## ${f T}$ he Human Side of Management $^*$

by Thomas Teal

Look closely at any company in trouble, and you'll probably find that the problem is management. Ask employees about their jobs, and they'll complain about management. Study large corporations, and you'll discover that the biggest barrier to change, innovation, and new ideas is very often management. Make an inventory of the things that have stifled your own creativity and held back your own career; summarize the critical factors that have stood in the way of your organization's success; name the individuals chiefly responsible for the missed opportunities and bungled projects you yourself have witnessed. Managers will top every list.

There is so much inferior management in the world that some people believe we'd be better off in completely flat organizations with no managers at all. Most of us spend the better part of our working lives convinced that we could do the boss's job better than the boss. Something about management looks so easy that we watch one anemic performance after another and never doubt that we could succeed where others repeatedly fail. Of course, a few of us would be terrific managers. But just as clearly, most of us would not. We know this is true because so many of us eventually get the chance to try.

As for the argument that management is unnecessary, think for a moment about what the world was like before the principles of scientific management rationalized production, democratized wealth, commercialized science, and effectively doubled life expectancy. Good management works miracles.

And still the troublesome fact is that mediocre management is the norm. This is not because some people are born without the management gene or because the wrong people get promoted or because the system can be manipulated—although all these things happen all the time. The overwhelmingly most common explanation is much simpler: capable management is so extraordinarily difficult that few people look good no matter how hard they try. Most of those lackluster managers we all complain about are doing their best to manage well.

In one form or another, managing has become one of the world's most common jobs, and yet we make demands on managers that are nearly impossible to meet. For starters, we ask them to acquire a long list of more or less traditional management skills in finance, cost control, resource allocation, product development, marketing, manufacturing, technology, and a dozen other areas. We also demand that they master the management arts—strategy, persuasion, negotiation, writing, speaking, listening. In addition, we ask them to assume responsibility for organizational success, make a great deal

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of money, and share it generously. We also require them to demonstrate the qualities that define leadof money, and share it generously. We also require them to demonstrate the qualities that define leadership, integrity, and character—things like vision, fortitude, passion, sensitivity, commitment, insight, ership, integrity, and character—things like vision, fortitude, passion, sensitivity, commitment, insight, ership, integrity, and character—things like vision, fortitude, passion, sensitivity, commitment, insight, ership, integrity, and character—things like vision, fortitude, passion, sensitivity, commitment, insight, ership, integrity, and character—things like vision, fortitude, passion, sensitivity, commitment, insight, ership, integrity, and character—things like vision, fortitude, passion, sensitivity, commitment, insight, ership, integrity, and character—things like vision, fortitude, passion, sensitivity, commitment, insight, ership, integrity, and character—things like vision, fortitude, passion, sensitivity, commitment, insight, ership, integrity, and character—things like vision, fortitude, passion, sensitivity, commitment, insight, ership, integrity, and character—things like vision, fortitude, passion, sensitivity, commitment, insight, ership, integrity, and character—things like vision, fortitude, passion, sensitivity, commitment, insight, ership, integrity, and character—things like vision, fortitude, passion, sensitivity, commitment, insight, ership, integrity, and character—things like vision, fortitude, passion, sensitivity, commitment, insight, ership, integrity, and character—things like vision, fortitude, passion, sensitivity, commitment, insight, ership, integrity, and character—things like vision, fortitude, passion, sensitivity, commitment, insight, ership, integrity, and character—things like vision, fortitude, passion, sensitivity, commitment, insight, ership, integrity, and character—things like vision, fortitude, passion, sensitivity, ership, ership, ership, ership, ership, er

most managers seem to underperform.

And still not all of them do. Easy as it is to point out mediocre managers—and you can hardly swing a cat in the average workplace without hitting several—nearly everyone gets to see a few exemplary managers in the course of a career. These people fall into two categories: first, the good or very good managers, who are exceedingly rare because they actually meet the inhuman requirements for adequacy; second, the great managers, or rather the occasional bosses we don't hesitate to call great adequacy; second, the great managers, or rather the occasional bosses we don't hesitate to call great managers in spite of the fact that they lack a dozen of the skills and virtues that we would normally managers in spite of the fact that they lack a dozen of the skills and virtues that we would normally managers in spite of the fact that they lack a dozen of the skills and virtues that we would normally managers in spite of the fact that they lack a dozen of the skills and virtues that we would normally managers in spite of the fact that they lack a dozen of the skills and virtues that we would normally managers in spite of the fact that they lack a dozen of the skills and virtues that we would normally managers in the lives of the people around them.

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One reason for the scarcity of managerial greatness is that in educating and training managers, we focus too much on technical proficiency and too little on character. The management sciences—statistics, data analysis, productivity, financial controls, service delivery—are things we can almost take tistics, data analysis, productivity, financial controls, service delivery—are things we can almost take for granted these days. They are subjects we know how to teach. But we're still in the Dark Ages when it comes to teaching people how to behave like great managers—somehow instilling in them capacities such as courage and integrity that can't be taught. Perhaps as a consequence, we've developed a ties such as courage and integrity that can't be taught. Perhaps as a consequence, we've got market share tendency to downplay the importance of the human element in managing. Managers are not responsite tendency to downplay the importance of the human element in managing. Managers are not responsite for other people's happiness, we say. The workplace isn't a nursery school. We've got market share ble for other people's happiness, we say. The workplace isn't a nursery school. We of the dribble away and growth and profits to worry about, and anyway, power is too useful and entertaining to dribble away on relationships—we've got our own nests to feather. But the only people who become great managers are the ones who understand in their guts that managing is not merely a series of mechanical tasks but a set of human interactions.

In the course of seven years at this magazine, I was lucky enough to come in contact with a surprising number of great managers. As editor of a department we called First Person, I was in a position to help several such people—many of them entrepreneurs or CEOs—tell their own stories about critical problems they had faced, analyzed, grappled with, and sometimes but not always resolved. Not all those stories ended happily, but all of them showed how extraordinarily difficult first-rate management can be. They all showed something else as well—that management is a supremely human acagement can be. They all showed something else as well—that management we make on managers, tivity, a fact that explains why, among all the preposterous demands that we make on managers, tivity, a fact that explains why, among all the preposterous demands that we make on managers, tivity, a fact that explains why, among all the preposterous demands that we make on managers, tivity, a fact that explains why, among all the preposterous demands that we make on managers, tivity, a fact that explains why, among all the preposterous demands that we make on managers, tivity, a fact that explains why, among all the preposterous demands that we make on managers, tivity, a fact that explains why, among all the preposterous demands that we make on manager who knows too character means more to us than education. We may love and work hard for a manager who knows too character means more to us than education. We may love and work hard for a manager who knows too character means more to us than education. We may love and work hard for a manager who knows too character means more to us than education. We may love and work hard for a manager who knows too character means more to us than education. We may love and work hard for a manager who knows too character means more to us than education. We may love and work hard for a manager who knows too character means more to us than education. We may love and work hard for a manager who knows too character m

Great management requires imagination. If a company's vision and strategy are to differentiate its offerings and create competitive advantage, they must be original. Original has to mean unconventional, and it often means counterintuitive. Moreover, it takes ingenuity and wit to bring disparate people and elements together into a unified but uniquely original whole. There is even a name for this ple and elements together into a unified but uniquely original whole. There is even a name for this capacity. It's called esemplastic imagination, and although it's generally attributed only to poets, consider the Rosenbluth family.

When Hal Rosenbluth's great-grandfather Marcus opened a travel business in Philadelphia in 1892, he did not see himself as just another travel agent. Unlike his competitors, whose goals were limited to writing and selling tickets, he saw himself in the immigration business. For \$50, he supplied poor Europeans with steamship tickets, assistance clearing the hurdles at Ellis Island, and transport to Philadelphia. And he didn't stop there. Since immigration was not usually an individual affair but involved entire families, Marcus Rosenbluth set himself up as a kind of banker for immigrants as well. When his immigrants were settled and had jobs, he collected their savings, \$.05 and \$.10 at a time, until there was enough money to bring over a second member of the family and a third and a fourth, until the whole clan was safely in America. From the day it was born, Rosenbluth Travel had the competitive advantage of imagination.

Years later, when immigration slowed (and when the company was forced to give up one of its licenses—travel or banking), Rosenbluth Travel moved into the business of leisure travel. Then in the late 1970s, nearly 90 years after the whole enterprise got off the ground, Hal Rosenbluth took over the business and reinvented it once again. Deregulation had just created turmoil out of order and stability. Between any two given cities, two or three standard airfares had suddenly mushroomed into a chaos of new airlines, schedules, and tariffs, all subject to change without notice. Customers were frustrated and angry trying to figure out what the fares really were, and travel agents, unable to cope or make sense of the confusion, were close to desperation. Hal saw it all as a grand opportunity, partly because he saw that the solution lay in another recent innovation—computers. He subscribed to every airline's electronic reservation network (in those days, the airlines charged for access), and he amalgamated all the fares on a computerized system of his own. He bought terminals for his agents and built a new spirit of teamwork using enthusiasm, incentives, and a determination to pay so much attention to his employees' interests that they would feel free to pay attention to the customers'. He guaranteed clients the lowest airfare on every route, and he set out to nail as many corporate accounts as he could find. But, as Hal put it, "I think our biggest competitive advantage was to understand that as deregulation changed the rules, we were no longer in the travel business as much as we were in the information business." The Rosenbluth imagination was still at work after four generations and nearly 100 years.

Another characteristic of great managers is integrity. All managers believe they behave with integrity, but in practice, many have trouble with the concept. Some think integrity is the same thing as secretiveness or blind loyalty. Others seem to believe it means consistency, even in a bad cause. Some confuse it with discretion and some with the opposite quality—bluntness—or with simply not telling lies. What integrity means in management is more ambitious and difficult than any of these. It means being responsible, of course, but it also means communicating clearly and consistently, being an honest broker, keeping promises, knowing oneself, and avoiding hidden agendas that hang other people out to diy. It comes very close to what we used to call *honor*, which in part means not telling lies to yourself.

Think of the way Johnson & Johnson dealt with the Tylenol poisoning crisis or how Procter & Gamble withdrew Rely Tampons, a newly launched product, because of an unproved but potentially serious health risk. Compare those cases with the way Johns-Manville handled the asbestos catastrophe. As a Manville manager for more than 30 years, Bill Sells witnessed what he calls "one of the most colossal corporate blunders of the twentieth century." This blunder was not the company's manufacture and sale of asbestos. Companies have been producing deadly chemicals and explosives for hundreds of years. According to Sells, the blunder that killed thousands of people and eliminated an industry was self-deception. Manville managers at every level were simply unwilling to acknowledge the evidence available in the 1940s, when so much of the damage was done, and their capacity for denial held steady brough the following decades despite mounting evidence about old and newly identified hazards. The company developed a classic case of bunker mentality: refusing to accept facts; assuming that customers and employees were aware of the hazards and used asbestos at their own risk; denying the need for and

the very possibility of change at a company that had successfully hidden its head in the sand for 100 years. Manville funded little medical research, made little effort to communicate what it already knew, and took little or no proactive responsibility for the damage asbestos might do. Captive to the notion that investments that make no product can make no contribution to success, the company pursued only haphazardly the few safety practices that were in place—with tragic consequences for workers' health and decidedly negative effects on maintenance costs, productivity, and profit. Once when he raised objections, Sells was told by his boss, "Bill, you're not loyal," to which he replied, "No, no, you've got

After eight years with the company, Sells was promoted in 1968 to manage a troubled asbestos it wrong. I'm the one who is loyal." facility in Illinois, where it was his job to juggle responsibilities that sometimes seemed to conflictkeeping the plant profitable, keeping it productive, and keeping it safe. Slowly and painfully over the next year and a half, he came to understand that labor relations, productivity, dust abatement, profitability, health, and safety were all aspects of the same issue—business integrity—and he launched a half-million-dollar program to replace or rebuild nearly all the safety equipment in the building. By the early 1970s, unfortunately, it was too late to save asbestos or its victims. But Sells did put his insight into practice in the 1980s, when he headed the company's fiberglass division. Among other things, the division funded arm's-length studies and practiced immediate total disclosure (by phone, fax, letter, news conference, videotape, live television, and printed warnings) of everything the company learned about the potential hazards and health risks of the product and made no disingenuous effort to

Of course, business integrity means accepting the business consequences of a company's acts, put a procompany spin on the results. but for great managers, it also means taking personal responsibility. The boss who accused Sells of disloyalty didn't want to hear uncomfortable facts or opposing points of view. But when Sells took over his own division, he opened himself to criticism and argument. This is stressful work for managers, partly because it means serving two masters—one organizational, one moral—and partly because they're not likely to get support for doing it, not even for doing it well. The rewards for great managers

In the early 1980s, William Peace was the general manager of the Synthetic Fuels Division at Westinghouse, a relatively small unit that faced liquidation as a result of declining oil prices unless he are more subtle. could make it attractive enough to sell. In an effort to pare costs, he decided to eliminate a number of the division's 130 jobs because he thought potential buyers would see them as inessential, and, under the circumstances, he had no choice but to lay off the people who held those jobs in spite of their sometimes excellent performance records. He and his department heads drew up the list of 15 positions in a long, emotional meeting, and when it was over and his senior managers were about to go off and convey the bad news, Peace stopped them. He felt this was news he had to communicate himself, in part because he didn't want the entire workforce to conclude that a wave of layoffs was in the making, in part because he felt he owed the individuals involved a face-to-face explanation.

The meeting with the 15 innocent victims the next morning was funereal. People wept openly or stared dejectedly at the floor. Peace walked through his reasoning, insisted that the layoffs were based on job descriptions, not individual performance, and begged the 15 victims to understand if not forgive the need to sacrifice some employees in order to save the division and all its other jobs. They argued, pleaded, and accused him of ingratitude and heartlessness. Peace commiserated, sympathized, accepted their criticism and disapproval, and did his best to give a frank, detailed answer to every question, taking all the heat they cared to give. Gradually the anger faded and the mood shifted from despondency to resignation and even to some grudging understanding and actual interest in the prospects for a sale. Peace recalls it as the most painful meeting he ever took part in. But by the time he shook their hands and wished them luck, he hoped and believed they had come to appreciate his motives if not his choice of sacrificial lambs.

It was months later that he learned how the confrontation had played to those 15 people. A buyer had been found for the division, Peace had been kept on as general manager, and the new owner was investing money in the enterprise. Suddenly Peace was in a position to rehire many of the people he'd laid off, and when he made them the offer, everyone, without exception, came back to work for him, even when it meant giving up good jobs found elsewhere. This is a story about moral and humanitarian compunctions. Equally to the point, however, it's about a manager drawing attention to his own responsibility in adversity, a piece of courage that in this case led to the eventual recapturing of loyal, experienced employees.

Great management has to involve the kind of respect Peace showed for his subordinates, and it must also involve empowerment. The managers people name with admiration are always the ones who delegate their authority, make subordinates feel powerful and capable, and draw from them so much creativity and such a feeling of responsibility that their behavior changes forever. In 1980, when Ricardo Semler took over Semco, his family's business in São Paulo, Brazil—five factories that manufactured, among other things, marine pumps, commercial dishwashers, and mixing equipment for everything from bubble gum to rocket fuel—productivity was low, new contracts were a rarity, and financial disaster loomed. Furthermore, the company was mired in regulations, hierarchy, and distrust. There were intricate rules for travel—strict ceilings on hotel expenses, calls home limited to a set number of minutes, and all the usual red tape about turning in receipts. Factory workers underwent daily theft-prevention security checks, needed permission to use the bathroom, and were generally treated like delinquents.

Semler swept this old world out the door. He reduced the hierarchy to three levels, threw out the rule book (putting in its place what he called the rule of common sense), initiated collegial decision making, and began submitting certain company decisions—such as a factory relocation and several critical acquisitions—to companywide democratic votes. He set up a profit-sharing plan, and, to make it work, he cut the size of the operating units to which it was tied and opened the company's books to everyone on the payroll. On the theory that he should not be sending people he didn't trust around the world to represent his company, he eliminated expense accounting and simply gave people whatever they claimed to have spent. On the theory that it was indecent to treat people like children who in private life were heads of families, civic leaders, and army reserve officers, he put hourly workers on monthly salaries, did away with time clocks and security checks, and let people on the factory floor set their own work goals, methods, and even work hours. He calculated that people whose bonuses depended on profits were neither going to waste the company's money on luxury hours and cars nor sit around on their hands at work.

He was right. Sales doubled the first year, inventories fell, the company launched eight new products that had been lost in R&D for years, quality improved (for one product, the rejection rate dropped from more than 30 percent to less than 1 percent), costs declined, and productivity increased so dramatically that the company was able to reduce the workforce by 32 percent through attrition and incentives for workers to take early retirement. Semler had reversed the usual practice. Instead of choosing a few responsibilities he could delegate, he picked out a handful of responsibilities that had to remain his own—contracts, strategy, alliances, the authority to make changes in the style of company management—and gave away everything else. Perhaps, he says, some people take advantage of uncontrolled expense accounts or unlocked storage rooms—he would certainly prosecute anyone he found stealing—but his delegation of authority has been so radical and thorough (and effective) that he has no good way of finding out and no desire to know.

In some cases, however, urging people toward shared responsibility and authority is like pulling feeth, and when it means repressing your own instinct to control, like pulling your own teeth. The truth B. people often fail to embrace the opportunities they claim to want, and managers often fail to yield the authority they aim to delegate. Ralph Stayer of Johnsonville Sausage in Wisconsin is another CEO

who, in the early 1980s, tried to empower and invigorate his workforce with large helpings of profit 54 sharing and responsibility. But Stayer was his own worst enemy. He was still so deeply in love with his own control that he held onto it in ways that he was not even conscious of. By giving advice to every subordinate who asked him for help in addressing a problem, he continued to run the company and own the problems. By continuing to collect production data, he stayed in charge of production. By continuing to check the quality of the product, he effectively prevented successful delegation of quality control. His subordinates were simply afraid to make decisions unless they knew which decisions he wanted them to make. The only real difference was that now instead of telling them what he wanted, he was making them guess. Not surprisingly, they quickly became experts at correctly interpreting his tone of voice, deciphering his body language, inferring entire policies from a single offhand remark. Once he realized what he was doing and reminded himself that he really did want his employees to seize the company reins and own the problems that were wearing him down, he began teaching himself to suppress his own need for control. He fired the one or two direct reports he had trained so well they could hardly act on their own initiative, and he stopped attending the meetings in which production decisions were made or even discussed. Instead, he studied the arts of coaching, teaching, and facilitating, and he altered the job descriptions of managers in order to emphasize those skills even above

technical expertise.

The payoff came several years later, when Johnsonville was offered a huge new contract that Stayer didn't believe the company was capable of handling. Rather than simply turn the contract down, however, as he would have done five years earlier, he presented it to his employees. For two weeks, in small groups and at larger team meetings (which Stayer did not attend), they studied the risks and small groups and developed plans to minimize the downside dangers. Ignoring his fears, they accepted challenges and developed plans to minimize the problems it could—and did—add to their lives.

As all these stories illustrate, great management is a continual exercise in learning, education, and persuasion. Getting people to do what's best—for customers, for the business, even for themselves—is often a struggle because it means getting people to understand and want to do what's best, and that requires integrity, the willingness to empower others, courage, tenacity, and great teaching skills. For the struggle because it means getting people to understand and want to do what's best, and that is often a struggle because it means getting people to understand and want to do what's best, and that requires integrity, the willingness to empower others, courage, tenacity, and great teaching skills. Sometimes it also requires managers to learn some difficult lessons of their own. Robert Frey, owner of Cin-Made, a small packaging plant in Cincinnati, falls into this category.

Frey had no desire to carry all his company's burdens by himself, so, like Ralph Stayer, he decided to share the responsibilities and rewards with his workforce. But his workforce said no thanks. Or to share the responsibilities and rewards with his workforce. But his workforce said no thanks. Or to share the responsibilities and rewards with his workforce. But his workforce said no thanks. Or to share the responsibilities and rewards with his workforce and self-government even if it rather, not even thanks, just no. They wanted nothing to do with power and self-government even if it rather, not even thanks, just no. They wanted nothing to do with power and self-government even if it rather, not even thanks, just no. They wanted nothing to do with power and self-government even if it rather, not even thanks, just no. They wanted nothing to do with power and self-government even if it rather, not even thanks, just no. They wanted nothing to do with power and self-government even if it rather, not even thanks, just no. They wanted nothing to do with power and self-government even if it rather, not even thanks, just no.

With a partner, Frey had purchased the company in 1984, and at first his relations with employees had been adversarial and hostile. He had openly implied that they were morons, and he had declared their jobs to be easy. Even worse, he had refused them their annual wage hike. They went out on strike but eventually caved in when their war chest ran dry. Frey wouldn't take them back until they'd accepted but eventually caved in when their war chest ran dry. Frey wouldn't take them back until they'd won a reduced vacations and a pay *cut* of 12.5 percent. Beaten and humiliated, they hated him. He'd won a labor victory, but his prize was a factory full of sullen, angry workers determined to file grievances on labor victory, but his prize was a factory full of sullen, angry workers determined to file grievances on every, tiny deviation from the contract he had made them sign.

Frey himself soon realized that even if his cost-cutting measures had been necessary, his manner had been arrogant, high-handed, and shortsighted. And he quickly tired of lying awake nights wondering if the company was going to survive. He wanted his employees to take on some of that worrying, and if the company was going to survive. He wanted his employees to take on some of that worrying, and if the company was going to survive. He wanted his employees to take on some of that worrying, and if the company was going to survive. He wanted his employees to take on some of that worrying, and if the company was going to survive. He wanted his employees to take on some of that worrying, and if the company was going to survive. He wanted his employees to take on some of that worrying, and if the company was going to survive. He wanted his employees to take on some of that worrying, and if the company was going to survive. He wanted his employees to take on some of that worrying, and if the company was going to survive. He wanted his employees to take on some of that worrying, and if the company was going to survive. He wanted his employees to take on some of that worrying, and if the company was going to survive. He wanted his employees to take on some of that worrying, and if the company was going to survive. He wanted his employees to take on some of that worrying, and if the company was going to survive. He wanted his employees to take on some of that worrying, and if the company was going to survive. He wanted his employees to take on some of that worrying, and if the company was going to survive. He wanted his employees to take on some of that worrying, and if the company was going to survive. He wanted his employees to take on some of that worrying, and if the company was going to survive. He wanted his employees to take on some of that worrying, and if the company was going to survive. He wanted his employees to take on some of that worrying, and the company was going to survive. He wanted his employees to tak

of his workforce. He began consulting their expertise, and he started holding monthly state-of-thebusiness meetings to let them know exactly where the company stood financially. He also began to study profit-sharing plans. By the end of the contract's first year, the business was again making a profit, and he restored a big piece of the pay cut. Toward the end of its second and final year, he announced that he would restore the remainder and immediately begin a profit-sharing plan that would distribute 30 percent of pretax profits to employees, half of this to hourly workers. To give the plan teeth, he declared that he would open the company's books to union inspection and audit.

Many, perhaps most, of the hourly workers resisted. They didn't want more responsibility, they didn't want change—he could keep his profits. They wanted higher wages all right, but they wanted guarantees, not risks. Frey was relentless and relentlessly straightforward. He gave new responsibilities to his best people, with merit raises to match, and he found a factory manager who was good at coaxing people to study math and such techniques as statistical process control. He decreed that learning new skills would entitle people to raises. But he firmly refused to increase wages across the board beyond restoring the pay cut that had helped get the company back on its feet. Frey was sure that he and his workforce would continue to be adversaries until they all shared a common interest in the company's success. To that end, he wanted them to understand where wages came from and to grasp the trade offs between benefits and profits. He wanted them to earn more money than they had ever earned before, but only on the condition that extra money would come from profits: workers would have to share that portion of the risk and shoulder more responsibility.

He made two public announcements: "I do not choose to own a company that has an adversarial relationship with its employees" and "Employee participation will play an essential role in management." He began losing his temper every time someone refused to participate in decision making or said, "It's not my job." He started using the monthly meetings to share more and more complex information, look at profit projections, and examine numbers such as scrap rates and productivity—areas over which factory workers had direct control. He met with union leaders, told them exactly what he was trying to accomplish, and swore he was not out to break their shop. He ignored resentment, absorbed criticism as his due, delegated relentlessly, even did his best to listen and treat people with visible respect. Some of his workers began to like him. Many began to buy his ideas. Almost all came to believe they could trust what he told them. He explained, taught, learned, pressed nonstop for change, and refused to take no for an answer.

Gradually over the course of several years, the struggle began to pay off. Profits grew (individual profit shares over a four-year period averaged out to a 36 percent increment to wages), productivity rose 30 percent, absenteeism fell to nearly zero, and grievances declined to one or two per year. More important for Frey, workers began to make the connection between income and initiative, and today they carry out all the long-term planning and management of labor, materials, equipment, production runs, packing, and delivery. Perhaps best of all from Frey's point of view, some of them probably lie awake nights worrying about company performance.

Frey is an interesting case of a great manager who has great flaws that somehow just don't matter. Tact is not on the list of indispensable ingredients; neither is elegance. But there is one more indispensable capacity, and Frey possesses it, although in an unusually unpolished form: the capacity to create excitement. We generally call it the ability to motivate people, but that phrase is too bloodless to suggest the adrenaline that's needed to build great companies. Frey stirred people up, first to anger, it's true, but later to enterprise and creativity as well.

We want all our leaders—from politicians to movie stars—to stir our souls a little, and we want the same thing from our managers. They have become the most significant figures in our society, with as central a role to play as generals, lords, oracles, or politicians played in centuries past, and we look to them for more than guidance. These few stories can't possibly paint a comprehensive picture of great management in action, but they do give us a rough sketch of the objective, which is to magnify

the social core of human nature, bring individual talents to fruition, create value, and combine those activities with enough passion to generate the greatest possible advantages for every player.

Which brings me to another observation about great managers, this one a little more extravagant. We've already noted that most of us demand something in a manager that is larger than life, and I suggest that in really great managers, we get it. Great managers are distinguished by something more than insight, integrity, leadership, and imagination, and that something more (part of it is tenacity; much of

the rest is plain courage) bears a close resemblance to heroism.

Now, people whose concept of the heroic is inextricably tied to burning buildings and reckless selfsacrifice may find this suggestion offensive. Heroism certainly isn't a word we're comfortable using in the same breath with the word self-interest, and there's no escaping the fact that managers do what they do at least partially to serve themselves, even to make money, even to make a lot of money. Still and all, creating value where none existed; saving and creating jobs and careers and lifetime goals; doing what's right, productive, and beneficial; standing alone, often without support, often against formidable opposition; doing the hard intellectual work of conceiving a vision and the hard moral work of staying true to it—aren't these the kinds of acts we associate with heroism? Even if there are rewards? Even if the eventual rewards are great? For that matter, don't quite a few of our traditional story-book heroes—and our modern media heroes as well—reap lavish benefits? Half the kingdom, wealth, fame, a seat in the Senate, the presidency?

One of the most striking things about entrepreneurs, for example, is their sometimes awkward resemblance to Romantic heroes—their isolation, the fact that they are perpetually swimming against the current, against the wishes of one or more of their constituencies, against convention, against criticism, against heavy odds. Management at its finest has a heroic dimension because it deals with eternal human challenges and offers no excuse for failure and no escape from responsibility. Managers can be as thoughtless and selfish as any other human beings, but they can also be as idealistic and as noble.

Great managers also bring forth other great managers. William Peace, who confronted the employees he was about to lay off, tells a second story—one about a general manager named Gene Cattabiani, who had been his boss years earlier and who shaped the kind of manager Peace himself became. In the early 1970s, when the story took place, Cattabiani had just taken over the Westinghouse Steam Turbine Division in Philadelphia and faced serious problems. The division was not making money, and to save it, he needed to reduce costs and raise productivity. Yet the greatest room for improvement was on the factory floor, and the animosities between management and labor were intense. Union leaders had a reputation for intransigence, and several strikes had grown violent. On the other side, management saw labor as lazy and selfish, and it tended to treat workers with contempt. Cattabiani felt the time had come to break the impasse. Union cooperation was the key to the kind of change that could save the division, and he was determined to change attitudes and begin treating the workforce with respect and honesty. The method he chose was an unprecedented series of presentations to the entire labor force on the state of the business, with slides and a question-and-answer period. Against the better judgment of his immediate subordinates, he decided to make the presentations himself, and because the workforce numbered in the hundreds, he would have to repeat the talk several times.

The first presentation was a trial by fire. He wanted employees to see that the division was in trouble and that their very jobs depended on a new kind of management-labor relationship. But they saw Cattabiani as the enemy. They subjected him to catcalls, heckling, and open abuse, and it was not at all clear that they heard a word of his careful explanations. Peace and his colleagues were convinced he would see that the presentations were a mistake and cancel the rest of the series or ask someone else to do them. But with obvious dread, he persisted. Again and again, he exposed himself to the insults and epithets of people who didn't seem to believe a word he said. Afterward, he began to make regular visits to the shop floor, a thing none of his predecessors had ever done, and to banter and reason with the worst of his hecklers. As the weeks went by, the workers he spoke to began to nod to him when he appeared, to listen to what he had to say, and then to argue with him face to face. Gradually, in the midst of open animosity, the change that Cattabiani wanted began to take place. He ceased to be an ordinary useless manager and became a creature of flesh and blood. He acquired credibility, and a dialogue developed where before there had been nothing but grim silence or hostility.

The presentations and their aftermath were a watershed. Painful and lonely as the process was for Cattabiani, it gave him a human status that no manager had previously held. The workers wanted to confront the source of their problems. By giving them that opportunity, Cattabiani made himself difficult to demonize and impossible to dismiss, and from that moment forward, labor-management relations took a sharp turn for the better. Over the following months, he made big changes in the way the division was run. He introduced greater work flexibility, instituted higher standards for quality and productivity, and when necessary, laid people off. Each improvement was a new struggle, but Cattabiani continued to make himself a disarmingly open target for anger and argument, the necessary changes did take place, peace was maintained, and the division's performance improved more than enough to save its life and the hundreds of jobs it provided.

It is hard to read stories like this one and the one about Cattabiani's protégé, William Peace, and not get a sense that these two men and a great many men and women like them, at least brush the edges of something genuinely gallant, however industrial, however small the scale. Management is terrifically difficult. It takes exceptional, sometimes heroic people to do it well. But even doing it well enough is a much more honorable and arduous task than we commonly suppose.

## NOTES

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