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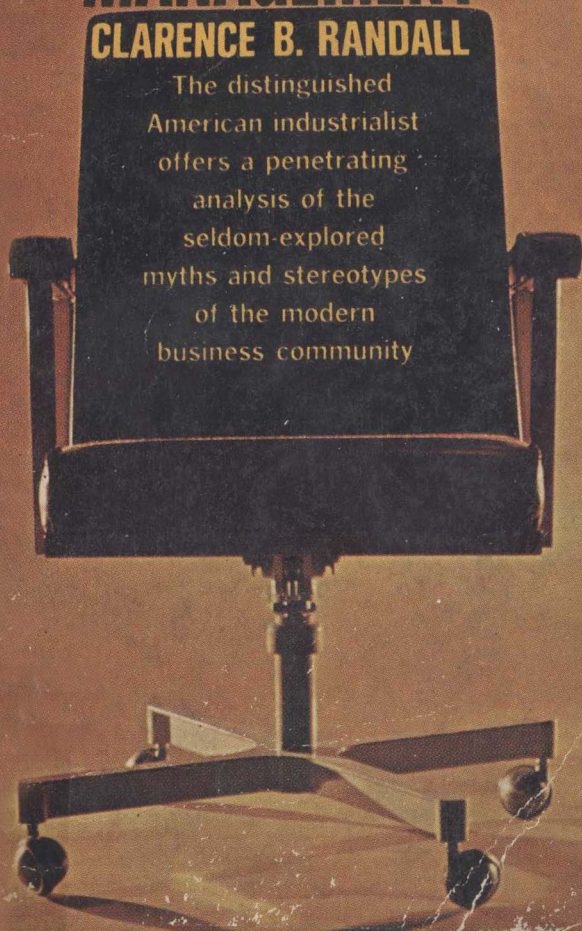


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THE FOLKLORE OF MANAGEMENT

CLARENCE B. RANDALL

The distinguished
American industrialist
offers a penetrating
analysis of the
seldom-explored
myths and stereotypes
of the modern
business community



CORPORATE ENTERPRISE ON COMMUNICATIONS:

Any company with money can command the full galaxy of communications media, but no amount of money can buy the wisdom and the integrity demanded for their use.

ON THE PRODUCTION EXPERT:

Perpetual motion, split-second decisions, and jet-propelled personality are his hallmarks. He can run any function of the business better than the man he hired to do the job—and he can't stop proving it. Sometimes he's just as good as he thinks he is. But his kind of management can cost a company its future.

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*The Folklore
of
Management*

by
Clarence B. Randall



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Foreword

WRITING A book is a great adventure, provided you can live through it.

For most of us mortals it is a slow and pedestrian process.

This little volume, for example, was sixteen months in the making. I started off with a rush when the genial editors of *Dun's Review* flattered me by asking me to do a series for them to be called "The Folklore of Management." The first article was done in short order. And the second was no particular problem, for it began to form in my mind before the first was finished. But gradually the complexity of life began to move in on me, and the monthly deadline became more and more threatening. Once committed, however, there could be no turning back, and what helped was that as the months went along I suddenly discovered that I was enjoying the whole process hugely.

Shaving was of great assistance. Nothing so stimulates the flow of ideas as does the frantic whirl of an electric razor applied shortly after rising.

And no atmosphere is so congenial for utter frankness as the solitude of a hotel room late at night. Most of this writing was done at the end of a long day in Washington, and when you have had dinner and come back alone to your room, you have only two choices. You must either read a book, or write one. Finally between those two there can be but one course. Whoever tries the first will inevitably wind up with the second.

Since half the hotel rooms in the country are occupied each night by businessmen who are away from home, I wish that more of them could be persuaded to try this device, for the story of business is not being well told.

As a group we are singularly inarticulate—in public, that is. Put a few of us together around a luncheon table and we have plenty to say. We damn the government, tell off our competitors, complain about the professors, and display generally a lively desire to reorganize everything around us. But when it comes to spreading all this on the record, so that everyone may know what we think—we just don't do it.

So it comes to pass that everyone writes about business except businessmen. Scholars who have never managed anything propound theories of management. Economists who have never had to face an annual meeting of stockholders describe the damage that we are doing to the economy. Politicians flog us and thus get elected, and labor leaders regale their membership by reciting the catalogue of our sins. But we, who know most about the subject, stand mute.

To the extent that we have weaknesses, as of course we have, we ourselves should be the ones to expose them, for by so doing, by confessing error, we would not only advance on the road toward their correction, but we would at the same time do much to restore public confidence in the integrity of our purposes.

Obviously, the best time of all for a businessman to express publicly his personal philosophy is when he has reached the senior years. It is then that his total experience can be brought into full focus, and be seen in full perspective.

Retirement is like a high plateau to which the horseman has ridden alone. Withdrawn from the crowd, he can look back calmly at the familiar scenes, and re-examine them as they stand out in sharp relief.

Gone, too, are all the old inhibitions. There is nothing that he is striving for, nothing that he fears. There is no one whom he can damage by anything that he says except himself, and so he lays every word right on the line.

He is writing for himself, and not the reader. He knows that not many people will buy his book, and he doesn't care. What he really is after is to get his own thinking straightened out, and since he knows that he cannot fool himself he says precisely what he thinks.

But there is one caveat which must be recognized. The

businessman who decides to write a book is not choosing the path to popularity among his old friends. When he speaks frankly, as he must, not all of them will like what he says. They will point out to him sharply that criticism from outside is to be expected, but that it should never come from within the lodge itself. Even when they know that what he says is true, they do not like to have such things said by one of their own. They mark him down as a renegade.

Yet the hot flame of self-searching, inward-directed criticism is precisely what American industry most urgently needs in this period of world crisis. Private capitalism, private initiative, and the entire concept that is involved in the unsatisfactory term "free enterprise" is on trial for its life before the court of world opinion. The vast hordes of new world citizens whose power may in the future so greatly overbalance ours have not yet decided whether they like our way of life or not. They are watching our every move with sharply critical eyes, and American business must put its house in order, and keep it in order, if what we are now privileged to enjoy is to survive at all. The issue is just that simple, just that direct.

So I have pulled no punches in this book, and writing in that vein I have been most fortunate in my editors. They have given me the most forthright encouragement all the way.

And my cup is overflowing in that my new friends at Dun & Bradstreet and my old friends at Atlantic-Little, Brown, have joined to make this book possible.

To them both my deepest appreciation!

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*The Folklore
of
Management*

1

The Myth of Communications

U.S. business has embarked on an orgy of communications with workers, with stockholders, with customers, and with the general public. Infatuated with the sound of its own voice, it often forgets that fine words are futile unless they are backed by corporate performance.

AN IRRESISTIBLE urge to communicate has seized American industry.

We communicate constantly, on an infinite variety of subjects, to all who will listen—and to many who don't. We have at our command an infinite variety of media for the dissemination of our messages, and we miss no opportunity to grab the public by the lapel and pour forth some pronouncement.

This phenomenon is quite new, as measured by my own years of service in industry. Whether or not he actually said it, Mr. Vanderbilt's "The public be damned" has survived as a legend because that phrase did aptly portray the attitude of earlier business leaders. There really was a time when management cared not at all what anyone thought, and that is the origin of many of the problems that have plagued us since.

Now, we are extremely sensitive and self-conscious. We care what *everyone* thinks, and that is as it should be. The sole question is whether the things we say with such proliferation are wise and true; or whether we are so bewitched by the fabulous new means available to us that we communicate just for the sake of communicating and let ourselves descend to mediocrity or even deceit in our utterances.

When S. F. B. Morse, seated in the Capitol at Washington on May 28, 1844, tapped out the first telegraph message to his partner, Alfred Vail, in Baltimore and, quoting from the Old Testament, said in awe, "What hath God wrought?", he spoke in advance for all subsequent inventors. He offered this new miracle of technology as a device for the transmission of thought; at no time did he claim that it was a substitute for thought. Electronics notwithstanding, in the realm of ideas and of conduct we are

right where men were in Plato's day. No marvel of science can change the fact that what a man says should be wise and true.

Reflect upon the various segments of society before whom modern management assiduously presents its views.

First comes the customer. At the top of our voices, we cry our wares. Our power of amplification is incredibly increased, but the function is the same as that of the first Arab who raised his voice in the earliest bazaar. We should ask ourselves searchingly whether our morality has increased over his in the same ratio as has our technology.

Next comes the worker. We tell him earnestly and repetitively that his interest parallels ours and that what we do is well calculated to raise his standard of living—but we need to know whether, within his own frame of reference, he can accept our statements as reflecting full integrity of purpose.

Then there are the junior officers and the white-collar staff to whom we explain in fulsome language our company policies and objectives in the hope that their efforts will become more meaningful. Against these lofty sentiments, we need to measure our daily conduct as observed by these employees at close range.

After these comes the stockholder, whom we exhort to enter more fully into the responsibility of ownership in return for the benefits which he receives. Are we sure, however, that we always carefully distinguish between his interest and our own interest?

There is also government, at every level—local, state, and national—to whom we freely offer advice, but more particularly, criticism. To point out the faults of office holders is our very special prerogative, but not always do we pause to ask ourselves whether in managing we consistently place the public good above the expediency of corporate aims.

Finally comes the general public, among whom we single out for individual attention particular groups such as the clergy, the educators, the housewives, and the ubiquitous man on the street. On the screen of their consciousness we endeavor to throw the corporate image of our company, sometimes before we have brought it into sharp focus for ourselves.

To discharge fully the responsibility which is placed

upon management by this compelling new urge to communicate and to measure up to the challenge presented by the multiplicity of the amazing new media requires a clarity of mind and a singleness of purpose which not all businessmen possess. Any company with money can command the full galaxy of communication media, but no amount of money can buy the wisdom and the integrity demanded for their use.

Take the customer. Advertising is the very lifeblood of the free enterprise system. To stimulate desire is to increase total effort and thus bring to pass the expansion of our economy. But to promise one product through advertising and deliver another of inferior quality or with an undisclosed price component is sheer chicanery.

Or, take the worker. Here, in the most realistic sense, actions speak louder than words. No amount of glittering posters on the plant bulletin boards can establish a sound relationship between the employer and the employee if safety conditions are bad, if segregation is practiced, if pay scales are below standard, or if the town is a bad place in which to bring up children.

Effective communication with officers and staff inevitably suffers when management fails to sense that in a free society a man good enough to make a strong contribution is good enough to have his own scale of values, and that the goals which he has established for the total achievement of his own life are not necessarily parallel with those which management has proclaimed for the company. Only when an intelligent effort is made to recognize and appreciate his objectives and to integrate them with those of the company, so that a high measure of self-realization is achieved through effort for the company, does communication with him become a significant exercise.

As for the stockholders, our conduct sometimes belies our professed intentions and dilutes the effectiveness of our efforts to communicate. We entice them to the annual meeting with every blandishment at our command—entertainment, food, free samples of product, plant visitations—in short, everything except clowns and can-can dancers. But when it comes to the exercise of the prerogatives of ownership, we deny them the privilege. We ask them to submit their proxies in advance, appointing us as their