MANAGERIAL INTELLIGENCE

A CLINICAL PERSPECTIVE

AARON BUCHKO

Managerial Intelligence

"Aaron Buchko has amazing insight into the intricacies of managing and leading a business. He was instrumental in helping our firm restructure and made us think way outside of our collective comfort zone. I found this book to be a very compelling read and would recommend it to anyone who is or will be in a management position within their organization."
—Art Anliker, CEO, Heinold Banwart, Ltd.

"In this book, Dr. Buchko has artfully taken the big-picture principles of management theory and infused them with the wisdom of an insider. Science-based management models may work well in predictable controlled environments, but the real world is anything but that. A manager's charge to "get things done through other people" is perhaps one of the most challenging genres in the performing arts. If the key to managerial success is less sheet music and more orchestral immersion, the concepts contained in this book are a huge step in that direction."
—Andrew Honegger, CEO and President, Morton Community Bank

"If you take nothing else from this book, breathe in deeply the fundamental premise that management is more of an art form than science. This may very well be the most relevant work on the topic of management since Marcus Buckingham's, *First, Break all the Rules*. This book will serve as a tool for self analysis as well as tool for those that are tasked with providing direction and guidance to aspiring managers."
—Alan Sadler, CEO. Triple S Holdings, Inc.

Managerial Intelligence:

A Clinical Perspective

By

Aaron Buchko

Cambridge Scholars Publishing

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For Gene
Professor, Teacher, Colleague, Friend

and for Dad and Mom
Et iterum autem videbo vos

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ACKNOWLEDGEMENTS

Many authors begin their acknowledgements by saying something like "this book could not have been written without the help and support of…" and then list the persons who were involved in the development and production of the manuscript. In the case of this particular text, though, this statement is particularly true. There is no way I could have ever written what follows without the influence, efforts, and guidance of several key individuals.

First and foremost is my friend, colleague, teacher, and professor, the late Dr. Eugene Emerson Jennings. Gene was Professor of Management at Michigan State University in 1984 when I arrived as a doctoral student, and he became Professor Emeritus upon his retirement in 1989 when I graduated from the program. (He said we were going to leave MSU together, and he was as good as his word.) After I began my career as an academic at Bradley University (based on Gene's recommendation), we remained colleagues. I spent many afternoons at his home in Okemos, Michigan, and my wife and I visited Gene and his wonderful wife Marilyn at their home on Washington Island in Wisconsin while working on an initial draft of this manuscript. We spoke regularly on the phone. Gene died in 2016, and I miss his tutelage, his insights, his creativity, and his genius.

Gene developed the models and concepts that are the basis of this book early in his professional career and continued his work throughout his lifetime. From 1984 through 1989 I had the privilege of serving as his course manager for his graduate and undergraduate management courses at Michigan State. It was during that time that I became entranced by the ideas and concepts Gene shared with students and practicing managers, and we began to work together to develop the ideas. In 1989, as I was leaving MSU, Gene asked me to give him a dollar. In exchange for that, Gene gave me the right (and the responsibility) to use the materials and to continue to develop the concepts based on my own professional activities. It was the best dollar I ever spent.

I have tried my best to take the ideas that Gene created and to develop those, modify where appropriate, and apply the concepts in my nearly 4 decades of managerial practice and clinical work with executives. The ideas remain as valid today as they did when Gene developed them in the 1950s and 1960s, when we worked together to apply the concepts in the 1980s and 1990s, and they remain in force today with countless executives in

numerous organizations who have benefitted from the insights of Eugene Jennings. I promised Gene that, when he was no longer active in the field, I would take the time to write our ideas down in a book form for other managers and professionals to benefit. This book is in no small part my fulfillment of that commitment. A promise kept.

This book would absolutely not have been possible without the literally thousands of managers with whom I have had the privilege of interacting over the last nearly 40 years of my professional and academic life. I have learned from each and every one of them. Sometimes our interactions provided new insights that have refined and improved the ideas in this book. Other times the concepts presented here were able to help a manager with a difficult situation, to resolve a problem, or enhance a career. Whether the benefit was primarily mine or theirs, in the end this book is a testament to the thousands of managers who have allowed me to become part of their world, to peer inside their sphere of activity, and to take the knowledge and insights gleaned from my own clinical practice and share those with others so that they in turn can be more effective in their own managerial practice.

It would not be possible for me to name all of these executives individually, so I trust that you will know who you are based on our interactions over the past years. However, there are several I would like to recognize simply because they have had a major influence on my own development of these ideas and concepts. In alphabetic order, they include: Martin Abegg, Art Anliker, Rob Baer, Glen Barton, John Brazil, Bill Cirone, Ken Crutcher, Jim DeSpain, Rich DeVos, Bob Ditmer, Sister Judith Ann Duvall, Butch Ellis, Steve Fairbanks, Ty Fennell, Eric Flinton, Tom Foster, Patty Fuchs, Bob Haley, Andy Honegger, Gordon Honegger, Jean Ann Honegger, John Home, John Kerby, Bruce Janvey, Bob Jenkins, Linda Maricle, Elaina Molina, Doug Oberhelman, Jim Owens, Paul "Dutch" Owens, Jim Radke, Don Rager, A. J. Rassi, Dirk Roecker, Alan Sadler, Tom Spurgeon, Jack Stack, Doug Stewart, John Treat, Don Ullman, Jay VanAndel, Matt Vonachen, Jay Vonachen, and Chuck Weaver. This list is far from complete and I'm sure I've failed to mention many who deserve recognition; I hope they will forgive me for my oversight. However, were I to mention all of the managers with whom I have had the distinct pleasure to work over the past four decades, the list would number in the thousands.

All of these people shared their time, thoughts, and energy with me and through our interactions I have been able to observe managers at their best (and sometimes at their not-so-best) engaged in the fundamental act of "getting things done through people." Each interaction is a data point on the journey to understanding, and without these interactions it would not have been possible to have developed as a management clinician. I am indebted

to them for opening up to me about their management practices and, in many cases, their personal lives. A clinician is only as good as the opportunities to learn, and I have been blessed to have had some wonderful opportunities courtesy of these managers. I trust that I have been able to assist them in their own personal development and career success as a result of our work together.

As a university faculty member, I get the opportunity to work with students every day. My first exposure to the material in this book came when I tried to teach the concepts to undergraduate students at Michigan State as one of Gene's Teaching Assistants in 1984. That was when I became enthralled with teaching and with the value of the ideas in this book, and that enthusiasm is fed regularly by the students of the material. Gene and I developed the concepts into a program we called the Corporate Intelligence Program, and for 4 years I worked with Gene to share it with graduate students at MSU. I have continued to develop the program over the decades since, teaching it to graduate MBA students at Bradley and sharing the ideas with corporate groups when requested. The continual enthusiasm of students for the material and ideas in this book give me the energy to keep refining the ideas, and when they say to me, "you know, I saw an example of this just the other day at work," it reinforces in me the universality of many of these concepts and the need to share these insights with practicing managers.

I would also like to thank and acknowledge the staff at Cambridge Scholars Publishing in bringing this offering to press. Adam Rummens demonstrated an enthusiasm for the manuscript early in the process, and Victoria Carruthers was most prompt and professional in her activities to shepherd the manuscript through to publication. Every author owes a huge debt of gratitude to the countless people who work tirelessly on our behalf to give our ideas a written, professional voice.

Every writer has habitual flaws and errors in writing style. I have been very blessed to have a daughter, Alex, who (as a former English major) has extraordinary skills and abilities to read Dad's work and make the necessary corrections and editorial suggestions. This is the second book I've done for which Alex has been the lead editor, and I would not sound nearly as good without her. She has a wonderful ability to find the mistakes and correct the problems, as well as to critique the ideas when I get off course. She has been an invaluable part of my writing and publication efforts. I am grateful that she has been willing to take her time to assist me. In addition, she is just simply a wonderful daughter, one any father would be proud to have in their family. Her intellect, personality, and beauty are a constant source of joy for her Dad.

My parents, Walter and Blanche Buchko, were the foundation of my life. They gave me a home with love, nurturing, authority, discipline when needed, and support. They always encouraged me to work hard, do my best, and leave the rest up to God. They encouraged me to pursue a doctoral degree; they always said, "someday maybe you'll write a book." This is the third one with my name on it, and my first as a solo author. I think they would be proud of me; I know I'm proud to be their son.

Finally, my family. I've already mentioned my daughter Alex, who is part of my professional "team." My son Andrej is a key part of my life as well. We spent years together as he pursued his interest in hockey, traveling all over the midwestern United States in furtherance of his desire to play at the highest levels of the game, and I treasure the time we spent together. Of late he is my golfing companion, and we have enjoyed many hours on the links together. There is a natural ease between us, bonded by the love we share, that lets us tease one another unmercifully while thoroughly enjoying every minute of the repartee. We golf and fly fish together; as some have said, that's when you really get to know a person, and I've come to know him as the finest young man I've ever met. My wife, Dr. Kathy Buchko, is a counseling psychologist, university faculty member, as well as the most incredible mother I've ever seen. She has been part of my life for over 40 years as I write this, and whatever success I have achieved is due in no small part to her constant love and support. She was with me when I made the decision to leave a successful career in management and pursue a PhD. She then did me better and obtained two Master's degrees and a PhD on her own and in about the same amount of time. Kathy was willing to let me teach at Bradley and to develop her own career while continually supporting my efforts. We have seen each other through good times and bad and we remain committed to one another in so many ways. I could not have had the life experiences that made this book possible without her by my side. I will love her forever.

PREFACE

THE MAKING OF A MANAGEMENT CLINICIAN

In August of 1984, after spending 7 years in sales and marketing functions, I decided to change careers and become an academic-a university professor. The decision was somewhat difficult; as an adolescent I knew I wanted to study business and be a manager, and I'd pursued that goal diligently ever since. In a sense, I was "living my dream." But I enjoyed learning, decided to get my MBA, and realized that I was having more fun studying business and management than I was doing it. So, with my wife's agreement, I left industry and became a PhD student at Michigan State University in the Management Department. It wasn't an easy decision; after 7 years, I was the senior marketing officer for a multi-magazine publishing company (at age 29!) and my future career was promising. But I decided to follow my passion and pursue the doctoral degree.

As it turned out, 1984 was a wonderful time to be at MSU in the doctoral program. The faculty were some of the leading up-and-coming professors in the field, and I had a chance to learn research and theory-building from some of the finest professors in the field. But I also had to earn my keep, and so I was assigned as a Teaching Assistant (TA) for Dr. Eugene Jennings' MGT302, Principles of Management class. I didn't know anything about Gene or teaching, but figured I'd had enough classes with teachers that I could figure it out based on what I liked and didn't like, and how hard could a Principles class be? I'd already been teaching part-time for a local community college (Sales Management), so I was sure I could handle the course.

Every Tuesday morning the class met in a huge lecture room in Wells Hall in the shadow of Spartan Stadium, and there Gene would lecture for over an hour to about 600 undergraduate students at a time. Then, they were broken out into recitation of 40 students each, and each of us TAs got 2 sections to cover on Thursday or Friday of the same week. It was a pretty good gig, and I enjoyed the classroom environment a lot.

What really fascinated me, though, were Gene's lectures. He wasn't talking to the students about the usual Principles of Management stuff. Instead, he was sharing with them insights on the practical aspects of management. He was telling them about the real world problems that managers encounter and how they deal with these issues. He was using models, ideas, and concepts I'd never seen or heard of before. And the ideas made sense--a lot of sense, given that I'd just come from the business environment. I realized that Gene was describing managers I'd known and situations I'd observed while a practicing executive.

Then he started to describe me. And I got really, really fascinated. How did he know what I'd done and what I'd gone through? How was he able to describe my career development? How was this possible?

Gene met with us for a half hour before each lecture, and I started to use that time to pepper him with questions. I wanted to learn about these models he was sharing–where did the ideas come from? How were these concepts developed? What were the theoretical underpinnings that the models were based on? He patiently and carefully taught me, and I found myself entranced with the material. Why hadn't I known about this when I was a manager? The ideas and concepts would have helped me so much, would have made me more effective. Why didn't more people use these insights?

Gene explained to me that-unlike the empirical, research-based methods I was learning as a PhD student-the principles and concepts came from his work as an advisor to organizations and managers. It was based on his training as a clinical psychologist at the University of Iowa. He had adopted those same techniques as a clinician and applied them to the world of management and organization life. He explained that a clinician is engaged in the practice, works with practicing managers, and looks for patterns in behaviors, situations, and outcomes that can be used to develop generalized principles of concepts. It was the essence of theory development but in a practical way. As a PhD student I was learning empirical methodology-theory development, hypotheses formulation, research design, data analysis. These were important and useful skills, especially in an academic career. However, if I wanted to really impact managers, I would have to get involved with real managers working on real problems in real organizations. I would have to adopt a clinical approach.

I've been blessed to have been the inheritor of Gene's work and legacy. Over the past 30 plus years I have worked with thousands of managers in their organizations and in executive sessions where I've been able to observe first hand managerial practice at work. I've found that some of the concepts I learned from Gene are timeless; managers and organizations are doing many of the same things they were doing 60 years ago when Gene began his work. Other concepts have been modified to reflect the constantly changing and evolving world of work and organizations. During that time, I've had the privilege of assisting hundreds of managers and organizations to improve their performance. I've watched some executives fail, and my inability to help them is a regret I'll carry for a long time. I think I've left a legacy of management thoughts and ideas with these managers as well as with my students, but none of us are perfect people, so I accept my limitations as a clinician as well. The credit for the success is with the managers; I've just had the awesome opportunity to play a small part in their development.

Based on those years of work as a clinician (I use the term "Advisor" rather than "Consultant"), I've been able to identify some common ideas that seem to be useful for understanding the practice of management. Many of these ideas started with Gene; some are my own contributions. At the end of the day, what you have in your hands is the result of over 60 years of clinical experience in thousands of organizations with tens of thousands of managers. Not all of the ideas will apply all of the time. But the overall models and concepts are well grounded in the real world of the manager, not in theories borrowed from the social sciences like psychology and sociology and tested in lab experiments. Managers don't have time for a lot of theory and experimentation. Organizations need results now, and managers are tasked with providing those results. As a clinician, my role is to assist in that process and at the same time to learn from those interactions so that future managers will benefit from those experiences.

That is the basis for this book. It's not a management theory book except in the sense that the theory represents observed phenomena in organizations. Nor is it a "principles" or "how to" book. My intention isn't to find another "7 S Framework" or help managers move from "Good to Great." As a clinician, my objective is to describe what effective managers do in ways that will enable others to learn and improve their own performance. If that is your interest, then I welcome you to an understanding of managerial intelligence-a clinical perspective.

Aaron A. Buchko, Ph.D.
Peoria, Illinois
January 2019

CHAPTER ONE

MANAGEMENT: A CLINICAL PERSPECTIVE

Why do we need another management book?

The short answer would seem to be, "we don't." Amazon.com says there are over 80,000 books on management available today. If executives cannot find the information needed to successfully run their businesses in one of those 80,000 titles, it would seem doubtful that the information exists at all. Couple this with the fact that, according to Google Scholar, there are over 6,480,000 articles in academic journals and publications on the subject of management. Never in the history of humanity has there been more knowledge and information available on managing people and organizations.

Yet despite all of this knowledge and information, around 80% of small businesses will fail within two years of opening. In fact, only 10% of the firms that were on the Fortune 500 list in 1955 remained on the list in 2015. More than 170,000 small businesses closed during the Great Recession of 2008-2009, and over 4,000 Internet-based companies disappeared when the dot-com bubble burst in 2000. With all of this knowledge and all of this information available, the evidence would seem to suggest that we are not learning very much about how to successfully manage people and run organizations.

You might question whether or not the problem lies in how we teach management. After all, there are more students studying business today-and more managers with a business education-than ever before. More undergraduate business degrees are generally conferred on students than any other academic discipline, and all of those degrees included some instruction in the practice of management. Graduate business degrees, particularly the MBA, continue to grow in popularity, with the availability of online and executive programs. More people have had more exposure to management principles and ideas in their education than in any other time in human history, and even those who have no formal training at the college or university level have probably had some exposure to management development programs in their organizations. But despite the growth in management education, organization results do not seem to indicate any benefit from this increase in management knowledge.

Does management really matter?

What is "management?"

Before going too far in trying to answer this question, it would be useful to define key terms and be sure that we share a common understanding of the concept of management. The dictionary defines management as the act of managing; which means we first have to look at the definition of the word "manage." "Manage," we are told, is a verb meaning "to bring about or succeed in accomplishing." It is derived from the Italian *maneggiare,* meaning to handle or train (usually horses). To manage, therefore, means to bring about or accomplish some end goal or result.

Perhaps the best definition of management is one of the oldest, attributed to Mary Parker Follet: "Management is the art of getting things done through people." While elegant in its simplicity, there are three key elements to this definition.

1. *Art.* It is interesting that in its earliest inception, management was classified as an art. This conceptualization of management as an art form has largely been overlooked in an era of science, Big Data, information technology, and analytics. It is suggested that a scientific approach to the study and practice of management can address numerous problems and challenges in organizations. However, as already noted, contemporary organizations seem to fare no better than those of a century ago, despite over 120 years of scientific methodology in management.

Viewing management as an art form shifts attention from rigorous analyses and methodologies to examining the practice of management as a creative enterprise. To be sure, there are principles, frameworks, and guidelines that are inherent in the practice of management just as with any other art form, such as music, dance, film, and the visual arts. What this definition suggests, though, is that management in practice is not simply a set of tools or techniques to be applied consistently and rigorously based upon a set of theories or hypotheses; rather, it is the act of combining these techniques in a unique way to achieve a desired outcome.

2. ***Getting things done.*** Management is not about random behavior. It assumes that there are "things" that need to be done, that there is a goal, an

outcome, or an objective. As many writers have noted, the determination of the things that need to be done is often a function of management. However, like most forms of human activity, management presumes some desired end result. In most cases, these goals or objectives are determined by the nature of the organization. For instance, the business/corporation seeks to generate a profit, whereas the charitable organization may seek some social or moral outcome. No matter the nature of the enterprise, the essential point is that management seeks to achieve some organizationally-relevant result by guiding and directing actions.

This should not be surprising, since the purpose of any organization is to produce outcomes collectively that are not possible to be achieved individually. The reason human beings form organizations is to work together to accomplish tasks more efficiently or effectively than can be done by one person alone. Hence the bias of any organization is action; organizations exist to do things. The purpose of management is to plan, implement, execute, and control those actions in order to achieve the desired results. While the practice of management can and does influence the determination of the organizational outcomes, it is important to note that, in many instances, the "things" that management seeks to get done are independent of the individual actors who populate the organization. The outcomes may be socially constructed or mandated, or they may arise from institutional requirements. Regardless of the origin, the purpose of management is to accomplish the "things" that the organization requires.

3. ***Through people.*** It's this third element of the definition that distinguishes management from all other activities that occur within an organization. The first rule of management is this: if you're doing the work, you're not managing. The essence of the managerial role is to enable other people to do the work of the organization. While it is true that many managers do have their own individual work tasks, duties, and responsibilities to complete, the distinguishing feature of the managerial role is the necessity to get *other* people in the organization to perform the work that gets things done.

It's the "people" part of the definition of management that causes management to be far more art than science. The inherent individuality of each person and the fact that every situation in an organization is fundamentally unique means that it is extremely difficult to create general theories of managerial practice. In fact, it might be said that the essence of management is the constant creative act of configuring the various resources available to the manager in a way that produces the desired organizational outcomes.

One of the things that makes this particularly challenging is that the skills required to get other individuals to do the work of the organization are not necessarily the same skills that get a person hired into the organization. Typically, organizations hire individuals because they possess the knowledge, skills, and abilities necessary to produce the desired organizational outcomes. Most people enter an organization based upon their technical skills or competencies, but those skills and competencies that are necessary to get other people to perform the tasks of the organization are not necessarily the same technical skills and abilities that were important in the hiring decision.

What generally happens is something like this: a person enters the organization in an entry-level position as a worker, charged with performing certain tasks and duties. Over time, the individual demonstrates a measure of success in performing those tasks and generally is perceived as having some skills at interpersonal relationships and at working effectively with others. The organization assumes that this combination of technical skills and interpersonal competencies will enable the person to be effective at managing others, and so the worker is promoted to a first-level managerial position. The moment that occurs, however, the rules for success immediately change. For every managerial position in an organization, from the first line supervisor to the CEO, the primary criteria for success is the individual's ability to get other people to perform.

Management: Art Versus Science

One of the fundamental elements that separates art from science is the concept of practice. Science (including the social sciences) is subject to the scientific methodology of theory, hypotheses, data, and verification. Such methodology can be performed in a laboratory or controlled conditions; alternatively, data analytic techniques can be used to minimize error. However, art requires performance--that is, that one actually practices the form. It is this element of managerial practice/performance that is consistent with the definition of management and emphasizes the necessity of viewing management as an art.

As an art, the practice of management requires knowledge of the context and the basic principles of the craft, awareness of the unique individuals and circumstances, and the ability to align the elements in such a way as to produce an intentional outcome--one that, by its nature, can never be repeated. Like all creative tasks, management involves emotions, those of both the manager and the subordinates. It requires sensitivity to cultural norms and values, including those of the organization as well as the larger society.

Like art, management involves the process of *preemption*: once an action has been taken, it cannot be withdrawn, and all future actions must consider the sequence of events which precede action. Once the manager makes a decision, communicates with a subordinate, establishes a new organizational practice, or engages in any of the myriad activities associated with a managerial role, the act cannot be undone. Like the musician who plays the note, the artist who applies the paint, the sculptor who breaks the rock, or the actor who utters the line, the manager's reality is that actions are always occurring as part of a live managerial "performance." The practice of management is an ongoing creative act in which the manager acts both as an agent within the existing context while simultaneously seeking to influence the future state of the organization through those actions. While the manager may have a vision or intention of a desired future state, management in practice more closely resembles the creative process.

There are many who will take exception to this view of management as a creative act or performance, preferring to view management as a social science. While management incorporates many practices and elements of the scientific perspective, the nature of managerial action must, out of necessity, mean that the scientific approach has limitations. Consider for a moment the necessary prerequisites of a science. All science is based upon the scientific method of theory, hypothesis, data, and verification. Certainly, we have many theories that are relevant to the practice of management, and frequently, these theories are presented in the form of testable hypotheses, which are then framed in experimental or quasi-experimental settings. Data is gathered and analyzed, and as a social science, the data is frequently analyzed using statistical methodologies intended to reduce potential error and arrive at some conclusion *vis a vis* those hypotheses.

This is obviously attractive to many, given our modem society's bias toward the scientific. However, it conflicts with a proper understanding of management. A scientific approach to management suggests that there are general theories that guide managerial behavior. But, in reality, the managerial role does not lend itself to general theories or approaches. The reason for this is that each situation or circumstance in an organization is fundamentally unique. From day to day, the actors differ; we have knowledge or know something today that we did not know yesterday. We have one more day's worth of experience. The conditions of managerial work are constantly changing.

The suggestion that the methods of social science are an appropriate way to understand the reality of managerial work has two fundamental flaws. The first arises from the structure of social science research. The overwhelming majority of the research in the social sciences uses surveys and/or experimentation in settings that allow for a measure of control. For survey research to be even marginally effective, it is necessary to survey entire populations. Since this cannot be done, research methods use randomization in order to address the error from a smaller sampling. However, it is not possible to have a random "sample" of organizations. For sampling theory to be effective, there are two requirements: the first is that every unit in the population has an equal probability of being selected into the sample, and this can be done through a random selection process. But the second requirement is that any unit in the population can be substituted for any unit in the sample without materially changing the composition of the sample. When we consider organizations as the base for such research, sampling theory quickly breaks down; it is simply not realistic to suggest that managers from Boeing Corporation can be substituted for managers in Apple Corporation or Bank of America or Harvard University without materially affecting the sample. The environments and circumstances for these organizations at any moment in time can be radically different, requiring significant differences in managerial behavior.

The second problem with most approaches to gathering knowledge about managerial work is the use of experimentation, most often involving the use of undergraduate or graduate students (the reason for the use of students in such research is the difficulty of getting managers in organizations to agree to operating an organization in experimentally-controlled conditions!). Research about managerial practice in experimental, controlled settings is therefore limited in its generalization ability by the artificiality of the research setting itself. Research on group behavior, motivation, teams, etc., arising from experimentation in laboratory conditions, may tell us something about how students behave in controlled environments. However, it may not tell us very much about how practicing managers with years of experience in complex environments behave.

Like the old saying, "you never put your foot in the same river twice," the manager is never in the same organizational situation twice. Each moment of managerial work requires constant awareness and assessment of the situation, as well as an ability to combine resources in such a way as to produce the desired organizational outcome in an environment that constantly varies. Just as any work of art is a one-time event that happens in the moment, so too management is an art that is continuously being performed in real time. Therefore, the scientific approach is limited in its utility for understanding the managerial role. Scientific models can suggest to us ways of thinking about or evaluating our circumstances, but the actual decision process in the formulation of a program of action to achieve the desired goals requires a different perspective; and in this manner, the practice of management has been and will continue to be far more art than science.

This understanding of the nature of management is inherent in the concept of the professional school. Any college or university can possess only a limited number of professional schools; every other program of study is considered one of the arts or sciences. A profession however, by definition is a practice or vocation requiring mastery of a complex set of knowledge and skills through formal education and/or practical experience. Or as one colleague defined it, a profession is a combination of disciplines, the practice of which is an art. The most common professional schools are medicine, law, business, engineering, and education. Management as a discipline is most often housed within the business school. This is appropriate, given the nature of most managerial work. Management is therefore one of the disciplines within the business school and along with other disciplines such as finance, marketing, and accounting, forms the basis of a professional business education.

What separates the professional school from the arts and sciences, though, is the *practice*; the reason for professional education is to enable students to practice medicine, law, business, etc., with a high degree of proficiency. It is expected, then, that students will receive an education in the basic disciplines of the profession. For example, medical students receive education in anatomy, chemistry, biology, and many other scientific disciplines. But it is not enough to merely have knowledge of the disciplines; it is the ability to combine one's knowledge from these disciplines and apply the knowledge to a specific patient, client, or organization that distinguishes professional behavior. It is at this point of practice that the art of medicine, law, and business management becomes paramount; and the scientific approach becomes limited in its usefulness for understanding the nature of managerial work.

What Happened to Management?

To figure out how we got here–what happened to the concept of management–let's take a brief tour through the history of management thought. The concept of management is not new in human history; in fact, it might be said that management is one of the oldest professions known to human beings. We see evidence of managerial practice in the building of the pyramids in ancient Egypt. One of the earliest recorded efforts at a managerial reorganization is in the book of Exodus in the Jewish *Torah* or in the Christian Bible, where Moses records a conversation with his father-in-law, Jethro, suggesting that he restructure the children of Israel to enable

Moses to more efficiently manage the people's affairs. Further evidence for the practice of management might be found in the military and political structures of ancient Babylon, Persia, Greece and Rome, the building of the Great Wall of China, and the rise of numerous civilizations.

Initial efforts to understand the practice of management were bound up with political, military, and/or theological organizations. Prior to the 19th century, there were very few large-scale business organizations. The largest organizations known to most individuals were governments, armies, and churches; so, early work at understanding organizational management focused on the administration of these large organizations.

The industrial revolution in the 19th century became the genesis for large business organizations. Drawing on existing knowledge regarding administrative functions, early management writing concentrated on developing the policies, procedures, and processes necessary for the efficient and effective functioning of these companies. This began to change in the late 19th century, due primarily to the efforts of Frederick W. Taylor and creation of what became known as Scientific Management. Riding on the wave of late 19th-century fascination with the principles of science that were impacting the physical and natural sciences, Taylor sought to apply these same techniques to the operations of industrial organizations. Through experimentation, observation, and analysis of data, Taylor was able to improve worker performance and achieve greater levels of industrial output. Therefore, the first formal approach to the study of business management had its roots in scientific thought–perhaps creating an initial bias in favor of management as science.

The first formal text on the subject of business management is generally thought to be Chester Barnard's *The Functions of the Executive* (1938)[1]. Barnard, as the president of AT&T, concentrated on the administrative role in operating a large complex business organization. This might still be viewed, however, as a continuation of the scientific approach to management, since Barnard provided an initial structure for analyzing the administrative functions of the enterprise. Business education concentrated primarily on technical training in certain necessary skills, such as bookkeeping, manufacturing (an offshoot of industrial engineering), and contract law. Managers were, as noted previously, chosen primarily for their technical competencies, and there was little in the way of research, writing, or education on management.

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[1] Barnard, Chester Irving, and Kenneth R. Andrews. *The functions of the executive*. Vol. 11. Harvard University Press, 1968.

It was not until Elton Mayo's work in the 1930s at the Western Electric Hawthorne Plant that executives began to recognize the significance of the human element in the workplace. The advent of World War II increased the emphasis on organizational effectiveness and efficiency in order to support the war effort in the 1940s. This gave rise to what is now known as the Humanistic approach to management; executives began to realize that they must pay attention to the people in the organizations, viewing them as more than just a component of the means of production.

After the war, two foundational books on management were published. The first was Peter Drucker's *The Concept of the Corporation* (1946)[2]. Drucker, an Austrian social scientist, examined General Motors, the largest corporation at the time, treating the organization as a social phenomenon, almost as an anthropological study. At approximately the same time, William Whyte's *The Organization Man* (1956)[3] incorporated the growing academic disciplines of sociology and psychology to examine life in organizations and emphasized the effect of organizations on the human component of businesses.

The growth in the study of management had its roots in scientific principles and methodology, so it's not surprising that initial efforts to understand the managerial practice were rooted in scientific activity. But after World War II, there was one other factor that had a significant impact on the understanding of management, and that was the growth and development of business schools within universities and colleges, primarily in the United States.

The initial impetus for the rise of business schools was the need to staff the large-scale enterprises that were created during World War II and subsequently supported by the explosive growth in the U.S. economy in the 1950s. The demand for managers to work in these organizations was so large that universities, seeing the need and the availability of government funding through the G.I. Bill, established business schools as a means of providing skilled employees for these organizations. Business and engineering became the most popular fields of studies at American universities and, by extension, throughout the world.

At the close of the decade of the 1950s, two reports, both published in 1959, brought about transformational change in business schools. The Gordon-Howell report, funded by the Ford Foundation[4], and the Carnegie

[2] Drucker, Peter F. *Concept of the Corporation*. Transaction Publishers, 1993.
[3] Whyte, William Hollingsworth, and Joseph Nocera. *The organization man*. Vol. 342. New York: Simon and Schuster, 1956.
[4] Gordon, Robert A., and James E. Howell. "Higher education for business." *The Journal of Business Education* 35, no. 3 (1959): 115-117.

Foundation's study titled *The Education of American Businessmen*, by Frank Pierson,[5] criticized what was viewed as the weak scientific foundation of business education. These reports suggested that the business curriculum was too narrow and simple, focusing too much on cases in practice with little theory or scientific rigor. As a result of these reports, business schools engaged in a process to increase the academic stature of business within the university. Using the research techniques of the natural and social sciences, business faculty adopted the practices and routines of their academic colleagues. Tenure and promotion decisions, based upon the "publish or perish" approach, encouraged professors to develop theories and produce empirical research in peer-reviewed journals. While this increased the academic legitimacy of the business school, it had the additional effect of driving business schools more towards the scientific approach and methodology.

But as noted at the outset of this chapter, despite nearly 6 decades of "business as science" and empirical research, there has been relatively little improvement in managerial performance and organizational outcomes. If management is truly "the art of getting things done through people," then there is relatively little to show for all of the scientific research efforts. Several years ago, the then-president of the Academy of Management (probably the preeminent association of management scholars in the world) challenged these academicians by asking them, "what if the Academy really mattered?" He observed that, despite decades of research, thousands of studies, numerous books, classroom and training exercises, and years of effort, the impact of most academic managerial research on actual management performance and organizational outcomes seemed minimal. He challenged the members of the Academy to examine the need to make their research more relevant to organizations. Even leading academicians are aware that their research has had little effect on managers in organizations. So why has there been such a lack of positive impact of managerial research on practicing managers?

A Clinical Approach to Management

There are several possible reasons for the lack of meaningful impact of academic research on management, of course, but perhaps one of the more significant issues lies in the proper understanding of management. If, in fact, management is indeed an art, then scientific methods are perhaps limited in

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[5] Pierson, Frank Cook. *The education of American businessmen: A study of university-college programs in business administration*. McGraw-Hill, 1959.

their ability to understand managerial practice. The nature of the scientific method may be inadequate to capture the essence of the creative performance that is management in action. By focusing on prior theories, testable hypotheses, experimentation, data gathering, and analysis, the scientific approach may be able to describe specific finite elements of management; however, none of those focal points can capture what is essential to the proper understanding of management: complexity, innovation, emotion, and context.

Think of it this way: it is possible to study the sound waves of Beethoven's Ninth Symphony. It is possible to analyze the pixels of light and color content in da Vinci's *Mona Lisa.* A person skilled in the literary form can perform a contextual analysis of Shakespeare's *Macbeth.* But simply knowing the pattern of sound waves, pixilation, or techniques of literary criticism cannot capture the *emotion*s inherent in these artistic forms of expression. Likewise, applying to methods of the natural or social sciences to the study of management may enable us to understand the basic elements of managerial practice–but they cannot capture the richness of management.

For decades, the study of management has been dominated by the scientific method. This has resulted in an extensive body of knowledge regarding the elements of managerial work, much of which has been useful and has benefitted both individuals and organizations. However, to fully appreciate management in action, it is necessary to go beyond the empirical data and experimentation to study management within the organizational setting as it is practiced.

If management is indeed a profession–that is, a combination of disciplines, the practice of which is an art–then it is potentially helpful to apply the methods of professional learning and development to the study of management. Borrowing from the professional school model, particularly that of healthcare or medicine, a clinical approach to the study of management may provide new insights into how management is actually done in practice.

Let us distinguish between the empirical and clinical methodologies. Empirical knowledge is based upon observation and documentation of patterns and behavior through experimentation. It is the central component of the scientific method; hypotheses, derived from theories, are subjected to a process whereby data is gathered dispassionately by means of the senses and later analyzed. In contrast, clinical knowledge is based upon the actual observation and interaction with the subjects under investigation. While empirical information comes from theoretical or laboratory studies, clinical knowledge arises from human interaction. This is most evident in the practice of medicine, where empirical studies provide the foundation for medical knowledge, but it is the actual clinical practice of the physician that determines the treatment of the patient and any outcomes.

As a management clinician, the observations in this book are based on interactions and observations of thousands of executives. For over 40 years I have engaged in the act of working with practicing managers in all types of organizations, from manufacturing to health care, financial services to governmental agencies, for profit and not for profit, public and private, and almost everything in between. During that time I had the opportunity to observe these managers in action, in the performance of their managerial duties. Some were successful in "getting things done through others," others struggled, some failed. In each case, though, it was possible to learn from the experience and to find common patterns in the practice of management. That clinical experience forms the basis for the concepts and models in this book.

A clinical approach is based on actual "treatment" or interaction with the individuals under investigation and the observation of those individuals. In medicine the clinician treats patients; in business the clinician advises managers. This is not to say there is less rigor in clinical approaches than in the methods of the empiricist. One of the aspects of clinical methodology is that it should be distinguished by an objective and realistic view, should be dispassionately analytic, and unemotionally critical. A clinical approach to management seeks to observe managers engaged in the practice of management and to objectively and critically analyze their behaviors to discern common patterns. Since clinical methods are grounded in practice, it engages managers at the point of performance-at the point of contact with the very act of "getting things done through people."

The clinical approach is distinguished by the preference for observation in context, whereas empirical methodologies emphasize experimentation, data gathering, and analytical techniques. The clinician is more attuned to inductive reasoning, moving from specific instances into developing generalized theories or axioms based on observable patterns in the observed phenomena. Empirical methods tend to be biased towards deductive reasoning, in which general theories are applied via derivation of testable hypotheses or propositions to derive specific conclusions about the validity or accuracy of the general theory. Both are useful and have a place in the study of management. However, the bias for the last nearly 60 years has been toward empiricism, with the result that there are millions of studies examining minute aspects of management in organizations. Given the bias toward the empirical, there is a need to balance research with clinical methodologies.

The purpose of this book is to balance the empirical approach by examining the practice of management using a clinical perspective. While the information in the following chapters acknowledges a debt to empirical research and science, the majority of the material is based upon the author's interactions with thousands of executives in hundreds of organizations over nearly four decades. It is also predicated upon an understanding of managerial development that dates back to the mid-1950s. The process of working with practicing managers has yielded numerous insights into the managerial role. By sharing these insights, obtained from observation and from the interaction of managers in organizations, it might be possible to provide the reader useful information and thinking to improve the practice of management.

CHAPTER TWO

THE STRUCTURE AND CONTEXT OF MANAGERIAL PRACTICE

To appreciate the practice of any profession–whether it be teaching, engineering, medicine, law, or management–there are some basic components that are necessary for both understanding and clinical analysis. Since the practice of any profession is by definition an art, a clinical approach to the study of management necessitates an understanding of 3 elements that are inherent in the study of art: (1) an awareness of the basic forms or structures; (2) an appreciation for the context; and (3) an understanding of the mind of the practitioner (the artist). The majority of this book is devoted to item 3, understanding the managerial mind. As will be demonstrated in the following chapters, management is fundamentally an act of the intellect, and therefore an understanding of the cognitive process of management and the means whereby this cognition is developed is essential. In this initial chapter, the following discussion examines the structure and context of managerial practice as it has evolved over the last roughly two centuries.

Understanding the practice of management necessitates having an appreciation for the history of managerial activity and behavior, for without this, it is not possible to fully comprehend the structure of management. The intent here is not to give a lengthy historical perspective on various themes of management thought–for that, there are many well-done works that provide a rich base of information (see, for example, Art Kleiner's *The Age of Heretics* (1988)[6], or Gareth Morgan's (1986) *Images of Organizations*[7]). For purposes of clinical practice, it is far more useful to understand the way people structure the components of managerial practice, as well as the various managerial practices that define management. However, the way management is understood is inextricably tied up in the evolution of

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[6] Kleiner, Art. *The age of heretics: Heroes, outlaws, and the forerunners of corporate change*. New York: Currency Doubleday, 1996.

[7] Morgan, Gareth. *Images of organization*. SAGE Publications. California USA 1997.

managerial practice; thus history, structure, and context are all part of the same knowledge base.

The Structure of Managerial Practice

A review of decades (in some cases centuries) of research and writing yields many clues as to the structure of managerial practice. By looking at what managerial scholars, consultants, and practicing managers view as important elements of managerial work, it is possible to identify several consistent themes or elements of management. There are 15 dominant components of managerial practice that have been found to exist across organizations, time, and geography. These are shown in Table 2-1

Table 2-1: The Common Elements of Managerial Practice

Managerial Element	The Managerial Issue
Decision-Making Technique	How are decisions made in the organization?
Locus of Decision-Making	Where in the organization should the decision get made? (i.e., who ultimately has the decision rights?)
Expertise	Which form of organizational expertise is most important for a manager to possess?
Organization Driving Force	What is the dominant force that drives the organization and thus managerial consideration?
Dominant Managerial Concern	When taking action or making decisions, managers should be primarily concerned with what issue?
Desired Individual Skills Mix	What is the optimal level of individual skill sets that are necessary to maximize organization performance?
Developmental Process	How should the organization go about developing the desired skills in managers?

Authority Orientation	**What is the desired posture of individuals in the organization with respect to the hierarchy of authority?**
Organization Decision Priority	**How will the organization prioritize the desired outcomes to be produced by the entity?**
Information Orientation	**How is information treated within the organization?**
Reward Basis	**On what basis does the organization reward individual and managerial behavior?**
Allegiance	**What form of allegiance does the organization expect individual members to demonstrate?**
Structural Form	**What is the dominant type of formal structure used to align people in the organization?**
Primary Managerial Unit	**What is the central focus of practicing managers when producing outcomes?**
Primary Managerial Function	**Of the four functions of management, which is dominant in managerial practice?**

Some comments on these 15 structural components of managerial practice:

1. Decision-Making Technique: The critical activity for a manager is decision making. It is the one fundamental act that defines the practice of management, the one thing that managers are asked to do. The ability to make timely, accurate, well-reasoned decisions that produce desired outcomes separates effective managers from ineffective ones. That's why so much has been written on decision-making: analytics, decision heuristics and biases, how-to guides for more effective decision-making. The question is, how are decisions made by the manager? By the organization? What is the dominant mode?
2. Locus of Decision-Making: this is more colloquially known as "decision rights"–that is, who has the "right" to make a given decision? Where in

the organization are decisions normally made: at higher or lower levels? How does the organization determine who gets to decide?

3. Expertise: from the organization's perspective, what type of expertise are managers expected to possess? Functional expertise is expertise within a functional area of the enterprise; cross-functional expertise is the ability to coordinate across functions in the organization; and some positions require a high level of individual skills in a narrow area of expertise (referred to sometimes as Subject Matter Experts, or SMEs).
4. Organization Driving Force: What is the central focus of both managerial decision-making and managerial discussions? Where does management focus attention on the organization? On providing better outputs (products or services), on meeting customer needs, or on providing superior value for owners/shareholders, customers, and communities? How are these prioritized?
5. Dominant Managerial Concern: What dominates managerial discussions? Is the focus on internal efficiency, external effectiveness, or addressing the expectations of multiple constituencies?
6. Skills Mix: there are 3 types of skills managers need to possess: technical skills (in some area of organizational activity), managerial or interpersonal skills (how to effectively get others to perform), and business or organization skills (how to get the organization to maximize performance overall). Within the organization or position, what's the skill set a manager must have?
7. Developmental Process: what is the process that the organization uses to develop individuals into managerial positions? How does the organization grow managerial talent?
8. Authority Orientation: every organization is, by definition, a hierarchy of authority. The question is this: to what extent are managers expected to defer to authority and/or utilize their formal authority within the enterprise?
9. Organization Decision Priorities: When facing conflicts or decision points, what are the decision criteria, and how are these prioritized? The way an organization prioritizes decision criteria will impact the practice of management.
10. Information Orientation: How is information treated in the organization? Managerial decisions can be no better than the information on which those decisions are based (though the decision can be worse…). With that in mind, how does information flow through the firm?
11. Reward Basis: On what basis does the organization provide rewards to managers? How well the manager performs in the job? The results the manager produces? The skills that the manager possesses?

12. Allegiance: To what or to whom do managers owe their allegiance? The organization? Their profession? Themselves?
13. Structural Form: What type of organization structure does the organization manifest? A standard hierarchy of managerial levels with narrow authority? A lean, flat (hierarchy) entity with minimal levels and broad authority? Or a free-form structure, with authority changing depending on the situation?
14. Primary Managerial Unit: When managers are making decisions, what is their primary scope of consideration? What's best for our department? What's best for our (business) unit? What's best for the organization as a whole?
15. Primary Managerial Function: There are, as noted, four basic functions in the practice of management: planning, organizing, directing, and controlling. Which of these functions are seen as most central to the practice of management?

Research and writing on the practice of management have produced thousands of books and articles within each of these structural areas of managerial practice. It is possible to think of many theories that have been developed to explain managerial behavior within these areas of practice, and many prescriptions have been offered to aid managers in operating within one of these areas of management work. These are all interesting and potentially useful to practicing managers, and it is well worth a manager's time to learn how to be a more effective decision maker; how to align decision rights; how to produce desired outcomes; or how to reward individuals in the organization. There is value in becoming more knowledgeable or skilled within the various elements of managerial practice. Ultimately, though, the practice of management incorporates ALL of these elements, and it is the manner in which these elements are combined that defines the practice of management for any individual executive. Therefore, the manager must have awareness of and be able to perform within each of these areas of practice; it's not sufficient to focus on any single area. This may in part account for the limited effectiveness found in much research on management. Taking any one area and isolating it from the sum total area of managerial practice would be like seeking to understand a human body by looking at the liver, or by trying to understand an automobile by looking at the engine; it's not possible to understand the complexity of the systems by looking at a single element.

This is one of the advantages–and disadvantages–of a clinical approach to the practice of management. The student of managerial practice has a much richer area of exploration and understanding; at the same time, the complexity of the elements and the manner in which the elements relate to one another make it extremely difficult to comprehend in the total. Hence there is the problem of research on management yielding minimal results; it is akin to trying to appreciate Beethoven's Fifth Symphony by listening to the first 12 bars. We can certainly say something about the structure and emotion of those first 12 bars, but we cannot hope to comprehend the entire symphony. Likewise, we can say something about the effects of employee engagement in driving subordinates' behaviors, but this may have a minimal effect on the manager's ability to produce results.

However, as the practice of management has developed over the years, there have been certain consistencies in the manner in which these 15 structural components of managerial practice have developed and evolved. The next section discusses this process and the three basic approaches to management that have resulted from managerial practice.

Basic Approaches to Managerial Practice: The Historical Context

As noted earlier in this chapter, the practice of management can be observed throughout the millennia. It is not management that is a relatively new concept; it is the context in which management takes place. Until the 19th century and the Industrial Revolution, there were very few large-scale commercial organizations. Most economic activity was carried out by craftspeople (sometimes structured into guilds), farmers, and those engaged in commercial trading activity. There were no "corporations" to speak of, the concept of a corporation for limited liability purposes being a relatively recent phenomena in human history (dating to the late 1600s and early 1700s, chartered by governments; the concept of private corporations as legal entities begins to take form in the United States in the early 1800s). The only "large" organizations that existed were essentially in 3 areas of human activity: politics (governments), warfare (military), and theology (the church). Note that all of these institutions were interrelated in that their fundamental purpose was to control the behaviors of the populace, either through law (government), force (military), or divine order (the church).

With the industrial revolution came the rise of large, complex organizations, as well as the need to manage the affairs of these economic entities. However, as Andrew Carnegie's U.S. Steel or John Rockefeller's Standard Oil were taking shape, there were no formal schools of management to provide insight on how to plan, organize, direct, and control the affairs of a large-scale commercial organization. Perhaps the "breakthrough" moment occurred in the United States in the 1860s, with the creation of the transcontinental railroad. While many are familiar with the essence of the story, what is important is understanding that two giant entities were tasked with linking the nation: the Central Pacific Railroad, working from Sacramento, California, and the Union Pacific Railroad, working from Omaha, Nebraska. Created by an act of Congress, but privately-held corporations, the two met at Promontory Summit, Utah for the famous photo of "driving the golden spike" and united the nation.

What is less known about the transcontinental railroad–called at the time the "grandest enterprise under God"–was the process used by the two organizations to manage the endeavor. At the time, the Central Pacific and the Union Pacific were the largest commercial organizations that had ever been formed in terms of sheer size and number of employees, towering over other commercial entities in scale. The problem was how to manage such a complex organization–given that there were no Harvard Business Schools or Wharton Business Schools to explain the practice of management.

The methods that were used came about largely through experience. While there was no established research literature or body of knowledge on the practice of management, the people employed by the railroads (particularly the Union Pacific) all had recent experience in a large organization, as many of the workers were former soldiers who became available with the end of the American Civil War (and, not coincidentally, had experience operating rail lines during the war). Their experience had been in the military organization, which seemed to be fairly effective at its task of waging war. Thus, they adopted a military model to the management of the corporation. General officers became general managers. Colonels, Majors, Captains, and Lieutenants became mid-level managers. Sergeants became supervisors, corporals became workgang leaders, and the privates were the lowest-level workers in the company. (For an excellent treatment of the history and background of the organizational challenges involved in building the railroads, see Stephen Ambrose's (2000) *Nothing Like It In The World: The Men Who Built the Transcontinental Railroad 1863–1869*.)

Because they used the military model, the approach to the practice of management employed the same militaristic form. This was not done out of any sense that this was the best way to manage the enterprise; it was done because there were no other models of management readily available: no textbooks, no research, no business schools. This initial approach to the management of large, complex organizations arose out of the traditional approach to managing military units. It was an approach of convenience and necessity; managers managed the way they did because they didn't have any other alternatives available.

Traditional Management. Since this initial approach to the practice of management came from the military tradition, it will be referred to as the traditional approach. The traditional approach to management is characterized by the following features (using the 15 components of managerial practice):

1. Decision-Making Technique: The decision making technique is authoritarian; the person with the highest level of authority makes the decision. The traditional organization assumes that promotion is based on competency, and thus the higher the individual's position, the more competent the manager must be. Therefore, the person with the greatest rank becomes the decision-maker.
2. Locus of Decision-Making: As a result of the authoritarian decision process, the locus of decision-making is highly centralized. Decision rights accrue to those who have the greatest rank and authority in the decision process, and the ranking decision-maker will "make the call."
3. Expertise: Expertise in the traditional organization is based upon function. To be the manger of the accounting department, it is necessary to have expertise in accounting; managing the sales force requires expertise in the sales function, etc. This is based on the traditional organization assumption that maximizing performance comes from each unit performing its assigned tasks in the most effective and efficient manner.
4. Organization Driving Force: Traditional management focuses on producing the best outputs possible. The result is that these organization concentrate on making a better product or providing a better service; everything else is secondary. The presumption is that better products and services ultimately lead to success in the marketplace.
5. Dominant Managerial Concern: Since the product or service is assumed to be the best and meets the needs of the market, the manager concentrates on minimizing costs. There is presumed to be ample demand for the product or service; therefore, profit maximization results from keeping costs as low as possible and doing things the most efficient way.
6. Skills Mix: Since the emphasis is on functional expertise, managers first and foremost must be technical experts; they must have superior technical knowledge and skills. Managing others (Managerial Skills) and managing the enterprise (Business Skills) are the province of those at higher levels of the organization.
7. Developmental Process: The type of managerial development practiced by traditional managers can be described as Darwinistic, e.g., "survival

of the fittest" or "sink or swim." That is, individuals are given the opportunity to perform, and if they are successful, they are presumed to have the requisite combination of knowledge, skills, and abilities (KSAs). If the manager fails, it is because the manager lacks the necessary KSAs for the position.

8. Authority Orientation: Since the decision process is authoritarian in nature, it is assumed that individuals will show deference to those in authority. This supports the decision process and maintains the authority structure of the organization.
9. Organization Decision Priorities: At traditional organizations, results are the priority. "Only results matter," or "you're only as good as your last month's profit & loss" are part of the language of traditional management. The emphasis is on the outcomes, on getting the "things" done; the "through people" part is secondary.
10. Information Orientation: Information is disseminated on a "need-to-know" basis in the traditional organization. "When you need to know something, you'll be told" is a typical phrase. Information is held by those in authority and parceled out based on the determination by the superiors that the information needs to be shared with subordinates.
11. Reward Basis: Traditional organizations reward performance. That is, if the manager is performing well, then rewards will follow, whether or not the desired results were achieved. Managers can plead that results are outside of their control, but that their performance--given the circumstances–was exemplary. Performance appraisals based on individual qualities (motivation, commitment, effort, etc.) are a hallmark of traditional management.
12. Allegiance: Managers are expected to demonstrate their allegiance through showing loyalty to the organization. The ultimate duty is to sacrifice if needed for the good of the enterprise. Superiors are always to be obeyed; to do otherwise is disloyal.
13. Structural Form: Traditional management requires a fairly rigid hierarchy of authority, with each level knowing the required results, duties, and obligations. There are several layers of management, each being focused on a particular aspect of organizational activity. Coordination occurs at senior levels of the enterprise.
14. Primary Managerial Unit: In the traditionally-managed organization, the emphasis is on making sure the department or functional area is carrying out its assigned tasks. If each department performs well, the overall organizational results are assumed to be optimized.
15. Primary Managerial Function: The primary managerial function in the traditional approach is control: to ensure that others are performing their

> assigned tasks, duties, and responsibilities. If each individual is maximizing their individual performance, the organization will be successful (since the coordination of activities is one of the tasks of senior managers). "If everyone will just do what they are supposed to do, we'll be fine" is the language of the traditional approach to the practice of management.

In the proper setting, traditional approaches to management work very well. When decisions need to be made quickly and with reasonable accuracy, when there is a sense of real urgency, traditional management has an advantage; for example, a hospital emergency room is probably not the time for a "team huddle" to determine how to treat the patient. When markets are in the growth stage or are maturing, traditional management–with the emphasis on efficiency, maximizing outputs, and cost–usually does well. Any time there is an excess of capable and qualified individuals available (such as in economic downturns or emerging economies), traditional management is very efficient; there is no need for employee development, and poor performers can be readily replaced.

Traditional management is limited, though; in complex markets or with complex systems, the knowledge base needed for success exceeds an individual's capacity for decision-making. When economies are strong and there is a shortage of talented individuals, traditional approaches to management break down; it is not possible to find enough competent individuals to make the right decisions. Innovative organizations are not hospitable toward traditional management, as creativity cannot be commanded by the hierarchy.

This approach to management took hold and became the dominant model for over seven decades. Through the 1940s, traditional approaches to management were emphasized. Early writing on managerial practice emphasized traditional structures and methods (for example, Barnard's *The Functions of the Executive*). Frederick Taylor's application of scientific methodology (resulting in "scientific management") found a ready home in traditional management, as the shared emphases on efficiency, narrow specialization, and functional expertise aligned with scientific principles. Traditional approaches dominated the practice of management until the end of World War Two.

Emergent Management. Traditional approaches to the practice of management dominated organizations from the 1860s through the 1940s, nearly 90 years. Post-World War II, though, circumstances changed significantly. At the end of the war, the United States was in an enviable position: America had the only major industrial economy that hadn't been damaged by the war. Europe, Russia, and Japan had all been devastated by the fighting. But the US, buffered by oceans on both sides, emerged with its industrial might relatively unscathed.

In addition, there was a large demand from overseas to rebuild the nations that had been shattered by the war. Infrastructure, buildings, housing–the basic requirements of a civil society were in high demand. In America, citizens had gone through rationing to support the war effort, and there was likewise a large, pent-up demand for goods and services. The end result was a large demand worldwide for products and services, and only one significant industrial base capable of providing those products: the United States. And in the United States, firms had developed new efficiencies in production and operations as a result of the wartime production needs, so there was available capacity.

High demand, one effective source of supply–guess what happens? The economy explodes. Mean family incomes–adjusted for inflation-in the United States grew nearly 85% in two decades (from 1950 through 1970). Bear in mind that this was largely in a single wage-earner household. (By way of comparison, during the next two decades–1970 through 1990–mean family incomes increased slightly less than 20%, and during this time the model shifted to the dual-income household.) American firms surged as demand outstripped supply. Firms could sell virtually anything they could produce. Companies like Coca-Cola, Caterpillar, and Boeing became global businesses overnight. Consumer goods were in demand, fueled by growing incomes. And the G.I. Bill sent thousands of ex-soldiers to colleges and universities, and the top majors they chose were business and engineering–creating a class of educated managers in excess of anything the nation had seen.

Rising incomes fueled not only demand for products but increased the demand for services, as greater leisure time and an increased standard of living expanded the service economy. Financial services, hospitality and restaurants, health care, education, and information all surged. In fact, by the 1960s, industrial capability began to shift to overseas companies in Europe and Japan. Coupled with the increase in factory automation and manufacturing, jobs began to shift from the U.S. to overseas companies, primarily in Asia. But the growth in the service sector of the economy absorbed the job losses in manufacturing and actually increased demand for workers. The result was a shift from an industrial economy to a service-based economy.

In an industrial setting, the pace of work, quality, etc., are largely dictated by the pace of the manufacturing process. Cycle times, throughput, and output are largely a function of the design of the manufacturing systems. This supports a traditional management approach, because the work itself structures much of the employees' activities. Managers are responsible for ensuring that workers are adhering to the established standards and are keeping pace with the workflow. In services, however, the pace of work is determined by the individuals providing the service, as people are the primary "means of production" in a service setting. Inputs are more variable, and processes, while defined, are subject to the decision process of the individuals executing the processes. Historically, this was a fundamental change in the nature of work, and it changed the approach to management that was needed.

As organizations struggled to cope with the economic demands of the times, new managerial challenges began to emerge. The first and most obvious was a shortage of qualified and available employees. The growth of organizations outpaced the growth of the population, and people began to move from firm to firm to seek new opportunities for advancement or greater compensation. The shortage of talent created managerial problems. How could one manager make the best decisions when knowledge was minimal? When one person is unable to keep up with the demands of the position, where should the decision rights reside? With a shortage of personnel, how can organizations grow the necessary talent internally? These new demands and the trials they created for organizations required a new approach to management. Because this approach emerged from the traditional model, this approach is called Emergent Management. Using the 15 structural dimensions of managerial practice, Emergent Management is characterized by the following:

1. Decision-Making Technique: Emergent management utilizes a participative decision process, since the manager cannot know or have all of the information and know-how necessary to make the best decisions. Shortages in talent and increased mobility meant that managers no longer had superior experience and knowledge. They now had to rely on information and knowledge from staff, resulting in workers' participation in the decision-making activity.
2. Locus of Decision-Making: As a result of participatory decision making, the decision rights in the organization shifted. Instead of a centralized structure in which decisions were pushed up to senior levels, there was a shift to a decentralized process in which managers at the operating levels and who were closest to the work were given the authority to make the decisions. Since much of service delivery occurs at the customer

interface, pushing decision-making to the customer-facing levels allowed for more effective decisions to be made.

3. Expertise: Since managers were moving between organizations and laterally within organizations, expertise now began to be dominated by cross-functional knowledge. Managers with experience in multiple functional areas were now able to coordinate across functions in the enterprise and allocate resources more effectively. Also, since service delivery often requires coordination between multiple functional areas, managers with cross-functional expertise were better able to align functions to deliver organization results.
4. Organization Driving Force: The driving force of emergent managers is the customer. This is consistent with the shift to a service economy. In a manufacturing economy, products are the primary output; in service organizations, however, meeting the customer's needs at the point of interface with the customer is the ultimate goal–hence the shift from a product emphasis to a customer focus.
5. Dominant Managerial Concern: With a shift to customer focus comes a concomitant concern for quality, as defined by the customer experience. While "quality" in some form had been present in the industrial economy, quality was determined by how well the product met some predetermined specifications. In a service economy, quality is determined by how the customer feels about the experience; in other words, whether their needs met in an effective and efficient manner. As a result, managers became far more concerned with measuring and delivering quality to the customer.
6. Skills Mix: With people as the primary means of service delivery, organizations began to emphasize "people skills" (or the "soft skills" of management). A good manager, it was thought, could manage anything; the nature of the organization didn't matter, since management was fundamentally about handling people. The study of management increased significantly, and theories of motivation, commitment, and employee satisfaction-along with research on these issues–came to dominate management scholarship. (Remember, Peter Drucker's *Concept of the Corporation* was published in 1946, and William Whyte's *The Organization Man* in 1956; and both were based largely on industrial firms. Thus the early works on the practice of management were largely based on industrial settings.)
7. Developmental Process: In the late 1950s and 1960s, organizations–suffering from a shortage of managerial talent and personnel–began to introduce formal management training and development programs in order to "grow" executives. The management training industry began to

grow as well, fueled by academic research and writing on the practice of management. It was assumed that management, like any other organization skill, could be taught and developed in the corporation.

8. Authority Orientation: Emergent management began to practice the concept of Delegation of Authority; managers of operating levels were given the authority to make operational decisions, based on their perceived greater proximity to the situation. Since the decision technique utilized a participative approach, it was presumed that managers would use all available knowledge and information to make the best decisions for the company.
9. Organization Decision Priorities: Since people are the primary means of service delivery–and since service delivery was central to economic growth–managerial decisions were focused on attracting, developing, and retaining the human resources to ensure successful service delivery. Performance reviews, career pathing, and other developmental techniques began to be utilized as companies shifted from a traditional "personnel" department (in reality a glorified record-keeping function) to human resource management.
10. Information Orientation: Because conditions were far more fluid than in the relatively stable environment of the factory, information began to diffuse to those who required the information to improve performance. Business communications became a program of study, as managers sought to make sure that people had the necessary information to provide the right services to customers (both external as well as internal), in order to drive results. The emergence of information technology (IT) systems in the 1950s and 1960s helped drive the information sharing approach.
11. Reward Basis: Rewards were now based on overall results. Individual performance was important, but its importance was now based on its impact on outcomes or results. Since so many functions had to be coordinated to successfully deliver service outcomes, individual performance began to emphasize interactions with coworkers and customers rather than personal job performance.
12. Allegiance: With the increase in organizational mobility (as companies sought talent and were willing to "raid" competitors for qualified people), allegiance shifted from the corporation to the profession. That is, individuals saw themselves as sales representatives, loan officers, accountants, or HR managers first, with the corporate affiliation second in priority. Professional skills were now transferable, so the emphasis was on growing professionally in order to be more valuable to organizations.

13. Structural Form: By pushing decision rights downward in the organization and increasing information sharing, service organizations made it possible to eliminate layers of managers who, in industrial organizations, primarily performed a decision-making or communication function. Fewer managers were needed to translate large corporate objectives to the operating level. The result was that the corporate hierarchy became flatter, with fewer layers of managers in the structure; however, emergent organizations still retained a hierarchy of authority.
14. Primary Managerial Unit: The emphasis on results shifted the managerial priority to the level at which results were recorded, usually a distinct business unit with a clear profit and loss statement and/or defined, measurable outcomes. If rewards are based on how well the unit performs, then managers will naturally tend to focus on the unit and how to drive unit results when making decisions.
15. Primary Managerial Function: The primary managerial function in the Emergent Organization is planning. Managers are expected to develop general plans of action for the organization and for their unit, then ensure that those plans are properly executed. Emergent management recognizes that in service settings, processes are often variable and need to respond to market or customer demands. Thus, managers establish the overall goals and objectives (this was the birth of the Management by Objectives, or MBO method) and then make sure that people operate in such a way as to maximize those outcomes.

As the economy grew and service-based organizations became more prevalent, Emergent Management increased in managerial practice. Supported by business schools, academic research, and organizations such as the American Management Association (AMA), the era of the "professional manager" assumed preeminence in organization studies. Business executives were now considered in the same context as government officials: they were leaders of corporate enterprises, driving economic prosperity and growth through utilization of professional managerial techniques.

When there is a shortage of talent and when the work is dictated by the customer, emergent management works well. The emphasis on customer outcomes, quality, and the decentralization of decision-making make emergent organizations effective and efficient at meeting the demands of the environment. When the situation has some variation but is within limits, emergent approaches are effective and are superior to traditional management, which does not cope well with variability.

Emergent management became dominant in the 1960s and the 1970s as organizations grew and the economy shifted to more service delivery (as opposed to production). By emphasizing the effectiveness of meeting market requirements, emergent managers overcame the limitations of traditional management, which focused on efficiency at the expense of outcomes. (Recall Henry Ford's insistence that a customer could have any color Model T they wanted as long as it was black; and compare that with Alfred Sloan's approach to the management of General Motors that emphasized meeting market demands.)

Contemporary Management. There has been one more noteworthy shift in the structure of managerial practice that began in the late 1970s, picked up steam in the 1980s and 1990s, and is flourishing in many organizations today. Like the rise of emergent management from the traditionally-based, this third approach to the practice of management developed as a result of changes in the environment of organizations; though unlike the emergent approach, this latest model of managerial practice owes part of its formation to academia.

By the late 1980s and 1990s, three significant trends occurred that spawned a new approach to management. The first was the emergence of the knowledge-based economy. Much like the shift to a service-based economy from the industrial economy led to the Emergent approach, the knowledge-based economy drove new forms of organizations and new behaviors to support successful performance. In the knowledge-based economy, more of the value that customers pay for is not in the physical goods nor in the services provided, but in the knowledge that supports those products and services. Unlike services, which still have defined processes and outcomes, knowledge-based work is often undefined, innovative, and creative; processes are unclear, and outcomes are unknown. And the knowledge is often property of a person rather than an organization. Driven by the rapid growth of information technology (from the Apple Personal Computer to the Internet to the iPhone in less than 20 years!), knowledge-based work has increased in importance and has become dominant even in traditional production (the Internet of Things) and service organizations.

The second significant trend was social, as the people who made up Generation X (the first "Me Generation") and the Millennials began to dominate the workplace. The "Greatest Generation" who created the concept of corporate America in the 1950 and 1960s began to exit organizations, and the Baby Boomers (the children of the Greatest Generation) began to reach their limits as managers in organizations. The generational shift drove an increased emphasis on putting the needs of employees first, as these new workers tended to view work as a means to an end rather than as the end in itself ("work-life balance" began to emerge as a significant desire). These new generations of employees saw their needs as being equally important as those of customers or the corporation, and they expected managers to take notice of their expectations. Managers were then expected to respond to the emotional needs of employees (think of the rise of emotional intelligence in management writings).

The third trend driving this new form of management came from the rise of business as both a social institution and as an academic discipline. The growth of business schools created a vast storehouse of knowledge about how to manage and operate a complex organization. Coupled with the increase in information technology, management now began to pursue "best practices," and "evidence-based management" became increasingly popular. Data-driven decision making, made possible by information availability and data analytics, was seen as the goal in managerial activity. At this same time, consultants began to offer multiple prescriptions for managerial performance. Tom Peters and Bob Waterman published *In Search of Excellence* in 1982[8]; in 2001 Jim Collins published *Good to Great*[9]. In between (and since) there has been a veritable plethora of books on business and managerial practice, so managers today have more material available to them on the practice than at any time in human history–and it is readily available via the Internet. In addition, these consultants and noted academics brought their own values and biases to their analyses, with the result that their recommendations were based on social trends and qualitative assessments as much as on hard empirical evidence.

The result of these three major influences has been to create a third structural form of managerial practice. This latest type did not just emerge, however, from emergent management; it took a unique form based on the confluence of events driving business as a social institution. This approach will be called contemporary management to distinguish it from the emergent approach, and to differentiate it from the more traditional models of managerial practice. Like the other structural forms of managerial practice, contemporary management was not created by practicing managers based on a logical analysis of the situation and prescriptive recommendations; rather, it developed out of the need for managers to fulfill the managerial imperative of getting things done through people while simultaneously addressing the fundamental managerial problem of getting more from less.

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[8] Peters, Thomas J., and Robert H. Waterman. "In search of excellence." *New York* (1982).

[9] Collins, Jim. "Good to Great: Why Some Companies Make the Leap and Others Don't." *New York: HarperBusiness* (2001).

Using the 15 structural dimensions of managerial practice, contemporary management is characterized by the following:

1. Decision-Making Technique: In knowledge-based work, in an information economy, organizations need knowledge and information to make the best possible decisions. And, since knowledge and/or information often resides within an individual, organizations need to have all the individuals with the knowledge and information involved in the decision process. The result is a team-based model of decision-making, in which the decisions are made by teams of people, usually around a specific organizational issue or challenge. The more knowledge and information that can be brought to the decision, the better the decision is likely to be. Contemporary approaches to management use teams of individuals to make the decisions.
2. Locus of Decision-Making: The structure of the team-based decision technique means that the decision rights are invested in the team, and the involvement of everyone who can contribute to the outcome is equally important. As a result, the locus of the decision is diffused among those involved in the decision. No one can say who exactly made the decision; rather, the decision emerged out of a team dynamic and a process of interaction whereby information and knowledge were shared among the individuals on the team.
3. Expertise: For knowledge-based organizations to be successful, there must be sufficient people with the requisite knowledge and skills. Organizations can never know for certain who will have the right data, the right information, or the right experience to apply to a situation, so firms want to employ as many highly and individually-skilled people as possible. Expertise belongs to individuals and is diverse, relying not only on functional or cross-functional expertise but also on the sum total of the person's experiences.
4. Organization Driving Force: The contemporary manager seeks to maximize the outcomes for all stakeholders: customers, employees, shareholders, and communities. As a result, the driving force in contemporary management is value: maximizing the total value of the enterprise to all of the various constituents. Contemporary management places more of a premium on balancing the competing needs and expectations of multiple groups, with a firm desire to try to maximize the total value of the enterprise to everyone. This places a greater burden on the decision process, as it is necessary to consider simultaneously the competing demands of the various stakeholders when a decision needs to be made. Rather than efficiency (traditional management) or

effectiveness (emergent management), contemporary management looks at both of these across multiple groups who are impacted by the organization.

5. Dominant Managerial Concern: Since the Organization Driving Force is maximizing total value across stakeholders, contemporary managers are concerned with identifying the needs of the various stakeholders and stakeholder groups in order to maximize the value delivered. Contemporary organizations survey employees and customers regularly, provide regular communication with owners and shareholders, utilize effective public relations techniques, and are involved in social media, constantly engaging in dialogue that enables managers in these organizations to have a good "handle" on what these groups need and what expectations are for the enterprise.
6. Skills Mix: Since contemporary approaches to management are most often found in knowledge-based organizations, there is an increased emphasis on making sure that all of the individuals in the organization are growing in their individual knowledge and skills. The result is that people are expected to possess technical expertise, managerial or interpersonal expertise, and an understanding of how the decisions of the group impact the organization. People are expected to be increasing their individual storehouse of knowledge across all of the areas that are essential to effective organization functioning.
7. Developmental Process: Consistent with the need to have every person highly skilled and possessing as much of the necessary knowledge and information as possible, contemporary management emphasizes personal growth through individual development. Some may pursue advanced degrees, some may attend technical workshops or conferences, and others may use individual learning through reading, online learning, or similar types of knowledge acquisition. Everyone, though, is expected to be constantly pursuing personal growth experiences that will increase their individual skill set.
8. Authority Orientation: Contemporary organizations, using the team model of decision-making, rely on consensus models. Authority is in the group, and so the group is expected to support (or at least to acquiesce to) the group's decision. After all, "we all agreed this was the best course of action." A limitation of this management approach is that a lack of consensus can delay or derail decision-making, as the organization waits to get "buy-in" from all of the key affected parties before making the decision. The result can be slower decision-making time frames; however, once a decision is made and if there is true consensus,

implementation can occur fairly rapidly, as all of the key constituents are "on board" with the decision and will support the process.

9. Organization Decision Priorities: Since meeting stakeholder needs is the dominant concern of management, the priority of the contemporary manager is ensuring that everyone is satisfied with the outcomes. Customers, employees, owners and shareholders, as well as communities/societies need to be satisfied with the results that the organization is producing, as well as the manner in which those results are being produced.
10. Information Orientation: Information in contemporary organizations is freely shared and available to anyone by request. In some cases, this is problematic, as contemporary organizations are notorious for overloading people with information. Intranets and internets, social media, email systems, message boards, and other similar technologies are present in abundance, and information moves quickly throughout the enterprise. While the people in the organization sometimes feel overwhelmed at this state of knowledge-sharing, contemporary managers feel a need to make sure that people have "24/7" access to the information that will enable them to be better performers and to make better decisions.
11. Reward Basis: True contemporary approaches to management reward people for their skills. Whether through bonus plans for individual work effort or pay scales that reflect the individual's unique talents, contemporary organizations try to make sure that those with the most skills are properly rewarded and compensated for their knowledge and efforts. The more skills the individual can demonstrate, the greater the rewards. (Think of the Silicon Valley start-ups who rewarded programmers with high school diplomas with stock options in order to keep their unique skill sets in the company, making several 20-year-olds millionaires in the process when the startup "went public." This is the prototype example of rewarding skills.)
12. Allegiance: Since the contemporary organization is based on individual skills and knowledge, a challenge for contemporary management is that people's primary allegiance is first and foremost to themselves. Employees will not hesitate to leave one organization for another if they believe their skills can be better put to use in another company. Their orientation is to themselves; "right now I'm working on a new venture for Amazon, but I'm considering going to Alphabet and working on intelligent systems, or to Apple and working in the AI space." They have no particular ties to any organization; they see organization membership as a way to use their skills in a manner that satisfies their individual needs.

13. Structural Form: The structural form used by contemporary management is the Adhocracy; that is, groups come together around specific organizational needs, concerns, or issues, and when these have been successfully addressed, the group disbands and re-aligns around the next challenge. Individual employees may be members of multiple teams at any one time, depending on the issues and the knowledge set required by the team. But once the issue is resolved, the team disappears, only to have the people reconfigured into other teams as other needs arise. As one manager put it, "our organization chart gets redrawn every day."
14. Primary Managerial Unit: The primary managerial unit is the corporation or, to use the preferred term, enterprise-level. Individuals do not belong to distinct business units; profit and loss accountability is at the level of the total enterprise. Teams may be costing the organization more than the team is returning in the near term, but the corporation views the long-term benefits that accrue from the teams as outweighing any short-term cost issues. As long as the enterprise is successful, individual units' performance is not as important. (Remember that in contemporary organizations, it's hard to even figure out what the "units" are, aside from the ad hoc teams.)
15. Primary Managerial Function: Contemporary managers see their primary function as providing the general direction for the team, along with providing the motivation and leadership necessary to keep the team performing. As one manager put it, "my job is to get everyone pointed in the same direction, and then let them use their individual skills and abilities to create the best outcomes. I manage a process, not necessarily individual people." If the manager provides the right direction and can enhance the team's interactions, the assumption is that outcomes will be maximized for the organization.

Summary Comments on the Structure of Managerial Practice

These differing approaches to the practice of management are summarized in Table 2-2 for ease of reference. If the reader is interested and wishes to pursue this further, a survey methodology has been developed to enable managers to assess the extent to which their organization is managed in a Traditional, Emergent, or Contemporary manner, and this is included as an Appendix to this book. Termed the Management Methods Assessment Instrument, or MMAI, the instrument along with the necessary methods for conducting the assessment are provided to enable readers to determine the basic management approaches that are prevalent in their organizations.

Table 2-2: Basic Structures of Managerial Practice

Managerial Element	Traditional	Emergent	Contemporary
Decision-Making Technique	Authoritarian	Participation	Team
Locus of Decision-Making	Centralized	Decentralized	Involvement
Expertise	Functional	Cross-Functional	Individual Skills
Organization Driving Force	Product/Service	Customer	Value
Dominant Managerial Concern	Costs	Quality	Needs
Desired Individual Skills Mix	80/10/10 T/M/B	10/80/10 T/M/B	90/90/90 T/M/B
Developmental Process	Darwinism	Structured Development	Personal Growth
Authority Orientation	Deference	Delegation	Consensus
Organization Decision Priority	Results	Human Resources	Personal Satisfaction
Information Orientation	Monopolized	Shared	Open
Reward Basis	Performance	Results	Skills
Allegiance	Loyalty	Professional	Migrant/Self
Structural Form	Hierarchy	Flattened Hierarchy	Adhocracy
Primary Managerial Unit	Department	Business Unit	Corporate/Enterprise
Primary Managerial Function	Control	Planning	Direction

There is a tendency for individuals to view Traditional Management as "bad" or "archaic" in some normative sense, while Contemporary Management structure and some Emergent approaches are seen as "good." But this misses the point of the clinical analysis. The intent is not to be prescriptive, to assert that one approach is in some way "better" than others. The intention in this analysis is to describe basic approaches to management using structures and concepts derived from clinical experience. No one approach or element of any approach is “good” or “bad” for organizations. In the right setting and context, Traditional Management is the most effective way of carrying out the tasks of the organization and producing the desired outcomes. For example, a fire department engaged in the process of fighting a building fire benefits from the traditional approach; if it’s your home that’s burning, you probably don’t want the fire chief to call a team meeting to decide how to fight the fire. Likewise, hospital emergency rooms operate in a very traditional management style. Conversely, if the essence of the organization is some creative enterprise like a research group or the creative department of an advertising agency, demanding breakthroughs and creativity in a traditional manner will be ineffective.

Incidentally, if one considers the global business environment, it can be asserted with some confidence that Emergent and Contemporary approaches are primarily a phenomena of Western Europe/North America management and organizations. Most of the workers in other areas of the world, such as Asia, the Middle East, Africa, and Central and South America, are at the present time managed in very traditional ways. Suggesting that firms “ought” to be managed in a particular manner is probably to engage in cultural bias. The management approach is determined by the organization, the outcomes needed, the resources available, the processes and technologies used, and a host of similar factors. It is far too simplistic to assert one approach to be superior to another.

While the overall approach to management at an organization may be generally traditional, it is possible to find subunits that are managed in a contemporary manner, and vice versa; contemporary organizations have very traditional units. A manufacturing organization with whom I was working had a very traditional approach to management in the factory and on the production line, but the research group was extremely contemporary in management orientation. At a government research lab that I was assisting, the overall approach to management was highly contemporary. However, the group that was responsible for accounting and producing agency reports to oversight committees was highly traditional.

Finally, rarely will one find an organization where the approach to management is “purely” Traditional, Emergent, or Contemporary. Most organizations are a blend, a composite of various management elements from differing approaches that have developed over time as the organization carries out its functions and interacts with its environment. Almost every organization is a hybrid of management methods. Recognizing these and behaving appropriately within the requisite managerial context is one of the essential requirements of managerial intelligence.

CHAPTER THREE

MANAGERIAL INTELLIGENCE: FUNCTIONAL INTELLIGENCE

The Nature of Managerial Work

If you go to the kitchen of a five-star restaurant, you can observe all the chefs preparing meals–sautéing, cutting, and blending ingredients. At a construction site, you can see a carpenter nailing wallboard to a beam, an electrician laying in a light fixture, or a plumber bending and connecting pipe. Go to a classroom and you can observe a teacher giving a lecture, working with a student, or grading papers. You can watch a professional golfer or football player playing their sport on the links or at the stadium. The worker on the auto assembly line mounting the engine is clearly engaged in a productive activity. The writer at the word processor or computer, the mathematician developing the formula, the scientist carrying out the experiment–all of these vocations can be seen; you can watch and see the person directly involved in the work.

What does management look like? Well, it might be a group of people sitting around a conference table engaged in conversation. It might also be a person standing in front of a group delivering a presentation. It might be an individual seated at a desk, reading an email or communication on a computer monitor. Management could be two people sitting in an office or conference room, engaged in a conversation. In fact, conversation around a dinner table between colleagues may even be managerial work. Unlike many professions, the work of the manager is not always self-evident in the actions that a person performs.

If management is indeed "the art of getting things done through people," it is probably more accurate to conceive of management as an intellectual activity, a cognitive process. Unlike many other jobs, there is very little observable physical action in managerial work. The majority of what is conceived of as "managerial work" takes place in the mind of the manager. Certainly there are physical acts, such as communication, speaking and listening, writing, and analytics. But the essence of managerial practice–

combining the various resources of the organization, particularly human energy and talent, with intellectual and physical capital–and aligning these in ways to achieve desired collective goals and outcomes is essentially a mental process.

The four classic functions of management–planning, organizing, directing, and controlling–have been viewed as essential elements of the managerial art for quite some time. These four functions of managerial practice still beg the questions, "Planning for what? Organizing what? Directing what? Controlling what?" Ask a manager what they do, and you'll hear responses like, "Well, I go to a lot of meetings." Or perhaps, "I lead a team of (engineers, accountants, sales representatives, workers, etc.) in achieving departmental and organizational goals." Or you might hear, "I work with our customers to ensure that their needs and expectations are met and exceeded." Or, "I work with our supply chain so that we have the materials we need at the right place, at the right time, and at the right cost." All of these statements, and many more like these at various times and in various situations, are descriptive of what a manager does. But none of these can adequately explain the essence of managerial practice.

Decades of interactions and conversations with practicing managers lead to the inescapable conclusion that **management and managerial work takes place primarily in the mind of the manager.** At its center, management has the most defining of all human acts: the act of thinking. What is very clear, after years of clinical work with managers in organizations, is that the essential quality of management is the ability to think in a very specific way. Managerial thought requires an individual to combine and configure the resources of an organization and align these in a way so as to produce an intended result. This must be done while taking into consideration both the internal and external environments of the organizations, and in a manner so as to conserve resources (efficiency) while maximizing results (effectiveness). The conceptualization of managerial work as intellectual activity is not inconsistent with traditional views of management. However, it does suggest that the practice of management requires a unique, specialized form of intelligence.

Managerial Intelligence

Intelligence is the human capacity for learning, reasoning, understanding, and other similar forms of mental activity. It involves grasping truths, relationships, facts, and meanings through knowledge and the gathering of information. Intelligence can be differentiated from knowledge in that knowledge is the awareness of facts and information that can be obtained in multiple ways and from multiple sources. Intelligence occurs when knowledge and information are applied to some area of human activity.

Let's distinguish between the concepts of data, information, knowledge, and intelligence. Data are simply individual facts, statistics, or observable events. As these facts become known, data can become information–in other words, data that are useful to some form of human activity. For example, the fact that it is raining outside is simply that: a fact, a piece of data. If my intention is to remain indoors, the data that it is raining outside is of little use in my current state; however, perhaps I left the windows of my car parked in my outdoor driveway down, in which case the fact that it is raining may now be useful information, as this knowledge of the rain will cause me to make the decision to go outside and roll up my windows. So the data ("it's raining outside") becomes information when combined with the knowledge that the windows of my car are down, and I don't want the interior to get wet. Now, intelligence is used to cause me to apply the knowledge from the information to take action and raise the windows. Information becomes knowledge as the information is applied to life experiences. Based on life experience, I know that it's not a good idea to leave the car windows down if it is likely to rain. Intelligence occurs when the knowledge is applied: when I check the forecast and see that it is likely to rain and, as a result, I make sure that I raise the windows of my car. Over time, through experience, knowledge becomes intelligence as information is learned and internalized, relationships become understood (raining outside with windows down = wet car interior), learning occurs, and meanings are developed–thus enabling me to perceive the world in certain fundamental ways. (As an aside, it may be more appropriate to speak of Artificial Knowledge rather than Artificial Intelligence (AI), since even researchers recognize that AI systems are not yet capable of reasoning, learning on their own, or building mental models of the world based on abstract reasoning!)

It is in this realm of intelligence that the majority of managerial work occurs. In fact, it is not inappropriate to assert that management *is* intelligence–a unique form of intelligence, developed through time and experience in organizational life. Unlike the seven forms of multiple intelligences posited by Howard Gardner[10], managerial intelligence in not inborn; it is not inherent in the DNA of a person. Rather, it must be developed through interaction with the world. Gardner identified seven forms of inborn or natural intelligence: verbal, logical/mathematical, spatial, musical, bodily

[10] Gardner, H. E. (2008). *Multiple intelligences: New horizons in theory and practice*. Basic books.

or kinesthetic, introspective, and interpersonal intelligence. The first three forms of intelligence–verbal, logical/mathematical, and spatial–are the types commonly measured to determine an individual's Intelligence Quotient, or IQ. The last 2–introspective and interpersonal–have been termed Emotional Intelligence by Daniel Goleman[11]. Managers certainly use multiple forms of these inborn intelligences. Reading a report or delivering a presentation uses verbal intelligence; analyzing sales reports or financial reports requires logical/mathematical intelligence; interacting with peers, superiors, subordinates, customers, and suppliers requires introspective and interpersonal intelligence. However, none of these individually, nor even in combination, can adequately capture the essence of managerial work.

Years of working with, advising, and counseling thousands of managers in hundreds of organizations has revealed the nature of managerial intelligence. Managerial intelligence lies in the ability of people to simultaneously comprehend many elements and components in the managers' sphere of activity, analyzing those elements, determining which of those have implications for the future performance of the enterprise, and aligning those elements in various ways so as to produce the intended outcomes both today and in the future. This form of intelligence, essential to managerial work, is called Functional Intelligence (FI), as it is the type of intelligence that allows a manager to function effectively in the managerial role.

Like any form of intelligence, FI has a neurological base. Research over the past few decades has demonstrated the ability to reason, to function intelligently in the manner required for management, resides in the frontal lobe area of the brain. The frontal lobe itself is not associated with any particularly discrete sensory, perceptual, or motor function. However, it appears from the evidence that the frontal lobe plays a crucial role in determining how the human being uses the information gathered and provided by the other parts of the mind. Neuropsychologists have suggested that the frontal lobe functions as an executive brain area–assessing the context of the individual, analyzing the sensory and perceptual inputs, organizing that information into a purposeful plan of action, anticipating the future, making critical judgments, surveying situations, and being able to choose from among available alternatives which actions will have implications for the future.

Functional intelligence is not necessarily normally distributed throughout the population. The weight of clinical experience suggests that while some

[11] Goleman, D. (2006). *Emotional intelligence*. Bantam.

individuals may have a genetic predisposition to being better at this type of activity than others, it is more apparent that Functional Intelligence is largely a result of an individual's developmental process. The other forms of multiple intelligence–verbal, logical/mathematical, spatial, etc.–are largely a function of the individual's DNA and, with practice and repeated trials, can be developed and improved. Functional Intelligence, though, is far more dependent on the individual's developmental process.

Consider for a moment the nature of the job that managers have to perform. Since management has been defined as "the art of getting things done through people," there are certain critical factors that drive success in the managerial role, as in any artistic activity. The manager has to be aware of the situation and its context, the conditions in which the manger operates. What are the resources available to the manager? The primary resources the manager has are the various forms of tangible organization capital: human, intellectual, physical, and financial. Managerial intelligence is required to apply these resources to the situation to direct organizational activities and processes in order to achieve the desired future results. The manager also has to have an awareness and understanding of the intangible resources that are present. These includes elements such as the organization's vision, mission, values, purpose, creativity, innovation, and other such so-called "soft" factors.

In addition, the manger needs to be aware of the other resources of the organization: natural resources, materials, and other forms of goods and services; human energy and effort; and other assets of the enterprise. There are also liabilities and commitments: the expectations of owners, investors, and creditors, as well as the expectations of the larger communities and societies in which the firm operates. These stakeholders have entrusted managers with their own resources with the belief that the manager will use those resources in a responsible manner to satisfy the claims and expectations of the various stakeholders.

The manager then takes all of the available resources–both tangible and intangible, organizational and external, assets and liabilities–and then structures those resources in various ways to create configurations. To these the manager applies various processes: specific ways for the resources to interact and operate together in order to produce the desired outcomes. The unique alignment of resources, structures, and processes then become organizational systems.

Over time, as these systems operate continuously or repeatedly in the organization, they become routines: habitual or consistent ways of acting or operating within the firm. Routines serve a vital management purpose by allowing people to act without the constant need for direction or oversight.

In this way, routines increase efficiency and are an asset to the organization. Routines also can become a liability, though, if these become standardized or institutionalized to such a degree that the routines become self-perpetuating. When this occurs, the routines can place a limit or constraint on the organization's ability to adapt to the inevitable changes that will occur. The organization then becomes a victim of its routines; in order to preserve the systems, the system tries to achieve a state which prevents it from adjusting to external events or changes in resources, structures, or processes.

Functional Intelligence

Functional intelligence, unlike other forms of intelligence, is behaviorally based. While other forms of intelligence are primarily cognitive in nature, FI is manifested by behaviors. The purpose of functional intelligence is to enable the person, the manager, to behave or function in an intelligent manner. Other forms of intelligence such as verbal, spatial, musical, etc., can have their own respective internal purpose. These can be developed for their own sake; one can seek to improve one's verbal or mathematical or kinesthetic intelligence simply for the sake of improving in these areas of human activity. A person can improve their verbal intelligence in written and oral communication without doing more writing or speaking. Mathematics can be studied to understand the interactions among numeric quantities and physical structures without ever applying this knowledge to the physical world. Musical intelligence can be increased with practice and study, but only performed privately for the benefit of the individual.

Functional intelligence, however, requires interactions with the external world. It requires behaviors: actions that are intended to affect some current or future state of the person. Functional intelligence is intended to enable people to behave more intelligently as they operate within their environment. It is in this sense that functional intelligence is based on actions, not merely on cognitive processes.

This concept of managerial work involving a unique and distinct form of intelligence (termed Functional Intelligence) was observed through many years of clinical practice and interactions with practicing managers. It has repeatedly been demonstrated that the best managers are not necessarily the smartest people in the organization (at least in terms of their formal IQ or EQ). They aren't always the best at financials or data analytics, and they're not always the best communicators. They don't necessarily have a great understanding of other people, and they're not always very self-aware. Nevertheless, they consistently demonstrate an ability to produce results.

They align resources and develop processes that yield desired outcomes, and they are able to get things done through people.

Many senior executives have noted the importance of functioning intelligently. Jeff Bezos, founder and CEO of Amazon, has said, "I don't care how smart [managers] are, I want to see a track record of hard decisions that ended up being right. It's always better in business to be right than smart. Smart people can be wrong a lot."[12] Another CEO put it this way: "I've had a lot of really smart managers who couldn't produce results. My managers don't have to be the smartest people in the room; they have to be able to consistently hit their targets."

One story that illustrates this point comes from my father, who was a corporate pilot for most of his career. One of the first companies he flew for was Republic Steel of Cleveland, Ohio in the early 1960s. At the time, Republic was the third-largest steel manufacturer in the U.S., behind U. S. Steel and Bethlehem. On one of his first flights, he was taking the newly-elected Chairman and CEO, Thomas Patton, from Cleveland to visit one of the company's mills in Buffalo, New York. Shortly after taking off from Cleveland Hopkins airport, my father (who was serving as the co-pilot for the trip) went to the back of the aircraft to get breakfast coffee and sweet rolls for the executives. On board were Mr. Patton, the Vice-President of Operations, and the manager of the Buffalo plant. Since the cabin space was relatively small, my father could overhear the conversation, and he realized that the VP of Ops and the plant manager were explaining to the CEO and Chairman (of the third-largest steel company in the world) how to make steel. "We take the iron ore and heat it in a blast furnace, then add various metals to get the alloys we want. We use the basic oxygen process to reduce the carbon level, pouring off the slag…." As he laid out the breakfast items, my father thought he'd offer polite conversation, so he said to the CEO, "I guess this is pretty basic stuff to you, eh., Mr. Patton?" Thomas Patton looked at him and replied, "Young man, I don't know the first thing about making steel. But I know the people who do, and I know how to get them to work for me. And that's why I'm the head of this company." Which was likely true, as Patton had been a private attorney and then general counsel for Republic. He had no background in the manufacturing process; most of his time was spent on mergers and labor negotiations. But he realized that he didn't need to be the smartest person when it came to steelmaking in order to be the leader of the third-largest steel company in the world; he had to get steelmaking done through other people.

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[12] https://www.cnbc.com/2017/11/06/the-surprising-trait-jeff-bezos-looks-for-in-successful-employees.html

A CEO once offered this observation: "I always try to hire a person with a track record. I've hired a lot of people who looked good on paper and tested really well and couldn't perform or make a decision when they had to." Another executive put it this way: "There's book smart and there's managerial smarts. Guess which one gets results?" Or this from a conversation about a manager who was being considered for a promotion: "True, she's not the smartest, or the best qualified, or the greatest communicator; all she does is consistently beat expectations. I say we go with the candidate with the best record and forget the rest. I'll take twenty more like her if I can find them."

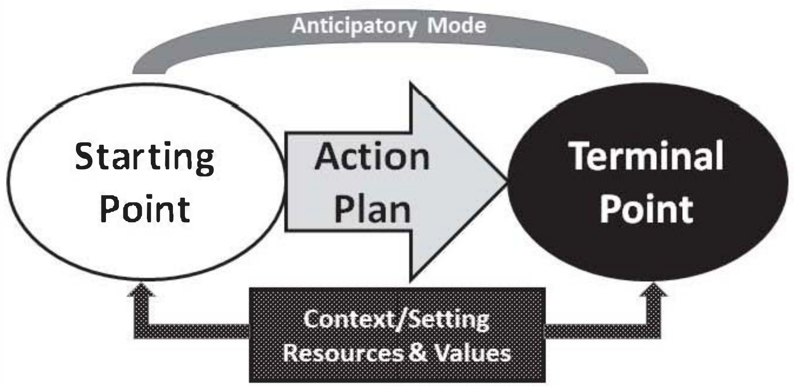
Most of you reading this have been in similar situations. You've had the experience of meeting someone who is highly intelligent in terms of their formal smarts or IQ, but they cannot function effectively. The know a lot but can't get things done. They are really bright, yet they cannot work effectively with others. The CEO of a major ad agency once told of a creative director who was a genius at creating memorable ad campaigns for clients. However, he had to travel to visit the client with the Account Manager because the Creative Director could not figure out how to get through an airport or, once having arrived at the client's city, could not get to the client's facility. A genius, yes; but functionally unintelligent. Clinical work over several decades with practicing managers is convincing: functional intelligence is the crucial factor for managerial success.

Need more evidence? Consider a few public examples. Jimmy Carter, Bill Clinton, and Barack Obama were (arguably) three of the more intelligent U.S. Presidents in recent history. Carter was a nuclear engineer, Clinton a Rhodes scholar, and Obama a law professor. Formally, they were very intelligent people. Writers and pundits showed little regard for Ronald Reagan's intellectual capability, preferring to think of him as an actor who, while a very effective communicator, was not necessarily very intelligent. But consider for a moment which of these Presidents accomplished more during his presidency. Also consider the fact that Carter, Clinton, and Obama had a favorable, Democratically-controlled Congress (at least during their initial terms), while Reagan, a Republican, had to contend with a Democratic Congress. Yet most historians concur that Reagan was far more effective at getting things done, particularly things that have endured, than the others.

Or consider the world of sports. Tom Landry, coach of the NFL's Dallas Cowboys in the late '60s and '70s, was generally regarded as a genius at the game of football. His offensive and defensive schemes were complex, innovative, and far ahead of any other coach in the league. At this same time, Vince Lombardi, coach of the Green Bay Packers, was viewed as a solid coach, but was not known for his intellect; his systems were straightforward, his schemes predictable and evident. But Lombardi won more championships and Super Bowls during his 9 years than Landry, beating the Cowboys on two separate occasions to do so. While Landry admitted that understanding players was not his strength, Lombardi was viewed as a master motivator. While not the most intelligent coach, Lombardi was functionally more intelligent–and his record of success demonstrates that fact.

Based on years of clinical practice, of listening and observing managers in organizations, a model of functional intelligence has been developed and is shown in Figure 3-1. The model itself appears very simple and, in fact, is pretty easy to comprehend. Functional Intelligence (FI) contains five primary components.

Figure 3-1: The Functional Intelligence Model



It begins at the end, with a Terminal Point. Remember the definition of management, "getting things done through people." Notice which comes first: "getting things done." Management presumes that there are organizational results or outcomes that have to be produced, either now or in the future. Thus, management presumes a desired future state. The practice of management begins, therefore, with the end: what is the goal, the objective the manager must attain? From the organization's perspective, it is the end that matters most; did the manager get the right things done in the most effective and efficient manner? So Functional Intelligence begins with an understanding of the Tenninal Point.

The second element of the FI model is an awareness and analysis of the current state, which is termed the Starting Point. Given the future desired condition (Terminal Point), what is the current condition, and what is the difference between the current and desired future state? The third component of the model provides an analytic framework for considering the difference between the Terminal Point and the Starting Point, and that is a consideration of the tangible and intangible elements the manager has available. Tangible elements are the resources, primarily capital: human, intellectual, physical, and financial. Intangible elements are the values and beliefs, the vision and purpose, and the culture of the organization. ●ne of the first assessments a manager has to make in functioning intelligently is whether or not the organization has the necessary elements available to achieve the Terminal Point, and if these are aligned properly. The questions are, "Do I have in place the things necessary to achieve the desired results? If so, are these properly aligned? If not, where do I procure the necessary resources, or how can I create the right alignment among the elements I do have?"

The third component of the FI model is the Action Plan. The Action Plan is the behaviors, resource configurations, processes, and activities necessary to move the organization from the Starting Point (the current state) to the Terminal Point (the desired future state). Notice that this is an Action Plan; it implies action, behaviors, and people doing things ("getting things done through people"). It is active, not passive. Functional Intelligence is not merely intellectual, it is behavioral; people have to do things. Resources have to be applied and expended, processes have to be developed or modified, and people need to be provided a rationale for the behavior. And it is a Plan in the sense that it is oriented toward the future; the behaviors that are undertaken today are done with the intent of creating a different state for the organization in the future.

The final component of the FI model is referred to as the Anticipatory Mode of Management. Since the ultimate goal of management is creating some future state for the enterprise, intelligent management requires that the manager anticipate the circumstances that will be encountered in the process of moving from the Starting Point to the Terminal Point and takes these into account when developing the Action Plan. The circumstances fall into one of two general categories: ●bstacles and ●pportunities. ●bstacles are factors that can prevent the organization from executing the Action Plan in the most effective and efficient manner to achieve the Terminal Point. ●pportunities are factors that can facilitate the progress from the current state to the Terminal Point. The goal of management is to minimize the impact of obstacles and maximize the available opportunities. Since we are talking about a future state, though, it is not possible to consider all potential obstacles and opportunities that a manager may encounter. Still, for managers to be effective, these must be included as part of the FI process.

The model of Functional Intelligence-the form of intelligence crucial to success in a managerial role-shown in Figure 3-1 illustrates the relationship between the 3 primary elements of the model (Terminal Point, Starting, and Action Plan); the importance of the underlying context, with the tangible and intangible resources available to the manager; and the overarching need to be thinking in an anticipatory mode. This is not a complex model; it's very simple and intuitive. It seems almost self-evident, as though there's nothing new or novel here. However, the best concepts are frequently the simplest. There's nothing intellectually difficult about management; after all, many of us have been trying to "get things done through people" since we were children. The hard part of functioning intelligently is being able to do so day in and day out; in constantly changing conditions; with that most variable of factors, the human being; and still being able to produce the intended outcomes within existing organization frameworks and time frames. Functional intelligence isn't hard, but the hard part is being able to do so every day and in the most efficient manner possible.

Add to that the issue of LEVELS of Functional Intelligence. In any managerial situation, there are often multiple levels of behaviors occurring simultaneously. There's the obvious level of the managerial result–what is it that needs to get done? This is the immediate organizational level of activity. But what about differing time frames? What needs to be done immediately might be incorrect or nonessential if in fact, what needs to be done now might very well be at odds with what's best for the organization in the long term. Managers have put off doing plant maintenance today because of the expense, only to see greater costs when machine breakdowns jeopardize the ability to deliver products (to say nothing of the greater cost to fix a failure than to maintain the existing capacity). Everyone can think of examples where the intelligent decision for today turned out to be unintelligent in the future. As one CFO put it: "No one wakes up in the morning to go to work and says, 'I think I'll make some bad decisions today.' But every day we deal with the results of someone's bad decisions."

There is also the question of context; what needs to be done for the organization to be efficient might be at odds with what needs to be done for the customer. Then there's the tradeoff between what's best for the company and what's best for the customer. Most of us have had the experience of calling in to the 1-800 "Customer Service" number and getting the recorded screening process. ("Thank you for calling our company. Your call is important to us. To provide you with better service, please enter your order number now." Or, "Please tell me why you are calling." Or, "If you know your party's extension, dial it now. Otherwise, press 7 to use our company directory.") Let's be honest–this process isn't done to serve the customer, it's done to serve the organizations need to keep costs down by having fewer people on staff. If the call was really that important to the company, there would be someone available to take the call. So, what is ostensibly a decision in the interest of customer service turns out to be in the company's interest instead. Which decision is more functionally intelligent?

How about decisions that appear to be functionally intelligent in driving shareholder value but instead end up costing the company millions or billions of dollars and reduce value? Consider Volkswagen's decision to use software that manipulated the results of diesel engine emissions tests. It enabled the company to pass the governmental guidelines and sell vehicles. When word of the activity came out, though, it cost Volkswagen billions of dollars in fines, to say nothing of the damage to the company's reputation. Did the company achieve the terminal point of passing the initial tests? Yes. If that were the only terminal point, the managers functioned intelligently. But there are often multiple terminal points present–in this case, the need to have a positive brand reputation in the marketplace. Did the decision support the brand positioning of VW in the market? No. At what level do we consider whether or not the behavior was functionally intelligent?

Then there are decisions that are functionally intelligent for the employee but are unintelligent for the organization. When Wells Fargo decided to motivate employees to drive new account growth, the process put in place and the decision seemed to be a textbook case: incentivize the employees for opening new accounts to increase the desired behavior. Sort of "Motivation 101," right? Except that in the process–and to meet management's expectations–the employees created phony accounts to hit the targets and receive the incentives, which resulted in serious penalties to the company. At what level are we analyzing functional intelligence?

Finally, remember that management is getting things done through people–and that people may have their own functional intelligence operating in the situation. It's possible for a manager to function intelligently with respect to a project but unintelligently with respect to a career. In one case, a manager (correctly) developed the reputation of being an expert at a particular technology that was vital to the company's manufacturing process. Many executives in the organization said that the manager was "clearly the world's leading authority on this technology." But the manager had a terminal point of career advancement: becoming a senior officer of the company. Unfortunately, the manager had to be told that there was no way he could be promoted to a senior position, as it would damage the company's competitive advantage in the market if the technological expertise were in any way diminished. At what level should we analyze functional intelligence?

So once again, simple is not easy. Functional Intelligence is a very simple idea to grasp with the mind. Since functional intelligence is behaviorally based, though, it's not enough to understand the concept; functional intelligence has to be practiced. The concept is simple, but the practice is incredibly difficult.

Functional intelligence is the essential form of intelligence when it comes to success in the managerial role; in fact, without functional intelligence, it would not be possible to have large, complex organizations. Let's be clear about the situation: organizations exist to do things collectively that people aren't able to accomplish individually. The purpose of the earliest organizations (tribes) was to enable human beings to survive in a hostile environment, and all organizational forms since then have been created to enable people to survive and thrive in a world that really isn't friendly. As a result, the bias of all organizations is action. Organizations exist to do things, to achieve through collective, mutual effort, results that aren't available to individuals. But since the organization is an assembly or a collective of individuals, it is necessary that the people act in a concerted manner that produces the desired outcomes–and this leads to the need to plan those actions, organize the collective, direct actions, and ensure that everything is happening properly and is under control. That's where the classic four functions of management (Planning, Organizing, Leading or Directing, and Controlling) come from: the need to secure desired outcomes (getting things done) through collective action (through people). Many of us have read a book or taken a course on "organizational behavior." This title is a misnomer; organizations don't act. Organizations are legal fictions created for the purpose of limiting liability and/or allowing for the pooling of collective effort. Only people can act, and the form of intelligence that drives action is the type that allows their behavior to be intelligent; hence we have the primacy of Functional Intelligence.

Without Functional Intelligence, large organizations could not exist, because large organizations by their very nature require management. Think logically for a moment: how is it humanly possible for anyone, even the genius with the world's highest IQ, to possess all of the knowledge necessary to make all of the right decisions needed to ensure organizational success? Take companies like Disney, Chase Bank, Apple, or Southwest Airlines. How could one individual have all of the knowledge needed to run a theme park, much less a television network and movie studio? To develop all of the systems necessary to handle financial transactions on a global basis? To manufacture a smartphone? To deliver passengers to multiple destinations safely day after day? It can't be done. As human beings, we need organizations, and we need those organizations to act in an efficient and effective marmer. We need managers who can function intelligently so they can in tum enable organizations to function in an intelligent marmer.

Functioning Unintelligently

By using the Functional Intelligence model, it is possible to understand how so many bright, intelligent managers are able to function unintelligently. Why do smart managers make dumb decisions? Why do seemingly intelligent executives behave in a foolish marmer? The same elements that allow for functioning intelligently are the basis for unintelligent behaviors in management.

1. Failure to reach the Terminal Point. Clearly, if the objective is not realized, the behavior was not functionally intelligent–the necessary "things" did not get "done through people." While this is the most obvious illustration of functionally unintelligent behavior, the real question is why.

The most common cause is an unrealistic terminal point. This seems at first glance to be somewhat ludicrous. Why would a manager set a goal, an outcome, or a result that camot be attained? Clinical experience, however, indicates that this is one of the more conmon reasons for unintelligent behavior. The goal simply was not attainable. Managers don't achieve the desired results because the desired results were not achievable, and so the goal camot be met. No matter how much effort is expended, no matter how many resources are applied, the results camot be delivered. There are plenty of reasons to explain why the goals are not realistic (inability to see the context, optimism without realism, fear, pressure, inability to listen, etc.), but the fact is that managers set Terminal Points that camot be reached.

Clinical work with practicing managers suggests that this is one of the most conmon reasons for managerial failure. "I wanted too much," one manager said. Another said, "I knew we were probably going to far, but I was afraid if we didn't try we wouldn't even come close." "Yeah, I had a hunch it wouldn't work out, but I couldn't tell my boss that," said a C●● of a manufacturing company. A senior product manager shared that "we listened to the CE● tell us our annual goals, but we all knew there was no possible way we were going to get there."

This is one of two areas where practicing managers have indicated they have the most difficulty: setting appropriate Terminal Point goals or objectives. (Incidentally, the other area of difficulty is in hiring the right people; so the biggest areas of difficulty are determining what needs to be done, and by which people, the two key elements of managerial practice!) The goals are too low or too high. If the goal is too low, there is no organizational benefit. If the goal can be achieved right now, with existing resources, structures, processes, and systems, then managerial action isn't necessary. The only thing needed is for people to keep doing what they're currently doing. Conversely, if the goal is too high, if the people in the organization believe it to be a pipe dream that will never be achieved, then the goal cannot affect behavior, and again there is no meaningful action.

One CEO put it this way: "a good Terminal Point creates stretch but not snap." That is, to be effective, the Terminal Point should cause the people in the organization to realize that they need to behave in ways that differ from the current state; meaningful action requires them to act differently. In this way, an effective Terminal Point creates organization growth. As people develop new skills and repertoires, they learn new ways of acting that enable the organization to get things done more effectively and efficiently through (in many cases) the same people.

2. Failure to understand the Starting Point. The second way managers function unintelligently is due to an inability to understand the Starting Point. On the surface, this seems even more difficult to understand than an unrealistic Terminal Point. We may get the fact that a manager was overly optimistic, or wasn't listening, or the organizational circumstances pressured the manager into setting an unattainable goal. But how can a manager not understand their present condition?

Actually, this is a very common problem. First of all, people tend to be overly optimistic about their own situation. We overestimate our chances for success and underestimate the odds of failure. Our biases are such that we tend to think we are far more capable, or have far more support and capacity, than we actually have. We take credit for our successes and blame external factors for our failures, so we never learn our limitations; we think we can do whatever it takes.

Bear in mind that underlying the Functional Intelligence model are the tangible and intangible resources needed to move the organization from the Starting Point to the Terminal Point. Clinical experience indicates that the intangible resources are a major problem. Managers are pretty good at being aware of the tangible resources; they know what the budget is, they know how many people they have, they can ascertain the capital available to them. But those intangibles–the intellectual capital, the desire, the motivation to perform, a sense of shared values–these are far more difficult to understand. The tendency of managers is to overestimate the intangibles. "●ur people are committed and engaged to our success." "We all value customer satisfaction and service above anything else." "We've got the brainpower to solve this problem." These phrases are often the indicator that the manager hasn't done a proper analysis and is relying on belief rather than fact.

Adding to the difficulty in understanding the Starting Point is the tendency of subordinates to tell the manager what the subordinates perceive the manager wants to hear. ●ne executive said, "We've got a lot of managers walking around in this company who are reality-impaired." This was the executive's way of saying that many managers in the organization were getting information and feedback that was intended to confirm the managers' biases, beliefs, and assumptions. Subordinates didn't want to take the risk of being the one to be the "bearer of bad news," to be frank, candid, honest, and open in sharing information with the manager. As a result, many managers had a false sense of reality. And if the Terminal Point and Starting Point are unrealistic, just about any behaviors are going to be unintelligent in some degree.

3. Failure to develop effective and efficient Action Plans. Bad Action Plans are not just a result of having an unrealistic Terminal Point or Starting Point (though those errors certainly help foul up the Action Plans). Bad Action Plans can also result from an inability on the part of the manager to properly configure the resources available, develop effective processes, and monitor and adjust the systems as needed. If managers do not know how to utilize both the tangible and intangible resources, if they cannot create effective structural alignments, if they lack a sense of process design, and if they do not understand system control, the Action Plans will suffer.

Remember that the effectiveness of the Action Plan is based on whether or not the Terminal Point was attained (thus an unrealistic Terminal Point condenms the Action Plan to failure). Even if the Terminal Point is reached, there still remains the question of the C●ST of achieving the goal. This is the efficiency question: were the resources of the organization applied in the most cost-effective manner? Were the actions focused and on point, or was energy wasted? It's not enough to achieve the Terminal Point; it's also necessary to ask H●W the Terminal Point was achieved. There are managers who are able to consistently produce results at a minimal cost to themselves and to the organization. Others can achieve similar results, but they do so at the expense of their careers, their families, their health, their people, or their organizations. What ought to be the standard of managerial performance? Simply achieving the outcome isn't enough. To function intelligently, the processes used to achieve the results must be intelligent.

One of the most common causes of inefficient Action Plans is a lack of planning ability. Many managers lack the ability to think in a future-oriented manner and to see the complex arrangements of external environmental forces and internal organizational factors that are necessary to yield a proper result. We've all known individuals who seem to lack the ability to develop effective plans. Either they work on an ad hoc basis and constantly react to circumstances, they cannot think in terms of future actions or consequences, or they lack the ability to reason in the terms of cause-and-effect that are necessary for developing effective plans. Such people can be outstanding employees, very capable of doing what is required of them. They just can't develop plans for other to follow.

4. Failure to Anticipate. Since management is almost by definition a future-oriented activity (we take actions in the present to achieve some future end state or goal), it follows that it is beneficial to anticipate the obstacles and opportunities in the situation that will facilitate the Action Plan and achieve the Terminal Point. If managers are not willing or able to do so (and there are plenty of managers who are content to simply get through the day), there is the threat that some unforeseen circumstances will jeopardize the Action Plan and the Terminal Point. The problem is with the word "unforeseen"; because if the conditions were anticipated, the manager would have included those considerations when developing the Action Plan. It is not functionally intelligent behavior if an individual is consistently getting surprised or shocked in the practice of management.

There is a difference between a surprise and a shock when it comes to management. A manager is surprised by an event that was unanticipated and negatively impacts the Action Plan. "I didn't expect that to happen" is the common language of executives who have been surprised. "I knew it was possible, but I didn't think it was likely." "I didn't see that one coming." The information or action was unanticipated and created an obstacle to the Action Plan. A shock occurs when the manager is the second or third person to hear about the negative event or situation–when they ought to have been the first.

A manager is surprised when a subordinate comes to them and says, "we have a problem with our new pricing strategy: our major customer won't accept the new prices." Surprise–the customer's reaction was unanticipated, unexpected, and has negative implications for the Terminal Point and Action Plan. Shock happens when the manager's superior calls or emails and says, "I understand we have a problem with the new pricing strategy; our largest customer is refusing to accept the new pricing model. What's going on?"–and the manager was not aware of the issue. The first time they heard about the problem it came from the superior. As functionally unintelligent as it is to be surprised, a shock is far worse, because the manager has lost lead time. If the manager hears the bad news first, the action plan can then be modified to consider the new situation; but in a shock, the reaction time is gone.

Summary: Managerial Intelligence is Functional Intelligence

When introducing managers and students to this concept of Functional Intelligence, there is often a reaction of disappointment. "That's it?" they will often say. "All of your decades of clinical research and experience with practicing managers, and the single most important thing is that managers function in an intelligent manner? That's just common sense; anyone could have figured that out." But of course, until it's presented this way, the reality is that no one has figured it out. There are thousands of books and articles intended to help people achieve success in the managerial role. But companies still fail, people still get fired or lose their jobs, and the results still don't get done.

Here are a couple of points on this perspective. First of all, once a person has learned an idea or concept, it becomes "common sense," and they cannot remember a time when it seems they did NOT know it. So what is in fact new knowledge quickly becomes perceived as common, or something that they "knew all along." However, this was not the case; the idea was not "common knowledge" until the individual acquired it.

The second point is that management is not intellectually difficult to comprehend. One manager put it this way: "When you think about it, management isn't very hard. What's hard is having the discipline to do it every single day." Management is not as intellectually demanding as, say, physics, or chemistry, or electrical engineering, or materials science, or medicine, or many other areas of human activity. There's no minimum IQ, SAT or ACT score, or licensing exam to be a manager. As has been noted already, there's a significant difference between formal intelligence and functional intelligence. But the ability to practice management–to put the concepts into action, to get other people to behave in desired ways to produce organizational outcomes in the most effective and efficient manner, day after day, with all of the changing conditions in the organization and the environment–is one of the more intellectually demanding tasks that a human being can undertake.

One of the problems with learning how to be an effective manager (or for that matter, teaching people how to be more effective managers) lies in the fact that most of us have been practicing a very simple form of management since we were infants. When we were still in the nursery, our brain began to develop connections between our behaviors and desired results. When we cried, we could get others to feed us or change our diapers. When we smiled or laughed, people responded with hugs or snacks. At that moment we began to practice management: the art of getting things done through people. Ever since, most of us have been engaged in a process of continuing to develop our managerial expertise; whether it was getting others to share their toys, give us answers, go out on a date, or thousands of other behaviors, we've been trying to improve our ability to function intelligently. So intuitively, we think we must be pretty good at it–after all, we've gotten to this point in our lives with reasonable success, haven't we?

Clinical experience suggests, however, that few managers have a high level of functional intelligence. Most people are pretty good and function reasonably well. Only a few, however, appear to achieve high levels of functional intelligence. Functional intelligence, if it could be measured, is not normally-distributed in the population; there's no "bell curve." Clinical evidence indicates that functional intelligence is asymptotic–that is, the distribution is skewed, with very few being functionally intelligent, the overwhelming majority being average, and some functionally unintelligent. This is most likely due to the fact that functional intelligence, unlike the inborn forms of intelligence, must be developed through experience and interaction with others in the organizational context and in the external world. Functional intelligence comes from developmental experience, not our genetics, and successful human development is extremely difficult.

Human beings are all unique in their development experiences and processes. Everyone, by virtue of their individual life events and encounters, has undergone a developmental process that differs from every other human being on the planet. As a result, we are as unique in our development as we are in our fingerprints; no two people have developed the same way. The nature of organization, though, requires human beings to behave or function in certain ways within specific jobs to perform given tasks, duties, and responsibilities in a such a manner as to maximize the effectiveness and efficiency of the organization as a whole. Because of the nature of organizational work, no two managerial situations are ever the same;

management is a constant developmental process, as each situation has unique elements to the experience that must be dealt with in order to achieve the intended results. Since we cannot know what we don't know or haven't experienced, we are always in development; our functional intelligence is always a work in progress.

This very simple idea of Functional Intelligence as the requisite form of managerial intelligence is incredibly complex when put into practice. It is this nature of managerial practice that makes management more art than science. Since no two situations in organizations are ever the same, it is very difficult (if not impossible) to produce a General Theory of Management. Management reveals its nature in the ongoing efforts of managers to configure the various elements of the manager's sphere of activity in unique ways to produce intended results. To do this consistently, to do this well, and to do this for an entire organization is perhaps one of the most difficult tasks we can ask a human being to perform. This is why we value outstanding management so highly. It is also the reason that functionally-unintelligent managers can be so damaging. Unlike a poor musical concert or a poor theatrical play or a poor painting, poor management doesn't just affect the performer and the audience for the duration of the performance. Poor managerial performance can damage the entire organization and, in the process, can damage people's lives. There is no substitute for functionally-intelligent management.

One of the problems with organizational life is that people often become managers because of their perceived greater technical knowledge and expertise. Most people are hired into an organization to perform a given job, and they are perceived as having the necessary competencies to perform the tasks and duties associated with the position and to do so in a capable manner. Therefore, they are hired into the organization because of technical skills. What tends to happen is over time, the individual demonstrates not only technical skill but "people skills" (whatever that means), so the organization takes the technical person and places them into a managerial role, based on a perceived ability to work with others and produce results.

What the organization DOESN'T tell the new manager is that the skills that are required for effective performance are different from those that were necessary to get hired and promoted. Beginning with the first managerial or supervisory position–and for every other managerial position in the organization–successful performance is a function of how well the manager can get other people to perform their tasks and duties. These are not the same skills and competencies that were useful at the point of organizational entry. The further a person moves up the organization hierarchy, the greater importance managerial competency and functional intelligence have over technical skills. Furthermore, at some point a third set of skills–call these "business skills," the skills necessary to manage an entire enterprise–become increasingly essential for success. The skills needed to comprehend an organization, its environment, and to manage the resources at the enterprise level differ from the technical and managerial skills. Initially, then, an individual needs to function intelligently in a technical capacity; then, to function intelligently as a manager; and finally, to function with respect to the entire firm. Given the nature of managerial work, these are often occurring simultaneously in various managerial situations.

This, then, is the nature of management: the ability to function intelligently in a managerial role. Clinical research and experience have, time and again, demonstrated the preeminence of functional intelligence as the critical intellectual activity that determines success in a managerial role. The following chapters will explore the the development of functional intelligence as a form of cognitive development; the use of organizational experience to develop managerial intelligence; and the ability of managers to develop others and to lead organizations.

CHAPTER FOUR

DEVELOPING THE MANAGERIAL MIND

Management: Action and Intellect

I have suggested, based upon clinical experience, that the practice of management is an intellectual activity–that is, it occurs in the mind of the manager. As an intellectual activity. management utilizes a particular form of intelligence that has been called functional intelligence: the ability to behave, to function in an intelligent manner. Unlike the inborn forms of intelligence, however, functional intelligence has to be developed. While the manager uses logic, mathematics, language, interpersonal, and intrapersonal intelligence, the nature of managerial work–getting things done through others–requires the manager to use these forms of intelligence, along with awareness of the external reality, to develop a purposeful plan of action that yields the desired organizational outcomes.

In a changing environment, the ability to be functionally intelligent is fundamental to survival. As the elements and factors in the manager's sphere are altered and evolve, different elements may become critical to performance; new values take the place of old ones; the resource base changes; and the desired objectives or conditions may shift. One example of such changes occurs as an organization moves from a traditional mode of management to a more emergent type of approach. As a result of such change, the executive is evaluated based upon performance rather than personality. The organization values planning more than control, and managerial skills become as important as technical skills. These and similar changes occur during the shift from the traditional to the emergent type of management.

When the elements in the sphere of the manager change, the Functional Intelligence model may need to change as well. Certainly the Starting Point is different, since new values have replaced old values. The executive may change the Terminal Point to meet the demands of the new situation. Such changes will necessitate a change in the Action Plan. Thus, old ways of functioning are replaced by new. Successful adaptation–corporate survival–requires that managers be able to separate from old ideas and attach to the new if they are to perform successfully in the "new" real world.

In addition to the traditional/emergent dimension, the real world of the manager may change in many other ways. Examples include trends toward merger and acquisition activity, wherein executives can lose the company virtually overnight. Many companies that dominated their industries now face competition from foreign firms on a scale unimagined only a few years ago. The globalization of markets leads to new strategies and tactics, such as offshore manufacturing, which changes the situation. The age of the internet has created entirely new business models and disrupted countless industries. The promise of artificial intelligence and machine learning will further revolutionize organizations and the nature of work. The real world of business is very complex and dynamic, and it can exceed the capacity of any individual's comprehension. Yet the fact remains that successful executives are faced with the challenge of functioning intelligently in these difficult conditions.

Why are some executives able to adapt to changes in their situation, while others fall by the wayside? Why do some managers have long periods of successful performance, only to fail when they became a vice-president or a CEO? Do these people suddenly become unintelligent? If so, why didn't this lack of intelligence manifest itself earlier in the executive's career? How can we account for the observation, so often part of clinical experience, that managers suddenly become ineffective? One reason that many managers make use of a confidante, coach, or advisor is a feeling on the part of the executive that he or she is not performing as in their past. They know that they are not as effective, but they don't know why.

By definition, a true promotion in an organization is a move to a position for which the person lacks readily transferable skills. That is, if an individual can move into a job assignment and has all of the necessary skills to perform in the job, then this is a lateral move; the person is being asked to take her or his skill set and apply it in a new setting, but the work and the tasks to be performed remain the same. In a promotion, though, the person lacks the requisite knowledge and skills. Why are some individuals able to easily "rise to the occasion" of a promotion and, in a very short period of time, function intelligently at a new level of responsibility and accountability, with new tasks to be performed and with new co-workers, superiors, and subordinates? Why are others not so capable; with the new position comes additional requirements that they are not able to fulfill, and they struggle to perform. Yet these people demonstrated the capability to perform in their prior position. What happened? What can account for these differences in performance? After all, it's all management, right? Getting things done through people? So why should the performance differ?

Years of clinical work with these executives provides insights as to the answer: the promotion exceeded the managers ability to function intelligently. It's not that they didn't intellectually *know* what needed to be done; they weren't able to *act* intelligently so as to produce the desired outcomes. Their functional intelligence was not adequate for the demands of the position. They made poor decisions, developed inadequate action plans, weren't able to anticipate the obstacles and opportunities, and couldn't determine the appropriate outcomes (the terminal point). They didn't lose any of their formal intelligence, but they lacked the ability to function at the necessary level.

This observation from clinical practice suggests that unlike other forms of intelligence, functional intelligence is continuously being developed during the executive's career. Additionally, there is no "absolute" level of functional intelligence; functioning intelligently is a matter of degree. It's relative, both to the individual and to the situation. Thus, managerial intelligence requires that individuals are able to continuously develop the ability to behave and to function in an intelligent manner over the course of their entire lives.

The word "develop" is used specifically, for unlike other forms of intelligence, functional intelligence requires a developmental process. There are 3 ways of acquiring knowledge: education, training, and development. Consider the definitions of these concepts for a moment:

- Training–to make proficient by instruction and practice
- Education–to impart knowledge by formal instruction, schooling, or training
- Development–to grow or progress to a more advanced stage; to bring out capabilities

Training increases proficiency in some task or activity through practice; it is task- and activity-focused. Education can incorporate training, but it also involves imparting knowledge through instruction or schooling. Development, on the other hand, is a gradual process of bringing out capabilities that enable a person to grow and advance. The key element in development that distinguishes it from training and education is experience. In order to fully bring out the capabilities of a person, it is necessary for the person to have experiences that require the use and application of knowledge and skills (acquired through training and education). As the individual has experience, the individual learns how to best use or apply the knowledge and skills to produce desired outcomes. That's why it is appropriate to speak of management development.

Being a successful manager requires a person to act and to function in an intelligent manner. The ability to do this is based on an intellectual capacity to see the future, understand the situation, and develop a purposeful plan of action–and then to execute the myriad activities essential to bringing about the desired future state. No one is born with this ability; nor can it be trained or taught. A person can learn the concepts of management can be taught theories of motivation and leadership, and can be trained in performing a performance evaluation or in hiring an employee. But the heart of managerial practice, the ability to function, to act, in an intelligent manner in a complex organization in a complex and dynamic environment, ultimately cannot be acquired in a classroom. It has to be developed through experience; through interactions with people within and outside the organization; and through opportunities to develop plans and to see how those plans play out in the real world of the manager, not just in a textbook or in a classroom.

The process of developing the managerial mind–the capacity to function intelligently–is a lifelong process. It has no clear beginning, no middle, and no ending. It is an ongoing effort to develop the necessary perceptions, frameworks, and behaviors that lead to success in a managerial role. A manager is a continual work-in-progress; even the CEO of a corporation is engaged in a developmental process in order to function intelligently in the position. Those of us who have ever functioned in a managerial role are constantly working to develop our self-concept as a manager. Managers are not born, nor are managers made–managers are developed.

How does an individual develop the self-concept of a manager? Based on work and interviews with thousands of practicing managers and students of management, it is clear that the process of developing the managerial mind parallels the development of the intellect. As individual human beings, we spend our lives in development, learning and acquiring the mental capacities and the abilities to function effectively in the various roles we play. Our role as a manager is but one more role we develop. Shakespeare was right: all of us are actors on a world stage, playing many parts. One role many people perform is the role of manager. We develop in that role as we develop in any role of our life–through a process that creates our managerial personality.

Let's distinguish some critical terms and concepts here. The personality is the public presentation of the individual. The word *personality* is derived from the Latin word *personae,* which referred to the mask worn by an actor in Greek and Roman plays. The personality is our "face" that we show to the world, the "mask" we wear in order to perform effectively in our given role. A healthy human being has many personalities, many public faces. For example, as a university faculty member, I have a "teacher personality" for the classroom and a "colleague personality" for interacting with members of my department. In my work with organizations, I have an "advisor personality" or "confidant personality" when working with executives as a clinician. I also have a "husband" personality, a "father" personality, a "friend" personality, etc., etc.

One aspect of the healthy person is knowing which personality to present at any moment in time such that the public presentation of the self–the personality–is consistent and congruent with the situation and the expectations of others. For that matter, within the various personalities there are sub-personalities. As a father, I have slightly different personas that I display with my two children (most parents will relate to this). As an advisor, I have somewhat different personalities depending on the client I'm working with at the moment. With some clients I may be more directive and assertive; with others I may be more passive and inquisitive. I'm constantly assessing the situation and determining which persona to display in the situation.

We're going to distinguish our various personalities from the Self. The Self is the private definition of the individual; only you will ever know your true Self (if any of us ever really do; a question for another discussion at another time). The rationale for this is quite simple: you are the only person who spends 24 hours a day with you. Every other person in your sphere of human activity only sees you for limited periods of time; hence, the ability to manifest the right personality for the situation is important. But what decides which personality to display? That is one of the primary functions of the Self–to determine which aspects of the self are to be put forward as the personality in the moment. This is the core intellectual activity: to have an awareness of the situation and an awareness of the self so that the proper personality (behavior and actions) can be manifested in order to produce the results or outcomes that the Self desires.

Of course, this sounds like functional intelligence: having an awareness of the external circumstances and the Self-awareness to accurately determine the true Starting Point, to be able to discern and establish a realistic Terminal Point, to develop the Action Plan, and then to execute that plan in order to get the desired goal. In other words, to be able to get things done (for the organization) through people.

There are 3 elements to the Self; and understanding these, being in contact with the Self is what we really mean when we talk about self-awareness. At this point I'm going to use some very precise terminology derived from the old Latin because it will make for a more accurate description and explanation. In the Latin, the word for the self, for "I", was

Ego; this is the term I will use when referring to the individual's intellectual capacity–the ability to think and reason as a human being, that which makes us unique individuals. There is much to the human being, however, that occurs at a sub-intellectual level. For example, our senses, our drives, and motivations may be derived from biological needs or psychological and emotional wants. These may even be instinctual, part of our basic nature as *homo sapiens*. Because these underlie the intellectual capacity of the human being, I will refer to these as "Sub-Ego," or "beneath the Self," below the level of cognitive functioning. Finally, there are elements in the social structures in which all human beings operate that are independent of the Self: the culture and society in which we live. Social norms and cultural values that surround us and form the fabric of our sphere of activity are things we come to internalize as part of the Self. Because these are independent of the Self–indeed, existing almost beyond the Self–I will refer to these elements of the Self as "Super-Ego," that is, superior to the intellect.

Self-awareness consists of being able to recognize these 3 elements at work. At any moment, the person needs to be aware of the needs and wants that are driving their behavior; the norms and values that are present in any social situation; and the intellectual understanding of the situation and the individual. Only by having this Self-awareness can an individual function intelligently in any situation in life. Since we are focused on the managerial area of activity, we will concentrate on the process whereby the Self develops the managerial personality. (Note that this same process is essentially at work in the development of the other various personality manifestations of the individual; we will concentrate on the managerial personality, as that is central to our assessment of managerial intelligence.)

Developing the Managerial Personality

The Managerial Personality. The managerial personality, like many other types of human personalities, is analogous to being able to successfully drive a car. I want to get something done; I want to go to a new location, perhaps a restaurant or a movie theater, and I have to do this through an external source: the car. In Functional Intelligence terms, I have a Starting Point–where I am right now. I have a Terminal Point–where I need to be in the future. And I have an awareness of the situation and the resource of the automobile. Similarly, the manager has to move the organization to a new position through external sources: people. To operate a car in a safe, effective, and efficient manner, there are three basic requirements:

1. The motor, or an Energy Source-something which provides the force, the energy which allows the car to move and is the source of power for the vehicle.
2. The Rules of the Road-a system of operating guidelines which specify the basic conditions and procedures which will be used to operate the car, and which are understood and used by motorists. Without a set of rules, cars would be operated in a random, chaotic fashion and would pose threats to others. Imagine what driving would be like if every driver could randomly determine the side of the road to drive on, whether or not to stop at an intersection, the speed at which to operate the vehicle, etc. Common, shared rules are necessary if the vehicle is to operate in accord with others.
3. The Driver–the individual behind the wheel who senses the road and driving conditions and makes the decisions about the speed and direction of the vehicle, which then allow the car to be operated in a safe and proper manner. The driver determines the objectives for the vehicle (e.g., go to the store) and devises the necessary action plans to accomplish the objective or purpose, given the status of the traffic, the roads, and the driving conditions.

These elements are the basic requirements for the driver to operate an automobile on public roads. Using this analogy, we can liken the car to the human personality. The human personality is comprised of three basic elements:

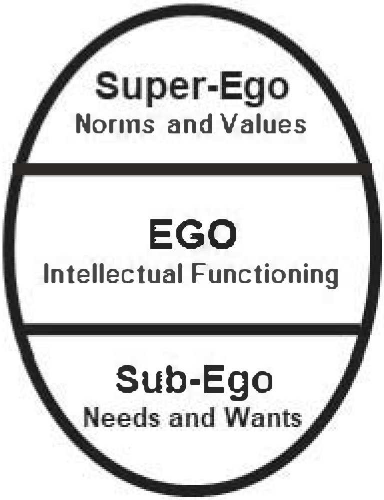
1. The Energy Source--the Sub-Ego. It is the energy system of the personality, providing the energy for action and behavior. In the human being, energy represents those needs, drives, and wants which are highly valued and which may become activated. When these needs become energized, the person has the capacity for action. Such needs include food, water, shelter, security, power, control, dominance, love, sex, wealth, and any number of similar human desires which can become needs and wants of the individual.
2. The Rules of the Road–the Super-Ego. These are the moral understandings, or the conscience equivalent, of the individual. Generally acquired socially through the developmental process, these are the social norms and mores which the individual understands as being preeminent to the person and which are respected to and adhered to by the individual member of a society. While some are seen as universal (e.g., the incest taboo), others are idiosyncratic to the society, the situation, or the

individual. Nonetheless, the individual internalizes these rules, and they become the values of the person.

3. The Driver the Ego. It is the executive of the personality, executing the demands of three masters: the Sub-Ego, the Super-Ego, and the world external to the individual, or the external reality of the individual. The Ego must arbitrate between these three taskmasters, mediating the internal reality of the Super-Ego and the Sub-Ego, as well as apprehending and perceiving the external reality of the individual.

These three basic components of the personality are depicted in Figure 4-1. The manner in which these develop and operate within the individual personality to direct behavior and leadaction are described in the following paragraphs.

Figure 4-1: The Human Personality



Developing the Personality. The primary requirement for development is irreversibility. After going through a developmental experience, the individual is forever changed, and future behavior is altered A person can never be the same once she or he has developed. The objective of development as it applies to the Managerial Personality is to strengthenand mature as an individual to develop the intellect or the Ego. The strong, mature Ego will be able to function intelligently by making the right decisions and exhibiting the right behaviors to achieve the results in the most effective and efficient manner. To have the best outcomes, it is necessary that the intellectual functioning of the person, the Ego, is functioning at its best.

A strong Ego is characterized as being driven by situations and reality. It is oriented toward the reality which exists independent of and external to the person. At the same time, the strong Ego is aware of and can mediate between the internal elements of both the Sub-Ego and Super-Ego, which exert powerful forces on the individual, in order to maintain awareness of both the internal and external factors. In fact, it might be said that a critical function of the Ego is to maintain true awareness. Such awareness ensures that there is optimal contact with reality and enhances the ability of the individual to behave and to function in an intelligent manner.

The function of the Sub-Ego and the Super-Ego is to press the Ego, to serve as its taskmasters. The individual must have energy to act, but also to act in accord with the morals, norms, and societal conventions in order to function within the society. The energy from the Sub-Ego and the norms of the Super-Ego exert a powerful force on the individual, though, and if the Ego is not healthy, if it is weak or immature, it cannot mediate between these forces. There is then an imbalance in the personality which is detrimental to the functioning of the person. There are two such types of sub-optimal personality states.

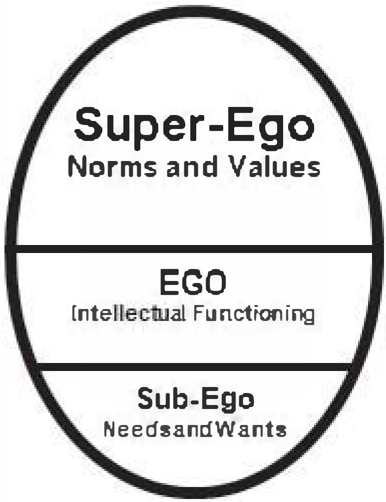
1. Authority-Oriented (Super-Ego Superior).

In this condition (see Figure 4-2), the individual is dominated by the Rules of the Road, the Super-Ego. The personality focuses on the demands of the society and of powerful forces within the society, such as parents, teachers, and bosses. Reality is interpreted through the demands and wishes of "others," whoever they happen to be. Generally, these "others" are powerful individuals who exist within the sphere of awareness of the personality and come to dominate the personality through various means, such as rewards and punishments. The Ego focuses on the demands of the Super-Ego and responds to these demands without a test of the reality, the "workability," of the various Super-Ego demands. By responding in such a fashion to the Super-Ego, there is loss of awareness and of optimal contact with reality, and the ability to function intelligently is lost. The purpose of the conscience is to restrict behaviors, not awareness. The Super-Ego, in a healthy individual, functions to ensure that actions are in accord with the rules of society and do not offend against this powerful group without purpose. But the healthy person's Super-Ego does not limit the effectiveness of the Ego to maintain awareness and contact with reality.

The Super-Ego can become dominant by virtue of a developmental process which stresses ethics, moral values, and conscience-control of the individual. Or, the Super-Ego may dominate due to weakness in the Ego. That is, if the Ego is insufficiently developed to seek information, awareness, and reality, the personality will turn to that which offers some criteria for assessment, in this case the Super-Ego.

The manifestation of this sub-optimal personality type in organizations is the Submissive personality. This individual will not take independent action but instead seeks permission from the authority figure, the manager, before taking action. The Submissive will also frequently check in with the manager to be certain that the subordinate's actions have the manager's approval. The other common manifestation of this personality type is the Normative personality. This person is preoccupied with meeting the expectations of others customers, suppliers, co-workers, etc. and will frequently appeal to the external norms, as in "but that's not the way we ought to do that," or "most of the staff think we should…" The external "rules," the norms and values of others, are preeminent in determining how to act.

Figure 4-2: Authority Oriented (Super Ego Superior)

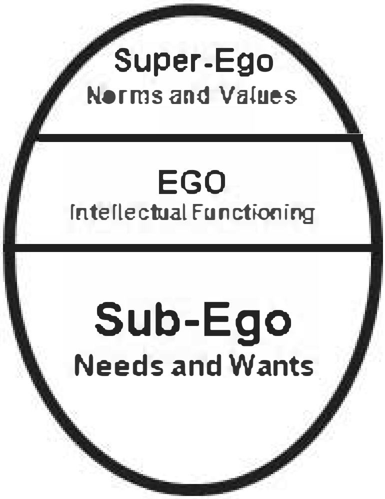


2. Myself-Oriented (Super-Ego Inferior)

In this individual, the conscience is weak. The moral values of the society are supplanted by the mind, by the reason and intellect of the individual. Behavior is not evaluated according to good/bad, right/wrong, but rather according to the emotions: happy/sad, pleasure/pain, comfort/discomfort. Individuals are raised to follow their feelings and emotions. They are to determine the consequences of actions, evaluate them, and choose behavior based upon what will make them "feel" best. If the Ego is weak–that is, if the intellectual and mental processes are not fully developed and the Super-Ego is also not developed–the focus of attention becomes individual needs and wants. These become dominant and serve to direct behavior. For example, young children who have not yet developed their Ego/reasoning abilities are typically directed by their energy system and by the gratification of immediate needs and wants. In adults, the most extreme manifestation is exhibited as the sociopath: the individual who seeks personal gratification at the expense of others and by offense against the societal norms. Such extreme behavior is seen in criminals who steal or commit violent crimes out of a sense of self-pleasure.

In less-pathological conditions such as in the workplace, it may be seen in the Hedonist employee. The Hedonist acts out of a primary concern for their own individual feelings, seeking pleasure and avoiding pain as much as possible. They have an expectation that the manager will act in a way that maximizes their own personal welfare. If they want time off, the manager should be understanding and grant the request; if they need to have the work altered to meet their personal needs, they assume the manager will make the changes that will benefit them. Another manifestation of this suboptimal personality type is the Narcissist employee. The Narcissist expects recognition and praise as part of the work environment. They want to be told that they are superior to other employees. Like the Hedonist, they expect the manager to adjust the work situation to address their individual needs and wants.

Figure 4-3: Myself Oriented (Super Ego Inferior)



The Strong Ego. In the healthy individual, the Ego possesses sufficient strength to mediate between the forces exerted by the Sub-Ego and the Super-Ego, and a balance exists within the individual. In addition to maintaining this internal balance, the strong, healthy Ego maintains the contact with the external reality in order to enable the individual to act in an effective manner. A particular manifestation of the strong Ego is the ability to adapt and adjust to new situations quickly and effectively. Part of the process of Ego development is failure/pain, which strengthens the Ego and gives the person the ability to endure pain if that is necessary to maintain contact with reality. The strong Ego seeks reality and awareness, and it will suspend normative (moral) judgments (ought to be; should be) in order to focus on what is. The strong Ego exhibits a readiness to seek and grasp information, while the weak Ego thrives on simplicity and "what *should* be." The strong, healthy, and mature Ego will not let comfortability interfere with reality.

In order to understand the functioning of the Ego and the developmental process which leads to the strong or mature Ego, it is useful to establish certain rules or principles. There are several rules of Ego functioning which enable the Ego to carry out its role as the executive of the personality and allow the individual to function in an intelligent manner. Note that these rules are hierarchical; that is, as the Ego develops, it proceeds from lower-level, basic rules of functioning to higher-order criteria for decision-making and action.

The Rules of Ego Functioning

1. Ego Preservation

The primary objective of the Ego is to survive at all costs. The goal of the Ego is to preserve the individual. Therefore, awareness of some form is essential and must be maintained. The mature Ego can maintain optimal awareness with external reality, whereas the weak and immature Ego will sacrifice awareness of external reality, if necessary, in order to preserve the personality (as in the case of persons who experience psychosis rather than face an unpleasant external reality). It is not that awareness is lost; only that the Ego focuses awareness of some reality-perhaps internal to the individual-which is not painful and allows the ego to preserve itself. The Ego substitutes the false reality for that actual reality which is too painful in order to survive. The false reality is substituted because it is better than nothingness. The Ego must have awareness, even if it is a false awareness. The individual cannot *not* think. When confronted with a stimulus, the Ego must recognize and integrate the situation within the personality; there will be an awareness. However, if the awareness threatens the survivability of the Ego, such awareness will then be sacrificed in order to preserve congruity and integrity (see below items), which are necessary for Ego preservation.

In managerial practice, this is seen in the tendency of employees to minimize or externalize negative information. For example, an employee may receive a negative performance appraisal from a manager, but will then suggest that the manager "didn't consider all of the facts" or was "biased because of who I am." This allows the employee to preserve their self-image and perception without having to confront the reality that their performance may have been less than satisfactory; therefore, the employee distorts the information to preserve the existing Ego. A CEO I once worked with was faced with a situation in which costs were not being cut quickly enough to maintain cash flows in order to pay short-term bank debt obligations. Rather than admit that cost-cutting measures weren't adequate, the CEO distorted the situation, claiming that the situation wasn't as bad as the banks were suggesting, that he was driving cost-cutting measures through the organization. His Ego preservation ended on the day when the senior loan officer of the bank in question arrived at his office at 7:30 in the morning to inform him that the banks were taking control of the company.

Jack Welch, when he was CE● of General Electric, thought this so important that he made it one of his company values at GE: "Reality: see the world as it is, not as you want it to be." He realized that too many managers suffer from a false sense of reality due to the tendency of the Ego (to preserve itself at all costs) to distort reality in order to maintain the illusion of control and managerial effectiveness. As one executive said to me, "one of our biggest problems at our company is that too many managers are walking around without any sense of what's really happening around them."

2. Ego Selectivity

In addition to awareness, the Ego must have meaning. Everything which the Ego encounters must be considered and evaluated for retention and recall purposes in order for the Ego to understand its significance. There are two criteria for such evaluation:

a. Useful–is it realistic? Does it work, is it functional to the individual? This criterion is based on the Ego, on a sense of reality.
b. Comfortable–it is "good," is it "right," is it entertaining, does it provide gratification of certain needs and wants? This criterion is more normative, oriented toward the Super-Ego ("good") and the Sub-Ego ("entertaining;" "gratifying").

Those items which are allowed to pass into consciousness for memory retention do so based upon these two criteria. If it is seen as useful, that is, if it can be used by the personality to increase the level of functioning and behavior, or if it is comfortable, that is, if it provides for the well-being of the individual and the Ego, it will be selected by the Ego and will be included in the conscious and eventually perhaps the unconscious mind (see the previous discussion of Ego preservation).

There is a tendency for the Ego to focus on comfortability, particularly if reality-usefulness-is painful. Since the Sub-Ego is present at birth (the infant human being is a bundle of unmet needs and wants), and since the first thing that the Ego (intellect) learns to respond to is Authority (the first word most infants learn a response to is the parental "No!"), the two components of the managerial personality dominate the development process. We want to feel good, to have our needs met, and to feel that our world is operating in order, according to the "rules" that we believe are the "right ones"; and we're uncomfortable when any of these conditions aren't being met. It takes time for us to learn to consider those things that aren't comfortable and to suspend our feelings and emotions in favor of functionality–"even though I don't like what I'm hearing or experiencing, I'm going to continue to pay attention in order to make a better decision or arrive at a better judgment."

In corporate life, this condition appears when a sales representative tells their manager, "the customer left us because our prices are too high," rather than present the manager with uncomfortable truth that the customer service at the firm is lousy. Or, it occurs when an employee tells the human resources department that they are leaving the company for a "better opportunity" at the new firm, when in fact the reason for the departure is the employee's belief that their manager is "unfair" in criticizing the employee's work. It takes years of experience before managers are willing to tolerate honesty and candor for the sake of better decisions. In fact, I've seen managers distort data and factual information because the conclusions from the analysis don't align with what the manger wants to do. Rather than accept the uncomfortable reality that the project won't work, the manager will question the data or the process of gathering the data, or will select only those elements in the presentation that confirm the manager's desired outcome.

3. Ego Congruity

For the Ego to select items which will be included and retained by the individual and which will enhance the survivability prospects of the person, learning must occur. Such learning is based upon the prior experiences of the individual; we learn what we know. That is, new and novel information and stimuli are evaluated in light of previous experience and knowledge. Such learning occurs in three primary ways:

a. Association-by relating that which is new to that which is already known. The Ego will associate novel stimuli with others within the conscious reference capacity of the person. Thus, a teacher is seen as a surrogate parent, an authority figure, by the new student in preschool who only later learns to make a finer distinction between the social roles. A new job is analyzed in light of previous job experiences. Learning is based on prior experience.
b. Identification-by bonding to that which is seen as useful or comfortable. While it is association which provides the basis for understanding, it is identification which integrates the new knowledge into the consciousness of the individual and makes the

new information part of the individual's personality. Identification is based upon the same criteria as in Ego selectivity, above.

c. Resolution-by removing any conflicts or dissonance which occurs between that which is valued and actual behaviors, between what is desired and what is actually occurring in reality. If new information conflicts with current understandings, and if such new data cannot be ignored but has been selected by the Ego, then the differences will be resolved in order to preserve the Ego and maintain integrity (see following).

Ego Congruity explains why new employees are on a “learning curve”–the Ego (intellect) needs time to assimilate and integrate new information. It’s the reason why many employees are challenged when given a new task or responsibility; we can’t know what we don’t know, and it takes time and experience for new knowledge and information to bond to that which is known. ●ver time, as the new knowledge becomes seen as instrumental for effective job performance, an individual will come to identify with the new condition; and, if the new information proves to be effective at achieving high performance and receiving positive feedback, it becomes more comfortable, and it feels good–further increasing the bond. When a manager is promoted to a new position of responsibility, there will be a period during which the manager will need to assimilate new information in order to fully comprehend the nature and scope of the job. ●rganizations need to build such “entry time” into expectations for managerial performance.

Problems occur in organizations when new information or experiences don’t align with the existing cognitive frameworks or experiences of employees. Now resolution needs to take place; the employee needs to take the new experience and resolve the differences. The danger here is that due to Ego Preservation and Ego Selectivity, the employee may choose to resolve the conflict in a way that “feels good” or reinforces the existing cognitive order, and now distortion can occur. For instance, a Division Vice-President of a major U.S. manufacturing company had embarked on a process of instilling “Common Values” into the division. Information from an all-employee survey indicated that the people in the organization viewed the program as a “Flavor of the Month” effort on the part of the Vice-President; in fact, employees were openly making jokes about the process to one another. When this was shared with the Vice-President, the reaction was “they just don’t understand what I’m trying to do.” Rather than seeking to address the concerns and resolve the conflict, the VP decided to ignore the feedback. After a short time, a new Vice-President was installed who abandoned the effort.

4. Ego Integrity

The Ego seeks to integrate, to maintain a harmonious whole. This is virtually synonymous with Ego Preservation, discussed above. The Ego seeks to preserve itself in a whole state and wishes to avoid conflict (see Resolution, above). It wishes to avoid shocks and surprises, preferring consistency and order to ambiguity, complexity, dynamism, and chaos. The lack of Ego Integrity is ambivalence, wherein the individual has two opposing views of the same object (love/hate, admiration/fear, etc.)

Ego Integrity requires time and experience; this is what allows managers to develop mental frameworks (or "cognitive schema") to understand their situation. We want things to "fit together," and we're bothered when there is inconsistency. The more complex the relationships among the elements in the manager's sphere of activity, the longer it takes to develop an integrated mental map of the situation. There's not a way to shortcut this process, either; some aspects of organization life take years before an integrated perspective is developed.

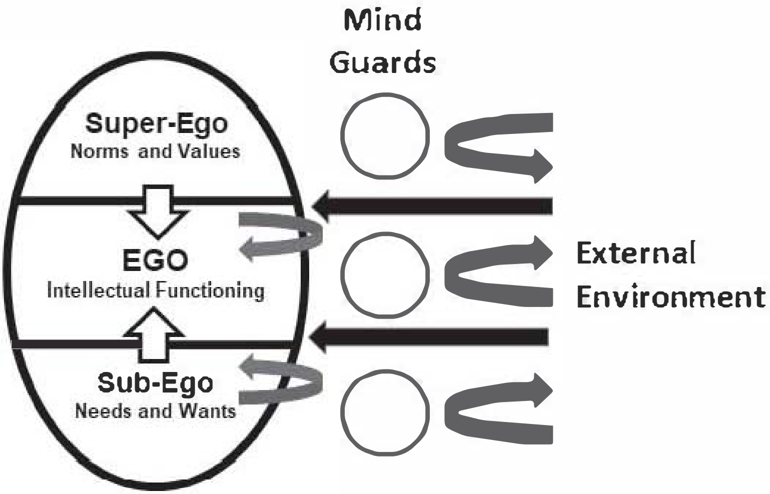
This process of integration may explain why, after over 60 years of research on corporate mobility, the average age when a person is appointed a CEO of a large, Fortune 500-type organization has remained virtually unchanged. In the 1950s, the typical CEO of a large business was appointed to the position in their mid to late 50s, after about 30 to 35 years of experience. Today, that number is essentially the same; the typical Fortune 500 CEO is appointed to the position in their mid to late 50s and has about 30 to 35 years of career experience (in fact, the average age of Fortune's "Most Powerful Women in Business" is early to mid-50s, suggesting that learning and experience are not based upon gender differences). The explanation for this phenomenon may be as simple as Ego Integrity–that is, it takes about 30 years before an individual has developed a sufficiently-integrated understanding of the relationships among the various elements of the organization, its industry and markets, and its environment to be able to make effective decisions.

How often have managers said about a subordinate that they "lack experience?" What does this mean? I would suggest that most often, this means that the person has not had sufficient time and opportunity to have developed a complex understanding of the situation, and as a result, they are at risk for making poor decisions. We want our managers to "see the big picture," to have a sense of the whole and how the parts are integrated with one another. That's what integrity means: to be whole. We need to realize that to have an integrated sense of the organizations and the way it interacts requires time and developmental experiences.

5. Ego Defense

In order to preserve the Ego by selecting items which are harmonious and which can be integrated into the whole personality, the Ego utilizes various defense mechanisms. Defending the Ego is referred to as "mind-guarding." In effect, the Ego creates sentinels for the mind which exist at the interface between the individual and the external reality (see Figure 4-4).

Figure 4-4: Ego Defense (Mind Guarding)



These mind guards take two forms: inner and outer guards. Inner guards look internally within the personality in order to be certain that everything within is consistent (see the preceding discussion of Ego Congruity). Outer guards evaluate the external reality to be certain that stimuli which are coming into the Ego are consistent with existing structures (see the preceding discussion of Ego Integrity). Each of these forms have two functions: mind guards act to keep certain items out and to let other items in. Guards act within the criteria and principles outlined above.

The outer mind guards serve as filters and lenses on external reality. They allow some information to pass through and keep other information out, and they allow the Ego to "see through" to the external reality, to have awareness. However, since such vision is restricted by the guards, it is distorted; hence, the guards act as a lens which allows for things to be seen, but in so doing, distorts the object being viewed, as a microscope does with bacteria. This function of the outer mind guards is essential, though, if the Ego is to survive. The volume of external stimuli (information and sensation) that exists in reality would quickly overwhelm the capacity of the mind–were it not for the presence of these guards. Various forms of psychotic behavior are due to the inability of the mind to sort out the useful from the nonessential and the comfortable from the uncomfortable, so the brain's capacity to deal with the world is overloaded. In such cases (since the Ego seeks preservation and survival), the result is psychosis, in which contact with actual reality is sacrificed for contact with a more benign world that the mind can create and which the Ego can more easily comprehend.

The inner guards serve to direct internal behaviors from manifestation in the external reality. That is, they keep certain thoughts and actions from expression and allow others to occur. In the healthy individual, such actions are affected by the Sub- and Super-Ego components. The Ego weighs the criteria internally, serves as a check on external reality, and allows certain forms of functioning to occur. As with the outer guards, inner guards are most easily discerned in the pathological cases. For instance, there are those who lack the ability to refrain from making offensive remarks to others (this has been found to have a neurological basis in the case of Tourette's Syndrome, which indicates that the functioning of the Ego-the mind-is neurologically and anatomically based). In less-extreme cases, this is seen in the assertive or aggressive personality type.

If these mind guards are inadequate, unhealthy, or not functioning properly, they will be unable to perform their basic purpose of defending the Ego and preserving the congruity and integrity of the person. These mind guards work according to the previous principles of Ego functioning. Since many individuals are predisposed toward comfortability, they do not like to have to unscramble or reorient themselves to new information or stimuli. Thus, individuals will frequently rearrange the information or the stimuli in order to interpret and evaluate the data in a manner consistent with what they believe they know.

In the practice of management, the effects of Ego Defense (the mind guards) can be observed in many typical interactions. Most of us have sat in a meeting, listening to the latest great pronouncement from our manager or organization leader, and we have had a thought pass through our mind followed quickly by another: "you know, if I said out loud what I'm thinking right now, I'd be fired on the spot." That is the mind guards at work, retaining internally a thought or idea that could be problematic if verbalized. Likewise, we have often sat in meetings and watched coworkers make a statement that causes us to cringe, because we recognize that the comment is at best awkward, and at worst wholly inappropriate. I recall being in a presentation several years ago at a technology company at which a young, newly-promoted technician was discussing the firm's latest product strategy. At one point in the presentation, the CFO of the company, who was sitting in on the meeting, asked a question about the technology being used in the product. The technician, perhaps assuming that the audience was well-versed in the technical aspects of the product, sighed heavily, rolled his eyes, and said, "Well, as a child of 4 could plainly see, this technology will..." At that moment, the technician's manager's face went white, and a look of fear crossed his eyes. He realized that the technician, caught up in his technical discussion, had just offended a senior executive of the corporation. He tried to do damage control afterwards, apologizing to the CFO and offering serious coaching to the technician, but the damage was done. The technician was removed from the position in relatively short order.

The danger in having inappropriate mind guards with respect to external reality is that it prevents managers from seeing or apprehending elements in the environment or in the industry that may have a material impact on the manager's or the organization's performance. If the mind guards are filtering ineffectively, the manager may not be aware of factors that are material to the situation. Having inappropriate mind guards (or paradigms, if one prefers) means that the information isn't even available; the data are being blocked by the filter. Remember Kodak Corporation? The company patented the technology for digital imaging. However, the executives believed that they were in the photography business; digital imaging wasn't consistent with what they knew about film, processing, paper, chemicals, etc. As a result, they licensed the technology to firms such as Nikon, Minolta, and Canon, who quickly developed digital photography and destroyed Kodak's business model. Newspapers thought they were in the "newspaper" business. As a result, their mind guards prevented them from seeing the impact that the internet and 24-hour news cycles on cable television would have on their business, with the result that many newspapers are now struggling or have gone out of business.

These examples illustrate how these principles of Ego Development, while seemingly esoteric, in fact have real consequences for managers, employees, and organizations. Developing the right set of intellectual capabilities is crucial to being able to function intelligently in the managerial role. A rather basic concept like Ego Defense can have significant effects on managerial decision-making and behaviors, and by extension on the ability to get (organizational) things done through people in an effective and efficient manner.

6. Ego Discretion

The Ego prefers discrete units of information or stimuli to complex wholes. It prefers that which is easily comprehended and understood to that which requires processing. The Ego is relatively inefficient at observing wholes, complexities, interconnections, interrelationships, systems, and processes. It is much more efficient at grasping the individual entity, and it is relatively inefficient at dealing with large amounts of data, information, or stimuli. This is due to the combined effects of the prior rules of Ego functioning.

In order for the Ego to handle new, difficult, complex information, the previous rules are in force. Data may be arranged in a linear fashion by connecting with prior information in a logical manner (the left-brain function). Or, new data may be connected with previous data in a more creative, non-linear fashion, such as connecting with values or emotions (the right-brain function). The mind guards will activate an elliptical thinking process if necessary, "filling in" gaps in data in a selective fashion in order to maintain congruity and integrity and so preserve the Ego (see the previous discussions of Ego functioning principles).

In management, the principle of Ego Discretion appears when an executive seeks to simplify the decision-making process by developing a set of criteria or “heuristics” that reduce the amount of information that the executive must consider. Many managers have certain “rules” that they invoke to explain the decisions they make. Of course, subordinates quickly learn the manager’s decision rules and will subsequently present information in a way that is consistent with the outcome they want to achieve. If it is approval that the employees want, the information will be structured in discrete units that are consistent with the manager’s analytic process. If employees want the manager to reject the decision, they will either present information that conflicts with the preferred decision frame(s) or may present information that is outside the frame(s), thus causing the manager to choose a more readily-understood alternative.

All too often in managerial life, however, the amount of information needed to make decisions exceeds the manager’s comprehension and limited information-processing capability. A concept called “cognitive complexity” suggests that the best people can consider no more than 7 discrete elements in processing information; the average for most people is 5. The number of factors that are involved in most managerial decisions is far more than 7. If we include the relationships among elements as well, the cognitive processing problem becomes immense. Managers have to reduce the world to a set of factors in order to be able to make decisions. To the extent that those elements are crucial to the decision, the outcome can be effective; but no decision can possibly consider all of the factors involved.

In addition, information can likewise be impacted; as managers, we don't always get every piece of information we need. Sometimes this is because the information isn't available, while other times it is because the information in incomplete. The result is that the manager has to fill in the missing pieces. To the extent that this "filling in" (termed "elliptical thinking") is accurate, the decisions will be more effective. However, if the manager "fills in" with erroneous data, the decision likewise will be incomplete. Discerning the discrete elements needed for effective decision-making creates further challenges for the manager.

Recently, while working with a team of executives, I had the opportunity to assist them in developing a proposal for an extension of an existing line of business activity. It was known by the team that the President of the company liked proposals that emphasized innovation. Rather than present their proposal as a product line extension, they chose to use words like "unique," "novel," "cutting edge," and "disruptive" in the presentation, emphasizing those elements of the product line extension that were different from the current product/market strategy. In the comments approving the project, the CEO repeatedly referred to "thinking outside the box" and to the "path-breaking" nature of the proposal. By aligning the discrete elements of the proposal with the CEO's Ego functioning, the team was able to secure the resources needed for the program. Whether or not this will turn out to have been a good decision for the business is unknown as of this writing, but the situation illustrates the advantages of being able to operate within the discrete elements of a manager's thought processes.

7. Ego Maturity

The Ego matures as the struggle between usefulness and comfortability is resolved with one becoming dominant and the other secondary. In order for an individual to function intelligently, the usefulness criteria will be dominant and comfortability secondary. In fact, one aspect of the mature or strong Ego is an orientation toward usefulness-reality, if you will-over comfortability. The mature Ego is always operative within the prior rules of Ego functioning.

The mature Ego has situational maturity; it is able to maintain awareness with the elements in the immediate situation or circumstance that can be apprehended by the senses. There is also holistic maturity, which occurs as the Ego connects individual situations together into patterns and locates interrelationships between situations. As holistic maturity develops, the Ego learns time binding: the ability to consider the time dimension of behavior, both past (recall) and future (consequential) thinking. Situations from previous experience can be used for integration and understanding, and there is an ability to project conditions into the future for prediction and as a basis for current behaviors.

Finally, the mature Ego exhibits control over the mind guards-the ability to determine if the criteria of usefulness or comfortability will be preeminent in the decision to limit or pass through information. The mature Ego has control over the defenses of the mind and is open to receiving new information, even if the information is disconfirmatory–because the mind knows that it does not know everything and is willing to seek out new information in order to make a better decision.

Unfortunately, most managers (like most people) operate with an immature Ego, and this does not seem to be improving. I am constantly struck by the fact that, once managers learn the rules of Ego functioning and the qualities of a mature Ego, the comment I get most often is "wow, I work with a lot of immature people." This is quite true; my own experiences working with executives bears this out. Most managers and their subordinates have a difficult time overcoming the bias toward comfortability. The Sub- and Super-Egos are all too dominant. Managers will reject ideas or information that creates perceived difficulties for them. Executives and their subordinates complain often about the fact that most of their colleagues and co-workers don't act as they "should" or as they "ought to" behave. Believing that they know what is really going on, they reject alternative explanations or insights as being "unrealistic."

Understand that it takes a great deal of development, experience, and learning for a person to be able to overcome the natural tendency to follow the feelings and emotions; the Sub-Ego and the Super-Ego are powerful taskmasters, requiring that people adhere to their sense of right and wrong or to the rule of the heart, not just the head. While these certainly have their place in a healthy human being and in effective managerial behavior, these cannot be expected to replace clarity of thought, contact with reality, and effective decision-making. The needs of the Sub- and Super-Egos must be taken into consideration in management, but not at the expense of the Ego, or the intellect.

An owner of a successful service business was well known for having the ability to "take bad news." The owner's employees commented, "around here, if you know something's wrong, you need to tell the boss right away." One of the senior managers in the business said, "I've worked for several organizations, and I've never seen any manager handle things as even-tempered as our owner does." While sharing this with the owner, I was told, "I've had to learn the hard way to do that. I was burned early in my career by some bad decisions that I made because people were holding back; they didn't want to tell me what was really going on. Now I tell my people that the one sure way you can get in trouble with me is if I found out you knew something that could have led to a better decision but didn't share it. It's taken a few years, but I think they are starting to get the message."

Contrast the maturity of that business owner with a branch manager of a bank who was known for having a "quick draw," for regularly "shooting the messenger." The manager's employees reported that early in the executive's appointment as the branch manager, employees were told to "bring me bad news right away so we can deal with it." However, the first few times this was done, one employee said "they came out of the manager's office looking like they'd been beat up." And then, at a branch meeting, the manager referred to the individuals as lacking the necessary qualities to be a "team player." One of the individuals who was still with the bank told me, "I'll never do that again; you say you want to hear the truth, but the fact is you can't handle the truth." The manager's desire for comfort (no bad news) overrode the need for accurate and timely information. This might explain in part why the branch was one of the poorer-performing branches in the bank's system.

The first sign of a manager who can develop the capacity to function intelligently is evidence of a mature Ego. Prioritizing usefulness over comfort is essential to obtain information about the reality of the situation in the manager's sphere of activity. Unfortunately, most people operate with fairly immature Egos. The result is poor decisions, poor performance, frustrated employees, and weak organizations.

8. Ego Marking

Through the maturing process, the Ego develops the ability to distinguish itself from other elements in the real world. Such differentiations are based upon the context (location in time and space) and behaviors (actions). Since the Ego relies on discretion, there is an orientation-a bias in some cases-toward actions (physical behaviors) rather than thinking (mental behaviors). Since thinking cannot be seen easily and interpreted quickly by the Ego, it is quick to seize on physical actions and to use the elliptical ("fill-in") process to create the mental basis for the physical behavior.

Eventually, the Ego demarcates itself from others; it acquires a "self." The mature Ego has developed to a point at which it is able to distinguish itself from those around it, and this becomes the self-identity. Such distinctions are conveyed to others in various ways as a further method of marking or separating the Ego from the rest of the world. However, this process of developing the sense of self is based upon others. The individual acquires the sense of self from noting how others relate to the person, and how the person relates to others. This is the "taking the role of the other" described by G. H. Mead; we come to know ourselves as we view our "self" through those with whom we interact.

As managers mature in their Ego development, they create a self-image of the manager that is integrated, consistent, and holistic. They become “known” for their managerial qualities. Books and magazine articles are written praising their leadership ability. They make it on the lists of “The Top 50 Business Executives.” In these articles, certain qualities of these managers are held up as worthy of emulation because of the relationship of these qualities to organizational performance and outcomes. However, this view is short-sighted and fails to consider the true nature of managerial work. The manager’s success is a combination of the individual qualities, of the Ego, to be sure; but it also relies on circumstances and conditions, as well as the others with whom the manager must interact. It is interesting to see executives who are held out as worthy of emulation, only to have them falter when the organization’s results diminish. At one time, Ken Lay and Jeff Skilling of Enron were considered to be at the forefront of management practice--only to become examples of everything wrong with management when the company came to ruin.

The mature Ego creates a managerial self-identity that is consistent, congruent with the situation, wholly-integrated, and focused on functioning intelligently by maintaining optimal contact with the real world of the manager. Many managers spend their entire careers trying to create their managerial self without success; others find their “self” early and work to develop that self fully. Knowing the rules of Ego functioning is essential to developing a healthy and effective managerial self.

9. Ego Discontinuity

Once the Ego has distinguished itself from others, it will then be able to distinguish the elements within itself. In other words, the Ego can determine the elements of the self: what is internal and what is externally derived and located. It can make judgments based upon the point of origin, the location in space, and the time (past, present or future). In short, the Ego comes to understand its own nature and characteristics. That which gives awareness of external reality gives awareness of the self. The Ego recognizes its own composition and can demarcate itself for increased awareness and understanding. The Ego comes to see itself as separate and can determine the nature of the various elements which make up the self.

At this level of Ego functioning (a very high level, not operative very often for most people and limited even for the most mature), the Ego (intellect) is aware of the Sub- and Super-Ego. The individual can make intelligent, intellectual decisions about its own feelings, emotions, values, and norms. It is aware of the elements of the managerial personality and can configure those elements in order to achieve optimal results–to best "get things done through people."

One manager I had the pleasure of working with was among the best I've seen at this. The manager would often refer to which emotions were most effective in dealing with various subordinates, and would then actively demonstrate those emotions in interactions with the person in question. The manager spoke of knowing that certain colleagues "have different values than I do, and I try to take that into consideration when I'm dealing with them." The manager also applied this to the entire sphere of life activity, telling me that "there's no such thing as life/work balance; what I do is pick and prioritize those things that make me feel good about my relationships with my spouse and children and take a pass on the rest." This is a very mature level of intellectual functioning, knowing when to adhere to the rules and let the Super-Ego dominate, when to let the Sub-Ego and the emotions govern the situation, and how to control these--all while maintaining contact with the reality of the manager's world.

10. Ego Development

In order for the Ego to continue to function according to the previous rules, it must now provide for development. In effect, this analysis has moved from the crude survival-preservation rule to more sophisticated and higher-order levels of functioning. This final rule allows for further functional behavior by providing for increased development. Just as the evolutionary model suggests that organisms begin with a basic survival instinct and over time develop various specialized capacities, so too the rules for Ego functioning begin with the survival criteria and progress to higher-order levels of activity. The last rule provides for further progression to still higher levels of functioning.

In Ego development, four things occur:

a The rules for Ego preservation in the preceding categories are relaxed to allow for increased awareness. The Ego becomes less concerned with survival and instead focuses on awareness. The means of survival-awareness-supplant the end of survival itself, out of a conceptualization that if the means are performed in a masterful, effective, and efficient manner, the goal of survival will be attained and enhanced.

b. Awareness is based upon logical, factual analysis (the Ego, the intellect), as well as a recognition of the emotions (the Sub-Ego) and consciously-understood norms and values (the Super-Ego), and intuition.

c. The Ego becomes more oriented toward others, the external, than toward the self, the internal. When the internal is understood, the external becomes preeminent. The mature, strong Ego, that which is able to mark itself and can understand its discontinuity and complexity, becomes more concerned with the external reality which offers more data and information–more stimuli, if you will.

d The values of the individual become prioritized, with reality awareness being the first priority. The Ego is now firmly in control of the internal self, and it has established the order for understanding the external world. Both the Sub- and Super-Ego are in control, the mind guards are healthy and functioning, and the goal of optimal contact with reality is preeminent.

I had the chance a few years ago to meet an executive who was the head of purchasing for a major Fortune 500 company–at 38 years of age (the average of a Fortune 500 chief purchasing officer at the time as about 52 years old). Curious about how the manager was able to achieve such career success so quickly, I asked the individual to tell me what in their career they viewed as having been most instrumental to their success. The executive then proceeded to tell me that, early in their career, within the first 90 days as a junior buyer, they had made a significant error in disposing of scrap material that had cost the company nearly half a million dollars in lost revenue. The manager walked into the senior purchasing executive's office and explained the error–what had caused it, how they'd made the error in judgment, and the impact on the enterprise. "I finished by telling the head of purchasing, 'I understand if you need me to clean out my desk.' At that, the Purchasing Director looked at me and said, 'you can't leave. I just invested $500,000 in your training. Go back and figure out how to make sure this never happens again.' I did, and I never forgot that lesson–that it's more important to get better than to be right all the time." The young Purchasing Director concluded by telling me, "that was probably the most important lesson I ever learned–that it's OK to fail, as long as you learn from it and don't do it again." In other words, the goal of Ego Development is to develop the Ego.

Summary: The Ego in Management Development

The essential concepts of managerial intelligence are based upon this basic model of the human personality and the intellect, the Ego. The goal of functional intelligence requires individual awareness; the person must be in optimal contact with reality in order to function in an intelligent manner. Since the rules of Ego functioning and Ego development are also based upon awareness, it is almost impossible to separate Ego development from managerial intelligence. Managerial intelligence might be conceived as a special case of Ego development–it is Ego development in the corporate or business sphere of human activity.

The purpose of the theory of the Ego is to provide a basis for understanding managerial intelligence in the business sphere. Development is meant to strengthen the ego, the intellect, within the business sphere of activity and thus enable the manager to behave in a more functionally intelligent manner. Each complements and is an integral part of understanding the other.

What we find–as is often the case in the practice of management–is that the rules for effective performance aren't generally linear. We tend to convince ourselves as managers that if we can find more data and perform more analyses, we will be able to figure out the "right" action, the "best" or "optimal" solution. In fact, the manager's world of activity is not nearly so neat and linear as we'd like to think. Information is incomplete, people behave not according to set patterns of logic but act based on emotion and feelings, outcomes are not well understood, and the models we create for understanding management are, at best, incomplete approximations of the complexity and the difficulty of navigating intelligently through the real world of the manager.

The goal of the healthy Ego is the ability to function intelligently in the sphere in which the individual operates, whether it is the home, the office, the factory, or the larger arena of life. By applying the rules of Ego functioning to the executive's sphere, it is possible to understand the principles and concepts essential in managerial practice.

Understanding the theory of Ego development is not only useful for understanding the world of the manager. It is applicable in learning how to functioning intelligently in spheres outside the organizational sphere (which is the focus of this book). Understanding the theory enables executives to control the development of the self and others. There are now two questions left for us to consider in understanding managerial intelligence: HOW is managerial intelligence developed, and what are the CRITERIA that can be used to assess managerial practice? These two questions will form the basis for the remaining chapters of this book.

CHAPTER FIVE

DEVELOPING MANAGERIAL INTELLIGENCE: MOBILITY AND THE MOBILITY SMARTS

There's not much in the discussion of intellectual (ego) development that's new and startling; most of these ideas have been around for some time. I'm going to begin with a fundamental premise about human ego development, then extend this into the organizational sphere of activity and talk about how managers develop the ability to function intelligently in their managerial practice.

Recall that in the earlier discussion of management and functional intelligence, I made the point of stating that no one is born with an innate ability to manage others. Managerial intelligence has to be developed. The development of managerial intelligence can be helped by education and training, but it relies ultimately on experience in the real world of the manager to develop the intellectual capacity to behave intelligently in the managerial role. Managers are not born, and they are not made in the literal sense of the word; they must be developed. This chapter will explore how that occurs, as well as some techniques that practicing managers have used to accelerate their development process.

The Ego in Development: Generic Mobility

How does a human being acquire any new intellectual skill or capability? Through a process of development, whereby we acquire new habits, behaviors, and cognitive abilities that come from having experiences in the world. Only through experience can the ability to function and act in an intelligent manner be developed. No amount of classroom instruction and no amount of reading books about intelligence will give a person the capacity to reason and act intelligently. It requires development, and development requires experience.

It begins in infancy. The infant is uncomfortable--hungry, cold, wet, etc.–and, given the nature of these feelings (sub-ego, remember?), a response occurs: crying, fussing, kicking the legs, etc. Given the behavior, there is then a reaction: Mom or Dad come and feed the infant, hold and warm it, or change the diaper, alleviating the cause of the discomfort. Nurturing behavior results, and it feels good. At that moment, the brain begins to make a connection: "if I do X, then Y occurs"–and now the process of intellectual development gets underway. The intellect begins to figure out the patterns and connections of social interactions that produce results. The infant begins the process of getting things done through people!

So intellectual development begins very, very early in life, almost at a preconscious stage (no one can remember what happened to them before age 2 or 3). But even then, the intellect is beginning to establish functional activity, based on the "if I do X, then Y" logic. Very quickly, though, the infant learns that there are others in the world who have different behaviors and different expectations; not everything is intended to meet the infant's needs. The first learned response, recall, is to the word "No!", often accompanied by some type of mild punishment–a slap on the wrist or posterior, perhaps. Now the super-ego begins to develop, as our infant intellect begins to develop the connection that "if I do A, then something negative B happens." Cognitive complexity starts to increase. The ego now knows that it is not enough to act to obtain a given response, but also to refrain from acting to avoid another type of response. Thus, the rules and the principle of authority begin to develop, along with the principle of pleasure.

These two taskmasters–pleasure on the one hand ("I want…") and authority on the other ("I must…")–will form the two dominant demands on the intellect for the life of the human being. We're not really that complex at a basic level; most of life consists of seeking pleasure or avoiding pain. *How* we do that becomes increasingly complicated as we learn the social structures, values, and norms that are intended to direct our behavior. As the ego develops. it begins the work of bringing these two taskmasters into intellectual control, thus developing cognition.

As a sidebar: if the process of infant development is disrupted, it is likely that one of the two suboptimal personality states will result. If the child is given a steady environment of nurturing, satisfying the sub-ego, the child "learns" that the world exists primarily for their pleasure, and the narcissistic or hedonistic personality becomes dominant–and it will show up later in the managerial career. ●n the other hand, if the child is raised in an authoritarian system, the super-ego becomes dominant, and the child seeks to please authority figures and to submit to outside authority systems, with the result that the manager becomes a submissive type.

As our child grows, the basic intellectual processing becomes increasingly complex; preschool, school, relatives, friends and neighbors, and the social milieu add relationships, and the child learns how to behave with each in order to get the desired results. The socialization process is essential, but the family unit remains central in the developmental process. This will hold until adolescence, at which time a new developmental relationship begins: the peer group becomes the source of nurturing, while the parental or familial unit becomes the authority figure. After all, it is peers who tell the adolescent how popular and cool she or he is, and they meet the sub-ego's need for socialization and esteem. Meanwhile, it is the parent(s) who is/are enforcing the rules and setting limits on the adolescent's behaviors. This process is important, though, because the person now learns that social groups can be sources of nurturing and authority.

As an adult, the person goes to work for an organization. Now the level of complexity increases once again, as a single social structure, the enterprise, becomes simultaneously both the source of nurturing and the source of authority. The organization provides interesting work, fellowship with coworkers, compensation, and other sources of pleasure for the sub-ego. At the same time, every organization is a hierarchy of authority, establishing policies and procedures that govern behavior and set expectations for the employee. Both nurturing and authority come from the same entity.

If the ego has not been able to develop effectively, the individual will have difficulty handling this situation. Worse, if the ego is immature, the bias will be toward nurturing (remember, the sub-ego is the foundational aspect of development). This issue–ineffective personal development, with the natural tendency of the human being toward the sub-ego–explains in part why organizations have such difficulty managing employees. The last 40 years or so of development processes in the Western world demonstrate the difficulties that arise when organizations and societies have individuals who are ego-immature and who function primarily from a self-oriented, "what's in it for me" framework, seeking to have individual needs and wants satisfied at the expense of the needs of the organization. (By way of contrast, much of the Eastern world and lesser-developed countries remain very traditional in the approach to management, using authority as the primary means of control; and the developmental processes in those areas, relying on authoritarian structures, support the traditional approach.)

The manager-to-be thus undergoes a developmental process that is intended to produce a mature, functioning ego (intellect), capable of managing the sub-ego and super-ego while still maintaining awareness of the external environment. If the process is arrested or impaired in any way, the result will be a diminished ability to function intelligently and to manage effectively. How does this development occur?

It occurs primarily through a concept we will refer to as generic mobility. The term "generic" means something which relates to an entire group or class, as in generic foods. In this case, the usage is a little more specific, as it is linked to the concept of mobility. The reason for this is that we wish to distinguish mobility in the generic sense from the more traditional usage in the management literature, in which mobility is viewed as referring to various career movements, such as promotions, demotions, transfers, resignations, and terminations. In order to separate mobility in the generic sense from its usage in the business sense, we apply the term generic as a distinguishing feature.

In its most basic sense, generic mobility is simply the act of "separating and attaching." That is, it is the act of separating from old patterns of behavior or thought and attaching to new ones. All individuals have been generically mobile since birth, which is the act of separating from the womb and attaching to the mother figure. As the individual proceeds through life, this cycle of separation and attachment becomes a fundamental process. We separate from the home to attach to school. We separate from school to attach to employment. We separate from friends and family as we move to new cities or towns. We separate from loved ones at death, the ultimate form of separation (since further attachment is impossible). Managers separate from subordinate behaviors and attach to superior behaviors. Executives separate from marketing behaviors and attach to accounting behaviors. And so on.

The key point is that all individuals, at all stages of their lives, must maintain a certain level of generic mobility. For instance, students who leave home to attend college have to separate from a set of "live-at-home" behaviors and adopt new "college-student" behaviors (no doubt many of which these students would never dream of participating in at home!). With graduation comes the separation from "college student" behaviors and the adoption of new "junior executive" behaviors. In addition, there may be separation from "single" behaviors and attachment to "married" behaviors. Each promotion or job transfer requires separating from the previous job behaviors and attaching to new ones.

The value of generic mobility is that it allows individuals to learn in a relatively effective and efficient manner. By being mobile, a great deal of knowledge can be acquired very quickly through multiple experiences. Time and experience can be compressed with high mobility. Managers on the so-called "fast tracks" move through positions within the organization very rapidly in order to develop a broad general understanding of the organization (this presumes that the individual has the ability to separate and attach with reasonable proficiency). Many executives are unable to maintain the kind of ego strength that allows them to be generically mobile-to separate from one set of behaviors and attach to new ones. For those who lack this capacity, generic mobility is awkward, if not dangerous. Unable to separate and attach, such managers quickly become misplaced within the organization, and careers become arrested.

Generic mobility is essential to all human development. By separating from old experiences and attaching to new ones, the human being acquires new knowledge and insights and learns to see new patterns of relationships among the elements in their world. It is this process of generic mobility that allows human beings to learn so much as toddlers. Anyone who has observed young children is often struck by how quickly they separate from one activity and attach to another. Some say this is a short attention span, or worse, Attention Deficit Disorder. For most people, though, this is the cognitive development process in action. The toddler is extraordinarily generically-mobile, and thus learns an incredible amount in a short period of time–because the toddler is continuously having new experiences, separating from old ways of acting and adopting new ones. This may account for the observation by some cognitive psychologists such as Howard Gardner that the typical human being learns more in the first 5 years of their life than they will in all their remaining years combined. The reason? We are at our most generically mobile; we separate and attach constantly and easily.

Over time, though, the mobility begins to slow down. We come into systems with rules and structures, like schools, where we separate and attach based on a schedule not of our own choosing. We develop habits and routines and are loath to change our systems. We enter the workplace and are told when and how to separate and attach based on policy, analytics, or best practices. The result is that we become less adept at the act of separating and attaching; generic mobility slows, and development slows as well.

This is why many managers become ineffective in their career progression. It's not that they lack the knowledge to do the job, but rather that they lack the ability to be generically mobile--to separate from their old ways of doing things and adopt new ones. The result is that they are anchored in habitual ways of behaving that are not functionally-intelligent in the new setting, and they lack the ability to separate from old habits and attach to new ones. And so, they manage the new group of subordinates the way they managed the previous group, failing to recognize that these are different people, perhaps in a different setting. Or, they can't separate from old business models or old business strategies, with the result that organization performance declines. IBM nearly imploded in the mid-1990s, when the computing industry moved from mainframe systems to desktops and network structures. The difficulties at General Motors have been said to be due to an insular organization that prevented the company from adapting to the changes in the auto industry. And consider for a moment how many retail firms have been impacted by the advent of the Internet and e-commerce systems.

There's one other point worth noting. The lack of generic mobility explains, in part, why managers can become ineffective even if they are remaining in the same position in the organization. It seems hard to understand sometimes–how can a seemingly intelligent, successful manager, one who has been performing well for the past few years, suddenly have a decline in performance? Often this is put down toward "personal issues"; we look for an explanation outside the workplace. After all, the manager has been doing well in the position. It has to be something outside the organization that is causing the decline in productivity. In many cases, however, the problem is that the situation (the environment) the manager is operating in, has changed, while the manager remains wedded to old practices. They cannot separate and attach to the new situation, the new processes, or the new behaviors. They are locked in to an ineffectual set of behaviors, and, lacking the ability to separate and attach, their performance becomes weak.

A manager must therefore be generically mobile even though they may be "standing still" in the organizational sense (i.e., not changing jobs). While an executive may be in the same relative position in the organization, there are always new co-workers, new superiors, and new clients, the organization's environment is constantly changing, new technology comes along that affects job behaviors, etc. All persons in organizations are constantly separating from old ways of acting and attaching, and in this sense are always generically mobile. Thus, some level of generic mobility is fundamental to all managerial jobs within an organization. Effective executives are those who are not threatened by the rapidly-changing environment in which they operate, and they have mastered the ability to accomplish their goals despite changing circumstances; indeed, they are able to anticipate changes almost before they occur and either avoid those which are detrimental to their purposes or can take advantage of those that can be beneficial to them in carrying out their plans. This last sentence should sound familiar by now: functional intelligence is fundamental to the discussion of management in a generically-mobile world.

How, then, can organizations develop functionally-intelligent managers–executives with managerial intelligence? Through a developmental process utilizing generic mobility, by having executives separate from old ways of functioning and attach to new ways. Given that much human development has occurred *before* the manager comes to the organization, though, how can organizations use managerial experience and practice to develop managers who can function intelligently? By forcing managers to separate and attach; through organization mobility, giving managers new experiences within the organization. In this way, managers have to be generically mobile through a process of organizational mobility. All types of movement–lateral moves, promotions, project assignments, relocations, involvement in new teams–can be developmental if these moves enable managers to be generically-mobile: to separate from old ways of functioning and adopt new ones.

Mobility Smarts

In traditional organizations, with the emphasis on Darwinist development and leavening, functional channel mobility, and the 90/10 T/M mix, movement through the company is likely to consist of a series of planned steps. In more emergent firms that stress development, cross-functional mobility patterns, and a balanced 90/90 T/M mix, there are increased opportunities for individuals to take actions that will encourage and enhance their mobility. In either case, the ability to advance through the corporation is not only due to the organization. The "Mobility Smarts" suggest that there are in fact certain behaviors that individuals can consciously practice which can enable them to accelerate their own advancement and growth. Those who are "mobility-smart" recognize their own responsibilities in effectuating their career ends and attempt to use these smarts in order to achieve their career objectives. Thus, we can think of "Mobility Smarts" as being a set of potential behaviors which can aid managers in separating from old jobs and attaching to new ones which will (hopefully) enable growth and development to occur within the organization and enable executives to attain further promotions. The Mobility Smarts can be ways of behaving in a functionally-intelligent manner in regard to one's career terminal points.

Mobility is helpful to executive development because it provides time and experience compression in the learning process. The more rapidly a manager moves, the more the opportunities to learn (assuming that the person is open and receptive to such opportunities). There is always the danger, of course, that mobility may exceed smarts; the individual moves too fast for the knowledge which they possess, virtually guaranteeing that problems or crises will occur. If managers exceed their intelligence limitations, there is the possibility that they may fail in their performance and be terminated. The converse, though, is also problematic, and this is the case of arrested mobility: an individual who for one reason or another is blocked from further movement, be it by the presence of a shelf-sitter (one who has ceased to be mobile), by career-plateauing (wherein one is seen as having reached the "perfect job level"), or other mechanisms. In such cases of arrested mobility, the individual has no opportunity to continue to grow and develop by learning new jobs and responsibilities in the company. Generic mobility slows, and so does development.

In understanding mobility, it is useful to distinguish some basic types of "moves" within the organization. Obviously, there are promotions (upward moves), demotions (downward moves), and lateral moves. These moves refer to a physical movement within the hierarchical structure of the organization. Transfers and job reassignments may be variations on one of these themes, if the purpose of the move is to relocate the manager within the structure whether vertically or horizontally. There are also Developmental Moves, often referred to as a "tour of duty." The purpose of such a move is rather open, in that the executive is expected to learn a new set of skills and behaviors, and the demands for performance are not severe. Or, the manager may be asked to "go help out" in a new area, to assist by offering expertise, knowledge, or a physical presence to a unit in need of temporary aid. Often, a developmental move merely requires that the executive survive the experience; the objective is not to succeed, but rather not to fail in the assignment. This is in contrast to a Functional Move, in which a specific set of job duties await the executive in the new position and must be performed effectively. Another form is the Exposure Move, in which the objective is to expose the manager to new and often powerful colleagues or superiors. There is also a Termination Move, which is done as a basis for removing a manager from an organization. The objective is to provide an opportunity for failure and a justification for the termination of the executive. A variation on the Termination Move is the Exile Move, in which the executive is placed in a position with little or no significant responsibilities. Rather than fire the manager, it is easier to locate a position in which no substantial harm can be done to the organization and move the executive into this job.

As has been discussed, mobility (both generic and organizational) is a fact of organizational life. Executives must be able to cope with the changes brought about by mobility in order to survive in organizations. In addition, if individuals want to maximize growth and development, it is necessary to be capable of utilizing organizational mobility to obtain the advantages mobility offers: compression of learning (the ability to gain more experiences which aid in development in a much shorter time period) and a creation of a company-wide general management perspective.

In my clinical practice, working with and studying executives who have been successful in attaining senior level positions in firms by mastering their use of mobility, it has become evident that there are several techniques that can be valuable in enhancing the process and are then used by intelligent executives to accomplish their organizational career objectives and assist them in their developmental patterns. These are collectively termed "The Mobility Smarts." There are five that seem to be most prominent:

1. A-P-D skills
2. Visiposure
3. Crucial Subordination
4. Seasoning
5. Sponsorship

Each of these Mobility Smarts will be examined in turn and discussed in the context of executive development, mobility, and functional intelligence.

Mobility Smart #1: A-P-D: Arrival-Performance-Departure

With every change in position or situation, there is a period of arrival through which a person will pass and which is crucial in determining future performance. The level of performance, in turn, sets up the departure, hopefully to a new job with greater responsibilities (a promotion) versus out of the organization (a termination). Note that this applies not only to those situations where a manager may enter a new job, but also to those where the individual gets a new boss or co-worker. There will be a period during which time the groundwork will be laid that will determine the patterns for future actions and behaviors. These behaviors affect the performance of the employee and influence the nature of the eventual separation. Notice in this instance the phenomena of separating and attaching (generic mobility). In a very mobile world, separating and attaching is equivalent to A-P-D. Additionally, the skills of A-P-D are related to functional intelligence in at least two ways: first, through the impact arrival has on future behaviors. The arrival stage sets up the opportunity to carry out the action plan. Second, arrival involves the evaluation of the starting point as well as the relevance of the desired terminal point. If the objective is to be successful in the organization, the executive must function intelligently in the A-P-D process.

A. Arrival. During the arrival phase, two concepts are important:

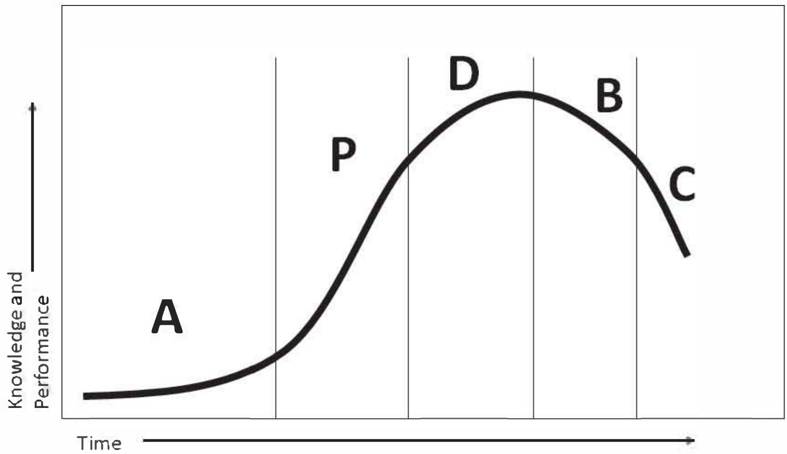
1. Adopting an Immigrant Mentality-much like a visitor to a foreign country, new arrivals in organizations are immigrants in a strange

land. It is important to adopt the behaviors essential to be an intelligent immigrant: one who is able to quickly function in the new setting. One aspect of this is to bear in mind that the natives (those already present in the organization) already possess a fairly comprehensive map of the territory, including those features which are not visible on the surface. They know who to talk to in order to get certain things done, who has power, who can help achieve the desired terminal point, and who could hamper results and should be avoided. They know where all the "tourist traps" are and where to go to obtain information and assistance. In addition, the natives know who the immigrants are and that, lacking information, immigrants are vulnerable. Immigrants are in the dark; they do not know what natives know, the natives know what the immigrants do not know, and most importantly, the natives know that the immigrants do not know what the natives know. Therefore, the immigrant is always at the disadvantage; in a battle between immigrants and natives, the natives have a distinct advantage and can overcome superior immigrant capabilities simply by keeping the immigrants ignorant of the relevant information. Natives always defeat immigrants, particularly those who are naive with regard to the immigrant/native structure. Therefore, successful arrival requires the adoption of the Immigrant Mentality-the immigrant must work to understand the natives and must also establish open and accurate channels of information that will enable the immigrant to obtain the necessary knowledge from the natives. The immigrant must learn the natives' language, their customs, and their values in order to be successful. It is necessary to get into the world of the immigrant, to make a greater attempt to understand the natives than the natives' attempt to understand the immigrant.

2. Mapping-if the manager is the immigrant in the new situation, it is necessary to secure from the natives (by using functional intelligence) an accurate "map" of the territory that will identify who knows what, who to talk to, etc., in order to maximize performance. This involves knowing the values and resources of the organization–obtaining an accurate picture of the starting point. As has been demonstrated, knowledge of the starting point is essential to setting up the Action Plan in functional intelligence. Individuals, then, should make a concerted effort to "front-load" their intelligence by accurately mapping the situation and obtaining the maps from the natives.

Consider for a moment the classic S-shaped learning curve shown in Figure 5-1. The learning curve suggests that over time, learning (knowledge and intelligence) increases; initial learning is slow, then accelerates, then slows again as the knowledge is mastered. It is necessary to arrive well in order to move quickly onto the performance part of the curve. In a setting of rapid change and mobility, it is critical to have good arrival skills in order to set up the performance function. Mobile executives must be able to tap into the informal information network in order to gain understanding.

Figure 5-1: The Learning Curve



Initially, there is a period when learning is relatively slow; the manager is becoming acclimated to the new situation, learning the maps, getting to know the natives. This is the Arrival stage (A). If the Arrival is effective, the manager then moves on to the Performance stage (P). Utilizing the knowledge gained and applying this in a functionally-intelligent manner, the manager's performance accelerates and increases; the slope of the line reaches an inflection point and results are achieved. There is another inflection point at which a majority of the knowledge has been gleaned from the experience, and overall learning begins to slow. This is the point at which Departure (D) should occur, as the manager moves on to the next assignment or opportunity. If a person stays too long in a position, there is a danger of Boredom (B); performance actually starts to decrease. And if left too long in a position, there is a danger of outright Cynicism (C)–performance declines as the person actively engages in counter-productive behaviors. There are the people I refer to as "RIP," meaning "Retired In Place"–they stopped really working a few months or even years ago, but they haven't had the courtesy to notify the HR department yet!

B. Performance. It is necessary to perform well in order to foster a pattern of growth and advancement in an organization. Game-playing behaviors or office politics can never substitute for poor performance. Individuals must always show satisfactory results in their jobs in order to continue to grow and develop. This is not about playing corporate games or politics; there are plenty of other books available on that subject. Performance is always essential if organizations are to survive and provide economic benefits for society. Managers are paid to perform, not merely to work.

One feature of this stage is important, though-it is during the performance stage that a manager should begin to train a replacement. This seems counter-intuitive to much of the literature on organizational politics, which suggests that executives should build empires and make themselves irreplaceable in order to maintain their power position in the organization. Nonetheless, it is generally a truism that those who are successful in making themselves irreplaceable get what they deserve: they cannot be replaced, cannot be promoted out of their current job! They arrest their own mobility through their own behavior. The suggestion, then, is that executives should take an active interest in the development of a replacement in order to maximize their own mobility; promotions can come much quicker if it is obvious that a replacement is ready to take over for the promoted executive. In many firms, it is impossible to be promoted unless it can be demonstrated that a suitable replacement is available and that the organization's performance will not suffer as a result of the promotion.

C. Departure. It is important that the departure be smooth and friendly. As the old saying goes, "don't burn any of your bridges behind you-you may need them for a strategic retreat!" Also, by maintaining cordial relationships, one is better able to secure sources of support and information in the organization, factors that can be crucial to functioning intelligently. Of course, to a large extent this departure is set up by the aforementioned steps of arrival and performance. Nevertheless, it is necessary that an executive make a concerted effort to depart in as pleasant and effective a manner as possible in order to maximize future mobility.

One CEO that I've known for several years has successfully engineered four corporate turnarounds, both internal as well as external (for banks, venture capital, and investor groups). He has an almost uncanny ability to get a company from a loss position to a profit position within a single year, and within 3 years has increased the company's value significantly. During these turnarounds, he's been able to develop effective strategies within the first 90 days of arrival and execute successfully, and has introduced entire new processes and procedures into the company–and have those quickly adopted by the natives. He's a master at such situations, and by definition he always comes in as the outsider; he's brought in to take over the CEO position of the company for an existing group of "natives."

In talking with him about his success and learning from his techniques, one thing that he frequently refers to is that he tells the group bringing him in that for the first 60 days, they won't see much. Instead, part of his process is to spend the first 60 days–in his words–"listening a lot." He describes his process as coming in to the situation, meeting with all of the key personnel (and in some cases with *all* of the personnel of the company), having multiple meetings as needed, going on the road and meeting with key customers (including spending time with the actual users of his firm's products, not just his fellow CEO or purchasing director). Only after a lot of time asking questions and listening does he apply some elegantly simple but effective models and processes to the situation.

He is a master immigrant–he knows that he doesn't know what the natives know, he knows that there are issues (otherwise the firm wouldn't be in trouble) and that he doesn't know all of the dimensions of those issues. He respects the natives by not telling them that they are all screwed up and he's there to fix the situation, he positions himself as someone whose purpose is to unleash their talents. He's observed that "many times the people know what needs to be done, but the previous regime never asked them." He also says, "I try to be a really good listener and give them a chance to tell me their smarts, what I need to know to fix the ship." In his career, he's managed to not only restore firms to profitability but has also been able to achieve record returns and has grown sales even in the depths of the Great Recession. He focuses on the Arrival, buys time to gather information from the natives, and then moves quickly up the Performance curve. His Departures have always been elegant, and he's been well-compensated for his abilities. Such is the power of understanding A-P-D.

Mobility Smart #2: Visiposure

This is a combination of Visibility and Exposure. These are related to mobility by the necessity for individuals to "become known" to those with the power and ability to influence careers. It is likely that those who toil in anonymity are destined to remain in their current positions. To advance requires that one be recognized by influential superiors, and that these persons will be able and willing to assist in obtaining the necessary experience to allow an individual to obtain further advancements.

The question is if a person achieves high performance and no one recognizes it as such, was it really high performance? Similar to the old "if a tree falls in the woods and there no one to hear it, does it make a sound?" question, so too is the question of performance. If a manager produces strong results through people and performs well in the managerial role, but no one in the organization sees the performance as having been successful, did the manager achieve high performance? Reality is, probably not. Some managers view themselves as being high performers, only to be passed over for developmental assignments, learning opportunities, or promotions. They are surprised–after all, doesn't their performance merit some type of reward or recognition?

It is an unfortunate axiom of organization life that performance is never an objective fact. People have spent tens of millions of dollars and there have been hundreds of research efforts to identify an "objective" performance appraisal system, all to no avail. Reality is that performance is *always* a subjective evaluation, it is never a fact. Managerial performance–since management is an art–is more similar to being an art critic. Some music I like, some I don't like; some paintings I think are outstanding, others a waste of paint and canvas. So too it is with managerial practice; even if there are objective "results" (like profits, sales revenues, etc.), the means whereby the results were attained–the managerial skills used to produce the results–are always going to be a subjective assessment. It is essential, if managers are going to achieve high performance and use that performance to enhance their mobility, that the performance is perceived as such by persons who are able to influence the manager's mobility.

There are two forms of recognition that have been identified as a result of clinical experience with managers:

A. Visibility. This is the ability to see others with the power and influence to affect one's career–face-to-face interactions with people having powers of sponsorship (see the concept of sponsorship below). It is advantageous to mobility by virtue of its capacity to enable an individual to become recognized by powerful people. By seeing them, the person is known to those who have organizational power. In visibility, however, the individual can control the nature of the interaction; the information given to superiors can be managed in order to present the subordinate in the best possible light. The premise here is, of course, that by seeing powerful superiors, the manager may be recognizable and more likely to be considered when advancement opportunities occur. Visibility is the chance for others to put a name with a face, so to speak.

B. Exposure. In exposure, the individual is seen by those in positions to influence the career objectives. The performance of the individual is monitored and evaluated by persons who are capable of nominating or sponsoring others (see following concepts) into additional positions, duties, and responsibilities. By being exposed, performance is observed by superiors. Of course, this means that the information is beyond the control of the subordinate, and thus both poor performance and positive performance will be known by superiors. Therefore, exposure is clearly the riskier of the two; both successes and mistakes are magnified under the scrutiny of corporate powerholders. It is helpful for those who are making promotion decisions for the organization to know the subordinate's name and performance when promotion time rolls around, but poor performance will also be observed.

In order to practice these "smarts," it is first necessary to map the organization (see A-P-D) in order to ascertain who, in fact, possesses career power and who does not. It is inefficient to spend time trying to become visible or gain exposure to those without the requisite capacity to affect career movement. Yet many individuals waste much effort in attempting to impress superiors who lack the power to influence their career ends, and thus wind up finding their mobility arrested.

Experience over the years working with managers and organizations also indicates that many people are not even aware of their personal visibility and/or exposure. I've seen this in two ways. In the first instance, I've been in meetings when candidates are being considered for advancement or for a developmental assignment. Names are brought up, and each candidate is discussed in turn by those involved in the decision. What is interesting is the fact that (a) the candidates are generally not present, so the group is relying on the comments and evaluations of others–and therefore if the candidate hasn't the requisite visibility or exposure, their name isn't being considered; (b) the information presented is based upon the amount of exposure and visibility a candidate has with varying decision-makers, and some of these decision-makers have no familiarity with the candidate at all; and (c) the evaluations are always subjective, coming from various members of the group, and may vary from member to member (as in "I hear what you're saying about the candidate, but my experience with them has been totally different"). Exposure and visibility are essential to the decision to provide mobility and development.

In the second instance, I've worked with managers who are frustrated because their boss "doesn't see everything I'm doing here, and as a result I get zero credit for my work." The issue is often not one of performance; the manager is a good, loyal, hardworking, effective individual. Their performance is always ranked as average or above average. But they lack the crucial exposure with key decision-makers, and as a result, their mobility is hampered. ●ther managers who have greater exposure get opportunities, while those with lesser exposure get passed by. Those who are getting passed over express their frustrations by saying, "around here, it's not what you know, it's who you know." But this is true of all organizations. If no one knows what you do, they can't be expected to consider your performance when the time comes for mobility and development to occur. Visiposure suggests that the right way to frame the question is, "it's not what you know, it's who knows what you know and can speak on your behalf."

Mobility Smart #3: Crucial Subordination

This is analogous to "hitching a ride on a rising star." The basic premise of this particular smart is that an individual becomes attached to a manager who is "on the fast track" or is, at least, experiencing success in the organization. The central idea is to be seen as a crucial subordinate by the superior–one who is crucial to the *superior's* success. The superior must recognize that the capabilities of the subordinate are essential in order for the superior to perform in a successful manner. Accordingly, when the superior is promoted, crucial subordinates are "brought along" in order to ensure success. Generally, this ability to select a few key personnel as "my team" is a right of sponsorship given to high performers in order for the company to ensure their continued success. Thus, mobility can be enhanced by becoming a crucial subordinate.

A word of caution is due here. If one is going to "hitch a wagon" to an organizational "horse," it is essential to become allied with a thoroughbred rather than a nag that hauls garbage. It is imperative to be perceived as crucial by those who are in positions of growth and advancement in the organization in order to gain the mobility advantages that accrue from crucial subordination. To do otherwise runs the risk of being perceived by others as an individual who is part of a failing team; and when the team fails, all members suffer as well. Hence, in mapping the organization, it is essential to identify those "super-mobiles," persons who are "the ones to watch" in an organization in order to effectively use the mobility smart of crucial subordination.

Lest this be seen to be a suggestion to practice "brown-nosing" types of behaviors, it should be clearly stated that an individual only becomes a crucial subordinate when the superior perceives the subordinate as crucial to the superior's success. You cannot declare yourself to be crucial; only the boss has that prerogative. The subordinate can attempt to impress upon the boss the value of the contributions made and to inform the boss of support, but the final choice of crucial subordinates is left to the superior. Thus, it is necessary to practice those behaviors which will be seen by the boss as crucial to the boss's own performance. The specific types of actions and attitudes will vary; again, it is critical to accurately map the situation, including the superior, to practice the mobility smarts of crucial subordination.

Also, the superior has to see the subordinate as crucial to the superior's ability to perform well. Crucial subordination is not about personal friendships; many managers make the error of bringing along their "friends," only to have to adjust the relationship when it becomes apparent that the "friends" can't meet the necessary performance standards. Crucial subordination is the reason why it is often the case in large organizations that "people move in threes." What I've observed from my clinical practice is that a manager is given a promotion; recognizing that there is a crucial subordinate, the manager will frequently (within 30 to 90 days) announce the appointment of the crucial subordinate to the manager's organization. Shortly thereafter, another move will be announced as the crucial subordinate brings along their necessary individual. The language that is used in such cases is often, "well, the new boss is just 'building their team,'" and there's some truth to this; but the reason the team is being built in a particular way is due to the recognition of crucial subordination.

There are two types of Crucial Subordinates:

A. The Supplementary Crucial Subordinate (SCS). The supplementary crucial subordinate is one who, as the name suggests, supplements the superior's strengths and weaknesses. The SCS possesses the same capabilities and limitations of the boss. If the superior is a technical expert, the subordinate is also technically gifted; if the superior is a "people person," the subordinate is likewise adept at forming relationships.

B. The Complementary Crucial Subordinate (CCS). Again, as the title implies, the complementary crucial subordinate is one who complements the superior. The complementary crucial subordinate offsets the boss's strengths and weaknesses by virtue of the subordinate's own abilities, filling in the voids within the superior's abilities. If the superior is a technical whiz, the subordinate complements with interpersonal skills. If the superior is demanding and assertive, the subordinate is able to deflect the boss's intensity by framing the demands as requests and incorporating people into the process.

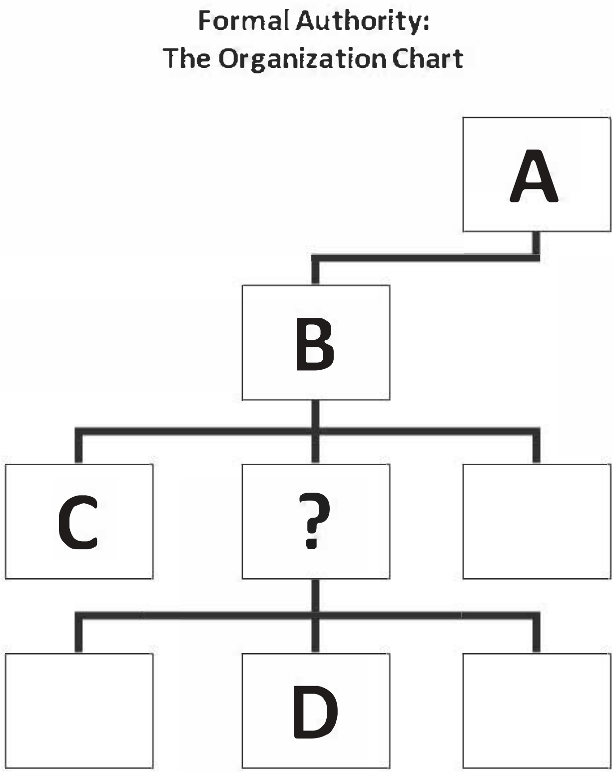
One way to think of these might be in relation to the previously discussed concepts of the T/M mix. Let us assume that the boss has a T/M mix of 90/10: a technical expert but with managerial (people) skills that leave something to be desired. The supplementary crucial subordinate would also have a 90/10 T/M mix orientation, would also be technically oriented, and could enhance the superior's abilities to produce results in a technically-oriented position. The complementary crucial subordinate, on the other hand, would possess a 10/90 (or perhaps a 90/90) T/M mix-the limitations in the technical facets of the job would be offset by abilities to manage others. The skills and abilities of the complementary subordinate dovetail with those of the superior, such that the outcome is an executive team that can together outperform the two individually. If this ability of the subordinate to enhance the superior's performance is recognized by the boss, then the potential for a crucial subordinate relationship to arise exists.

At a large Fortune 500 manufacturing firm, I had the opportunity to work with a younger manager who was technically gifted but was lacking in interpersonal skills. She had an uncanny ability to understand technical conversations and the nuances of the product technology, but she had little patience for those with lesser technical abilities. However, she had a manager on her team who was gifted in the ability to work in a team environment and to get a group of people to perform consistently well. Recognizing his ability, when she was eventually promoted to Vice President of a manufacturing division and relocated, she had the junior executive installed as one of her department heads. Together they were able to drive the division to new levels of performance. When she retired, her subordinate took over the division–and immediately promoted one of his key technical people to a department head position. Recognizing the need for performance, organizations often entrust managers with the right to sponsor those who are crucial to the ongoing success of the enterprise.

Mobility Smart #4: Sponsorship

In order to understand sponsorship, it is first necessary to understand the distinction between the use of power and the use of formal authority. Formal authority is legitimated power; it is the right to issue an order and expect compliance. It lies on the formal side of the organization as a characteristic of positions, not people. It can be seen quite clearly on an organization chart (see Figure 5-2)

Figure 5-2: The Hierarchy of Authority



In this case, person A has authority over B who has authority over C who has authority over D. That is, if A gives a set of instructions to B, A has the right to expect that those instructions will be carried out in a timely and effective manner. Likewise, B has the same authority relation with respect to C, and C with D. Another way authority can be seen in the formal organization is through policies and procedures. For example, let us say in our above fictitious organization that corporate policy states that persons at A's managerial level in the organization can sign purchase authorizations for a sum up to \$50,000; persons at B's level can sign for purchases up to \$10,000; persons at C's level can sign for purchases up to \$1000. Thus, we can speak of A as having \$50,000 of purchasing authority, B as having \$10,000, etc. Authority can thus be measured in certain specific ways from formal records of the organization.

The use of power, in contrast to authority, is the ability to get others to do what you want them to do without having to rely on formal authority. Power is a social phenomenon; it exists between individuals. The power relation is contingent upon the persons and the context, and it may change from event to event, depending on the nature of the specific incident. Power tends to be on the informal side of the organization-it may not appear on organization charts, is rarely (if ever) discussed in policy manuals, and remains hidden to those who are naive in the ways of organizational life. A key element of the mapping process, of course, is the identification of the power relations within the company; one must recognize power to use it to function intelligently.

Since power is informal and relies on social arrangements, the power dynamic changes from situation to situation. An individual may be very powerful when it comes to a decision to purchase new equipment, and may not be powerful in a decision about hiring or promotions. Power accrues by virtue of the systemic position, relations with others, personal qualities, or formal authority; it is also diminished by the same sets of factors. We therefore evaluate power as episodic-the power dynamic must be evaluated for a specified set of circumstances. There is power in the purchasing of equipment, power in the determination of a new product line, power in the determination of a new marketing program, etc. Because of its informal nature, it is crucial to map power episodes and dynamics accurately. Otherwise, there is the risk that power may be used in a vulgar fashion or even used against one's own Functional Intelligence.

The concept of sponsorship refers to career power: the ability of certain persons in an organization to influence the careers of others and effectuate career ends. In many organizations, particularly those in which moves are quick and short (highly mobile), there is not much time to get on the performance phase of the learning curve. To assist executives in "getting up to speed," it may be necessary to allow them to bring along key people (see the previous discussion of crucial subordinates). The ability to sponsor key people is delegated downward in such organizations to enable executives to achieve optimal performance more rapidly. Traditional firms, on the other hand, tend to reserve sponsorship for a few executives, usually those at the top of the organization. In order to understand sponsorship, it is necessary to distinguish the levels of career power and authority.

A. Promotors. This is the authority relation; it is the formal authority to approve a promotion or transfer. Usually it is the province of the direct superior of the position in question; that is, it is the "new" boss who will have the formal authority to "sign off" on the promotion papers which come from the Human Resources Department and reflect the change in job status of an employee. This says nothing about the power to promote, only the authority. Just because a manager has the authority to sign off on the promotion does not grant the power to decide on the promotion of the individual.

B. Evaluators. This is the lowest form of promotion power. The power of evaluation should be distinguished from the authority to evaluate subordinates. All superiors, by virtue of their position, have the authority, the right, and the responsibility to evaluate their subordinates. This may take the form of the annual performance appraisal, the semi-annual review, etc. Whichever the case, this is merely the formal authority to render an evaluation of a subordinate's performance. This is not, however, the power of the evaluator.

   The power of evaluation comes about when individuals with the power to affect a career decision read and consider the evaluations of certain individuals. The key that separates the authority of evaluation from the power of the evaluator is this: what is the nature of the person or persons who read and/or are otherwise aware of the evaluations? If a manager's evaluations of subordinates are filed away in the lower depths of the personnel files, never to be considered, then one is merely exercising the positional right to evaluate. On the other hand, when powerful people, particularly those in positions of sponsorship, begin to read and actively consider the evaluations rendered, then one has attained the power level of evaluator.

C. Nominator. The second level of career or promotion power is that of the nominator. In nomination, sufficient power and status within the organization has been acquired such that, when a job becomes available, the individual will be asked to name a potential candidate or candidates for the job. Furthemiore, not only can the nominator suggest candidates, but the candidates will be actively considered by those in a position to make the actual decision (see Sponsors). In fact, it is this ability to actually name names and receive active consideration of one's suggestions which separates nominators from evaluators.

One way in which individuals can become aware that they have powers of nomination is through feedback. When a nominator suggests a candidate for a job, this candidate will be considered and the nominator will be given feedback concerning the nominee's results. It is hoped, of course, that the nominator will retain the information and use it in future situations in which the power of nomination will again be tested.

D. Sponsors. Sponsors are those individuals who have acquired sufficient promotion power such that, when a position becomes available in the organization and the sponsor names a candidate, the candidate will be accepted. In effect, when the sponsor says, "I think Sue Smith should get the job," Sue has the job. Note, though, that the organization may still seek out the opinions of others, particularly those who have been tagged as nominators or evaluators. Why? One reason, of course, is for the sake of maintaining organizational amenities. For instance, even if the potential superior has no career power, the prospective boss will still be consulted in order to preserve the organization order. More importantly, though, the advice of others will be sought in order to match their selections to those of the sponsor. Those who name the same candidate as the sponsor will acquire additional stature and promotional power, leading eventually to attaining the level of sponsor themselves. Those who select a different candidate will receive the aforementioned feedback of the nominator in order to assist them in developing their sponsorship capabilities.

This is how career power is obtained: by showing a consistent ability to pick organizational "winners" from the talent pool. Those who are successful at so doing acquire greater levels of power; those who do not may lose their power of sponsorship or nomination.

Sponsorship is tied up in many of the concepts we have discussed thus far in connection with the Mobility Smarts. Since sponsors are able to effectively promote others, in the mapping process, it is important to identify those who are sponsors and nominators if the terminal point is to accelerate development through mobility. It can be beneficial to obtain visiposure to those with the power of sponsorship. Another tactic might be to become perceived as a crucial subordinate by a manager who is mobile and who has been given powers of sponsorship in order to build a "team." In addition, sponsors can protect their valued subordinates in certain situations, and this can save a career at times.

Before leaving the subject of sponsorship, it is useful to distinguish one final type, which has received much attention in managerial literature:

E. The Mentor. Mentors have neither power nor authority with respect to effectuating career decisions. Rather, they merely give advice and information to individuals in the organization. This is not to neglect the role nor the potential benefits of having a mentor. Mentors are capable of providing much of the information necessary to the construction of an effective and accurate organizational map; they can identify those who have sponsorship powers, help an individual to anticipate opportunities and obstacles, and perform a host of tasks which can be helpful to individuals in organizations. Nonetheless, when it comes time to pick individuals for promotions or transfers, mentors are quite useless. Thus, it is necessary to seek out sponsors, not mentors-contrary to much writing on management in which the importance of the "mentoring" relation is stressed. Again, this is not to say that mentors cannot perform useful functions for individuals in their organizational life. It is to suggest, though, that one be able to accurately identify which type of person they are dealing with in order to maximize personal mobility behaviors.

A single individual may occupy one or more of the preceding roles (sponsor, promotor, mentor, etc.) simultaneously. The particular role being enacted at any specific time is a function of the interaction between the individuals and the situation. To understand the various roles and the manner in which they are being utilized, it is necessary to understand these concepts of sponsorship. For example, sponsors will often mentor in order to assist the sponsoree in attaining a successful level of performance and thus preserve the sponsor's reputation of picking winners. For the sponsoree, the relationship is often an unspoken agreement: the sponsoree will not make the sponsor look bad, and the sponsor will not put the sponsoree in a position to fail.

An engineering manager who was a former student of mine called me up one day and asked if we could meet for lunch to discuss some "career issues." The manager told me that the company was creating a new division to perform specific types of engineering tests on the company's products. This would be a large engineering group, more than 5 times the size of the current group the manager oversaw. In addition, the budget for the division would be substantial. Because the manager was highly regarded for their technical expertise, the company offered the manager the position of becoming the test division head. While obviously gratified to learn that the company regarded the engineering manager's talents so highly, there was concern about moving to such a highly-exposed position and taking on such substantial increase in authority and responsibility. As we talked over lunch, I inquired if there were two or three key individuals in the manager's current group that were relied upon by the manager for their expertise and performance. The manager quickly identified two individuals and a possible third with whom the manager was comfortable and whom the manager respected for their talents–in effect, identifying some crucial subordinates. I advised the manager to ask the company if it would be possible to have the right to sponsor those individuals to become part of the new organization, reporting to the new division head. I suggested that the engineering manager's personal power was likely as high as it would be for some time, as the company clearly wanted the manager to become the division head, and therefore it was likely that the necessary support staff could be sponsored by the manager into the new division. Two days later my former student called to say that the company had indeed accepted the proposal and the team was being assembled. Three weeks later, when the formal announcement was made of the new engineering test division, my former student and the three named individuals were identified in the email and press release as the division head and key members of the new organization. This is sponsorship in action.

Mobility Smart #5: Seasoning

One feature of mobility that deserves some attention lies in the concept of risk. As with many elements of business organizations, there is always a risk-reward tradeoff function that must be considered; there are few rewards without incurring some risk. Therefore, if an individual wishes to obtain the benefits from mobility, it is necessary to incur a few risks along the way. Some of the risks have been alluded to in previous sections. For example, there are risks associated with visibility and exposure and risks associated with crucial subordination. The potential rewards in terms of mobility are generally sufficient enough to encourage such behaviors in spite of the potential for error.

The risk concept extends to more behaviors than those associated with the mobility smarts. One of the central features of mobility is movement through an organization, hopefully at generally increasing levels of authority and responsibility. Such movement may create a situation wherein mobility may exceed intelligence, even if but for a moment. (In fact, this is likely-the definition of a true promotion is a transfer to a job for which the individual lacks readily transferable skills. There is a shortage between the demands of the job and the resources of the individual which will hopefully be erased over time as the person "grows into" the new position.) In such situations, the possibility of error is relatively great, and mistakes will likely occur that will have an adverse impact on the performance of the individual and the organization.

In the traditional organization, such negative performance is detrimental to a career, unless it can be demonstrated that the behaviors leading to the mistake were acceptable within the framework of the organization's values. By and large, however, the traditional organization is averse to failure and thus is loath to encourage risk-taking on the part of its executives. The values of the emergent and contemporary organizations are somewhat different, however. With its emphasis on human resources and development, more emergent firms recognize that there can be no growth without risk; that no risk can be accepted without concomitant risk of failure; and that risk of failure generally means personal failure of the individual as well.

In such firms, then, a particular set of behaviors have developed which are subsumed under the term Seasoning. The term is borrowed from the lumber industry-"seasoned" wood is wood that has been subjected to the elements or has been treated in order to remove the sap and toughen the wood, thus making it suitable for construction purposes. Unseasoned wood always runs the risk of "warping" and ruining the project, and well-seasoned wood is a requirement for many construction applications. As with the wood, "seasoning" refers to the process whereby organizations extract the "sap," be it arrogance (a feeling that you have no peers) or smugness (feeling secure in your own knowledge), from young executives and transform them into hardened veterans. However, the process is, like that used on wood, sometimes rather harsh.

"Seasoning" is allowing an executive to fail, and then requiring that the individual clean up the mess.

There may seem to be little new in this concept; after all, it sounds much like "learning from bitter experience." This is not the case, however, because for seasoning to have a positive developmental impact and thus to enhance a manager's mobility, there are several characteristics that are essential. Experience is not always the best teacher because individuals are prone to forgetting their failures rather quickly; thus, learning never occurs. Furthermore, to properly learn from failure, managers have to be willing to accept that they are a cause of the failure. Some executives' failure experiences have taught them how to blame others or external forces for their failures. Others have learned how to hide their failures. Others learn how to stay one step ahead of their failures, leaving a mess behind for a successor to address.

In addition, since failure is aversive to most people, the idea that one must experience a certain amount of difficulty in one's career is unpleasant. No one likes to have to face the reality that their efforts did not yield the desired results, that they were in some manner inadequate. Nevertheless, clinical evidence from successful executives indicates that the overwhelming majority of them have undergone a seasoning experience at some point in their careers and that, if handled properly, seasoning can be extremely beneficial to one's mobility.

Seasoning occurs as managers come through adversity. Seasoning builds up the self-confidence of the executive, which is a positive developmental experience. The purpose of adversity is to establish within the individual the ability to cope with a malevolent environment and to demonstrate an ability to survive through difficult circumstances. Such survival abilities can become part of the individual and provide a reserve of inner strength that can be invaluable in times of crisis in an organization.

Before proceeding to a description of the characteristics and benefits of seasoning, though, it is necessary to define failure, for it is fundamental to seasoning that one be allowed to fail first and then be able to clean up the mistake. Failure is the grievous disappointment of the self or of some other individual who has placed great trust and confidence in you. Three points should be made clear: first, allowing someone to fail is not the same as encouraging them to fail. No executive would actively promote the errors of their subordinates! There are times, however, when an executive may allow a subordinate to pursue a risky course of behavior, aware that the possibility of failure is present, and may even allow it despite the superior's better judgment. Then, if the situation does deteriorate, the superior will utilize the occasion as an opportunity to season the subordinate. The second point is that a manager should not actively try to fail in order to be seasoned; no organization could long tolerate such counter-productive activity. The reality of organization life is such, however, that multiple occasions for mistakes are present in the course of normal job activities, and that over the course of one's career, mistakes will happen. Thus, it is imperative that managers see their errors as opportunities to gain knowledge and experience through seasoning. And third, there are some errors that, due to their extreme nature, cannot be tolerated by the organization. These include a breach of the core values of the company, a failure of character, illegal activities, actions that place the assets of the firm in a position of mortal risk, or actions that jeopardize the firm's viability. In these instances, it is more essential that the organization preserve its existence, even at the expense of individuals. In effect, there are some sins of organizational life that are unforgivable. Errors that occur due to "prudent risk" can often be tolerated by corporations, but others may be outside the realm of prudence and will be met with retribution.

There are four features that are essential for seasoning to be effective and to maximize the development from seasoning experiences:

a. Personal Accountability-"I did it." Seasoned managers see their mistakes as their own. "It's my fault." If a manager (as many are prone to do) blames others, the organization, competition, co-workers, the environment, etc., for the failure, there is little need perceived to take steps to correct the situation, nor will the manager be able to learn from the failure; after all, if it's not my fault, why bother to change anything? The first requirement for seasoning is that the manager accepts personal responsibility for the errors. This is often difficult, as the mind seeks to rationalize the failure. In such cases, it may be necessary for another individual to point out the failure. Human beings are not very good at learning from adversity because failure is often blotted out of the mind.
b. Humility-a willingness to accept personal limitations. It generally becomes apparent in failure that the individual is not flawless and perfect but is fallibly human, with very human strengths and weaknesses as well as very human limitations. Without this, the person will be unwilling to accept assistance and advice from those able to help correct the error and thus learn from the event (see Advice-Oriented, below). If individuals think that they can do it all and can get out of any situation, then they will neglect the potential assets of superiors and co-workers that can be crucial to the effective resolution of the failure.
c. A Protector-generally from a powerful superior (see Sponsor). There must be someone in the organization who has enough power to prevent the company and possible adversaries from demanding the manager be terminated for the failure. Without the opportunity to clean up the mess, the benefits of seasoning cannot accrue to the

individual. It is essential, then, that there be sufficient support and that supporters are capable of protecting managers from the wrath of the company long enough for the individual to be able to correct the mistake. Many executives who could have been seasoned never had the opportunity because they were sacrificed to appease other powerful interests in the organization.

d. A Sponsor-someone with sufficient power to make the manager stay, to support the failed manager with the resources necessary (both in terms of time and money), and who will force the individual to correct the situation. Individuals cannot season themselves; it requires the assistance of others, particularly those who will provide encouragement to get through the trial and learn from the experience. The sponsoring individual is important, for the manager will be dependent on the sponsor to assist in the developmental process. The sponsor must encourage the failed manager to set targets and monitor activities in order to maximize the development to be obtained from a seasoning experience. Seasoning is not done by an individual. The optimal effect of seasoning comes from someone else, preferably someone (1) on whom the manager is dependent, (2) with whom the manager is in a proximal relationship, (3) who is aware of the elements of seasoning, and (4) who will be certain that the failed manager receives the benefits of seasoning. (Note: the same person can be both a protector and a sponsor in a seasoning event.)

While individuals develop a certain inner strength from seasoning, there is no real test to find a seasoned mind. There are, however, four personal qualities or characteristics that are obtained from seasoning:

a. Irreversibility-once managers have been seasoned, they will never again commit the same mistake. Their behavior has been irrevocably altered by the event, so they will not allow themselves to be caught in the same situation in the future. They have permanently separated from the pattern of action which caused the mistake, and they have learned a new set of behaviors that will prevent a similar event from ever occurring again. This should sound familiar; it is the concept of generic mobility, the basic element in human development. This is the key test of seasoning. Irreversibility is the key concept in development! Once individuals have undergone any kind of developmental experience, they are forever altered; they cannot go back to their previous state.

b. Unconscious competence becomes conscious-in the midst of correcting a situation of personal failure, it is possible to suddenly find that a person is utilizing certain skills and abilities that they never knew they had. They discover strengths and capabilities that they did not know they possessed until the nature of the situation forced them to stretch beyond their present abilities to meet the demands of the problem. Thus, they become aware of various competencies (be they mental, physical, technical, etc.) which they did not know they possessed.

c. Unconscious incompetence becomes conscious-of course, the converse of the previous statement is also true. In situations of personal failure, individuals may become very aware of their limitations. They recognize that there are many things beyond their abilities to solve. In addition, it is also quite likely that people will discover that many characteristics they thought they possessed they either do not have or do not have in sufficient quantity. This may also allow them to find the skills needed in order to form a complementary relationship with subordinates.

d. Advice-oriented-perhaps as a result of discovering unconscious incompetencies, managers learn the three most important words in seasoning: "I need help." They become willing to ask for and accept advice from those who are willing to help and who have the requisite knowledge, information, or abilities. People become receptive to aid and are able to learn from those who will offer assistance and support, thus enhancing the developmental experience. For seasoning to be effective, managers must be responsive to responsible advice. When a manager fails, it is necessary to demonstrate a willingness to work with people, to act on reasonable advice, and to be willing and able to be developed.

To relate seasoning to some other concepts for a moment: Seasoned executives will surround themselves with complementary crucial subordinates who can offset their weaknesses. Since they have learned what they can and can't do through seasoning, they will seek out those who can fill in their voids and help them to improve their own performance. In addition, seasoned executives will season younger executives in order to develop the pool of talent necessary for the organization's growth. Naturally, the more exposed one is, the more superiors are aware of the failure; however, there is also the feature that the seasoning experience is more well-known as well, and that the individual can be tagged as one who "learns from mistakes, works like mad to prevent the same error from happening twice, and has been toughened."

A few years ago, I had the opportunity to work with the CEO of a company who was highly regarded as a developer of talent, as well as for producing high performance in the company. During one of our sessions, I asked the CEO to describe a situation when he had personally failed and what he had learned from it. He laughed and said, "we don't have that much time." But on pressing a bit, he described a situation "that just happened to me last month. I had to fire our VP of marketing, and that was tough, because I was the one who promoted him. But I blew it, I made a mistake in judgment; I should have known that he wouldn't fit with our strategic direction. He was a great marketing manager because he wanted to do whatever it took to satisfy every potential customer; but our strategy is more targeted at specific customer segments. It was my call and I screwed up royally. I'll never let that happen again." Then he smiled and gave me one of the best comments I ever heard on the power of seasoning. He said, "you're going to make mistakes in management. No one is perfect; we all have ways of getting ourselves in trouble. The difference between good managers and great managers is this: great managers always find new mistakes to make. Good managers will keep repeating the same errors over and over again. But the great ones, once they've messed up, will say, 'I'm never going to be in this situation again.' And they'll work to make sure they fix the problem."

Conclusion

The ability to maintain mobility in an organization depends on many factors, and the mobility smarts cover only a subset of the possible skills and behaviors that are essential to maintaining a pattern of career mobility. All can be beneficial in increasing movement through an organization and in helping individuals to achieve their career terminal points. With respect to Functional Intelligence, it is incumbent on executives to learn and master the mobility smarts to grow and develop in organizations. It is also necessary that organizations foster intelligent patterns of mobility in order to provide a sufficient pool of executive talent to staff the corporation and to maximize its performance.

CHAPTER SIX

ASSESSING MANAGERIAL INTELLIGENCE IN REAL TIME

Have you ever worked for a really good manager? Have you ever worked for a really bad manager? Most people can recall an individual they viewed as having been particularly effective as a manager; and most can also think of someone who was a poor manager. The real question, though, is "what's the difference?" What is it that causes us to identify some people as "good" managers and others as "bad?" What are the criteria we use to evaluate managerial effectiveness?

Often it is simply a matter of looking at the results. Some managers and CEOs are highly regarded because of the results that their organization produces. However, this is too simplistic a notion and fails to consider the context: that there are some managers who do an outstanding job but are in particularly weak organizations or industries. Results aren't enough.

Other criteria examine the methods managers use to produce the results–does the person display strong interpersonal skills? Decision-making skills? Creativity? Insight or strategy? Again, though, this fails to capture the essence of managerial practice; it focuses on a limited set of elements within the manager's sphere of activity and seeks to identify managerial quality on the basis of some predetermined set of measures. For that matter, what makes "creativity" or "interpersonal skills" inherently better than other components of managerial practice?

Still others use the context–are the employees satisfied at work? Is there a strong, identifiable "culture" that makes people enjoy the workplace? Are they committed to their job? Do customers enjoy interacting with the organization? This emphasis on the attitudes or feelings of employees, though, overlooks the fact that many of the "Best Places to Work" produce poor results for owners and may even disappear over time as new competitors and business models obsolete existing ones. Additionally, feelings can change depending on how well the organization is performing, how well the markets are doing, and a host of other issues that are external to the practice of management. Feelings are notoriously unreliable as a measure of effectiveness.

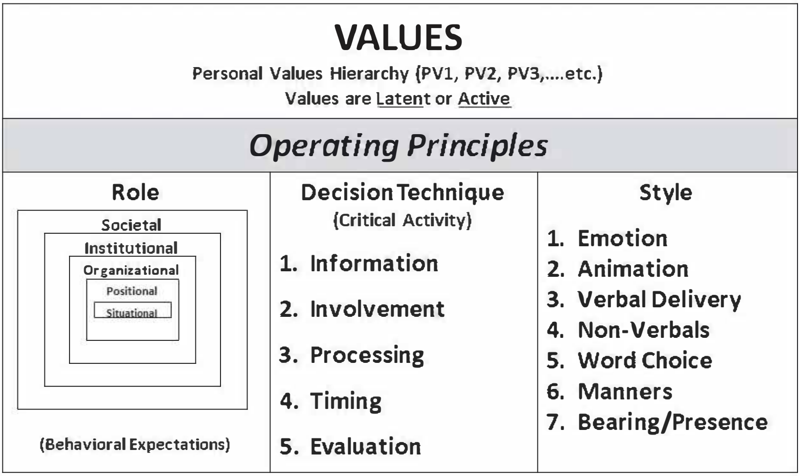
The fact is that no single criteria or even a subset of criteria can adequately answer the question of "good manager" versus "bad manager." As human beings we are more complex in our evaluation of managerial quality. As I have worked with executives and organizations for the past few decades, clinical experience suggests that there are some dominant themes that seem to appear when discussing the quality of a given manager or managerial practice. Inevitably, when managers are criticizing their superiors or fellow managers, the nature of the critique tends to fall into some consistent categories and patterns. Likewise, when managers are praising their senior personnel or colleagues, the same types of patterns emerge. This suggests that there are some fairly common elements that are used when assessing the quality of managerial practice.

Assessing Managers: The VRDS Framework

In order to understand the peculiar activities of any individual in an organization, we need a framework-something that will allow us to put in perspective and examine the person in an objective manner yet ties in with the demands of the organization. The framework that appears most consistently in clinical work with practicing managers will be identified by the acronym "VRDS." These letters stand for, respectively, Values, Role, Decision Technique, and Style. The VRDS framework is depicted in Figure 6-1.

VALUES are the principles or beliefs of the individual that predict how the executive will view the management role. These are the norms, views, beliefs, and guidelines that are developed by the individual as a result of life and work experiences. Recall from earlier discussions the importance of values in the Functional Intelligence model. In addition, organizations have certain values that guide the practice of management at the firm and, to a large extent, dictate the managerial role. There are two types of values: latent and active. Latent values are those that are acquired during development and are core values or fundamental propositions and beliefs that establish broad criteria for behavior. For example, the Golden Rule ("Do unto others as you would have others do unto you") is a latent value. An active value is one that is applied to or operates with respect to some specific event or activity within a sphere of behavior. For example, "I expect that my subordinates will be punctual and on time for weekly meetings" might be an active value that stems from a more latent value of punctuality and respect for the authority of superiors.

Figure 6-1: The VRDS Framework



All organizations have values; it's impossible for human beings to operate in an organized fashion without some common shared beliefs, norms, or values. Some organizations go so far as to specify the shared or common values that people in the organization are expected to follow. For several years in my clinical work, I helped many organizations identify and enumerate their shared, common values. In addition, as part of that process, I conducted empirical research and reviewed hundreds of organization values statements. But whether these are explicit or not, every organization has a common set of beliefs that guide managerial behavior. Note that values are distinct from an organization's culture; the culture consists of the visible ways (symbols, rituals, legends, language, etc.) whereby the organization manifests and reinforces its values.

The values can be organized around three key aspects of the organization: (1) Basic Philosophy–the essential purpose of the enterprise, why it exists, and how it seeks to be positioned in its environment, its business model; (2) Ends–the basic results or outcomes the organization seeks to provide or produce for key stakeholders; and (3) Means–the manner in which individuals are expected to behave within the organization. The purpose of these values is to direct behaviors and decision-making in desired ways to support the firm's processes, thereby impacting the manner in which the firm provides its products and services to the market and the associated costs of doing so, thus affecting financial performance. The values therefore serve to frame the organization and, to a great extent, affect the practice of management, in that shared values get people to behave in desired ways to produce organizational results.

Organization values tend to be acquired early in a career or in organizational entry, through processes such as exposure to the values, association with desired outcomes, imitation of others' behaviors, and reinforcement. The organization's values are hierarchically arranged. Certain values that are "core" or central to the enterprise change little, if at all; others are "peripheral" and can shift with changes in the social context.

Values are critical in assessing managerial practice because they have a major impact on managerial behaviors. Recall that underlying Functional Intelligence are the values and resources available to the manager: (1) what do we believe, and (2) what do we have. To the extent that the Starting Point and Terminal Point are congruent with the organization's values, managerial practice is enhanced. If managers' actions are seen as inconsistent with the organization's values, however, there are problems.

One of the more common criticisms leveled against managers is that they don't "fit" with the organization. "We just don't get along," subordinates will say. "The worst manager I ever had didn't care about us or the company; they were only looking out for themselves." "My manager and I have a personality conflict." What do these comments reflect? In many cases I've seen, what is being communicated is that the manager and the subordinates or colleagues have differing values. They have a difference in what matters to them at a fundamental, values-based level.

One factor in human relationships is that we generally don't like people whose values are significantly different from ours, and managers don't have to keep subordinates they don't like. So, absent a clear understanding of the values conflict, or wanting to not admit to the conflict, we'll use language such as "not get along" or "personality differences." But the fact is that one of the most important elements in assessing and understanding managerial practice is taking time to understand the values of the organization and the manager. It is why values are so foundational to Functional Intelligence. Without clear understanding of the values, it's hard to have a clear understanding of the practice of management.

This is the reason that the Values component of the VRDS model overlays the entire model. At the most basic level, values impact all of the elements of managerial practice and are the key factor in assessing managers. While at General Electric, Jack Welch viewed values as so central to the company that he was willing to remove managers from the organization because their values weren't consistent with those of GE–the results these managers produced were secondary. In commenting on this, Welch suggested that yes, the mangers were "getting things done through people." But by doing so in a manner that was contrary to GE's values, these managers were damaging the corporation in the long term, so they had to be taken out of the company. Values are fundamental to assessing managers and managerial practice.

The ROLE is the prescribed set of behaviors for the position. These are the patterns of action that are deemed to be appropriate and necessary for effective performance. The concept comes from the theater, of course, when actors take on a role. The role consists of the words and actions the actor is expected to say in order for the play to be performed properly. Similarly, in the practice of management, managers are asked to take on various roles. Some are capable of only performing single-role behaviors, while others are capable of playing multiple roles. What is essential in assessing managers is to determine the organizational role and whether or not the manager is performing the role properly.

One of the difficulties with a role, though, is that there may be multiple role expectations occurring simultaneously. The role can be assessed at five levels:

1. The Societal, or the Cultural level-These are the expectations derived from the broad social understandings of the behaviors required by a position. An example might be the societal role of a university professor; there are certain societal expectations that are held for those who occupy this position, such as teaching competence and research productivity. In businesses, there are societal expectations that are inherent in a title such as CEO. The society "expects" CEOs to behave in certain ways.
2. The Institutional level-These are the behavioral expectations that are common to a group of organizations and are institutionalized: formalized within the relationships among organizations. Using the university professor analogy, the institutional expectations are those held by colleges and universities throughout the U.S. concerning the appropriate behaviors for faculty members. Frequently manifested by industry "codes of ethics" or industry-wide standards or practices, these institutional roles adhere to the institutional form. For instance, there are different expectations for CEOs of for-profit companies than CEOs of not-for-profit organizations.
3. The Organizational level-these are the behavioral expectations specific to a given organization. Generally manifested in the formal job description, these are the behavior patterns that the company views as essential to successfully executing the demands of the

position. The CEO of General Motors will have different role expectations than will the CEO of Apple. Both are CEOs of Fortune 500 companies at an institutional level, but the fact that these are two different organizations, in two different markets, with different products, competitors, customers, environments, etc., creates differences in how the role needs to be performed.

4. The Positional level-These are the expectations of members of the organization-both the focal individual and others within the organization-concerning what behaviors constitute acceptable and effective performance. These four levels are active simultaneously in assessing a person's performance. The behavioral standards for the Accounting Manager will differ from those of the Sales Manager, because the positions differ in terms of the interactions, the task, duties, and responsibilities, and similar factors.
5. Finally, there is a specific role expectation that is termed the Situational Role and is defined for a specific set of circumstances and context within an organization. The situational role is defined by those participating in the event. A discussion between a specific superior and subordinate has situational role expectations that are unique to the individuals and the context. A superior may address a subordinate differently if the situation concerns a problem than if the situation involves a compliment for a job well done. In both cases, the behaviors that are anticipated are unique to the situation.

Roles generally take two forms: ascribed and achieved. Ascribed roles are those expectations that are defined for the individual. They are specified by the society, institution, organization, position, or situation. Within any position, though, there is often latitude for individuals to behave in various ways. To the extent that the behaviors for a position can be defined by the individual who occupies the position, the role can be determined by the occupant; this is the Achieved Role.

Difficulties in organizations occur when roles conflict or when roles are ambiguous. Role conflict occurs when the behavioral expectations for two or more groups are in opposition to one another. For example, the demand of the organization that the executive work seventy-hour weeks may conflict with a societal expectation that the executive should be a good parent and spend time with family. Role conflict can occur across levels or within levels, if the behavioral expectations are in opposition to one another. Role ambiguity occurs when the behavioral requirements are not clearly specified, and the role occupant is uncertain about what course of action to pursue. The uncertainty is threatening and has the potential to cause anxiety and fear which, in the presence of a lack of self-confidence, can induce stress and hamper performance.

As a result of clinical interactions with practicing managers, I have identified at least 24 unique and distinct roles that managers say they have performed at various times. Not all managers have performed these roles; many managers are able to operate effectively within a limited number of roles. Nonetheless, the fact that these roles have been described at various times by various managers suggests that there are multiple roles present in managerial practice. These roles are shown in Table 6-1.

One element of assessing managers, then, is determining the roles that the managers are performing. Are these roles the right roles for the organization and the situation? Do the managers' behaviors align with the expectations of superiors, subordinates, and other key stakeholders? Does the manager understand the role and have the ability to perform in that role? When there is role conflict or ambiguity, when managers do not meet the behavioral expectations of the situation, performance will suffer–and their assessment will suffer as well.

Often in my clinical work, I have heard executives say that a particular individual "doesn't understand what is expected" as a manager. "In the meeting, the manager's behavior was inappropriate." "You might be able to do that when you're a sales representative, but you can't act like that as a sales manager." On the other hand, I've also heard comments like "My manager just 'gets it.' Knows what to do and how to do it." "Our CFO isn't like most CFOs; instead of just focusing on the numbers, ours has a sense of how to work with the management team." These are all role-specific comments that impact the assessment of the individual manager's performance.

The DECISION TECHNIQUE is the manner in which the manager performs the critical technique in the practice of management: decision-making. The singular aspect that distinguishes managerial practice from many other jobs in an organization is decision-making; it's the one thing organizations expect managers to do that is not necessarily a critical element in other jobs. Factory workers may be expected to perform a routine task consistently. Salespeople are expected to learn and display a sales technique. The critical technique in accounting is applying the Generally-Accepted Accounting Principles (GAAP) in an accurate and consistent manner. In the practice of management, organizations ask managers to make informed choices based on incomplete information; to exercise judgment, to apply wisdom and discernment to select the right course of action from among alternatives in a situation of uncertainty and/or risk.

Table 6-1: An (Incomplete) Inventory of Organizational Roles

Administrator	*Execution of public affairs as distinguished from policymaking.*	Insuring that the routine, bureaucratic functions of the organization are being carried out and properly performed.
Analyst	*A person who analyzes or is skilled in analysis.*	Separating material and information into its component elements for review and discussion; determining its essential features and relations.
Architect	*One who designs and builds.*	Designing and building the structure and forms to achieve organization objectives.
Cheerleader	*One that calls for and directs organized cheering.*	Instilling the organization with hope or courage; to urge on and encourage others.
Coach	*To train intensively by instruction, demonstration, and practice*	Training others in the organization by active involvement.
Commander	*To have or exercise direct authority; to give orders.*	Directing the actions of individuals in the organizations with authority; demanding that certain things be done and expecting such demands to be carried out.
Counselor	*Advice given, especially as a result of consultation.*	Giving advice to others on organizational or personal matters.
Custodian (or *Caretaker, sometimes Steward)*	*One that guards or protects and maintains.*	Preserving the assets or resources of the organization; insuring that resources are properly utilized.
Developer	*To set forth or make clear by degrees or in detail; to make visible or manifest.*	Promoting the growth and improvement of individuals in the organization by a gradual process of successive change.
Disseminator	*To disperse throughout.*	Sending external information into the organization and information from one area of the organization to another.
Entrepreneur	*One who organizes, manages, and assumes the risks of an enterprise.*	Creating new opportunities for the organization that involve assumption of risk.
Executive	*Relating to execution or carrying into effect.*	Insuring that current strategies and plans are being executed properly.

Facilitator	*To make easier.*	Enabling or assisting others to achieve objectives by removing obstacles or configuring resources and circumstances.
Figurehead	*Head or chief in name only.*	Representing the organization in a symbolic manner; performance of obligatory public duties.
Leader	*To direct on a course or in a direction; to guide along a way.*	Creating irreversible change in the organization; one who takes organizations and people in directions they would not otherwise go by separating from old behaviors and practices and adopting new ones.
Liaison	*Communication for establishing and maintaining mutual understanding.*	Developing bonds and connections between the organization and other key organizations, stakeholders, or constituencies.
Manager	*To handle or direct with a degree of skill.*	Securing timely and proper results within existing plans and policies. Making sure that things are being done right, that the functions of the organization are being performed effectively and efficiently.
Mediator	*To reconcile differences.*	Acting as an intermediary to resolve differences between parties; handling and resolving conflicts between parties in the organization.
Monitor	*To watch, observe, or check for a special purpose.*	Gathering data and information that may be useful for decision making or other managerial purposes.
Negotiator	*To confer with another to arrive at the settlement of some matter.*	Bringing about the resolution of organizational matters or conflicts through conference, discussion, and/or compromise.
Spokesperson	*One who speaks as the representative of another or others.*	Providing the public voice of the organization; speaking on behalf of the organization.
Strategist	*One skilled in the use of strategy.*	Developing plans and allocating resources to secure a desired future state of the organization by preempting competitors.
Supervisor	*To have or exercise the charge and oversight of.*	Overseeing the activities of others for control, assessment, and review purposes.
Visionary	*The act or power of imagination; having unusual discernment or foresight.*	Seeing the future in a unique way and being able to convey that future in a manner that others can understand and accept.

A technique is a predictable way of excelling or execution. It is a sophisticated way of doing something, yet it is consistent. Technique applies to a critical aspect of a job or function that must be performed correctly if the entire job performance is to be evaluated as effective and efficient. The technique is a patterned way of behaving in certain situations; it is how the executive "gets things done." Since decision-making under ambiguity is essential to managerial performance, the Decision Technique is the third component in the assessment of managerial practice. There are generally 5 issues that arise when assessing managerial decision-making:

1. Information. To what extent does the manager use information when making a decision, and what type of information does the manager prefer? Some managers use very little information, preferring to focus on a few items they believe are important. Others prefer large amounts of information to be available. A manager may prefer objective data only, looking for empirical "facts" or statistics. Others will use qualitative, subjective information in the decision process. There are managers who want very specific information, while others will take "whatever I can get that bears on the decision."
2. Involvement. How much does the manager involve others in the decision process? Does the manager prefer to be the sole, authoritarian decision-maker? Does the manager prefer to consult with others? Will the manager involve others in the decision process, or simply allow their participation with limited involvement? Is there a limited set of people the manager seeks out when making a decision, or will the manager take advice from anyone who may have a viewpoint to offer?
3. Processing. How does the manager process the decision? Is it largely intuitive, going with a "gut feel" or emotion? Is the process defined and analytical, considering factors according to some prescribed form of logic?
4. Timing. Does the manager prefer to make decisions quickly, or wait for the last possible moment to make the determination? Does the manager need to "sleep on it," or can the decision be made in the moment? Will the manager wait until the information and involvement criteria or satisfied, or can the decision be made without regard for a process?
5. Evaluation. How does the manager evaluate the decisions that are made? Is there a lot of second-guessing or reviewing, or once the decision is made, does the manager prefer not to look back and

evaluate? What criteria does the manager use when evaluating the results of a decision?

In clinical practice, it is often the case that executives will refer to a manager's decision technique when assessing the manager's practice. "He won't make a decision until he has all of the facts." "She's too analytical." "He won't trust his gut." "She's not comfortable unless she gets feedback from everyone involved in the decision." "He wants everyone to have a say before making up his mind." "She never listens to anyone but herself." These comments and others of a similar vein indicate the importance that is placed upon the decision-making technique in the assessment of the practice of management.

STYLE is the affective elements associated with an individual's behavior. It is the emotional equivalent to technique, which is cognitive in its orientation. It is the manner in which the technique is performed, the individual nuances that make the method of execution unique to the individual. Style is akin to the temperament; it is the characteristic pattern or mood by which the technique is carried out and the role is performed. Often, style is related to values, for it is possible to value a certain style of behavior. Style is most often associated with the manner in which a manager communicates with others. There are seven elements that have been identified as major elements of managerial style:

1. Emotion. Does the manager "wear their emotions on their sleeve," showing their emotional state in the moment? Or is the manager more reserved and stoic, preferring to handle issues in an unemotional and logical manner?
2. Animation. Is the manager physically active in their interactions with others? Does the manager reflect a high level of energy, or is the manager one who "never gets ruffled" and is always calm and sedate in dealing with others?
3. Verbal Delivery. How does the manager speak? In a rapid-fire manner? Direct and to the point? Casually, as in conversation, or formally, as in a presentation? Is the delivery measured and even, or subject to changes in pacing?
4. Non-Verbals. To what extent does the manager use non-verbal gestures, facial expressions, posture, and similar techniques to convey meaning or to communicate with others?
5. Word Choice. Does the manager prefer to use precise terminology and to select words carefully for meaning, or will the manager use

general phrases or expressions as a way of conveying emotion and feeling as well as information?

6. Manners. Is the manager one who appears to comport themselves in an exemplary manner, following certain etiquette and protocols, or is the manager more casual and relaxed in demeanor?
7. Bearing/Presence. Is the manager one who presents an imposing and sometimes intimidating manner, or does the manager come across as friendly and open?

Clinical experience in organizations has demonstrated consistently the extent to which style is important in assessing managers. "You never can tell what he's thinking." "I've never seen her get rattled." "When he speaks, it's like you're listening to a friend talk." "She couldn't talk without her hands!" "You can tell he's working hard to find the exact words he wants to say." "She's very open and approachable in her dealings with subordinates." "As soon as he walks into the room, everyone knows it." These are representative statements made in the context of an evaluation of a manager. The fact that we use such criteria in judging individuals shows the extent to which style is important.

It is essential that style not be confused with technique, nor style and technique with the role. Effective managers must often perform multiple roles: creating a vision, leading a change initiative, managing the process. This creates difficulties for many individuals, though, since very few can perform all of the roles equally well. The techniques used and the style of the individual manager in performing the various roles may vary, however, depending on the person and the context. Also, the technique used may be effective or ineffective based upon the results, but the individual style is immaterial to the consideration of the effectiveness of the technique. Indeed, if the techniques are appropriate for the role expectations and the values of the organization, almost any style can be acceptable. Notice that the values, role, and technique must all be in alignment with one another. Otherwise, conflict will occur in the individual or between the individual and the organization that will prevent optimal performance and, in the most severe cases, may result in the loss of the person's position.

Values, when combined with the Role, determine the set of OPERATING PRINCIPLES that are the guides for behavior within the particular function or position in the organization. Operating Principles are a patterned set of beliefs about the behaviors that are appropriate to the role. These direct the specific on-the-job activities and determine, to a great extent, the actions in which an executive will engage to carry out the job assignment. Operating principles can guide the decision-making technique;

if an organization values rational and analytical methods such as Six Sigma, managers will be expected to adhere to such techniques in their decision-making. The operating principles will then affect the style. Certain values of an organization may create expectations for managerial style, such as "around here we're pretty laid back and casual" or "we communicate with one another openly and honestly in a spirit of candor and mutual cooperation." In effect, the Operating Principles are the manner in which the values of the organization are operationalized (that is, made real) in directing role behaviors and performance, decision-making, and managerial style. Part of assessing managers is understanding the operating principles of the organization and the extent to which the manger's performance is consistent with those principles and values.

A Perspective on Leadership (versus Management)

Before leaving this discussion of managerial assessment, it would be useful to spend a few pages talking about the subject of leadership. Leadership has assumed a position of some importance (or notoriety) in organizational studies, with some suggesting that it is the role of managers to be leaders. One division Vice-President with whom I interacted told me that his division had 254 managers, and his goal was that "all of my managers are going to be leaders!" (Which of course begs the question–if everyone is leading, who's following? Can you have leadership without followership?) Nevertheless, organization researchers and practicing managers have been fascinated with the topic, and this issue ought to be addressed in this clinical approach to the practice of management.

The astute reader will have noticed that Leader is one of the 24 possible roles that an individual can assume in a managerial position in an organization (see Table 6-1 again). From the organizational perspective, the issue is the practice of management, of which leadership is one component. In many classic management texts, the four functions of management are referred to by some authors as Planning, Organizing, Leading (or Directing), and Controlling. Notice that Leading is a sub-element of management! However, since leadership has captured so much attention in the managerial literature, I will examine the subject from the clinical perspective of managerial intelligence.

The Development of the Concept of Leadership. Early efforts at understanding the leadership concept grew out of the tendency for human beings to think in discrete units-that is, the mind "works" to understand an idea by breaking it down, or "chunking" it, into more minute conceptual pieces, rather than in terms of wholes or systems. So it has also been with the study of leadership. Rather than attempting to understand leadership in its complexity, researchers began by examining aspects that could be easily grasped by the mind.

The most fundamental idea in leadership is to focus on the individual leader and the qualities that the leader possessed. This is the "great man" or "great woman" theory of leadership. From this perspective, leadership is defined by the leader; leadership is "who the leader is." That is to say, the concept of leadership is defined by those who are viewed as leaders, and "great" leadership is therefore defined as those who are seen as "great" leaders. This view has come to be known as the "trait theory" of leadership. Leaders were those who had "the right stuff" of leadership. This represented an elitist notion, that those with the proper hereditary background (the right upbringing, the right parents, the right schools, etc.) were destined for leadership.

Trait theories of leadership suggest that it is the personal traits or characteristics of human beings that are crucial in determining leadership. To be a great leader, it is necessary to have those personal qualities that would ensure or allow for the effective exercise of leadership. As a result of this view, early studies of leadership involved examinations of the personal backgrounds of leaders. Investigators looked at such things as early parental influence, psychological traits, personal abilities and aptitudes, and the like in order to define what was meant by leadership. The guiding premise is that great leaders must possess certain common traits or abilities that distinguish them from others and allow them to function effectively in leadership positions. Perhaps the ultimate form of trait theories is the concept of charisma, literally "gift of the gods." Great leaders are seen as "gifted," possessing traits well beyond those of followers. Such traits are seen as imparted in an almost superhuman fashion.

One school of thought that developed from this perspective was termed the "handicap" or "impediment" approach. Proponents of this view suggested that great leaders were people who had to overcome great adversity or personal problems to become leaders. In this sense, great people are "special." They have undergone experiences that differ from "average" individuals and are thus more capable of exercising leadership. This is particularly true of those leaders who show the ability to function in a crisis; previous adverse experiences were thought to have better prepared their minds to function in crisis situations. Such persons were better equipped to take action to resolve the situation than those lacking such "adversity" preparation.

There are several problems with this approach. For example, lists of leader traits that were developed as a result of the studies of great leaders often conflicted. One might suggest that leaders had a high need for power, but another might say that need for power was low, but need for achievement was high. Or, one might suggest that the leader had great empathy, while another would suggest that leaders attended more to tasks and cared little for people. Another problem with this perspective is that leadership is defined *post hoc*: after the fact. Therefore, great leaders have the personal qualities of great leaders-a circular and therefore meaningless argument. This perspective on leadership was quite popular in early investigations, however, and there are contemporary examples of research on leadership that follows a trait approach.

The trait approach was called into question, however, when it was discovered that persons with similar traits and upbringing could differ significantly in their exercise of leadership. A notable example of this is Robert E. Lee, the Confederate general in the American Civil War. Lee was raised as a wealthy country squire and educated at West Point, as were many of the Northern generals whom Lee opposed. During the early years of the Civil War, however, Lee was clearly the superior field commander as his troops won several battles, often in the face of Northern superiority in numbers and firepower. This posed a problem for trait theorists; Lee was not markedly different from his opponents, yet he was consistently able to display superior leadership abilities as judged by the performance of his army. Therefore, there had to be more to leadership than the traits of the leaders.

Also, the discrepancies in the trait models became apparent. Clearly, leadership was more than the qualities of great leaders. However, rather than view leadership as a concept, the solution to the seeming paradox of leadership was this: leadership is not who a leader *is*, rather it is what the leader *does* that defines leadership. Leadership can therefore be measured by the functions performed by effective leaders. This view became known as the functional approach to leadership, or the behavioral theory of leadership. Studies utilizing this approach to leadership examined the actions of leaders in an attempt to catalog the behaviors that led to success and high performance.

The majority of the studies that have examined leadership in business organizations have developed basically two dimensions of leader behaviors: concern for people, or the interpersonal behaviors, and concern for the job, or task-related behaviors. Leaders are seen as having a high concern for their subordinates' needs, concerns, and performance. This enables the leader to obtain maximal performance from the followers. On the other hand, the leader is also focused on the task at hand: the organizational goals. This gives a sense of direction to the subordinates' actions that secures high organizational outputs.

Behavioral or functional theories of leadership floundered, however, when it became apparent that individuals who exhibited these behaviors were failing in their leadership role. Leaders with a high concern for their subordinates and for the task were not securing sufficient results. Thus, the third element was introduced into the perspective on the leadership: the context. The contextual approach (or Situational Leadership) suggests that leadership is what a leader does in certain situations. The external environment now became a consideration. Leaders were seen as responding to the demands of the situation and tailoring their behaviors and activities to the peculiar event or setting. It is interesting to note that much of the research that has utilized this contextual or "contingency" approach (leadership behaviors are contingent upon the situation) has viewed the leader behaviors along the same two dimensions of concern for people and concern for production.

In all three perspectives on leadership, notice that leadership as a concept is not really defined. Instead, it is defined by the individual (the leader). This precludes the ability to objectively assess leadership apart from the individual and instead makes leadership something that is only known when it is seen. Also, leadership becomes confused with position; those who are in positions of authority over others are seen as leaders. Many contemporary writings on the leadership concept are fraught with this view. However, this tells us very little about leadership as a concept, nor does it allow us to examine leadership in a rational and objective fashion. To do so, it is imperative that we first develop a conceptual understanding of leadership.

Leaders versus Managers. In this clinical analysis, there has been a distinction made between leaders and managers that merits further development. The first point that should be noted is that most of the research to date in management and organization theory on "leadership" is in fact research on persons in positions of authority over others, most often supervisors. However, simply because a person holds a superior position in relation to subordinates does not mean that the individual functions as a leader. Leadership is much more than being in a position of authority.

Leaders are not:

1. Managers-these are the individuals who secure timely and proper results within existing policy and expectations. They make things

happen that are supposed to happen. Managers are those who get things done through other people. Managers plan the work of others.

2. Supervisors-those who oversee for control purposes. The word "supervisor" can be traced to the Latin phrase for the person who was the overseer on the slave galleys in ancient Rome. Thus, supervisors are those who monitor or oversee the activities of others in order to exercise control over their behaviors.
3. Executives-just as the root word implies, executives are those who execute the plans of others. They carry out the tactics established by others in the organization in order to enable the company to achieve its objectives.
4. Administrators-those who administer; in other words, those who perform the routine bureaucratic processes of the firm. Every organization has a certain amount of activities that qualify as routine functions that must be performed in order to meet the demands of their environment. Those who perform this function for the company are the administrators.

None of these types of roles, however, are necessarily leaders, even though they may hold very high-level positions in the corporation. Thus, leadership should not be confused with the position in the company. Leaders can be found at lower levels of management just as certainly as they can be found in the office of the Chief Executive.

The Definition of Leaders: Leaders are those who move organizations in directions they would not otherwise go. The test of leadership is irreversible change: once a leader has acted on an individual, group or organization, that person, group or organization will never again be the same due to the leader's influence. They cannot revert to a previous state because of the effects of the leader.

Organization leadership, therefore, is the act of moving an organization-a company, a department, a division-in a new direction, a direction in which the organization would not otherwise have gone. Leadership is creating a vision, a sense of the possible, for others that motivates and directs the behaviors of followers toward the attainment of the vision. Leadership establishes the course for the corporation, and managers, executives, supervisors, and administrators act to guide and maneuver the corporation along the intended course. By definition, managers get things done through people; leaders lead people and organizations, and in so doing determine the things that need to be done.

Basic Concepts and Ideas of Leadership. Transformational Change. Inherent in the definition of leadership is the concept of transformational change: a change that alters or converts the form and/or structure of the company. The assessment of transformational change is historical; it is only known *post hoc*. Thus, leadership is always judged from its effects, many of which may not be known for quite some time. The change, however, is significant; the organization is transformed. It has become qualitatively different, and will never again be the same due to the influence and actions of the leader. Transformational changes are not "permanent" in the sense that the organization will not be able to alter its structure, scope, or operations. Transformational change is irreversible, though, since all future actions will have to consider the new state or condition of the company.

"Good" versus "Evil" Leadership. The term leadership is a neutral one; it does not imply a good or bad value judgment. The normative assessment of a leader is based on criteria other than leadership. Thus, Hitler and Stalin are leaders just as Churchill or Roosevelt are leaders. Whether you agree or disagree with their objectives, it is safe to say that the countries led by these people have been forever changed due to the presence of the leader. Transformational change occurred, and leadership is manifested in such irreversible change. Leadership is active; it is a means of achieving objectives. Leaders are not "good" or "bad" in the normative sense of those terms–they are "effective" or "ineffective" leaders. The value judgment is based on an assessment of the objectives; the leadership assessment is based on the attainment of the objective, the nature of the objective (a transformational change), and the means used to attain the objective. Leadership is effective or ineffective, efficient or inefficient. It is not good or bad.

There are three Basic Leadership Roles that can be identified. These are based upon the condition of the organization, the nature of the change, and the end state of the firm.

1. Crisis Leaders-Leaders who respond to an organization in a crisis, crisis being defined as an untenable situation where one is not certain what response is correct, and one has very little time in which to respond (a crisis is different from a problem, which is a difference between a current condition and a desired condition). The organization is at risk. Often in such circumstances, we see evidence of the Heroic style of behavior: one that is self-sacrificing and comes forward in the crisis in order to resolve the situation. In such a case, it is important to have a match between the qualities of the individual and the situation or context. It is necessary that the

leader have a high level of readily-transferable skills and/or competencies, since the leader must be able to "get up to speed" rapidly due to the lack of time. Often, in such cases, it is beneficial for the crisis leader to have a grudge or mission, something that provides the motivation to put forth maximum effort to meet the demands of the crisis.

2. Strategic Leaders-or Builder Leaders. These are leaders who attempt to build a future for the organization that will be free of mortal risk. In effect, strategic leaders try to prevent the necessity of having a crisis leader. This is based on a definition of strategy: the attempt to achieve a position that secures the preferred future state of the organization, one in which the assets of the owners will not be at risk, by preempting competition. In addition, strategic leaders must be able to prevent organizational irreversibility due to inertia (the tendency to get caught up in past ways of behaving). The strategic leader's organization is not in crisis; the intent of the leader is to prevent a future crisis by moving the organization in a direction that will prevent a crisis from occurring. This requires a sense of vision, as well as an ability to accurately forecast future conditions that will affect the firm. An essential quality of the strategic leader is a willingness to take calculated risks. The strategic leader has the ability to set a terminal point based upon an accurate assessment of the starting point, but deviates from that which might otherwise be pursued by the company. It also involves the creation of an action plan that brings about the desired future condition. In effect, this is functional intelligence applied to leadership.

These two leadership roles are not alike. Thus, individuals can be particularly adept at one role or the other but unable to alter their leadership role behaviors. The skills and attitudes that are effective for the Crisis Leader may be wholly inappropriate for the Strategic Leader; in fact, they can be radically different. In addition, it can be particularly difficult for a leader to change the pattern of behavior, to transform once the organization is out of the crisis situation and shift roles to build a future that will prevent a similar crisis from ever occurring again. Generally, more respect is accorded the Strategic or Builder type of leader. In a crisis, it is relatively easier for a leader to convince followers to accept the new vision, since it is obvious to all that the current condition is unacceptable. The Strategic leader, however, must convince the followers of the accuracy and necessity of the new vision without any immediate perceived need for change. An advantage that the Strategic leader may have over the Crisis leader is the time span. It is often easier for followers to tolerate long-term change than short-term change, since such changes can be gradual and less threatening to the established order.

3. Complete Leaders-Leaders who are able to direct an organization through a crisis and, when the crisis is past, build a future for the organization that will prevent the firm from being at risk. The Complete leader is a combination of the two previous leadership roles: Crisis and Strategic. These unique leaders are able to alter their behaviors and styles to meet the requirements of the situation. Complete leaders are very rare. An example of a complete leader might be Henry Ford II, who not only saved Ford Motor Company from bankruptcy but also built an organization that became one of the most profitable automobile companies in America by the end of his tenure.

All of the preceding leadership roles have a set of behaviors and conditions in common that are termed Personal Leadership. This is the basic leadership activity: the one-to-one relationship between a leader and the members of the organization in which the leader concentrates on "tuming around" the minds of the followers, getting them to separate from the old ways of thinking and behaving and attach to the new. Leadership, then, begins with the other person–with the follower's attitudes and beliefs, values and resources. Leaders must make a greater attempt to understand their subordinates than the followers will to understand the leader; this is a fundamental premise of effective leadership. However, it is not always necessary to tum around every member of an organization. Obviously, doing so would be a superhuman task in large firms! Leaders instead concentrate on the key systemic people: those who can affect others in the company and can tum them around. The pyramidal shape of most organization structures means that the leader must get a few people to separate from the old vision and attach to the new visions of the leader. These in tum exercise the behaviors of personal leadership on their subordinates, concentrating on the few who can influence others, and so on. The effect is a multiplier; the leader influences six, who influence thirty-six, who influence one hundred and sixty-six, and so forth in an arithmetic progression until the entire fum has been affected. By focusing on the key people, leaders can focus their energies and, by influencing those key people, can multiply their efforts throughout the company.

One of the major resources that leaders have at their disposal in accomplishing this objective of turning around minds is their power. By using their power in an intelligent manner, leaders can create in their followers the shared vision of the future. This shared vision can be very effective in obtaining the commitment of the members of the organization. Such commitment to a vision has concomitant benefits of control and direction. If individuals are committed to an objective, they will act in ways that will bring about that objective even in the absence of formal control and direction from superiors.

Such commitment to an objective, though, reaffirms the central theme in leadership: irreversible change. Leadership always involves some form of change. Therefore, the key concept in leadership is Generic Mobility. The process of separating from the old ways necessarily involves ambiguity and uncertainty, and organization members, when faced with these changes, are likely to experience some stress due to the lack of confidence brought about by the uncertainty and the anxiety/fear/challenge. An example, using the concepts discussed previously, is the firm that is changing from a traditional style of management to an emergent one, as occurred in many firms in the 1960s and 70s. One difference between these two types is that in the emergent firm, an objective is to have confidence in the self; while in the traditional firm, confidence is placed in the superior. A change of this nature will likely be negative for most individuals, and they will try to avoid it. If avoidance is not possible, the lack of confidence in the self can very easily lead to a stress condition. It should be apparent from this discussion that leadership is interrelated with many other concepts, particularly those that are central themes such as Functional Intelligence and Generic Mobility.

There is a need for corporations to have effective leadership if they are to survive and grow over time, for without leadership, companies are incapable of creating in and of themselves the changes necessary to meet the demands of new environments. It is difficult to find the truly effective and efficient leader though, for the process of developing leaders is not very well known. We can, however, study examples of masterful leaders and attempt to ascertain if there are any behaviors that are particularly appropriate to such leaders. Clinical experience in this area would indicate that superior leaders are distinguished by the following:

Superior leaders are those who have mastered the use of the Functional Intelligence model.

The Master Manager

We have already established that "good" or "bad" are not legitimate means of assessing the performance of executives or leaders. We need some means of evaluation that will allow us to differentiate between the superior and the average performer. The means of doing so lies in understanding what is meant by mastery. Those who manifest mastery in their leadership or managerial roles are those who have mastered the use of Functional Intelligence.

In order to discover those behaviors and actions that separate exceptional leaders and managers from the average, it is first necessary to understand the term mastery. From this base, we can apply the definition to leaders and managers and determine those who fit our conceptualization of the master. Once we have evaluated our executive resources, we will be able to examine managers in some detail and determine those qualities and behaviors that make for masterful performance.

Mastery–Definition: the ability to behave in such a manner so as to meet the demands of the situation, doing no more or no less than is required, and leaving no future adverse consequences.

In a sense, this is the ultimate in Functional Intelligence: to achieve the Terminal Point in a manner that is effective, consistent with the Starting Point, and utilizes an Action Plan that is maximally efficient and minimizes costs. It is anticipating obstacles and opportunities both in the immediate situation and in the future, achieving the Terminal Point in a way that prevents future events from negating the actions. This rather extensive explanation highlights the importance and complexity of mastery. More colloquially, mastery is "making it look easy." In every field of endeavor, there are those who achieve spectacular results and make it look difficult, fighting and working hard all the way. Conversely, there are also those who achieve the same level of results and make it appear to be effortless; they are seemingly "naturals." What is the standard of managerial performance? Which of these types most closely fits the definition of mastery?

Your Personal Standard of Managerial Performance. Popular opinion suggests that it is determined by the individual: "Only you know if you did your best, if you gave 100%." If this were true, it would be possible to achieve less than high performance and dismiss it under the rubric "But I tried my best." This may sound good, but it will not hide the fact that the company may be driven out of business even though management tried its hardest. Managers cannot judge their level of performance on their own or by using an internal standard.

Rather, the standard of managerial performance lies in the comparisons with others. This is the function of competition: to separate the average performers from the superior. An individual cannot determine their level of performance if there is no standard, and the standard is always a comparative one. It is external to the individual, objective, and set by others. In business, it is profits and losses; in college, it is grades, and so on.

This becomes the standard against which personal performance is measured. Therefore, this objective standard is in fact the standard of performance. It is the criterion used to assess behavior, the "yardstick" of action. This objective standard of performance is more than merely "doing your best," since a person may not know what is in fact constitutes their "best." You may think you are performing well–until you become aware of someone else whose performance exceeds yours. Confronted by this fact, you may reach within yourself and find a greater capacity to produce.

It is important to be aware of your personal standard of performance, because this will determine your evaluations of your performance and, to a great extent, motivate your behavior. If you have achieved your desired level of performance, there is nothing left to aim for, no objective for which to strive. On the other hand, the presence of a standard to which you aspire provides the impetus necessary to drive behavior. Thus, the presence of a personal standard of performance is important to evaluate and direct managerial behavior. Surprisingly enough, many executives, among them very senior-level personnel, do not have such a standard.

The objective standard of performance is mastery. The ability to do no more and no less, to be totally sufficient to the cause, to achieve the objective with a minimal amount of effort and resource expenditure, is the goal of managerial behavior. When assessing performance, the question is, "Is there anything that could have been added to or subtracted from what occurred that would have achieved the same result in a more efficient manner?" If the answer is no, mastery is operative. People realize that there is no other action possible that could have achieved the same outcome at less cost. When the objective standard of mastery becomes the personal standard of performance, there is now a means to evaluate managerial actions. The question is one of mastery.

Mastery is more than making the right moves in organizational life. It also includes avoiding the wrong moves: those actions that will cause difficulties, waste resources and time, and lead to less-than-optimal results. To avoid the pitfalls or traps of managerial activity is the focus of a concept, demonstrated and communicated in clinical work with executives, that is termed Maze Brightness.

Maze Brightness

Leadership involves turning minds around, getting individuals to separate and attach in order to move organizations into new directions. In order to do so, it is important that leaders be able to master the use of Functional Intelligence; such is the definition of effective leadership.

Similarly, excellence in managerial behavior requires mastery of Functional Intelligence. Those executives who achieve consistently high levels of performance do so because they have been able to master the demands of the managerial role. Their values, technique, and style combine with the role expectations to produce results that are exceptional and are secured at a minimal cost to the organization. The Terminal Points are realistic and consistent with the Starting Point, the Action Plan is efficient, and behavior is always in an anticipatory mode.

The preceding chapters have discussed at length the Functional Intelligence model, noting the developmental pattern associated with functionally-intelligent individuals. In those chapters, several suggestions were presented to enhance development and performance: Things To Do (e.g., be generically mobile, practice good A-P-D skills, obtain visiposure, become a crucial subordinate, find a sponsor, and become well-seasoned.) All these are behaviors that are essential to be functionally intelligent and should be practiced by those hoping to increase or improve their level of functional intelligence.

This is only half of the story, however. The other half comes from the definition of mastery. In order to master a situation, it is necessary that one do precisely what is required by the situation; no more, no less. In order to achieve mastery, then, it is not sufficient merely to know the things to do. It is also equally necessary that to know the things NOT to do-the things to avoid, the actions that can increase the difficulties present in a situation and prevent behavior from being masterful. Doing the right things is crucial, but it is just as critical to avoid doing the wrong things and making the wrong moves that will restrict options, hinder achievement of the Terminal Point, or cause inefficiencies in the Action Plan. It is essential to avoid the traps, the potential mistakes in a situation that can make the situation worse. The means of avoiding the traps in organizational life is termed Maze Brightness.

Maze Brightness: Definitions. The Maze is an analogue to a manager's career or life in an organization. Everyone is probably familiar with a maze: a confusing and intricate network of passages, with one route to the finish and many wrong pathways that lead to dead ends. Perhaps you recall the mazes in puzzle books. You are told to trace the correct route from the start to some finish point without lifting a pencil or backtracking. Moving through an organization and a career is very similar. There is a Terminal Point that you wish to attain, an objective. To do so, you must move along a series of "passageways," which all have multiple turns and options. In order to maximize your performance, you must make the right moves and avoid the wrong turns-those that result in dead ends. This suggests that a career is a series of moves, many of which can lead to problems and very few that can lead to success, and that organizations are like a maze: confusing, intricate networks of behaviors that can lead to achievement of the objective (Terminal Point) or, more likely, can lead to dead ends and/or traps.

Success in a managerial career is not linear; it does not proceed in a direct fashion from one event to the next. Instead, there are stops and starts, problems, crises, errors to be corrected, decisions to be made-literally hundreds of activities. The key to mastery in the career is to minimize the effects of the disruptions or the traps. It is best to avoid those situations that will cause a manager to lose momentum, or to get through the unavoidable difficulties in as efficient and masterful way as possible. At some level in an organization, a manager's strengths do not offset the weaknesses. It becomes critical to manage the crisis or problem. More so than managing the crisis or problem, it becomes crucial to avoid making the situation worse through errors, wrong moves, or bad decisions.

In order to move successfully through a career or organizational maze, then, a manager must know not only the right turns but also must be able to avoid the wrong actions. This is the purpose of Maze Brightness: to be able to see the maze as though standing above it and looking downward, seeing the right and wrong moves to be made, determining in advance which actions are correct and which lead to problems. A person in a maze cannot see the maze, only the passageway that is before them. A person who is Maze Bright, though, knows how to make the right moves and how to avoid the blind alleys and the traps. The Maze is a tight situation with few opportunities and many obstacles (as in the Functional Intelligence model). Persons can end up in the maze, unable to see their opportunities and obstacles and thus cannot see the future; there is no Anticipatory Mode of Management.

Maze Brightness is anticipation, the ability to see options. It is the behaviors most closely associated with the Anticipatory Mode of Management. It differs, though, in that AMM involves managing information, while Maze Brightness focuses on relationships with others (this is part of information management, but is more behaviorally- and action-oriented). Thus, Maze Brightness enters the Functional Intelligence primarily through the Action Plan. To be Maze Bright is to recognize the maze for what it is, to see the traps, and to either avoid them or handle them at a minimal cost to the self and the organization.

Maze Bright Orientations & Skills. The ability to maximize use of Functional Intelligence means that leaders must be Maze Bright. While the focus of Maze Brightness is on behaviors, to operate in a Maze Bright fashion requires that an individual have certain orientations and practice certain skills. By having the Orientations and practicing the Skills, an individual can, over time, develop the Maze Bright Attributes: the ability to function (at an apparently unconscious level) in a Maze Bright manner, avoiding the traps and achieving the Terminal Point in an effortless and masterful way.

The Maze Bright Orientations are the general or lasting directions of thought, inclination, or interest that establish the basic views of the individual. These are the perspectives that the Maze Bright individual holds toward the environment and the individuals with whom they interact, and form the premises for the behaviors. There is also a modifier for each Orientation. A balance is required between the orientation and its modifier if the individual is to function in a Maze Bright manner. An imbalance, one element overriding the other, will lead to unintelligent or Maze Dull actions.

a. Otherworldliness (OW)-This is the ability to get into the worlds of others, to see things from their viewpoint. The focus is on others' Starting Points; what are their values and skills? Recall the comment that leadership begins with the other person! To practice otherworldliness requires a certain amount of confidence; you can't be wrapped up both in yourself and into the other person's world. The modifier of otherworldliness is Self-Centeredness: the focusing of attention on the self as the primary object. Maze Bright individuals emphasize the importance of understanding others as the primary objective, and they modify this with a well-developed sense of self that enables them to synchronize their actions with those most appropriate for the other people in the situation. Losing sight of others risks offending them and making them obstacles in the achievement of the Terminal Point. Managing other people requires an accurate, realistic sense of the needs, values, and resources they possess. This is particularly problematic for authoritarian individuals, who stress deference to the self above all other forms of behavior. A crucial element in the mapping process is to determine the sphere or world in which the manager will operate. Since people are a key element in the manager's world, the manager must have the ability to map or scope out the persons in the organizational sphere who will be responsible for much of the eventual performance. One useful framework that can be applied in this process is the VRDS frame: what are the values, roles, techniques, and styles of key members of the executive's world?

b. Information Management (IM)-if one is to be Maze Bright, it is necessary to have an information base. Information can be distinguished from data; data are merely facts, while information is data useful to (can be applied toward) achieving the Terminal Point. Maze Bright individuals are always in a mode of seeking information, particularly that which will enable them to see reality as it really exists. The modifier of an Information Orientation is a Communication Orientation, in which one concentrates on communicating and neglects to remember that communication is the means, the medium; the purpose of communication is to convey information. What good does it do to communicate better if one has nothing better to communicate? Those with an information orientation are focused on receiving relevant information from others in order to maximize their use of Functional Intelligence. As has been noted previously, Functional Intelligence requires accurate and useful information. Also, it is essential to develop effective networks for providing the requisite information.

c. Reality Orientation (RO)-Maze Bright people always seek information that will help them to learn how things really are. Reality is not what you want, nor what ought to be, reality is what *is*-a seeming convoluted statement, yet one that accurately presents the need for individuals to maintain optimal contact with reality. It is impossible to Function Intelligently if you cannot properly assess the situation and see events as they actually exist. You must therefore look for information that will assist you in maintaining optimal contact with reality, even if the information is not what you might desire, for it is much better to know the "bad news" now than to be shocked or surprised by it later. In a sense, this is the ultimate in Functional Intelligence: to maintain such contact with the real situation that one always sets realistic Terminal Points, has a proper sense of the Starting Point, develops effective Action Plans, and operates in an Anticipatory Mode. In this sense, Reality Orientation is the ultimate in Functional Intelligence. The modifier of a Reality Orientation is a Normative Orientation: looking at a situation from the perspective of what should have happened or ought to have happened, rather than what actually *did* happen. It is useful to have an orientation toward the way things ought to be; this is similar to the concept of the leader's vision. This must be balanced, however, by a strong orientation toward the realities of organizational life. The achievement of the vision is not possible without an acute sense of reality. It is impossible to move others toward a new future state without first knowing the current state completely and accurately.

Maze Bright Skills are specific actions that individuals can practice in order to optimize their information management, get into others' worlds, and obtain an accurate view of reality.

a. Listening/Talking (L/T)-Maze Bright individuals listen more than they talk in order to gain information. It is necessary to talk in order to maintain information flows and integrate others into conversations, but talking should not prevent receiving information. The purpose of conversations and meetings is to gain the information necessary to maximize Functional Intelligence; the giving of information should happen after sufficient time has elapsed to process that which has already been received. As a rule of thumb, Maze Bright individuals listen about three times as much as they talk. By listening, of course, it is presumed the listener is open to receiving information, avoiding the filters and selective perceptions that prevent the needed message from getting through. The listener must be open, out of the self and onto the speaker or the sender. Talking is an inner-directed form of activity; I talk because I am into my internal self and wish to manifest it verbally.
b. Questions/Answers (Q/A)-in order to obtain information, it is essential to leam the skill of asking quality questions: those that will obtain the needed information without offending others or cutting off future communication flows. Maze Bright people avoid the trap of giving too many answers and not asking enough quality questions. There are two types of particularly troublesome questions:

   Seductive Questions-those where it is implied that "If you say what I want you to say, I'll reward you." An example from business settings might be the boss's question "I think you're ready for a foreign assignment, don't you?" Even if you feel the move would be inappropriate, the answer is obvious in the question (as is the potential reward), and you will respond as demanded.

Intimidating Questions-those where it is implied that "If you don't say what I want you to say, I'll punish you." An example from a business setting might be the question from your superior: "I think we're on the right track with this new project, don't you?" Again, the answer is implied as is the unspoken message "Say yes, or I'll pass the word that you're a pessimist and not dedicated to the new project." As before, even if you believe the project to be a colossal waste of resources, you will refrain from saying so in order to preserve your position.

Both questions are forms of coercion, both generally are somewhat rhetorical. They are "loaded" questions. The expected answer is given, as is the potential reward or punishment associated with the anticipated response. In neither case will this form of question assist in obtaining the needed information.

c. Meanings/Words (M/W)-to be Maze Bright requires that the individual understand that meanings are in people and situations, not necessarily in the words that are spoken. The same words spoken in two different settings can have two entirely different meanings. In many situations there is a tendency to become overly literal and hear only the words that are spoken, neglecting the meanings in the setting, the individual doing the speaking, the non-verbal forms of communication, etc. For example, "Let's kill them" means "Let's get out there and outsell our competitors" when spoken at the annual sales meeting; when said by a terrorist holding hostages, the meaning is very different. Thus, it is crucial to Maze Brightness that the person be able to read meanings and accurately interpret the communications that are received.

Conclusion

It should be emphasized that each of these Orientations and Skills require a balance be maintained. It is crucial to be in others' worlds, yet this must be balanced by a sense of self. Information is necessary, but receiving information requires good communication skills. Reality must be perceived, but a normative orientation provides a sense of vision and guides behaviors. Listening necessitates talking at times. Answers will occasionally need to be provided in order to ask quality questions. And meanings are often in words and do not require interpretation and analysis–for instance, a call for help from a drowning person requires immediate response. The purpose of this is to caution against overuse of any orientation or skill without the balance provided by the opposite. Clinical experience and research indicate that most executives err on the side of Self-Centeredness, Communication, and Normative Orientations. Also, there is a tendency to talk more than listen, give answers rather than ask questions, and rely on literal meanings of words rather than interpret meanings. Master managers maintain the balance necessary to see and avoid the traps in organizational life.

Assessing managerial practice, then, is based upon an evaluation of the managerial setting–the Values, Role, Decision Technique, and Style, and the alignment of the manager with the organizational needs and expectations. The true standard of managerial performance in practice is not based on any particular external metrics or measures; instead, it is based on Mastery: how well did the manager align the elements of Functional Intelligence? Was the Terminal Point achieved in the most efficient manner? To do so, it is not sufficient for a manager to know what *to* do; it is equally important to learn what *not* to do, to function intelligently in the managerial maze and achieve success in the practice of management. By doing so, people are able to achieve high performance in the real world of the manager.

APPENDIX

THE MANAGEMENT METHODS ASSESSMENT INSTRUMENT (VERSION 2.0)

Instructions for completing the Management Methods Assessment Instrument (MMAI)

The purpose of the MMAI is to assess several key dimensions of managerial practice and the managerial context. In completing the instrument, you will be providing a picture of how your organization is managed and the overall approach to management practiced at your organization.

No right or wrong answers exist for these questions just as there is no right or wrong approach to management. Every organization will most likely produce a different set of responses. Therefore, be as accurate as you can in responding to the questions so that your resulting managerial assessment will be as precise as possible.

You are asked to evaluate your organization in the questions. To determine which organization to rate, you will want to consider the organization that is managed by your boss, the strategic business unit to which you belong, or the organizational unit in which you are a member that has clearly identifiableboundaries.

The MMAI consists of fifteen questions. Each question has three alternatives. Divide 100 points among these three alternatives depending on the extent to which each alternative is similar to your own organization. Give a higher number of points to the alternative that is most similar to your organization. For example, in question one, if you think alternative A is very similar to your organization, alternative B is somewhat similar, and alternative C is hardly similar at all, you might give 65 points to A, 25 points to B, and 10 points to C. Just be sure your total equals 100 points for each question.

Note, that the first pass through the fifteen questions is labeled "Now". This refers to the way management is practiced at your organization today. After you complete the "Now", you will find the questions repeated under a heading of "Preferred". Your answers to these questions should be based on how you would like the organization to look be managed five years from now.

1. Major decisions are generally made:
NOW

a. by a sole decision-maker, usually the highest-level manager involved in the process.	
b. by a sole decision-maker, usually the highest-level manager involved in the process, but only after discussion and input from those who will be affected by the decision.	
c. jointly by all those who will be affected by the decision.	
TOTAL	**100**

2. Major decisions are generally made:
NOW

a. at the highest levels of the organization.	
b. by the manager closest to the problem or situation.	
c . at the lowest levels of the organization, by those working on the probllem or situation.	
TOTAL	**100**

3. The individuals who are generally acknowledged as the best managers in this organization are those who have:

NOW

a. expertise in a particular functional area of and specific technical skills in some aspect of the business, such as sales, accounting, or production.	
b. expertise in general management, with a high level of interpersonal and relationship skills.	
c. unique individual skills and personal abilities, regardless of functional area of activity.	
TOTAL	**100**

4. The major issue that drives this organization is:

NOW

a. Products/Services–can we provide these in the most efficient way possible?	
b. Customers–can we meet customers' needs through our products/services?	
c. Value–can we maximize the value for our owners, employees, suppliers, and custome	
TOTAL	**100**

5. The dominant concern of management is:

NOW

a. Costs–can we keep our costs as low as possible?	
b. Quality–can we provide the highest quality products or services?	
c. Needs–can we meet the various needs of customers, employees, and owners?	
TOTAL	**100**

6. Promotions and advancement generally go to those with:
NOW

a. high technical skills and satisfactory people skills.	
b. satisfactory technical skills and high people skills.	
c. high technical skills and high people skills.	
TOTAL	**100**

7. The process used to develop managers at this organization is best described as:
NOW

a. "On the Job"–place people into the position and allow them to grow into the job.	
b. "Developmental"–a formal process of training and promotion to grow managers.	
c. "Individualistic"–personal skill enhancement and training, with promotions based upon matching job needs with the skills of available individuals.	
TOTAL	**100**

8. Authority in this organization is:
NOW

a. retained by those in positions of superiority.	
b. delegated as needed to those who need to make decisions for the organization.	
c. shared by those involved in making decisions for the organization.	
TOTAL	**100**

9. The management priority in this company is on:
NOW

a. Results–obtaining maximum business outcomes and performance.	
b. People–making the best use of human resources, achieving maximum individual performance.	
c. Satisfaction–making sure all those associated with the company (customers, suppliers, shareholders, owners, etc.) are satisfied with the organization.	
TOTAL	**100**

10. Information in this organization is:
NOW

a. given out on a "need to know" basis.	
b. shared with those who need to make decisions.	
c. freely available, accessible, and communicated to all in the organization.	
TOTAL	**100**

11. Rewards in this organization are based on:
NOW

a. Performance–how well people perform their assigned jobs or tasks.	
b. Results–the outcomes attributed to people and their efforts.	
c. Skills–the knowledge and abilities that people possess.	
TOTAL	**100**

12. People in this organization most closely identify with:
NOW

a. their specific department or functional area.	
b. their general business unit or profit center.	
c. the overall firm or company.	
TOTAL	**100**

13. People in this organization seem to be primarily devoted to:
NOW

a. the company–they are loyal to the firm.	
b. their specific functional area of responsibility or professional occupation.	
c. their own personal growth and satisfaction.	
TOTAL	**100**

14. The best way to describe the structure of this organization is:
NOW

a. a hierarchy that is highly vertically oriented.	
b. a relatively flat, horizontal hierarchy.	
c. a loose, informal, flexible system of people and projects.	
TOTAL	**100**

15. The primary function of managers in this organization is:
NOW

a. to keep the organization's activities under control, making sure people are doing what they are supposed to be doing.	
b. to develop plans, programs, processes, and techniques to guide organization actions.	
c. to provide general direction and allow members of the organization determine teh best way to carry out their work.	
TOTAL	**100**

1. Major decisions are generally made:
PREFERRED

a. by a sole decision-maker, usually the highest-level manager involved in the process.	
b. by a sole decision-maker, usually the highest-level manager involved in the process, but only after discussion and input from those who will be affected by the decision.	
c. jointly by all those who will be affected by the decision.	
TOTAL	**100**

2. Major decisions are generally made:
PREFERRED

a. at the highest levels of the organization.	
b. by the manager closest to the problem or situation.	
c. at the lowest levels of the organization, by those working on the probllem or situation.	
TOTAL	**100**

3. The individuals who are generally acknowledged as the best managers in this organization are those who have:
PREFERRED

a. expertise in a particular functional area of and specific technical skills in some aspect of the business, such as sales, accounting, or production.	
b. expertise in general management, with a high level of interpersonal and relationship skills.	
c. unique individual skills and personal abilities, regardless of functional area of activity.	
TOTAL	**100**

4. The major issue that drives this organization is:
PREFERRED

a. Products/Services–can we provide these in the most efficient way possible?	
b. Customers–can we meet customers' needs through our products/services?	
c. Value–can we maximize the value for our owners, employees, suppliers, and custome	
TOTAL	**100**

5. The dominant concern of management is:
PREFERRED

a. Costs–can we keep our costs as low as possible?	
b. Quality–can we provide the highest quality products or services?	
c. Needs–can we meet the various needs of customers, employees, and owners?	
TOTAL	**100**

6. Promotions and advancement generally go to those with:
PREFERRED

a. high technical skills and satisfactory people skills.	
b. satisfactory technical skills and high people skills.	
c. high technical skills and high people skills.	
TOTAL	**100**

7. The process used to develop managers at this organization is best described as:
PREFERRED

a. "On the Job"–place people into the position and allow them to grow into the job.	
b. "Developmental"–a formal process of training and promotion to grow managers.	
c. "Individualistic"–personal skill enhancement and training, with promotions based upon matching job needs with the skills of available individuals.	
TOTAL	**100**

8. Authority in this organization is:
PREFERRED

a. retained by those in positions of superiority.	
b. delegated as needed to those who need to make decisions for the organization.	
c. shared by those involved in making decisions for the organization.	
TOTAL	**100**

9. The management priority in this company is on:
PREFERRED

a. Results–obtaining maximum business outcomes and performance.	
b. People–making the best use of human resources, achieving maximum individual performance.	
c. Satisfaction–making sure all those associated with the company (customers, suppliers, shareholders, owners, etc.) are satisfied with the organization.	
TOTAL	**100**

10. Information in this organization is:
PREFERRED

a. given out on a "need to know" basis.	
b. shared with those who need to make decisions.	
c. freely available, accessible, and communicated to all in the organization.	
TOTAL	**100**

11. Rewards in this organization are based on:
PREFERRED

a. Performance–how well people perform their assigned jobs or tasks.	
b. Results–the outcomes attributed to people and their efforts.	
c. Skills–the knowledge and abilities that people possess.	
TOTAL	**100**

12. People in this organization most closely identify with: PREFERRED

a. their specific department or functional area.	
b. their general business unit or profit center.	
c. the overall firm or company.	
TOTAL	**100**

13. People in this organization seem to be primarily devoted to: PREFERRED

a. the company–they are loyal to the firm.	
b. their specific functional area of responsibility or professional occupation.	
c. their own personal growth and satisfaction.	
TOTAL	**100**

14. The best way to describe the structure of this organization is: PREFERRED

a. a hierarchy that is highly vertically oriented.	
b. a relatively flat, horizontal hierarchy.	
c. a loose, informal, flexible system of people and projects.	
TOTAL	**100**

15. The primary function of managers in this organization is: PREFERRED

a. to keep the organization's activities under control, making sure people are doing what they are supposed to be doing.	
b. to develop plans, programs, processes, and techniques to guide organization actions.	
c. to provide general direction and allow members of the organization determine the best way to carry out their work.	
TOTAL	**100**

Thank you for taking the time to complete this assessment.

Scoring Sheet

INSTRUCTIONS: Transfer the number you entered for each question and response (a, b, and c) into the appropriate space on the form. Please note that there are 2 sections, one for the "Now" responses and one for the "Preferred" responses. When you have done so, add up the totals for each column and divide the total by 15 to get an average score.

	NOW			PREFERRED		
	Traditional a	Emergent b	Contemporary c	Traditional a	Emergent b	Contemporary c
1. Decision Technique						
2. Locus of Decisions						
3. Expertise						
4. Driving Force						
5. Concern						
6. Skills Mix						
7. Development						
8. Authority Orientation						
9. Priority						
10. Information						
11. Reward Basis						
12. Managerial Unit						
13. Allegiance						
14. Structure						
15. Prime Function						
TOTAL						
Divide by	15	15	15	15	15	15
Average Score						