Management

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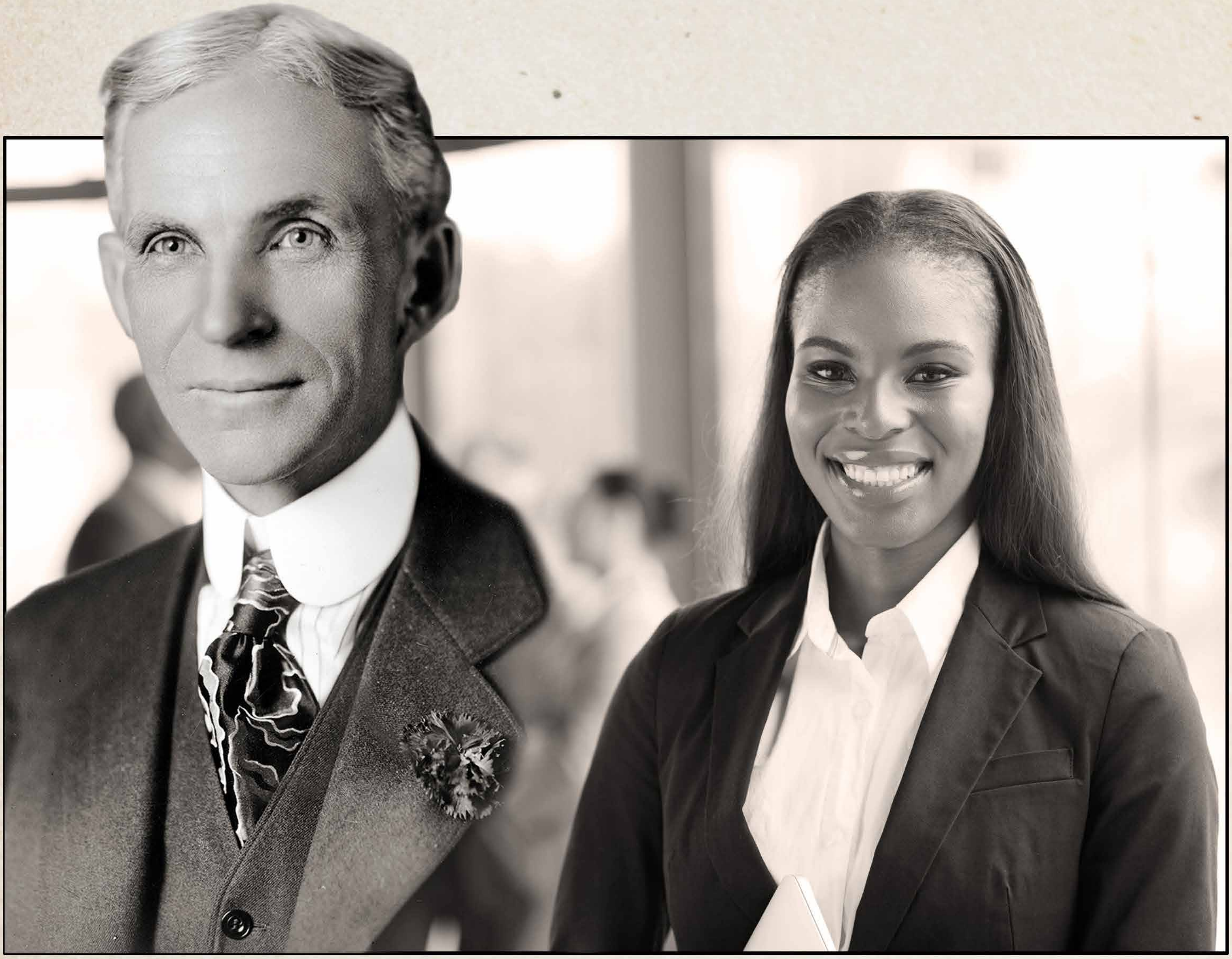

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The words "manager" and "management" are undefinable. The word itself—manager—has no counterpart in any other language on earth, and the closest word used in those languages is just as imprecise. "Manager" in British English doesn't mean the same as it does in the U.S. So the questions remain: What is management? What does it mean, what are its roles, how can it best be implemented, and what will it become? The history and development of management will be discussed in this paper, in an effort to better understand what management is today and gain some insight into what it will become.

Early in the history of management, a manager was defined as someone who is responsible for the work of other people. It was an entirely different role, and served a different purpose from the owner of the business. But even then, the term was not sufficient to define the role. One might be in a position of management, yet not oversee a single person—individual contributors, perhaps, but not managers. This early definition also seems to define the tools for the role, rather than the role itself.

There is only one constant: *management is people.*

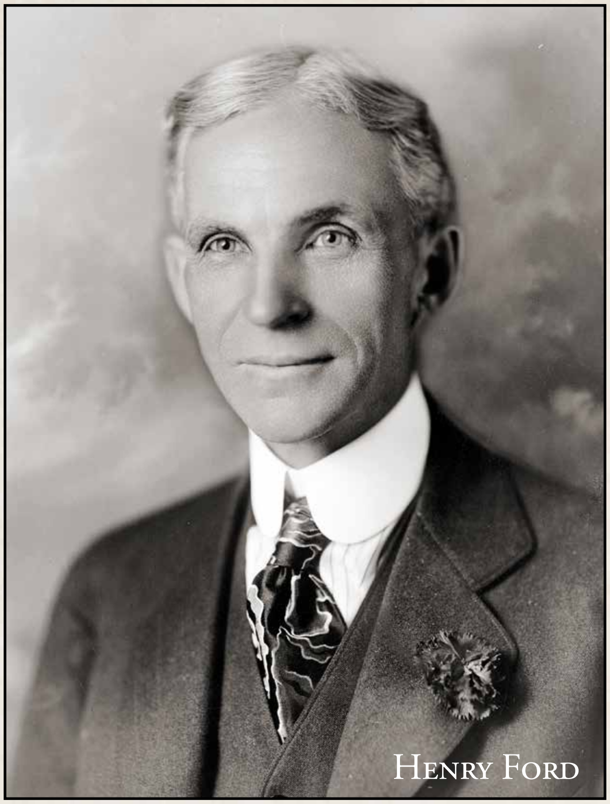
A Global History of Management

Management, as it is best known in the U.S., came to the forefront of our vernacular between the end of World War II and the 1960's, in what is known as "The Management Boom." The new awareness and attention to management was brought about, primarily by the American manufacturing industry. However, it was British socialist, Sir Stafford Cripps, who believed that management could restore the British economy after the war. He developed British "productivity teams," and sent them stateside to learn the finer points of management. Soon after, the Marshall Plan—or European Recovery Program—was implemented. The Marshall Plan mobilized management for economic and social reconstruction, which catapulted the theory of management to the world stage.

The boom came to an end in the 1960's when it simply overreached itself. The termination of gold-to-dollar convertibility by President Nixon in 1971 may be partly to blame, as could the several business debacles—such as the Penn Central Commercial Paper crisis. Maybe the managers themselves saw that management is harder than they thought it would be—and not an easy way to make fast money—as all the best-selling books of the time led them to believe. Most of all, managers realized that the foundation upon which the "boom" was based could not sustain itself. Management had been defined, in part, and it outgrew its confinement. Just as people grow and evolve with time, so does management.

What the world took away from this period was that management is the structure of leadership, direction, and decision in enterprise; a function that remains universal in every country.

Of course, "management" was not invented during the 20th century; its initial roots date back well over three-hundred years. Economic philosophers in the sixteenth century conceived the idea of "manager" long before there was any "management" to speak of. Claude Henri de Saint-Simon, for example, realized the task of making resources productive, and of building social structures. Alexander Hamilton, in "Report on Manufactures," added to and emphasized the ideas of constructive, purposeful, and systematic roles of management, which he gleaned from Adam Smith's "The Wealth of Nations." Smith argues the advantages of the division of labor, concluding that the breakdown of jobs into narrow, repetitive tasks would increase productivity by increasing workers' skill. That—along with the creation of labor-saving inventions and machinery—lead to what is arguably the most important influence on modern management: the Industrial Revolution.


Henry Ford

Ford held a firm conviction against management. All he needed, he believed, were "helpers," and he would fire anyone who began to take on a managerial role.

Implementing Management 100 Years Ago

Perhaps the best way to illustrate the evolution and importance of management, would be to take a look at the rise and fall and rise of a company that was founded at the turn of the 20th century, and remains a powerhouse to this day: the Ford Motor Company.

Henry Ford started with almost nothing in 1905, yet his company became the world's largest and most productive automobile manufacturing enterprise within fifteen years. In the early 1920's, Ford practically monopolized the American automobile market, and had amassed—from profits alone—a cash reserve of over a billion dollars. But, in 1927, Ford Motor Company was floundering, barely maintaining third place in the American automobile market until, in 1944, Henry Ford's grandson took over the company. What did Henry Ford II do to bring his grandfather's company back from the brink of ruin? He implemented management.

The founding Ford held a firm conviction against management. All he needed, he believed, were "helpers," and he would fire anyone who began to take on a managerial role—he did not want anyone to make a decision, or to take action without express orders from himself. This was not uncommon thinking—most businessmen at the time did not see the need for anyone but the owner to delegate to subordinates. Had it not been for his billions of dollars in reserve, Ford's expensive experiment in management would have never come to fruition, as the Ford Motor Company would probably not have made it past the 1950's.

As with every good experiment, Ford's mismanagement has a counterexample. General Motors' president, Alfred P. Sloan Jr., implemented almost the exact opposite management model. GM was being crushed by Ford in the '20's, so Sloan converted his dealers from essentially barons with complete autonomy, to a management team. Within five years, GM was the best-selling car manufacturer in America. In 1946, Ford Jr. implemented Sloan's business model, and in five years, Ford was the leading car-maker both at home and abroad. Ford is currently ranked tenth in the Fortune 500.

No business can maintain itself solely on the delegation of one person. Management is needed, not only because a job may be too big for one person to run, but that managing a business enterprise is something completely different from running one's own property. The conclusion: the belief that management and managers are superfluous, and that only the "leader" or "founder" can govern the complex structure of a big business is absurd. Businesses run on people, and management is people.

The Sociological Changes that Affect Management

With the advent of business psychology, an over-abundance of books and lectures have been written on the subject of behavioral motivation. Of this, there are two main schools of thought: Douglas McGregor's "Theory X" and "Theory Y", which he developed in his book, "The Human Side of Enterprise." Theory X is the traditional approach to worker management, believing that people are typically lazy, dislike and avoid work, and must be driven by a carrot-and-stick method. This type of manager thinks that people are uncreative and irresponsible, so micromanagement is necessary for production; they believe very few people have what it takes to lead, and that only a sliver of humanity was born with the traits of an effective leader.

Conversely, Theory Y managers assume that workers have a psychological need to work, and want achievement and responsibility; essentially, people are self-motivated to get the job done well. Theory Y managers help employees achieve their potential by stepping back and letting them do their work. McGregor himself believed that Theory Y management was the correct system, and the evidence supporting this is enormous.

In the late 1940's, GM conducted a large-scale contest. Nearly 190,000 employees wrote essays on the topic, "My Job and Why I Like It." Very few of the responses were uncritical of their job, but many found something that made them enjoy their occupation, mentioned some challenge in their job, and declared some achievement, satisfaction, and motivation they observed in their work. This suggests that Theory Y is the more accurate assumption of workers, because employees will find some pleasure in their work—even the most alienated workers will find something in their job that brings them satisfaction.

The fact of the matter is, the carrot-and-stick approach of punishment/reward no longer works. Fear (the stick) has lost its coercive power; it will only produce efforts and anxieties—not results. Material reward (the carrot), however, has not lost its influence. That being said, it is possible to give too big a carrot.

Because of the redistributive nature of an organization, reliance on the carrot runs the risk of alienating both the recipient and all others, in turn, possibly dividing the group against itself, while simultaneously uniting against a common enemy.

The work relationship between manager and employee must be based on a mutual respect. The manager must realize that human beings behave like human beings. The manager must whole-heartedly side with Theory Y, believing that the majority of people in the workplace want to succeed. Managers must realize that their role is to help the worker achieve, and must be willing to accept the demands on themselves. The manager must know that not all workers will achieve one-hundred percent of the time, and that some external drive may be necessary, but the carrot-and-stick approach is archaic, and needs to be revised.

Douglas McGregor

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It all boils down to how well a manager knows his or her employees. Assessment tools are a good place to start. For example: the Profiles Managerial Fit™ (an assessment that measures critical workplace compatibility factors between managers and their employee), and the Checkpoint 360°™ (an assessment used primarily to evaluate the leadership skills and effectiveness of an organization's management). Ultimately, management must know people, because management is people.

The Tasks of Management

A manager has two specific tasks: to create a whole that is greater than the sum of its parts, and to harmonize in every decision and action the requirements of immediate and long-term results. Consider an orchestra conductor. The conductor did not compose the music, nor does he play an instrument. But the conductor has the music in front of him, and leads the individual musicians to become part of the entire piece. The conductor interprets the score in time, and thus becomes, in part, the orchestrator, by making the decisions necessary to get the most of the performers. A manager has in front of him a business plan and a group of employees. The manager interprets the immediate best way to implement the business plan, to harmonize it for the present, all the while keeping an eye on the long-term. In order to integrate and harmonize the instruments into a final performance, the manager has five tasks:

1. **Set objectives.** A manager determines what the objectives should be, how to implement the goals, what must be done to reach those goals, and effectively communicates what these objectives are and how they can be reached by the people whose performance is needed.
2. **Organize.** The activity and work in need of completion is analyzed, classified, and divided into manageable jobs, which the manager then delegates to the people who will execute the jobs.
3. **Motivate and communicate.** The manager does this through the relations with whom he or she works—as well as through pay, placement, and promotion—while in constant communication with subordinates, superiors, and colleagues.
4. **Measure performance.** The manager must measure both the performance of the individuals within the organization, and the results of the organization as a whole. Of course, as in every area of each task, the manager must communicate what the measurements mean, and how they can be applied to subordinates, superiors, and colleagues. Tools like the Profiles Performance Indicator™ (a report used to understand employees' behavioral tendencies to increase employee performance) and the ProfileXT® (an assessment that helps identify job fit) can greatly assist this task.
5. **Constantly develop people, including themselves.** This may be a manager's most important task. Employee assessment tools are the best way to gain the critical understanding of your employees that will help you develop them and maximize their potential. Great managers are constantly learning about and developing themselves and others, because management is people.

Anyone can learn and hone the skills necessary for managing people effectively, like conducting a conference or becoming a more charismatic leader. They can set up a system of incentives to increase productivity, and instill a healthy work environment between themselves and their employees. A manager can try to improve himself by reading any number of the billions of books written on the subject, but there is one basic quality that cannot be learned, regardless of training or task at hand: *integrity of character.*

The Past and Present of Management

Regardless of the sociological changes that come about—affecting the style, cause, and role of management, from past to future—the only thing that cannot change in management is integrity of character. Managers who have integrity will expect the most out of their employees—but most of all, themselves—and they will get it. They will consider what is right, and never who is right. A manager who lacks these qualities, no matter how brilliant,

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likeable, or competent, will never be fit to manage effectively. Integrity cannot be learned or acquired, and it is the one thing that will never change in being an effective manager.

Managers with integrity do not have to concern themselves with Theory X and Theory Y, or whatever the current trend may be, because they will always do what is right by their employees and their enterprise. They may not—and probably will not—be liked by everyone, but they will be respected, rather than feared or mocked. They will not merely keep an eye out for themselves or the bottom line; instead they will always look out for their people, and their peoples' best interests—client, consumer, and company.

The problem that management was meant to solve 100 years ago was not a problem of being an adaptable, innovative, and inspiring place to work; it was, then, a problem of turning people into semi-programmable robots. Much like the Industrial Age, the Information or Digital Age will provide new techniques that will more closely define the role of management—like a digital recall of Ford's production line, in which manufacturing was de-skilled to a series of simplified repetitive tasks. The future of management must go back and challenge those beliefs. The paradox, however, is that if you want to glimpse the future of management, the best place to look is the web. The Internet is inherently innovative and engaging, which are principles at the core of people management.

This is the first time since the Industrial Revolution that a company cannot be built that is fit for the future, without first being fit for human beings. In his speech, Gary Hammel speaks about "Management 2.0." Essentially, Management 2.0 is all about reverse accountability. Hammel cites an Indian IT company, HCL Technology, as an example of a company—who explicitly says to its employees "You are more important than your managers"—that is accelerating the idea of reverse accountability. This company has a ticket system; if an employee has a complaint or concern, they write it on a ticket which can only be closed by the employee. If the ticket is not closed within 24 hours, it is moved up to the next level of management. Their CEO, Vineet Nayar, said to a room full of his customer group and CIO's of big companies from around the world, "I'm sorry; for me, you don't come first, because unless I take care of my employees, they're not going to do the right thing for you."

One hundred years ago, the inventors of "management" were trying to work against the grain of what it is to be human, but the fact is, humans are incredibly adaptable. People have the essential qualities organizations need, because those organizations have within them the management model that was built to serve another purpose: people themselves.

People are the past, present, and future of management; because management is, and always will be, people.