NORTHWESTERN GRADUATE MANAGEMENT SCHOOL  
September 19, 1983  

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IF YOU FOLLOW THE BEST-SELLER LISTS YOU KNOW THERE'S ONLY ONE  
THING THAT SELLS AS WELL AS A NEW DIET BOOK, AND THAT'S A NEW  
BOOK ON BUSINESS MANAGEMENT THEORY. NO DISCIPLINE IS MORE  
SUBJECT TO FADISM THAN MANAGEMENT THEORY. ACTUALLY "MANAGEMENT  
DISCIPLINE" IS PROBABLY AN OXYMORON.  

[OXYMORONS - OLD NEWS, JUMBO SHRIMP, AIRLINE FOOD, HEADQUARTERS  
ORGANIZATION, STAFF WORK -- NEGATIVE GROWTH, PARTIALLY  
COMPLETE, AND CLEARLY OBSCURE]  

ANYWAY, BACK TO MANAGEMENT THEORY. IF IT'S NOT MANAGEMENT BY  
OBJECTIVE, IT'S THEORY Z. IF IT'S NOT STRATEGIC PLANNING, IT'S  
THE ONE MINUTE MANAGER. A FEW YEARS AGO, IT WAS THE MAVERICK  
EXECUTIVE. THIS YEAR IT'S IN SEARCH OF EXCELLENCE. BOTH OF  
THOSE, INCIDENTALLY, ARE LISTED AS NON-FICTION -- AS ARE ALL  
BUSINESS BOOKS -- BUT SOMETIMES YOU HAVE TO WONDER. IT'S  
REALLY NOT SO MUCH THE THEORY THAT'S THE PROBLEM, IT'S THE  
ILLUSTRATIVE EXAMPLES THAT ARE USED. THEY DISPROVE THE  
THEORIES AS MUCH AS THEY PROVE THEM.
THE MAVERICK EXECUTIVE, for example, has to do with operating contrary to conventional wisdom. THE MAVERICK EXECUTIVE, the author says, has one distinctive asset: freedom from anxiety and the problems that arise from it. And he gives an example of the model maverick executive....JOHN Z. DELOREAN. Well, in fact, there's no denying the effectiveness of John Delorean at GM. There's also no denying the demise of Delorean Motor Car Company. So there's a clue -- things in real life are just a bit more complicated than simplistic best-seller theories make them out to be.

Now, this year we have IN SEARCH OF EXCELLENCE. Once again it's basic thesis -- the so called "Evolutionary Theory of Management" -- the insight into "Managing Ambiguity and Paradox" have great intuitive appeal. But then paradox in human nature is hardly a novel thought -- as any even casual reader of Greek mythology well knows. To underpin the theory, eight characteristics of excellent companies are pointed out, and they have a kind of common sense appeal. After all, "A bias for action," "Stick to your knitting," "Hands-on" were principles our parents taught us early in life when we were sent out to clean the garage, mow the lawn, clean the bathrooms or whatever [mother, grandmother - outhouse]. And the characteristic singled out for special mention -- "Close to the customer" -- is simply a self-evident truth of the sales world.
THE PROBLEM ISN'T PRINCIPLES -- IT'S APPLYING THEM. LOOK AT THE ILLUSTRATIONS GIVEN BY IN SEARCH OF EXCELLENCE. THREE OF THE FIVE COMPANIES HELD UP AS PARAGONS OF "BIAS FOR ACTION" HAVE GONE INTO SUCH DEEP FINANCIAL TROUBLE IN THE PAST TWO YEARS THAT THEY WILL PROBABLY BE CHANGED STRATEGICALLY MORE. SO JUST LOOKING AT THOSE EXAMPLES LEADS TO THE PRINCIPLE THAT: "IF YOU HAVE A BIAS FOR ACTION, THERE IS A 60 PERCENT PROBABILITY THAT YOU WILL IRRETRIEVABLY MESS UP YOUR COMPANY."

AND AS FAR AS THE HALLOWED "CLOSE TO THE CUSTOMER" IS CONCERNED, TWO OF THE THREE HIGH TECHNOLOGY EXAMPLES CITED FOR BEING DRIVEN BY "SERVICE, QUALITY AND RELIABILITY" HAVE BEEN ACQUIRED. SO THE MORAL IS OBVIOUSLY "BEING CLOSE TO THE CUSTOMER IS A GOOD FORMULA FOR LOSING YOUR COMPANY."

WELL, AS YOU CAN SEE EXPLORING THE SEA OF BASIC MANAGEMENT PRINCIPLES IS A MURKY AND RISKY BUSINESS AT BEST. BUT AS COLLEEN MCCOLLAGH WROTE IN THE CLOSING LINE OF THE THORNBIRDS: "AND STILL WE DO IT, AND STILL WE DO IT."

AND I'M NO EXCEPTION. WHAT I AM GOING TO DO FOR THE NEXT FEW MINUTES IS TO TALK ABOUT FIVE BASIC PRINCIPLES OF MANAGEMENT -- PRINCIPLES DISTILLED OUT OF 25 YEARS OF PERSONAL MANAGEMENT EXPERIENCE. I BELIEVE THEM, I KNOW THEY WORK FOR ME -- I KNOW THEY WORK FOR OTHERS -- THEY ARE OFFERED ONLY IN THE HOPE THAT IN SOME SMALL WAY THEY MAY HELP YOU TOO. IF THEY DO, REMEMBER WHERE YOU HEARD IT; IF NOT, PLEASE PRETEND YOU READ IT IN SOME BOOK ON MANAGEMENT THEORY.
THE FIRST PRINCIPLE MAY WELL BE THE ONLY ONE THAT REALLY COUNTS AND IT DOESN'T HAVE TO DO WITH "HOW?" AT ALL -- IT DEALS WITH "WHY?"

THE REWARD OF MANAGEMENT

WHY BE A MANAGER -- AN EXECUTIVE -- AT ALL? IT'S ACTUALLY QUITE STRAIGHT FORWARD: THE MANAGERIAL JOB OFFERS ONE OF THE BEST OPPORTUNITIES AROUND FOR A MEANINGFUL LIFE. DEALING WITH THE COMPLEX INTERACTION OF PEOPLE, THE WORK TO BE DONE AND CHANGE IN THE WORLD AROUND YOU IS CHALLENGING, EXCITING -- AND SATISFYING. BUT BEYOND THAT, MANAGEMENT OFFERS THE OPPORTUNITY TO WORK WITH OTHERS IN THE MOST REWARDING WAY CONCEIVABLE -- TO SIMULTANEOUSLY LEARN FROM AND TEACH OTHERS. THAT MEANS A DESIRE TO LEARN AND OPENNESS OF MIND ARE FUNDAMENTAL TO MANAGERIAL EXCELLENCE. THE SATISFACTION -- THE REWARD -- THAT COMES FROM THIS TEACHING/LEARNING PROCESS EXCEEDS ALL OTHERS. IF YOU DON'T WANT IT, DON'T FEEL IT, YOU SHOULDN'T MANAGE.

NOT LONG AGO I READ THE DEVELOPMENT PLAN A MANAGER HAD PUT TOGETHER FOR HIMSELF. HIS GOAL WAS STATED AS FOLLOWS: "I WOULD LIKE TO BE INVOLVED IN ADVANCED TECHNICAL WORK -- NOT NECESSARILY AS A PROJECT MANAGER -- AFTER I HAVE ACHIEVED MY GOAL OF BECOMING A VICE PRESIDENT." ISN'T THAT INCREDIBLE? ISN'T THAT SAD? AN EXCELLENT TECHNICAL PERSON WHO REALLY
DOESN'T EVEN WANT TO BE A PROJECT LEADER -- WHOSE MOTIVATIONS ARE APPARENTLY NON-PEOPLE DRIVEN -- STRAINING TO BE A TOP EXECUTIVE IN ORDER TO ACHIEVE RECOGNITION, OR MONEY, OR SOMETHING.

ON THE OTHER HAND, LET ME GIVE YOU TWO PERSONAL EXAMPLES OF WHAT I MEAN BY REWARD [TICKETRON STORY].

MCC -- THE MICROELECTRONICS AND COMPUTER TECHNOLOGY CORPORATION -- IS A COOPERATIVE RESEARCH VENTURE AMONG (A DOZEN) MAJOR U.S. TECHNOLOGY FIRMS. SOME OF YOU MAY HAVE READ ABOUT IT. IT'S A RESPONSE TO THE RISING INTERNATIONAL -- ESPECIALLY JAPANESE -- CHALLENGE TO THE U.S. SEMI-CONDUCTOR AND COMPUTER INDUSTRIES. MCC WAS FORMALLY LAUNCHED THIS PAST FEBRUARY. THE EFFORT BEGAN A YEAR EARLIER WHEN A GROUP OF 15 TOTAL STRANGERS MET IN ORLANDO, FLORIDA. THESE PEOPLE HAD ONLY TWO THINGS IN COMMON: 1) THEY WERE DEEPLY CONCERNED ABOUT THE ON-COMING TECHNOLOGICAL COMPETITION FROM JAPAN, AND 2) THEY FEARED THE IDEA OF COOPERATION WAS AT BEST IMPRACTICAL AND AT WORST PROBABLY ILLEGAL, IF NOT IMMORAL.

IN THE END THE FEARS WERE OVERCOME AND THE CONCERN WAS FORGED INTO A POWERFUL POSITIVE FORCE. A FEW DROPPED OUT BUT THE REST BECAME A TEAM WITH A MISSION TO CREATE A MECHANISM FOR SHARING SCARCE TECHNOLOGICAL RESOURCES: AS A TEAM WE ACCOMPLISHED
SOMETHING PEOPLE SAID COULDN'T BE DONE IN U.S. INDUSTRY, AND I HAD THE SATISFACTION OF BEING ITS LEADER. I ASSURE YOU NO MATTER WHAT YOUR JOB TITLE, YOU CAN'T BUY THAT KIND OF FEELING OF SATISFACTION AND PRIDE AND CONFIDENCE WITH ANY AMOUNT OF MONEY. PEOPLE, HONESTLY SUPPORTED, GIVEN GUIDELINES OF INTEGRITY, AND TRULY MOTIVATED CAN ACCOMPLISH INCREDIBLE THINGS. AND, MANAGERS MAKE THAT HAPPEN. THAT'S YOUR REWARD FOR EXCELLENCE. IF YOU FEEL IT, DESIRE IT, YOU'LL BE GOOD. IF YOU DON'T, DO SOMETHING ELSE — THERE'S LOTS OF GOOD WAYS TO MAKE A LIVING.

THE SECOND PRINCIPLE CONCERNS STYLE. BY STYLE, I MEAN THE DEVELOPMENT OF AN INDIVIDUAL APPROACH TO ACHIEVING GOALS AND SHARPENING YOUR PERSPECTIVE AND ABILITIES, OF DEALING WITH YOUR PEOPLE. WHEN I'M OUT CROSS COUNTRY SKIING OR BACK-PACKING, I NOTICE THAT NONE OF THE PEOPLE HAVE QUITE THE SAME EQUIPMENT OR STYLE. BUT, THEY UTILIZE WHAT IT TAKES TO SUIT THEIR NEEDS AND TO HELP THEM GET WHERE THEY WANT TO GO.

YOU NEED TO DEVELOP AND MASTER AN INDIVIDUAL STYLE THAT IS COMFORTABLE FOR YOU -- TO GET YOUR JOB DONE. WE AREN'T ALL MAVERICK EXECUTIVES OR ONE-MINUTE MANAGERS. IF YOU TRY TO DUPLICATE ONE OF THOSE THEORIES, YOU WILL FAIL -- GUARANTEED --
YOU GO FOLLOW THAT SCRIPT IN THE ONE MINUTE MANAGER AND YOU WILL FAIL -- ABSOLUTELY. OR TAKE THE RECIPE FROM IN SEARCH OF EXCELLENCE -- GO BUILD YOUR COMPANY FAITHFULLY USING THE EXAMPLES:

- **A BIAS FOR ACTION** - THROW IN LOTS AND LOTS OF AD HOCRACY - TASK FORCES FOR EVERYTHING.

- **CLOSE TO THE CUSTOMER** - DOCUMENT YOUR SALES CALLS REPORTS - ADD THEM UP AND PUT THAT DOWN AS YOUR PRODUCT STRATEGY.

- **ENTREPRENEURSHIP** - FOLLOW THE CITED EXAMPLE OF PARALLEL PROJECTS WHICH CONCLUDE WITH "SHOOT-OUTS."

- **STICK TO YOUR KNITTING** - NEVER MAKE AN ACQUISITION OF MORE THAN $10 MILLION.

- **LEAN STAFF** - MAKE A RULE CORPORATE STAFF NEVER MORE THAN 30 PEOPLE. EVERYTHING BEYOND THAT MUST BE IN THE DIVISIONS.

- **HANDS-ON** - TOUR EVERY PLANT OR OFFICE AT LEAST ONCE A QUARTER.
PEOPLE - HAVE FRIDAY NIGHT BEER BUSTS - BE A STICKLER FOR DETAIL, HAVE NO DIVISION OF MORE THAN 100 PEOPLE AND HAVE AN ANNUAL PIP.

AND ABOVE ALL EMPLOY A LOOSE TIGHT FORMULA USING OST AND PCC'S OR WHATEVER OTHER THREE LETTERS YOU CAN FIND IN A BOOK.

AND WHAT YOU'LL HAVE IS THE UNGODLIEST CONGLOMERATION THE BUSINESS WORLD HAS EVER KNOWN -- NOT TO MENTION MOST LIKELY ITS MOST SPECTACULAR FAILURE.

ON THE OTHER HAND, WHAT IS THIS "CULTURE" OR "STYLE" THEORY REALLY ALL ABOUT? THE POINT OF IT ACTUALLY -- IS THE MANAGER'S OBLIGATION TO PROVIDE AN ENVIRONMENT THAT WILL ENABLE HIS OR HER SUBORDINATES TO REALIZE THEIR FULL POTENTIAL. THE MANAGER MUST GENUINELY WANT TO SEE THEM SUCCEED AND, OF COURSE, ALSO MAKE SURE THEY ARE RECOGNIZED FOR THEIR SUCCESS.

IN OUR SUBORDINATES, AS IN OURSELVES, WE WILL FIND FEARS AND ANXIETIES, THE FEAR OF FAILURE, JUST PLAIN CONCERN. AS WITH THE FORMATION OF MCC, THESE CAN BE USEFUL, EVEN POWERFUL MOTIVATORS. BUT ON THE OTHER HAND, THE MANAGER WITH INSIGHT AND BALANCE KNOWS THE DIFFERENCE BETWEEN "USE" AND "EXPLOITATION." ACCOUNTABILITY AND CONSISTENCY ARE THE KEYS TO MANAGERIAL BALANCE.
ACCOUNTABILITY WILL PRODUCE SELF-IMPROVEMENT, SELF-MOTIVATION AND SELF-DISCIPLINE. ANY TYRANT CAN INDUCE "SWEATY PALMS" -- BUT GOOD LEADERSHIP WILL INDUCE SELF-DISCIPLINE.

CONSISTENCY COMES FROM A STRONG SET OF PERSONAL BELIEFS AND A SENSE OF FAIRNESS. BEING FAIR...LET ME SAY FIRST OFF WHAT THAT DOES NOT MEAN. IT DOES NOT MEAN TO BE ACCOMMODATING OR TO HAVE A GOODIE FOR EVERYBODY. OF COURSE, BEING FAIR MEANS NOT TO EXPLOIT ONE PERSON TO THE ADVANTAGE OF ANOTHER. BUT MORE IMPORTANT IS THE ELEMENT OF FAIRNESS BETWEEN MANAGER AND SUBORDINATE -- A WILLINGNESS TO LISTEN AND THE KNOWLEDGE TO BE ABLE TO MUTUALLY EXPLORE PROBLEMS AND SOLUTIONS, A WILLINGNESS TO CHANGE BUT NO PROPENSITY TO DO SO. FAIRNESS DEMANDS THAT THE MANAGER HAVE STRONG OPINIONS. YOU HAVE GOT TO BE INTELLECTUALLY TOUGH -- DOWNRIGHT HARD HEADED -- NOT DOGMA, BUT BELIEFS WHICH ARE THE PRODUCT OF HARD STUDY, UNDERSTANDING AND DEVELOPING REFERENCE POINTS.

BUT FAIRNESS WILL COME TO THE MANAGER, MORE THAN FROM ANYTHING ELSE, IF THE OBJECTIVE OF FURTHERING THE ENTERPRISE IS PLACED ABOVE ALL OTHERS INCLUDING HIS PERSONAL GOALS. IF THAT SOUNDS LIKE THE OLD CALL TO "GIVE IT ALL" FOR THE COMMON GOOD THEN SO BE IT.
MANAGEMENT RESPONSIBILITY


WE HAVE ALL HEARD THE DEBATE OVER WHETHER BUSINESS HAS A SIMPLISTIC PURPOSE -- PROFITS -- OR A MORE COMPLEX PURPOSE, INCLUDING THE BROAD AREA TERMED "SOCIAL RESPONSIBILITY." WE CAN STATE THE PURPOSE OF BUSINESS SIMPLISTICALLY -- IT IS SURVIVAL. ONLY BY STAYING HEALTHY CAN IT SERVE ITS SEVERAL STAKEHOLDERS. BUT FINANCIAL HEALTH IS ONLY ONE DIMENSION -- JUST AS EATING AND BREATHING ARE NECESSARY TO LIFE BUT HARDLY REPRESENT THE DEFINITION OF A FULL AND HEALTHY EXISTENCE.

SOCIETAL CHANGE CAN JUST AS SURELY THREATEN -- OR PROVIDE OPPORTUNITY TO -- A BUSINESS IN ITS QUEST TO SURVIVE. THE RESPONSIBILITY OF THE MANAGER IS TO CORRECTLY SENSE THE BUSINESS ENVIRONMENT AND ITS CHANGES AND ESTABLISH STRATEGIES TO INSURE HEALTHY SURVIVAL. AS YOU CAN READILY SEE, THIS IS WHERE THE OLD "CLOSE TO THE CUSTOMER" COMES IN. BUT IT GOES FAR, FAR BEYOND THAT. ONLY BY PARTICIPATING IN THE WORKINGS OF THE WORLD IN WHICH YOUR BUSINESS EXISTS DO YOU EVEN HAVE THE OPPORTUNITY TO SENSE CHANGE.
ONE REALLY EXCELLENT FORM OF EXERCISING THIS RESPONSIBILITY FOR LEADERSHIP — OUT OF WHICH WILL FLOW AWARENESS — IS TO PARTICIPATE IN SOME FORM OF COOPERATIVE VENTURE.

LET ME GIVE YOU TWO EXAMPLES FROM MY OWN EXPERIENCE:

1) CITY VENTURE

CITY VENTURE IS A FOR-PROFIT CORPORATION WHOSE STOCKHOLDERS ARE 12 CORPORATIONS AND 2 CHURCHES — AMERICAN LUTHERAN AND UNITED CHURCH OF CHRIST. CITY VENTURE PLANS AND MANAGES COMPREHENSIVE PROGRAMS FOR THE REVITALIZATION OF BLIGHTED URBAN AREAS. ITS APPROACH FOR RESTORING A COMMUNITY IS BASED PRIMARILY ON MEETING THE NEEDS OF RESIDENTS FOR HIGH QUALITY AND AFFORDABLE EDUCATION AND TRAINING/— AND, MOST IMPORTANT, THEIR NEEDS FOR DECENT JOBS.

THROUGH CITY VENTURE, CONTROL DATA'S TOP EXECUTIVES HAVE BEEN EXPOSED TO THE TOTAL RANGE OF HUMAN PROBLEMS IN POVERTY-STICKEN AREAS. THE ENORMITY OF THESE PROBLEMS IS ALMOST IMPOSSIBLE TO GRASP UNLESS YOU EXPERIENCE THEM OR SEE THEM WITH YOUR OWN EYES. WE HAVE ALL READ OR HEARD ABOUT THE RIOTS IN MIAMI OR OTHER PLACES; WE ALL KNOW ABOUT THE TERRIBLE UNEMPLOYMENT PROBLEMS OF MINORITY YOUTH; WE ARE ALL COGNIZANT OF CRIME STATISTICS AND THE FACT THAT MILLIONS OF PEOPLE ARE LIVING AT
OR BELOW THE POVERTY LINE. YET FEW OF US HAVE BEEN PERSONALLY AFFECTED BY THE PROBLEMS AND FRUSTRATIONS THAT GO HAND-IN-HAND WITH BEING POOR. IF WE CONTINUE TO IGNORE THOSE PROBLEMS, HOWEVER, SOONER OR LATER WE WILL BE AFFECTED. INACTION WILL GENERATE EVER GREATER SOCIAL UNREST. AND THE TIME WILL COME WHEN WE, TOO, WILL FEAR FOR OUR OWN SAFETY AND SECURITY.

MOST CORPORATE MANAGERS ARE NOT AWARE OF HOW BAD THINGS REALLY ARE. SOME REALIZE THAT THE SITUATION IS DETERIORATING AND WOULD LIKE TO DO SOMETHING ABOUT IT, BUT THEY EITHER DON'T KNOW WHERE TO START OR THEY LACK SUFFICIENT INFLUENCE TO DIRECT CORPORATE RESOURCES INTO MEANINGFUL PRODUCTS AND SERVICES TO ADDRESS SUCH NEEDS. THE CONSORTIUM APPROACH OFFERS AN ANSWER AND IT IS ONE WE AT CONTROL DATA KNOW WILL WORK. CITY VENTURE IS JUST ONE OF SEVERAL SUCH COOPERATIONS IN WHICH WE PARTICIPATE. BUT LEADERSHIP AND PARTICIPATION IN COOPERATIVE VENTURES IS NOT LIMITED TO PROBLEMS OF POVERTY.

2) MCC

LET ME GO BACK TO MCC WHICH I MENTIONED BEFORE. THE NEED BEING ADDRESSED HERE IS THE NEED FOR TECHNOLOGICAL COOPERATION. THE COST OF TRYING TO GO IT ALONE HAS LONG SINCE BECOME PROHIBITIVE FOR COMPANIES IN THE MICROELECTRONICS INDUSTRY. BUT YOU REALLY CAN'T COMPREHEND THIS UNTIL YOU WITNESS FIRST HAND ALL THE
COMPANIES OUT THERE POUNDING AWAY AT THE SAME BASIC PROBLEMS. THE UNNECESSARY WASTE AND DUPLICATION OF EFFORT IN DEVELOPING BASE TECHNOLOGIES IS COSTING INDIVIDUAL COMPANIES -- AND THE U.S. AS A WHOLE -- BILLIONS OF DOLLARS A YEAR.

MOREOVER, EVERY TECHNICAL OR CAPITAL DOLLAR SPENT ON REDUNDANT BASIC TECHNOLOGY HAS A DOUBLE WHAMMY: NOT ONLY IS IT BEING WASTED DEVELOPING KNOWLEDGE THAT ALREADY EXISTS, BUT IT'S MONEY THAT'S NOT THEN AVAILABLE TO USE IN PRODUCING VALUE-ADDED -- WHICH IS THE ACTUAL SECRET TO CONTINUED CORPORATE SUCCESS.

YET IN THE FACE OF ALL THIS, MANY COMPANIES AND MOST ANTITRUST EXPERTS STILL CLING TO THE NOTION THAT EVERYBODY SHOULD COMPETE FROM THE GROUND UP. IN THE EARLY STAGES OF A NEW INDUSTRY THAT MAY BE FINE, BUT AT SOME POINT IN TIME THE COSTS AND INEFFICIENCIES GET TOO LARGE. IBM SPENDS IN EXCESS OF $2 BILLION PER YEAR ON R&D AND I DOUBT THEY FEEL THEY'RE COVERING ALL THE BASES THEY WOULD LIKE. WHAT, THEN, OF THE REST OF US?

RIGHT NOW IT TAKES U.S. COMPANIES ROUGHLY TWICE AS LONG AS JAPANESE COMPANIES TO IMPLEMENT A NEW TECHNOLOGY. THE REASON IS A DIFFERENCE IN ATTITUDE. THEY'RE WILLING TO COOPERATE ON BASE TECHNOLOGIES. WE'RE NOT. THEY'RE WILLING TO LET EVERYONE START FROM THE SAME PLATEAU OF BASIC KNOWLEDGE AND RESOURCES AND CONCENTRATE ON ADDING VALUE FROM THERE. WE'RE NOT.
IN OUR OWN WAY, HOWEVER, WE CAN LEARN TO DO IT. WE CAN ACHIEVE WIDESPREAD TECHNOLOGICAL COOPERATION WHILE HAVING WIDESPREAD COMPETITION AMONG A LARGE NUMBER OF INDUSTRY PARTICIPANTS. AND IT WILL BE UP TO PEOPLE LIKE YOU TO PROVIDE THE LEADERSHIP IN THE YEARS AHEAD.

THE PRINCIPLE OF RESPONSIBILITY ALSO MEANS A RESPONSIBILITY, AND THEREFORE AN ABILITY, TO COMMUNICATE. WE CANNOT AFFORD TO ALLOW ANY INDIVIDUAL OR GROUP OF INDIVIDUALS -- AT ANY LEVEL INSIDE OR OUTSIDE THE BUSINESS -- TO ERODE OUR EFFECTIVENESS AS A BUSINESS. WE CANNOT BE TOSSED BACK AND FORTH ACCORDING TO THE WHIMS OF UNINFORMED PEOPLE WHOSE MAIN PURPOSE IS TO HARRASS INSTEAD OF TO BE OF VALUE.

MANAGEMENT CHALLENGE

THE FOURTH PRINCIPLE HAS TO DO WITH INNOVATION. IN A LARGE ORGANIZATION, A MANAGER'S GREATEST CHALLENGE IS TO FOSTER RISK-TAKING CHANGE AGENTS. THE IMPORTANCE OF THIS GROWS GREATER THE HIGHER THE LEVEL OF MANAGEMENT. INNOVATION SIMPLY IS NOT IN THE CHARACTER OF LARGE ORGANIZATIONS. IT MUST BE CONSCIOUSLY INDUCED AND SEPARATELY NURTURED OR IT WILL BE ENVELOPED AND SNUFFED OUT BY THE ORGANIZATION.
PEOPLE WHO INNOVATE, HOWEVER, FREQUENTLY HAVE CHARACTERISTICS WHICH MAKE THEM UNAPPEALING TO THE ORGANIZATION AT LARGE. INDEED, THEY OFTEN WORK AT CROSS PURPOSES TO THE OBJECTIVES OF THE ORGANIZATION. SO THE MANAGEMENT JOB IN THIS REGARD DEMANDS AN EXCELLENT SENSE OF BALANCE. ALSO, YOU HAVE TO REMEMBER THAT WHILE MOST INNOVATORS ARE MAVERICKS, MOST MAVERICKS ARE NOT INNOVATORS.

WITHOUT QUESTION, INNOVATION IS THE WELL-SPRING OF HEALTHY GROWTH FOR ANY ORGANIZATION -- LARGE OR SMALL. BUT ONE MUST CLEARLY UNDERSTAND THE STAGES OF DEVELOPMENT OF A NEW BUSINESS AND WHERE INNOVATION PLAYS ITS ROLE.

THE PROCESS BEGINS WHEN SOMEONE PERCEIVES AN OPPORTUNITY AND IS ABLE TO REDUCE THAT PERCEPTION TO A FEASIBLE PLAN. THIS PLAN MUST THEN BE SOLD. IN THE CASE OF A SMALL INDEPENDENT ENTERPRISE, THE SELLING IS GENERALLY TO OUTSIDE PARTIES WHO WILL FINANCE THE UNDERTAKING. IN LARGE ORGANIZATIONS, IT IS AN INTERNAL SELLING JOB TO GET FUNDING.

NEXT, STAGE TWO, IS THE LAUNCHING STAGE. THE EMPHASIS IS ALL ON ACTION -- GET SOME BUSINESS -- SOMEHOW, SOMEWAY. THE ORGANIZATION IS LOOSE -- PEOPLE OPERATE WITH FEW CONSTRAINTS AND EVERYONE DOES A LITTLE OF EVERYTHING. AT THIS POINT, THE MANAGER OR MANAGERS INVOLVED ARE ACTION-ORIENTED PEOPLE. THEY
OFTEN GET THE JOB DONE IN SPITE OF PEOPLE. THEY HAVE A GREAT CAPACITY TO FACE UNCERTAINTY AND FAILURE. AT THIS STAGE, SHORTFALL AGAINST PERFORMANCE GOALS IS NORMAL. THE OPPOSITION TO THE NEW ENTERPRISE AT THIS POINT IS CONDESCENDING AND DERISIVE -- BUT IS MOSTLY IT'S ON THE SIDELINES AND WAITING FOR FAILURE.

BY STAGE THREE THE PLANS HAVE BEEN REVISED -- PERHAPS SEVERAL TIMES -- IN LIGHT OF EXPERIENCE. THERE TENDS TO BE A CONCENTRATION ON SELECTED AREAS, BUT THE START-UP EUPHORIA HAS FADED AS SALES GROWTH IS HARDER TO ACHIEVE AND MUCH SLOWER THAN ANTICIPATED. THE ORGANIZATION IS ALSO GETTING REFINED AND THE CONSTRAINTS HAVE BEGUN TO BE APPLIED. AT THIS STAGE, THE OPPOSITION IS AT ITS MOST VOCAL AND POINTING CONCLUSIVELY TO THE FINANCIAL FOLLY OF THE WHOLE UNDERTAKING.

AS YOU CAN EASILY SEE, NOT ONLY ARE THE MANAGEMENT CHARACTERISTICS AT EACH STAGE STRIKINGLY DIFFERENT -- THE CHALLENGE TO THE GUIDING EXECUTIVE OR BOARD MEMBER TO CORRECTLY SENSE THE TRANSITION POINTS AND MANAGE THE PEOPLE INVOLVED IS INCREDIBLY COMPLEX. IT IS WITHOUT QUESTION THE GREATEST CHALLENGE YOU CAN EVER KNOW.

[CDC - OEM PERIPHERALS BUSINESS, IF TIME ALLOWS]

PERSONAL RESOURCES

FINALLY, THERE IS THE MATTER OF YOUR PERSONAL RESOURCES. THE MANAGERIAL JOB IS PHYSICALLY, EMOTIONALLY AND MENTALLY DEMANDING. THE MANAGER HAS AN OBLIGATION TO CAREFULLY NURTURE HIS OR HER PERSONAL RESOURCES -- HEALTH, INTELLECTUAL WELL-BEING, AND TIME. THESE PERSONAL RESOURCES ARE HIGHLY INTERDEPENDENT. MENTAL ALERTNESS IS IMPOSSIBLE WITH A SLUGGISH BODY. MENTAL CONFUSION AND DISTRESS LEAD TO PHYSICAL DETERIORATION. AND DISORGANIZED USE OF TIME CAN INDUCE PATHOLOGICAL STATES IN EITHER BODY OR MIND. FAILURE TO CARE FOR OUR PERSONAL RESOURCES CAN RESULT IN SUBTLE DETERIORATIONS. IN MANAGEMENT, TIME SCALES TEND TO BE EXTENDED. THE RESULTS OF A MISSED OPPORTUNITY -- OR LACK OF VIGOR -- OR JUST PLAIN SLOPPY THINKING -- ARE SELDOM IMMEDIATELY APPARENT. YET, AT THE SAME TIME, A SENSE OF
URGENCY IS FUNDAMENTAL. AND A PROPER SENSE OF URGENCY IS NOT POSSIBLE TO PEOPLE WHO ARE PHYSICALLY DEBILITATED, MENTALLY DULLED, OR EMOTIONALLY UNSTABLE.

THE INTELLECTUAL PART OF THE MANAGEMENT JOB DEMANDS PERSPECTIVE AS MUCH AS ANYTHING. PERSPECTIVE CAN ONLY COME FROM EXPERIENCES -- AS MANY EXPERIENCES AS YOU CAN CRAM INTO A DAY. EXPERIENCES COME FROM PEOPLE AND SITUATIONS. THERE ARE NOT MANY SHORT CUTS TO GAINING PERSPECTIVE. IN FACT, I KNOW OF ONLY ONE: READING. READING IS SIMPLY A WAY TO SHARE THE EXPERIENCES OF OTHERS AND THEREFORE IS HIGHLY LEVERAGED RELATIVE TO OTHER FORMS OF MANAGERIAL OPPORTUNITY TO GAIN PERSPECTIVE. ONE IMPORTANT TALENT A MANAGER MUST ACQUIRE AND THAT IS TO ALWAYS LEARN FROM WHAT HE READS, BUT NOT ALWAYS TO BELIEVE WHAT HE READS -- ESPECIALLY WHEN IT COMES TO MANAGEMENT THEORY. AND THAT BRINGS ME BACK TO WHERE I STARTED;

TO SUMMARIZE, WE HAVE FIVE PRINCIPLES:

FIRST AND FOREMOST -- THE REWARDS ARE INCREDIBLE -- AND THAT IS WHAT YOU HAVE TO SUSTAIN YOU. NOTHING ELSE WILL.

YOU MUST DEVELOP A PERSONAL STYLE. THAT STEMS FROM KNOWING YOURSELF, YOUR PEOPLE, AND YOUR WORLD. AND THAT MEANS LEARNING, NOT COPYING.
THE RESPONSIBILITY OF LEADERSHIP EXTENDS BEYOND THE ENTERPRISE TO THE WORLD AROUND IT -- AND THE FEEDBACK BETWEEN THE TWO IS NECESSARY FOR SURVIVAL. FURTHER, THE RESPONSIBILITY TO COMMUNICATE IS AS GREAT AS TO UNDERSTAND.

THE GREATEST CHALLENGE IS TO FOSTER INNOVATION, WHICH IS THE WELL-SPRING OF GROWTH FOR ANY ORGANIZATION.

AND TO ACHIEVE ALL THAT REQUIRES THE NURTURING OF ALL YOUR PERSONAL RESOURCES: BRAINS, BRAWN, AND TIME.

YOU'RE GOING TO HAVE AN EXCITING TWO YEARS. INCREDIBLE EXCITEMENT AND FULLFILLMENT AWAITS YOU -- MAYBE SOMEWHERE DOWN THE ROAD WE'LL HAVE A CHANCE TO SHARE SOME OF IT. BUT FOR SURE, I KNOW YOU'LL BE WELL PREPARED FOR WHATEVER LIES AHEAD.

THANK YOU.