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PEOPLE IN
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JOHN HARVEY-JONES

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A Mandarin Paperback

ALL TOGETHER NOW

First published in Great Britain 1994

by William Heinemann Ltd

This edition published 1995

by Mandarin Paperbacks

an imprint of Reed International Books Ltd

Michelin House, 81 Fulham Road, London SW3 6RB

and Auckland, Melbourne, Singapore and Toronto

Reprinted 1995 (twice)

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A CIP catalogue record for this title

is available from the British Library

ISBN 0 7493 1960 7

Printed and bound in Great Britain by

BPC Paperbacks Ltd

A member of

The British Printing Company Ltd

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Sir John Harvey-Jones is one of Britain's best-known and most admired businessmen. He was chairman of ICI from 1982 to 1987.

Sir John's television series, *Troubleshooter*, with its clear-sighted look at British companies, became a national talking point in the late eighties and as chairman of ICI he topped the *Sunday Times* poll of captains of industry five years running. His most recent books include *Getting it Together*, which was a number one bestseller in 1991, and *Managing to Survive*.

Also by John Harvey-Jones

Making it Happen

Getting it Together*

Managing to Survive*

**available in Mandarin*

*For Ferdie – my closest
friend, whose example thirty-seven
years ago led me to seek
a career as a manager.*

Contents

ONE	The Conductor's Role	I
TWO	The Values	23
THREE	The Musicians	41
FOUR	The Audition	57
FIVE	First Practice	75
SIX	The Coach	95
SEVEN	Rehearsals	115
EIGHT	Playing in Harmony	135
NINE	The Applause	153
TEN	Rejection	179
ELEVEN	Requiem	195

ONE The Conductor's Role

There is practically no area of business where the difference between rhetoric and actuality is greater than in the handling of people. Every businessman will always claim that it is the people in his organisation who are the key to its success. Indeed it is difficult to argue anything else. A company consists of money (which can ebb and flow almost with the speed of light), of fixed investments (which by definition are obsolescent from the very moment that they have been made), and a range of products – and hopefully a market position – which are under continual attack from competitors who are trying to produce better and more desirable products for less cost. What a company does have, and handled rightly can maintain, is the commitment, skills and abilities of its people. This is constantly attested to by the statements in company annual reports – I cannot remember the last time I failed to see the chairman's last sentence paying tribute to his people. Yet despite all these facts our skills at enabling our people to give their best, and continuously beat the best that come against them, are remarkably tenuous. Moreover, this area of activity is seldom subject to

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the sort of analysis, debate and experimentation so readily devoted to fields such as production or marketing. Even though we are all wedded to the concept of continuous improvement, when did you last see an improvement plan for the management of your people? If you have seen one, I would bet long money that the plan referred to reduction of administration costs or overheads, rather than being a plan consciously adopted to enable more of our people to contribute more.

The problem is made even more difficult because we have no way of measuring how much better the whole outfit could do, let alone how much more each individual could contribute. Long ago work-study officers introduced the concept of 'rating' to address the rate at which people performed physical tasks, such as loading machines, opening valves or carrying out inspections, against a theoretical average. No such system exists to address, even in subjective terms, the rate of actual performance of people against their potential. The system does not exist for the very good reason that neither we nor they have any idea what that potential is. Each time we tell ourselves we have reached the limit we find we can go the extra mile. The fact that we do not have the tools to measure this gap does not, however, excuse us from making the effort. It is extraordinary that we are prepared to put more effort into improving our accountancy than into motivating our people. It is even odder that we would not expect a manager to manage any technical activity without exhaustive training, testing and coaching, while we

assume that any technically qualified individual can be put in charge of people and produce results.

During this decade many of the sources of competitive advantage on which companies have traditionally been able to rely are being eroded. There was a time when a technological lead gave one a substantial, sustainable advantage against the competition, but today, with information technology, the newest and the best is almost instantly available across the world. The speed of modern communications and the force of international competition require the quickest possible adoption of new ideas if companies are to survive at all. Failure, not just to keep abreast of the best but to keep ahead of them, is rewarded by instantaneous eclipse. Nor is size any longer a guarantee of competitive advantage or longevity. Few would have credited that companies such as General Motors and IBM, which appeared impregnable, would be facing the traumas all three are involved in today.

Business is becoming more and more akin to intellectual sumo wrestling. Business success is based ever more directly and speedily on the abilities of the people in the business to change, foresee trends, take acceptable risks, be more in tune with tomorrow's needs of today's customers and to set their stalls out for the myriad economic and social changes which are occurring. To seize advantage in these ways is not a matter of brute force, but one of finely honed intelligence, coupled with genuine qualities of character and a continuous dedication to staying ahead in the race. Just as athletics demonstrate continuously that it is the frame of mind of the

athlete, rather than sheer physical power, which is the decisive factor in winning, so it is with business. But the difficulty is that, while few will contest these statements, few also follow the logic of their beliefs through to a coherent and consistent philosophy which imbues their company from top to bottom. Nor will you find these issues the subject of endless board debate and introspection. Even companies which have a clearly expressed and understood company style to which they attribute their competitive advantage have often come to it more by accident than by planning. Grand Metropolitan, with whom I have worked for many years, is proud of its 'restless' style of management, which is never satisfied with its achievements. But this characteristic, the reality of which I can attest, derives at least as much from the character of the chief executive as it does from deep philosophical debate.

It is true that, stimulated by books such as Tom Peter's *In Search of Excellence*, companies now consider it almost essential to have a 'mission' statement and a statement of values as well as, in some cases, a statement of ethical beliefs. Most of these statements show more sign of careful drafting by groups of people than of deeply held emotional belief. The suggestion that a company should re-examine its attitudes and beliefs about its people as a key measure to competitive success provokes a reaction rather like that of the little man in the H. M. Bateman cartoon. Companies are embarrassed, but in addition the majority of those in business do not actually know how to discuss or analyse their attitudes to people and how to harness their potential. All

too often such a discussion changes into a debate about organisation, as though drawing lines on an organisation chart could alone change peoples' behaviour.

Recent years have seen the emergence of almost unbelievable dogma about the ways in which competitive business behaviour can be engendered in individuals. The most prominent of these is, I suppose, the belief that the unbridled and unfettered use of market forces will, on their own, ensure that people will give their best so that long-term effectiveness will ensue. The fear of unemployment, balanced by performance-related rewards, are thought to be enough in themselves to enlist whole-hearted commitment to excelling. The credo seems to be that men and women are motivated solely by economic considerations, and selfish ones at that, although I doubt that any reader of this book would recognise such behaviour in themselves. Indeed, fear of being fired is more likely to provoke a reaction of keeping one's head down and avoiding risk than a determination to succeed at a difficult task. All modern business is a matter of working with other people, both those within one's own company and outside suppliers and customers. Working with others calls for continual adjustment to their views and is a far more subtle pressure on the individual than sheer economics. The job of businessmen and women is to win – to create, lead, inspire and motivate teams of people who, by their creativity, speed of reaction, dedication and relevance to the needs of tomorrow, will ensure that their business gets in front and stays there.

There is increasingly a view that managing people is a

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science. At least one prominent academic attributes the failures of British management to our inability to view management scientifically. I spent the largest part of my managerial life in a science-based industry, a company, moreover, which had a well justified belief in the scientific approach. However, the essence of science is reproducibility. I suggest that anyone who has worked with groups of people would readily agree that people react to stimuli quite randomly. One has only to take a moment to examine one's own reactions to external events to see how much they are coloured by emotional and other considerations which dominate our lives and our thinking. We do not react predictably, like a substance in a chemical experiment. The same group of people will react to the same events differently on Monday than on Friday. On Monday the week lies ahead of them and they are looking ahead to what they want to accomplish. On Friday many will already be thinking of the weekend delights with their family. Moreover, on Monday their home circumstances may be totally different from those on Friday. On Friday, Joe may be worried about his wife's illness which started on Thursday evening, or Harry may be concerned about an argument with his girlfriend, or Sue may be deeply anxious about her child's forthcoming exam. All these factors affect the way we react to the instructions, exhortations or managerial decisions we are given in the workplace.

In my view, management is not so much a science as an art. It is an art because management consists of enlisting the freely given support of disparate groups of people at different times to achieve, by their own free will, an agreed common

purpose. The protagonists of scientific management receive my entire support when they plead that we should examine the facts behind management and managerial decisions more rigorously and attempt to learn from our previous experiences. But that is a far, far cry from claiming that people handled in particular ways will react predictably.

There has also been an ever more prevalent belief that in some way the logarithmic expansion of information technology and computing power will supersede the human brain, and reduce the human input into business. It is certainly true that these capabilities rendered unnecessary many of the routine tasks which have been done by human beings, but we blind ourselves if we think that business is going to be a computer chess game between our program and those of our rival company. Business is not a circumscribed operation. There are no defined rules, moves or actions, nor does it take place upon a prescribed stage. The essence of business is the almost total freedom which exists for any company or business to change itself in any way that the people involved wish it to. Far from replacing the human element in business, the growth of information technology places an even higher premium upon human skills. Even if it were possible to draw up computer programs to take ethical or market decisions, somebody would still have to define the limits of such decisions. I have made extensive use of market research in my business career, but anybody who believes that market research will always produce the right answer is failing to face facts. Some of the world's most successful products have been launched despite dire predictions of

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failure by the experts and scientific study of the potential demand for a product. It is well known that the Sony Walkman, one of the world's greatest successes, which created an entire new range of consumer products, was introduced by Morita, the boss of Sony, not only in defiance of market research but also of the views of his own managers. After all, by definition, people are unlikely to know that they need a product which does not exist, and the basis of market research in new and innovative products is limited in this regard.

Currently two completely contradictory views of the importance and role of people in business appear to be holding sway. The first is that only an elite minority of super-brains will be able to cope with the business demands of the future. The difficulty with this argument is that business is not just a question of logic and intelligence. Business is a battle of minds and wills. It calls for most extensive use of every human quality – be it courage, optimism, balance, judgement, humour, moral conviction, ethical values, sensitivity and so on. Unfortunately, from my own experience, the distribution of these human qualities does not equate with Mensa ratings of human intelligence. All of us are aware of the cliché of the absent-minded professor and the fact that men and women of breathtaking intellectual capability are often lacking in commonsense or the ability to deal with fellow human beings. Quite a surprising number of outstanding businessmen have been unsuccessful academically; neither Richard Branson nor Alan Sugar would claim to have achieved academic greatness, but few would argue

with their impressive achievements as businessmen. Moreover, most business decisions are already far beyond the capability of single minds and single individuals. Business decision-making is increasingly a collective operation in which the ability to play as a team member, to listen, to build on the ideas of others and to make two and two equal five rather than three and a half which is the key to success.

There is little doubt in my mind that tomorrow's business scene requires the potential abilities of every man and woman, more particularly in Britain since we seem to find it so difficult to develop the capability of our people, except under conditions of war. While the idea of a vast unemployable group of people, depending for their well-being upon the success of a small elite group, is taking hold, there is a growing reductionist tendency to look upon people simply as 'human resources'. I am by nature a mild-mannered man who likes to consider himself tolerant and understanding; however, when people are referred to as 'human resources' and are evaluated in the same way as money, raw materials or technology, a red haze settles over my eyes. People are not a resource, they are people – in their glory, variety and ability. The problem is that not only do we undervalue our existing potential, but that we do so little to grow and develop our people. Since retiring from ICI, I have met larger numbers and a wider range of business people at every level than I did during my years with that company. I invariably challenge every company I visit by asking them what proportion of the capability of their people they think they are using. I have yet to meet a single one claiming that they

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are using as much as a half of their people's capabilities if they were released. We talk continuously about the need to improve our productivity and, God knows, it is a dire need; yet we appear to accept with equanimity that in the world of work we are achieving less than half of our capacity. Luckily for us, few other countries do much better, but the potential for improvement is so vast that it is incomprehensible that we do not debate, study and struggle to do better.

If you believe, as I do, that people are the true potential area for the revival of British business, you tend to be looked upon as a crank or a hopeless optimist. Nevertheless, as I have travelled around I have been impressed by the success of those who have tried to set their businesses and organisations on new paths by releasing the energy, capability, creativity and enthusiasm of their people. A certain amount of lip service has been paid, and a whole new business jargon, containing terms such as 'empowerment' and so on, has come into being, but it still seems impossible to discuss publicly the practical things which people can do to effect these changes. Personnel management has been increasingly aligned with administration; indeed, in this country management is considered synonymous, according to the Oxford Dictionary, with administration, control, organisation and regulation. The negative aspects of management, particularly with regard to people, are continuously harped upon – but the concept of a totally different and broader approach to the involvement of people in businesses of every size still seems as far away as ever it was. I find this all the more astonishing because everyone in this country has had personal, practical