

How to Manage

**By More than 100 of the
World's Leading Business Experts**

Edited & Compiled by Ray Wild



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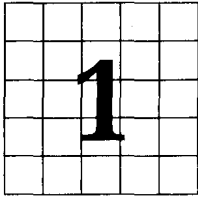
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How to Manage



INTRODUCTION

READ THIS FIRST!

This may be one of the most authoritative books on management ever published, since it has been written by 104 distinguished and experienced managers from many types of organizations in several countries. Together, these contributors draw on more than 3000 years of managerial experience. The objective of the book is to pass on some of this experience to those who want to know how to manage.

My task was to select and present the contributions, and I take full responsibility for the order and arrangement of this material. The words, however, are those of the contributors. They speak for themselves. The views and opinions are theirs, and all were voluntarily given for this purpose.*

This, therefore, is a book for all those who want to know how to manage and who are prepared to learn from the experience of others. It is not designed for the academic or the scholar, but for managers and those who intend to manage—whatever their job.

WHAT IS MANAGEMENT?

I set out to obtain the views of senior, experienced managers on any aspect of management. I wanted them to tell others what they thought was important. The search began in mid-1980 and ended in 1984; hence the views presented here were collected over approximately a four-year period and are perhaps influenced by the economic situation during that period.

I avoided both asking and answering the question “What is management?” It seemed unnecessary to ask contributors to define

*NB: The views presented in this book are those of the contributors and not those of the organizations with which the contributors are associated.

the term and certainly unwise to try to offer a definition to them. The objective, quite simply, was to encourage people to offer their views and advice on some aspect of management or managing—as they understood it and from their own viewpoint. Such contributions were sought from a variety of people in a variety of circumstances. These, therefore, are not solely the views of those with managerial titles working in industry, business, or commerce—a deliberate tack, since surely “good practice” in management is largely transferable and not relevant only in certain circumstances.

Thus it did not seem appropriate to try to “prime” contributors by offering a definition of management. Some, however, were offered to me, and these perhaps provide the best starting point for this book.

■ **Robert W. Galvin. Chairman: Motorola** My vantage point of management derives from 43 years of association with our company, through the good work primarily of many others who led before me and the continuing exceptional work of the others who are associated with the company. I have had the privilege of watching an institution grow from a little to a large organization. Our company is now engaged in a large number of separate businesses, all within the discipline of electronics.

I find it useful to categorize the roles of managing into three classes. No class is more important than the other—each is different. I call these classes running the business, managing the company, and leading the institution.

I apply the first idiom to the role of operating a specific product business that caters to a defined market or markets. This is a hands-on role aimed at accomplishing a well-defined set of objectives within specified parameters. Managing the company is the job of causing the sum total of all of the businesses to aggregate well. Among other things, this relates to the appropriate allocation of resources among businesses, the harmonizing of the business where appropriate, and generally ensuring that the orchestration of the many parts are in reasonable harmony. And, finally, leading the institution, which is the responsibility of identifying change and ultimately institutionalizing it. It is looking for principal voids that help the entire entity renew itself.

Each of these functions of managing or leading is essential to any institution, but particularly to a large multidimensional institution. Particular people should focus on assigned roles, and everybody should acknowledge the differences.

■ **Sir Peter Parker. Chairman: Rockware Group** Management I see as three dimensional—economic, entrepreneurial, and social. The economic dimension is instantly recognized. It includes the professional process of combining commerce, administration, and technical skills toward profitable objectives. The entrepreneurial side is far more difficult to measure, but what is measurable in management is seldom all there is to measure, and not always the most important. The French economist J. B. Say had to invent, around 1800, the word “entrepreneur” to describe the man at the interface between assets and customers. This is an area of imagination and energy, of risk taking and risk making, of seizing chances that others do not seize, of seeing ahead and somehow letting the future have your ways. Ill-defined all that but well established: I reckon one entrepreneur can recognize another at 300 yards on a misty day. The social dimension: here we are far less at home. I am thinking of our emerging role as business managers, coordinating two cultures: that of the enterprise and that of the community outside—and these two forces do not necessarily thrust in the same direction.

■ **Howard H. Bell. President: American Advertising Federation** The management function is easily described, but difficult to execute. The role of management is to establish the goals of an organization, develop strategies and resources for their accomplishment, motivate all the people in the organization to intelligently contribute to the execution of strategies, evaluate the results, and then replan to become more efficient and successful.

□ THE CONTRIBUTIONS

It is worth repeating that all contributors have chosen to refer to particular topics and to say certain things about them. What is said is obviously of interest to us, but equally interesting is what these managers chose to talk about—what they themselves considered to be important. It is also interesting to note the areas of disagreement.

Many of the contributors tend, explicitly or implicitly, to see management as being partly or wholly to do with people. Certainly the dominant aspect of management as identified by this cross section of senior managers is *people*. Perhaps one of the major, although rather expected, conclusions of this “survey” of managers is that to be a successful senior manager one has to be able to manage, and by that we do not simply mean “cope with” people—a task that is unlikely to get easier!

It was tempting, but impractical, to try to secure a representative

■ Peter Ustinov. Actor, Writer, Producer, Director

PETER USTINOV
11 rue de Silly
92100 Boulogne
France

6th June 1983.

Dear Professor Wild,

Your kind letter of 25th May to Mr. Ustinov arrived in his absence. As soon as he returns, it will be brought to his attention and he will certainly be honoured you should have written to him again.

Further to your letters of 30th April, 20th May and 12th June 1981, Mr. Ustinov, in our reply of 25th August 1981, was quoted as "being so busy at the moment he simply can't manage"; this still applies.

After working with Peter Ustinov for the past seventeen years, I can only repeat the contents of my reply of 9th June 1981 to you, with which, I may add, Mr. Ustinov was in complete agreement. To enlarge a trifle on the subject: he works (acting, writing, playwriting and directing) and lets others manage for him. In his case, it certainly seems the most sensible thing to do. In a nutshell, management is definitely not his cup of tea.

He would want me to extend his best wishes for the American edition of your book.

Thank you for writing.

Sincerely yours,

L. Couturier
Secretary

sample of managers, e.g., in terms of country, job, etc. Certainly this would have added something to the elegance of the book, but little, I suspect, to its value. I set out therefore to try to obtain the views of a sufficient number of people, who would be seen by readers to be involved in and competent to comment on management. Hence I make no claim to have statistically surveyed the population of practicing managers. Probably there are more contributors from certain sectors or certain countries than others. None of this seems to be particularly important since, as I have indicated, I believe that those who want to know how to manage have something to learn from those who do manage—wherever and however they do it.

The procedure, initially, was to write to people to ask them to contribute their views, but most of the contributions in fact are the result of fairly lengthy correspondence, telephone conversations, and in some cases interviews. In some cases, some of this took place over a quite lengthy period of time.

Not everybody responded to my initial approach, but most of those who did, often after some degree of reassurance or persuasion, offered a contribution. I haven't been able to use all of these contributions, and many I have seen fit to divide or cut to some larger or lesser extent. This was necessary to avoid excessive overlap and duplication and to fit contributions to the overall structure of the book. The fact that all contributors subsequently approved or further modified the material suggests that their original points were not lost or too diluted. In no case did I attempt to write any part of any contribution for any contributor. All of what follows was offered, for this purpose, by these people, in their own words as reproduced in this book.

□ STRUCTURE

The arrangement of the book seemed to me to be the most obvious structure for the material. However, the various chapters are not entirely self-contained, since many of the contributions deal with a variety of topics. For this reason I have given an index of contents in order to provide another means of accessing the material within the book.

Where appropriate I have taken parts of contributions and placed them in different chapters, in order to get topics closer together. In many cases, however, such subdivision would have destroyed contributions. Partly for this reason I have also incorporated certain "Feature" articles that deal, typically, with several topics. These appear throughout the book *between* chapters. They stand alone and do not necessarily relate to the adjacent chapters. Some contributions are included as "Case Examples" at the end of chapters.

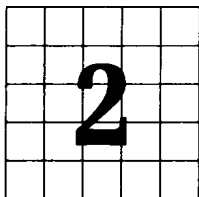
A brief biographical note for each contributor appears in Appendix 1. The date upon which I received material from each contributor for this book is also recorded here. I have also verified these biographical details, e.g. current job/responsibilities, and believe them to be correct as of the beginning of 1984.

—Ray Wild

□ FEATURE

PETER DRUCKER—Management Writer, Academic, Consultant

I'm always being asked to name "the best management"—and the questioner expects me to say: General Motors under Alfred Sloan; or Marks & Spencer under Simon Marks and Israel Sieff; or the Deutsche Bank under its founder Georg Siemens; or the (English) General Electric Company under Arnold Weinstock; or the (American) General Electric Company under Reginald Jones. These are all good examples, and one can and should learn from them. But to my mind the superb example of management, and the one from which I have learned the most, is the way the British picked young men for the jobs in India in the early nineteenth century and for the jobs in the overseas branches and agencies of the British trading firms and merchant banks in the same time. The men who were sent out to be assistant district commissioners in some mountain town in the Karnatic or agency heads in Callao were not "men" but "boys" by our standards. They had no education in "management"; double-entry bookkeeping they would have considered "advanced." They were carefully selected and primarily for character. They were given the simplest of objectives, but demanding ones. And they were on their own and trusted as long as they performed. And if they didn't there was no forgiveness. . . . I know the casualty rate was high—but more because of disease, syphilis, and liquor than because of nonperformance and dishonesty. I admit it was a cruel system with no compassion for the weak and no understanding of human complexity. But it worked—and perhaps better than any system of management or governance we have devised since.



MANAGEMENT OBJECTIVES AND RESPONSIBILITIES

Management objectives—an obvious starting point; for without objectives managers cannot act purposefully. So what are these objectives? John Culligan is quite categorical. He refers to ultimate objectives, while others deal with intermediate, more numerous and particular goals.

Managers must be accountable for the achievement of their objectives. But beyond that, how do they see their responsibilities? Clearly, from these contributions, they see them as complex and to some extent conflicting. Two contributors deal specifically with external responsibilities. L.V. Planta writes about freedom and power, while Hays Watkins deals with government relationships—a topic taken up by Edward Harness in a Case Example who argues for the defense of some of the freedom that external powers, particularly governments, seek to limit.

■ **John W. Culligan. Chairman and CEO: American Home Products** The most important element of any business is the concentration of its management on the very reason of why we are in business and that is to produce a profit. Oftentimes, that objective is lost in the number of decisions that are made each day by the managers at all levels of business. The most important question managers must ask themselves is how this particular project will either in the short term provide additional profit or in the long term will make for a more profitable company. If this concentration is maintained, surprisingly many of the poor projects and poor ideas fall by the wayside and the better ones surface to improve profitability.

Of course there are many elements that make up the profit-making decision. However, good financial control, good products, good marketing, and wisely spent research dollars generally will continue to increase profits, which in turn will provide a proper return for the investors for whom we work.

■ **C. T. Wyatt. Chairman: Costain Group** The core, the center, the essential starting point in managing anything is to have clear objectives. Management is making things happen and this means causing change. If you have not decided what you want to make happen, if what you want is unrealistic because it does not relate to the world as it is or will be, if it requires resources that you do not have or cannot create, if you do not make your plans known to those who have to carry them out, then you have not started. Spread the discussion about plans and objectives as widely as possible and there is some hope of stimulating ideas and cutting out stupidities, but after that condense and distill the objectives so that they are expressed in clear, direct language and no more numbers than are necessary. After that make sure that everybody knows what you are aiming to do. Spread it around.

■ **Lim Chin Beng. Deputy Chairman: Singapore Airlines** Advice, so often, is offered by the arrogant. In Singapore, and Singapore Airlines, where most still count themselves students, we tend to ask quiet questions. Here are some we continually ask of ourselves in pursuit of survival, progress, and excellence:

- Do we have a sense of vision and purpose for ourselves, our companies, and our country?
- Are we prepared to take tough decisions involving calculated risk, backing our decisions with the necessary cash and investment in human resources?
- Can we maintain high ethical standards and discipline in our workplace?
- Do we know what business we are in? Have we honestly compared our products with those of the competition?
- Have we acquired the most cost-effective, reliable equipment that can play its part in guaranteeing a superior service to our customers?
- Have we honored our commitment to continuous training of our personnel in new technology and personalized service to the customer?
- Do we remain determinedly consumer-oriented? Are we alert to the dangers of being *regulation*-oriented?
- Are we making full use of the opportunities that abound in the marketplace?
- Can we retain our flair for turning adversity to advantage without wasting time on plaintive hand-wringing and excuses?
- Are we still the trim, efficient, productive pioneers who helped to mold a successful company, against all odds, from nothing?

■ **Sir David Orr. Chairman: Unilever (74–82) Chairman: Inchange**

Good management is practiced in many forms and in a great diversity of business situations. Insofar as there are basic principles of “how to manage,” they would need to be applied very differently by a manager running a production department from those executives at or near the top of a large worldwide organization.

The directors and senior managers in Unilever are involved in operating an enormously large and very diversified business. We have to manage an organization that spans the world and a whole range of markets, technologies, and business situations.

We all have individual approaches—and I would be very worried if we didn’t—but I think most of us have certain aspects of our job to which we give particular importance:

- Making the right key appointments. We spend a great deal of time trying to get right the appointment of the top man and his top team in each of our many units. This only works if we also make sure that we have a system for identifying potential and developing talent and ability. The systems in themselves do not ensure success in this area any more than accounting systems ensure the correct financial assistance—but without the systems we would be unlikely to get it right.

Close behind in importance comes our approach to the reward and motivation of these people.

- Having the right people available for the key appointments means continuous attention to the whole area of training. It also involves the interchange and cross-posting of those who are going to hold key positions in order to ensure mutual understanding. Only in this way is it possible to develop a top management group who understand the complexities of the business and can pursue their own objectives within that wider understanding.
- Management of a large organization requires the monitoring of progress through key indicators. We have spent a great deal of time developing what seem to us to be the right indicators for our business. These indicators and the standards of achievement we seek have to be updated from time to time. Regular monitoring of volume, trading profits, use of working capital, return on gross capital (yield), and other key indices are a top priority.
- Over and above what is essentially a financial monitoring, I always want to keep a close eye on the customer. If the business is not continuously adjusting to what the customer requires, then trouble is probably around the corner. Maybe we are particularly conscious of this in the consumer goods business in which we have operated for so long.
- I suspect that ten years ago I might have stopped with the four

items above. But today nobody could talk about the management of a large multinational business without reference to the government and the whole interface of the business and society in which it operates.

■ **J. R. O. Cammell. Barlow Rand** It is my hypothesis that there is a public hostility toward business, especially big business, that is generated by a total lack of understanding of what business is, what it does, its contribution to society, and so forth. Clearly, this is an anomaly as most of us work or have worked at one stage in a business enterprise, but few understand the free enterprise system properly and even fewer understand “profit.”

What, then, should the modern manager do? I think he has an obligation to communicate to his internal and external publics, in language they can comprehend, the role of business and its contribution to society in terms of its social responsibility programs, achievements, etc.

Business cannot operate in a vacuum and out of pure self-interest. As an integral part of the community's fabric, businessmen would be wise to recognize that what they do and their rationale for doing it may not be as obvious to everyone as they assume.

■ **Umberto Agnelli. Vice Chairman: Fiat S.p.A.** When I talk of a culture adequate to the requirements of an industrial society or—for the sake of simplicity and language convenience—briefly of an industrial culture, I think of a framework in which reference to and interpretation of facts and events are based on rationality rather than utopia, upon the prevalence of pragmatism and critically empiric evaluation of outside reality rather than ideology and dogma, upon a tendentially positive appraisal of change rather than its reduction to a priori suspicious patterns. I think of a not provincial culture that is open to experiences realized elsewhere and ready to evaluate them dispassionately and critically and to receive them when they appear to be valid. I think of a culture that is aware of the dangers of bureaucratization and citizen alienation in advanced societies, which, however, does not refuse the industrial society but proposes to recover a substantial human dimension and democracy through participation, responsibility and decentralization; a culture that does not start from an a priori choice in favor of collectivism but tries realistically to look to the citizen both as an individual and a member of the community; and which, for these reasons, recognizes capabilities and merits of individuals.

I think of a culture that does not see democracy and efficiency as incompatible and that has a work ethic of its own.

Finally and above all I think of a tolerant culture: tolerant just because the complexity of a modern industrial society brings with it contradictions, conflicts, and a plurality of views and interests that has to be expressed and confronted.

In this context it is the manager as a citizen and an entrepreneur who bears well-determined responsibilities toward the country where he is busy. He should also be a politician in a broader sense, i.e., he should be an attentive observer of the social and political reality surrounding him, and should realize that his choices influence the external context and are not neutral. His professional skill should not be confined strictly to business problems; the requirements that he perceives on his job cannot and should not be enclosed in the industry's sphere.

■ **L. V. Planta. Chairman and Managing Director: CIBA-GEIGY, AG** It is often alleged nowadays that business plays a dominant role in the politics of the Western democracies, and internationally operating concerns are accused of wielding power untrammelled by government control. As a direct consequence, voices are raised in favor of increasingly stringent controls of business and for restrictions that would strike at the roots of the freedom that business needs to operate and would place its continued existence in grave jeopardy. One of the most important duties of the manager in a business setting is, therefore, to help to remove existing misapprehensions about what business is and what it aims to do. Because discussions on the relationship between business and the state must necessarily take place on a political plane, it is no longer possible to regard business as a structure independent of the state; and the businessman is therefore compelled to concern himself with politics.

It would be folly to pretend that business—which is, after all, an important part of human life—has no power. But business represents only one aspect of human society, while the state is responsible for virtually all aspects and especially for the interrelationships of individuals and groups with disparate and sometimes conflicting interests. In this capacity, the state is called upon to prescribe the degree of freedom that business shall be allowed to enjoy. It does this by laying down the principles of the economic system it intends to follow. By permitting freedom, the state also permits power, for every freedom brings power. In speaking of the power of business we speak, therefore, merely of that degree of power which the state sees fit to allow.