To summarise

You young wives present here tonight, and presumably all young wives throughout the country, want your husbands to advance to more senior positions, and to earn the higher income that goes with those higher positions. Of course, we young husbands ourselves also want it because of our drive for achievement. And we have to realise that there is a price to be paid.

But this still leaves big business with the challenge: How to reconcile the family demands and responsibilities of especially the younger generation of managers with their increased involvement with company affairs in such a manner that wife and family become friends and even allies of the company instead of enemies. In other words, the challenge to big business is to see that the price does not become too high.

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SOFT HEART SOFT HEAD

With acknowledgements to "Management Today"

Managers often have trouble in deciding between the kind and the hard-hearted course. Financial figures often impose a cruel-seeming imperative: but ignoring that imperative may be cruel to all those involved — as shown here by Saul Gellerman.

Managers are as fond of debating pseudo-questions as anyone else. Their all-time favourite among questions which, being unanswerable, shouldn't be asked concerns the importance of kindness. Should a manager be considerate and gentle, or hard and demanding, with his subordinates? Should he be soft-hearted or hard-hearted? It makes for a lovely debate which can be rekindled conveniently whenever there's nothing better to do. It prolongs seminars, clutters books and has made more than one consultant's fortune. But the answer seems to be that it doesn't matter. *Chacun ǎ son goût.* What gets the manager into trouble is not the softness of his heart, but of his head.

Shortly after the war a designer had established a small company which made a very high quality line of furniture. While the company was still quite small, it was unable to obtain adequate financing from banks, and was often desperately short of cash. The founder of the company decided to sell some of its shares to his employees, partly to show his appreciation for their loyalty and party to raise cash.

Eventually the company prospered, and as a result those employees who had held their stock became wealthy. A few were 'paper millionaires' in terms of the value of their stock, which by then was traded publicly. Success also brought larger size, more professional management and a more formal organization structure. The founder, by then rather aged and serving as chairman of the board, delegated most of the day-to-day management tasks to the president, who had joined him in the early days as a salesman and had always been his closest business adviser.

At about this time the president commissioned an organization study by a well-known consulting firm. Among other recommendations, the consultants pointed out that many key positions in middle management were held by people whose principal qualification seemed to be their years of loyal service to the company. They suggested that in many cases the best interests of the company would be served by replacing them with more competent managers. The chairman had been unable to accept this proposal because of strong ties of sentiment to the individuals involved. The president added another objection to the idea: the awkward fact that most of the managers identified by the consultants as inadequate performers were also substantial stockholders. For these reasons no action was taken.

HE EXPECTED EFFICIENT OPERATIONS

After the death of the chairman, the furniture company was acquired by a large, diversified corporation. The president retained his position, but now reported to a group vice-president of the parent. In discussions with his new superior, the question of administrative efficiency arose, and the president told the story of the consultants' recommendation and of the reasons for his and the late chairman's refusal to accept it. The group vice-president commented that the efficiency of the subsidiary was the president's responsibility, and that while he was not going to tell him how to achieve it, he did expect efficient operations.

At that time the furniture company was enjoying a particularly prosperous period, because of the remarkable success of some of its products. Sales, revenues and order backlogs were all high, and, while costs were also high, the margin of profit was so comfortable that no one was alarmed.

However, high profits can cover a host of sins. Somewhat later a general economic recession set in, and the subsidiary's sales were hard hit, since most customers considered its products deferable. As the recession deepened, the backlog retracted quickly. Profits were clearly endangered, and the subsidiary president held a series of meetings with his staff to develop plans for trimming costs in order to ride out the recession. At one of these meetings someone dusted off the consultants' earlier report. The president emphatically rejected it as 'not practical'.

However, he sensed that it would be impolitic to ignore the subject, so he saw the group vice-president again, to point out the problems that would be caused by reassigning these people to less important jobs. He cited the unavailability of sufficiently prestigious or well-paid alternative positions; and the fact that, as a result of the merger, most of the people in question had become substantial stockholders of the parent company. But his strongest reason, he admitted, was a matter of principle: to hurt any of these people would be a shabby way to treat men and women who had served the company loyally and had invested their meagre savings as an act of faith when the company was small. He added his firm conviction that, if the founder were still alive, he would not betray his loyal old associates.

The group vice-president pointed out that the people in question had already profited hugely from their association with both the original company and the parent, and that they were unlikely to be exposed to financial hardship if they were asked to step aside. Generous settlements were obviously called for and were possible, he said. But the president was adamant that any such move would not only be intolerable, but was unnecessary as well. The so-called deficiencies of the middle managers, he said, had been exaggerated.

As the recession began to ease in the economy as a whole, however, the subsidiary's private recession continued to deepen. The group vice-president felt that the subsidiary had not moved with the same alacrity as its competitors to capitalize on the improving demand in its field. He now insisted that the subsidiary president review his operations in detail.

The president undertook a series of interviews with key department heads. Among the conclusions with which he emerged were two that disturbed him deeply. There was little question but that a lack of decisiveness, and continued adherence to the relatively unsophisticated methods used when the company was smaller, had contributed substantilly to the subsidiary's inability to recover. In a number of instances these deficiencies were directly attributable to the particular middle managers he had gone to such lengths to defend. Even more disturbing was the feeling of futility by younger managers who felt that their own budgets were being stripped to pay for the managerial ineptitude of 'certain' middle managers.

These same middle managers felt no sense of urgency. Everything would improve once sales made their 'inevitable' recovery, they said. Meanwhile they were relaxed and comfortable, greatly enjoying the president's interviews with them as an opportunity to reminisce about the old days when the founder was still alive. By now the president knew that he had a painful problem on his hands. He felt guilty for having ignored it so long, but he felt even guiltier about the possibility of having to hurt his old associates. He struggled to find some other solution. If the subsidiary could somehow return to the lush period of strong sales and long backlogs, profits would be restored and he could avoid the painful conflict between his duty to the company and his sentimental ties to his old associates. As a former salesman, he decided to devote most of his time to trying to rebuild sales volume, and began to make personal sales calls on the company's major customers.

Partly as a result of his efforts, sales did improve somewhat, but profitability was not restored. The group vice-president summoned the president to headquarters and criticized him for playing the role of chief salesman instead of company president. He then asked for the results of the analysis he had asked for earlier. Ruefully the president reported his findings about the middle managers, and pleaded for time to restore profitability through improved sales. The vice-president pointed out that the subsidiary was not efficient enough to make profitable use of the sales it was already generating, and insisted that is main problem was not sales but internal efficiency. He demanded that the president take immediate action.

THE PRESIDENT SHORTLY BECAME ILL

Shortly afterward the president became ill. His physician found him to be exhausted and prescribed an extended period of rest. The group vice-president appointed and acting general manager to run the subsidiary, and informed the president that upon his recovery he would be reassigned to a newly created corporate staff position with the title of vice-president. The acting general manager, with the group vice-president's approval, offered a generous plan of early retirement to the middle managers whose performance had contributed to the subsidiary's difficulties. Eventually all of them accepted.

The president was devoted and loyal, while the

group vice-president was demanding and unsentimental. The president was the nicer man, and in a narrow sense the more humane, of the two. But in a larger sense he was almost recklessly inconsiderate. He had confused the functions of an owner and a manager. The organization does not owe any job at all, much less a critically important one, to a shareholder because he is a shareholder. That could easily jeopardize the interests of every other shareholder, not to mention those of employees, suppliers and customers. What the organization does owe the shareholder is competent management of his company's assets.

The managers whom the president was protecting had, as the group vice-president pointed out, been handsomely rewarded already for their loyalty and past services. Actually, the argument that these managers' jobs were sacrosanct because they were substantial shareholders was rather thin. The real reason for the president's reluctance to face the necessity of replacing them was his personal affection.

To discriminate in favour of certain employees out of gratitude or loyalty is simply a glorified form of favouritism. Gratitude can be shown and loyalty rewarded without jeopardizing the future of the organization. But the president could not see that the real crux of the problem was not the financial status of the ineffective managers, but his own inability to deliver a blow to their prestige. Conscience made a coward of him, but in this case it was a narrow and shortsighted conscience that endangered the welfare of hundreds of employees to protect the pride of less than a dozen. His final heroic attempt to stave off what he knew had to be done — by plunging back into his old role as the company's super-salesman — was a clear indication that he could not face an uncomfortable reality. He was a man of great integrity and loyalty, both of which are desirable: but not when they sacrifice larger interests to smaller ones.

There is no shortage of brutality in large organizations, but most of it does not result from cruelty. It results from misdiagnosis. The manager of a failing organization too often prescribes more of whatever is causing the failure. Sometimes, when all else has failed, a new manager tries some rejected or unthought-of approach which happens to get at the root of the problem. In other words, if at first you don't succeed, try something else.

The next case concerns the regional sales force of a company which sold office supplies. The region had acquired an unenviable reputation for lagging sales and inability to cope with competition. Several regional sales managers had tried and failed to remedy the problem. One had used draconian tactics, firing two of his district managers and a number of salesmen, while another had held a series of inspirational sales meetings, and yet another had tried imposing strict controls on salesmen's organization of their time, samples and selling methods. The situation lent itself to gallows humour, and a joke circulated among the company's district managers that the punishment in store for anyone whose performance fell badly enough would be promotion to the regional managers' graveyard.

The assignment was eventually given to an older district manager from another region. He had been a salesman for many years and had been promoted to district management much later in his career than was typical of this company. He was generally considered a likeable, plodding man who worked hard but displayed little inventiveness or showmanship. He was promoted almost by default, because no one else had been able to do much with the region, and none of the other district managers were considered ready.

He called together his district managers and salesmen and explained that he had no special strategies or formulas for them to follow. He conceded that they all knew the problems of the region much better than he did, and promised to visit each of them individually as soon as he could to listen to their suggestions. He also promised to respond to their requests for assistance as quickly as possible. He then turned the meeting into an unstructured 'bull session' in which everyone was free to comment on matters related to their work. This quickly became a forum for complaints about the restrictions which the previous regional sales managers had imposed on them. Some of these were rather petty, and he noted that the vehemence and amount of time which the men spent in discussing these restrictions seemed inversely related to their importance.

HE INCREASED THE EXPENSES BUDGET

For example, his predecessor had insisted that there was only one right way to pack samples for ready access in the trunk of a salesman's car. Further, he had required the district managers to make unannounced visits to each salesman's territory to check on their adherence to this and similar requirements. The new regional manager chuckled and said that the salesmen could pack their samples any way they liked, and that the practice of unannounced visits by district managers would cease forthwith.

During his visits to the field it became apparent that the salesmen had no clear idea of how much money they could spend on travel and living expenses and on entertainment of customers. Many simply avoided trips which might have resulted in increased sales, largely because they were tired of arguing with the district managers over the

amounts spent and the justification for the trips. The district managers had been instructed by previous regional managers to keep a tight rein on expenses. Apparently they had felt that if the region could not achieve a satisfactory sales record, it could still keep its expenses low and therefore look reasonably good in the ratio of sales to expenses.

Considering the geographical extent of the region and the distribution of prospective customers, he felt that his predecessors' expense budget requests had been rather low. So he submitted a request for a much larger expense budget, and further proposed to the headquarters staff that every salesman be given an expense budget of his own to control himself. The staff resisted both the budgetary request and the idea of individual salesmen's budgets. They frankly feared that if salesmen knew the limits of expenditure they would spend right up to that limit, regardless of whether the money was spent effectively. But the regional manager persuaded the staff that this was the best way to get the salesmen to go where they could do the most good.

In announcing the change to his men, he stressed that they would not be judged on how they spent their expense money or even on how much they spent — provided, of course, that they stayed within their assigned limits — but on the improvement in sales which resulted from the expenditures. Most salesmen were astonished at the amounts available. In practice, very few spent all the money, but sales calls became more extensive and orders from new customers began to increase.

Another problem which emerged from his visits to salesmen in the field was their insecurity about retaining their jobs. Previous regional managers had insisted that district managers fire salesmen for such offences as not making an adequate number of sales calls. He began stressing that the quality of the calls which a salesman made — in terms of the possible increase in business and the probability of getting an order — was more important than the sheer number of calls. He also dealt frankly with the firing issue at a series of district sales meetings: he specified certain dismissable offences, such as selling samples intended for free distribution (which was essentially theft), or reporting sales calls which had not been made, and promised that, except for these, there would be no more summary firings.

Stories of his attitude toward salesmen's mistakes began to spread through the region's informal grapevine. On one occasion he accompanied a younger salesman on a call to a prospective customer. The salesman criticized the competitive products which the prospect was using, but failed to point out why his own products were superior. The purchasing agent refused to place an order with him.

But the regional manager only asked, 'What did you do wrong?' The salesman knew perfectly well what his error had been, but had realized the mistake too late to correct it. 'Well', said the regional manager, 'You won't do *that* again, will you?' He felt that mistakes were useful, provided that a salesman learned from them, and instructed his district managers to avoid criticism or admonitory lectures when mistakes were made in their presence.

In themselves, none of these actions could account for the steady improvement of the region's sales record. On the other hand, the new regional manager, and his style of trusting his men to manage their territories themselves, was the only discernible change in the organization itself. It was the totality of these acts — each a demonstration of his belief in the basic integrity and intelligence of his men — that produced the change. The sales growth continued steadily until this region compared favourably.

In this case, management had the extraordinary good luck to select, almost in desperation, a man who could diagnose what was wrong with the region even though he could not articulate it; and who could reawaken the salesmen's competitive pride even though his own personality was singularly undramatic. The moral here is that when a group of men are dispirited and failing, they do not need a leader who believes in himself nearly so much as they need one who believes in them. This manager succeeded because his diagnosis — that the salesmen had lost faith in their ability to please their managers — was right. That he was kindly, even lovable was a pleasing irrelevance.

If the question of whether managers should be kindly is a pseudo-question, why is it asked so often? My own guess is that debates over 'management style' are nothing more than attempts to rationalize the styles of the debaters. No doubt these debates will continue as long as there are managers. It's all right, actually. Debates between managers are harmless — provided that the managers have nothing better to do.