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MONASTICS

CORPORATE CULTURE AND ITS DISCONTENTS, 1945 TO TODAY

Heresy: Business is always personal.

The historian John P. Davis tells us that the great-great-grandfathers of today's large, mainstream corporations were the monasteries of the early Christian Church.[1] Organized during the dissolution of the Roman Empire, they were built as isolated communities, cut off from worldly villages and barbarian raids. Monks shared every aspect of their lives together. On a trip to town, they wore the community's best robes and returned them to the community's closet, exchanging them for everyday muslin. Rituals governed every moment of the monks' days. Uncertainties of the outside world, from the preparation of meals to their sense of life's purpose, were serenely controlled within. They learned to control their impulses for the sake of the monastery's greater goal, and their membership gave them an elite status that few other people enjoyed. For their time, their culture and position were not unlike the culture and position of many corporate managers today.

Some monasteries evolved into great European ecclesiastical universities, such as the University of Paris and Oxford University, places of learning chartered by kings. These in turn became the models for great mercantile stock companies. Expeditions across the Atlantic or around the Cape of Good Hope were too expensive for sea captains to finance themselves. If a ship failed to return, the owner might go to debtors' prison. Thus, European kings and queens chartered corporations—creatures of legal sovereignty, named after *corpus,* the Latin word for "body." The stock company had no human body, but it was corporeal in every other sense. It was an engine for creating material. It could own property, outlive its human members, and borrow or lend money (a neat maneuver around the Christian law against usury). The monarchs had designed these new institutions to carry out the policies that they found too risky to undertake themselves. To each successful corporate applicant, the Crown said, as Isabella might have said to Columbus: *Go now. I judge you responsible to return with gold and spices. You are free to take a risk in our name; you are free to fail.*

Corporations evolved further in 1783 when the new American republic won its independence from England, and the states took over the royal role of granting charters. In that era of budding industry, thousands of would-be railroad magnates and factory builders beleaguered the legislatures with applications to start companies. In 1811 the New York State legislature changed the rules of the game. Instead of tediously sorting through individual requests, they established a blanket corporate charter: anyone who met the legal criteria was automatically granted the powers of a company: to own property, to outlive human members, and not to burden any individuals with their debts or liabilities. Nascent entrepreneurs flocked to New York, and then to other states such as Delaware and New Jersey, that strove to outdo the leniency of the others' laws.

Through the rest of the 1800s, the form of the corporation took shape. Gilded Age entrepreneurs known as robber barons (both unscrupulous extortionists and merely ruthless empire builders) tested the limits of public sentiment, defrauding shareholders and squeezing out competitors. These abuses led to new regulations, which sent businessmen scurrying for new ways to get around them. Meanwhile, new types of technological webs—railroads, steamships, electric power, telegraph and telephone lines—broadened corporate reach. They also required larger and larger companies to run them.

By 1945, the mainstream corporation had come to dominate the culture of the world. Like patrons of immense crystal gardens, industrial leaders had built up great latticeworks of thrumming wires and churning highways. They had cultivated, with indifference to any value but the growth of their own enterprises, the banking empires needed to finance those infrastructures. They had put forth new packaging and refrigeration methods that had freed the hungry from the tyranny of seasons—and then, to move that food around the world, they had created a distribution and transport system that would have boggled the imagination of a Renaissance-era trader. Through broadcasting, they had made real the age-old fantasy of seeing distant events reflected through magic mirrors; through advertising, they had created a new kind of creative sales vehicle that affected the habits of millions; through the aircraft industry, they had brought into reality the miracle of flying. All of these boons, and many more, were commonplace by the 1960s, to the point where no one praised them; it would have meant voicing a self-evident cliché.

The large mainstream firms of the twentieth century also redefined popular images of success and achievement, of human worth and value. Decision makers at desks overlooking cityscapes plotted elaborate diagrams of authority and signed off on allocating money, while secretaries brought coffee and the afternoon mail. Men measured themselves by the size of their paychecks and option plans or by the number of tiles in the ceilings of their offices. Women judged their worth by the cumulative growth of their husbands' and fathers' careers.

Corporate culture was a vast wave, comforting to those whose natures fit with it, splashing across all competing desires for power and fulfillment, carrying progress and industry to every other culture. It struck with such immense, captivating grandeur that there seemed to be no escape.[2]

But the greater the wave, the stronger the undertow.

THIS BOOK IS THE STORY OF THAT UNDERTOW. It started small; it built up greater and greater influence, until now, the heretical ideas of the corporate past are the business mainstream of the present and (especially) the near future. We live in an age of heretics: an age where unconventional ideas become conventional wisdom rapidly. And that's a good thing, because the future of industrial society depends on our ability to transcend the destructive management of the past and build a better kind of business.

That doesn't mean embracing every unconventional idea. Nor does heresy mean flouting authority. A heretic is someone who sees a truth that contradicts the conventional wisdom of the institution to which he or she belongs and remains loyal to both entities—the institution and the new truth. Heretics are not apostates; they do not leave the "church." Instead they try to influence the larger institution to change for its own sake, because they think that its survival, and their own role within it, depends on meeting truth halfway.

Heretics tend to pay a price. In medieval times, they often paid the ultimate price. Today's heretics are not burned at the stake, but they may be relegated to backwaters or pressured to resign. They see their point of view ignored or their efforts undermined. They see others get credit for their ideas and work. Worst of all, they see the organization decline as they predicted it would; they may see the leaders of that organization exploit or perhaps sell it, and profit accordingly, while the truth that the heretic fought to bring to the surface, the truth that might have led to a robust, sustainable company, remains unarticulated and lost.

In the meantime, the skills all of us are going to need, as citizens and private individuals, have to do with learning to be responsible for large-scale endeavors without being in control of them. Corporate heretics have pioneered the use and understanding of these skills.

Like all other heretical movements, the movement to reform corporations from the inside came into being because the prevailing institutions left a need unfilled. Despite the power of corporate practice, something desperately desirable had been lost in everyday corporate life, and without it, corporations could not truly perform. This lost quality, unnoticed and yet desperately needed, was the vernacular spirit of everyday life.

Or so we might call it. As the writer Ivan Illich pointed out, there is no better word than *vernacular* for the quality of relationships and culture that dominated community life before the advent of the industrial age, when most work was unpaid and the workplace was indistinguishable from the hearth and commons. The word originally came from the Latin word for "homespun" or "home-grown"—anything rooted in village culture, where goods were made not to be sold but to be consumed by the maker.[3] Vernacular life was the way of life that still exists in the villages of our dreams (and television programs and in a few preserves where indigenous cultures are maintained). In a vernacular culture, the best things in life *are* free, economic and personal life are mixed together, children are always underfoot in the workplace, and every exchange of goods is not just an economic transaction but an expression of the community's spirit. A barn raising is a vernacular event because the new building exists as an expression of the community's needs. It has not been paid for with money. Thus, it has not been distilled through the universality of the marketplace—which, after all, doesn't care where a building might be most needed but reflects only the expectation of profits and returns.

In the preindustrial world, before the advent of the giant corporation, mainstream business had been a vernacular affair. To be sure, it was global, and currency was involved; indeed, every merchant was part of a web of commerce that extended throughout Europe and the Near East, interlaced with markets, fairs, shopping districts, and sailing routes. But commerce was also intensely personal, in a way that lasted through the centuries. There was no alternative, because the pace of global commerce was so slow. A sixteenth-century trader would borrow the money to finance an import-export trip between, say, Portugal and Java; that trip might take eleven years or more, with stops along the way to lend and borrow more money and exchange goods en route.[4] Even if all went well and the trader returned to port a wealthy man, the books on the trip would be closed only a half-generation after they were opened.

With that kind of rate of return, trust had to be based on something, and the most reliable foundation was the merchant's family. A family name was the individual's bond. The family also took care of all the merchant's domestic concerns; it educated his children and cared for his elders. Work and family could not be separated. No one would have thought of separating them.[5] If you were the scion of a merchant family, you could not choose your mate or your career, because the family's line of succession, and all the people supported by its business, depended on your playing your part.

Then the world sped up.[6] By the 1800s, thanks in part to the telegraph and the railroad engine, the feedback loop of commerce had been dramatically accelerated.[7] Now, if you borrowed money for a long-distance enterprise, you could return it within perhaps a quarter of a year. You did not need to buttress your credit with your personal relationship with a trader's family or guild. Individual capitalists could now set out on their own without being held back by their families. The bold entrepreneurs of the robber baron era could build larger, more comprehensive enterprises than had ever existed before, and on an international scale. They believed that the sheer size of their expanded enterprises would insulate them from the whims and vagaries of their customers and suppliers. The corporations they built became living monuments to their intent to control the uncontrollable marketplace.

The new form of the corporation evolved quickly. By 1940 the age of the great monopolists like J. P. Morgan was over. The modern corporation was a hive of well-trained people (gradually labeled “managers”) with overlapping responsibilities and channels of command (called “functions” and “divisions”), who all sat in judgment on each other (through a form of mutual persecution called a “performance appraisal”), acting together to comprise a single sentient entity, with powers and capabilities that the same number of trained people acting as individuals could never have equaled.

To outsiders, corporate leaders might have seemed like supremely powerful individuals, projecting their personalities on the global canvases of their companies. But with very few exceptions, chief executives tended to be unremarkable men. Most of them, as the economist John Kenneth Galbraith noted, tended to retire into “Stygian darkness.” Their power stemmed from the power of the company, not the other way around.[8] As with the medieval monasteries whose culture still subtly influenced theirs, the power came from something innate to the enterprise, some understanding that was available only to people within the walls. It was as if every company were a living being, giant and invisible, offering great material rewards in exchange for fealty, seeking a kind of impersonal love and devotion that was all the more compelling because no one ever talked about it in public.

If no one controlled it—no entrepreneur, no robber baron, no banker, no investor, no legislator, and no king—then where had the power of the corporation come from? It came, in a very real sense, from magic. Magic, as the medievalist Jeffrey Burton Russell suggests, is a system of practice, uncanny to those who don’t understand it, that attempts to manage, instead of simply accepting, the forces that shape human life.[9] Magic is a craft of rituals, often based on some scientifically provable truth, but expanded into assumptions that could never be tested.

Consider, for instance, the priests of the Nile in ancient Egypt, who lived in a temple far upstream, near the junction of its tributaries. Every spring they would check the color of the water. If the water ran clear, the Nile would flood mildly that summer, and the crops would be meager. If it ran brown, there would be overflooding, and the country would be impoverished. But if it ran blue, there would be ample water to irrigate the fields; there would be prosperity, and the pharaoh could raise taxes and go to war. The priests may or may not have known the reasons that the rituals worked each year; they may or may not have known that a different tributary, the Blue Nile or the White Nile or the brown Atbara River, controlled the river’s flow each year.[10] It didn’t matter. All that mattered was the ritual, and the lives of the priests depended on the fact that their predictions continued to work, season after season. Meanwhile, they guarded the secrets of the temple as closely as they could.

In corporations, the secrets of the temple were, simply enough, the magic of the numbers. The everyday rituals of financial analysis and operations control were so effective at managing life on a large scale, and so impenetrable to outsiders, that in any other age, the wielders of these methods would have been known as sorcerers or priests.

The practices of this "magic" had emerged through years of trial and error. In the salad days of the industrial age, every company was a laboratory for new methods of counting and measuring work. From the New England textile firms of the early 1800s came the formulas of "cost per pound": a way to compare the speed and skill of every worker who spun cloth rather than simply depending on observation. From the early railroads came elaborate analyses of the costs per mile of track—a way, for the first time in history, to meaningfully compare one manager's overall performance with another.[11] From the great mail-order store Sears, Roebuck came a method for scheduling the paths of goods at a distribution center, as if they were railway cars in a freight yard. And from Henry Ford came an adaptation of the same inventive scheduling to the automobile assembly line.[12]

From DuPont and Procter & Gamble came the innovation of diversification; when they produced a variety of products, managers were insulated from the inevitable ebbs and flows in the demand for any single item.[13] And from the gangsters of the 1930s, particularly Dutch Schultz's legendary financial handler, Otto Berman (whose nickname "Abbadabba" was derived from "abracadabra"), came a recognition of exactly how the numbers could be manipulated; Abbadabba used quadratic equations and probability formulas to rig his boss's illegal gambling rackets, increasing gross profits by more than 50 percent.[14]

One pivotal moment for the numbers came in the 1880s when the famous industrial engineer Frederick Taylor, studying the movements of immigrants loading pig iron at a steel mill, began to calculate ways of pacing human labor, so that manual work could be handled more effectively. Eventually these calculations were standardized down to the hundredth of a minute, covering the time it took to climb a ladder, walk to a desk, or read a gauge. A delusion took hold that "scientific management," the name given to this rigorous, formulaic oversight of human activity in the workplace, would yield boundless miracles of performance.

An even more influential (but less known) application of numbers was the invention of "return on investment." In the 1920s, a self-effacing Delaware farm boy turned management genius named F. Donaldson Brown moved up in the ranks at the DuPont Corporation, which was still family-owned and managed, despite the fact that his family had been feuding with the DuPonts for generations. He secretly married a DuPont daughter, and when the marriage was finally exposed, Brown was shunted off to a new Detroit company where DuPont executives had an interest—a collection of formerly independent automotive firms, now combined under the name General Motors. Both DuPont and General Motors were diversified businesses with a variety of product lines, and Brown put into practice at both companies a method for comparing divisions (or any business action) based on the money invested, the costs incurred, and the gap between expected and actual returns. Later, working closely with GM's brilliantly practical CEO, Alfred Sloan, Brown developed a way to compare the relative value of short-term and long-term investment with equally dispassionate clarity. These formulas allowed managers of vast enterprises like GM to think of all their far-flung divisions (Chevrolet, Cadillac, Buick) as components of a single system instead of as rivals within the firm.[15]

By the mid-1950s, nearly every large company had emulated Brown's formulas, Sloan's structures, Taylor's strictures, and most of the other management systems of the industrial era. At General Electric, AT&T, Procter & Gamble, and General Foods, encyclopedic manuals (sometimes called "blue books") dictated every aspect of workplace practice, from the layout of stamping machines to the format of quarterly reports to the placement of pencils on a secretary's desk. Formulas like these may have seemed rigorous and deadening to outsiders, but philosophically they represented nothing less than a breakthrough in human capability. Like incantations, the numbers gave names to elements of the world that had previously been vague, abstract entities; the value of human effort and the way that value might change over time could now be translated into "break-even points," "market sensitivities," "net present values," and the all-purpose measuring tool of "earnings per share."[16] A manager, through the numbers, could keep track of hundreds of people spending millions of dollars on dozens of thoroughly different projects. The marketer, through the numbers, could set a product's distribution and advertising patterns with the determination and strategic overview of a general plotting a war.[17] The financier, through the numbers, could build an explicit model of the forces of the future, forces that people from more traditional cultures could comprehend only through concepts like "karma," "hubris," and "destiny."

Profit itself, in this context, did not represent the company's gains extracted from its workers' labor, but the firm's capacity to generate more projects, more investments—more magic. With this type of power inherent in it, the magic of corporate finance overwhelmed all other considerations.

It no longer mattered that General Motors made cars or General Electric made electric appliances, except as means to the end of maintaining desirable numbers.

And the benefits of vernacular culture seemed to diminish by comparison as modernity came in. Few people mourned at first. Vernacular culture was unrelentingly local and parochial; it was slow and inefficient; it stultified ambitious people, and it condemned "worldliness." Moreover, the builders of industrial culture didn't have to reject vernacular culture; they merely ignored it or destroyed it in passing, while the power of finance and operations, the power of the numbers culture, undermined the relationships that vernacular culture depended on.[18]

In a preindustrial town, if you had been a grain miller, you would not have conceived of selling your grain overseas for a better price than you could get at home—not while people in the village were hungry. But once you knew the numbers, you gave up your loyalty to the village for loyalty to an impersonal exchange that, you knew in the abstract, would better serve everyone in the long run—even if it seemed disloyal now.[19] (The same logic would later enable managers to shut down plants in rust belt communities, where families had depended on their employment for decades.)

Even as businesspeople were attracted to the numbers culture because of the enormous new capabilities it brought them, they also found it psychologically compelling. Managers, with their engineering and finance backgrounds, knew how treacherous words and emotions could be. (That might be why they had gone into fields like engineering and finance in the first place.) But a number felt reliable; it made people feel secure. It could be compared to other numbers and brought to scale. Sure, the numbers could be misinterpreted and manipulated, but not for long. Good managers could read a table of costs, sales, profit margins, and earnings, alongside a table of budget forecasts, and patterns would leap off the page to confront them, with the force of a villain's grimace in Kabuki theater.[20] A great manager could almost smell subterfuge and pending problems in the same way that a great stock trader could smell when the market was about to rise or fall based on the rhythm of the tape. This was the skill that they taught in business school—the skill that made twenty-four-year-old holders of an M.B.A. so desirable as corporate minions.

A focus on the numbers also made managers feel that they were accomplishing something. If you worked to get the best scores you could, you did not have to think too carefully about the reasons underlying the choices you made. Nor did you have to think about the world outside the company—or the people within it. Like monks, the managers of corporations in the 1950s and 1960s began to systematically, and unconsciously, cut themselves off from any sense of responsibility for the rest of the world, even as their influence over it grew broader. Armed with the knowledge that they gleaned from the numbers, industrial people could say, in good conscience, using a slogan borrowed from gangsters like Abbadabba: "Don't feel bad that I won this round. It's just business. Nothing personal."

Unfortunately the ability to use the numbers to seek greatness, or even great results, is always ready to atrophy. In all too many companies, the numbers were used to make people look good or to reinforce the comforts of a complacent position.[21] People from the CEO on down lost sight of the purpose of their enterprises. They fixed their attention on the trappings of the rituals instead: the business plans, job descriptions, quarterly results, and performance appraisals, all of which had originally meant nothing in themselves. These decision makers had cornered the market on "know-how," said the architect and visionary Buckminster Fuller, but they lacked "know-why."[22]

Fuller had plenty of stories on which he based this claim. Again and again during his long life as an inventor and would-be entrepreneur, he had seen the "numbers" lead to corporate decisions that didn't make sense—decisions that screwed not just outsiders but the company's own long-term interest. In 1934, Fuller had interested auto magnate Walter Chrysler in financing his Dymaxion car, a durable, three-wheeled, aerodynamic land vehicle modeled after an airplane fuselage. Fuller had built three models that drew enthusiastic crowds wherever they appeared. Like all of Fuller's other projects (he was responsible for developing and refining the geodesic dome, the first practical dome structure), it was inexpensive, durable, and energy efficient; Fuller worked diligently to cut back the amount of material and energy used by any product he designed. "You've produced the exact car I've always wanted to produce," the mechanically apt Chrysler told him. Then Chrysler noted, ruefully, that Fuller had taken one-third the time and one-fourth the money that Chrysler's company usually spent producing prototypes—prototypes that Chrysler himself often hated in the end.

For a few months, it had seemed that Chrysler would go ahead and introduce Fuller's car. But the banks that financed Chrysler's wholesale distributors vetoed the move by threatening to call in their loans. The bankers were afraid (or so Fuller said years later) that an advanced new design would diminish the value of the unsold motor vehicles in dealers' showrooms. For every new car sold, five used cars had to be sold to finance the distribution and production chain, and those old cars would not sell if Fuller's invention made them obsolete.[23]

And in a very real sense, who could blame the bankers? Their reasoning was correct: the risk inherent in every innovation was threatening; especially risky was any innovation that threatened the stability of the corporate system, with its sunk expenses that had to be paid back. (As the Segway and the hydrogen-powered car would demonstrate in the early 2000s, genuinely innovative new products often clash with the existing infrastructure and consumer habits around them.) Nor was it fair to force all those new costs, all that added expense, on customers who had already bought cars and were satisfied with them. (This fact of life, years later, would force personal computer makers to shortchange their products by making them backward-compatible.) As long as the numbers supported decisions based foremost on protecting the corporate finances (and how could they not?), then projects like the Dymaxion car would continue to fail.

The safe, numbers-driven view had unanticipated consequences. In R&D labs, factories, and marketing departments, the numbers culture had the effect of diminishing corporate ambition. People got in the habit of discouraging products that broke new ground or demonstrated genuine public service. Instead they tried to sell products based on styling details and the moods of the mass buying public, and anything that did not threaten their past success. Engineers held back their highest-quality technical work (and gave it the name *overengineering,* a synonym for extravagant waste), particularly when it meant greater up-front costs.

When an organization's collective ambitions erode, the love of power and privilege rushes eagerly to fill the void. In a very real sense, fulfilling the trappings of success for its own executives became the primary purpose of many corporations. For a long time, in those flush years, they could afford it. In the 1960s, the rewards for people at the top of the corporate hierarchy increased disproportionately, setting a pattern that would continue for the next fifty years. James Roche, the chairman of General Motors, the highest-paid CEO in the country, made more than $900,000 per year in 1967—$200,000 plus bonus and stock options.[24] Even when converted into 2008 dollars (which would have made it, perhaps, equivalent to $6 million), it would have seemed downright meager compared to the top CEO salaries of our time, but it wasn't bad for a guy with no university degree, who had worked his way up from a sixty-cent-per-hour statistical research job for Cadillac. Any CEO salary was enough, in effect, to establish an aristocratic dynasty—with grandchildren who would never have to work.

The salaries, moreover, were supplemented by a wide variety of perks, most hidden from outside eyes. Many CEOs and senior managers went days without having to open their wallets; their meals, laundry, transportation, and entertainment simply arrived when needed. A retiring Royal

Dutch/Shell chief executive was asked what he would miss most: "The man who meets me at the plane," he said, "and takes care of everything." Sometimes "taking care of everything" meant chauffeuring a customs official from, say, Kennedy Airport to a smaller private airport in White Plains, New York, or southern Connecticut—a two- or three-hour round trip—while the CEO and his guests sat inside the company's private plane sipping wine.[25] And even the largest capital expenses moved around the top officers' convenience, as William H. Whyte, the author of *The Organization Man,* learned in the 1970s. Whyte studied corporations that had moved their headquarters out of New York. In every case, the new headquarters was located within eight miles of the CEO's home.[26]

With all of these rewards, was it any wonder that managers fought so bitterly over the chance to rise to the CEO position? Like a monarch's court, the structure of power in a corporation encouraged backbiting, sniping, and hiding information because those strategies helped people rise. Every step up the ladder had the effect, intentional or not, of isolating the manager further from the immediate consequences of his or her actions. At many organizations, no one was seen as powerful unless it was almost impossible to reach that person by phone or unless that person had found a way to balkanize and bully staff or keep them spinning, always a bit off balance, for favors and approval. After all, if they treated you as a colleague or if they couldn't produce the right numbers on demand, that showed that they (and you) were "out of control." It showed you had no mastery of the magic after all.

Beginning in the 1950s, a few heretical managers saw—or, rather, felt—the erosion of corporate purpose and the dangers of the numbers culture. They particularly felt the loss of community feeling, but many of them had no name to give to it. At heart, though they had no easy way to articulate it, they wanted to keep the best of the vernacular culture, the concern for relationships and quality, without losing the best of corporate culture either. This yearning could be vaguely heard in the taunts that managers made to each other or dimly seen in the way that executives leaned down for the scotch bottles in their bottom desk drawers. Every year a few more managers felt spurred to risk their jobs—to capture some kind of contact, some feeling of being in touch. Every year a few more managers acquainted themselves with the ferment going on outside the walls of their companies, which in the 1960s became the ferment of the counterculture. And gradually their attitudes began to change.

That was the beginning of the age of heretics. Slowly, tentatively, and with a variety of sources, new ideas began to emerge. They were simple ideas that ran against the grain of conventional management wisdom—for example:

- People are basically good at heart; they are fundamentally trustworthy. Only workplaces that give their members the chance to learn and add value through their work will succeed in the long run.
- Aim for the quality of work, and money will follow.
- Industrial growth is not always desirable. Sometimes it can be destructive.
- Predictions and forecasts are mechanistic substitutes for awareness, and substitutes for awareness lead to bad decisions.
- There is no such thing as "just business, nothing personal." Business is always personal, even if it isn't supposed to be. And we are better off recognizing that.
- Everything in business is connected to everything else. Business is a complex living system with many interconnections. No one can control the system; one can only learn to influence it.

Many of these ideas were based on a body of intellectual work that emerged after World War II. These ideas had roots in Western and Eastern spiritual traditions, in the new types of engineering and social science practice, in humanistic psychology and role-playing theory, in the experiences of anti-Nazi resistance fighters, in the models of systems engineers, and in the counterculture of the 1960s.

At various times, the promoters of these ideas—the heretics within corporations—have been reviled on political grounds. Critics on the left see them as ineffectual apologists for a corporate system that is so corrupt it ought to be destroyed, not reformed. Critics on the right see them as disloyal, effete, snobbish, and maybe communistic. Both sides have seen them as utopian, Pollyannaish, deluded, unrealistic, silly, pretentious, or self-serving. And there's a case to be made that many heretics are snake-oil salesmen (and saleswomen) of one sort or another, putting forth ideas about, say, leadership and management that don't pan out and charging enormous (or at least significant) fees in the process.

And yet corporate heretics may be the closest thing we have, in our self-contradictory time, to a true conscience of large organizations. Many of them have lost their jobs or failed to reach their potential because they would not turn back from the truth they saw. Despite all of these frustrations, it is better to be a heretic than to have one's soul wither through the denial of a truth. And in the end, the corporations of our time are much, much better because the heretics existed.

Outsiders to business, including quite a few pundits, artists, politicians, and journalists, have never really understood the importance of corporate heretics. In part, that's because they didn't get the magic of the numbers and the impact it has had, through corporations, on the world at large. Instead, seen from the vantage point of an outsider, the corporate world is purely a monstrous place—manicured, self-sealing, and vicious. Women, black people, non-American-born people, aging people—in, short, anyone who did not look, think, and act like bright, fresh-faced engineering college graduates—could never rise to the top. Or so the criticisms went. But who wanted to rise to the top anyway? Who wanted to work where you could not choose the focus of your work and where everyone around you continually sought to undermine your dreams?

From this perspective, business knowledge seemed like a fundamental evil, as usury had seemed evil to Christians for centuries. Look at all the frustration and suffering it caused. Politicians discovered during the 1960s, for the first time since World War II, that they could win votes by accusing giant corporations of villainy. People in the street increasingly blamed these giant companies, so visible in brand names and skyscrapers, for war, pollution, and the deadening squareness of modern life. The great French historian of economic life, Fernand Braudel, provided a good example of this attitude. He closed his three-volume explication of civilization and capitalism in European history with a complaint: big corporations, with their big production units, had squeezed out the small, vibrant companies that represented the lifeblood of the marketplace. "Public hostility," he wrote, "is accurately and rightly directed at the top."[27]

But corporations, even the largest and most closed, exist because they are necessary: they can provide the wherewithal for life, the food and electricity and transportation and communication, that people can get no other way. It's not their power that is dangerous, but the inhumanity in their culture—the lack of awareness, attentiveness, and life. To say that they are incapable of being benevolent is to overlook the many, many contributions that large, mainstream corporations have made and (more important) to overlook the fact that many, many people make their contributions to the world through the medium of large mainstream corporations.

And yet there is a dilemma: as long as the numbers culture holds sway alone, neither the companies nor the people in them can realize their potential.

One of the first writers to articulate this, if only obliquely, was Michael Maccoby, a Harvard-educated American psychologist who began in 1968 to investigate the personality of corporate winners. Maccoby had just returned from three years in Cuernavaca, Mexico, where he had worked closely with the psychologist Eric Fromm. Since Ivan Illich was a neighbor there, Maccoby had been exposed in depth to Illich's theories about how professionalization and industrial development had destroyed vernacular culture. And Maccoby had seen evidence of that himself. For his research with Fromm, he had spent hours in Mexican villages where corporations were due to build a factory, getting to know the farmers who lived there. Before the factories came, they spent their free hours playing guitar, talking, and playing basketball. Then the factories opened. Suddenly the villagers turned into automobile assembly-line workers who did nothing during their time off except watch television.[28]

Maccoby began to wonder about the psychology of corporate people. What went on inside people who created and sold this devastating technology? And then, by extension, what went on inside people who designed technologies for mass warfare—bombs, missiles, and the computers that guided them? Did these technologists realize the impact they had on the world? Did they care?

Maccoby got funding from Harvard for a study to answer his question.[29] But he couldn't find a corporation that would let him in to talk freely to its people. Then, in 1969, Maccoby gave a talk near Stanford that eventually led to his introduction to John Young, a junior manager at Hewlett-Packard. H-P, since its birth in 1934, had been known as a quintessential engineers' firm. But Young, who would later become CEO of H-P, was interested in understanding the human effects of corporate work. He wanted to know how to hire people at H-P who would become entrepreneurial risk takers, not just corporate bureaucrats. Almost immediately, he approved Maccoby's study for H-P. He helped organize the study, even writing some of the survey questions. More important, he insisted that Maccoby include other companies as well and arranged introductions to executives at Intel, Texas Instruments, and IBM.

During the next few years, from 1971 to 1974, Maccoby and a small research team visited ten corporations, administering surveys and showing managers Rorschach blots. The managers, after all the times they had been forced to appraise their performance, were remarkably good at describing themselves and each other. They could dispassionately pick apart others' strengths and weaknesses, attitudes toward work, sensitivities, goals, and the things that made them angry. In these interviews, many of them felt fully recognized for the first time. "I have more people working under me than ninety percent of the mayors in America," one manager said, "but nobody has ever heard of me. This interview, for me, is like being on the cover of *Time* magazine."

At that time, there was a theory in the air, taken for granted by anyone who studied corporations, that most managers were primarily "organization men"—driven by the need to belong and conform, dedicating their lives to fitting in to a hivelike whole. This theory came in large measure from the popular book *The Organization Man,* written in the mid-1950s by sociologist-journalist William H. Whyte.[30] Sponsored at first by *Fortune* magazine, Whyte had led a team of academic researchers who conducted dozens of interviews with managers at companies like General Electric, American Telephone and Telegraph, Richardson-Vicks, and Ford, along with their wives, who were solidly entrenched in suburban enclaves. Organization man culture, Whyte argued, had pushed out the previous Protestant ethic culture of independent individualism; it had fostered an atmosphere where people chose to deny their own individuality because they didn't value it highly.

But Maccoby (fifteen years after Whyte) concluded that the organization man culture was dead—even in the corporate world. There were still "company men" (as Maccoby called them) in most firms, striving to fit into a bureaucratic mind-set. But they did not rise to the top of the hierarchy anymore. The dominant people were motivated primarily by the desire to win—not at someone else's expense but in the sense of winning a game. They had little interest in understanding the world or figuring out which game to play; getting a big quarterly result gave them more joy than producing a product. They were the natural aficionados of corporate magic, the people who delighted in making the numbers sing. Maccoby called these people "gamesmen."

Before his research had gotten underway, Maccoby had expected most managers to be "ambitious but neurotic failures," as he put it—"petty bureaucrats who have been so humiliated and discouraged by life . . . that they have chosen to use the little power they have to make others squirm." But the gamesmen Maccoby interviewed were likable people. Their companies might be ruthless places, but as individuals, they had a strong sense of benevolence and justice toward the people around them. They drew enclaves around themselves, symbolized by the steel and glass structures that required visitors to run a gauntlet of security guards and receptionists to get in. The atmosphere within these enclaves was hard driving but warmhearted. Gamesmen looked after their own people, at the same time that they relentlessly competed with each other.

The gamesmen were unconcerned with morality or with restrictions. They used the sexual revolution as a playing chip; the stylized attention of stylish young women was just one of the prizes in the office, one of the many ways to keep score. Miniskirted secretaries were encouraged to mildly flirt with the managers in their departments, creating an atmosphere where everyone felt a little bit charged up, a little bit pushed forward, a little bit high on the job. The bosses flattered the secretaries by telling them how they helped control the men's moods. One secretary at Hewlett-Packard took the day off when her fiancé broke their engagement. "I didn't want to make a lot of people feel down just because I wasn't smiling," she told Maccoby.[31]

Despite the low-level singles-bar atmosphere, there was something innocent about the places that gamesmen set up. Divorce rates were low; the managers obviously cared about their children and families as much as they cared about their coworkers. "It felt to me like Santa Claus's workshop," recalled one of Maccoby's researchers. At the same time, he felt there was something tragically immature about the gamesmen, "as if playing to win was all that life was about."[32]

One of Maccoby's questions asked, "Is there any technology you would oppose on moral grounds?" In this post-Vietnam moment, the question triggered a distaste for the military. At electronics companies, managers consistently replied, "We would never work for a chemical company. *They* produce napalm." Meanwhile, executives at Dow Chemical said, "We would never work for an electronics firm. They make bombs." And at both, managers (even the most senior managers) consistently underreported the percentage of their company's business that went to military contracting. At the same time, all of this self-justification was conducted on an intellectual level, close to the surface, with little feeling behind it. Few of the gamesmen cared much about the uses to which their work was put. Few of them felt much responsibility to the people outside the enclave, whoever they might be.

Outsiders were losers. They were "sick" or "weak," deserving of exploitation. They didn't have the knowledge that corporate people had, the knowledge of how the world works through the financial perspective. Indeed, Maccoby himself didn't have that knowledge. In the eyes of his own gamesmen, he too was an evolutionary failure—an ineffective intellectual with no impact on the real world: the magical business mainstream.

But Maccoby, with his psychoanalytical training, also saw images of shame, self-betrayal, guilt, and despair come up again and again in the gamesmen's dreams. One manager dreamed of being buried alive, with a telephone in his casket. Another dreamed of shattered test tubes (symbolic of an early dream of being a chemist, which wasn't a lucrative enough career). Another dreamed of wandering through a city of slimy skyscrapers, with corpses peering out of the windows. Many, who did not remember their dreams saw bugs, worms, and rats in the Rorschach blots.[33]

One detail was so peculiarly disturbing that Maccoby left it out of his 1976 best-seller on this research, *The Gamesman.* Yet this detail was evident at all ten companies, not just H-P, and for all four managerial types. Maccoby's team had asked managers to name the historical figure they most admired. The answers, almost without exception, fit into a very short list: Abraham Lincoln, John F. Kennedy, Robert Kennedy, Martin Luther King Jr. It was an odd list—Why would predominantly white managers select King?—and it took a while to notice the one thing those heroes had in common: all had been assassinated.

Did businesspeople feel betrayed in some fundamental way, as if they had given so much of their life to their jobs that they too had been murdered? Did they lack examples of heroic figures who had survived? Or did they believe that anyone who broke through the mold of conventional office politics, who actually managed to accomplish something within the system, would be slain?