

There is a new corporate culture emerging in America today. This highly acclaimed book shows how every manager can achieve the competitive advantages necessary for the future success of every business.

# American Spirit

Visions of a New  
Corporate  
Culture

Lawrence M.  
Miller

**"An important  
landmark....  
I urge *all* to read it."**

—Thomas J. Peters,  
co-author of  
*In Search of Excellence*



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## Acknowledgments

This book is the product of the past fourteen years of fully enjoyed workaholism, travel, and periodic obsessive behavior. It is primarily the result of my opportunity to observe hundreds of managers at their places of work, an opportunity that would have been impossible if it was not for the heroic tolerance of my wife, Carole, and my children, Lang, Natasha, and Layli.

The writing of a book such as this is a mere data dump. The more difficult task is the data acquisition. The ideas expressed in this book have many origins and many individuals have contributed their thoughts, feedback, and examples.

The origin of this work is personal, not professional or scientific. Over the past number of years I have struggled to integrate my understanding of the transformations taking place in American management and my beliefs about the nature of man and the larger flow of human history. The writings of the Baha'i Faith served as a major source of inspiration, providing a model of an alternative relationship between man, institutions, and society.

My colleagues have suffered through dozens of what must have been unbearable dissertations on conceptual models, most of which were tossed overboard. Tom Werner served as a particularly good ear. Jennifer Howard was always the most practical-minded and helped me keep at least one foot on terra firma. Randa Wilbur and Jane Porter were most helpful in their feedback and reinforcement. Bob Lorber has served as a

constant source of moral support and encouragement. It is unlikely that I would have begun the long journey that has led to this book were it not for the very early help of Ralph E. James, Jr., and Ed and Marti Itkin.

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Perhaps the most credit is due to those managers who have had the courage and foresight to initiate and manage effectively a culture change process within their firms. They have taken into full account the values and spirit they wish to instill within their organizations. Perhaps the most impressive change I was associated with has been that at the Continental Can Company. Steve Rexford, Armand Zazueta, and Greg Horrigan deserve full credit for planning and sweating through a change in values, behavior and culture so thorough as to convince the most skeptical. Nevius Curtis, CEO of Delmarva Power, helped me believe that some top managers are genuinely pursuing the integration of their most lofty values with the effective management of their businesses. Warde Wheaton and other executives at Honeywell also served as excellent models.

I owe Spencer Johnson and Ken Blanchard a special thanks for convincing me that writing (and reading) may be useful and influential without being tedious.

# Introduction

What is lacking in the frenzy to find new management practices is an examination of the soul and spirit of management, the foundation upon which management's right to manage rests.

As I left the Exxon Building, I felt the blanket of Houston's August heat and humidity surrounding me with awesome force. It merely intensified my dissatisfaction. There was something unfair and uncontrollable at work. I had spent the day with one of Exxon's vice-presidents, a young and extremely dedicated executive whom I admired. Despite his twelve-hour days, his intelligence and energy, he was suffering punishment from above and below. It was the time of gas lines, oil shortages, and accusations of deficiencies of character directed at the senior executives of the most visible oil firms.

My firm had been employed to assist in an effort to improve the productivity and job satisfaction of the headquarters staff. As was our pattern, I was helping the executives evaluate and change their own management style while also assisting in the training in and the implementation of new practices in lower echelons.

The vice-president was caught in a vise similar to that of many other executives. He read widely and had accepted the challenge to change the culture of his organization. He understood the necessity of developing a culture that would

result in more involvement and recognition for subordinates. Yet, if he pursued this change in his own behavior, he would contradict the accepted style of his successful superiors. He was being pressured to change by his subordinates, his own beliefs, and his strategic understanding of corporate productivity. However, he was confronted daily with the contradictions of style on the part of his superiors, contradictions that made everyone question whether or not his efforts had any hope of lasting beyond his predicted temporary tour of duty. Worse yet, those who were contradicting his style were in a position to judge his future. The differences in beliefs between this young executive and his superiors was the gap between generations: They acted on different values, different assumptions about the roles of managers and subordinates.

The cab drivers of Houston provide their own variety of Old West entertainment between the center of the city and the airport. The thrill was sufficient to help me forget that I had left my client in a state of conflict no less severe than when I arrived. Once in the comfort of the plane, I attempted to ignore my own dissatisfaction by retreating to the pages of one of the then-popular books on Japanese management. My dissatisfaction increased. Japan, Japan, Japan! If I read one more word about Japanese management, I would scream. Neither the executives of Exxon, nor those of any other of our clients would adopt the mold of the Japanese.

After fourteen years of assisting America's best corporations in their efforts to improve productivity, I had full confidence in our management techniques but decreasing confidence that any management technique alone was sufficient to the task. My colleagues and I had implemented performance improvement efforts in manufacturing and sales

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organizations of 3M, American Express, Ford Motor Company, and about a hundred other firms. We knew that by increasing involvement, positive reinforcement, and feedback we could better productivity in most organizations. However, those techniques, as much as they improved performance in the operations, were not adequate to address the more fundamental questions facing American management. Managers were facing a crisis of self-confidence, a questioning of the basic beliefs upon which their right to manage was founded.

As I spoke to growing numbers of executives about productivity, quality, and U.S. versus Japanese management, I became increasingly convinced that a new statement of beliefs about management's role in the American corporation was needed.

My own discussions with executives about their management began to change. When I asked them about their own values, and about the values that they wished to see instilled in their firms, I found they were giving a great deal of thought to the culture of their corporations and to the cultures that would be required in the future. Out of these sessions I was able to start defining the values of the future corporate culture.

There is a new corporate culture emerging in American business. The decline of the old business culture and the struggle to establish a new one can be observed in almost every major corporation in America. Its motive forces are the financial necessity of improved productivity and quality and the demands made by employees for a more satisfying work environment. But new cultures are not built upon material necessity alone, they result from the creation and acceptance of new values, new visions, a new spirit. New

cultures emerge when leaders proclaim and demonstrate those values through their own behavior.

This book examines the new values, visions, and spirit that are arising in the American corporation. It is not concerned merely with the techniques of the new management, it is concerned with its soul.

The current anxiety about the American corporation and its productivity has resulted in a furious investigation of management techniques. Experimentation has never been greater, and it is clearly the result of the new economics of world competition. However, while this experimentation is healthy and encouraging, it is focused primarily on technique or structure. New techniques or structures succeed because they are an expression of an accepted value or spirit. The Catholic Church represented the creation of a new organization, a new structure. It could not have evolved in the absence of the spirit of Christianity that was its motivating force. Any explanation of its creation that ignores the values upon which it was built is inadequate. This motivating spirit created a willingness to sacrifice personal well-being for a higher purpose, a vision of the future. The American government as a structure similarly did not emerge simply because a technician perceived that the separation of powers, checks and balances, and representative democratic process were superior to other preceding forms of government. On the contrary, there was again a new ideal, a new vision of the future, a new spirit, articulated in the Declaration of Independence. The soul of a new nation was born.

There are values and a spirit at the foundation of how we organize and manage our corporations. These values are the deeply held beliefs, often unarticulated, that are the product

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of the culture's conditioning, its heroes, myths, and fears. These beliefs have emerged over the course of our nation's development, silent partners in the management of America's business. The answer to improved productivity, the remotivation of the business corporation, will not be found in simple management techniques. It will be found in the acceptance of and action upon new values. What is lacking is an examination of the soul and spirit of management, the foundation upon which management's right to manage rests.

The acceptance of new values has the power to create new cultures. Western culture has its roots in the Judeo-Christian tradition. American culture was created by the values of freedom of speech, religion, and the press. The culture of American commerce was founded on the ideas of free enterprise, free trade, and the novel notion that any individual could, with wit and work, attain wealth. The Marxist idea of the distribution of wealth according to need was sufficiently powerful, albeit flawed, to create revolutions. Thus, simple ideas can possess enormous power—the power to create a new society and to achieve a new standard of living. They can be the catalyst for the release of human potential. If we are to create new cultures within our corporations, we must determine upon which values we will build those cultures.

We take values for granted. The managers of our corporations are largely unaware of the cultural forces upon which their actions are based and cannot therefore question or alter those forces. How many managers understand the cultural roots of the command leadership that they habitually practice? How many realize they are operating in blind obedience to the conditioning of years of movies and television that proclaimed models that led to victory in ages now past? These

managers act on assumptions that are likely to be of little benefit to the corporation of the future. What are the values, the spirit of management upon which the future corporation must be built? What are the values that will promote competitive success in the new world in which the corporation must compete on a global scale?

I have identified eight primary values which I believe will lay the foundation for a new competitive American corporate culture. These values are not borrowed from another country in the hopes that their implantation here will duplicate foreign success. We are too good for that. The American culture is too strong, too unique, too deep; it has been and will continue to be a model for the rest of the world. The competitive spirit is strong and well in American business, and it is this spirit that will propel us toward change. To compete is to seek a better way, to change, and it is what we do best.

The eight values are labeled “primary values” because they are applicable to the management of all organizations, and indeed many successful companies are already acting on them. I have selected these eight because my colleagues and I have observed they are the ones most related to high innovation, loyalty, and productivity. In brief, here they are:

## THE PURPOSE PRINCIPLE

We all have a need to confirm our self-worth. Self-worth cannot be achieved in the absence of a sense of contribution to some higher purpose. Leaders fulfill this need. They communicate purpose to those who follow. The ability to communicate a valued purpose is a rare art among corporate managers. Achieving return on equity does not, as a goal,

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mobilize the most noble forces in our souls. The most successful companies have defined their aims in terms of product or service and benefits to customers in a manner that can inspire and motivate their employees. Most corporations do serve a worthy purpose. Individuals seek to identify with it. The competitive leader will make the connection between our souls and our work, and will benefit from the energies released.

### THE EXCELLENCE PRINCIPLE

Our culture values comfort, both material and psychological. We feel we should achieve personal satisfaction and fulfillment. We not only value this comfort, but feel that it is our due. We do not welcome personal tests and trials, we seek to avoid them and view them as contrary to satisfaction. Satisfaction and excellence are inherently in conflict. Satisfaction implies acceptance of things as they are. Dissatisfaction is the source of motivation. It leads to actions to change that which is the source of discomfort. The achievement of excellence can occur only if the organization promotes a culture of creative dissatisfaction.

### THE CONSENSUS PRINCIPLE

Managers are stuck in the culture of command. They feel an excitement, an exhilaration when they are able to command. Unfortunately, command behavior is what was successful in the crisis climate of battle. The leader of old marched ahead of his troops because he was the strongest and the most brave. He exemplified the values that were important to that organization. The future corporation will not march into battle. It will

succeed by its ability to bring ideas together, to stimulate the employees and managers to think creatively. The employee will not be asked to risk life and limb for his superior. He will be asked to risk sharing his thoughts and feelings. He will be asked to focus not his physical energies, but his mental energies. This change in task necessitates a change from command to consensus.

## THE UNITY PRINCIPLE

Our corporations maintain the traditions of a class society. We maintain the distinctions of management-labor, salary-hourly wage; exempt-nonexempt, thinker-doer. They are all false distinctions, the old, useless baggage of a deceased society, carried forward into a new world. We live in an age of unity, of integration, when distinctions that disunite and limit people are inherently counterproductive. There are other traditions from our past to which management must return. There was a time when ownership and identity with the job were a source of pride. The industrial age, with the anonymity of mass production, swung the pendulum from ownership to alienation. The electronic age, with its emphasis on information, the flexibility of information technologies, and the psychological needs for community, identity, and a source of personal worth, will swing the pendulum back toward ownership. The competitive corporation will accept the value of fully involving the individual in its workings and decision making so that he or she again feels in unity with and ownership for his work.

## THE PERFORMANCE PRINCIPLE

In Western society the corporation is the agency that metes out more rewards and punishments than any other. The

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prevalent principle by which it distributes its rewards is power. Those who organize, those who are in short supply, those who can control have power and are rewarded in proportion to that power. The distribution of rewards according to power is as old as our civilization. However, this system contains within itself the seeds of its own destruction. When rewards are granted without regard to performance, productivity suffers. When they are tied to performance, individual and corporate performances improve. If the corporation is to succeed in the new era we are entering, it must reevaluate the values by which it distributes its rewards. In the future rewards must be granted according to the value of performance, a value not currently exhibited at the level of the chief executive or the union apprentice.

## THE EMPIRICISM PRINCIPLE

We are not skilled thinkers. Much of the explanation for the poor performance of American industry in recent years can be found in the sloppy mental habits at every level of our organizations. It is a myth that American managers manage by the numbers. Most of them have little understanding of data, statistical methods, the use of empirical analysis. However, this is only a reflection of the larger culture. We are a nation of sloppy thinkers. In the school, in the supermarket, and in the executive suite we make decisions based on gut reactions that are often easily manipulated. Intuition is most useful when it is founded on a sound knowledge of the facts. Intuition in the corporate culture is more often an excuse for lazy and undisciplined analysis. If we are going to improve our corporate performance, we must begin to teach the value

of statistics and their appropriate use at all levels of the corporation.

## THE INTIMACY PRINCIPLE

The military model of management was necessarily impersonal. In battle the cost of personal involvement in the psychological world of another individual presented too great a risk to the emotional well-being of the leader. This is our tradition. Strength is represented as a detached, masculine absence of emotion and intimacy with fellow human beings. Management style will inevitably change because the future corporation is faced with a different challenge. The new challenge will be to tap not the physical labor of the individual, but his inner thoughts, his emotional and spiritual energies. This will require an intimate culture. Tasks will be accomplished when individuals are able to share openly without risk of emotional punishment, when managers have intimate knowledge of their subordinates' thoughts, feelings, and needs. But intimacy requires a strength and security that are not promoted in most American corporate cultures.

## THE INTEGRITY PRINCIPLE

Decision making in our organizations has become dominated by a concern for legalisms, regulations, and precedents. Integrity is the foundation upon which must be built all other values, and upon which rest the trust and relationship between individual and corporation. The ability to discriminate between what is honest and what lacks honesty is a skill that is critical to the establishment of the new corporate culture. We live in a society of law and legalism in which the lawyer

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has become the corporate high priest of right and wrong. That which is honest has become confused with that which is permissible by law. Our managers and corporations generally adhere to what is legal. However, the law does not specify what is right, and it is a poor guide to making the decisions that will establish trust and unity between individuals and organizations, between customers and suppliers. These relationships have deteriorated to the point where they represent a drag not only on productivity within major corporations but also on their ability to market their products in this country. When managers are able to discern and act on that which is honest in spirit, trustful business relationships will be reestablished.

The American corporation is not dearly loved by the populace. The corporation is viewed as an impersonal edifice of materialism. It neither inspires man to achieve his highest aspirations nor inspires the loyalty and devotion that would contribute to its own purpose. American managers have a tradition of pragmatism which is a traditional source of strength. However, this pragmatism may require the balance of new values that are lofty, that do inspire the imagination, engage the loyalty and devotion of the common man.

I share the concern expressed by Michael Novak in *The Spirit of Democratic Capitalism* that Marxism, despite its record of failure to provide material well-being, has succeeded in capturing the imagination and dedication of masses of people. It has done so precisely because it is uninhibited in its expression of lofty ideals and principles. American capitalism has failed to win the imagination and devotion of the world's population, and it has succeeded in eliciting the worst emo-

tions from a large mass of the population. This is not entirely the result of the rhetoric of Marxism. It also arises out of a failure to define and express our purpose in terms that are inspirational. Ideas must be expressed in ways that appeal to the individual and that allow him to feel that he is dedicating himself to a noble purpose, that his efforts have meaning, and that he is contributing to the building of a future of which he can be proud. This is the foundation of motivation.

The search for meaning and significance is a central characteristic of the human soul. Every person would like to find meaning and significance in his or her work. How many corporations provide this opportunity? The degree to which an organization is perceived to be in pursuit of and is acting consistent with noble ideals is the degree to which it is possible for the individual to believe that his or her efforts on behalf of that organization will be personally meaningful and significant. It is this spiritual deficiency in the culture of our corporations that we must address.

It is my hope that this book will assist managers to examine the values of their own corporations. I am not so foolish as to assert that the values proposed are the "right" values. However, I am confident they will contribute to effectiveness within the corporation and to meaning and satisfaction for the individual. I will have succeeded in my purpose if managers are stimulated to examine the values upon which they are acting and those which they will need to incorporate in the future.

The book is organized into two parts. Part I presents the eight primary values, those that I consider to be applicable to all organizations in the new era we are entering. Part II presents a model for creating strategic and tactical changes to