



MANAGEMENT IN THE 21ST CENTURY

by Tom Brown



BEST PRACTICE

From the commencement of my management I viewed the population, with the mechanism and every other part of the establishment, as a system composed of many parts, and which it was my duty and interest so to combine, as that every hand, as well as every spring, lever, and wheel, should effectually cooperate to produce the greatest pecuniary gain to the proprietors.

Robert Owen, “Address: To the Superintendents of Manufactories”

MANAGEMENT: THEN

In the beginning—well, it was complex then, too.

To “manage” resources effectively is a concept, says Daniel Wren in *The Evolution of Management Thought*, that can be traced back to the Babylonian King, Hammurabi. That ancient manager, if you will, issued “a code of 282 laws, which governed business dealings, personal behavior, interpersonal relations, wages, punishments, and a host of other societal matters,” says Wren. He points out that “Law 104, for example, was the first historical mention of accounting.” Consider it very early B2B thinking, which dealt “with the handling of receipts and established an agency relationship between the merchant and the agent.” Another law, amazingly, provided very early consumer protection. Hammurabi prescribed a clear-cut consequence for any builder of a house that collapses on the owner and kills him: “[T]hat builder should be put to death.”

As Wren expands the evolution of management to more familiar names (Chris Argyris, Henry Ford, John Kotter, Elton Mayo, William Whyte), it’s interesting to note that Wren’s analyses, in many ways, reveal the same complex skein of critical factors that challenge anyone today who has tried to convert resources into results. The Chinese general, Sun Tzu, really *was* struggling with the principles of managing a 600 B.C. army; and he wasn’t planning to start a consultancy or go on a speaking tour. He wanted to get things done. Simply. Effectively. Correctly. *Now*.

In its familiar definition, management is “getting work done through others.” Yet anyone who has tried to manage knows that management is never simple, is only sometimes effective, may or may not be done right the first time, and can never happen fast enough. Management may not be rocket science, but it *is* complex. “Management thought did not develop in a cultural vacuum,” says Wren, “managers have always found their jobs affected by the existing culture.” Given the elements of any culture (economic variables, social norms, politics, and so on), managers have always had to think first about current norms—and *only then*—move forward.

The *Oxford English Dictionary* starts its derivative history of *management*, the word as it would be used today, with a 1598 citation; *manager*, it says, was actually in use some ten years before. It makes more sense to jump to 1813 and to Robert Owen, the first authority cited in *Classics in Management*, a collection of excerpts from the thinkers who most influenced the profession during its formative years. Owen, a Scottish textile manufacturer, was consciously managing in the Industrial Age.

His address to his fellow manufacturing magnates shows that he well understood how “inanimate machines” had altered the workscape permanently. “Many of you have long experienced in your manufacturing operations the advantages of substantial, well-contrived, and well-executed machinery,” wrote Owen. He talked excitedly about the wonders of a well-oiled manufacturing machine in the way we might boast of the power and beauty of a pulsing new personal computer. He was also well aware of the potential profits from an investment in new technology, “money expended,” he says, “for the chance of increased gain.”

His 1813 address was far from a paean to technology and profits alone, however; he spent most of his attention on the numerous advantages of managing *people*. “[W]ill you not afford some of your attention,” Owen implores, “to consider whether a portion of your time and capital would not be more advantageously applied to improve your living machines?” He argued that a healthy synergy of workplace conditions (including state-of-the-art technology) and workplace humanism (“care and attention to the living instruments”) would yield unheard-of profits. Owen promised his fellow manufacturers that, by following his advice, they too would see returns of “not five, ten, or fifteen per cent, for your capital so expended, but often fifty and in many cases a hundred per cent.”

Among the many management gurus who followed, Frederick Winslow Taylor (*The Principles of Scientific Management*), Henri Fayol (*General Principles of Management*), Mary Parker Follett (*Freedom and Co-ordination*), and Elton Mayo (*The Social Problems of an Industrial Civilization*) are forebears to the autograph-signing management stars of today. But Owen, even though he knew that management had always operated in the context of economic variables, social norms, and politics, set the essential challenge for all managers thereafter with his elevation of three distinct issues: technology, people, and profits. How do we balance these three elements into the best combination, the most productive combination, the longest sustainable combination: in short, a *winning* combination?

[I]n 1981. . . I said I wanted GE to become “the most competitive enterprise on earth.” . . . In the end, I believe we created the greatest people factory in the world, a learning enterprise, with a boundary-less culture.

Jack Welch, Jack: Straight from the Gut

MANAGEMENT: NOW

The thousands of management books proffered over the last decade can be easily divided into two stacks. On one side are the numerous bestselling management authors (from thinker Rosabeth Moss Kanter to real-life manager Jack Welch) who often present an overall picture of corporate management doing things exceedingly right. Stellar managers, as presented in some books, have balanced the complexities of technology, people, and profit into distilled and potent commercial certainty. Bookstore racks teem with such tomes; the more cynical readers consider such works “fad books,” designed to spawn yet another *program du jour* inside the corporate world. The excel-



lent enterprise may be named General Electric, though it just as well could be called Camelot Inc. Often the same companies and managers are heralded in multiple books by different authors. And those who offer management wisdom gleaned from such paragons seem convinced that managers in *any* company need follow only a few nicely jotted bullet points to guarantee success.

But amid the thunderous accolades accorded those few companies and executives that have earned widespread public adulation, many serious observers talk about working and managing with voices pitched harsh, even doleful. In the July 22, 2001, issue of the *New York Times*, Margo Jefferson, focusing on the drama world, posed an interesting question: “How can the theater make itself matter again?” Her answer, in part, was this: “Theater needs new work. It has to catch something of the way we live here and now: take in the facts and the sensations, show us our minds and bodies as they react and realign themselves. And theater needs to take more risks.” Change the word *theater* to *management*, and many would argue that Ms. Jefferson’s thoughts apply equally to the complex meshing of technology and people to produce profits.

Throughout *The Working Life*, her eminent study of the history of work, Joanne Ciulla also raises some tough issues; she comments that too many people “can’t choose when to go to work and what to do at work. They do not deliberate on management policies or decide how to do the task at hand. Worst of all, many still can’t plan for the future because they don’t know if they will have a job.” Richard Donkin spent six years researching the same subject, work, and reached comparable conclusions in *Blood, Sweat & Tears*. “The more I write,” he says about the world of work, “the more I ask myself this recurring question: Why on earth do we do it?” Donkin points out, as do others, that management has become such a prized profession that, with salaries and bonuses, some top executives now easily earn “150 times more than their lowest paid employees.” But it’s not excessive money making that seems to disturb Donkin the most. His introduction relates how he once sat beside “a FTSE 100 company chief, fishing by the riverbank. . . listening to him giving instructions [to his office] on his mobile phone.” Says Donkin: “The craziness is that some of these highly paid individuals are working such long hours they rarely have the opportunity to step outside their jobs and enjoy a moment’s leisure.”

Christina Maslach and Michael Leiter believe that burnout affects far more than tired top execs. When their book on burnout was published (just a few years ago), they offered this challenging thought: “Burnout is reaching epidemic proportions among North American workers today. It’s not so much that something has gone wrong with us but rather that there have been fundamental changes in the workplace and the nature of our jobs. The workplace today is a cold, hostile, demanding environment, both economically and psychologically. . . People are becoming cynical, keeping their distance, trying not to let themselves get too involved.” There’s perhaps good reason *not* to be too attached to one’s job. Citing statistics collected by Challenger, Gray & Christmas, the Associated Press reported at the end of 2001 that job cuts in the United States were the highest in almost a decade. For too many management teams, has strategic planning now been permanently reduced to an exercise in subtraction?

Bill Jensen is actively trying to capture the difference between what the workplace is like and what it *should* be like. He

speaks and writes about *Work 2.0*, where people (and managers) need to stop thinking about organizational productivity and start thinking about personal productivity. He says we all need to stop focusing on things like operational excellence and tune into “radical simplicity,” an awareness of what people really need to get their work done. In a Work 2.0 world, he stresses that people are “business units of one.” Another vanguard management thinker on how organizations should be is Thomas Stewart, of *Fortune*, who wrote in *The Wealth of Knowledge*: “The modern corporation, like modern art, is over. The post-modern corporation is different.” He argues that one of the chief differences lies in how management defines employment. “It’s more accurate—and more useful—to think of employees in a new way: not as assets but as investors. Shareholders invest money in our companies; employees invest time, energy, and intelligence.”

Arie de Geus, drawing on his long career at Royal Dutch/Shell, argues in *Business Minds* that management may be suffering a crisis of vocabulary. “[C]ompanies have become trapped in the prison of economic language, which is why so many companies suffer premature deaths. . . [C]ompanies tend to die early because their leaders and executives concentrate on production and profit, and forget that the corporation is an institution. . . a community of human beings.” In that same work, Fons Trompenaars argues that, since “culture” today must be defined globally, the basic job of a manager is overdue for a radical redesign. “Just because people speak English does not mean they think alike,” he argues. “The international manager needs to go beyond awareness of cultural differences. He or she needs to respect these differences and take advantage of diversity through reconciling cross-cultural dilemmas.”

How could modern management, almost 200 years after Robert Owen, be so divided? On the one hand, the biggest best-sellers in management are tied to a daily cartoon strip named “Dilbert” that chronicles the work strife of a high-tech laborer who seemingly debases management for a living. On the other hand, another simple storybook features a cartoon mouse who can’t seem to manage a block of cheese. And such contrarian views get even starker. Anita Roddick, founder of The Body Shop chain of stores and a C.E.O. who has also generated considerable controversy, has written two books about both her trade and her views on management. Her latest work acknowledges that, for many, management has made business “a jungle where only the vicious survive.” She laments that, for too many, managing a business is about sitting “in front of computer screens, moving millions of dollars from Japan to New York.” She yearns for “a new view of business as a community where only the responsible will lead.”

Margaret Wheatley is today more a social philosopher than a management guru. Yet by looking at management practices through the lens of modern physics, her early-1990s book, *Leadership and the New Science*, took “scientific management” to a depth that Frederick Winslow Taylor could never have imagined. Today, she says management is *stuck*. “If we don’t change the way we manage business in the next ten years,” she says bluntly, “we’re dead.” A chorus of management thinkers, writers, and managers is there to back her up. W. Chan Kim and Renée Mauborgne, talking about the difficulties of managing strategy in a knowledge economy, believe that a quantum leap in management will come only when “fair process” comes to the modern work world, something that involves “major changes in [behavior] and working practices” which “will not be



achieved without people willingly co-operating with the innovation process and making their skills and experience available to a company." It should come as little surprise that Richard Leider these days asks every top exec he meets to answer just one question: *Why would the best people in the world want to work for your company?*

Two Stanford University professors, Jeffrey Pfeffer and Robert Sutton, looking at the corporate world at large, found that, despite all the gleeful chirps by proud executives about their companies being elite learning organizations, there were plenty of organizational examples of the polar opposite. They subsequently wrote *The Knowing-Doing Gap*. Its very first sentence is an indictment of the profession of management today—or, at least, a diagnosis of serious managerial schizophrenia. "We wrote this book because we wanted to understand why so many managers know so much about organizational performance, say so many smart things about how to achieve performance, and work so hard, yet are trapped in firms that do so many things they know will undermine performance." It's as if too few managers (and management thinkers!) had ever read, bothered to think about, act upon, or even recall Douglas McGregor's mournful challenge to the management profession in the closing paragraph of his landmark 1960 work, *The Human Side of Enterprise*. Forty years before Pfeffer and Sutton's research, McGregor had already concluded: "Fads will come and go. The fundamental fact of man's capacity to collaborate with his fellows in the face-to-face group will survive the fads and one day be recognized. Then, and only then, will management discover how seriously it has underestimated the true potential of its human resources."

As we learn more about life. . . Mendel, Darwin, Watson, Crick, Venter. . . will be figures every bit as important as Edison, Einstein, Ford, the Wright brothers. . . What they have taught us and produced is changing each of our lives. . . How we work, live, and think. You can stand on the sidelines and assume fate will guide things. . . (God willing. . . Si Dios Quiere. . . Insha'Allah. . . Shikatta ga nai. . .) Or you can help yourself, your family, your company and country navigate. . . This wondrous and scary adventure.

Juan Enriquez, *As the Future Catches You*

MANAGEMENT: TOMORROW

E-mail and the Internet are two of the technological forces that have altered the job of a manager. Whether the concern be how to manage "virtual employees" who work from home (are they *really* working?) or how to decide who should be able to access the megabytes of intimate corporate data that now course through any modern company, technology is as daunting today as it was for Robert Owen in 1813—with a commensurate impact on people and profits. Yet, for managers, there's an even bigger horizon to glimpse and ponder.

In his role as director of the Life Sciences Project at Harvard Business School, Juan Enriquez has thought deeply about the personal and fiscal import of such society-shaking developments as the recent mapping of the human genome. That may seem like a too-distant subject for someone managing a steel mill, grocery, or factory—or even a software development company. Enriquez thinks otherwise. Referring to the work of Robert Fleishmann and Craig Venter, work that produced "the first genetic map of a living organism," Enriquez reflected that such scientific breakthroughs raise questions that people never even

thought they would be *able* to ask. Robert Owen fretted over how best to control the capital assets and human resources of his manufacturing plant; now people are starting to fret over how, as Enriquez says in his book, "To control. . . Directly and deliberately. . . The evolution of our species. . . And that of every other species on the planet." It's a big jump. Can management, as a profession, make it?

We don't know. What we do know is that every manager today has both new *and* old questions to answer. Andrea Gabor probed the lives of ten individuals (whom she called *The Capitalist Philosophers*) who were management heavyweights of the last century, people like Chester Barnard, Abraham Maslow, and W. Edwards Deming. She concluded that management tomorrow has to find an answer to the question that, at heart, also bothered Owen. Says Gabor: "At the root of the conflict between the humanistic and the scientific are two warring images of the business organization and its purpose in. . . society: One sees the corporation as a pivotal institution of democracy with complex responsibilities to a host of constituencies, including its employees, its customer, and the community. The other, much more utilitarian, view recognizes one primary corporate constituent—the shareholder—and a single purpose—profit making."

Technology is now proceeding at a pace that may quickly outstretch management's (and, perhaps, mankind's) ability to decide *what* to do with what we are so rapidly learning *how* to do. The very real prospect arises that many will simply conclude that life and business, both, are irrefutably *unmanageable*. Owen feared that technology would overpower the human being; Deming feared that human myopia about issues like quality would overpower an organization's technological capability to deliver excellent products. Today, some fear that the push for profit could throttle both technology and humanity. Even a sober thinker like Charles Handy (who calls himself "a reluctant capitalist") talks about "elephants" (large companies) and "fleas" (individuals or small groups with innovative ideas), conceding that "[M]any observers think that the big corporations are now both richer and more powerful than many nation states. . . The elephants, people feel, may be out of anyone's control."

AND YET—

And yet one can safely assert that the hundreds of years of management debate have not been without value—that the hundreds of management treatises, the hundreds of management theories, the hundreds of management gurus, the hundreds of management "solutions" (from Theories X and Y to the Managerial Grid to the Eight Principles of Excellence to Business Process Reengineering)—all of this management commotion has not been without a constructive role in society. For the study of management, during the centuries in which it has been active and accepted as a discipline, has always served as the testing ground for how we could and should work, individually and collectively. Management thinking has served as the closest thing to a laboratory where the "genetic code" of human enterprise can be mapped, to see if there *are* new ways to pool the resources tied to every human endeavor into new vistas of human possibilities. As Robert Heller and Tim Hindle note in their illuminating *Essential Manager's Manual*: "A full understanding of what makes people perform well and of the problems that may affect performance in the workplace is therefore





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essential for any manager. He or she will need to employ a wide range of skills, both interpersonal and professional, in order to resolve these problems.”

The practice of management, through both its scientific standards and its artistic renderings, remains the best way yet to channel the raw energy of human minds, the brute force of vast capital, and the quixotic capability of new technology to transform people by reshaping their perceptions of what's possible on this planet, and ultimately, even beyond. The marketplace of ideas about management has always been a free market. Accounting, information, logistics, marketing, manufacturing, organizational culture, research and development, sales, social policy—pick *any* discipline within the profession of management, and you'll find intense debate about the questions that matter most to each particular realm of the corporate world. It is as it always was. It is as it should be.

Thus, whenever a large collection of management thinkers are assembled under one roof, one book, or one Web site, the last thing one should expect is congruence. Management, as it has evolved and is evolving, is a battle of ideas and ideals. Management thinkers and practitioners only align with others when they share common views of how technology can be deployed, how humans can best interact with the machines and systems they have created, and how, when combined, these forces can create new wealth. But wealth follows achievement. Businesses do not prosper because of their strategic planning; they succeed because of their strategic execution and because of the extent to which they can attract both investors and customers to share their strategic purpose. And achievement is very much an exercise in managing for the future.

There are still many questions about management that have not been asked or answered. The greatest debates about how to manage ourselves and our companies have yet to be staged. The most salient ideas about how to manage both the workplace (and the world!) have yet to be widely disseminated, considered, and tested. Even the largest collection of management information and ideas is simply a mental cake mix until students and practitioners stir themselves into the blend and begin to practice new forms of management—to become, in essence, new kinds of managers.

Management and human enterprise have brought mankind a long way. We travel fast, communicate easily, shop globally, and learn rapidly. Yet, judging mainly by what management has accomplished in the past (and what it hasn't), we can be quite sure that its study will never become passé. The word will never be pulled from the dictionaries because it has become archaic. We need not quake over the prospect that the study of management will no longer be needed because its best practices have accomplished everything that needs to be done. We need not fear terminal success. Whenever enormous problems

involving work, people, and organizations crop up, this question will imminently bubble up too: How do we *manage* this problem? The list is endless but undoubtedly starts with . . .

- Some executives do achieve long-term business success. Yet we really don't know how to replace that executive with one just as capable in order to keep the good corporate times going—nor do we know how to transfer an excellent manager's expertise to another company or another industry. We in management own that problem.
- The power of large corporations rivals many nations; their top managers are often more widely known than presidents or prime ministers. Yet corporations don't really know how to wield that power in ways that do not devastate some communities while disproportionately blessing others. We in management own that problem.
- E-commerce is an increasing force in the buying and selling of goods, both between businesses and between companies/customers. Yet we really don't know how to e-replicate the relationships and loyalty that used to be the greatest asset of any business: customer goodwill. We in management own that problem.
- Corporations no longer have to be *mega* in size to leverage global connections; 24/7 workdays and Internet communications make it probable, not just possible, that for many, the worker “in the next cubicle” will be thousands of miles away. Yet few companies have meshed the unique cultural perspectives of a multinational workforce into a coherent, collaborative team. We in management own that problem.
- Advanced technology has made it possible to fly to outer space and return safely. Yet, all over the globe, people today are struggling with how to fly or drive millions of miles without facing overt terrorism or risking the less obvious terror of enviro-toxic byproducts corrupting the atmosphere permanently. We in management own that problem.
- Even in the most heralded companies boasting a badge of merit that says they are “wonderful” places to work, employees and managers slink to work each day uninspired, even desperate—incapable of connecting the mission of the company with their own mission in life. We in management own that problem.

Management in the 21st century is incomplete, imperfect, and quite often insufficient to meet pressing needs. That makes management tomorrow as exciting as ever, an exhilarating subject to study and a dynamic profession to practice. In almost any corner of your life, your workplace, your community, or your global marketplace, there are problems that simply won't be addressed unless *someone* in management owns them.

Therefore today—right now!—the most important unanswered question in management comes down to four words: *Might that be you?*