous twelve months' figures are given, followed by a year-to-date total and a one-year moving average. The report is given by planning area — a small area of about a hundred acres which has boundaries such as major streets, railroad tracks, expressways, etc.

This kind of report would represent a low level of management information in a large business, but it is revolutionary in social action programs. Later, when the information supplied by such reports is used to formulate quantitative goals for specific programs, it may be possible to give the manager of a social action program a report such as the (fictitious) one shown in Figure 4. I suggest that although there is no concept of profitability in such a report, the project costs could be identified by responsibility, within which there are valid measures of performance, and that the variances can be explained by mix and volume variance analyses — in short, that many of the concepts of profitability accounting can be used effectively for management reporting in social action programs.

Organization

The Economic Opportunity Act, which authorizes the various poverty programs, allows a large number of different kinds of public and private organizations to apply for funds and to implement the programs at the local level. City governments, charitable organizations, boards of education, and even business enterprises can administer the various programs. The only specification of organization at the local level is in such language as, “. . . a program . . . which is developed, conducted and administered with the maximum feasible participation of residents of the areas and members of the groups served; and . . . which is conducted, administered, or coordinated by a public or private non-profit agency (other than a political party), or a combination thereof.”

I do not believe that a rigid specification of organization could insure or promote good management of social action programs. However, the Economic Opportunity Act will make it possible for public and private agencies to obtain funds for programs which will be implemented without continuing management control above the individual agency level. It is true that evidence of community-wide plans and advisory and coordination groups are required by the Office of Economic Opportunity, but it is nevertheless still quite possible that individual programs at the local level will operate independently, and without any but custodial accounting controls.

We shall have to wait to see how well the developing organizations can manage the expanding social action programs.

Conclusion

The magnitude of expenditures and the far-reaching effects of broadly-defined social action programs should motivate us to be interested in their efficient management. We, as taxpayers, should show an even greater interest in the management of these programs than in efficient management of routine governmental functions, because social action programs are investments in the future productivity of the whole country. Their effectiveness will have a profound influence on whether large segments of our population will be productive assets or a continuing drain on our resources.

I believe that management methods which have proven effective in business can be applied to social action programs; their use will help all of us derive the maximum possible benefit.