

The Thinking Manager

The Hard Problems of Management—Mark Pastin

Entrepreneurship in Established Companies—Steven C. Brandt

Telling managers that if they did “these ten things” or followed “these seven, easy guidelines” sounds like quick, no-nonsense advice. It also sounds too quick to be useful. Although more protracted remedies are harder to swallow—their recommended personal and organizational change often the cause for distaste—they can strike at the cause and eliminate the symptoms of corporate dysfunction.

Mark Pastin in *The Hard Problems of Management* provides not a quick fix but a way of thinking about management problems—and problems bigger than that. He talks of corporate tragedies like the Union Carbide disaster in Bhopal, India, and the Tylenol-tampering deaths. Other modern problems concern those that pit the corporation against the environment or society at large as if business resides outside the realm of societal responsibility.

Calls to show social concern are best answered, says Pastin, on the grounds on which they are fought—ethical grounds. *The Hard Problems of Management* is not intended to make every company “good.” Nor does it lecture companies on their responsibilities to citizen and nation. Rather, Pastin addresses his argument to anyone who

Managerial Courage—Harvey A. Hornstein

Educating Managers—Joseph S. Johnston Jr. & Associates

has the power to implement a new approach to great difficulties the company faces. He tries to give the manager a new tool by which to handle a type of problem that nothing in the manager’s existing repertoire can fix. That tool is not an answer to management woes but an approach that enables managers to “ask the right questions.”

Just what Pastin means by ethics is clear. For the organization, ethics means the ground rules by which the corporation acts—rules you can discover through observing actions. They may be ethically good or bad ground rules. Though that sounds temptingly similar to corporate culture, Pastin is careful to explain why it isn’t. He argues that organizations should have strong ethics and weak cultures.

Pastin writes cynically, but that’s important. He is not passing off another behavioral approach to good management. He levies strong criticism against those who do. For example, Pastin says one reason there is little talk of ethics and much talk of culture is that consultants in the business of offering culture change can’t sell ethics as easily. Yet “ethical ground rules are the heart of organizational culture” and “the fulcrum in culture for producing change.”

Cultures, he says, are based on what has worked in the past and not on forward-looking responses to present issues. Their nature stifles change. When change is desired, even changes in corporate culture, what is fundamentally needed is a change in the ground rules. For example, if a company wants to change its culture by becoming more participative, it may begin to institute new programs of mentoring and appraisal. However, if one ground rule dictates that rewards are doled out for those who contribute to a growth in corporate profits, time spent increasing employee participation, although backed by top management, may be thwarted easily. Why should employees who know that making money means rewards take time from those activities to create a new culture? However, if the ground rules were to change and the company was able to show this type of work was also rewarded, change would advance.

Such change is effected if the organization is viewed as a social contract. That is, people have come together to establish this group under a set of ground rules acceptable to them only if they have been (or hypothetically were) entered into. Such ground rules must be chosen freely (without undue pressure from outside sources and with no party starting at a disadvantage) and must be fair. The fairness test is simple. Everyone involved, without knowing their position in the organization’s hierarchy, would agree to the rules.

Dividing lines

Ethics, says Pastin, has been a way of getting groups of like-principled people together and excluding others. They operate from an “in-group/out-group” dichotomy. That is, while people might still associate with one another although their tastes in music or clothing are different, people whose basic principles differ are likely to be in distinct groups. So, many businesses have been excluded from consideration as part of the society in which they function; they are viewed as having a differing ethic. This difference pits one against the other.

In fact, because business doesn’t talk ethics, it cannot answer challenges made on ethical grounds. These challenges are Pastin’s “hard problems.” “We can only learn to read the ground

rules, apply ethical tools, blend them with responsibility and creativity, and take our best shot—which is better than taking no shot or being shot at.”

Schooling managers

A broad way of thinking, like thinking ethics, is also advanced in *Educating Managers*. It proposes a type of education for managers that no doubt would make managers comfortable with ethical frameworks and the “good questions” they generate. In nine chapters, *Educating Managers* centers on the proper background that makes more effective managers and provides appropriate growth for current managers. By advancing the connection between liberal education and managerial effectiveness, Johnston *et al* seek changes in three areas: the recruitment and management development practices of business, the curricula of business schools, and those of arts and sciences faculties.

The authors of *Educating Managers*

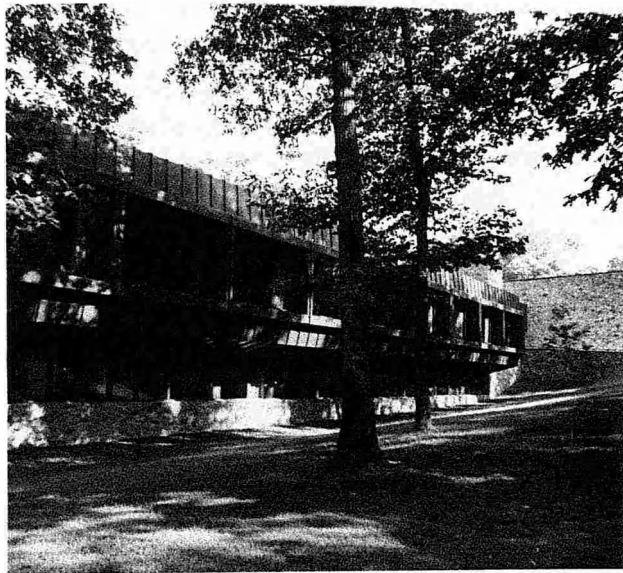
lay the current dearth of liberal arts students on the expressed needs of business. Students, they maintain, are busying themselves with those subjects in which they see business recruiters interested. So, to rectify the problem, they address part of their argument to the business community, to make them see the value of the liberally educated. *Educating Managers* “urges a central role for liberal learning in the development of current and future managers as a matter of simple good sense and enlightened self-interest on the part of the businesses and those who lead them.” It seeks to rectify a false dichotomy and offer businesses a new practical manager—one whose training consists of more than the narrow business curriculum.

Both Johnston *et al* and Pastin offer new ways of thinking and broad paths of inquiry—not new management behavior—as sources of replenishing management effectiveness. Both have

hit on historically based exclusivities that are proving detrimental to managers and their organizations. Pastin seeks to bring together the business and ethical worlds so that business can handle specific types of problems as well as answer social critics. Johnston and the contributors to *Educating Managers* try to meld the business person and the liberally educated to show business the practicality of such an education and to show how the encouragement and recruitment of those thus educated can benefit the organization.

Johnston offers in his own chapter reasons why such learning is precisely suitable to today’s employment and business needs. In an era where the emphasis is on abilities to adapt and be flexible, Johnston writes, it is “educational breadth” not technical specialization that will provide managers who can produce and maintain viable organizations.

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"We recognize most future managers' need for directly job-related and, in some cases, technical skills. But, largely because it fosters adaptability, we regard a broad—or liberal—education as the best possible foundation for sustained managerial productivity. For that reason, in turn, we think businesses have few more compelling needs, as they prepare themselves for the future, than their need to recruit and develop liberally educated managers."

Liberal education does not dictate what discipline need be studied, nor does it promote one subject over another. Johnston *et al* do state that the "liberal arts" are more suited to liberal education, but it is the process of broad, free inquiry that marks it. It is a process concerned with results. Here, in *Educating Managers*, that result is the development of managers ready for handling future change.

Educating Managers is presented in three sections. The first outlines the emphasis on liberally educated managers and presents business managers who espouse the idea. The second section presents suggestions for curriculum change in both business schools and liberal arts faculties. Finally, Johnston and Thomas B. Jones present strategies and resources for making the change in academia and business.

Formidable employees

While ethical discussion is Pastin's forte and a recommended arena for business discussion, Harvey A. Hornstein advances a classic moral virtue as the crucial managerial practice. Acts of courage, and no less, writes Hornstein, are required to effect the organizational regeneration that so many companies are seeking. Their failure to do so is not a result of managerial incapability. It's because organizations stifle the dissent they need to change. Hornstein is careful to note that the daily running of the company is owed to the powers of continuity, but "ultimately, organizational success rests on management's ability to strike a productive balance by managing both the forces of continuity and discontinuity."

Courageous managers show a self-discipline closely aligned with the

organization and its performance of a particular task. Their risk-taking action is a matter of personal importance, and they work toward moving on to the desired future. They believe in their expertise on a particular subject and in their picture of the organization.

The organization that cannot make

room for the courageous manager practices what Hornstein has coined "ideacide": "the murder of an idea, prematurely, before it is appropriately and adequately explored." A penchant for committing what, to Hornstein, is a most egregious crime is found in organizations that dwell on hierarchy or

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demand harmony. It is also likely to be found in organizations that rely on reward structures for praise and punishment and in those that espouse reason as the wellspring of good decision making even though outside forces do not seem to behave rationally.

To overcome such a tendency toward stagnation, Hornstein advances guidelines for both the individual and the organization. To managers, Hornstein says, "Managerial courage is not synonymous with career suicide." His research shows in fact that only 20 per-

cent of the "courageous" managers reported negative consequences. Five principles come out of his research: watch your focus, watch your credibility, be direct, create supporters, and "propose solutions to problems that have caused pain."

Organizations, on the other hand, should work toward reducing their emphasis on maintaining the status quo that stems naturally from "practical considerations and the conservative-tending psychology of groups." Though Hornstein admits it will never be eradicated, ideacide can be consciously reduced.

"Separate the responsibility of maintaining daily operations, the status quo, from the responsibility of generating ideas different from those of the status quo." Keep the two realms separate, and dissenting ideas won't continually have to come up against staff and structures that are designed for stability. Three ways of instituting the separation are through sponsors, senior people who back innovation; structure, which can be reworked to create distinct groups; and rewards, which can become available for entrepreneurial activity.

Staying smart

Giving managers the right stuff is Steven C. Brandt's purpose in *Entrepreneurship in Established Companies*. While much has been written about how American manufacturing practices have failed to keep up with changing world economic conditions, thus contributing to the United States' economic decline, Brandt argues that managers' failing to keep in touch with their changing businesses is an unrecognized factor.

Brandt spends the first part of his book outlining the evolution of new management concerns in both management theory and business practice. He covers such grand historical changes from the late 1880s' period of great innovation to the mid-1900s' emphasis on marketing. Each "era" saw a further step in the evolution of modern management practice. Corporate growth brought increased interest and activity in organizing, planning, and controlling a business' people functions. It only makes sense to Brandt that today's new

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era of high technology, entrepreneurs, and leaders should bring with it another change in management practice. It hasn't yet, says Brandt, but economic success depends on it.

Brandt analyzes the potential success of a corporation through four forces, each of which pushes or pulls at the organization in a different way. The ambitions and visions of leaders—"managers at all levels"—gives the organization steam to move ahead, while the staid practices of the organization hold it back. At the same time, while good management practices provide buoyancy, a natural resistance to change pulls downward.

What has all this to do with entrepreneurship? It's Brandt's interpretation that entrepreneurial organizations are not overnight *Fortune* sensations but companies in which an elasticity evolves to create a more competitive position. His point in writing, then, is that the evolution is accomplished by managers in tune with current economic needs who can change the focus of their subordinates despite inevitable, but not always fatal, inertia.

The Hard Problems of Management. 239 pp. \$19.95. **Jossey-Bass**, 433 California Street, Suite 1000, San Francisco, CA 94104.

Educating Managers. 242 pp. \$24.95. **Jossey-Bass**, 433 California Street, Suite 1000, San Francisco, CA 94104.

Managerial Courage. 224 pp. \$18.95. **John Wiley and Sons**, 605 Third Avenue, New York, NY 10158.

Entrepreneurship in Established Companies. 250 pp. \$19.95. **Dow Jones-Irwin**, 180 Ridge Road, Homewood, IL 60430.

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