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## Bureaucracy: The Enemy of Business Success

*The system was established to protect the status quo and to discourage individuals from seeking better ways to do things.*

If the United States is noted for nothing else, it surely must be credited as a country that has contrived a system for just about everything, from the mundane to the munificent. We have judicial court systems, political systems, and religious systems; we have systems of armed forces, systems of governments, and educational systems. And we have systems that impinge on us on a more personal level, too.

Buy gas for your car and you're confronted with a system. Self-serve is the system *de rigueur*. You pull up to the pump, insert your credit card, and pump your own gas (or E-85, but that's another system). If you want to pay in cash, or want to buy a quart of oil, you have to enter through *this* door (not *that* door, that's the exit door), and take the long way around the racks filled with high-margin candy bars, and join a lengthy queue of people buying lottery tickets, the latest issue of *People* magazine, or fishing for 99 cents and a coupon to pay for a 44-ounce "big gulp" soft drink (uh-oh, that's Big Gulp<sup>®</sup>, yet another system).

That's today's gas station system (and it almost makes you wish those Texaco guys hadn't retired). There is another system waiting for you at the fast-food joint, the place where you renew your drivers' license, at your daughter's school, your drive-in church, your favorite supermarket, the place where you buy eye glasses, and, of course, the business where you work.

## **Systems Can Be Good for You**

With this massive proliferation of systems at all levels of human activity, you'd think that we would be very sophisticated in their use. And generally, I'd agree that we are. Systems are not only necessary in many cases, but downright useful. (And if you don't believe me, try driving northbound on the interstate in the southbound lane.)

Systems make life easier, safer, more uniform, more understandable, and even less expensive to enjoy. If the teenager flipping burgers at a McDonald's in Poughkeepsie had to figure out how to make a Quarter Pounder<sup>®</sup> with cheese every time he made one, you can be sure it wouldn't taste anything like the one you'd get in Toulouse (besides, as the movie *Pulp Fiction* told us, the French don't eat a Quarter Pounder, they eat a "Royale with Cheese" since the French use the metric system. But that's another system, another story).

The preflight check system used by airline pilots is certainly considered a useful procedure, wouldn't you agree? Without it, there's no telling if other crucial systems are impaired or unworkable. Without it, you might be introduced to a few other systems you might wish to avoid, like the hospital system, the burial system, and the like.

## **Systems Can Think for Us**

Uniform plans, programs, and procedures take much of the independent thinking out of our lives with favorable results. This is particularly true in business. In fact, businesses, second to governments, are the mother lode of systems.

Everywhere you scan the U.S. business landscape, you'll find systems: systems that regulate employee behavior; systems that organize ideas, principles, and doctrines; systems that establish procedures and processes; systems that reduce costs and bring a more established order and harmonious arrangement where otherwise there might be chaos.

If you have a job, any kind of job, you're probably face-to-face with systems of all kinds that largely take over your job of thinking: IT systems. Bookkeeping systems. HR systems. Shipping systems. Payroll systems. Employee manuals. Like it or not, systems like these help make businesses run. Businesses can't survive without them and accordingly, although ruefully, we rarely quibble about their usefulness.

Our systems are useful, as well as pervasive. Systems have diffused our culture to such an extent that we take them for granted in the same way that we expect the light to go on when we throw the switch or cars to drive on the right-hand side of the road.

Systems have become ingrained in our thinking. We unquestioningly, *even unthinkingly*, accept the requirement that you *must* play by the rules of the game. Only a lunatic would do otherwise. Right?

## Where Systems Go Wrong

If systems bring us so much good, who, then, can fault these procedures that assure us an unparalleled standard of living?

I can. And so can millions of other Americans who have discovered that good systems can go bad and, when they do, they cry out to be Beaten with a capital B; to be circumvented, overcome, and defeated.

Interestingly enough, it is not the systems themselves that are to blame for the faults of U.S. enterprise. A system, after all, is just the methodology for doing something, not the something itself. Rather, the blame lies in the “glue” that holds systems together. That sticky stuff is *bureaucracy* and it has bollixed more good business systems than all other problems combined. Bureaucracy turns good systems into bad. Bureaucracy turns simple, useful programs and procedures into inflexible rules and regulations and the employees who work for them from creative, enterprising stem-winders into impersonal, unthinking troglodytes.

Whether we like it or not, we live cheek by jowl with bureaucratic systems of all kinds. And *dealing with* bureaucratic systems is nothing more than the flip side of *working for* a bureaucratic system. If you have a job, if you manage a company, you probably *work for* a business that’s far too bureaucratic. And that means, *ipso facto*, the less freedom you have to flex your creative muscles and fully realize your potential.

## What’s a Bureaucratic System?

When we think of formal bureaucracies or “bureaumania” as I like to call them, we think of a system in which the means become ends in themselves and the greater good is often lost in the press for uniformity. Parochial or sectional interests are swapped for the good of the whole. And that means individuality, your individuality, is largely an anathema to the System.

Worst of all, bureaucratic systems left uncontrolled have a nasty habit of becoming increasingly entrenched, more bureaucratic, more corrupt, and perpetually more narrow-minded. They are more difficult to work with, just as they are more difficult to work *for*.

## **The Components of a Bureaucracy**

The essence of the bureaucratic system—because it is a system—is a series of controls—rules, really—that are established to enlarge and perpetuate its own existence and the methodologies that enforce compliance. And whether the rules are oral or written, they are meant to rigidly define business operations.

The textbook definition of the bureaucratic organization suggests a system marked by:

- *Standardized procedures*: Pronounced rules exist, particularly those based on written documents like SOPs and employee manuals, and there are sanctions against challenging them.
- *Formalized divisions*: Grouping responsibility together with delimited authority and responsibilities. (“I can’t do that. That’s Brenda’s job.” Alternately, “That’s not our department’s job, it belongs to sales.”)
- *Inside the box thinking*: Bureaucracies eschew creativity and reward behavior that doesn’t “rock the boat” with continued employment. Accordingly, new, challenging ideas and opinions are clearly unrequited.
- *Hierarchical structure*: The typical Christmas tree-like organizational chart defining grades or ranks with respective responsibilities and matching coercive powers.
- *Impersonal relationships*: Both within and without the business or governmental unit, this is the one-size-fits-everybody approach to customer service. (It’s like trying to order ham and eggs at the

Olympia Café in that old *Saturday Night Live* skit: “Cheeseburger, cheeseburger, cheeseburger . . . Pepsi, no Coke, no fries—chips.”)

- *Job placement dependent*: Technical qualifications and work rewarded according to a systematized formula reflecting job title and longevity. (“I can’t get a raise because I have maxed out my grade level.”)

What’s wrong with these definitions? Well, nothing if you’re brain dead. Bureaucratic systems do “git’er done.” You do get your insurance policy. (Even if you are a cave man.) The bank doesn’t (often) lose your last deposit. The IRS does make life miserable. Then, of course, there is the FEMA system, but the exception always does prove the rule.

But just as often these systems deliver a ponderously slow, unimaginative, impersonal brand of “one-size-fits-all” product or service. Their bureaucratic nature robs them of their real ability to generate true value for their employees and the changing tastes of the publics they serve. And since that is true for the customer of such a business, it is true for the employee as well who works in a nightmare environment where new ideas are so often stillborn.

Where would Apple be if Steve Jobs had been working for IBM? Where would Fred Smith be if he had entered the package delivery business thinking like the U.S. Postal Service? Where would Richard Branson be if he thought like United or Northwest Airlines? See what I mean?

## **How Bureaucratic Systems Create Problems**

Bureaucracies, by their very nature, create their own problems. Often, the lines of authority and responsibility are so rigidly drawn that breakdowns and slowdowns occur. Any time you have the attitude that a particular competence is “out of your jurisdiction,” prompt delivery of services will fall between the cracks.

Group thinking seeps into the organization and employees are unwilling to offer dissenting opinions even when such views are better founded than those held by the majority. (Which is, after all, always correct, isn't it?) Committees formed to solve problems unwittingly become instruments of stagnation where employees actually hide from true entrepreneurial decision-making responsibility. The inflexibility of processes and procedures render the corporate decision-making process burdensomely slow, and at times, frozen in indecision.

The bureaucratic system of rules can produce unwanted, even counterproductive consequences. Remember the book (and movie) *Catch-22*? The Joseph Heller work adroitly captures the absurdity of living by the rules of others, whether those rules are delivered by governments, corporate systems, families, or friends.

*Catch-22*, you'll recall, was the bureaucratic rule government imposed to validate the flying readiness of World War II bombardiers. The rule was neatly summed up by Heller as follows:

*There was only one catch and that was Catch-22, which specified that a concern for one's safety in the face of dangers that were real and immediate was the process of a rational mind. [Capt.] Orr was crazy and could be grounded. All he had to do was ask; and as soon as he did, he would no longer be crazy and would have to fly more missions. Orr (Bob Balaban in the film) would be crazy to fly more missions and sane if he didn't, but if he was sane he had to fly them. If he flew them he was crazy and didn't have to; but if he didn't want to he was sane and had to. Yossarian (Alan Arkin) was moved very deeply by the absolute simplicity of this clause of Catch-22 and let out a respectful whistle. "That's some catch, that Catch-22," he observed. "It's the best there is," Doc Daneeka agreed.*

—*Catch-22* by Joseph Heller

Lest you think that such bizarre results happen only in movies, guess again. That kind of bureaucratic bumbling occurred when California judges applied that state's infamous "three-strikes-and-you're-out" law. Imagine some downtrodden fool drawing a life sentence for shoplifting some golf clubs while another was slapped with 25 years to life with no parole for swiping a slice of pepperoni pizza. Sad but true. Only later did the state pass new legislation to curb some, but by no means all, of the unintended effects of this Draconian law.

The reduction of modern corporate management to an inflexible system, a set of rules, is demeaning to all of us, but most of all to those of us who want to do better. If you are one of those people, you are the one I seek to reach because the glaring truth is that the more bureaucratic the environment in which you work, the more limited you'll be in your capacity to perform, contribute, and add value to the business. That means your financial success will be abridged accordingly and that affects the car you drive, the house you live in, the vacations you don't take. To adhere to such a program is a surefire way to inhibit the individuality that we all crave in the businesses we work for, and in the companies with whom we do business. And it's this individual treatment that's the first element to go in the system.

Maximilian Weber, the German political economist and self-professed guru of the bureaucratic way of life, wrote glowingly of bureaucracy in his essay, *The Protestant Ethic and the Spirit of Capitalism* (New York, NY: Routledge Education, Taylor & Francis Group, 2001). Although Weber never met a bureaucracy he didn't like, he pointed out in his work that bureaucracy starts falling apart when decisions are made on an *individual* basis—the very basis of the entrepreneurial freedom we need in an entrepreneurial culture.

## **The Real Cost of Bureaucracy**

Bureaucratic systems can limit you, they tend to control your thoughts and eliminate innovation and creativity. What that should mean to you is this: Profitability suffers and everybody takes a financial hit—management, employees, shareholders, vendors, and customers. But employees take the biggest brunt since they seldom share in the very value they help to create.

Karl Marx noted that bureaucratic fallout when he said that bureaucracies rarely create new wealth by themselves. Instead, they control the production, distribution, and consumption of wealth and it's the employee who suffers most greatly:

*The worker becomes all the poorer the more wealth he produces, the more his production increases in power and range. The worker becomes an ever cheaper commodity the more commodities he creates. With the increasing value of the world of things proceeds in direct proportion to the devaluation of the world of men. Labor produces not only commodities; it produces itself and the worker as a commodity—and does so in the proportion in which it produces commodities generally.*

**—Karl Marx, Economic and Philosophic Manuscripts**

Of course, it is not all about material things. It comes down to what we call “the quality of life.” The bottom line is: If you want to chart new territory, create new ideas, new thinking, a new business, a new way of doing things so you can maximize your life’s career contributions, you’ve got to beat the system that prevents you from doing so.

## Is There Any Hope?

My experience and beliefs tell me there is more than hope—there is a real opportunity to beat the system. However, in order to do so, we need to understand and employ a few simple secrets. As strong as a bureaucracy is, it is a *fixed, inflexible* system. All fixed and inflexible systems, no matter how strong or entrenched they may appear to be, are susceptible to attack and defeat. Just ask the French about the Maginot line!

Bureaucratic systems are vulnerable when exposed to creativity, innovation, responsible risk taking, open communication, a consistent vision, and ethical leadership. Put all these together on the same team and you create a powerful force. This force is called an *entrepreneurial culture* and it is just what is needed to beat the system.

And that's what this book seeks to provide. I'm hoping it will light the way for those of you whose entrepreneurial juices are a quart low.

No, I am not going to teach you a new strategy for eclipsing the odds on a Las Vegas blackjack table or how to beat a DUI rap in your local court or find a loophole in the tax law that will allow you to claim an African warthog as a dependent (actually, there's already a book written that treats that subject). I'm talking about beating the system of bureaucratic encroachment that can paralyze your career, your business, and even your personal life. By learning how to beat this system, you'll earn for yourself an immeasurably more productive, enjoyable, and fulfilling career—not to mention the potential for increased financial success. Conversely, every day you continue to work in a bureaucratic environment, you are bereft of job satisfaction and, most important, your ability to control your future. And after all, isn't that what working is all about?

Business systems are everywhere around us. Some are good. Some are bad. But uniformly, when systems go bad, you're likely to find

that bureaucracy is what is holding them together. Bureaucracies are the glue that holds unwelcome systems together. The bureaucracies of the world have devalued our jobs and our lives in many meaningful and different ways.

The way to beat these systems is to overcome the dictatorial control of bureaucracy, that glue that holds together the systems we love to hate. And the way to do that is to build an *entrepreneurial culture* in a bureaucratic world. You've got to have a personal lifestyle that is entrepreneurial, have a management style that encourages entrepreneurialism, and build an entrepreneurial culture, whether in a department or a small company or a large corporation. With an entrepreneurial culture, you can beat the system that is based on bureaucracy.

Most of us are not going to have the chance to start our own company. We are going to be working in an existing company, and our careers are going to be controlled by an existing company. Chances are that company will have all the earmarks of a bureaucratic organization. And because bureaucracy *creeps* into businesses, if it's not bureaucratic now, it could become so in the future.

I want to help you change that mind-numbing, career stultifying prognosis. I want to help you create a psychological thought process and a management style so that you can operate with more entrepreneurial *balance*—even in a bureaucratic world.

The bottom line is this: If you don't develop an entrepreneurial culture to *Beat the System*, you'll be bullied, and eventually buried by the system. And building an entrepreneurial culture, while sometimes difficult, can be readily achieved if you know how. That's what you'll discover in the remainder of this book, my 11 secrets to building an entrepreneurial culture in a bureaucratic world.

