

Short Note

## Book Review ‘Getting It To The Bottom Line: Management by Incremental Gains’

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This is a book about for-profit business management and how to optimize operating profit in an ongoing business consistent with and supportive of the owners' (and/or creditors') demands. The title of this book really says that it is concerned with business profits and profitability. A business posts a financial performance whether excellent or otherwise because the employees perform either excellently or otherwise. Of the three Ps in business-People, Product and Plant- People is, of course the most important. If both Product and Plant are excellent but the People perform only in a mediocre manner, the financial result will be mediocre. However, if both Product and Plant are mediocre but the People perform with inspired excellence, the financial result will indeed be excellent.

This book is essentially about people; a special, well-defined group of people. It is about business people, about the managers and supervisors who are responsible for the operating performance of the firm. Yet, it is also about the owners, the shareholders of the business, and the relationship between them and the management/supervisory group upon whom they must ultimately rely for achievement of operating objectives.

It is only through and by People action that financial performance of any kind is posted. It is generally agreed that the more dedicated and committed the management, the better the financial performance of the firm.

This book is also about individuals and individualism. It is a given that people always respond when they are treated as individuals, with individual needs, desires, dreams and values; when they are treated with dignity and respect for their individuality. This book provides the wherewithal to treat people and their business performance on an individual, objective, and professional basis. The aim of this book is to teach individuals how to fish, rather than merely, charitably, provide fish for the needy. It shows people how to stand on their own two feet, to take rightful pride in a job well done, to be self-sufficient, to grow, to develop, to earn a higher standard of living for the owners and for themselves.

This book is also about numbers, deal with financial and operational performance numbers. Essentially, there are two types of numbers: Plan Numbers and Actual Numbers. The conceptual framework of this book is illustrated by eight steps. First is quantify the Do-Nothing Scenario. Second are if it works, don't fix it. Third are quantify the minimal acceptable performance levels. Fourth are quantify components of the financial "performance gap". Fifth are cut your losses, liquidate, and reinvest elsewhere. Sixth are quantify management action plans to bridge the performance gap. Seventh are define, establish reporting and control system. Eight are define, implement an incentive compensation program.

Section 1 in this book begins with Chapter 2 by exploring what the owners really want and why they really want it. In Chapter 3, the book focus turns to operating management. These are the people, after all, who ultimately must perform and execute the plans and programs to meet the demands of the owners. In Chapter 4, the concept of Incremental Gain is presented. In Chapter 5, the essentials of effective business profit planning relate and tie together the earlier three basic ingredients: owners, management and the techniques for managing by incremental gain.

Section 2 in this book presents the next four chapters that supplied readers with all the nitty-gritty, practical procedural detail to successfully manage by incremental gains. In Chapter 6, the author anatomize the functional operating management challenges that face us to meet/exceed the owners' demands for operating pre-tax profit. In Chapter 7, the author will do for planning, monitoring and control of cash flow what he did for operating pre-tax in Chapter 6. In Chapter 8, readers will find yet another "first" in operating management and control. In Chapter 9, readers presented with a program of measured discipline involving Criteria for Effectiveness, Agendas for Meetings, forms, procedures and instructions. Readers will see how the Incentive Compensation Program is integrated and embodies within the Control and Reporting Systems. As readers plow through these four chapters, they will encounter four forms used to anatomize the changes needed in operating pre-tax profit, operating cash flow, and employee compensation to meet the demands of the owners. The author's sound, real-world tested theory of Management by Incremental Gains boosts operating performance on a day-to-day basis. Following his nine guiding principles, operating managers can more effectively define, quantify, organize and prioritize their companies' financial goals and then reach or even surpass them.