Farewell to Lofty Leadership . . .

Welcome Engaging Management

HENRY MINTZBERG

BEDTIME STORIES FOR MANAGERS

Read about managing with soul, organizing like a cow, growing strategies like weeds, being a keynote listener . . . and more

Bedtime Stories for Managers

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I dedicate this book to all those managers who eat the scrambled eggs to help their organization work like a cow.

Good Evening …

Offline? Excellent. Welcome to *Bedtime Stories for Managers*, a playful book with a serious message: management has to come down from lofty leadership to grounded engagement. How so? By organizing like a cow instead of a chart … so that strategies can grow like weeds in a garden … as extraordinary ideas come from ordinary people … who are distinctively worldly instead of cookie-cutter global.

The first story sets the tone, telling how the CEO of a failing airline sat in First Class while his customers in back had to eat what was called scrambled eggs. In a world as scrambled as ours, managers have to eat those eggs.

A few years ago, I began a blog (mintzberg.org/blog) to capture a lifetime of ideas buried in obscure publications. Then I came across a book of stories for the fans of the Montreal hockey team, 101 in all. Perfect bedtime reading!—a little story or two before dozing off. Why not a book of blogs for managers? What better time than now, by which I mean bedtime, after the managing has stopped—if it ever does.

Consider the organizations that you know and admire most:

• Do they function as collections of Human Resources or as communities of human beings?

• Does *thinking* always come first, or do they sometimes *see* first or *do* first in order to think better?

• Do they measure like mad or serve with soul?

• Must they *be* the best, or do they *do* their best?

If you opted for the first set of answers, read this book to discover the second. If you opted for the second set of answers, read this book to cope with those who opted for the first.

From more than 101 blogs, I selected 42 that seem to speak most meaningfully to managers. Books, I am told, need chapters, so I organized these under headings like *managing, organizing, analyzing*, and so on. I am also told that chapters need introductions to tell you what the writer is going to tell you. Here I drew the line: no introductions. I prefer that you discover these stories for yourself, in whatever order you prefer. I do ask that you read the first story first and the last story last, but otherwise feel free to peruse at random—as good managers sometimes do.

As you turn the pages, I'd like you to wonder what in the world is coming next. I'll give you a hint: a medley of metaphors. Beside cows and gardens, cutting cookies and scrambling eggs, get ready for the maestro myth of managing, the soft underbelly of hard data, the board as bee, and downsizing as bloodletting. Just try not to be outraged by anything you read because some of my most outrageous ideas turn out to be my best. They just take time to become obvious.

This may be a book about managing, but don't expect any magic bullets. I leave those to the books that compound the problem. Instead expect unexpected insights to sleep on so that you can rise and shine and, after eating some properly scrambled eggs, charge out to unscramble the messes of managing. You, your colleagues, even your family might just live a little more happily ever after.

Sweet dreams!

ABOUT THIS STORYTELLER

I profess management and more at McGill University in Montreal (in the Cleghorn Chair of the Desautels Faculty), where I help managers develop themselves in business (impm.org), in health care (imhl.org), and in-house (CoachingOurselves.com). Otherwise I escape the world of organizations on skates, atop a bicycle, up mountains, and in my cherished canoe.

I guess I should tell you that I have 20 honorary degrees and am an Officer of the Order of Canada. (You can find other extraneous details at mintzberg.org, including /beaver to see my collection of proper art, /books to see all mine, including a collection of horror stories about *The Flying Circus*, and /blog for new stories like the ones in this book.) I can add that this is my twentieth book—maybe the most serious—and my sixth with Berrett-Koehler. The focus of my attention now, hopefully before it's too late, is to help wake up the world to the implications of one of these books, called *Rebalancing Society*.

In my cherished canoe, with one of my cherished daughters

THE TOOTH FAIRIES

Once upon a time, in the faraway land of Berrett-Koehler, Katie urged me to do a blog, so I eventually did. Then Jeevan urged me to do a collection of my ideas, and thus came this book. Katie, again to the rescue, with Kristen suggested that we call it *Bedtime Stories for Managers* (instead of *Managing Scrambled Eggs*), so we did that, too, again most happily. Steve, BK's engaging manager, engaged enthusiastically with this book, as have others of the BK team, including Lasell, Michael, David, Neil, Johanna, Maria Jesus, Catherine, and Chloe, plus those who contributed beyond BK: the other David, Ken, Jan, and Elizabeth.

Back home, Lisa has sprinkled magic over the stories with her sparkling photographs. Dulcie did her own magic, helping make so many of the blogs better, and Susie did likewise with edits of the manuscript. Mary has shepherded the whole process at this end, converting all the nightmares into sweet dreams, as Santa, the dream assistant, has been doing in my working life for 20 years.

I thank every one of you—tooth fairies all—for all the gems that you have been putting under my pillow for months on end.

ONE

Stories of Managing

Big things and little things are my job. Middle-level arrangements can be delegated.

—Kōnosuke Matsushita, founder of Panasonic

MANAGING SCRAMBLED EGGS

One morning years ago, I flew Eastern Airlines from Montreal to New York. It was the largest airline in the world at the time but was soon to go belly-up.

They served food in those days, well, sort of—something they called "scrambled eggs." I said to the flight attendant: "I've eaten some awfully bad things on airplanes, but this has to be the worst."

"I know," she replied. "We keep telling them; they won't listen."

How can this be? If they were running a cemetery, I could understand the difficulties of communicating with the customers. But an airline? Whenever I encounter awful service or a badly designed product, I wonder if the management is running the business or reading the financial statements. [1]

The financial analysts were certainly reading those statements—and probably explaining the airline's problem in terms of load factors and the like. Don't believe a number of it. Eastern Airlines went belly-up because of those scrambled eggs.

Some years later, after telling this story to a group of managers, one of them, from IBM, came up to tell me another story: The CEO of Eastern Airlines came rushing in at the last minute for a flight, he said. First class was full, so they bumped a paying customer to put the CEO where I guess he had become accustomed. Apparently feeling guilty, he reportedly made his way to economy class. (No mention was made of his having to ask where it was.) There he apologized to the customer and introduced himself as the CEO of the airline. The customer replied: "Well, I'm the CEO of IBM."

Now, don't get this wrong. The problem was not about *who* was bumped. Quite the contrary. Status was the problem: higher class counted for more than common sense. Managing is not about sitting where you have become accustomed. It's about eating the scrambled eggs.

THE MAESTRO MYTH OF MANAGING

Picture the managerial maestro on the podium: a flick of the baton and marketing opens; a wave of the wand and sales chimes in; a grand sweep of the arms and HR, PR, and IT harmonize. It's a manager's dream—you can even attend leadership workshops orchestrated by conductors. [2]

Here are three quotes about this metaphor. As you read them, we'll play a little game. Please vote for which quote best captures your understanding of managing. But there's a trick: you must vote after you read each, before you have read any other. There is, however, a compensating trick: you can vote up to three times!

From Peter Drucker, the guru's guru:

One analogy [for the manager] is the conductor of a symphony orchestra, through whose effort, vision and leadership individual instrumental parts that are so much noise by themselves become the living whole of music. But the conductor has the composer's score: he is only interpreter. The manager is both composer and conductor. [3]

Your vote for the manager as composer and conductor? From Sune Carlson, a Swedish economist who carried out the first serious study of managerial work of Swedish CEOs:

Before we made the study, I always thought of a chief executive as the conductor of an orchestra, standing aloof on his platform. Now I am in some respects inclined to see him as the puppet in the puppet-show with hundreds of people pulling the strings and forcing him to act in one way or another. [4]

Your vote for the manager as puppet?

From Leonard Sayles, who studied middle managers in the United States:

The manager is like a symphony orchestra conductor, endeavoring to maintain a melodious performance … while the orchestra members are having various personal difficulties, stage hands are moving music stands, alternating excessive heat and cold are creating audience and instrumental problems, and the sponsor of the concert is insisting on irrational changes in the program. [5]

Your vote for the manager in rehearsal?

I have used this game with many groups of managers. The results are always the same: a few hands might go up for the first and a few more for the second, but when I read the third, all the hands go up! Managers are like orchestra conductors, all right, but away from performance, to the everyday grind. Beware of metaphors that glorify.

As for orchestra conductors, are they managers at all, even leaders? Outside of performance, certainly both, together. They select the musicians and the music and, during rehearsals, blend them into a coherent whole. But watch a conductor in performance: it is mostly that—performance. Better still, watch the musicians during performance: they barely look at the conductor—who, by the way, may be a guest conductor. Can you imagine a guest manager anywhere else? [6]

Who is pulling the strings: Toscanini or Tchaikovsky? Actually, the musicians do that, but each plays the notes written for their instrument by the composer, all together. So it is the composer who is both composer and conductor. But since the composers are dead, the conductors get the acclaim.

Maybe all the world really is a stage, with all the composers, conductors, managers, and players merely players. If so, no manager belongs on the podium of lofty leadership.

MANAGING TO LEAD

The fable that leadership is separate from, and superior to, management has been bad for management and worse for leadership.

The fashionable depiction sees leaders as doing the right things while managers do things right. [7] This may sound right, until you try to do the right things without doing them right.

John Cleghorn, as CEO of Royal Bank of Canada, developed a reputation in his company for calling the office on his way to the airport to report a broken automatic-teller machine. This bank had thousands of such machines. Was he micromanaging? No, he was leading by example. Some of the best leadership is management practiced well.

Have you ever been managed by someone who didn't lead? That must have been awfully discouraging. Well, how about having being led by someone who didn't manage? That person may have been just plain disconnected: how could they know what was going on? As Jim March of the Stanford business school put it: "Leadership involves plumbing as well as poetry." [8]

So let's get past leadership dissociated from management, to recognize that these are two sides of the same job. Haven't we had enough of leading by remote control, disconnected from everything except the "big picture"? In truth, the big picture has to be painted with the little brushstrokes of grounded experience.

You may have heard that we are overmanaged and underled. Now it's the opposite: we have too much lofty leadership and not enough engaging management. Here is a comparison of the two. Take your choice.

Two Ways to Manage

Lofty Leadership	**Engaging Management**
1. Leaders are important people, quite apart from others who develop products and deliver services.	1. Managers are important to the extent that they help other people be important.
2. The higher "up" these leaders go, the more important they become. At the "top" the CEO *is* the organization.	2. An effective organization is an interacting network, not a vertical hierarchy. Effective managers work throughout; they don't sit on some top.
3. Down the hierarchy goes the strategy —clear, deliberate, and bold—	3. Out of the network emerge

emanating from the chief, who takes the dramatic acts. Everyone else "implements."	strategies, as engaged people solve little problems that can grow into big strategies.
4. To lead is to make decisions and allocate resources—including those Human Resources. Leadership thus means calculating, based on facts, from reports.	4. To manage is to connect naturally with human beings. Managing thus means engaging, based on judgment, rooted in context.
5. Leadership is thrust upon those who thrust their will on others.	5. Leadership is a sacred trust earned from the respect of others.

SELECTING THE FLAWED MANAGER

What makes a manager/leader effective? [9] The answer awaits you in all sorts of little lists. For example, a University of Toronto Executive MBA brochure listed:

• The courage to challenge the status quo

• To flourish in a demanding environment

• To collaborate for the greater good

• To set clear direction in a rapidly changing world

• To be fearlessly decisive

The trouble with these little lists is that they are never complete. For example, where on this one is basic intelligence or being a good listener? Fear not—these qualities appear on other lists. So I made a comprehensive list from all the little lists I could find, adding a few favorites of my own. As you can see in the table at the story's end, it contains 52 qualities. Be all 52 and you are bound to be a terribly effective manager—even if not a human one.

The Inevitably Flawed Manager

All of this is part of our romance with leadership that puts ordinary mortals on pedestals ("Rudolph is the perfect person for the job: he will save us!"), and then allows us to vilify them as they come crashing down ("How could Rudolph have failed us so?"). Yet some managers do stay up, if not on that precarious pedestal. How so?

The answer is simple: successful managers are flawed—everyone is flawed—but their particular flaws are not fatal under the circumstances. Reasonable human beings find ways to live with one another's reasonable flaws.

Fatally flawed are those utopian lists of managerial qualities because they can be awfully wrong. Can anyone disagree about managers needing to be "fearlessly decisive"? For starters, those who watched George W. Bush lead (but not manage) the American march into Iraq. He certainly had "the courage to challenge the status quo" (if not the bad advice of his advisers). Ingvar Kamprad managed IKEA as it became one of the most successful retail chains ever. It reportedly needed 15 years to "set clear direction in a rapidly changing world." Actually, it succeeded because the furniture world was not changing rapidly; IKEA changed it.

Choosing the Devil You Had Better Get to Know

If everyone's flaws come out sooner or later, then sooner is better, especially for managers. In fact, managers should be selected for their flaws as much as for their qualities. Unfortunately, we tend to focus on the qualities, often just one: "Sally's a great networker" or "Rudolph's a visionary," especially if the failed predecessor was a lousy networker or devoid of strategic vision.

There are really only two ways to know a person's flaws: marry them or work for them. But how many among the people who select the managers—board members for chief executives, *superior* managers for *subordinate* ones (what awful terms)—have ever worked for the candidates, let alone been married to them? As a consequence, too many of their choices end up being "kiss up and kick down" people: smooth-talking and overconfident, great at impressing "superiors" but nasty in managing "subordinates."

People who select managers have to hear from the people who know the candidates best. Now, they can't exactly ask the candidates' spouses because the current ones will be biased and the former ones will be more biased. But they can certainly get the opinions of the people who have been managed by these candidates.

I'm not one for magic bullets in management, but if one prescription could improve the practice of managing monumentally, here it is: give voice in selection processes to people who have been managed by the candidates. Please sleep on this bedtime story.

Composite List of Basic Qualities for Assured Managerial Success

Compiled from various sources; my own favorites are in *italics*.

- courageous
- *committed*
- curious
- confident
- *candid*

- *reflective*
- *insightful*
- open-minded/tolerant (of people, ambiguities, and ideas)
- innovative
- communicative (including being a good listener)
- *connected*/informed
- perceptive

- *thoughtful*/intelligent/*wise*
- analytical/objective
- pragmatic
- decisive (action-oriented)

- proactive/charismatic
- passionate
- *inspiring*
- visionary

- energetic/enthusiastic
- upbeat/optimistic
- ambitious
- tenacious/persistent/zealous

- collaborative/participative/cooperative
- *engaging*
- supportive/sympathetic/empathetic

- stable
- dependable
- fair
- accountable
- ethical/honest

- consistent
- flexible
- balanced
- integrative

- tall*

*This item appeared on no list that I saw, but it does have some rather odd support. In a 1920 book titled *The Executive and His Control of Men: A Study in Personal Efficiency*, Enoch Burton Gowin asked if there might be "some connection between an executive's physique, as measured by height and weight, and the importance of the position he holds" (pages 22 and 31). His answer was yes. Bishops, for example, averaged greater height than the preachers of small towns; superintendents of school systems were taller than principals of schools. His data on railroad executives, governors, and others support these findings. But Gowin didn't study Napoleon—or women.

THE EPIDEMIC OF MANAGING WITHOUT SOUL

My daughter Lisa once left me a note in a shoe that read, "Souls need fixing." Little did she know.

A Tale of Two Nursing Managers

When we asked the incoming participants of our International Masters for Health Leadership (IMHL) program to share stories about their experiences, an obstetrician told about the time when, as a resident, he was shuttling between the wards of several hospitals. He and his colleagues "loved working" in one of them. It was a "happy" place, thanks to a head nurse who cared. She was understanding, respectful of everyone, and intent on promoting collaboration between doctors and nurses. The place had soul.

Then she retired and was replaced by a nurse who had an MBA. Without "any conversation … she started questioning everything.” She was strict with the nurses, sometimes arriving early to check who might come late. Where there used to be chatting and laughing at the start of shifts, “it became normal for us to see one nurse crying” because of some comment by the new manager.

Morale plummeted, and soon that spread to the physicians: “It took two to three months to destroy that amazing family.… We used to compete to go to that hospital; [subsequently,] we didn’t want to go there anymore.” Yet “the higher authority didn’t intervene or maybe was not aware” of what was going on.

How often have you heard such a story—or lived one? (In one week I heard four.) And no few are about CEOs. Managing without soul has become an epidemic in society. The worst of it is mean-spirited, bullying people by playing them off against one another.

A Hotel with Soul

Sometime after, I was in England for a meeting at one of those corporate hotels—no spirit, no soul, high turnover of staff, the usual. Then Lisa and I headed up to the Lake District to check out a hotel for one of our programs.

I walked in and fell in love with the place. Beautifully appointed, perfectly cared for, a genuinely attentive staff—this hotel was loaded with soul. I have been studying organizations for so long that I can often sense soul, or lack of it, in an instant. I feel the energy of the place, or the lethargy; the genuine smile instead of the grin from a "greeter"; honest concern instead of "Customer Service."

"What's it mean to have soul?" Lisa asked.

"You know it when you see it," I replied, "in every little corner." I asked a waiter about hiking trails. He didn't know, so he fetched the manager of the hotel, who explained them all in detail. I chatted with a young woman at reception. "The throw pillows on the bed are really beautiful," I said.

"Yes," she replied, "the owner cares for every detail—she picked those pillows herself."

"How long have you been here?" I asked.

"Four years," she answered proudly and then rattled off the tenures of the senior staff: the manager 14 years, the assistant manager 12 years, the head of sales a little less.

Why can't all organizations be like this? Most people—employees, customers, managers—*want* to care, given half a chance. We human beings have souls, so why not our hospitals and hotels? Why do we build great institutions only to let them wither under people who should never be allowed to manage anything? Souls need fixing all right—and so does a lot of managing.

Five Easy Steps for Managing without Soul

Here are the only five easy steps you will find in this book. Any one will do.

- **Manage the bottom line,** as if you make money by managing money, rather than attending to products, services, and customers.
- **Make a plan for every action**—no spontaneity please, and no learning.
- **Move managers around** so that they can never get to know anything well but management (after a fashion).
- **Hire and fire those Human Resources** the way you buy and sell other resources.
- **Do everything in five easy steps.**

How about doing everything with five alert senses?

MANAGING IN THE AGE OF THE INTERNET

Fundamentally, managing does not change. It's a practice rooted in art and craft, not a science or a profession based on analysis. The subject matter of managing may change, but the effective practice does not.

Does this mean that the new digital technologies, especially email, haven't changed the basic practice of managing? Yes, except in one particular respect: by intensifying the characteristics that have long prevailed in practice, they are throwing too much of it over the edge.

The Characteristics of Managing

As I found in my own initial research, managing is a hectic job: fast-paced, high-pressured, action-oriented, frequently interrupted. In the words of one chief executive, managing is "one damn thing after another."[10] The job is also largely oral: managers do a lot more talking and listening than reading and writing. And they do this communicating laterally as much as hierarchically: most managers spend at least as much time with people outside their units as with those inside. All of this is not bad managing; it is normal managing.

The Impact of the Internet

How, then, do the new digital technologies, especially email, affect this?

Maya, managing

• One thing seems certain: the capacity to communicate instantly with people everywhere increases the pace and pressure of managing—and likely the interruptions as well. If you've got mail, you'd better answer it right away. But don't be fooled. Even before the internet, there was evidence that managers *chose* to be interrupted. Now more do so by checking messages at every little *ping!* and replying immediately. One corporate CEO told an interviewer: "You can never escape. You can't go anywhere to contemplate or think." Not true: you can go anywhere you please.

• Internet connectivity has intensified managers' orientation to action: everything is expected to be faster, immediate. How ironic that a technology literally removed from the action—picture a manager facing a screen—exacerbates the action orientation of managing. With all those electrons flying about, the hyperactivity gets worse. (If you are reading this bedtime story on a Sunday evening, check your email because your boss—or you!—may have just called a meeting for Monday morning.)

• Of course, more time reading on the screen and writing on the keyboard means less time talking and listening to people face-to-face. There are only so many hours in every day. How many more of them are you now devoting to such reading and writing, instead of being with the staff, or the kids, or getting some decent sleep (after reading this story)?

• Email is limited to the poverty of words alone. There is no tone of voice to hear, no gesture to see, no presence to feel. Yet managing depends on this kind of information too. On the telephone people laugh or grunt; in meetings they nod in agreement or nod off in distraction. Astute managers pick up on these signals.

• Of course, email has made it easier to keep "in touch" with a wide network of contacts all over the world. But how about colleagues down the hall? Does sitting in front of a screen put you out of touch with them?

A senior government official I met boasted that he kept in touch with his staff through email early every morning. In touch with a keyboard perhaps, but with his staff?

These fast-paced characteristics of managing are normal only within limits. Exceed them at your own risk. The devil of the new technologies can be found in the details: when hectic becomes frenetic, a manager can lose control of the job and become a menace to the organization. The internet, by giving the illusion of control, may in fact be robbing many managers of control over their own work.

Thus this digital age may be driving much management practice over the edge, making it too remote and superficial. So don't let the new technologies manage you: Don't allow yourself to be mesmerized by them. Understand their dangers as well as their delights so that you can manage them. Turn them off. Sweet dreams!

Do We Really Live in Times of Great Change?

When a CEO sits down at a laptop to prepare a speech, the machine automatically types: "We live in times of great change." That's because just about every such speech over the past 50 years has started with this claim. *That* never changes.

Do we *really* live in times of great change? Look around and tell me what's changed fundamentally. Your food, your furniture, your friends, your fixations? Are you wearing a tie or high heels? Why, other than because you always have? How about the engine of your car?

It probably has the basic technology that was in the Model T Ford. When you dressed this morning, did you say to yourself: *If we live in times of such great change, how come we are still buttoning buttons?* (The kind of buttons we use appeared in Germany in the thirteenth century.)

What's my point? That we notice only what is changing, and most things are not. Sure, we notice the internet. (*Zap*, I hit a few keys and Wikipedia tells me about the origin of buttons.) But try to notice all the things that are not changing, because to manage change without managing continuity is anarchy.

DECISION-MAKING: IT'S NOT WHAT YOU THINK

... It's also what you see

How do we make decisions? That's easy. First we *diagnose*, next we *design* (possible solutions), then we *decide*, and finally we *do* (carry the choice into action). In other words, we think in order to act: I call this *thinking first*.

Consider probably the most important decision of your life: finding your mate. Did you think first? Using this model, let's say as a male in search of a female mate, first you make a list of what you are looking for, say, brilliant, beautiful, and bashful. Then you list all the possible candidates. Next comes the analysis: you score each candidate on all the criteria. Finally, you add up all the scores to find out who has won, then inform the lucky lady.

Except that she informs you that "While you were going through all this, I got married and now have a couple of kids." Thinking first does have its drawbacks.

So chances are you proceeded in a different way, like my father, who announced to my grandmother, "Today I met the woman I'm going to marry!" There was not a lot of analysis in this decision, I assure you, but it worked out well—a long and happy marriage ensued.

This is known as "love at first sight." As a model of decision-making, I call it *seeing first*. You might be surprised how many important decisions get made this way—for example, deciding to hire someone two seconds into an interview, or buying a facility because you like the look of the place. These are not necessarily whims; they can be insights.

But not so fast: there's another, often more sensible way to make decisions. I call it *doing first*. I'll leave how that works in finding a mate to your imagination. Suffice it to say that, when you're not sure how to proceed—for decisions both big and small—you may have to *do* in order to think, instead of think in order to do. You try something, in a limited way, to see if it might work; if it doesn't, you try something else, until you find something that works, and then do more of it. Start small to learn big.

Of course, this has its drawbacks too. As Terry Connolly, a professor interested in decision-making, quipped, "Nuclear wars and childbearing decisions are poor settings for a strategy of 'try a little one and see how it goes.'"[11] But there are lots of other decisions for which this can be a perfectly good approach. Paint a product blue: next thing you know, you may be selling a rainbow of colors.

So, do you have an important decision to make? Good. Hold those thoughts. Tomorrow, look around! Do something! You may find yourself thinking differently.[12]

GROWING STRATEGIES LIKE WEEDS IN A GARDEN

In need of a strategy? Here's how, stylized a little from just about every book and article on the subject.

So neatly lined up (Photo by Henry Mintzberg)

The Hothouse Model of Strategy Formulation

1. There is one prime strategist, and that person is the chief executive officer—the planter of all strategies. Other managers may fertilize, while consultants offer advice (sometimes even the strategy itself—but don't tell anybody).

2. Planners analyze the appropriate data so that the CEO can formulate the strategy through a controlled process of conscious thought, much as tomatoes are cultivated in a hothouse.

3. The strategy comes out of this process immaculately conceived, then to be made formally explicit, much as ripe tomatoes are picked and sent to market.

4. This explicit strategy is then implemented, which includes developing the necessary budgets as well as designing the appropriate structure—the hothouse for the strategy. (If the strategy fails, "implementation" is blamed, namely those dumbbells who were not smart enough to implement the CEO's brilliant strategy. But be careful, because if those dumbbells are smart, they will ask: "Why, if you are so smart, did you not formulate a strategy that we dumbbells were capable of implementing?" You see, every failure of implementation is also a failure of formulation.)

5. Hence, to manage this process is to plant the strategy carefully and watch over it as it grows on schedule so that the market can beat a path to its produce.

Wait, don't go off and start formulating your strategy quite yet. Read the next model first.

So wonderfully organic

A Grassroots Model of Strategy Formation

1. Strategies grow initially like weeds in a garden; no need to cultivate them like tomatoes in a hothouse. They can form, rather than having to be formulated, as decisions and actions taken one by one amalgamate into a consistent pattern. In other words, strategies emerge gradually through a process of learning. The hothouse, if need be, can come later.

2. These strategies can take root in all kinds of curious places, wherever people have the capacity to learn and the resources to support that capacity. Anyone in touch with an opportunity can come up with an idea that can evolve into a strategy. An engineer meets a customer and imagines a new product. No discussion, no planning—she just builds it. The seeds of a new strategy may have just been planted. The point is that organizations cannot always plan where a strategy will begin, let alone plan the strategy itself. Accordingly, productive strategists build gardens in fertile ground, where all kinds of ideas can take root and the best of them can grow.

3. Individual ideas become strategies when they pervade the organization. Other engineers see what she has done and follow suit. Then the salespeople get the idea. Next thing you know, the whole organization has a new strategy—a new pattern in its activities—which might even come as a surprise in the C suite. After all, weeds can proliferate and encompass a whole garden; then the conventional plants can look out of place. But what is a weed but a plant that wasn't expected? With a change of perspective, the emerging strategy can become what's valued, much as Europeans enjoy salads of the leaves of dandelions, America's most notorious weed.

4. Of course, once an emerging strategy is recognized as valuable, its proliferation can be managed, the way plants are selectively propagated. An emergent strategy becomes a deliberate strategy going forward. Managers just have to appreciate when to exploit an established crop of strategies and when to encourage new strains to replace them.

5. Hence, to manage this process is not to plan or plant strategies but to recognize their emergence and intervene when appropriate. A truly destructive weed, once noticed, has to be uprooted immediately. But one that may be capable of bearing that fruit can be worth watching, in fact sometimes worth pretending not to notice until it bears that fruit or else withers. Then hothouses can be built around those that offer the hanging fruit, low or high.

Okay, now you are all set for strategy, by forgetting the word and doing a lot more learning than planning.[13]

TWO

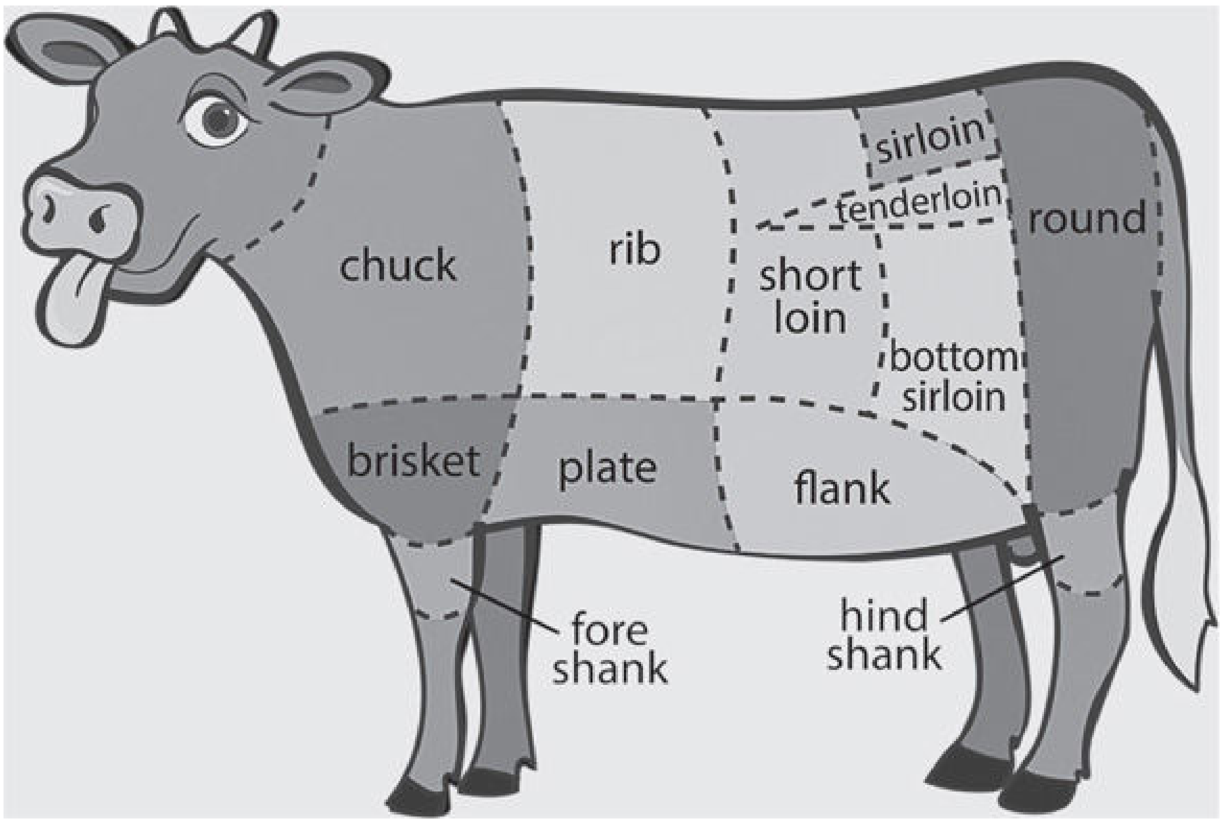
Stories of Organizing

Question to a consultant:

“So—are you helping them get organized?”

“No—I am helping them get disorganized.”

ORGANIZING LIKE A COW



Courtesy of Socket Software

This bedtime story may seem to be over the moon. It is not!

To pick up on an ad that appeared some years ago for a major software company, the drawing above is not a cow. It's a chart of a cow—its parts. In a healthy cow, these parts don't even know that they are parts; they just work together harmoniously. So, would you like your organization to work like a chart? Or like a cow?

This is a serious question. Ponder it. Cows have no trouble working like cows. Nor, for that matter, does each of us, physiologically at least. So why do we have so much trouble working together socially? Are we that confused about organizing, for example all this obsession with charts?

I discuss this cow in our International Masters Program for Managers (IMPM). One time, in the module we hold in India, while crossing the bustling streets of Bangalore the managers experienced another story about cows. As recounted to me by Dora Koop, a colleague at McGill: "The first day we were told that when we crossed the street in India we had to 'walk like a cow.' The whole group had to stay together, and we were warned not to do anything unexpected. So we just moved slowly across the street, and the traffic went around us. Throughout the whole program, people used this cow metaphor [recalling the other one too, about working like a cow]."

Picture this: a mass of people, all as one, advancing steadily and cooperatively through what looks like chaos. Now imagine the people of your organization advancing steadily and cooperatively through what looks like its chaos.

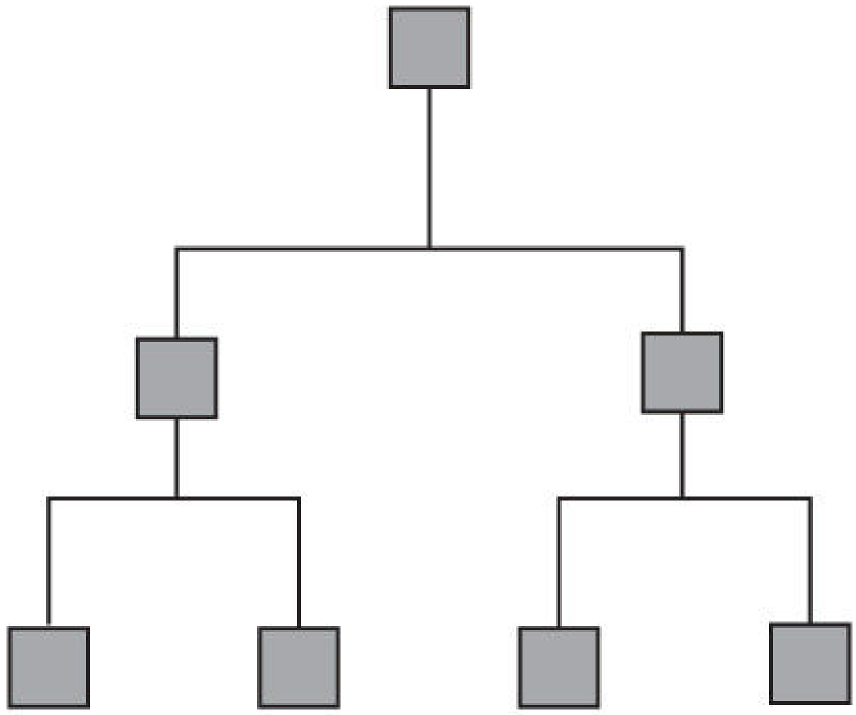
In walking like a cow, we have an answer to working like a cow: it's about walking and working together. Beyond the sacred cow of leadership lies the idea of *communityship*, a word I coined to put leadership in its place.[14]

COMMUNITYSHIP BEYOND LEADERSHIP

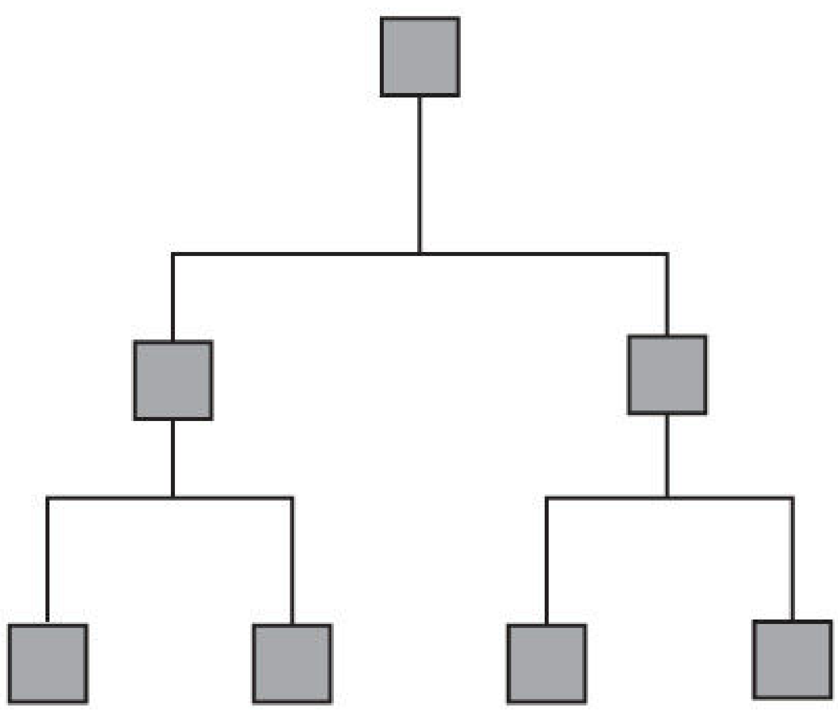
Laura and Tomas, two of my grandchildren; Teddy, their dog; and Ted, a beaver sculpture.[15] (Photo by Susan Mintzberg)

Say "organization" and we see leadership. That's why those charts are so ubiquitous. They tell us who is supposed to lead whom but not who does what, how, and with whom. Why are we so fixated on formal authority? Have a look at the top figure on the next page to see an organization. Then look at the bottom figure to see a reorganization.

Did you notice the difference? True, a few names were changed in a few boxes, but the chart—how we see the organization—remains the same. Is there no more to organizing than bossing?



This is an organization



This is a reorganization

Do you know why reorganizing is so popular? Because it's so easy. Shuffle people on paper and the world is transformed—on that paper at least. Imagine instead if people were shuffled around offices to make new connections.

Say "leadership" and we see an individual—even if that individual is determined to "empower" everyone else. (Is that necessary?) Often, however, it's about a great white knight riding in on a great white horse to save everyone (even when headed straight into a black hole). But if one person is the leader, everyone else must be a follower. Do we really want a world of followers?

Think of the established organizations that you admire most. I'll bet that beyond any leadership exists a powerful sense of communityship. Effective organizations are communities of human beings, not collections of Human Resources.

How can you recognize communityship in an organization? That's easy: you feel the energy in the place, the commitment of its people, and their collective interest in what they do. They don't have to be formally empowered because they are naturally engaged. They respect the organization because it respects them. There is no fear of being fired because some "leader" hasn't made the anticipated numbers on some bottom line.

Sure we need leadership, especially to enable and establish communityship in new organizations, as well as to help sustain it in established ones. What we don't need is an obsession with leadership—of some individual being singled out from the rest, as if he or she were the be-all and end-all of organizing (and is paid accordingly). So here's to *just enough leadership*, embedded in communityship.

NETWORKS ARE NOT COMMUNITIES

If you want to understand the difference between a network and a community, ask your Facebook friends to help paint your house. Networks connect; communities care.

Social media certainly connects us to whoever is on the other end of the line and thus extends our social networks in remarkable ways. But this can come at the expense of our personal relationships. Many of us are so busy texting and tweeting that we barely have time for meeting and musing. Where are we supposed to get the meaning? One important answer: through face-to-face contact in the communities where we work and live.

Marshall McLuhan wrote famously about the "global village" created by the new information technologies. But what kind of village is this? In the traditional village, you connected with your neighbors at the local market. It was the heart and soul of community. When a neighbor's barn burned down, you may have pitched in to help rebuild it.

Markets then (photo courtesy of *Journal Grande Bahia* [JGB], Brazil)

In today's global village, the most prominent market is the soulless stock market. At home in this village, when you click on some keyboard, the message could be going to some "friend" you've never met. The relationship remains untouched, and untouchable, like those fantasy-ridden love affairs on the internet.[16]

In his *New York Times* column, Thomas Friedman quoted an Egyptian friend about the 2011 Arab Spring protest movement in Cairo: "Facebook really helped people to communicate, but not to collaborate." Friedman added that "at their worst, [social media] can become addictive substitutes for real action."[17] That is why, while mass movements can raise awareness of the need for social renewal, it is social initiatives, usually developed by small groups in local communities, that start much of the renewing.

Markets now (photo courtesy of Newcam Services, Inc., NYSE)

TRANSFORMATION FROM THE TOP? OR ENGAGEMENT ON THE GROUND?

The company has a new chief, with 100 days to show the stock market some quick wins. Hurry up and reinvent the company.

Transformation from the top

But where to begin? That's easy: with transformation, from the "top." Louis XIV said, "L'état, c'est moi!" Today's corporate CEO says, "The enterprise, that's me!"

John Kotter has written the widespread word on transformation, at Harvard Business School, where "62 per cent of cases feature heroic managers acting alone."[18] Here is the Kotter model, in eight steps:[19]

1. Establish a sense of urgency.

2. Form a powerful guiding coalition.

3. Create a vision.

4. Communicate the vision.

5. Empower others to act on the vision.

6. Plan for and create short-term wins.

7. Consolidate improvements and produce still more change.

8. Institutionalize new approaches.

Please read these again, asking yourself every step of the way, *Who does each?* The chief and nothing but the chief, so help you Harvard. Everyone else is expected to obediently pursue the chief's vision—one leader, many followers. Indeed, the article states that "powerful individuals who resist the change effort" must be removed. What if they have good reason to resist? Can there be no debate, no discussion? Must the twenty-first-century corporation ape the court of Louis XIV?

Consider the steps. "Establish a sense of urgency"—to barrel ahead: because the wolves of Wall Street are baying at the door? A "guiding coalition," with senior managers always at the core, will "create a vision": out of the thin air at the top? No wonder so many companies have copycat strategies they call visions.

Then "communicate the vision" to all those followers on the ground—and, to continue with the clichés, by "empowering [them] to act on the vision," as if people hired to do a job need the chief's permission to do it.

And keep those "short-term wins" coming with "still more change"—more and more change. Where is continuity in all of this, bearing in mind that change without continuity is anarchy? Finally, don't forget to "institutionalize" it all because the vision was fixed in step 3.

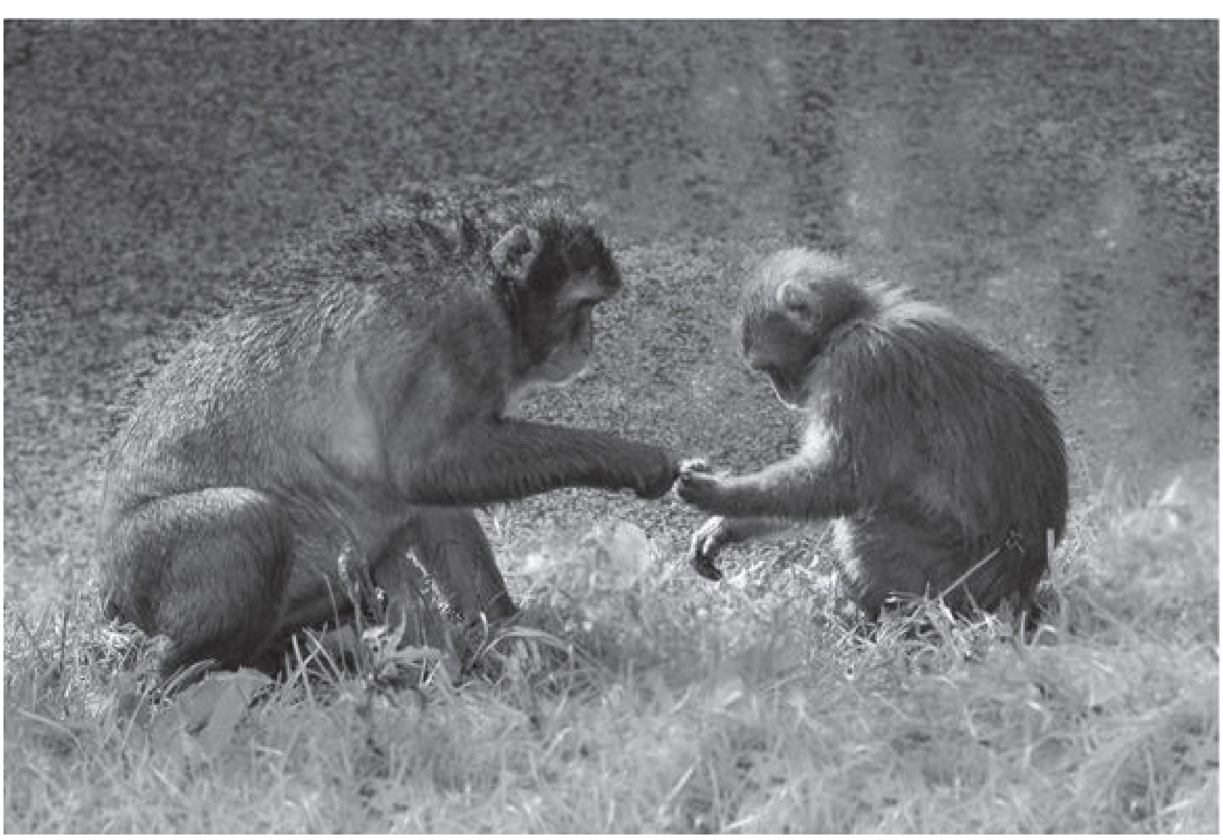
Engagement on the ground

If change is so good, how about changing the process of change for a change? How about recognizing "top" as a metaphor that can distort behavior, so that strategies can be allowed to form amid the clutter of making products and serving customers?

Here is one pointed example, about how IKEA came to sell its furniture unassembled, so that we customers can take it home in our cars, saving ourselves and the company much money. The inspiration for this powerful guiding vision, which transformed the company and the furniture business, started with a worker. "Exploration of flat packaging begins when one of the first IKEA co-workers removes the legs of the LÖVET table so that it will fit into a car and avoid damage during transit."[20]

The site does not say it, but someone had to come up with the insight that *if we have to take the legs off, maybe our customers have to do so, too*. This could have been the worker, or a manager, perhaps even the CEO, since serious entrepreneurs spend much time on the ground. But if not the CEO, this insight had to be conveyed to him so that he could sprinkle some holy water on it. And this suggests that IKEA was an organization of open communication, not one fixated on tops and bottoms, between which so many ideas get lost. In other words, this kind of change has more to do with open culture than transformation.

So instead of a model of top-down transformation, how about a process of grounded engagement?



Here are a few basics of grounded engagement—not steps, mind you, nonlinear, no order, just a composite, like change itself.

Anyone can come up with the idea that becomes the vision. Taking the legs off a table may not have been a big deal, but it launched a very big deal.

Communication is open so that such ideas get around. With no top and bottom, people connect in flexible networks. They listen, all around—even to resisters—for the sake of progress.

Strategies thus form by learning, not planning. They need not be immaculately conceived. Competitive analyses can help, but this is fundamentally about engaged people learning their collective way to unexpected strategies.[21]

Of course, there is the need to pull diverse insights together, which is usually overseen by a management that's on top of what's going on.

One final point: Organizations do sometimes need transformation, for example when the shock of a sudden shift in markets puts them in danger. But too many organizations turn to the fix of transformation because of a spell of disconnection. In contrast, those that stay connected need fewer fixes. So, managers, pundits, and professors had better be careful about transformation and instead pay more attention to communityship.

SPECIES OF ORGANIZATIONS

There are species of organizations just as there are species of mammals. Don't mix them up. A bear is not a beaver: one winters in caves, the other in wooden structures they build for themselves. Likewise, a hospital is not a factory any more than a film company is a nuclear reactor.[22]

Are all birds alike?

This may seem obvious, yet we are masters of mixing up the different species of organizations. Our vocabulary for understanding them is really quite primitive. We use the word *organization* the way biologists use the word *mammal*, except that they have labels for the different species and we do not.

Imagine two biologists who meet to discuss where mammals should spend the winter. “In a cave,” says the one who studies bears. “Are you kidding?” says the other, who studies beavers: “Their predators will enter and eat them. They need to build protective lodges out of the trees they cut down,” to which comes the reply, “Now you’re the one who’s kidding!” They talk past each other, just like the manager of a hospital who tries to explain to a consultant that it is not a factory.

All dogs are different.

Some years ago I set out to address this problem in a book called *The Structuring of Organizations*. It has been my most successful book, but not successful enough because the way we discuss organizations remains primitive. So let me try again here, offering my framework of four basic species of organizations.

The programmed machine Many organizations function like well-oiled machines. They are about *efficiency*, namely getting the greatest numerical bang for the numerical buck. Accordingly, everything is measured and programmed to the *n*th degree—for example, how many seconds before a McDonald's cook has to turn over a hamburger patty. This makes it easy to train the workers but not to keep those workers engaged: their jobs can be boring and the controls stifling. The programmed machine is great at what it does well—you want your wake-up call in the hotel at 8:00, and that's when it comes!

But don't expect innovation. Will you be amused to lift the pillow in your hotel room and have a jack-in-the-box jump up and say, "Surprise!"? But that *is* what you want from your advertising agency.

The professional assemblage This species is programmed too but in an entirely different way. It is about *proficiency* more than efficiency. In hospitals, accounting firms, and many engineering offices, the critical work is highly skilled—it requires years of training—even though much of it can be surprisingly routine. To appreciate this, imagine being wheeled into an operating room as a nurse says, “You have nothing to worry about: this is a really creative surgeon!”

In this species even the professionals who seem to be working in teams are usually working largely on their own; their training has taught them exactly what to expect from one another. A doctoral student of mine observed a five-hour open heart operation during which the surgeon and the anesthesiologist never talked to each other.

The personal enterprise Here one person dominates. It’s all about central *directing*. Think of entrepreneurs like Steve Jobs at Apple or Muhammad Yunus, who established microfinancing at the Grameen Bank as a social enterprise. Sometimes older organizations in crisis take on this form, too, to centralize power so that one person can deal with it. Most small organizations—your corner grocery store, for example—tend to be focused on one person too, usually the owner, simply for convenience. And then there are those totalitarian political regimes, with one autocrat in command.

When the head of a personal enterprise says, “Jump!” the response tends to be: “How high, sir?” When the executive director of a hospital says, “Jump,” the doctors ask, “Why?”

The project pioneer This fourth species is different again. Here the work is also highly skilled, but the experts have to work in teams to combine their efforts for the sake of *innovation*. Think about film companies, advertising agencies, and research laboratories—all of which organize around projects to create novel outputs: a film, an ad campaign, a new product. To understand this species, you have to appreciate that it achieves its effectiveness by being *in*efficient. Without some slack, innovation dies.

Each of these species requires its own kind of structure and its own style of managing. Moreover, they don’t just *have* different cultures; they *are* different cultures. Walk into various ones and you can’t miss the differences.

Yet the vast majority of the popular literature on organizations is about the programmed machines—without ever recognizing that fact. We read incessantly about the need for tighter controls and more central planning, to measure everything in sight, to become more “efficient.” Or else about how to compensate for the worst effects of this species by, as was once put so eloquently, bringing in “the maintenance crew for the human machinery.”[23]

I have been discussing these species as if all organizations are one or the other. Some do come remarkably close—for example, a programmed McDonald’s or a personal Trump enterprise. Yet a machinelike mass producer can have a project department for product innovation, just as a professional hospital can have a machinelike cafeteria, not to mention a creative surgical team when something does go wrong in that operating room. And then there are the hybrids—for example, a pharmaceutical company that is project in its research, professional in its development, and machinelike in its production.

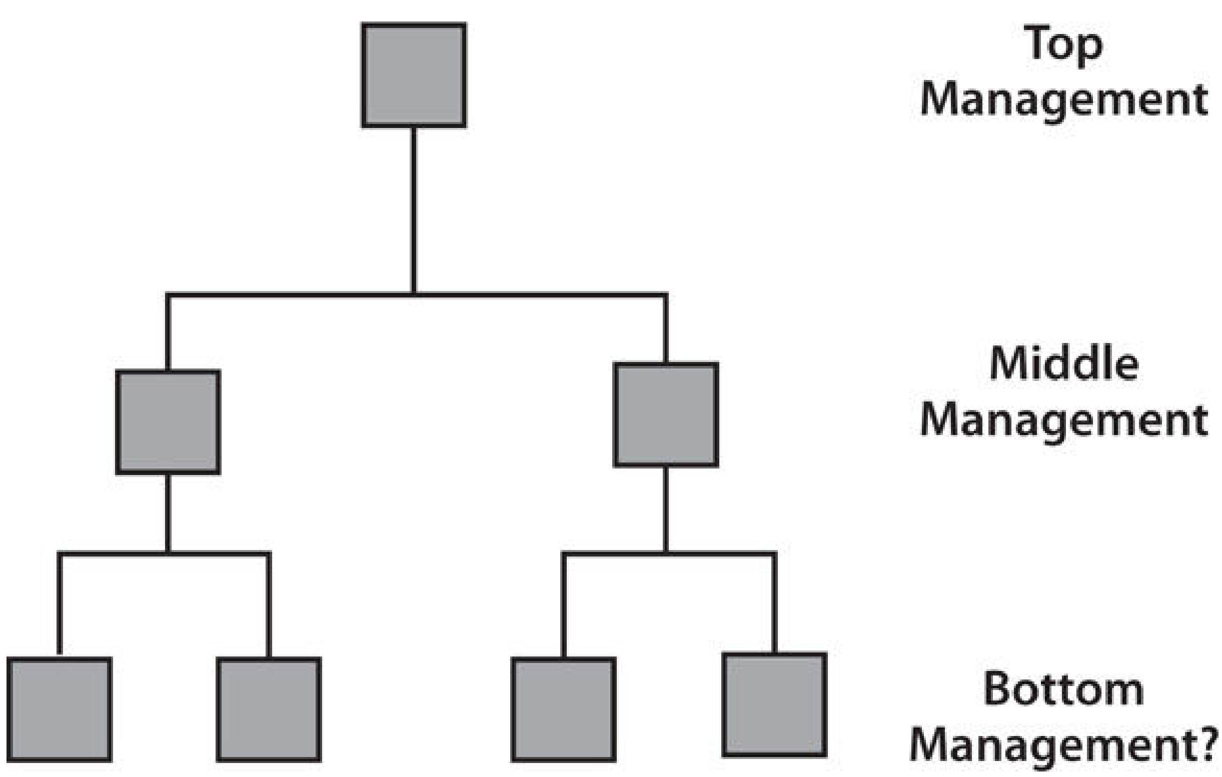
Does this negate the framework? Quite the contrary: it suggests that we can use this vocabulary to talk more sensibly about all the different things that go on in organizations.

WHY DO WE SAY "TOP MANAGEMENT" BUT NEVER "BOTTOM MANAGEMENT"?

You no doubt say "Top Management" in your organization and "middle management" too. So why don't you say "bottom management"? After all, the managers there know that if one manager is on top and others are in the middle, they must be at the bottom. What this actually tells us is that "top" is just a metaphor—and a silly one at that. On top of what?

1. On top of the chart, to be sure (see it below). But take that chart off the wall and put it on a table to see the top for what it is: no higher than anything else.

2. On top of the salary scale too. But how can we call anyone a "leader" who accepts being paid several hundred times more than the organization's regular workers?

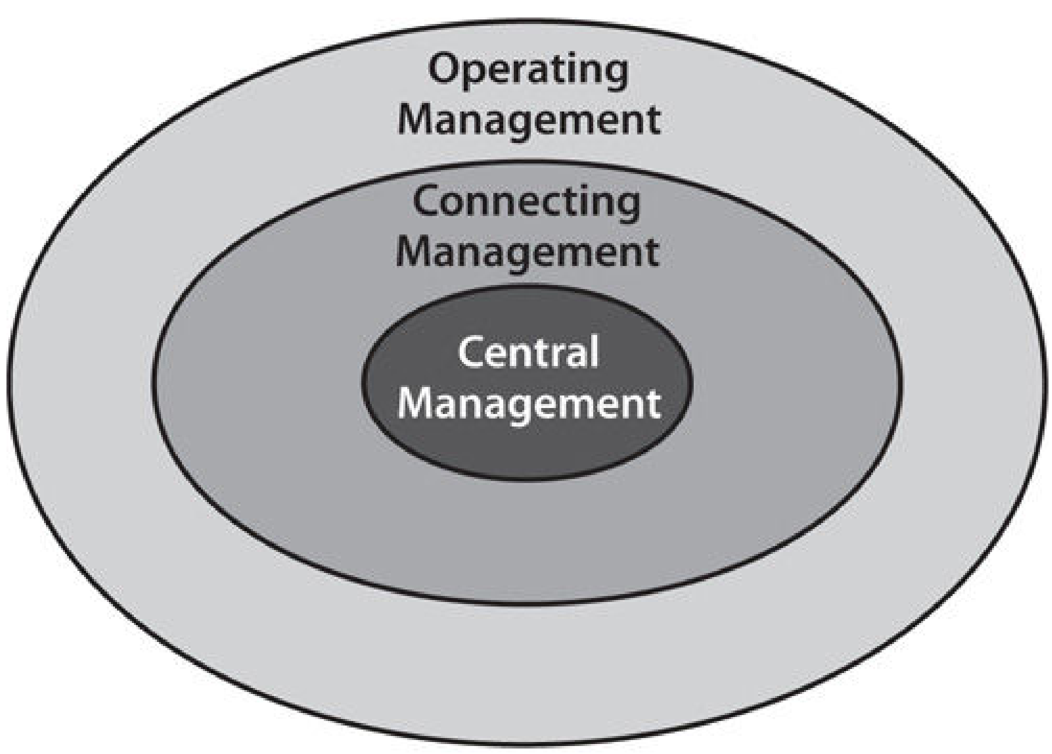


3. Usually on top of the building too. From up there, however, top managers can see everything in general and nothing in particular. Bear in mind too that the bottommost of bottom managers in Denver sit thousands of feet higher than the topmost of top managers in New York.

4. Well then, how about on top of what's going on in the organization? Certainly not. Seeing yourself on top of your organization is no way to keep on top of what's going on in it. Say "top" and we picture someone hovering over the place, as if on some sort of cloud, removed from everyone on the ground.

So how about this: get rid of *Top Management* (the term, I mean) and replace it with *central management*.

In the outer circle, all around the organization, can be placed the managers who face out to the world, in closest touch with the customers, the products, and the services. Let's call them *operating managers*. And between them and the *central managers* are the *connecting managers*. They still translate from the center to the operations, but they also carry the best ideas of the operations to the center. This can be a lot more effective than having to keep rolling their ideas up some hill like Sisyphus.

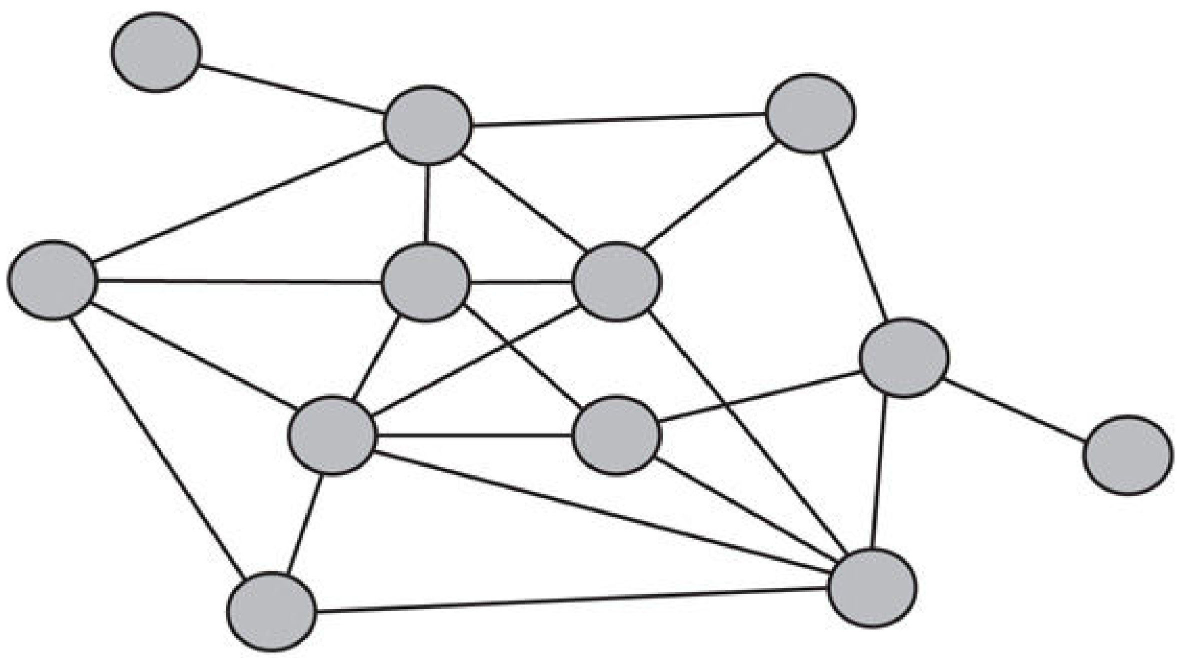


Management Circle

In this depiction, instead of treating middle managers as burdens on the organization—to be "downsized" at the first opportunity—these connecting managers can be seen as key to constructive change. In fact, the best of them appreciate the big picture while being grounded enough to help develop it.

But there is a problem with this view, too. Picturing one person in the center can “centralize” the organization: everything may revolve around that individual. This might be fine for a personal enterprise, but how about a project pioneer? Why not, then, picture it as a network, or web, of people interacting every which way?

But where to put the manager of such a web? That’s easy: everywhere—namely out of the office, off some upper floor, and into the places where the organization lives. Do this, and the network can function as a community.

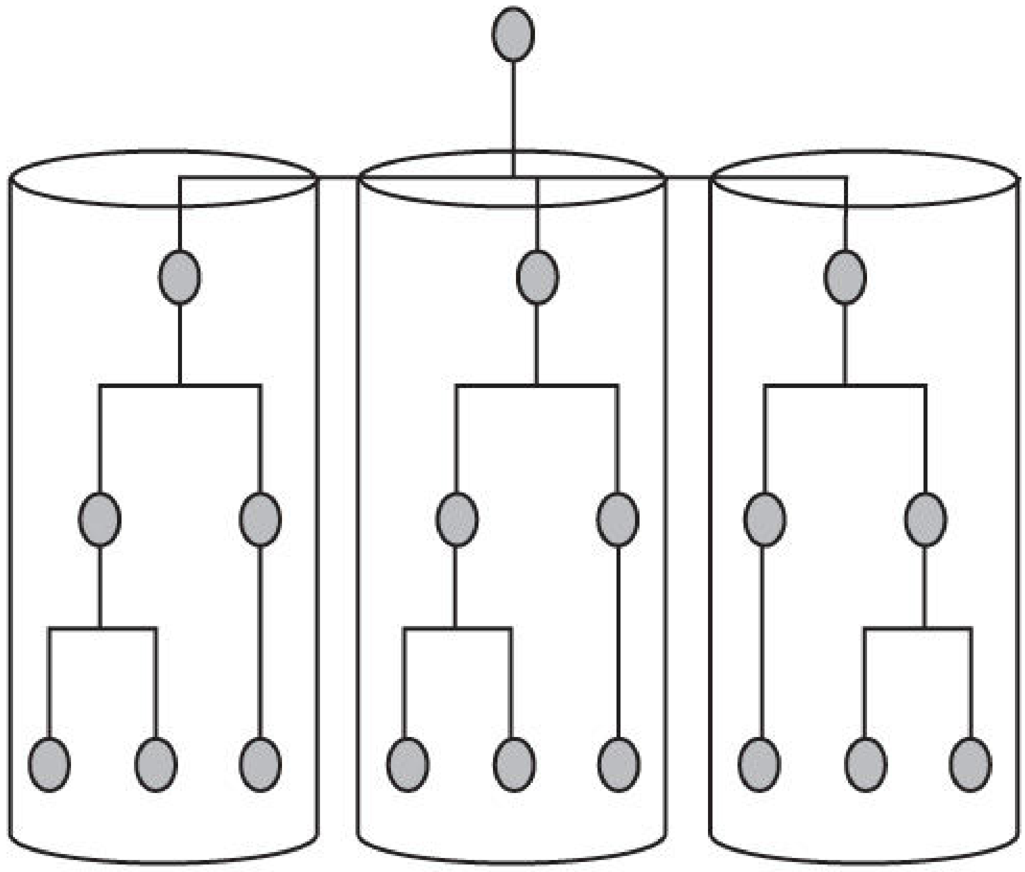


Web of Organization

To conclude, if you would like to do some worthwhile downsizing in your organization, begin with the bloated vocabulary of “Top Management.” Stop using it. That way you can look all around, instead of up and down, to appreciate who can best get each job done.

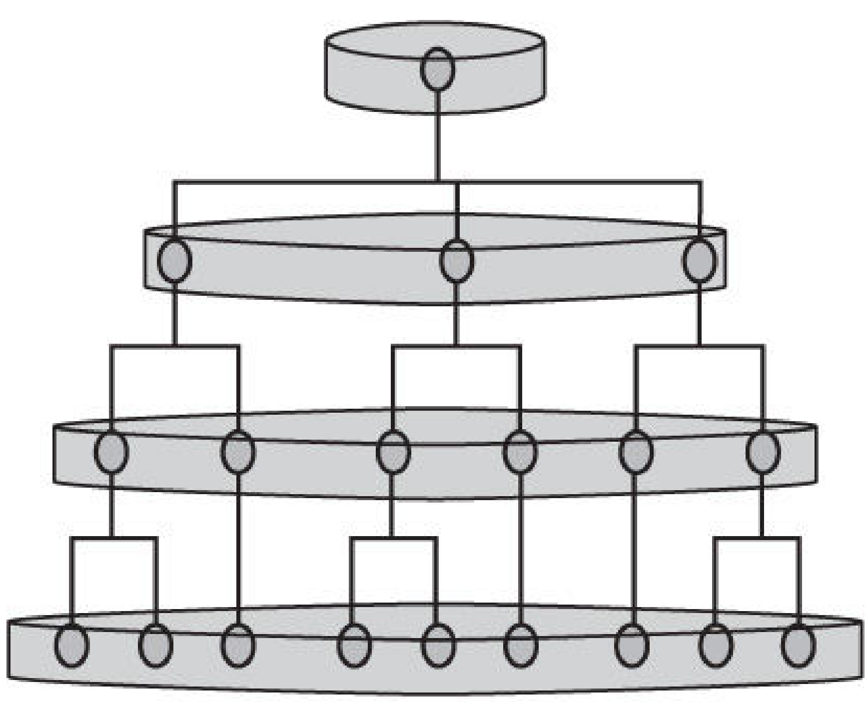
ENOUGH OF SILOS? HOW ABOUT SLABS?

We all know about silos—those vertical cylinders that keep people horizontally apart from each other in organizations, makers from sellers, doctors from nurses. In fact, we have probably all heard more than enough about silos.



Silos in Organizations

Well, then, how about slabs, those horizontal barriers to the free flow of information.[24] We all know them too, if not by that name. In one Czech company, people talked about the seven executives on the top floor as some kind of inner sanctum, isolated from everyone else. And women have long complained about the "glass ceilings" that keep them from advancing up the hierarchy.



Slabs in Organizations

Once I did a workshop on these silos and slabs with the senior managers of a bank. They concluded that silos were the problem, not slabs. “You might want to check that out with some people on a slab or two below you,” I suggested.

We may need silos for the sake of specialization in our organizations, but we don’t need impenetrable walls. To use another metaphor, it’s not seamlessness we need in our organizations but good seams: tailored connections between the silos. The same can be said about the slabs, too, across the different levels of authority. Must the CEO, COO, CFO, and CLO all sit above, together?

A cardinal rule of management development programs is that different levels of managers must never be mixed. Keep the CEOs with the CEOs, middle managers with middle managers, and so on. Why? For the sake of status? Many C-suite executives already spend too much time with their peers. What they really need is to tap into the thinking of other kinds of managers. How about a little mingling, all you Cs? Get an earful from someone in another organization who can tell you what you’ll never hear from your own people.

Or how about coming down from those inner sanctums to put your desk next to people who have a different perspective? Kao, a Japanese manufacturer of personal care and other products, became famous for running its meetings in open spaces and allowing anyone going by to join: a foreman at the executive committee, an executive at a factory meeting. Semco, a Brazilian company, reported keeping two seats at its board of directors meetings open for workers. It’s easy to bust the slabs when you realize that they are mere figments of our lack of imagination.

MANAGEABLE AND UNMANAGEABLE MANAGING

Imagine managing cheese products in India for a global food company or running a general hospital in Montreal under the Quebec Medicare system. Sounds pretty straightforward, right?

Now imagine that you have sold so much cheese in India that the company asks you to manage cheese for all of Asia. Or in Montreal you are asked to manage a community clinic apart from the hospital—to go back and forth between them or to stay in an office somewhere and shoot off emails.

In one region in Quebec, the government actually went nine times further. It designated one managerial position for nine different institutions: a hospital, community clinic, rehabilitation center, palliative care unit, and various social services. Gone were the nine managers who headed up those institutions, replaced by one manager to manage the whole works. Think of the money this saved. Think of the chaos that ensued.

Unmanageable Managing

Some managerial jobs are rather natural and others are not. Cheese in India sounds okay, but cheese in Asia? One health care institution sure, but two together (actually apart), let alone nine?

Why do we tolerate unmanageable managerial jobs? Years ago conglomerates were all the rage among corporations. If you knew management, you could manage all kinds of businesses together—say, a filmmaking studio with a nuclear reactor and a chain of toenail salons. That era passed, thankfully, only to be replaced by internal conglomeration. Now it's fashionable for managers to manage perplexing mixtures of activities within the same business.

This happens because drawing charts is a lot easier than managing organizations. Think of all the money this saves, too. All you need is the Great Organizer sitting in some central office somewhere (a) clustering various businesses together on a chart, (b) drawing a box around each cluster, (c) designating a label for each box (cheese in Asia or Health and Social Services Centers in Quebec), (d) joining them all with lines to show who is the real boss, and (e) emailing the tidy result to all concerned—and condemned. What could be simpler than that? Or more complicated?

The Box Called Asia

They eat a lot of cheese in India but hardly any in Japan. What in the world is "Asia" anyway? Any continent that contains both India and Japan can't be serious: I know of no two countries that are more different.

Have a look at a map of the world. Geographically at least, most of the continents look coherent, surrounded by seas: Africa, North as well as South America and especially Antarctica, even Australia. But how did Asia get in there? There is no sea to the west, nor does Europe have one to the east. The Asians can thank the Europeans, who designated the continents in the first place. The Europeans could hardly leave themselves out, let alone be lumped into Eurasia (Japan? India?), even if that is what the maps indicated. So they drew a line between Europe and Asia with no sea in sight. Not quite in the sand, mind you; they drew the line along a mountain range. (By this logic, Chile should also be a continent.) These mapmakers simply sliced Russia in two to fabricate where Europe ends and Asia begins.

People who used to make such maps now draw organization charts.

The Most Dangerous Manager

Let's get back to business. You are managing cheese in Asia, except that people in some parts of Asia eat lots of cheese and others don't. How are you to manage that?—especially when the person who took your old job in India, where most of your Asian sales already are, is managing cheese there perfectly well, thank you.

If you are smart, you won't even try. But that won't get you a promotion, say, to become the Big Cheese for the company's food in all of Asia—kimchi and harissa and poutine as well as cheese. So manage cheese in Asia you must.

And that is when the problems begin. Please understand: there is nothing more dangerous than a manager with nothing to do. Managers are energetic people—that's one reason why they got to be managers in the first place. Put one into an unmanageable position, and he or she will find something to do. Like organizing retreats where the cheese managers from India, Japan, Outer Mongolia, and Papua New Guinea can join in the search for "synergies"—ways to help each other sell product that people don't want.

Otherwise, it's boring to sit in the regional head office in Singapore (the center of the Asian non-continent), so into an airplane goes our energetic manager. Not to micromanage, mind you—that's out of fashion. Just to drop by, to have a look. "I'm your boss, in charge of cheese for Asia," you say, hovering over the manager in charge of cheese for Japan. "Thought I would drop in, you know, to chat. But while I'm here, let me ask you a few innocent questions: How come cheese is not moving in Japan? Isn't the job of a business to create a customer? They eat Korean kimchi here, don't they, just like they eat Indian chutneys in Piccadilly Circus? So why not Gorgonzola in the Ginza?"

Beyond the Boxes

A hospital all in one place is a natural entity. Selling cheese in India also seems natural enough. But beyond that, expecting someone somewhere to manage because someone elsewhere drew a box on a chart isn't necessarily natural at all. Surely we can organize ourselves outside the boxes.

THE BOARD AS BEE

Under the label “governance,” boards of directors have been getting a good deal of attention lately—maybe more than they deserve, because there is often more status than substance in what boards do. They do have constructive services to provide as well as one governance role to perform, but even that is limited.

Among the constructive services are providing advice to management, simply acting as a sounding board, and helping to raise funds. And the very presence of influential members can enhance the reputation of the organization, as well as connect it to important centers of power.

When the Board Buzzes

The real governance role of the board is to oversee the activities of the senior management—in three respects. First is the appointment of the chief. (I use the word *chief* rather than *CEO* to include the heads of nonbusiness organizations.) Second is assessing this person’s performance. And third is replacing him or her when necessary. Sometimes a board member must also act temporarily in the chief’s place if he or she becomes incapacitated.

Otherwise the board does not control the organization. It appoints the chief who does that, and then appropriately backs off. Chiefs have axes, with clout; boards have gavels, that make noise. Of course, if a board lacks confidence in the chief, it has to replace, not second-guess, him or her. The tricky part is that the board cannot do this often.

Think of the board as a bee, hovering around a chief who is picking flowers. That chief has to be careful. A bee can sting only once, so it had better be careful, too. True, a board can sting more often than a bee—it can replace one chief after another. But that would raise concerns about its own competence. Besides, most of the current board members probably appointed the person they want to replace.

The Board Apart

Board meetings may be held regularly, but usually not frequently, so its members are quite removed from what goes on in the organization. How, then, can they even know when to replace the chief, given that their main channel into the organization is through that very same chief?

Compounding the problem of selection, assessment, and replacement is that board members typically have higher social status than most of the other people in the organization, which hardly helps them assess internal candidates for the job of chief. Indeed, this can introduce a bias toward the selection of outsiders. Moreover, high-status people on the board may be inclined to select people in their own image, who may not relate well to the people they are intended to manage.

There is a label for people who relate well to "superiors" and badly to "subordinates," as discussed in the earlier story on selection: "kiss up and kick down." They're great at hobnobbing with big shots but lousy at working with regular shots.

Beware of the Buzz

Of course, boards vary in their practices, depending on the nature of the organization being governed. While the foregoing discussion may apply especially to widely held corporations, in companies that are closely held, especially by an owner, everyone knows who has the power—and it's not the board.

The directors of businesses are usually businesspeople themselves. But what happens when they sit on nonbusiness boards—NGOs, hospitals, universities, and so on? Those who come with the belief that business knows better can be a menace, posing a double danger: they may be more inclined to meddle and to appoint people like themselves to run these places. Do businesspeople understand any more about education and health care than do educators and physicians about business?

These organizations are different: they have more complicated stakeholder relationships, their performance is less easily measured, and their staff may be more like members than employees. As is discussed in a later story, business is not the "one best way" to manage everything.

So what is my bottom line here? Boards are necessary but problematic. Their members need to have an acute sense of what they don’t know, and how to get better informed, without becoming excessively informed. And all boards need variety in their membership to temper their own limitations. They must also be aware of their buzz even more than their bite.

THREE

Stories of Analyzing

In science as in love, a concentration on technique is likely to lead to impotence.

—Peter L. Berger

ANALYST: ANALYZE THYSELF

The web of analysis.

“It is a well-known axiom that what is not measured can’t be managed” (opening to an article by Robert Kaplan and Michael Porter in the *Harvard Business Review*).[25] This is well known all right—and downright silly.

Whoever successfully measured culture, leadership, even the market potential for a truly new product? Can none of these thus be managed? Did Kaplan and Porter measure the effectiveness of their own prescriptions? Indeed, who has ever even tried to measure the performance of measurement, aside from assuming that it is wonderful? And how about measuring the performance of management? (We’ll get to that soon enough.)

I guess we must conclude that neither measurement nor management can be managed.

Guess what? They can be. All we have to appreciate is that many of the things that matter most in this world can’t be measured. Certainly, we have to measure what we can, so long as we don’t allow ourselves to be mesmerized by measurement. The trouble is that we so often are.

In their article Kaplan and Porter provide a list of seven steps “to estimate the total costs of treating … patient populations”:

1. Select the medical condition [specifying the possible “complications and comorbidities"].

2. Define the care delivery value chain … which charts the principal activities.

3. Develop process maps for each activity.

4. Obtain time estimates for each process.

5. Estimate the cost of supplying patient care resources.

6. Estimate the capacity of each resource, and calculate the capacity cost rate.

7. Calculate the total cost of patient care.

Don't look for:

8. Include the costs of doing all seven steps.

But you can get a sense of it by reading the authors' example of a knee replacement, for which 77 activities were listed. Multiply these by elbows and hips, brains and bowels, hearts and minds; factor in the frequency of improvements in all of these treatments; and you have to wonder if analysts will soon outnumber clinicians in health care.

Moreover, the direct costs of these efforts are not the only costs. How about the distractions of the clinicians—for example, by forcing them to record so much data? Add in the costs of the political battles that ensue over who is measuring what, where, when, and over whom. Analysts see measurements as objective; contrast this with the political blood spilled over determining them.

Imagine if analysts put themselves through the same scrutiny as some of them do everyone else. In other words, imagine if they analyzed themselves. Maybe then we would get more of the following.

Years ago the British retailer Marks & Spencer decided it was spending too much money controlling the movement of stock in its stores. So instead of a clerk's filling out an order form to replenish a shelf, which was handed to another clerk behind a counter, who went to fetch the items, the company got rid of the whole procedure and simply let the clerks go in the back and scoop up what they needed. The company was able to function with thousands fewer clerks and 26 million fewer cards and papers.

The English mathematician and philosopher Alfred North Whitehead wrote that "It requires a very unusual mind to undertake the analysis of the obvious."[26] Analysts, take note.

YE GODS: AN EFFICIENT ORCHESTRA!

A young, enthusiastic MBA student was finally given the opportunity to apply his learning. He was asked to carry out a survey of an organization with which he was not familiar and submit recommendations as to how its efficiency could be increased. He selected as his target a symphony orchestra. Having read up on the tools of the trade, he attended his first concert and submitted the following analysis:

1. For considerable periods, the four oboe players had nothing to do. The number of oboes should therefore be reduced, and the work spread more evenly over the whole concert program, thus eliminating the peaks and valleys of activity.

2. All 20 violins were playing identical notes. This would seem to be an unnecessary duplication, so the staff of this section should be cut drastically.

3. Obsolescence of equipment is another matter warranting further investigation. The program noted that the leading violinist's instrument was several hundred years old. Now, if normal depreciation schedules had been applied, the value of this instrument would have been reduced to zero and the purchase of more modern equipment recommended long ago.

4. Much effort was absorbed in the playing of demisemiquavers, which seems to be an unnecessary refinement. It is recommended that all notes be rounded up to the nearest semiquaver. If this were done, it would be possible to use trainees and lower-grade operatives more extensively.

5. Finally, there seemed to be too much repetition of some of the musical passages. Therefore, scores should be pruned to a considerable extent. No useful purpose is served by repeating on the horns something that has already been handled by the strings. It is estimated that, if all redundant passages were eliminated, the whole concert time of two hours could be reduced to 20 minutes and there would be no need for an intermission.[27]

If this student had instead chosen to study a factory, nobody would be laughing, least of all the people in that factory. In other words, this is no laughing matter. *

WHAT COULD POSSIBLY BE WRONG WITH "EFFICIENCY"? PLENTY.

Efficiency is like motherhood. It gets us the greatest bang for the buck, to use an old military expression. Herbert Simon, winner of one of those non–Nobel prizes in economics (created by economists at the Bank of Sweden for other economists), called efficiency a value-free, completely neutral concept.[28] You decide what benefits you want, and efficiency gets them for you at the least possible cost. Who could possibly be against that? Me, for one.[29]

I list below a couple of things that are efficient. Ask yourself what they refer to—the first word that pops into your head.

A restaurant is efficient.

Did you think about speed of service? Most people do. Few people think about the quality of the food. Why?

My house is efficient.

Energy consumption always comes out way ahead. Tell me: who ever bought a house for its energy consumption, compared with, say, its design or location or the schools nearby?

What's going on here? It's quite obvious, as soon as we realize it. When we hear the word *efficiency*, we zero in *subconsciously* on the most measurable criterion, like speed of service or consumption of energy. Efficiency means *measurable* efficiency. This is not neutral at all because it favors what can most easily be measured. And herein lies the problem, in three respects:

• **Because costs are typically easier to measure than benefits, efficiency often reduces to economy**—cutting measurable costs at the expense of less measurable benefits. Think of all those governments that have cut the costs of health care or education while the quality of those services has deteriorated. (I defy anyone to come up with an adequate measure of what a child really learns in a classroom.) How about those CEOs who cut budgets for research or maintenance so that they could earn bigger bonuses right away, while the problems arose later. And don't forget that student who found all sorts of ways to make an orchestra more efficient.

• **Because economic costs are typically easier to measure than social costs, efficiency can result in an escalation of social costs.** Economists dismiss these as "externalities." Making a factory or school more efficient is easy, so long as you don't care about the polluted air or the stifled learning.

• **Because economic benefits are typically easier to measure than social benefits, efficiency drives us toward an economic morality that can amount to a social immorality.** We are efficient when we eat fast food instead of good food, including those scrambled eggs.

So beware of efficiency and of efficiency experts, as well as of efficient education, health care, and music, sometimes even efficient factories. Be careful too of balanced scorecards because while the inclusion of social and environmental factors beyond economic ones may be well intentioned, the dice are loaded in favor of those factors that can most easily be measured.

THE SOFT UNDERBELLY OF "HARD DATA"

What exactly are "hard data"? Rocks are hard, but data? Ink on paper, or electrons in a hard drive, are hardly hard. Indeed, the latter are often called "soft copy."

If you must have a metaphor for data, try clouds in the sky: clear from a distance, but obscure up close. There is nothing to feel. "Hard" is the illusion of having turned something real into a number. That guy over there is not Simon, but 4.7 on some psychologist's scale. That company didn't just do well; it sold 49 billion widgets. Isn't that clear enough?

Soft data, in contrast, can be fuzzy, ambiguous, subjective—at least from a distance. They usually require judgment to interpret, which can't even be transmitted electronically. In fact, some soft data amount to no more than gossip, hearsay, and impression—for example, the rumor going around that many of those widgets are proving to be defective.

So hard data win every time—at least until they hit our soft world, including the mushy material of our brains. Hence, we had better consider the soft underbelly of these hard data.

Hard data can be too general. Alone they can be sterile, if not impotent. “No matter what I told him,” complained one of the subjects of Kinsey’s study of sexual behavior in the human male, “he just looked at me straight in the eye and asked, ‘How many times?’”[30] Is that all there is to it?

Hard data may provide the basis for description, but how about explanation? So the widget sales went up. Why? (a) Because the market was expanding? Okay, there are numbers on that. (b) Because a key competitor was doing dumb things? No numbers on that, just gossip. (c) Because our management was brilliant? Our management likes that, subjective as it may be. (d) Or else because it lowered quality to cut the price? Try to get the numbers on that. All of this suggests that we usually need the soft data to explain the hard data—for example, hearsay about what the competitor has been doing or gossip about quality in our own factory.

Hard data can be too aggregated. It comes, not widget-by-widget, but added up to a single number: total sales. Likewise with that quintessential bottom line: the whole company wrapped up in one number. Think of all the life that is lost in that number, for example those cuts in maintenance that are killing the company. It’s fine to see the forest from the trees … unless you are in the lumber business. Managers in that business have to know the trees. Too much managing happens in a helicopter, where the trees look like a green carpet.

Much hard data arrives too late. Information takes time to “harden.” Don’t be fooled by the speed of those electrons racing around the internet. First, happenings have to be recorded as “facts”—that takes time—and then aggregated into reports, which takes more time. By then customers who are fed up with the quality of the widgets may have run off to the competition. Managers who focus on the numbers may miss the gossip that could have warned them of this.

Finally, a surprising amount of hard data is not reliable. They look good, all those little digits on a pretty screen. But where did they come from? Lift up the rock over hard data and have a look at what’s crawling underneath. “The Government are very keen on amassing statistics—they collect them, add them, raise them to the *n*th power, take the cube root and prepare wonderful diagrams. But what you must never forget is that every one of these figures comes in the first place from the [village watchman], who just puts down what he damn pleases."[31]

And not only the government. Have you ever met a number that could not be gamed—a reject count in a factory or a citation count in a university, let alone that bottom line in business? Moreover, even if the recorded facts were reliable in the first instance, something usually gets lost in the process of quantification. Numbers get rounded up, mistakes get made, and nuances get lost.[32]

All of this is not a plea to get rid of hard data. That makes no more sense than getting rid of soft data. It is a plea to cease being mesmerized by the measurements. We all know about using hard facts to check out soft hunches. Well, how about using soft hunches to check out hard facts? Every time you read about costs coming down, or profits going up, eyeball the numbers: ask yourself if they look plausible. If not, probe: go where the watchmen and the managers put down what they damn please.

Someone I know once asked a senior British civil servant why his department did so much measuring. His reply: "What else can we do when we don't know what's going on?" How about getting on the ground to find out what's going on? There, when you meet a suspicious number, challenge it. You'll find out why.

Measuring as a *complement* to managing is a fine idea: measure what you can, take seriously what you can't, and manage both together, thoughtfully. In other words, if you can't measure it, and especially if you can, manage it.

THE TRICKY TASK OF MEASURING MANAGING

You are a manager; hence you would like to know how you are doing. Other people around you are even more interested in knowing how you are doing, especially if you are the chief.

There are lots of easy ways to assess that. Beware of them all. The effectiveness of a manager can only be judged in context. This may sound easy enough, until you take it apart—here in six propositions.

(1) Managers are not effective; matches are effective. There are not so much good husbands and good wives as good couples, likewise with good managers and their units. Success depends on the match between the person and the unit—in the situation, at the time, for a time. Hence a flaw that can be tolerable in one situation can be fatal in another. The same can be said about positive qualities: they don't necessarily travel well. Skill at cutting costs in one company can bankrupt another. Thus **(2) there are no effective managers in general**, which also means that there is no such thing as a manager who can manage anything. There may be managers who fail in all managerial jobs, but there are none who can succeed in all of them.

Of course, managers and their units succeed and fail together. So **(3) to assess the effectiveness of a manager, you also have to assess the effectiveness of the unit being managed.** But not only that. **(4) You also have to assess the contribution the manager has made to that effectiveness.** Some units function well in spite of weak managers, while others would function a lot worse if not for strong managers. So, beware of assuming that the manager is automatically responsible for any success or failure of the unit. History matters; culture matters; markets matter; even weather matters (if you are running a farm). How many managers have succeeded simply by maneuvering themselves into favorable jobs, making sure they didn't screw up, and then taking credit for the success: riding on the back of others.

To further complicate matters **(5) managerial effectiveness also has to be assessed beyond the unit, even the organization.** What use is a manager who makes the unit more effective at the expense of the rest of the organization? For example, sales sold so many widgets that manufacturing could not keep up, and the company went into turmoil. Blame the sales manager for doing his or her job? Shouldn't general management be held responsible for managing the whole company? Sure, but community-ship means that sales managers are responsible for seeing beyond sales. Imagine if more organizations assessed the performance of their units and managers together, with regard to their contribution to the whole.

Moreover, what might be right for the unit and even the organization could be wrong for the world around it. Bribing customers may generate more sales, but is this kind of effectiveness acceptable? Benito Mussolini, the fascist dictator of Italy, became famous for making the trains run on time. In that respect, he was an effective manager—or at least an efficient one. In other respects, he was a monster.

Put all of these points together, and you have to ask: How can anyone who needs to assess a manager possibly cope with all of this? Here too the answer is simple—at least in principle: **(6) managerial effectiveness has to be judged and not just measured.** Remember judgment? It's still in the dictionary. Here, therefore, like most everywhere else, there is no magic bullet.

EVIDENCE AND EXPERIENCE IN MANAGEMENT, MEDICINE, AND MORE

I will start and end this story with some evidence and experience, first about bicycling and last about warming, with medicine and management in between.

On the right side of the handlebar of a bicycle, we can see a little number that tells us what gear the back wheel is in. This is evidence. Experience is what we live when cycling in that gear—perhaps that the pedals are going around too quickly for the flat terrain we are on. Evidence is what we're told; experience is what we feel.

I can make this case more vividly. When we cycle up a mountain and then descend back to where we started, we do four times as much uphill as downhill. People look at me funny when I tell them this: How can it be, since the distances up and down are exactly the same? Because we don't experience *distance*—that's an abstraction, mere evidence—we experience *time*.

Once, in our IMHL health care management program, we asked the participants, mostly physicians, to plot their work on a chart, from evidence to experience. Despite all the hype about "evidence-based medicine," they put themselves all over the chart. The subsequent discussion came to a consensus that in medicine, as in management, some kind of balance is required between evidence and experience. One physician proposed that the term be changed to "evidence-*guided* medicine."[33]

Training in medicine actually balances evidence-based teaching in the classroom with experience-acquired learning in the hospital. Conventional management education, however—namely in MBA programs—tilts heavily to the use of analysis, namely evidence, and away from experience. When the students are given a lecture in finance, or are taught technique in strategy, the focus is on the evidence of research, supplemented by theory, not on lived experience. And this tilt carries into the jobs that many of the graduates take, in consulting and finance as well as in marketing and planning, instead of the nitty-gritty of sales and production: still more analysis and the massaging of data, instead of gaining hands-on experience.

And don't think that case studies are any different. They claim to bring experience into the classroom, but that is five times removed from the students: it happened in a company, was often reported by the CEO (as noted earlier, most Harvard cases focus on the CEO), recorded by a research assistant, written up by a professor, and then taught by other professors, who, like the students, may know nothing else about the company.

Thus do business schools graduate people who are more comfortable analyzing evidence than learning from experience. And when some of these people eventually make their way into management, all too often they manage as they were taught: by favoring evidence over experience, managing by the numbers, and relying on techniques (evidence for which is provided in a later story).

This brings us to global warming, for which the evidence is now overwhelming. So why are we not doing more about it? Leaving aside vested interests, a significant reason may lie in our own behaviors. We hear plenty about climate change, but most of us have hardly lived its consequences. In other words, we know the evidence but lack the experience. "Isn't it awful that the ice caps are melting.... Somebody ought to be doing something about that," as we turn up the heat in our house to avoid putting on a sweater. In contrast, ask someone whose house got flooded about this. When it comes to global warming, therefore, we had better rely on the evidence before we are done in by the experience.

Item in the *Natal Daily News* (June 16, 1982): "A long-range weather forecast should be obtained before leaving, as weather conditions are extremely unpredictable."

HOW NATIONAL HAPPINESS BECAME GROSS

The tiny kingdom of Bhutan, wedged between Tibet and India, became famous for coming up with Gross National Happiness (GNH), thanks to its king. This was not your usual king. Before voluntarily ceding power to democratic elections, he decreed an increase in the country's forest cover, had every child in the country learn English, and introduced Gross National Happiness. GNH resonated with people around the world who were fed up with Gross National Product (GNP). As Robert Kennedy commented:

Gross National Product counts air pollution and cigarette advertising.… It counts the destruction of the redwood … and the television programs which glorify violence.… Yet [it] does not allow for the health of our children, the quality of their education or the joy of their play.… It measures everything in short, except that which makes life worthwhile.[34]

GNH was based on four "pillars": good governance, sustainable development, preservation and promotion of culture, and environmental conservation. These were elaborated in nine "domains," which included health, education, psychological well-being, and community vitality. Simple enough.

Curious about this GNH and loving mountains, I visited Bhutan in 2006. Two things struck me in discussions with a number of the country's knowledgeable people. First, they had no idea how to measure much of GNH; second, this didn't much matter because the country seemed to be behaving true to its precepts. As a BBC reporter put it, GNH had become "a way of life" in Bhutan—a poor country where life seemed to be rather pleasant.

Not long after this, economists descended on Bhutan to fix GNH, even though it wasn't broken. After all, if the Bhutanese didn't measure GNH, how could they possibly manage it? Soon each of the nine domains had "its own weighted and unweighted GNH index … analyzed using … 72 indicators.… Mathematical formulas have even been devised to reduce happiness to its tiniest component parts."[35] One survey, which took five to six hours to complete, "included about 750 variables."[36] These technocrats attended to the gross all right, but how about the happiness?

Critics of GNH have challenged its subjective judgments. "Economics professor Deirdre McCloskey criticizes such measurements as unscientific … making the analogy that society could not 'base physics on asking people whether today was "hot, nice, or cold." ' "[37] If only education, culture, and happiness were as measurable as the temperature. I wonder if the greater threat to GNH has come from the enemies who want to eradicate it or the friends who want to measure it.

In 2013, not long after all this measuring, Tshering Tobgay, who had studied with economist Michael Porter at Harvard Business School, became prime minister. Soon he was claiming that GNH "distracted [some people] from the real business at hand,"[38] namely "the bottom line … that we have to work harder."[39] This he could understand, in contrast to GNH, which he found "very difficult," in fact, "complicating stuff for me."[40]

F. Scott Fitzgerald claimed that “the test of a first-rate intelligence is the ability to hold two opposed ideas in the mind at the same time and still retain the ability to function.”[41] To any economist or prime minister who cannot handle measurement and happiness at the same time, let me suggest that you drop the measurement and celebrate the happiness.

* This was published more or less as above in the mid-1950s in an American professor’s bulletin, a Canadian military journal, and *Harper’s* magazine, based on an anonymous memorandum that circulated in London and was probably published originally in Her Majesty’s Treasury of the Courts.

FOUR

Stories about Development

If everyone is thinking alike, then no one is thinking.

—Benjamin Franklin

JACK'S TURN

In lecture courses, claimed a Harvard professor, students "are waiting for you to give 'the answer.'" There's a built-in bias against action. What we say with the case method is: "Look, I know you don't have enough information—but given the information you do have, what are you going to do?"[42]

"Okay, Jack, here you are, the CEO, at Mammoth Inc. What should the company do now?" The professor and 87 of Jack's classmates anxiously await his reply to the "cold call"—designed to ensure that students have prepared the case. Jack did; he has been thinking about this for a long time, ever since he was told that the case study method is intended to "challenge conventional thinking." He has also been reminded repeatedly that since good managers are decisive, good MBA students must take a stand. So Jack swallows hard and answers the question.

"How can I answer the question?" Jack begins. "I barely heard of Mammoth before yesterday. Yet today you want me to pronounce on its strategy.

"Last night I had two other cases to prepare. So Mammoth, with all those zillions of employees and products, got a couple of hours. I read the case over once quickly and again … uhm … less quickly. I never knowingly used any of Mammoth's products. I didn't even know until yesterday that the company makes the rat poison I use in my basement. I never went inside any of its factories. I've never even been to Come By Chance, Newfoundland, where Mammoth is headquartered. I spoke to none of its customers (except myself). I certainly never met any of the people mentioned in the case. Besides, this is a pretty high-tech company and I'm a pretty low-tech guy. My work experience—the little there was—took place in a furniture factory. All I have to go by are these few pages. This is a superficial exercise. I refuse to answer your question."

What happens to Jack? At the business school, I'll let you guess. But from there he goes back to the furniture business, where he immerses himself in the products, the people, and the processes. With his courage to be decisive and challenge conventional thinking, Jack rises to become CEO. There, with hardly any industry analysis at all (that would have come in a later course), he and his colleagues learn their way to a strategy that transforms the furniture business.

Meanwhile, Bill, sitting next to Jack, leaps in. He too has never been to Come By Chance. But that doesn't stop him. He makes a clever point or two and gets that MBA. This gets him into a prestigious consulting firm, where, as in those case study classes, he leaps from one situation to another, each time making a clever point or two, concerning issues he recently knew nothing about, always leaving before implementation (i.e., action) begins.

As this form of experience pours in, it is not long before Bill becomes chief executive of a major appliance company. (He never consulted for one, but it does remind him of that Mammoth case.) There, after downsizing a few thousand of its Human Resources, he formulates a glitzy high-tech strategy, which is implemented, so to speak, through a dramatic program of acquisitions. What happens to that? Guess again. (Or read the next story.)

“Readers [of the book *What They Really Teach You at the Harvard Business School*, by two of its students] are probably asking, ‘Read the case and do that analysis in two to four hours?’ Harvard’s answer is yes. Students need to prepare two to three cases each day.… So [they] must work toward getting their analysis done fast as well as done well.”[43]

A few years ago, the school ran an ad in *The Economist* for its executive education programs. It showed an executive-looking woman who is saying, “We studied four companies a day. This isn’t theory. This is experience.” This is nonsense.

MBAS AS CEOS: SOME TROUBLING EVIDENCE

Business schools like to boast about how many of their graduates have become CEOs—Harvard especially, since it has the most. But how do these people do as CEOs? Are the skills needed to *perform* there the same as those that *get* them there?

Most MBA students enter the prestigious business schools smart, determined, and aggressive. There case studies teach them how to pronounce cleverly on situations they know little about, while analytic techniques give them the impression that they can tackle any problem—no in-depth experience required. With graduation comes the confidence of having been to a proper business school, not to mention an "old boys" network that can boost them to the "top." Then what?

Some Surprising Evidence

This is one question that these centers of research do not research. Some years ago, Joseph Lampel and I made an exception. A decade after its publication in 1990, I looked at a book called *Inside the Harvard Business School* by David Ewing, long an insider. The first sentence reads: "The Harvard Business School is probably the most powerful private institution in the world."[44] The book listed 19 Harvard alumni who had "made it to the top"—the school's superstars as of 1990. My attention was drawn to a few of them who would not have been on any such list much after 1990.

So Joe and I studied the post-1990 records of all 19. How did they do? In a word, badly. A majority, 10, seemed clearly to have failed, meaning their company went bankrupt, they were forced out of the CEO chair, a major merger backfired, or the like. The performance of another four appeared to be questionable. Some of these 14 CEOs built up or turned around businesses, prominently and dramatically, only to see them weaken or collapse just as dramatically. The other five appeared to have done fine.

For example, Frank Lorenzo experienced major failures with all three airlines that he headed, and Roy Bostock, who for a decade headed up renowned advertising agency Benton & Bowles, saw it close down five years after he retired. Perhaps most prominent and dramatic was the story of Bill Agee, CEO of Bendix and later of Morrison-Knudsen, a construction company. About a book written by Mary Cunningham, another Harvard MBA, who worked alongside Agee, a *Fortune* reviewer wrote:

What little discussion there is of actual business consists mainly of genuflecting in front of a deity called *The Strategy*.... Near as I can tell, it consisted of getting Bendix out of a lot of fuddy-duddy old-fashioned products and into glitzy high tech. What makes this a terribly ingenious idea, let alone a good one, she does not say.[45]

Another *Fortune* article elaborated. Agee "was facile with finance and accounting, shrewdly selling assets and investing in other companies.... [But after] Bendix's ill-conceived effort to go high tech ... a takeover attempt ... backfired, leading to the sale of Bendix." Then, at Morrison-Knudsen, Agee "made some dreadful business decisions." According to some executives, he used questionable accounting practices to boost earnings by tens of millions of dollars. The writer concluded that "Agee's fatal flaw was his weakness as a manager."[46]

But then again, maybe he wasn't a manager so much as a leader. (Read the following rules and judge for yourself.) Okay, so sitting still in a classroom for a couple of years does not spoil everyone's potential to manage—there were, after all, those five other CEOs on that list. But the performance of the 14 suggests that the MBA degree has succeeded in putting some wrong people in the CEO chair, also that an emphasis on cases and analysis may have given some right people the wrong impression of managing.

Rules for Being a Lofty Leader

• Change everything all the time. In particular, reorganize constantly to keep everyone on their toes (rather than firmly planted on their feet). Do not change this behavior no matter what the consequences.

• Beware of insiders: anyone who knows the business is suspect. Bring in a whole new "top team." And rely on consultants—they may not know the business, but they sure appreciate lofty leaders.

• Focus on the present: Do that dramatic deal now! The past is dead, the future distant (beyond bonuses). Ignore the existing operations—anything established takes time to change. Instead, merge like mad—with the devils you don't know. This is sure to catch the attention of the stock market analysts and day traders.

• Emphasize the numbers. That way you don't have to manage performance so much as deem it. Likewise, arrange to be paid several hundred times as much as your mere employees, to announce how much more important you are. That's leadership! Above all else, get that stock price up, cash in, and run. Lofty leaders are in great demand.

More Surprising Still

The results of our study were obviously surprising. They didn't prove anything, but they certainly raised a serious concern: is it possible that the coveted MBA degree could actually be damaging the practice of managing?

More surprising still is what followed our study (published prominently enough in a *Fortune* magazine article as well as in my 2004 book *Managers Not MBAs*, which has sold almost 100,000 copies).[47] Nothing. You might think that it would have set off some alarm bells or at least evoked a bit of curiosity. That it did not tells us as much about business schools as do these results themselves.

More Troubling Still

Recently, two business school professors, Danny Miller and Xiaowei Xu, weighed in on this issue, with two studies that had larger samples—and results that were more troubling.

In "A Fleeting Glory: Self-Serving Behavior among Celebrated MBA CEOs,"[48] they used an ingenious sample: 444 chief executives of American corporations celebrated on the covers of *Business Week*, *Fortune*, and *Forbes* magazines from 1970 to 2008. Their research compared the subsequent performance of those companies that were headed by MBAs—one-quarter of the total—with the ones that were not.

Both sets of companies declined in performance after the cover stories—Miller commented that "it's hard to stay on top"—but the ones headed by the MBAs declined more quickly, and that decline "remained significant even seven years after the cover story appeared." The authors found that "the MBA degree is associated with expedients to achieve growth via acquisitions … [which showed] up in the form of reduced cash flows and inferior return on assets." Yet the compensation of the MBA CEOs actually increased, in fact about 15 percent faster than the non-MBAs! Apparently, they had learned how to play the "self-serving" game, which Miller referred to as "costly rapid growth."[49]

Gobbling up "value"

The second study, titled "MBA CEOs, Short-Term Management and Performance,"[50] used a wider, more recent sample of 5,004 CEOs of major US public corporations from 2003 to 2013. The results were similar: "We find that MBA CEOs are more apt than their non-MBA counterparts to engage in short-term strategic expedients such as positive earnings management and suppression of R&D, which in turn are followed by compromised firm market valuations." Once again, these MBA CEOs were rewarded for this "performance."

Why Does This Problem Persist?

Business schools have become enormously successful, in certain respects deservedly so. They do a great deal of significant research and some are centers of interdisciplinary work, the best of them bringing together psychologists, sociologists, economists, historians, and others. Their MBA programs train well for the business functions, such as finance and marketing, if not for the practice of managing. So why do these schools persist in promoting this education for management when it appears to foster so much mismanagement?

Well, why change when so many of their graduates are getting to the "top," even if too many of them are corrupting their companies and the economy, as well as society.

"If you always do as you always did, you will always get what you always got."[51]

ENGAGE MANAGERS BEYOND ADMINISTRATION ("EMBA")

There is plenty of business education, but hardly any management education. What, then, should you do as a manager who is performing well yet keeps getting bypassed by MBAs who screw up? Join them by getting an EMBA yourself? Only if it stands for *engaging managers beyond administration.*

Do you really want to sit in a nice neat row, listening to lectures about action and engagement? Or pronounce on companies you know hardly anything about while your own firsthand experience is ignored? Besides, are you interested in the administration of business or the practice of management?

For years I went around giving talks at business schools about what is wrong with conventional MBA education for management—namely that it trains the wrong people in the wrong ways with the wrong consequences—that's all. The people are inexperienced: a manager cannot be created in a classroom. This makes the ways too analytical: unable to teach the art and craft of managing, the faculty rely on the science by teaching analysis and technique, or else they use the disconnected experience of case studies. And by giving the impression that this has taught the graduates to manage everything—when in fact they have learned to manage nothing—the consequences are often dire. When they graduate, MBAs should be stamped with a skull and crossbones on their foreheads: *Warning! Not prepared to manage!*

At these talks, people started asking me the question that should never be asked of an academic: *What are you doing about it?* (We academics are supposed to criticize, not do anything about anything.) Duly embarrassed, I teamed up with colleagues at prominent business schools around the world to create the International Masters Program for Managers.[52]

While a manager cannot be created in a classroom, experienced managers can benefit greatly from a classroom that encourages them to reflect on their own experience and share their insights with one another. T. S. Eliot wrote in *The Dry Salvages*, "We had the experience but missed the meaning." Management education should be about getting the meaning of experience.

The managers in the IMPM—average age in the forties—stay on the job and come into the classroom for five modules of 10 days each over 16 months, held in England, Canada, India, Japan, and Brazil. These focus not on the functions of business but on the mindsets of managing:

- *Reflection*—managing yourself

• *Analysis*—managing organizations

• *Worldly*—managing context

• *Collaboration*—managing relationships

• *Action*—managing change

At the end of the very first module in 1996, on the reflection mindset, while everyone else was going around saying, “It was great meeting you!” Alan Whelan, a sales manager at BT, was saying, “It was great meeting myself!”

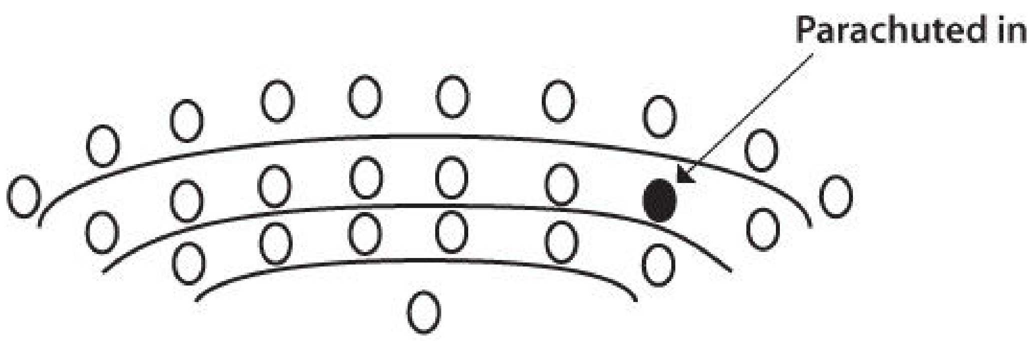
Our programs have a fifty–fifty rule: half the class time is turned over to the managers, on their agendas. Hence they sit at round tables in a flat room so that they can go in and out of workshops at a moment’s notice.

These managers are not lone wolves parachuted into class to sit in selfie-silos, as shown on the next page. They are colleagues in a community of social learning, connected to their context, as shown in the next figure.

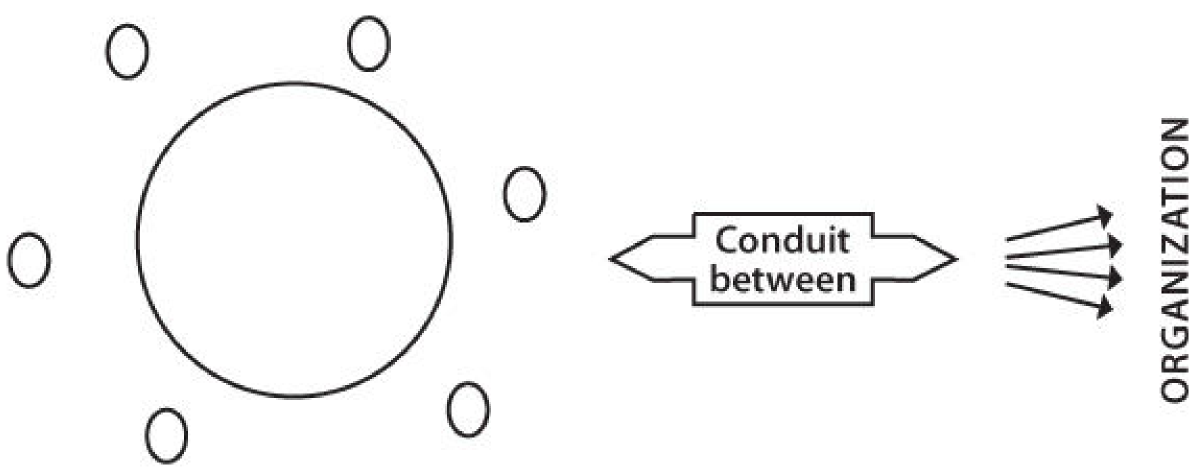
This arrangement has led to a variety of novel practices.[53]

• **Friendly consulting** In *friendly consulting*, a concern of each manager becomes the focus of attention of a small group of colleagues. One person’s manager quit suddenly during the program, and she was struggling with whether to take the vacated position.

That helpful hour of friendly consulting continued over lunch.



Self in a development silo



Representative of a development community

• **Managerial exchange** Mayur Vora was running his jam-and-jelly company in Pune, India, and Françoise Le Goff was number two on the Africa desk at the International Federation of the Red Cross in Geneva. They did the first *managerial exchange*, where the IMPM managers pair up and spend the better part of a week at each other's workplace. At the start of the exchange, Mayur had seen Françoise typing and asked, "Can't a secretary do that?" Welcome to the worldly mindset: Geneva is not Pune. (That is why we call it "worldly" rather than "global": the IMPM is about getting into other people's worlds to better understand your own.) On the last day, Mayur told Françoise he would be happy to meet with any of her staff. All of them lined up to convey through him their impressions of her management style. Françoise reported that Mayur "was like a mirror for me."

• **IMPact teams** We ask the managers in the program to form IMPact teams back at work, to carry the learning into their organization for change. It has been said never to send a changed person back to an unchanged organization. But in management development programs, we always do. The participants should be changing their organizations as a consequence of changing themselves. In one small company that had run into a serious problem, a participant in the IMPM had to pick up the pieces. He formed such a team, which he said saved the company.

The MBA is fine so long as it is recognized for what it does well, namely train people for certain specialized jobs in business, but also for what it does badly, namely prepare people to manage. Beyond the MBA, it's time for *management* education.[54]

DON'T JUST SIT THERE ...

This story is coauthored with Jonathan Gosling

Imagine a meeting of the board with the chairman facing backward, not allowed to speak until the end. Imagine a conference with keynote *listeners* instead of keynote speakers. Imagine managers sitting in a circle to "show and tell," just like they did in kindergarten. Does all of this sound silly?

We have been doing such silly things for years in our management development programs with great success. People listen better, speak more thoughtfully, and address problems more effectively. Instead of just listening to "speakers," or at least not listening to them while waiting to speak, or else enduring a meeting with everyone trying to speak at once, we use a host of different seating arrangements that encourage open discussion and development—in and beyond our classrooms.

When we were creating the IMPM, Nancy Badore asked, "How are you going to seat them?" She had developed a novel program for Ford executives and was helping us think through ours.

"I suppose in one of those U-shaped classrooms?" came our answer.

"Not those obstetrics stirrups!" Nancy shot back. We got the point! With that, we were off—never looking back (except when the class asked *us* to face backward and do some keynote listening of our own).

Half the time devoted to table talk We decided that the managers in our classrooms would sit at small round tables in a flat classroom, where they would spend half the class time learning from one another. No need to break out. Sure, they can learn from the faculty but hardly less so than from each other. Round tables turn a collection of individual participants into a community of social learners.

Show and tell in a big circle In plenaries after the table discussions, we used to do what most programs do: ask for the best ideas from each table—that dreadful go-around. Then one day a new colleague sat everyone in a big circle, himself included. A great show-and-tell discussion followed. The next day another colleague put them in the circle again but then stood there, as if to say, *I will give you permission to speak, you will direct your comments to me, and I will follow with some smart reply*. (Professors do have to profess.)

The day after that, one of us stood in the circle again and announced, “I’m in charge”—and walked out. Returning after the plenary, the class let him know that next time he was to take his place in the circle, just like everyone else.

Keynote listening How about this: have one person at each table turn around to eavesdrop on the conversation without speaking—be a keynote listener—and then have these people report in the plenary on what they heard. After all, don’t good managers have to be good listeners?

The inner circle Sometimes for the plenary, we bring these eavesdroppers together in the middle, all facing each other in a little circle, to chat about what they heard. Everyone else, in a larger circle around them, listens. In effect, all the others become the eavesdroppers about what they have just said.

Tapping in and out After those in an inner circle have had their say and some others are itching to add something, they can tap someone on the inside and replace him or her. The discussion carries on; in fact, it gets refreshed. Here we have something quite fascinating: a running, renewing conversation, with just a few people at a time, everyone involved yet no one in charge. One time, when we had a journalist from the *New York Times* visiting the IMPM class, we put him in the inner circle. Trouble was, no one dared to tap him out![55]

Beyond the classrooms All of this may sound well and good for managers and professors having a good time in a classroom, but it hardly needs to stop there. We have had keynote listeners replace keynote speakers in large conferences. We have debriefed conversations in rooms of 200 people at round tables, asking at the end of a workshop, “Quick, point to someone at your table who had a really good idea,” and then asking the targets to come forward and explain. One participant described this exercise as a “great way to turn a large meeting into a series of meaningful conversations.”

And into the managerial offices We have yet to turn the chairman of some major corporation around at a board meeting (maybe because they are too busy turning their companies around). But imagine all of this brought into the workplace: round tables, reflections, eavesdropping, big and inner circles. Or don’t imagine—ask Carlos, who experienced the seating in one of our other programs (embaroundtables.com, a similar experience but for one week). When he got back to his factory in Mexico City, he installed a round table on the floor and emailed us a photo with the comment “We use it very often” when there is the need to reflect on a difficult issue.

Coaching ourselves around a table Then came another initiative, called CoachingOurselves.com, that dispenses with the professors, the classrooms, and the conferences. Managers gather in their own workplace, in one or more teams, each around a table, for some do-it-yourself development. Each team downloads slides on a particular module (for example “Strategic Blind-spots,” “Developing Our Organization as a Community,” and “Crafting Strategy”), relates the material to their common experience, and carries the insights they developed forward for improvement in the organization.

Change how and where managers sit, and management development can become organizational development.[56]

FIVE

Stories in Context

Year after year the worriers and fretters would come to me with awful predations of the outbreak of war. I denied it each time. I was only wrong twice.

—Researcher in British Foreign Office, 1903–1950

MANAGING FAMILY BUSINESS

I am a fan of family business, if only it could resolve its problem of succession. I have suspicions about sons who follow their fathers into the business and even greater suspicions about fathers who insist that they do so, let alone bypassing their daughters. (I'll get back to that.) Family businesses need to cast their succession nets widely, also beyond the stock market.

Following Fathers

My father was an entrepreneur, successful enough. He built a business in the garment industry that kept us comfortable. I came out of the womb claiming I would never work for my father. So when the time came, I became an academic and he sold the business.

Many of the kids I grew up with in Montreal were also raised in entrepreneurial families, but came out of the womb differently. They went to work in the family business, almost automatically. A few did okay, and the occasional one grew the business substantially. But most either sustained the business for as long as they could or else dragged it down. And some encountered rivalries with relatives that drove them out of the business, to settle into a life of investing their inheritances. All told, the record was not good: out of all the businesses I knew about when I grew up—some of them quite prominent—few remain.

This followed a famous trajectory: the first generation makes it, the second generation sustains it, and the third generation blows it. The most prominent example of this from my Montreal youth was the world's largest whiskey company, Seagram's, built by Samuel Bronfman, who was at one time reputed to be the richest person in the world. His son Edgar took the headquarters to New York, where he sustained it until his son, the junior Sam, enamored of filmmaking, managed to end the empire.

Being born to a business genius, let alone inheriting the wealth of one, has never made anyone a business genius. Nor does it necessarily bestow the ingenuity and energy needed to run a vibrant family company. But being surrounded by sycophants well aware of that wealth has turned many an offspring into an arrogant failure. I have great respect for the entrepreneurs who build and love their businesses, but not for what often follows.

Enter Fred. He contacted me out of the blue, visiting from Singapore to talk about management and communityship. When I discovered that Fred was the third-generation head of his family's big shipping company, I thought, *Uh-oh, not another one of those.*

In good family fashion, Fred appeared with his daughter and brother as well as an assistant. As soon as I saw him, my impression changed: Fred didn't look the third-generation part. We hit it off immediately, dining and then parading around town. Fred's a fun guy. So what's the story?

As Fred recounted it: He too was determined not to work for his father. So as a young man in Singapore, he borrowed some money, went off to Malaysia, made his own fortune, and came back to buy all of the family businesses—one by one! That's an entrepreneur! Fred was not about to go through a whole process with his siblings, so in effect he bought them out—through his father.

Blame the Fathers

Now let's consider succession from the father's side. Why are so many smart entrepreneurs so dumb when it comes to succession? Why are they determined to pass the baton to their own kids, usually a son, no matter what? This is like playing Russian roulette with five bullets in the six cylinders.

A study some years ago suggested that the entrepreneurial personality often develops in families with strong mothers and weak fathers—the latter ne'er-do-wells, or drunkards, or simply gone.[57] This is not always true, but it does seem to be somewhat common. Perhaps the eldest son becomes the surrogate father at home, strong and responsible, the take-charge person—not bad traits for an entrepreneur. So when I meet an entrepreneur intent on having his son succeed him, I ask: "Was your father a great businessman?” Often not. “So what makes you think your son is?”

Casting the Net Wider

Don’t get me wrong: sometimes that blank cylinder is the one that fires. Learning the business from a devoted parent can be a profound form of training. And increasingly these days, there are daughters who are natural and interested successors, maybe more so because of a different relationship with their fathers. For one thing, the fathers may be more inclined to listen to them. Does this suggest that sons may be the more natural successors of entrepreneurial mothers?

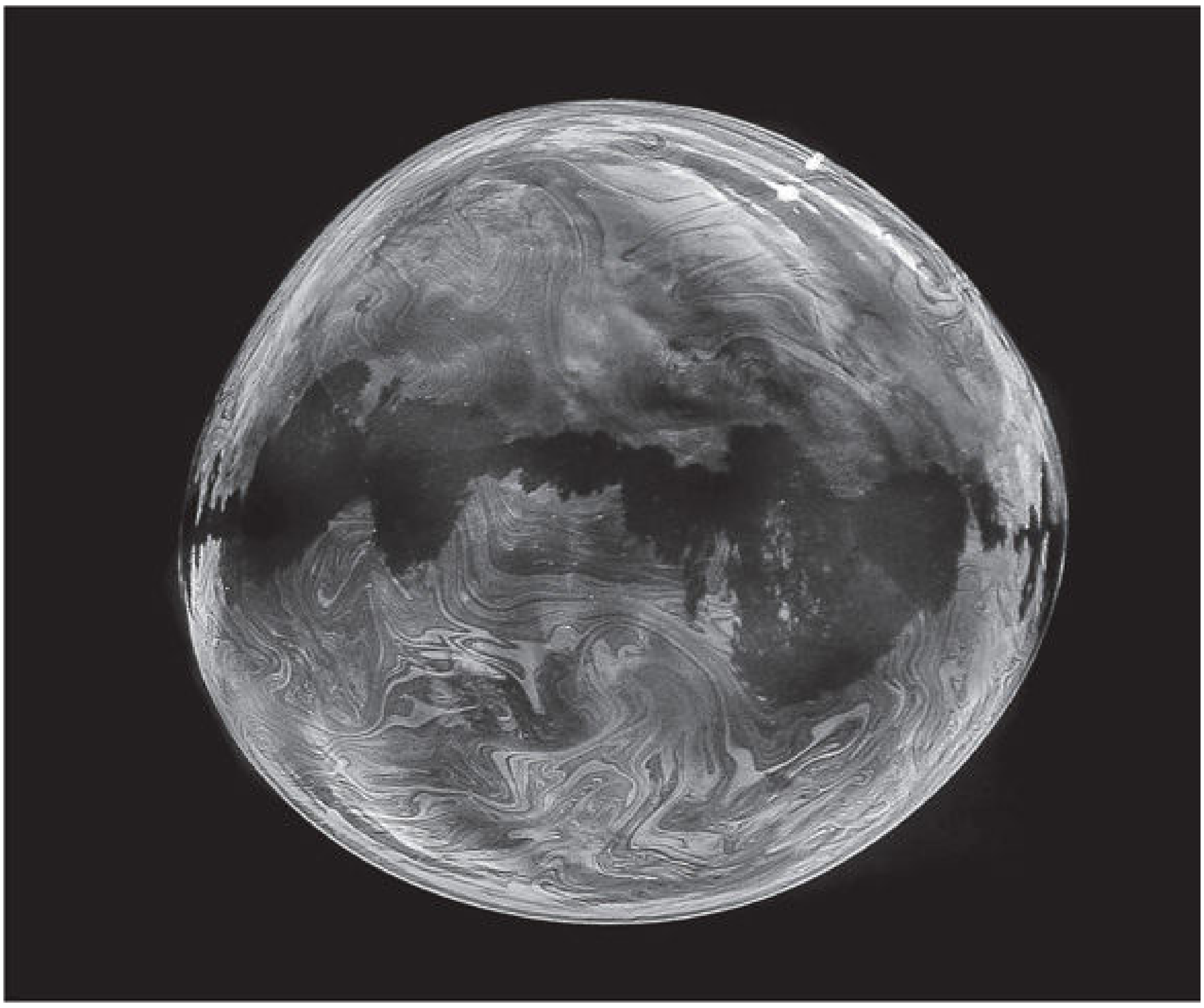
The net can also be cast wider. Nephews were significantly responsible for DuPont’s great success. These relatives offer more choices for succession. And it was a son-in-law who made Marks & Spencer a great company; also Bombardier, at least when run by the son-in-law, if not, later, by his son. (We’ll see—so far, not so good.) Perhaps some daughters are inclined to marry a man in the image of their father.

What I like about many family businesses is their spirit, the soul of these places, demonstrated by a deep respect for the customers and the employees. This is not always true—some entrepreneurial firms are the opposite. But in the others, the employees are seen as part of the family. There is something precious about a family legacy—for the family to be sure but also for the employees and the economy.

But that does not solve the problem of succession. What to do when it is time for the founder to move on and there is no capable progeny to take that place? These days the answer is an IPO—an initial public offering on the stock market. Too often it’s a lousy answer, at least if that spirit is to be carried forward. Nothing can kill such spirit faster than a bunch of mercenary shareholders and analysts whose only value is Shareholder Value—the relentless pursuit of a higher stock price.

There are alternatives to the IPO, to which I will return in a later story. Suffice it to conclude here that a vibrant economy is developed by people who build, not hang on; and a democratic society is reinforced by people who succeed by their own wits, not some birthright. We need people who chart their own courses, even if that means coming back to buy the family firm.

GLOBAL? HOW ABOUT WORLDLY?



This globe is actually a soap bubble. (Is ours?)

Do we need more globalization on this globe? How about more worldliness in this world?

In our International Masters Program for Managers, the 10-day worldly mindset (introduced in a previous story) is devoted to the social, political, and economic issues around the companies. We call it that because we want the managers to come out of our program more personally worldly than commonly global. Global implies a certain cookie-cutter conformity—everyone subscribing to the same set of beliefs, techniques, and styles. Is this any way to foster the innovation required by so many corporations? We should be celebrating managers' uniqueness, not their sameness.

Consider these definitions of the two words from the *Pocket Oxford English Dictionary*:

global *adj* 1 worldwide … 2 all-embracing.

worldly *adj* 1 of the affairs of the world, temporal,

earthly … 2 experienced in life, sophisticated, practical.

Global may be “all-embracing,” about the whole globe, but *worldly* is “earthly,” bringing together the “sophisticated” with the “practical.” To repeat what bears repeating, the big picture need not be set from on high; it can be better constructed from experiences on the ground.

The worldly mindset takes place, not coincidently, at the Indian Institute of Management in Bangalore. India is another world for the non-Indian managers in the program; indeed, in some respects India is other-worldly. Arriving at the first running of this module, I shared a taxi from the airport with Jane McCroary, an American manager who worked for Lufthansa. Judging from her reaction to that ride, it was a good thing we were not in an autorickshaw! A few days later, she asked one of the professors: “How can you possibly drive in this traffic?”

He replied nonchalantly: “I just join the flow.” Welcome to the worldly mindset! That’s not chaos out there but another world, with a logic of its own.

At this module the managers are not voyeurs, touring some foreign country. They are hosted by colleagues from that country, just as they host these colleagues at modules in their own countries. More recently, at the Bangalore module, Professor Srinivasan started her presentation on the Cultural Dimension of Doing Business with “I want you to see this through my eyes!” Here again is the spirit of the worldly mindset.

How global is global? I have asked many groups of managers all over the globe how many of their companies have more than half their sales outside their home country. You would be surprised at the number that don’t. Think about how much retailing, banking, food, and real estate is local.

Moreover, the headquarters of many “global” companies are populated by people whose mindset is decidedly local. And that can include the CEO, no matter how many tours they may have had abroad. Companies don’t need managers who roam the globe to spread the local word. Down the hall as well as around the world, companies need a worldly perspective, promoted by managers who appreciate different worlds, in the spirit of these famous lines from T. S. Eliot’s “Little Gidding”:

We shall not cease from exploration

And the end of all our exploring

Will be to arrive where we started

And know the place for the first time.[58]

WHO CAN POSSIBLY MANAGE A HOSPITAL?

Great debates continue as to who should manage hospitals and other health care institutions.[59] Should it be physicians? Nurses? Professional managers? The physicians favor cure, the nurses know care, the professional managers exercise control—but who knows all three? There is thus good reason to reject all of these candidates. I reject the question itself.

Professional managers, so-called, namely people supposedly qualified to manage everything, have been the target of several other stories in this book. Being educated in the abstractions of administration prepares no one for the cauldrons of practice.

Because management, unlike medicine, uses little science, it is not a profession. Or to put this another way, because illnesses in organizations and prescriptions for their treatment have hardly been specified with any reliability, management has to be practiced as a craft, rooted in experience, and an art, dependent on insights. Visceral understanding counts for a lot more than cerebral knowledge.

Well then, if not professional managers, how about physicians? Surely they have the visceral understanding of the operations, plus the status to be heard. Moreover, are hospitals not fundamentally about medicine? Yes to all of the above questions. But there is a lot more to managing health care than knowing medicine. In fact, there are reasons to believe that the practice of medicine is antithetical to the practice of management.

Physicians are trained mostly to act alone, individually and decisively. Every time one sees a patient, an explicit decision is made, even if that is to do nothing. Decision-making in management is not only more ambiguous but also more collaborative. A cartoon appeared some years ago, showing several surgeons around an anesthetized patient, over the caption *Who opens?* In management that is a serious question! Add to this the facts that medicine tends to be interventionist, mostly about episodic cures rather than continuous care; that it usually focuses on parts and not wholes; and that it strives to be scientific and evidence based, and you have to worry about physicians managing hospitals.

This leaves the nurses. Their practice is often more visceral, more engaging, more collaborative, and arguably closer to the whole patient as a person. Moreover their jobs are ones of continuous care more than intermittent cure, plus they are inclined to engage in more teamwork. So some nurses at least should be rather more suited to managing hospitals. Sure—but how to get the doctors to accept management by the nurses?

The conclusion thus appears to be evident: no one can possibly manage a hospital! Running even a complicated corporation must seem like child's play compared with managing a general hospital: the strident doctors, the beleaguered nurses, the sick patients, the worried families, the determined funders, the posturing politicians, the escalating costs, and the accelerating technologies—all embedded in the events of life and death.

Yet people do manage to manage hospitals and other health care institutions, sometimes rather well. So beyond the evident answer to our question is the obvious answer: people, not categories, have to manage hospitals. I have encountered physicians who were renowned as heads of hospitals. (One of Montreal's most respected hospital directors was an obstetrician with an MBA.) Likewise I have seen some awfully impressive nurses managing hospitals—and imagine how many more there would be if given the chance.

My own preference is for people who have worked in the operations before moving into the management, whether that be in nursing, medicine, social work, or other specialties. The wider the net is cast, the greater the chances of success.

MANAGING GOVERNMENT, GOVERNING MANAGEMENT

Government certainly needs to be managed, but management also needs to be governed. It cannot just be let loose on public services, especially in the form of the New Public Management that imitates fashionable business practices. Governments no more need to be run like businesses than businesses need to be run like governments.

This New Public Management is hardly new; it began with Margaret Thatcher's government in the United Kingdom of the 1980s. Yet for many influential people today, the old New Public Management remains the "one best way" to manage government.

As noted earlier there is no one best way to manage anything. Believing that there is has done great damage to many government departments, as well as to hospitals and NGOs, not to mention businesses themselves, many of whose currently fashionable practices discourage innovation, destroy culture, and disengage employees. (For more on this, read the rest of the book.)

In its essence the New Public Management seeks to (a) isolate public services so that (b) each can be run by an individual manager, who is (c) held accountable for quantitative measures of performance while (d) treating the recipients of these services as "customers." Let's take a look at all this.

Am I a customer of my government? No, thank you! I do not buy police and diplomatic services at arm's length in the marketplace of caveat emptor ("let the buyer beware"). Must I really be called a "customer" to be treated decently? Check out how some banks and airlines treat their customers these days.

I am a citizen who has every right to expect more than does a mere customer. This is my government, after all. I am also a subject—whether formally in a kingdom or de facto in a republic—because I have responsibilities to my state. For example, while I choose to empty my tray at some McDonald's, I can be charged with littering if I leave my waste in a public park. How about soldiers drafted in wartime: are they the customers of the army? And criminals: are they the customers of the jails? True, I may be a customer of the state lottery, but frankly governments have no business encouraging me to gamble. Pretending to be business cheapens government.

Can government services be isolated from one another, as well as from political influence, so that their managers can be held accountable for their performance? Sure, sometimes—back to that state lottery. But how about defense and diplomacy? Johnson & Johnson may have one brand manager for Tylenol and another for Anusol, but can a government have one brand manager for waging war and another for negotiating peace? Individuals may be assigned to these activities, but can their responsibilities be isolated and the results attributed to anyone? Activities in government can be remarkably intertwined—sometimes exasperatingly so.

Moreover, how easily can policy-making for public services be separated from their administration? Sure elected politicians need to be kept from meddling, especially where there can be corruption. But can they remain aloof, for example when protestors are in the streets accusing the police of abuse?

It's all very tidy to assume that the superstructure plans and the microstructures execute, thus allowing politicians to cast their laws in concrete for faithful execution by the civil servants. Even more than businesses, with all their ambiguities governments need to *learn* their strategies or policies more than *plan* them. If only our political structures allowed this. For new legislation to work, there inevitably has to be adaptation en route by people on the ground who have to deal with its consequences, no matter how politically improper this may be.

To what extent can we rely on performance measures in government? Measurement has been embraced with a religious fervor in the New Public Management. Look at the damage this has done to the education of our children, the delivery of our health care, and so much else.

Sure we need to measure what we can, just so long as we don't pretend that everything that counts can be measured. In fact, many activities are in government precisely *because* they have no easy measures of performance. If we couldn't manage what we can't measure, we would have to close down government.

So the next time some civil servant calls you a customer or imposes some artificial metric on you, the next time you meet a "CEO" in a government department, the next time some candidate for political office claims that government needs to be run like a business, tell them that you have just the story for them to read.[60]

SIX

Stories about Responsibility

I stood up to be counted and they told me to take a number.

—Anonymous

A CEO'S LETTER TO THE BOARD—LONG OVERDUE

Dear Directors

I am writing to you with a proposal that may seem radical but is in fact conservative. That is because my primary responsibility as chief executive officer of this company is to conserve it as a healthy enterprise. You are now paying me so much that I can no longer manage this company as I should. I hereby request that you cut my salary substantially and eliminate all of my bonuses.

We have talked a great deal about teamwork in this company—that our people are all in it together. So why I am singled out by virtue of my compensation? Bonuses are the worst part of it. Like everyone else in this company, I am being paid to do my job properly. Why should I be paid extra to do a good job? If I believe in this company, I'll buy the stock. If I don't, I need to quit. The misguided assumption behind these bonuses is that I, as CEO, do it all.

Now I am getting hate mail from employees about my pay. This is certainly disconcerting, but more troublesome is that I have no reasonable reply to them, other than to claim that I must be several hundred times more important than they are. This is not leadership. It is no way to run a company.

We have had a good deal of discussion at our board meetings about the long-term future of this company. Why, then, am I being rewarded for short-term gains in its stock price? You all know perfectly well that I can use all kinds of gimmicks to drive up that price, for the sake of my bonuses, while undermining a sustainable future.

Ever since we started this Shareholder Value nonsense, our culture has gone to hell. The frontline employees tell me that it gets in the way of serving our customers: they are forced to see dollar signs out there, not people. Consequently, many of them don't give a damn anymore. As one employee put it to me recently: "With all this counting, we don't count anymore. So why should we care?"

I have always prided myself on being a risk-taker; that is one reason why you put me in this job. So how come I cash in big when the stock price goes up but pay nothing back when it goes down? Some risk-taker! You know what? I am tired of being a hypocrite.

I know the excuse we have been using all along: that I am being compensated to keep up with the CEOs of other companies. This makes me a follower, not a leader. Enough of this complicity in behavior that we all know to be outrageous. My salary should not be some kind of external trophy but an internal signal about the culture we are trying to build.

So, please, help me concentrate on managing this company as it should be managed.

Sincerely

Your CEO

Some Gamblers

Gambling is a popular metaphor among some CEOs—"doubling down" and all that. So consider this particular form of gambling.

1. **CEOs gamble with other people's money**. This is nice work, if you can get it.

2. **CEO gamblers collect not when they win but when they appear to be winning**. Although it takes time to know a winning hand, the CEO gamblers collect in the midst of the game. This is like taking the pot with a couple of aces on the table while the rest of the hand remains closed.

3. **CEO gamblers also collect when they lose**. This, I assure you, does not happen in real gambling, which has yet to adopt the golden parachute—the reward for failing.

4. **Some CEO gamblers collect just for drawing cards**. No need even to show those aces. Some CEOs who are not much good at managing their companies are brilliant at managing their compensation—for example, by getting a bonus for signing a big acquisition long before anyone can know if it will work. (Most don't.)

5. **CEO gamblers can also collect for staying at the table**. This boondoggle is called a "retention bonus." Not only do these CEOs get paid for doing the job, but they also get paid for not leaving the job. Now this is *really* nice work, if you can get it.

"DOWNSIZING" AS TWENTY-FIRST-CENTURY BLOODLETTING

Get out of my way!

Until two centuries ago, bloodletting was a common treatment for all sorts of illnesses. Physicians who didn't know what else to do drew blood, sometimes killing their patients. We know better now, at least in medicine.

But not in management. Bloodletting is here with a vengeance. Corporate executives who don't know what else to do fire great numbers of workers, thereby killing cultures in their organizations and societies. This goes by the polite name of *downsizing*, despite the havoc it inflicts on people's lives. Does the fact that everybody is doing it make it okay? Is that leadership?

Downsizing is popular because it's easy. Just sit atop a hierarchy and deem some number that ends in three zeros—say, 5,000. Leave the messy part, and the guilt, to the middle and bottom managers who have to convert these zeros into damaged lives. Jack and Jill did nothing wrong, other than to work for the wrong company. But out the door they have to go, carrying the angst for themselves and their families while the company carries not so merrily along.

As for those Human Resources left behind, they have to work that much harder to make up for their departed colleagues, probably with lower wages at that. At least until they burn out. Guess what happens to pride in their work, commitment to the company, and respect for its customers. But who are they to complain? They should be thankful to have a job in such an economy, even if it is being brought to its knees by these very practices. So they lie low—after all, they could be next. Can you think of a better way to kill an enterprising economy?

Sure firms that are in deep trouble have to save themselves, even if that means eliminating some jobs to preserve others. But most downsizing is not about that at all.

It's about saving the bonuses of affluent executives. The scent of a company missing its numbers brings out the wolves of Wall Street, baying at the door for the bones of workers. Throwing them some brings down costs so that profits go back up—at least long enough for those in the know to cash in their stock and run.

How can thousands of workers suddenly become redundant? Was no one aware of all that slack just a few weeks earlier? Who was managing the place, anyway? Probably the same people who are now deeming the downsizing. This alone is testimonial to their incompetence: they are masking the problem they created or ignored—but not solving it. Thus it's the downsizers who should be downsized, the executioners who should be executed.

A Little Story within This Story

Some years ago the editor of a division of a large publishing conglomerate was told that he, like his colleagues in the other divisions, had to cut 10 percent of his staff. He protested, pointing out that his division was doing well, had no redundancies, and indeed had been promised more staff. There was no slack here; he would have to cut bone.

So he was taken before the boss of all bosses (a famous publisher, who later went more literally overboard). This great man told him personally that if he didn't fire that 10 percent, he would be fired himself. He refused and was fired—punished for managing a tight ship, so to speak.

That editor went on to create a new company, to be run as he thought a publishing house should be run. It has become a bit of a legend in this business: its people believe in books beyond sales, causes beyond Shareholder Value, authors' ideas beyond their reputations. The place is run as a community of engaged human beings, so people stay and are enthusiastic. When the company decided to raise some money, it issued what could be called an IAO—an initial author offering (for other stakeholders as well). All the authors were given the chance to buy shares—and 60 of us did! No wolves of Wall Street bay at this door. In the very difficult field of publishing, Berrett-Koehler continues to do well indeed. It is the publisher of this book—and of my past five books, as well.

PRODUCTIVE AND DESTRUCTIVE PRODUCTIVITY

I am a Canadian who, years ago, got tired of listening to economists tell us how unproductive our economy was. We had to listen to this while our economy was doing exceptionally well, thank you, far better than the exceptionally productive American economy to the south. Can there be something unproductive about productivity?

Yes, there can. There are two kinds of productivity: one productive, the other destructive. The problem is that economists can't tell the difference.

Economists measure the ratio of production outputs to labor inputs, and when that goes up they declare an increase in productivity. The assumption is that workers have been better trained, or superior machinery has been purchased, or improved practices have been introduced. This may be the case for a certain amount of productivity but not all, not by a long shot. The unproductive side of productivity has been on the rise.

While economists study statistics in the air, companies engage in practices on the ground. Statistics can be dangerous when their users don't understand where they came from. Consider this not-quite-hypothetical example.

You are the CEO of a manufacturing company, determined to make it the most productive one around. Here's what to do: fire everybody in the factory and ship customer orders from stock. Sales will continue while labor costs drop. Ask any economist: that's productive! It's great for the company too, until, of course, it runs out of stock.

There are less blatant ways to realize this kind of productivity. Cut research. Reduce maintenance. Diminish quality. All save money immediately, even if they trash the company eventually. Best of all, these fixes are quick and easy, not like training workers, improving processes, and developing products.

Add up all these schemes by so many companies and you have an economy that is running out of stock—and a society that is running out of time.

THE SCANDAL THAT IS A SYNDROME

“What was Volkswagen thinking?” The question came from an editor of a Canadian newspaper who asked me to write a commentary on the Volkswagen scandal, about the emission overrides for its diesel engines to circumvent government regulations. The question made a big assumption: that the Volkswagen people *were* thinking—about anything beyond their own greed. About the future of Volkswagen. About decency. About the planet.

Okay, so when you heard this you vowed never to buy another Volkswagen. A Chevrolet perhaps? You had to watch out for the keys in the ignition: they killed some people. Or how about a Toyota? Were you prepared to duck as a defective airbag came your way?

In Europe, the United States, and most everywhere else, something has been going on: a level of corruption that transcends the automobile industry. How about the banking scandals in the United States and the European Union—for example, a Goldman Sachs that allegedly manipulated the market for recycled aluminum to siphon off $5 billion by moving ingot uselessly from one warehouse to another. The company claimed to have broken no law. That is precisely the problem.[61]

An airline dragged a passenger off a plane because he refused to give up his reserved seat. Another canceled several flights with the claim that the runways couldn’t receive their planes, only to admit later that they cancelled the flights “for business reasons.” Is this what “business” is about?

Do you see a pattern?

It’s not just the criminality of some corporations and judicial systems more inclined to incarcerate criminals who wear blue collars rather than white; it’s about the *legal* corruption of so much corporate activity these days. And not only corporations. There are university professors in cahoots with pharmaceutical companies that charge obscene prices for life-and-death products. And economists who refuse to see past the markets that support this scandal. Some markets! The pharmaceutical companies are exploiting monopoly positions, called patents, that are granted by governments that fail to regulate prices responsibly.

Why don’t they? In the United States, the Supreme Court has legalized bribery. Companies can now donate to election campaigns to their hearts’ content, in return for favors worth billions. Hence people die for want of medicines that could be affordable as well as adequately profitable while the investors walk off with massive profits. What kind of a society tolerates this? The one you probably live in.

Do you see the pattern now? It’s not a scandal; it’s a syndrome. Expect it to get worse until we do something about it.[62]

PLEASE WELCOME CSR 2.0

Giving CSR a little push.

Why do we focus on the conditions of our problems instead of addressing their root causes? Medicine, for example, gives far greater attention to treating diseases than to preventing them in the first place. Jonas Salk provided a telling exception: instead of treating polio, he created a vaccine to eradicate it.

0.0, 1.0, 2.0

Much the same can be said about corporate social responsibility, or CSR. A corporation is considered responsible when it attends to the conditions of a social or environmental problem. But imagine how much more responsible it would be to address the *cause* of that problem? Finding a better way to recycle waste is good; reducing the generation of that waste is better. Not good, however, is greenwashing: pretending to be environmentally friendly. It takes us toward CSI, namely corporate social irresponsibility.

We are inundated with CSI these days: for example, banks that register customers for accounts they never requested, alongside bribery in the form of massive private funding of public election campaigns.

Let's label (a) the irresponsible activities as CSI 0.0, (b) the responsible attention to the conditions of a problem as CSR 1.0, and (c) the substantial addressing of the cause of such problems as CSR 2.0. We should appreciate CSR 1.0 for its damage control but welcome CSR 2.0 for helping reverse the damage. We need as much serious corporate social responsibility as we can get.

Imbalance as the Root Cause

I see imbalance in society as the root cause of many of our major problems, including global warming and income disparities. In my book *Rebalancing Society*, I trace the tipping point to 1989, when the Berlin Wall fell.[63]

Western pundits at the time declared that capitalism had triumphed, over communism. They were mistaken. Balance had triumphed, over imbalance. A healthy society balances the collective power of governments in the public sector with the commercial interests of businesses in the private sector and the communal concerns of citizens in the plural sector (civil society). The communist regimes of Eastern Europe were severely out of balance on the side of their public sectors, whereas the democratic countries of the West were then better balanced across the three sectors.

But the mistaken belief that capitalism triumphed in 1989 has been tilting many democratic countries out of balance ever since, in favor of their private sectors.

The corporate world has hardly been an innocent bystander in this. Beyond that lobbying in the United States and CSI, the promotion of fossil fuels has helped intensify global warming, and the stock markets' relentless demand for ever MORE has exacerbated excessive consumption—all while the incomes of many workers have been eroded alongside their protections. Too often Shareholder Value has become the *only* value.

The Business Fix?

A solution popular among businesspeople is to fix capitalism. Hence we see all kinds of proposals for what can be called “adjectival capitalism”: for example, Sustainable Capitalism, Conscious Capitalism, Inclusive Capitalism, and Democratic Capitalism (*capitalism* is the noun, not democracy!). No doubt “doing well by doing good” can be beneficial, for example by building better windmills. The trouble is that too many companies are now doing well by doing bad or doing nothing. There is no win-win wonderland out there.

Capitalism certainly needs some fixing, but it is society that needs fixing: to restore balance by returning capitalism to its rightful place, namely the marketplace, and out of the public space.

Responsible Responses

What, then, can responsible businesses do? Beside CSR 2.0, they can challenge the indecencies of some other businesses, not least by supporting legislation to correct their indecencies. And the private sector needs to collaborate further with the other sectors of society, as equal partners.

So, please, enough of business as usual, especially in the form of CSI 0.0. Beyond CSR 1.0, it is time for CSR 2.0—time for all we citizens and neighbors, in business and out, to become more actively responsible.

SEVEN

Stories for Tomorrow

Now this is not the end. It is not even the beginning of the end. But it is, perhaps, the end of the beginning.

—Winston Churchill, 1942

THE EXTRAORDINARY POWER OF ORDINARY CREATIVITY

The shape of creativity

It is thrilling to listen to Tchaikovsky's Violin Concerto. How many people are capable of such creativity? But there is another kind of creativity of which we are all capable. It's quite ordinary, in fact, even if its results can be extraordinary: they have sometimes changed the world. It's all about one little switch.

Let me explain with a joke I once heard: "I'd like to die like my grandfather died—quietly, in his sleep. Not like those other people in the car who died yelling and screaming." We picture grandpa in bed, but he was actually behind the wheel. It's just a little switch really, the basis of many jokes.

Jokes, of course, don't change the world. Nor did Tchaikovsky's Violin Concerto, for that matter. But if you are capable of making a joke, you are capable of making a little switch, which means you are capable of changing the world.

How about this little switch? In 1928 the physician Alexander Fleming was researching antibacterial agents in his London laboratory. One day he noticed that mold had killed some bacteria in one of his plates. "That's funny," he said. Standard practice was to discard such samples and carry on, which Fleming in fact did. But following a conversation with a colleague, he took that sample out of the trash, asking himself if this mold could be used to kill destructive bacteria in the human body. That was the critical moment—the one little switch. What at first seemed to be trash suddenly became opportunity.

The rest took great effort—14 years, in fact—before what he immediately called "penicillin" was used to treat infections. Looking back on this, Fleming said, "When I woke up just after dawn on September 28, 1928, I certainly didn't plan to revolutionize all medicine by discovering the world's first antibiotic, or bacteria killer."[64] But that is what happened, and it changed the world—thanks to that switch from the trash to the bench, and then the body.

And don't forget that one little switch at IKEA—about taking the legs off the table, from the car to the customer—that changed the furniture business. And by the way, that too required great effort: I was told that it took 15 years to work it all out.

Maybe you have never written a great violin concerto. But I'd bet you have come up with your share of little jokes. So why not use that talent to do something more serious, like changing the world?

CUSTOMER SERVICE OR SERVING CUSTOMERS?

It's been said that there are two kinds of people in the world: those who believe there are two kinds of people and those who don't. Perhaps. But I do know that there are two kinds of companies in the marketplace: those that profess Customer Service and those that serve customers, leaving aside those that do neither. (Government people: please read this as *serving citizens*, who, as noted earlier, are not customers of the government.)

Serving customers is not a technique, not a program; it's a way of life, a philosophy of doing business. Treating customers well because that makes you more $ is not serving customers. It's a question of what comes first in your mind: When you see the $, you don't see the person. When you see the person, you charge reasonably, gain satisfaction, and do better.

Put the company on the stock market, controlled by people who can't see past the $$$, and watch everyone else in the place see likewise. For example, you put the sales staff on commission, and guess what they see coming in the door: $$$. Most big companies started by serving customers; that is how they become big. I admire those that have managed to remain so after going public.

How does serving customers feel? That's easy: authentic. You can't miss it. There was a wonderful waiter in a delightful restaurant in Quebec City, the jolliest, friendliest waiter we have ever encountered. I can't tell you his name because he was not programmed by Customer Service to say: "Hello, my name is Mestipho, and I will be your server today!"

Customer Service often feels alienating—like those companies that make us wait interminably on the phone while they tell us how much “We appreciate your business!” (Loose translation: *Our time is so much more valuable than yours*.) Or those programmed greeters at Walmart stores. One weekday afternoon I wished they had put them inside the store, to clean up the mess of merchandise strewn all over the shelves. And then there was our dear old airline, Air Canada, so devoted to Customer Service that when it had a monopoly on the Montreal–Boston route, which takes less than an hour in the air, it charged $1,066 for a last-minute ticket—one way! (That’s $2,132 return, if you are not good at math.) Air Canada couldn’t see past all the money it was making flying to Boston.

And this brings us to $Customer$ Service—treating lavishly only those customers with tons of $$. These are triaged the moment they enter, to be sure which ones to dismiss. I said to a Honda salesmean (whoops, a typo!): “Can you please give me your best price?” He replied: “Are you here to buy now? Otherwise, why should I tell you that? You will just go to another dealer and tell them our price.”

The nerve of me, trying to comparison-shop for the second-biggest purchase I make (after a house). So I went to another Honda dealer, where the salesman gave me his best price on the spot, and I bought the car on the spot. I was not about to go back to that salesmean even were he to offer a better final price.

And this brings up another side to all this: *respecting sellers*. Customers, even ones with $$$, who don’t treat decently the people who serve them may get Customer Service, but they don’t deserve being served as customers. If the sellers are not treated well by their customers, let alone by their employer, how can they treat even the decent customers decently?

ENOUGH OF MORE: BETTER IS BETTER

Enough of MORE—all this excessive production and consumption, with all its destructive waste and warming. MORE is ravaging our enterprises, our societies, our planet, and ourselves. We can do *better*.

Creating an Enterprise

You have a compelling idea and lots of energy though not much money. So with the help of an understanding banker, alongside your own sweat capital—those 15-hour days —you build an enterprise. And you succeed! Your customers are happy, your employees are committed, you feel great, and the economy benefits. Everybody wins.

Okay, maybe you did this to make a lot of money, or to become celebrated, or to avoid having a boss. But if you are a serious entrepreneur, your incentive went further: to building something special—an engaging enterprise with its own sense of communityship beyond your leadership.

As the enterprise grows, however, you become concerned: *What if I get hit by a truck?* Or you want to grow faster than your existing resources will allow. Your financial friends tell you to do an initial public offering (IPO): cash out or get the cash in. Let shareholders fund faster growth. It sounds good, so you agree. This is the turning point.

Grabbing MORE

The first sign of trouble is the realization that, while you simply wanted more, the stock market is intent on grabbing MORE. It doesn't care about your ideas, your ideals, your customers, or your workers except as a means to relentless, one-dimensional growth—of Shareholder Value. You discover that this has nothing to do with decent values, your own included. You are running a publicly traded company now, so you must keep feeding the beast.

To take a particularly appalling example, in March 2015 a deranged pilot flew a Germanwings airplane into the face of a mountain, killing all 150 people on board. Barely a month later, a *New York Times* article reported from a shareholders' meeting that "at a time when Lufthansa faces urgent commercial challenges ... many share holders expressed concern ... that the Germanwings tragedy risked detracting management from its turnaround efforts." One portfolio manager claimed that Lufthansa management "will have to come back to reality."[65] The murder of 150 people was apparently a distraction; reality is getting back to managing value for the shareholders.

Let's get back to the reality of our entrepreneur: As a consequence of your IPO, a different feeling is enveloping your enterprise, replacing that sense of community. The market analysts are analyzing, the day traders are trading, the financial sharks are circling, and the wolves of Wall Street are demanding a performance report every three months. Every three months? How can anybody manage a company this way?!

Was that IPO really worth it?

But it's too late. Anyway, you are getting greater growth, albeit accompanied by greater pressure. Eventually, however, you find yourself running out of established customers, and it's tough to get new ones with the old ideas, or new ideas with this new Value. And so comes the key question: *How can I get MORE when there is no more to be had, at least not as I have built this company in the first place?*

Ravaging the Enterprise The answers are all around you in the experiences of other publicly traded companies:

• Exploit the existing customers. Bamboozle pricing is a good idea: price so that the customers can't figure it out. Or charge excessively for servicing the products that your customers are stuck with.

• Trash the brand. This is particularly popular: sell to new customers who were not willing to pay for the quality of which you used to be so proud. By cashing in your legacy, you can get MORE by giving less.

• If you can't increase the revenues, you can certainly reduce the costs: cut maintenance, cut research, cut everything out of sight—except the executive perks.

• And don't forget to squeeze the workers by putting them on short-term contracts at lower pay, without benefits. Better still, fire the whole lot of them and produce offshore.

And when all else fails, diversify. Get into all kinds of new businesses you don't understand. So what? You're big now, with lots of money to throw at them.

Ravaging Society Your enterprise has now become a global corporation, with obligation to no country, least of all your own, where it no longer pays much tax anyway. So why not go whole-hog, so to speak? Do well by doing bad:

• Collude with your competitors to create a cartel or, better still, buy them out altogether—in the name of competition.

• And in the name of free enterprise, lobby governments around the globe to grant subsidies to your industry and rid it of those annoying regulations.

• If you do go bankrupt, which happens eventually to companies that exploit, fear not: you have become "too big to fail." Thanks to your bribes (called political donations), the government you betrayed will bail you out, shifting the costs of your failure to society at large. Economists right in step with such shenanigans call this an "externality."

Ravaging Yourself Then one day you wake up to the realization that you have become the victim, too: Could I have been responsible for all this by doing that IPO? I used to love my business. We had a great time serving the customers I worked so hard to get. I had pride in our place, our products, our people. Now the customers write me nasty emails, and the workers glare at me when I see them (which is rarely). Why did I build an engaging enterprise, only to jettison its engagement? We used to be delightful explorers; now we are nasty exploiters. I have cashed in my legacy for a fortune that I can't even begin to spend.

Imagine a country full of such corporations, let alone a whole planet of them. We're getting there. By hogging resources that could be recycled to build vibrant new enterprises, they are distorting our economies, debilitating our societies, and diminishing our communities. By playing countries against one another, they are also undermining our democracies. And by their relentless fostering of production and consumption, they are damaging our planet too. Not all corporations do this—just too many of them. How much MORE can we take? [66]

One-dimensional companies, like one-dimensional people, are pathological. They are an invasive species that has no business in a healthy society. Edward Abbey said it best in 1978: "Growth for the sake of growth is the ideology of the cancer cell."[67]

Getting Better

Take yourself back to that fateful decision about the IPO. You had been a leader in building your enterprise. Why did you become a follower with yet another IPO? Did you really have to become beholden to the mercenary stock market?

There are better ways to finance a growing enterprise, for example:

• Find some patient, decent capital that will allow you to grow responsibly and sustainably.

• Do an IPO, but keep the analysts at bay by issuing two kinds of stock, as did the Tata group in India and many of the major corporations in Denmark, with foundations controlling a majority of the voting shares.

• How about converting to B (or Benefit) Corporation status, with a commitment to respect social and environmental needs alongside financial ones?

As for a new enterprise:

• If you don't need heavy investment, consider relying on funding from loans and retained earnings. Sweat capital is the real investment in truly entrepreneurial enterprises anyway.

• How about establishing the business as a cooperative, with one share owned by each of the customers, or the suppliers (as in a farmers' cooperative), or the workers (as in the Mondragon Federation in Spain since 1955, now with 72,000 people).

• Or give your existing company away to its employees—you know, those people who actually care about the place, unlike the day traders who supposedly own it. Much better than destroying the legacy you built up so carefully. The John Lewis Partnership of the U.K. actually did this in 1950 and remained successful, with its 84,000 "partners" in the tough businesses of department stores and supermarkets.

• Imagine creating a social enterprise—a business that is owned by no one. Look around; there are many. My better half is a rental agent in a building with 250 apartments for people over 50. It's a not-for-profit, and is the mood ever different! Even many established NGOs are in the act: after all, the Red Cross sells swimming lessons.

Better Is Better Economists insist that MORE is the way forward. No, it is the way backward, economically as well as socially. We don't have to destroy our progeny and our planet for the sake of a senseless dogma. Sure we need development and employment—but responsible development with robust employment. A healthy society is sustained by a decent and diverse economy, not one driven by the mercenary force of one-dimensional growth. Stock markets have done enough damage.

There are impoverished people all over the world who need more: more food, more housing, more employment, more security. What they don't need is the MORE that is dragging down the so-called developed world.

So let's shift our economies from MORE to *better*—quality over quantity—to lift us up rather than drag us down. We can invest our efforts in durable products, healthy foods, personalized services, and robust education. Rather than reduce employment, a shift to better can enhance it, with higher-paying jobs in healthier organizations. When we work better, we feel better, so we live better. Imagine a world of getting better instead of grabbing MORE.

BE GOOD: THE BEST IS TOO LOW A STANDARD

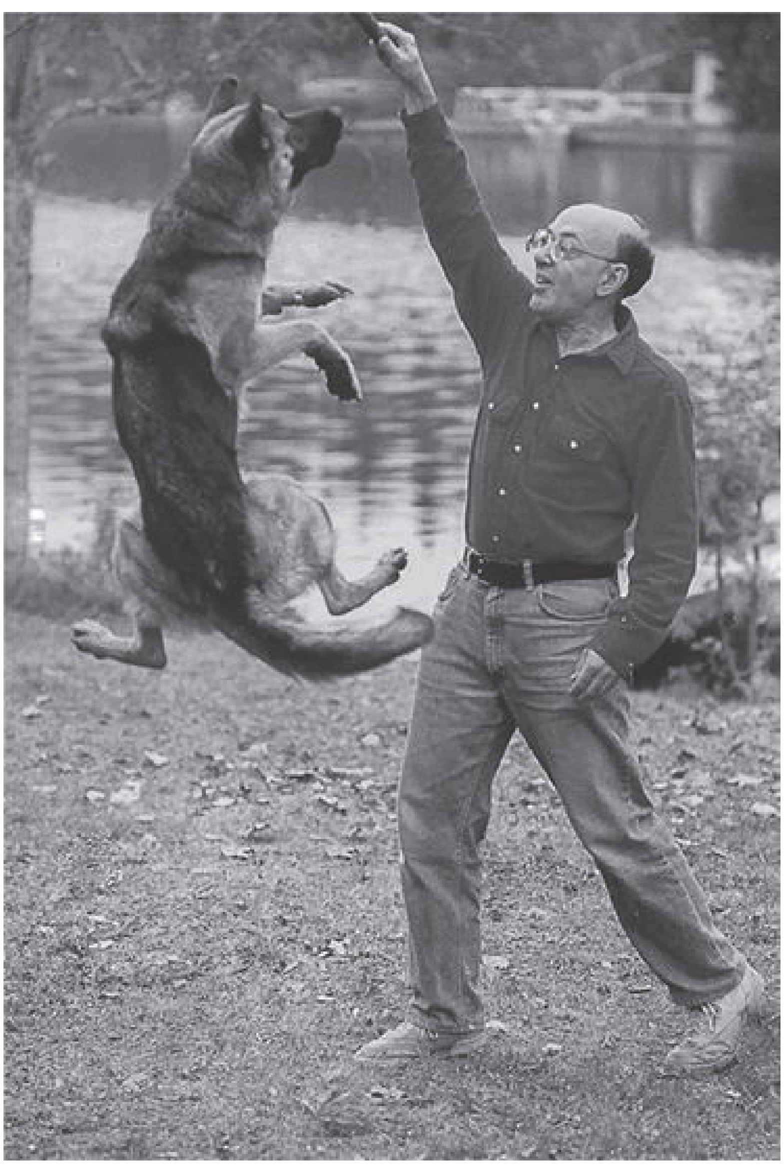
In 1997 Stuart Crainer met me at Heathrow Airport as I arrived on a red-eye from Montreal. He was interviewing me for a book he was writing with Des Dearlove about management gurus.

This guru business must be very competitive, Stuart suggested. "Not at all," I replied. "I never felt any competition." And then I blurted this out in my jet-lagged stupor (words that I remember distinctly): "I never set out to be the best. It's too low a standard. I set out to be good."

This was not meant to sound arrogant: I was not claiming to be better than the best, just outside the quest to be the best. I meant that the best work is done by people who compete with *themselves*, more than with anyone else. They do *their* best.

How can anyone tell “the best” anyway? Was Tchaikovsky better than Beethoven? Was Edith Piaf the best? Who knows, but was she ever good! Indeed, she was incomparable and therefore in no danger of being labeled the best. Michael Porter has written extensively about how to be competitive in business. With whom was he competing when he wrote his landmark book *Competitive Strategy*?

My favorite story about this comes from Sylvie Bernier, who won the gold medal for diving at the 1984 Olympic Games. I got to know Sylvie when she did our International Masters for Health Leadership program. One day I asked her what really distinguishes athletes who win such high honors.



Nikki, doing her best
Photo by Susan Mintzberg

Sylvie told me a striking story, not about other Olympic medalists, just about her own experience—at 20 years of age. When she got into the finals, she blocked out everyone and everything—her coach, her parents, journalists, newspapers, radio, and TV—any source that could tell her how she was doing.

As she came up from her last dive, Sylvie could not have known whether she had won gold or nothing. Maybe that is why she won gold. Sylvie certainly wanted to be the best—there's only one gold medal for each Olympic event—but her means to get there was by doing *her* best, competing with *herself*.

So let's drop, not our standards, but our obsession with being the best, so that we can get on with being as good as we can possibly be.

RISE AND SHINE!

Eat those eggs—off the podium, on the ground, in the air.

Organize like a cow so that ordinary people can come up with extraordinary ideas.

Sometimes be sure to see and do before you think—to allow your strategies to grow like weeds in a garden.

You can't measure it? Good: manage it! You lack the evidence? Good: get the experience!

Beware of boards that buzz, IPOs that impoverish, CSI that shames, and analysts who overanalyze. Analyze thyself, for effectiveness, not efficiency.

Downsize your vocabulary: Drop the "Top." Sack "Shareholder Value." Purge "Strategic Planning," "Human Resources," "Customer Service," "Transformation," and "CEO" labels in hospitals, governments, and other endangered species.

Above all, do your best—for the sake of great natural happiness.

NOTES

ONE SIMPLY MANAGING

1 . See my book *The Flying Circus: Why We Love to Hate Our Airlines and Airports*, 2005; available at: http://www.mintzberg.org/sites/default/files/book/flying_circus_whole_book_august_2005.pd

2 . See my article “Covert Leadership: Notes on Managing Professionals,” where I describe observing a conductor in rehearsal for a day. *Harvard Business Review*, November–December 1998, https://hbr.org/1998/11/covert-leadership-notes-on-managing-professionals.

3 . Peter F. Drucker, *The Practice of Management* (New York: Harper & Row, 1954), 341–342.

4 . Sune Carlson, *Executive Behaviour: A Study of the Workload and the Working Methods of Managing Directors* (Stockholm: Strombergs, 1951), 52.

5 . Leonard R. Sayles, *Managerial Behavior: Administration in Complex Organizations* (New York: McGraw-Hill, 1964), 162.

6 . The internet is loaded with videos about conductors as leaders. See the TED Talk with Itay Talgam (October 21, 2009), which I think best captures both sides of this issue: https://www.youtube.com/watch?v=Wn1fV47NaWY.

7 . Warren Bennis, *On Becoming a Leader* (Philadelphia: Basic Books, 1989); and Abraham Zaleznik, “Managers and Leaders: Are They Different?” *Harvard Business Review*, January 2004 https://hbr org/2004/01/managers-and-leaders-are-they-different.

8 . Mie Augier, “James March on Education, Leadership, and Don Quixote: Introduction and Interview,” *Academy of Management Learning & Education* 3, no. 2 (2017): 173. doi: 10.5465/amle.2004.13500521.

9 . See chapter 6 of my book *Simply Managing: What Managers Do—and Can Do Better* (San Francisco: Berrett-Koehler, 2013).

10. See chapter 3 of both my books *The Nature of Managerial Work* (New York: HarperCollins, 1973) and *Simply Managing*.

11. Terry Connolly, "On Taking Action Seriously" in Gerardo R. Ungson, ed., *Decision-Making: An Interdisciplinary Inquiry* (Boston: Kent, 1982), 45.

12. For more on this and related topics, see Henry Mintzberg, Bruce Ahlstrand, and Joseph Lampel, *Management: It's Not What You Think!* (AMACOM, 2010).

13. See my July–August 1987 article "Crafting Strategy" at https://hbr.org/1987/07/crafting-strategy. For more, see *Tracking Strategies: Toward a General Theory* (New York: Oxford University Press, 2007), *Strategy Bites Back* (Harlow, UK: Pearson, 2005), and *Strategy Safari: A Guided Tour through the Wilds of Strategic Management* (New York: Prentice-Hall, 2009; also Free Press, 1998).

TWO SIMPLY ORGANIZING

14. I first used the word *communityship* in "Community-ship Is the Answer," *Financial Times*, October 23, 2006; see also my article "Rebuilding Companies as Communities," *Harvard Business Review*, July–August 2009, https://hbr.org/2009/07/rebuilding-companies-as-communities.

15. For more pictures of this beaver collection, please see *www.mintzberg.org/beaver*.

16. "The current body of internet research indicates that the internet has not caused a widespread flourishing of new relationships"; people mostly communicate with others they already know, and when they do meet people online, the relationships that continue "tend to migrate offline" (D. D. Barney, "The Vanishing Table, or Community in a World That Is No World," in *Community in the Digital Age: Philosophy and Practice* [Lanham, MD: Rowman and Litttlefield, 2006], citing Boase and Wellman).

17. Thomas L. Friedman, "Facebook Meets Brick-and-Mortar Politics," *New York Times*, June 9, 2012, https://www.nytimes.com/2012/06/10/opinion/sunday/friedman-facebook-meets-brick-and-mortar-politics.html.

18. Cases at Harvard Business School "exaggerate the role of individual leaders: 62 per cent of cases feature heroic managers acting alone," according to an internal HBS study. (Andrew Hill, "Harvard and Its Business School Acolytes Are Due a Rethink," *Financial Times*, May 7, 2017, https://www.ft.com/content/104359b4-3166-11e7-9555-23ef563ecf9a.)

19. John P. Kotter, "Leading Change: Why Transformation Efforts Fail," *Harvard Business*

Review, March–April 1995; reprinted January 2007; the table and quote are from the later version.

20. "1956: Designing Furniture for Flat Packs and Self-Assembly," Ikea.com, accessed July 31, 2018, https://www.ikea.com/ms/fr_MA/about_ikea/the_ikea_way/history/1940_1950.html.

21. In the last paragraph of the Kotter article, the author noted that "In reality, even successful change efforts are messy and full of surprises." This sentence belonged in the first paragraph, where it could have changed many of the other paragraphs.

22. Regina E. Herzlinger, "Why Innovation in Health Care Is So Hard," *Harvard Business Review*, May 2006, https://hbr.org/2006/05/why-innovation-in-health-care-is-so-hard.

23. Harry Braverman, *Labor and Monopoly Capital: The Degradation of Work in the Twentieth Century* (New York: Monthly Review Press, 1974), 87.

24. See part II of my book *Mintzberg on Manage ment* (New York: Free Press, 1989). The original book, *The Structuring of Organizations*, and the shortened version, *Structure in Fives*, are widely available in many languages, less so in English. A revision of this book is underway, with the working title *Understanding Organizations … Finally*.

THREE **ANALYZING ANALYSIS**

25. Robert S. Kaplan and Michael E. Porter, "The Big Idea: How to Solve the Cost Crisis in Health Care," *Harvard Business Review*, September 2011, https://hbr.org/2011/09/how-to-solve-the-cost-crisis-in-health-care.

26. Alfred North Whitehead, *Science and the Modern World* (Cambridge: Cambridge University Press, 1925).

27. See my article "Beyond Implementation: An Analysis of the Resistance to Policy Analysis" in K. Brian Haley, ed., *Operational Research 1978: International Conference Proceedings* (Amsterdam: Elsevier, 1979), 106–162; a shorter version appeared in *INFOR* in May 1980.

28. Herbert A. Simon, *Administrative Behavior: A Study of Decision-Making Processes in Administrative Organization*, 2nd ed. (New York: Macmillan, 1957), 14.

29. See my article "A Note on That Dirty Word 'Efficiency,'" *Interfaces* 12, no. 5 (1982), 101–105, https://doi.org/10.1287/inte.12.5.101.

30. From Abraham Kaplan, *The Conduct of Inquiry: Methodology for Behavioral Science* (New York: Routledge, 1998; also Chandler, 1964).

31. Attributed to Josiah Stamp, 1929, cited in Michael D. Maltz, *Bridging Gaps in Police*

Crime Data: A Discussion Paper from the BJS Fellows Program (Washington, DC: Bureau of Justice Statistics, 1999), 3, https://www.bjs.gov/content/pub/pdf/bgpcd.pdf.

32. In his account of "statistics and planning" in the British Air Ministry during World War II (*Planning in Practice: Essays in Aircraft Planning in War-time* [Cambridge: Cambridge University Press, 1950]), Ely Devons wrote that the collection of such data was extremely difficult and subtle, demanding "a high degree of skill," yet it "was treated … as inferior, degrading and routine work on which the most inefficient clerical staff could best be employed" (134). Errors entered the data in all kinds of ways, even just treating months as normal although all included some holiday or other. "Figures were often merely a useful way of summing up judgement and guesswork" (155). Sometimes they were even developed through "statistical bargaining." But "once a figure was put forward … no one was able by rational argument to demonstrate that it was wrong" (155). "And once the figures were called 'statistics,' they acquired the authority and sanctity of Holy Writ" (155).

33. See my book *Managing the Myths of Health Care: Bridging the Separations between Care, Cure, Control, and Community* (San Francisco: Berrett-Koehler, 2017).

34. Robert F. Kennedy, "Remarks at the University of Kansas" (speech, Lawrence, KS, March 18, 1968), http://www.jfklibrary.org/Research/Research-Aids/Ready-Reference/RFK-Speeches/Remarks-of-Robert-F-Kennedy-at-the-University-of-Kansa-March-18-1968.aspx.

35. Seth Mydans, "Recalculating Happiness in a Himalayan Kingdom," *New York Times*, May 6, 2009, http://www.nytimes.com/2009/05/07/world/asia/07bhutan.html.

36. "2010 Survey Results: Results of the Second Nationwide 2010 Survey on Gross National Happiness," accessed August 4, 2018, http://www.grossnationalhappiness.com/survey-results/index.

37. "ACM: Cultural Marxism: The Highest Stage of RW Brakin' 2 Eclectic Bugaboo," Daily Kos, March 22, 2015, https://www.dailykos.com/stories/2015/3/22/1366643/-Anti-Capitalist-Meetup-Cultural-Marxism-the-highest-stage-of-RW-brakin-2-eclectic-bugaboo.

38. "Bhutan's 'Gross National Happiness' Masks Problems, Says New Prime Minister," *Telegraph*, August 2, 2013, https://www.telegraph.co.uk/news/worldnews/asia/bhutan/10217936/Bhutans-gross-national-happiness-masks-problems-says-new-prime-minister.html.

39. Gardiner Harris, "Index of Happiness? Bhutan's New Leader Prefers More Concrete Goals," *New York Times*, October 4, 2013, https://www.nytimes.com/2013/10/05/world/asia/index-of-happiness-bhutans-new-leader-prefers-more-concrete-goals.html.

40. "Bhutan's 'Gross National Happiness' Masks Problems."

41. F. Scott Fitzgerald, "Part I: The Crack-Up," *Esquire*, February 1936 (reprinted March 7, 2017), https://www.esquire.com/lifestyle/a4310/the-crack-up.

FOUR DEVELOPING MANAGERS

42. David W. Ewing, *Inside the Harvard Business School*, citing Howard Stevenson (New York, Times Books, 1990), 273.

43. Francis J. Kelly and Heather Mayfield Kelly, *What They Really Teach You at the Harvard Business School* (New York: Warner, 1986).

44. David W. Ewing, *Inside the Harvard Business School* (New York: Crown, 1990).

45. Michael Kinsley, "A Business Soap Opera," *Fortune*, June 25, 1984.

46. Brian O'Reilly, "Agee in Exile," *Fortune*, May 29, 1995, http://archive.fortune.com/magazines/fortune/fortune_archive/1995/05/29/203144/index.htm.

47. See my article with Joseph Lampel "Do MBAs Make Better CEOs? Sorry, Dubya, It Ain't Necessarily So," *Fortune*, February 19, 2001; and my book *Managers Not MBAs: A Hard Look at the Soft Practice of Managing and Management Development* (San Francisco: Berrett-Koehler, 2004), 111–119.

48. Danny Miller and Xiaowei Xu, "A Fleeting Glory: Self-Serving Behavior among Celebrated MBA CEOs," *Journal of Management Inquiry* 25, no. 3 (2015): 286–300.

49. Danny Miller in an interview. See Nicole Torres, "MBAs Are More Self-Serving Than Other CEOs," *Harvard Business Review*, December 2016.

50. Danny Miller and Xiaowei Xu, "MBA CEOs, Short-Term Management and Performance," *Journal of Business Ethics* (February 2, 2017).

51. Attributed to Henry Ford, Albert Einstein, and Mark Twain. Einstein actually put it this way: "Insanity is doing the same thing over and over again and expecting a different result."

52. International Masters Program for Managers (impm.org) is for business; later we created a similar program for health care: International Masters for Health Leadership (imhl.org).

53. "This is the best management book I ever read," IMPM graduate Silke Lehnhardt told colleagues at Lufthansa who were about to start the program. She was holding up her Insight Book, which is given to everyone, blank, at the start of the program. Every day begins with morning reflections, first alone as everyone records thoughts in that book about their learning, their managing, their life. Then they share their insights with colleagues around the table, followed by discussion in a big circle of the most compelling ones. Shouldn't every manager's best management book be the one they have written for themselves?

54. See chapters 1–6 of my book *Managers Not MBAs*; also the articles "Looking Forward to Development," *Training and Development*, February 13, 2011, available at https://www.td.org/magazines/td-magazine/looking-forward-to-develop ment; "From Management Development to Organization Development with IMP*act*," *OD Practitioner* 43, no. 3 (2011), available at http://www.mintzberg.org/sites/default/files/article/download/odpractitionerv43no3.pdf; and Jonathan Gosling and Henry Mintzberg, "The Five Minds of a Manager," *Harvard Business Review*, November 2003, https://hbr.org/2003/11/the-five-minds-of-a-manager.

55. D. D. Guttenplan described his experience in "The Anti-MBA," *New York Times*, May 20, 2012, https://www.nytimes.com/2012/05/21/world/europe/21iht-educlede21.html.

56. This story is co-authored with Jonathan Gosling.

FIVE MANAGING IN CONTEXT

57. See David G. Moore and Orvis F. Collins, *The Organization Makers* (New York: Appleton-Century-Crofts, 1970); the 1964 Appleton edition was published under the title *The Enterprising Man*.

58. T. S. Eliot, "Little Gidding," http://www.columbia.edu/itc/history/winter/w3206/edit/tseliotlittlegidding.html.

59. See my book *Managing the Myths of Health Care: Bridging the Separations between Care, Cure, Control, and Community* (San Francisco: Berrett-Koehler, 2017).

60. See my article "Managing Government, Governing Management," *Harvard Business Review*, May–June 1996, https://hbr.org/1996/05/managing-government-governing-management; see also Jacques Bourgault, *Managing Publicly: Monographs of Canadian Public Administration* no. 25 (Toronto: Institute of Public Administration of Canada, 2000).

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61. David Kocieniewski, "A Shuffle of Aluminum, but to Banks, Pure Gold," *New York Times*, July 20, 2013, https://www.nytimes.com/2013/07/21/business/a-shuffle-of-aluminum-but-to-banks-pure-gold.html.

62. See my book *Rebalancing Society: Radical Renewal beyond Left, Right, and Center* (San Francisco: Berrett-Koehler, 2015).

63. See my article "Who Should Control the Corporation?" *California Management Review* 27, no. 1 (1984), http://journals.sagepub.com/doi/10.2307/41165115. Also see part IV of my book *Power in and around Organizations* (1983), available at http://www.mintzberg.org/books/power-and-around-organizations.

SEVEN MANAGING AHEAD

64. Siang Yong Tan and Yvonne Tatsumura, “Alexander Fleming (1881–1955): Discoverer of Penicillin,” *Singapore Medical Journal* 67, no. 7 (2015); doi: 10.11622/smedj.2015105.

65. Nicola Clark, “Germanwings Crash Looms Large at Lufthansa Shareholders Meeting,” *New York Times*, April 29, 2015, https://www.nytimes.com/2015/04/30/business/germanwings-crash-looms-large-at-lufthansa-shareholders-meeting.html.

66. See my book *Rebalancing Society: Radical Renewal beyond Left, Right, and Center* (San Francisco: Berrett-Koehler, 2015).

67. Edward Abbey, *One Life at a Time, Please* (New York: Henry Holt, 1978, 1988), 22.