



tom brown
inside
leadership

Corporate Conflict

Expect it with “state” and
“federal” managers at work.

TOM BROWN



It had been a tough day for the executive vice president of the aerospace company. The meetings, the phone calls, the setbacks, the conflicts, the misunderstandings, the petitions, the challenges, the arguments, the pleading and cajoling — all of these, to some degree, had happened before I had arrived at his office.

Sensing the kind of day it had been, I ventured a chipper thought: “I guess this was the kind of day they don’t tell you about in Management 101.” The executive’s hands knitted into a heavy ball atop his leather desk pad. He peered over the rim of his glasses. “You know,” he said, “more and more, what I am doing in this company is trying to govern — not manage!”

His observation makes a great deal of sense if you think about modern corporations. Even small and medium-sized enterprises are usually made up of divisional units (by whatever title, they are *states* within the corporate union) that often have to work in some sort of matrix configuration to serve the ultimate end-user customer. Typically, the divisional units are embraced by some “corporate” entity — the *federal* level on the organization chart.

Yet, what looks so great on a well-graphed organization chart is often merely the outline for an ongoing system of checks and balances, confluence and conflict, that makes the analogy to “governance” apt. *Checks and balances*? There are at least seven areas of possible discord built into modern corporations.

1. Managers in the corporate “states” believe that they *should* be in charge, make decisions, and run the place.

They have a strong preference for *unit control* and unit decision-making. Meanwhile, managers and executives at the “federal” level have the big-picture assignment of running the entire corporation. And this is exactly what they try to do. So they emphasize *central control* and central decision-making.

2. Managers in the corporate states regard the numerous corporate memos and policies as guidelines, which (if valuable at all) are only a rough rule of thumb.

Federal executives spend considerable time identifying and crystallizing the *standards* by which the entire corporation is to be managed. And they work hard making sure that there are few exceptions to these standards.

3. Managers in the corporate states look at the “credo” or “guiding principles” emanating from the corporation as a formal Statement Of Philosophy, useful for contemplation — on slow days.

Federal managers regard the “credo” as the closest thing the corporation has to a *constitution* — a document to be revered and respected, and one that is inviolable concerning any of its dominant points of principle.

4. Managers at the state level love the crispness of managerial ACTION.

“Goals set! Goals met!” Thus, operating units come to worship the authenticity of action, getting things done.

But leaders at the corporate level see the integration of all the units into a homogeneous whole as a desirable thing. So they will frequently call central *congresses* and *review meetings* — which can temporarily slow productivity — to see how all the “parts of the whole” are measuring up.

5. People who manage the states realize that they are part of the main, and so they understand, and comply with, the need for AFFILIATE REPORTS to brief their corporate counterparts on “what the states are up to.”

The corporate people, especially those in staff functions, see the states filing not just reports, but *accountings* of the work that

has been done, the numbers that have been net, vis-à-vis any and all strategic plans for the entire corporation.

6. State managers like *autonomy* and *isolation*.

“We’re just far enough away from corporate headquarters that we can freely pursue our business,” one automotive manager told me. He spoke for a legion of state-level managers. But the beauty of the corporate system, for federalists, lies in the *cross-pollination* and *full utilization* of all the diverse entities that make up the federation. Leave the states alone? Uninterrupted? Autonomous? That doesn’t make sense.

7. State managers come to feel that what’s best for the corporation is a single-focus concentration on running an enterprising state, one that takes *individual initiative* at the local level and frees it to keep the business growing.

The enlightened federal executive is constantly trying to wear many hats as he or she oversees the activities in the states. This manager knows that his or her career will ultimately be built on bringing all the states into some type of productive, integrated harmony. *Synergy* is the goal.

Little is to be gained by trying to vote for either the “state” perspective or the “federal” view. But something can be gained by thinking about all of this: The realization that this is very much the way it is — and that, without an appreciation for what the different levels of management bring to the party, few customers will ever find much to celebrate.

Tom Brown is a champion of vanguard thinking about leadership.

The author of hundreds of articles, he also wrote the first online book on leadership: *The Anatomy Of Fire: Sparking A New Spirit Of Enterprise*, which explores the look and feel of leadership in the 21st Century. To learn more about Tom, including his major role in *Business: The Ultimate Resource*, the largest handbook/database ever on managerial leadership, go to www.tombrown.us.

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