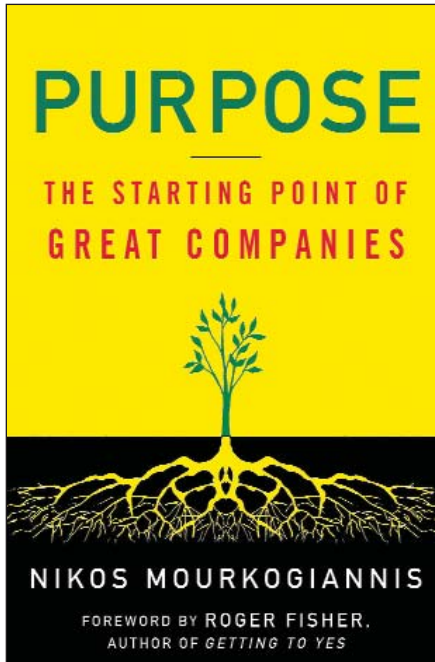


# Roots of Success



## Purpose: The Starting Point of Great Companies

By Nikos Mourkogiannis  
Reviewed by Michael Laff



IBM, WAL-MART, AND FORD Motor Company are as diverse as three major companies could be; yet they share similar histories. Each company achieved market dominance in its field. All three were shaped by strong-willed, some might say stubborn, founders who were determined to carve a niche in an untested market.

Even when balance sheets looked bleak, Tom Watson, Sam Walton, and Henry Ford were governed by a strong sense of purpose. In *Purpose*, Nikos Mourkogiannis attempts to define the concept as practiced by some of the country's famed corporate titans.

Mourkogiannis defines purpose as “a reason for doing something that appeals to our ideas about what is right and what is worthwhile.” He writes that purpose is more of a discovery than a creation. It cannot be outlined first and followed afterward. He compares it to common law, whereby it is best understood over time as traditions are established. Purpose is not something that is written on paper in a few well parsed words and then forgotten like a mission statement.

The author profiles five leading innovators including IBM founder Watson, Ford, European banking magnate Seigmund Warburg, Walton, and Warren Buffett. These profiles are fast-paced biographical sketches that form the heart of the book.

Each founder had a focus as well as a purpose. The profiles include numerous anecdotes about the idiosyncrasies of each man. Ironically, it is difficult today to appreciate how some of the aforementioned companies blossomed given the harsh manner of some of their leaders.

Unlike some of today's wayward executives who are obsessed only with stock prices, the giants profiled by Mourkogiannis did not define acquisition of wealth as their purpose. Yes, profits were necessary for the purpose of building a successful business, but they also were linked to a larger vision. They operated more like charities that do not define purpose by how much money is raised even though fundraising is essential to achieve the organization's purpose.

Each founder maintained a consistent purpose, and sometimes, as in the case of Ford, rigidly so. Ford wanted an automobile that was affordable and cheaply manufactured, and the assembly line was born. But as other carmakers entered the market and buyers showed an appetite for different styles, Ford failed to adapt to the changing market and stubbornly held fast to his Model T when designers pushed for changes.

## Sound Familiar?

*T+D* has been covering business books since the 1950s. The books highlighted in the column have covered topics that are still relevant today.

Decades before becoming a debated topic in the industry, our book review column flirted with the notion of on-the-job learning. In November of 1958, ASTD member R.E. McAdams covered *Improving Managerial Performance* by Virgil K. Rowland (the 167-page book sold for \$3.50!).

*The book, written in a very readable style, first presents Mr. Rowland's philosophy of management personnel development, which can best be summed up in his statement: "Everyone learns best from his own boss, right on the job."*

Skipping ahead nine years, *Training and Development Journal* discussed one of the first books by guru Warren Bennis in January 1967. In his review of *Changing Organizations*, then Book Reviews Editor Samuel Magill recognized how Bennis advocated the still-popular trend of incorporating psychology into business discussions.

*There was a time when the social psychologist was looked at askance by industry. Bennis traces the upsurge of interest in the behavioral sciences to the fact that, faced with this need for change, conventional managerial wisdom has failed to produce results.*

Also touching on that psychological component in the workplace, Thomas Gordon advocated relationship building and active listening skills in his 1977 release, *Leader Effectiveness Training*. Better known for his advice to parents, Gordon taught skills for communicating and resolving conflicts that could be used to build and maintain good relationships at work, too. He believed that leaders who cultivated a mutual respect and understanding for their follower's needs were

the most successful. Sounds a bit like the argument for emotional intelligence, no?

During the 1980s, we expanded the column to include more books and related topics. For example, in the August 1983 issue of *Training and Development Journal*, we covered 12 books on subjects that ranged from management education and motivational techniques, to leadership and negotiation skills.

But it's more telling to note that we struggled with stress and job satisfaction back then, too. Like many writers who cover the topic now, *Work and Health* author, Robert L. Kahn, pointed

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to specific findings to make his case, says the reviewer.

*Kahn examines the effects of occupational differences on job satisfaction and the physical and mental health of workers. ... He includes a discussion of recent developments in stress research.*

And if you think the talk about tapping the knowledge of older workers is new, a peek at our February 1991 issue may change your mind.

Theresa Minton-Eversole tells HRD professionals how Noreen Hale's book, *Over 50 Can Be Nifty*, is applicable.

*Several recent studies have cited evidence that shows that by the year 2010 workers over the age of 55 could constitute more than 25 percent of the workforce. ...*

*Consequently, how to integrate the older worker into the rapidly changing makeup of corporate America is becoming one of the most important issues companies must address.*

—Josephine Rossi

Wal-Mart had a similar customer-oriented approach. Walton instructed his staff to negotiate with suppliers for the lowest possible price as if they were haggling for the customer. Although stubborn, he was not shy about observing the competition and borrowing ideas from competitors. Wal-Mart stores were initially built in smaller markets where other department stores were reluctant to enter. Walton, unlike Ford, was willing to ditch an idea if it was not working.

At times Mourkogiannis focuses too closely on the personalities, leaving the reader to make educated guesses about the stated aim of each founder. Yet it is clear that each man had a purpose—a hyper-activated sense of drive that was more than enough to weather any changes in fortune.

The profile on Buffet is now outdated as the author chides the respected investor for not donating to charity during his career. (Buffet recently turned over most of his wealth to the Gates Foundation.) He devoted his energies to investing in companies with a long-term future, especially those in possession of a clear business model that he could understand. Buffet typically invested in companies that were underperforming and waited patiently for their value to increase. He scrupulously avoided companies, notably in technology, that were volatile or overvalued, and he avoided any kind of panic selling.

Whether you agree with each of the founder's methods or the corporation's tactics is not the point. What the author is trying to show is that successful companies begin with a purpose and their leaders stick with it—even when conditions might call for a change. But that sense of purpose, however, should not be confused with corporate ethics or charity. The purpose is what animates the organization and its employees to maintain its competitive edge. Many organizations launch feel-good campaigns to offset a negative image. Recognizing their positive intentions, Mourkogiannis rightly points out that such initiatives are not the purpose of the organization. They either advance strategic interests or they don't.

The days when a corporate boss could lead by sheer force of personality are over, as the author acknowledges in a chapter on leadership. Yet many executives have not identified a new leadership style to replace the old "command and control" model. Too often, leaders fall into the traps of micromanagement or excessive delegation, leaving them to feel as if they surrendered the shop.

Unfortunately, the book contains numerous digressions that veer the discussion away from corporate culture and toward religious conflict and morals. While the author is well read, his discussions tend to distract the reader from the subject of the book.

Mourkogiannis' forays into comparative philosophy also will be lost on most readers. While pithy quotes from Friedrich Nietzsche are enlightening in moderation, his attempt to tie John Stuart Mill's observations to management challenges is tenuous at best. My guess is that readers will pick up this book simply because they want to know what lies behind a company's success and the common traits of great corporate leaders.

The author comes up short with real prescriptions about how to execute leadership based on some of his individual models. While a lot can be learned about how to build an organization by means of a clear purpose, no leader would survive long today by following Walton or Ford's style of leadership. I give *Purpose* two cups of coffee.

*Purpose: The Starting Point of Great Companies* by Nikos Mourkogiannis. Palgrave Macmillan: New York. 263 pp. \$27.95.

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