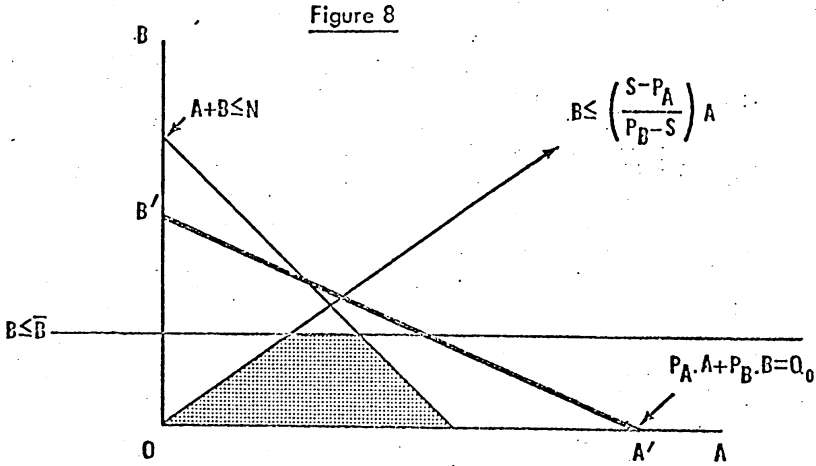


General Result

From the preceding examples it becomes apparent that the general effect of these types of control is to diminish the decision space available to the local line manager and thus to make it less probable that he will be able to achieve an optimum level of operation in regard to cost-effectiveness. (See Figure 8.)



OB'A', the original decision space, is defined by the single budget constraint. The shaded area represents the reduced decision space after the three constraints have been drawn. As shown here, the budget constraint has become irrelevant—which may not always be the case.

The addition of one or more constraints may or may not reduce the cost-effectiveness of the operation by a large amount. The important point to remember, however, is that such constraints or controls cannot increase effectiveness but can only reduce it. Moreover, it is most unlikely that, by some mystical process, the simultaneous imposition of these controls would force the local manager to make a decision that would have been optimum without them.

The major point is that these three controls, which represent indirect attempts to control dollars rather than other resources such as manpower, can only reduce operating effectiveness; they can in no way increase it.