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## **THE RESOURCES MANAGEMENT MOVEMENT (The Coming Death of Production Management Education)**

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Production management, taught in nearly all colleges of business administration, is not a popular course. One reason it is not popular is that it does not relate to the typical young student's life experiences. This typical student has for 18 years or more been a social animal, and thus he *can* relate to college courses in the sociopsychological realm. The rare student who has considerable work experience is the only one likely to appreciate and perhaps even enjoy a course in production management (or operations management, as it is called in some schools).

But this kind of problem is found in many fields: engineering, the physical sciences, foreign languages, etc. The instructor in such areas tends to shrug his shoulders and occasionally express the forlorn wish that more students would go to work for a few years before entering college.

However, in the case of production management, there is another dimension to the problem of unpopularity. Students—and laymen for that matter—tend to equate “production” with “manufacturing,” and many, perhaps most, of the students in the typical college of business do not want to end up in a manufacturing job (many who think they don't want to end up there just the same). So, they think, “Who wants to take production management?”

One helpful trend in regard to this problem is the attempt to de-emphasize the manufacturing orientation in modern production management texts. Regarding their production management textbook, Garrett and Silver say,

Although the examples are primarily drawn from manufacturing, the text fits individuals who may enter such diverse fields as banking, transportation, communication, hospitals, mining, food processing, data processing, brokerage houses, and petroleum [3, p. 3].

In the prologue to another production management text, Riggs says,

A narrow interpretation (of production) might limit it to the mass generation of commercial products in sprawling factories. Although this aspect is certainly important and dramatic, it represents only one piece of the complete picture. Products vary from the hardware of merchandise and machines to the nebulous properties of entertainment and information [4, p. 1].

And Buffa states that “production really deals with the ‘operations’ phase of any activity regardless of its setting” [2, p. vii].

However, none of the modern books has gone much beyond token gestures toward broadened coverage. One cannot blame the authors either, because it is simply not possible to write a concise textbook that covers production management in a wide variety of settings—to do this would require a multivolume set.

The problem is that production is defined so differently from one setting to the next. Though it has always been easy to define production in a manufacturing setting, what constitutes production in a hospital? in a department store? in an insurance company? in a bank? Does a restaurant produce food, or does it produce well-fed customers?

For all of these reasons, the problem of relevance in production management education is serious. And it will get worse as the service industries continue their rapid growth.<sup>1</sup>

### **New Name, New Orientation**

As the title of this paper suggests, a "way out of this box" is to change the course of study from production management to *resources management*. Certain words pack an emotional punch, and the mere change in name might deflate some of the negativism toward this course of study. Whereas typical young students have difficulty identifying with matters of production, they have had daily life experiences with regard to resources: houses, cars, fuels, books, tools, home, and school supplies—all are resources used in their daily lives.

The greater advantage of the name change is its impact on instructional practices. Whereas different industries are vastly different with regard to production, they are hardly different at all with regard to resources. All firms have the same kinds of resources: plant and equipment, tools, materials, people, and information. (Note that family households have much the same kinds of resources.) Thus, when an instructor discusses resources management, he may readily refer to examples that students can relate to: resources of the university, the restaurant across the street, a local clinic or gas station or department store.

### **A Means-Ends Shift**

But resources management is more than a change in name—it is an adjustment to reality. Years ago when the body of knowledge that has led to production management was being assembled, the focus was overwhelmingly on production. *Output* was everything. Regarding resources, manpower was cheap and expendable, and tools, plant, and equipment were crude. What attention there was on resources centered around materials; hence, early development of economic order quantity models.

Despite the relatively low cost and expendability of resources then, it could be argued that resources deserved more attention. For resources are the *means* by which production *ends* are attained. To achieve the ends,

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<sup>1</sup> *Wall Street Journal* (March 6, 1971, p. 1) figures show that from 1966 through February 1972, employment in the service industries has gone up 27 percent. In the same time period employment in the wholesale-retail trade has increased 17 percent and in manufacturing has decreased 3 percent.

one manages the means or resources. By this reasoning, production is managed only secondarily, a derivative of resources management. Furthermore, resources constitute one of the two determinants of profit, which is the ultimate goal: sales produce money, but resources are the only thing for which a firm spends money.

But one gets nowhere arguing about what *should* have been. The important point is that resources today are *not* low in cost and expendable. An age when blue collar employees earn \$10,000 a year and more, when a computer or a numerically controlled machine costs half a million dollars, and when factories are multimillion-dollar investments *is* an age of resources management.<sup>2</sup> And, if we are not emphasizing this in colleges and universities, we are doing a disservice.

### **Resources (Production) Planning, Scheduling, and Control**

Even in the traditional heart of production management—the production planning and control system (or subsystem)—it more appropriate perhaps to emphasize resources than production. A Swedish writer, Ingemar Asplund, apparently has come to this conclusion. In his model of the management control process he identifies *resource planning* rather than production planning as a major function or task [1, p. 8], and, later in his book, Asplund refers to *resource scheduling* rather than to production scheduling [1, p. 136].

Actually, planning and scheduling resources amount to the same thing as planning and scheduling production. Whether you schedule jobs into work centers and onto machines, or schedule work centers and machines to do jobs, depends on your point of view. However, a major pressure in the modern corporation is to maintain high rates of utilization of costly resources; this means strong pressures to keep those resources scheduled with work. Those corporations that aim to project an image of social responsibility have the additional pressure to maintain stable employment, which again gives the impression that a primary scheduling concern is to keep the resources (people) fully utilized.

At the control end of production management, quantity control and quality control are, admittedly, concerned with production or output, not with resources. But the concept of control in the modern corporation is more complicated than this. Complex control systems today involve periodic reports on utilization of manpower, materials (scrap and loss reports), equipment, space, tools, and, perhaps, information. In some large firms, *most* staff managers and specialists spend *most* of their time on resource plans and reports. The output and quality reports are still there but, in some cases, in a subordinate position.

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<sup>2</sup>A concrete suggestion of the beginnings of a trend toward a resources orientation was the inauguration in the late 1960's of the Resources Management System in the Department of Defense, which is the country's largest holder and user of resources.

Thus, in the gamut of production management, concern tends to be more a matter of managing resources than managing production. The trend in that direction can only continue—it is high time that management educators catch up.

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