



THE MANAGEMENT OF TIME

“Dost thou love life? Then do not squander time, for that’s the stuff life is made of.”

Benjamin Franklin
Poor Richard’s Almanac, June 1746

About six weeks ago, a colleague and I were speaking to a group of agricultural retailers about the many virtues of an expanded market intelligence system. Those on the receiving end of our monologue were quite amenable to the “idea” of such a system. They appeared to be impressed with the practical attributes of the system and its ease of implementation. And yet, at the conclusion of our discussion, each participant was asked if he now planned to initiate such an improved system. With but a few exceptions, they responded that business demands on their time were already at such a level as to render the initiation of all new projects impractical. Time, or at least the lack of it, had apparently become the major barrier to any further managerial improvements within the industry.

Economists generally refer to four major classifications of productive resources, i.e., land, labor, capital, and management (ability). Either or all may become “limiting” and restrict expansion and/or improvements within the business firm. Time, I would argue, should be acknowledged as a fifth major resource, albeit a rather unique resource. Like the four resources noted above, time can be productive, it does have a value, and its availability can become a limiting factor (as in the case of the retailers). Unlike the basic four resources, however,

time has the unique quality of being available to all managers in equal shares. Every agribusiness manager has available a maximum of 24 hours per day. As a practical matter, physical endurance restricts this supply of time to 8-10 hours a day, weekends generally excluded. In response to the agricultural retailers, therefore, I could do little to expand their supply of total available time. I could only suggest that they attempt to use their time more efficiently. Just as they proficiently managed their use of land, labor and capital, so should they learn to better manage their time.

Objectives

I shall attempt to achieve two objectives in this paper. First, I shall illustrate how important the management of time really is by showing how time can supersede the other productive resources as a criterion for optimum managerial decisions. Second, I shall list and describe a series of ten operational guidelines which, hopefully, will suggest practical means by which managers can use their time more efficiently.

Its Importance

A good case could be made for arguing that the “management of time” is the prime concern of our nation’s largest industry. This industry employs millions of clerks, bookkeepers, stenographers, and typists whose primary function it is to gather, process, and analyze information so that its use by executives will contribute to the most efficient use of their time. From a slightly broader viewpoint, office machines,

computers, and even airlines are in the business of contributing towards the better management of time. And yet, as the retailers so vividly illustrated, managers are faced with an apparently inexhaustible demand on their time. A never-ending stream of decisions must be made and the pile of correspondence on their desk seems to grow with each passing day. As a result, some decisions are made by default and many attractive ideas are unjustifiably labeled “impractical.” The problem is that in order to improve his performance as a manager and be in a position to adopt new programs which appear promising, he must first find a way to reduce the current demands on his time. Unfortunately, the current concept of management emphasizes profit maximization and the reduced use of land, labor, or capital per unit of output. In the following illustration, I hope to show that the minimization of demands on managerial time deserves attention almost equal to that now devoted to profit maximization.

Return on Time Decisions

Many agribusiness firms find that when initiating a new project, their limiting resource is not capital, but managerial time. In this situation, there are many decisions where “return on time” (R.O.T.) provides a more useful criterion for managerial action than “return on invested capital” (R.O.I.). For example, consider that your firm is confronted with the following new project alternatives, a 10 percent cost of investment capital, and a maximum of 6 managerial years available for project implementation.

New Projects	Expected R.O.I.	Capital Required (million)	Annual Return (million)
A	25%	\$5.00	\$1.25
B	20%	\$3.00	\$.60
C	17%	\$8.00	\$1.36
D	15%	\$5.00	\$.00
E	10%	\$8.00	\$.80

If your firm refuses to recognize its managerial time limitations, it will likely implement projects A, B, C, and D (all having positive net gain); then bog down on all projects when the time deficit (6 years available and 9 required) becomes apparent. If your firm is somewhat more cognizant of the demands on time, it may implement only projects A and B, where an \$8 million total investment will return a net gain of \$1.05 million over and above the \$800,000 cost of capital, i.e., no other combination of projects will use fully the 6 years and maximize the R.O.I. If, however, your firm ranks the projects according to return on time (R.O.T. as opposed to R.O.I.) it will likely select projects A, C, and D, where a total investment of \$18 million will return a net gain of \$1.56 million over and above the \$1.8 million cost of capital. Hence, when the supply of investment capital is less restrictive than the availability of managerial time, the return on time criterion becomes the better decision strategy.

Management Guidelines

In support of the above illustration, a wide variety of experts have cited time as a critical resource in short supply. Mr. Gerald Phillippe, chairman of the Board, General Electric Inc., has stated that the expanded search for managerial time is the industry’s

greatest challenge¹. John Kitching reports that the failure of corporate mergers often rests on merging firms' lack of appreciation of the new demands on time². Finally, in his textbook, Peter Drucker emphasized the critical need for managers to make better use of their time³.

Net Gain After Cost of Capital (million)	Mgr. Man Years Required	(R.O.T.) Return Per Mgr. Man Year (million)
\$.75	3	\$.25
\$.30	3	\$.10
\$.56	2	\$.28
\$.25	1	\$.25
0	1	0

Following the dictates of these experts and others, I have developed a list of ten operational guidelines designed to facilitate an improvement in your own management of time. This list is not all-inclusive. It merely represents a combination of my own ideas and those which I have extracted from literature in the field⁴. If a manager chooses to abide by the guidelines, to do so will be time-consuming. Yet, in my opinion, the time saved will exceed that consumed by an appreciable margin.

Time analysis: Until the manager understands how his time is being used, he cannot choose among alternative ways of using it. Therefore, our first operational

¹ *The Wall Street Journal*, May 10, 1967.

² "Why Do Mergers Miscarry?" *Harvard Business Review*, Nov.-Dec. 1967, pp.84.

³ *The Effective Executive*, New York, Harper & Row, 1966.

⁴ Ross A. Webber. *Time and Management*. Frontiers in Management Series, 1972.

guideline asks that the manager find out where his time presently goes. The most common method of making this determination is called "time analysis" and takes the form of a log in which the manager's daily actions are recorded against time. Such recordings are repeated until trends and patterns appear. Upon final analysis of these data, the manager will no doubt be surprised to find that considerable time is wasted because of procrastination, interruptions, and other similar reasons. Once implemented, managers soon discover that maintaining such a log is not difficult nor time-consuming.

Daily planning: Inadequate planning is often identified as the major contributor to the mismanagement of time. Our second operational guideline suggests that managers should devise a daily plan of work in advance of the workday and then follow the plan. Such a plan should describe your dealings with priority issues. It should classify work items according to urgency and importance. J. M. Trickett, however, suggests that things which are urgent are not always important and vice versa⁵. Hence, two different priority rating scales are needed.

Priority budgeting: My third guideline suggests that the time available in your workday should be budgeted for the accomplishment of those items of work having been designated (above) as high priority.

Schedule flexibility: Peter Drucker has stated, "Any man in an important administrative position who schedules more than half his time is over-scheduling. At least half an administrator's time can be expected to be taken up with crises, emergencies, and

⁵ "A More Effective Use Of Time." *California Management Review*, Summer 1962, pp. 5-7.

just the pressures of everyday life in a large organization.⁶” Your daily plan, therefore, should be so flexible as to allow for a half day of unscheduled activities.

Delegation: The delegation of all possible work items consistent with the limitations of the manager’s job is necessary to providing the time needed for priority matters. In other words, all items that can be delegated, should be, to free time for those matters with which only the manager can deal.

Activity segmentation: Work items similar in nature and requiring similar resources for their accomplishment should be grouped within divisions of the workday. Most managers are surprised to discover how much time is saved by simply relegating written correspondence and phone calls to a certain time of the day.

Interruption control: Adequate control and/or arrangement of activities to minimize the number and duration of unnecessary interruptions is essential for the efficient management of time. Similarly, holding the number of work effort starts and stops to a minimum will materially improve your time use efficiency.

Routine work minimization: The organization of a manager’s work so as to minimize his involvement in routine tasks will provide a positive influence on the management of time. Some experts have estimated that managers spend 30 to 65 percent of their time dealing with small, insignificant, recurring matters. No manager can dispose of all routine tasks, of course, but they should be minimized.

Plan implementation and follow-up: Plan implementation is essential to the function of

managerial control. Follow-up (i.e., adjustment of the plan and the performance in consonance with objectives and conditions) is the practice of control. Each permits the manager to function more effectively and, thereby, increase his time productivity.

Repeated analysis: The difficulties involved in implementing a daily plan are such that many managers soon discontinue the practice and rapidly return to their old, time-consuming ways. To guard against this eventuality, the tenth guideline suggests that “time analysis” should be periodically repeated.

Difficult analogy

As I review happenings in the agribusiness industry over the past two decades, I am always impressed by the immeasurable progress that has been made through the more efficient use of manual labor. The industry’s manual labor requirements continue to decline relative to production or sales levels because management has, over the years, found ways of using each hour of manual labor more efficiently. Why, I then ask myself, have agribusiness managers not been as successful in improving the efficiency of their own time? While this analogy is, sometimes, a difficult one, those factors which contribute to improved management of manual labor (as a productive resource) are also applicable to the management of executive time (as a productive and limiting resource). Herbert Simon has also studied this analogy and suggests that just as manual labor has been subdivided into separate technical specialties, so should management time be subdivided into three distinct decision-making activities, i.e., the intelligence activity (collecting and reporting relevant information), the design activity (inventing, developing, and analyzing possible courses of action), and the choice activity (selecting a particular course of action


⁶ Drucker, *op. cit.*, pp. 75.

from among those available)⁷. According to Simon, if a manager finds that he is spending large amounts of time in the intelligence activity, he might consider the implementation of a new reporting system. If the design activity draws too heavily on his time, others on his staff might be trained to invent and analyze alternatives. Finally, if the choice activity is consuming an unwarranted amount of time, this could suggest the need for sharpening the manager's understanding of the selection criteria or even the need for replacing this manager with one more willing to take risks.

Summary

Because managerial time is becoming more costly and because the demands placed on it

are becoming more intense, methods to save this scarce resource or make more efficient use of it will surely continue to gain greater acceptance. Managerial time is proposed as being the fifth major productive resource; a shortage of which places a major constraint on a firm's ability to adopt or implement promising new programs. Moreover, it was shown that when time becomes more restricting than capital, long-accepted, decision-making criteria are no longer valid. Finally, a sequence of ten operational guidelines is presented in the hope that it will facilitate improvements in your management of time.



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⁷ *The Shape of Automation*. New York, Harper & Row, 1965.