

# The Management Century

## A Critical Praise of 20th Century Thought and Practice

**Stuart Cranier**

### **Preface**

*"What industrialization was to the 19th century, management is to the 20th. Almost unrecognized in 1900, management has become the central activity of our civilization. It employs a high proportion of our educated men and determines the pace and quality of our economic progress, the effectiveness of our government services and the strength of our national defense. The way we "manage," the way we shape our organizations, affects and reflects what our society is becoming."*

-Fortune, 19661

The last hundred years have witnessed the dramatic genesis of management. Management has emerged as a profession. Management has moved from an unspoken, informal, ad hoc activity into one that is routinely analyzed and commented on from every angle possible. Management has emerged from the shadows to be recognized as one of the driving forces of economic and personal life. Its tentacles spread ever further. Nothing-no organization, no activity-now appears beyond the scope or ambition of management.

While management came of age during the twentieth century, it would be foolish to suggest that it did not exist prior to 1900. Management has been practiced since the very dawn of civilization. But only during the last one hundred years has it been recognized, analyzed, monitored, taught, and formalized. The twentieth century was the management century.

Over this period, management has often been narrowly defined as relating to business. As the great management thinker, Peter Drucker, has pointed out, this does management a disservice. Management applies to more than the world of business. Indeed, Drucker argues that the creation of "city managers" early in the 1900s was one of the first occasions in which management, as it is now understood, was applied to a particular job. Management is as appropriate in local government as it is in a corporation. Management is as much at home in politics and government as it is in health care and hospitals. It is as useful in sports-coaching as it is just one aspect of management-as it is on the factory floor.

There are, of course, differences in management between different organizations-mission defines strategy, after all, and strategy defines structure. But the differences between managing a chain of retail stores and managing a Roman Catholic diocese are amazingly fewer than either retail executives or bishops realize. The differences are mainly in application rather than in principles. The executives of all these organizations spend, for instance, about the same amount of their time on people problems-and the people problems are almost always the same.

So whether you are managing a software company, a hospital, a bank or a Boy Scout organization, the differences apply to only about 10 percent of your work. This 10 percent is determined by the organization's specific mission, its specific culture, its

specific history and its specific vocabulary. The rest is pretty much interchangeable.<sup>2</sup>

And management is the measure of greatness—both financial and ethical—within organizations. It is no surprise that Berkshire Hathaway chief Warren Buffett invests in well-managed companies. Time and time again, in statements of his investment philosophy, Buffett returns to the issue of sound management. He lauds some of his own managers: "They love their businesses, they think like owners, and they exude integrity and ability."<sup>3</sup> The quintessence of Buffett's investment philosophy is that given the right conditions, good managers produce good companies. Never invest in badly managed companies.

Yet management's recognition as a distinctive discipline has been hard-earned. Despite the executive superstars with their superstar salaries, the power and influence clearly enjoyed by managers, and the fact that a huge percentage of the working population work in managerial jobs, management is rarely regarded as the noblest of callings—or as a calling at all. Management is something people fall into. A job in the customer service department leads to marketing and, before you know it, you are vice president and people are asking you the meaning of management.

Saying "Management is—" leads to quizzical silence and furrowed brows whether you are on a factory floor in Nebraska, a Harvard seminar room, or a trading hall in Hong Kong. Similarly, management's standing in society is elusive. Is it deal making, the distrusted art of salesmanship, decision making, paper-shuffling admin, motivation, the science of analysis, budgeting, or the more distinguished art of leadership? All of them and more. "Corporations and managers suffer from a profound social ambivalence," leading theorists Sumantra Ghoshal, Christopher Bartlett, and Peter Moran have observed. "Hero-worshipped by the few, they are deeply distrusted by the many. In popular mythology, the corporate manager is Gordon Gecko, the financier who preaches the gospel of greed in Hollywood's Wall Street. Corporations are 'job killers.'"<sup>4</sup>

Management has had a bad press. The attraction—and the trouble—is that management is multifaceted. Pinning it down is like nailing Jell-O. It is marketing. It is strategy. It is inspiring people. It is budgeting. It is organizing projects and commitments. It is a complex, highly personal, and now truly global calling.

Given this complexity, it is no surprise that the historical and theoretical strands that go to make up contemporary management are many and varied. The great management thinkers are drawn from a bewildering variety of disciplines and professions—there are economists (such as Harvard Business School's Michael Porter); psychologists (such as Edgar Schein of the Massachusetts Institute of Technology); sociologists (such as Rosabeth Moss Kanter of Harvard Business School); management consultants (such as Bruce Henderson and Marvin Bower); engineers aplenty (from Frederick Taylor to the civil engineering-trained Tom Peters); even a nuclear physicist, clarinet-playing would-be politician Kenichi Ohmae.

Recent years have seen an explosion of interest in the applicability of lessons from even more fields to management. Orchestra conductors, mariners, football stars, mountaineers, and poets are among those who now routinely address managers. Their message is that their skills, insights, and experience may have a practical use in modern management. (Often, it must be said, they are immune to the opposite argument that the skills, insights, and experience of managers could have a practical use in their occupations.)

The result is an incredibly rich tableau of ideas and best practice. Indeed, what increasingly marks management apart as a profession is its willingness to be driven by

ideas. In management, theories make a difference; ideas are put to work and can change the lives of millions of people.

The reverse of this is that if ideas don't work, they are quickly consigned to history. This explains the continual churn of ideas. They come and go with increasing rapidity. Think back over the 1980s and 1990s.

First came what could loosely be termed "excellence," spawned by Tom Peters and Robert Waterman's best-selling *In Search of Excellence* (1982). Excellence led to the quality movement of the eighties. The likes of W. Edwards Deming, Joseph Juran, and Philip Crosby led the corporate world to quality circles, TQM, Just-in-Time and other techniques.

No letup. Then came the concept of the learning organization launched into public consciousness by Peter Senge's best-selling *Fifth Discipline*. The really big idea of the early 1990s, however, was reengineering, eventually followed by knowledge management and intellectual capital.

Theory and practice now appear more closely intertwined. (This has not made it any easier for bright ideas to become best practice—look at reengineering.) The divide between business schools and consulting firms has become blurred—and all but disappeared in some instances. Consulting firms increasingly share the intellectual high ground of thought leadership with the world's leading business schools. Once anathema, close relationships between top management consulting firms and top business schools now feel entirely natural. They both share a mission to help shape the ideas and practice of business on a global basis, and to educate and nurture future generations of business leaders.

The *Management Century* aims to gather together many of these gloriously varied strands and provide a concise and insightful guide to the major developments in management thinking and practice during the twentieth century. It provides profiles of the lives and times of some of the great management thinkers and practitioners, as well as of the organizations they created.

To make sense of the maelstrom of bright ideas, hyper-energetic thinkers, and restless managers, the book is organized chronologically by decade. Although this is a generally useful means of organization, it is at times arbitrary. As a result, some events, ideas, and thinkers find themselves constrained by chronology into slightly unexpected surroundings. Each section ends with a timeline of significant events during the period discussed both in the corporate world and in the theoretical.

The end result is, I hope, persuasive and potent proof that management matters and that the twentieth century was truly the management century.

November 1999 Stuart Crainer,  
Twynford, Berkshire, United Kingdom