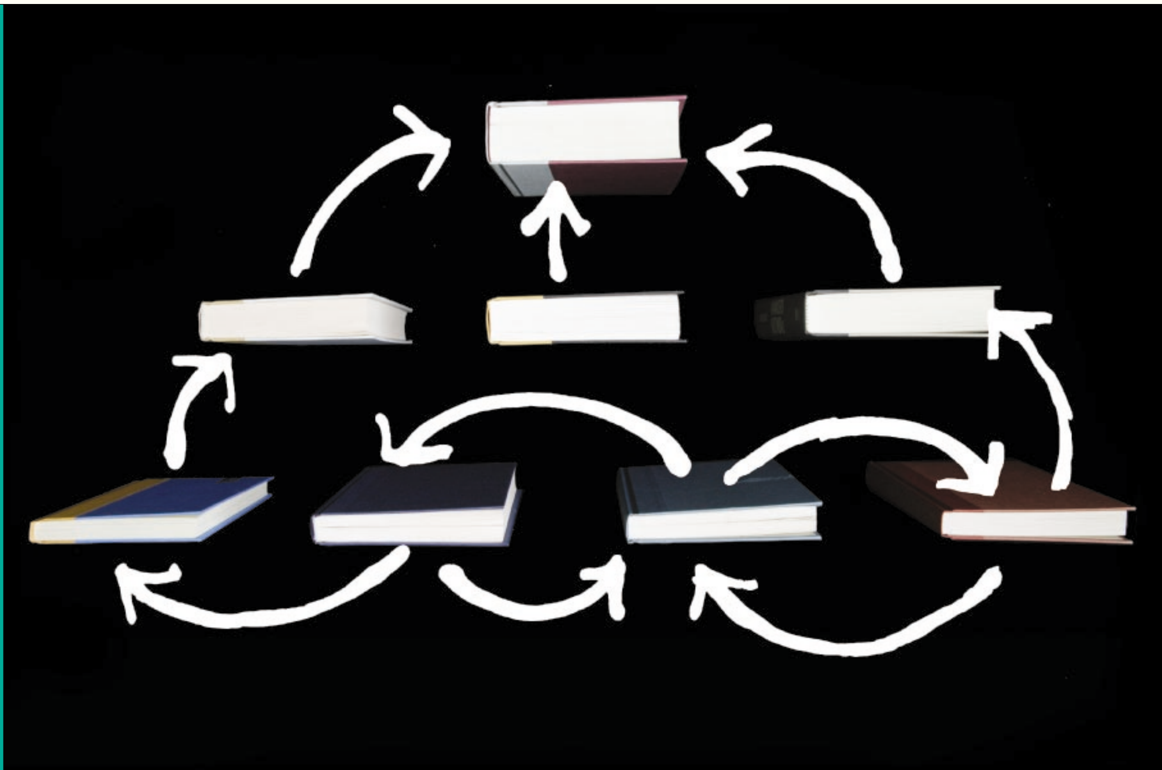


Doing THE Right Thing

by David K. Hurst

Management is the practice of getting the right things done, individually and collectively: It may use a little bit of science, but mostly it's an art and a craft. Management competence, as a practice rather than a profession, is not easily taught in the abstract, but is best learned in context through a combination of action and reflection. Thus in management, unlike engineering or medicine, a skilled "layperson" can often outperform a university-trained expert.

Seven of the dozens of management books published over the past year have special merit for that skilled layperson or for those studying management formally. They deal with diverse subjects, from the importance of willpower for managers to the lessons taught by the rise and fall of leaders at the venerable Coca-Cola Company. The authors include such practitioners as Ricardo Semler — the outspoken South American "antimanager" CEO of Semco — and such academics as Henry Mintzberg, the Cleghorn Professor of Management Studies at Canada's McGill University. Each is a practical addition to the management bookshelf.

Will to Manage

If you agree that skilled amateurs often make better business leaders than trained professionals, Mintzberg's comprehensive assault on the MBA degree and the institutions that grant it is a good place to start. In *Managers Not MBAs: A Hard Look at the Soft Practice of Managing and Management Development* (Berrett-Koehler, 2004), he supports his attack with sound argument and solid evidence.

His book is divided into halves. The overall theme of the first part, titled "Not MBAs," will be familiar to readers of Mintzberg's previous books. Like the author, you will wonder how management education, at least in the Western world, has become dominated by self-perpetuating programs that often select cognitively gifted but emotionally blind, self-centered individualists and then train them, not to act, but to control the actions of others. The MBA encourages abstraction and detachment; it favors the hard and the analytical. But management practice itself is soft and social. In the second part of the book, titled "Developing Managers," Mintzberg provides a comprehensive framework for producing what he calls "engaged" managers who have a "will to manage" rather than just an interest in business.

Mintzberg's prescriptions are based on his pioneering International Masters Program in Practicing Management (IMPM), a joint venture among five international business schools, each of which supplies the context for an action/reflection module of the program. (See "Reality Programming for MBAs," *s+b,* First Quarter 2002.) The objective of the IMPM is to develop the right people (practicing managers), at the right time (mid-career), with the right outcome (engagement). With management or leadership (Mintzberg uses the terms interchangeably) seen as something to be fostered and evoked rather than injected — to be "pulled" rather than "pushed" — the author describes how the IMPM looks for people who demonstrate the will to manage and who have sufficient experience upon which to reflect.

The course of learning is built around five modules or "mind-sets": reflection, analysis, worldliness, collaboration, and action. Each is taught at a different university in a different part of the world. Mintzberg does not pretend to have all the answers to what business education should be, but he is asking all the right questions and providing helpful advice on how to develop engaged managers.

Acts of Volition

The concept of will, or *volition,* to give it its technical name, fell out of favor in the social sciences in the aftermath of World War II because of the close association of the language of volition with the brutal regimes of both Nazi Germany and imperial Japan. It was replaced by the more abstract concept of motivation. The result was a loss in descriptive power, because the idea of will carries connotations of visceral, personal commitment that motivation lacks. More recently, several prominent social scientists have called for the restoration of the concept of volition to respectability.

Heike Bruch, professor of leadership at the University of St. Gallen in Switzerland, and the late Sumantra Ghoshal, of the London Business School, focus on the concept of will in *A Bias for Action: How Effective Managers Harness Their Willpower, Achieve Results, and Stop Wasting Time* (Harvard Business School Press, 2004). The book defines *will* as purposeful action with high energy and high focus, and suggests that, in the authors' experience, only about 10 percent of managers exhibit this behavior.

The book focuses first on the invocation of individual willpower, and then moves on to the contexts that help evoke willpower in others. The "bootstrap," self-help quality of the first part tacitly acknowledges the fact that the descriptive advantages of *volition* come packaged with a chicken-and-egg conundrum: Where does willpower come from? In the Western management lexicon, motivation is usually something supplied from the outside in — one motivates someone else via an array of incentives and inducements. Willpower, on the other hand, like confidence and courage, is an inside-out, autopoietic process: You need willpower to get willpower!

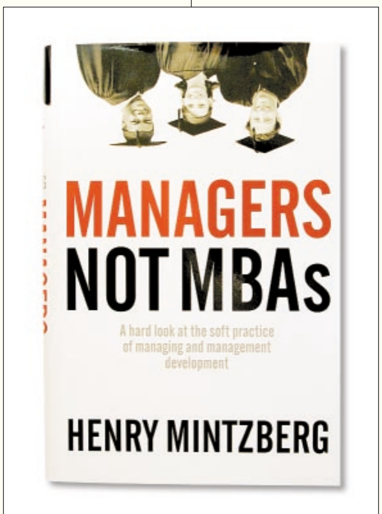
Despite this apparent need for a developmental process to assist individuals in their search for will, Bruch and Ghoshal instead present their advice in the form of context-free strategies to be pursued. This is not entirely satisfactory, as injunctions to "identify and understand your deepest desires" make the reader wonder who this person might be who can stand outside and understand "me." Clearly a third party — a coach, a therapist, or a supportive team of peers — would be valuable in the process.

For the individual, the marker of the threshold between mere motivation and true volition is what the authors call the "Crossing of the Rubicon," the moment when the priorities become clear and conflicts between thoughts and emotions disappear. Action begins to flow. In both individuals and organizations, this moment is often precipitated by an external challenge, such as a corporate crisis or a new boss. The authors tell several stories about organizations facing challenges and how the responses of managers to these tests changed the level and quality of energy in the organization. Perhaps the major takeaway for the practicing manager is that if willpower, at its roots, is more a personal characteristic to be developed than a competence to be trained, then organizations should always concentrate on management selection before they turn to management development. Indeed, as Jim Collins observed in *Good to Great: Why Some Companies Make the Leap … and Others Don't* (HarperBusiness, 2001), the question "Who?" should take precedence over "What?"

The importance of character to action in an organization is stressed in the U.S. Army development principle "Be, Know, Do." In *The U.S. Army Leadership Field Manual: Battle-Tested Wisdom for Leaders in Any Organization* (McGraw-Hill, 2004), the meaning of this mantra is explored at three levels: personal, organizational, and strategic. The manual is packed with quotes and stirring anecdotes drawn from some of the most dramatic moments in U.S. history.

The conceptual models of leadership used in the book efficiently convey an eclectic set of ideas, although the armed services penchant for acronyms may occasionally bewilder the lay reader, especially as the index supplies no key to them. "Be" consists of personal values and an individual's mental, physical, and emotional attributes; "Know" is made up of interpersonal, conceptual, technical, and tactical skills; and "Do" is divided into influencing, operating, and improving. Underpinning it all is the army's concept of will — the warrior ethos with its total commitment to winning the wars and its refusal to accept failure.

For managers in the private sector, this manual is a timely reminder that it is possible to create a cohesive, purposeful organization without leaning on that crutch of modern management, the incentive plan. The army is an institution rather than an occupation, and people join it for every reason other than financial reward. The army also makes a clear distinction between training activities and fighting activities, although its leaders go to great lengths to simulate battle conditions in their training so they build sound habits — conditioned responses — that will be robust under stress. Structured opportunities for reflection on action are seen as a critical part of the learning process. Thus after-action reviews (AARs) are designed to allow learning in a team context after a mission and are clearly distinguished from in-process reviews (IPRs), which are used for control purposes during a mission. In the private sector, this distinction is often blurred.



Counterculture CEO

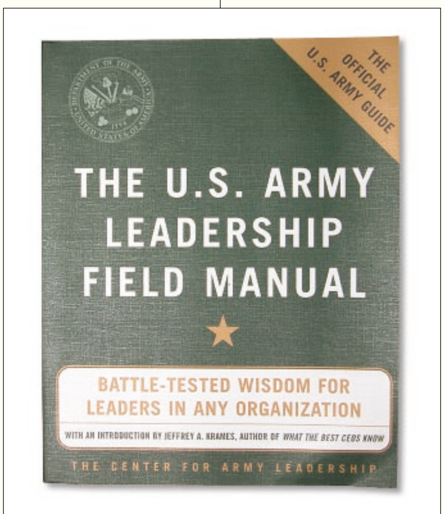
The MBA degree is often a starting point for persons with innate managerial talent, who go on to challenge the conventional management methods they learned about in business school. There is no better example of this than Ricardo Semler, the Harvard MBA from Brazil whose iconoclastic style has made him a folk hero in management lore. His first book, *Maverick: The Success Story Behind the World's Most Unusual Workplace,* published in 1993 by Warner Books, sold more than a million copies, and case studies of his firm, Semco, are found in business schools all over the world. Now, in *The Seven-Day Weekend: Changing the Way Work Works* (Portfolio, 2004), he updates us on the progress made at Semco over the past 10 years.

In a business that he describes as "sustainably out of control," Semler and his people have innovated continually, in their management techniques as well as in their products and services. Semler sees himself as a catalyst for change — a Chief Enzyme Officer, as he calls himself — dedicated to finding the middle way between the "airy theories of workplace democracy and the nitty-gritty practice of running a profitable business." His approach has much in common with open-book management practiced in the United States by firms like Johnsonville Sausage and the Springfield ReManufacturing Corporation.

The systems used at all three companies clearly work: People are empowered and the bottom-line results are there for all to see; but those systems run counter to almost everything taught in the business schools — managing by getting rid of managers, increasing corporate profits by giving more people a share in them, and so on. And once one is over that, there are other questions: Is this system indefinitely scalable? Is it suited only to particular kinds of business? Is it too dependent on one charismatic person at the top of the organization? And how would we get there from here?

The jury is out on many of these questions, and to compound the dilemma, Semler is a vocal critic of retired GE CEO Jack Welch and his famously Darwinian approach to performance assessment. But Semler does offer numerous ideas for programs that might be useful without requiring companies to embrace his whole system. There is the "Rush Hour MBA" program, for example, that runs once a week during the evening rush hour: Employees learn about and discuss the latest management ideas while the traffic dissipates. In another initiative (a personal favorite of this reviewer), a Semco factory created a garden, slung with hammocks, to allow workers to take afternoon catnaps. Medical science has long recognized that our bodily rhythms predispose us to nap in the afternoon, and prominent nappers including John F. Kennedy, Winston Churchill, Albert Einstein, Thomas Edison, and Napoleon Bonaparte have endorsed the benefits.

Semler doesn't claim that his ideas are unique. Indeed, he is an enthusiastic borrower: The "Lost in Space" initiative that allows young recruits to roam through the Semco companies for a year searching for a place to make a contribution is reminiscent of a similar program at W.L. Gore Associates. Semco's "cardinal strategy," with its slightly corny name "Whyway" (to contrast it, presumably, with the widespread My-Way-or-the-Highway management style), in which people are encouraged to ask the question "Why?" at least three times, is clearly lifted from the philosophy of the Toyota Production System. But creative borrowing is a hallmark of learners everywhere, and Semco's ideas, whether original or borrowed, are edifying.



Just as Semler has learned from Toyota, businesspeople will find much useful insight in Jeffrey K. Liker's *The Toyota Way: 14 Management Principles from the World's Greatest Manufacturer* (McGraw-Hill, 2004). Toyota pioneered the idea of "lean production," and Liker, a professor of industrial and operations engineering at the University of Michigan, does an admirable job of analyzing this seemingly simple but in fact complex and difficult-to-achieve lean production concept, which is rooted in a ruthless obsession to clear out waste. Liker clarifies Toyota's 14 principles (many of which will be familiar to readers) by placing them in a four-level pyramid, with philosophy at the base, followed by process, then people and partners, and, finally, problem solving.

Japanese exponents of lean production are fond of using the fable of the tortoise and the hare to contrast their deliberateness and constancy of purpose with the rabbitlike leaps of many of their overseas competitors. At every turn, this contrast seems to capture the inherent counterintuitiveness of lean production to the Western-trained management mind. It highlights the tensions between the visceral and the cerebral, between learning and instruction, and between standards that are enabling and those that are coercive. Everything depends on the appropriate dynamic balance between these apparent opposites. And that balance takes discernment, judgment, and a sense of proportion — all arts for which there can be no formula.

The Real Thing

Cynics sometimes contend that what appears to be management excellence, like superior investment performance, is often the result of a short memory and a rising market, and that over time corporations' financial results have a way of regressing toward the mean. The ending of the last bull market in North America certainly offers some support for this argument, and there is no better case in point than the rise and fall in the performance of the Coca-Cola Company. In *The Real Thing: Truth and Power at the Coca-Cola Company* (Random House, 2004), a meticulously researched, beautifully crafted book, Constance L. Hays, the food and beverage reporter for the *New York Times,* tells the company story. Our choice for the best management book of the year, *The Real Thing* focuses on the dynamics of the senior management group over the last 20 years, but in the process the author recounts the company's entire history.

Coke is as much a cult as it is a company, with all those who make it to the top sharing a fierce, unshakeable belief in the transformational powers of sweet carbonated water. The management styles of the three top executives around whom Hays builds her story bear a rough resemblance to Mintzberg's tripartite division of management into an art, a craft, and a little bit of science. The patrician, Cuban-born Roberto Goizueta, appointed CEO in 1981, was the visionary artist; Coke's president, the affable Don Keough, was the craftsman; and the cool — some said icy — Douglas Ivester, an accountant who had become chief financial officer in 1985, was the scientist. Goizueta handled Wall Street and the board, and Keough fired up the troops, while Ivester devised the complex financial engineering that allowed Coke, via Coca-Cola Enterprises, to achieve a huge one-time transfer of wealth from its independent bottlers to the Coca-Cola Company itself. Together this triumvirate presided over an astonishing increase in shareholder wealth as Coke's share price zoomed from the low single digits in the early 1980s to nearly $90 a share in 1998.

One of the chief beneficiaries of this windfall was the legendary investor Warren Buffett, who had bought into the company in the mid-1980s. But after Roberto Goizueta, the toast of Atlanta and Wall Street, died suddenly of lung cancer in 1997, things began to fall apart. Don Keough had retired in 1992 but continued to be a shadowy presence in the Coke power structure through his access to board members and his huge network of contacts within the company. He opposed the appointment of Ivester as president in 1994 and CEO in 1997, and was critical of his performance. The simmering factional war between the "Keough people," whose veins ran brown with Coke, and the "Doug-ettes" — gimlet-eyed financial whiz kids hired and promoted by Ivester — eventually boiled over. After several well-publicized external missteps, Douglas Ivester lost the confidence of Buffett and other key directors and was summarily "retired" early in 2000.

Among the first steps taken by the new president, Douglas Daft, was to bring back Don Keough as a special advisor. Alas, even this did not help, and in the downsizing and management turmoil that followed, Coke's share price slipped steadily. Today it is in the mid-40s, the level it passed nearly 10 years ago on its way up. Perhaps the appearance of management incompetence today in Coca-Cola is as exaggerated and as misleading as were the illusions of management genius during the mid-1990s. Hays has done the field of management a true service in revealing the raw but real dynamics behind the corporate façade.

Fixing the Known

Corporate train wrecks like Coca-Cola's in the late 1990s may be unforeseeable (even the sagacious Buffett failed to bail out of Coke stock before the fall), but many corporate and societal debacles are preceded by clear warnings, according to *Predictable Surprises: The Disasters You Should Have Seen Coming, and How to Prevent Them* (Harvard Business School Press, 2004), by Harvard Business School professor Max H. Bazerman and Michael D. Watkins, a consultant, author, and former associate professor at the Harvard Business School.

In their highly readable book, the authors define predictable surprises as the result of problems that are known to exist and that are getting worse over time. Fixing them, however, involves three challenges: First, it will incur a significant cost in the present to avoid a large, uncertain cost in the future; second, people in general want to maintain the status quo; and finally, a small but vocal minority benefits personally from inaction and works to subvert efforts for change. The authors look at the causes of inaction at three levels — human cognitive biases; organizational failures to scan, integrate, and learn; and political gridlock as a result of actions of special interest groups.

They argue that both the September 11, 2001, catastrophe and the Enron collapse could, and should, have been averted because in each case it was widely known that key processes — aviation security in the former and auditor independence in the latter — had been seriously compromised. Yet in the absence of "vivid data" about the actual events, actions to fix these processes were not taken in time, largely because vocal minorities — the airlines in the case of aviation security and the accounting profession in the case of auditor independence — lobbied effectively against change.

Bazerman and Watkins's program for preventing surprises from happening consists of better recognition of threats, prioritization of issues, and the mobilization of people to action. Unfortunately, their recommendations come across more compellingly as a framework for classifying failures in hindsight than they do as tools to avoid surprises in prospect. The value in *Predictable Surprises* is the description of the contexts that inhibit our responses to known threats, rather than the gathering and prioritization of information that might help us predict new ones. Over time, for example, regulated institutions display an amazing capacity to undercut their regulators and turn the policy-making approach to their advantage. In the authors' expert view, the auditing profession remains compromised, despite recent reforms such as the Sarbanes-Oxley Act, and thus may still be sowing the seeds of future corporate calamities. The authors list several other disasters looming on the horizon: global warming, the collapse of the U.S. Social Security system, and, more trivially, the continued devaluation of frequent flyer miles.

One predictable surprise missing from Bazerman and Watkins's book is the possible decline of traditional business schools. Although one senses that the authors might not agree, if Henry Mintzberg, in *Managers Not MBAs,* and other commentators, such as Harvard Business School's Clayton Christensen, are right, the MBA educational model as we have known it is well past its zenith. It will gradually be replaced by a combination of other approaches, including in-house corporate programs and shorter nondegree courses. Some courses will use conventional methods to teach conventional skills; others will make use of the wide range of types of learning and managerial approaches evidenced in the seven books we've reviewed. Still others will immerse the learner in problem situations and combine action and reflection in new and different ways. The emphasis will be on selecting the right people with a demonstrated "will to manage" at the right time, and on placing them in the right contexts.

In management there will always be a tension between the left-wing view that every person's desire to perform well is thwarted by restrictive organizational structures and policies, and the right-wing rejoinder that people are inherently lazy and need to be kept in line continually. It's not a question of human nature: Context matters, and each view is to some extent a self-fulfilling prophecy. We understand that while some contexts can bring out the worst in people, others will evoke the very best. We need a vision of perfectibility to give us a sense of progress and improvement, and to help us find those managers who can craft and sustain the contexts that will summon the better angels of our nature without unleashing our devils. This will always be a delicate process, difficult to sustain for any length of time in any one organization.

Perfection may forever be beyond our reach, but optimism is always well within our grasp. As one of Oscar Wilde's characters puts it in *Lady Windermere's Fan:* "We are all in the gutter, but some of us are looking at the stars." +

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