

# CHAPTER 2

## The Management Movement

BEFORE YOU READ take an *Overview* of the subject matter by *Assessing Your Prior Knowledge*. AS YOU READ apply the new *Reading Technique*, learn the *Vocabulary*, and complete a *Language Activity*. AFTER YOU READ check your understanding through *Fact and Idea Review*, *Critical Thinking Question*, *Guided Discussion*, *Authentic Assessment*, and *Mini-Quiz*.

### The Power of Cosmic Thinking

by Jennifer Reingold

Can you name the most important American social development of the past 30 years? According to management-theory maverick Peter F. Drucker, it's not the emergence of the computer or the breaking of the traditional bond between employee and employer. Instead, it's the rise of new "mega-churches," which have won thousands of adherents as more traditional organizations have declined. The mega-church, argues Drucker, appeals to the nonchurchgoer by providing a spiritual and communal experience rather than a ritualistic one. Its success comes from understanding why people weren't going to church and appealing to that unserved customer.

Until you read Drucker's latest offering, *Management Challenges for the 21st Century*, you may not think managers can learn much from ministers. But management, argues the octogenarian Drucker, is not simply a business concern: It's a consideration for all groups, from the surgical unit to the corporate behemoth. Moreover, as we end the millennium, he says, most commonly accepted management ideas are inadequate for the changes sweeping the world. Therefore, if we must borrow more from the church than the B-school to create a workable new management structure, then so be it.

Drucker's intent is to get managers to rise above their daily worries and think in more cosmic terms. In large part, he succeeds. In the strong, clear prose we have come to expect from him, Drucker explains why management practices as we know them—along with many of his own theories—have lost their utility, what global events are behind this, and, lastly, how individuals can try to manage themselves in the years to come.

Start with the organization. Although most have used a classic **command-and-control structure** for the better part of this century, we can no longer as-

sume this is appropriate. In a world of knowledge workers (a term coined by Drucker some 30 years ago), in which a young software engineer knows more about his product than his manager, management must flow in two directions. The boss is as dependent on gleaning wisdom from employees as they are on the boss's knowhow. Yet that doesn't mean all organizations must turn to "politically correct" teams. Drucker says the current emphasis on teams may fail—not because they're a bad idea, but because power continues to flow from the top. "We talk incessantly about teams," he says. "Yet we now practice—and not only in American industry—the most extreme **personality cult** of CEO supermen."

Strategy, too, is due for an overhaul, he says, as a result of societal changes that managers rarely consider. **Economic globalization**, for instance, is proceeding—just as many of the world's political and ethnic groups become more **fractious**. Business should respond, he believes, by depending less on mergers and more on alliances that are flexible enough to survive in both a unified global economy and a fragmented political world.

The most important global shift, he thinks, is the decline in most developed countries' birthrates, to around two live births per woman of childbearing age. The resulting worker shortage, he says, will lead to a huge tide of immigration, with its obvious disruptions, and to a leap in the retirement age, to about 79. How, then, to manage older employees, who are neither temps nor full-timers, who have lots of wisdom about the company but aren't on the fast track? Current models don't address this development. Regrettably, Drucker does not come up with an action plan here, but he does ask the questions that should set us on our way.

A chapter on change management begins with the plain-and-simple assertion that it just can't be managed—that one can only strive to stay ahead of events. That's bad news for consultants, who currently are minting money by convincing clients that they can control change. Drucker does, however, provide some common sense on what not to do when trying to change your organization: Don't confuse novelty with innovation, don't confuse motion with action, and be sure to

“pilot,” or test out new ideas first on a small scale. Amid today’s market frenzy, that advice is going largely unheeded, as managers race to take their companies public before their ideas have been fully tested.

It’s worth noting that Drucker himself has piloted some of this book’s material, excerpting portions in *Forbes*, the *Harvard Business Review*, and the *California Management Review* and later using feedback to rework them. That may have helped him clarify his thoughts, but it is disappointing to those who may have expected completely fresh material.

Finally, Drucker narrows his focus, turning from the organization to the knowledge worker. Individuals are living longer and the corporation’s life

span is decreasing. Since that makes it likely that employees will “outlive” their companies, they must also learn to manage themselves. In the post-downsizing world, the concept is hardly revolutionary. Still, Drucker provides helpful and specific advice. For example, figure out whether you are a “reader,” someone who needs to read material to comprehend it, or a “listener,” one who must hear that information first. No, this is not the grandiose stuff we expect from Drucker. But the tips help humanize some of the vast concepts in this powerful book—an accomplishment that’s sadly out of the reach of most management writers.

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## BEFORE YOU READ

### Overview

The management theories and practices handed down from the Industrial Revolution have been undergoing drastic adjustments and more modifications will occur in the 21st century. Society has changed considerably since the initial formation of these ideas, standards, and procedures. In addition, the introduction of the computer and emergence of the Internet has revolutionized the way people do business. As a result, the dynamics of business management has been affected, and the new demands call for a breaking of the traditional bond between employee and employer. Peter Drucker’s book, *Management Challenges for the 21st Century*, explores the changing business world and offers insight into new management solutions.

### Assessing Prior Knowledge

1. Three decades ago, Drucker invented the term, “knowledge worker.” It refers to a lower-ranked employee who might know more about the company’s products or services than the manager. Think of some jobs or situations where an employee might be more knowledgeable than his or her employer or manager. Suggest some reasons why or how this might occur.

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2. What human relations skills do most religious leaders possess that the average business manager might not have? How would these qualities or characteristics be easier to develop in a spiritual leader than in a corporate leader?

## AS YOU READ

### Reading Technique

Imagine that you are the head manager at a company and are considering a change in your management strategies. You decided to investigate current management theories, and the article you are reading is a part of that research. Create a checklist to help you apply this new information to your job by taking notes on the various theories and thinking of ways to utilize your findings.

### Vocabulary

**maverick** A person who refuses to affiliate or who breaks with a regular political party; any person or organization which is unconventional in its actions; refusing to be bound by normal or traditional procedures.

**adherent** A faithful supporter or follower; sticking fast, clinging, or attached.

**communal** Having to do with a community or the common people; public; owned jointly by all; bringing the feeling of kinship derived from a common purpose or endeavor; used or participated in by all members of a group or community

**ritualistic** Having to do with a form or system of rites, or the carrying out of such practices. For example, the rites of baptism, marriage, and burial are parts of the ritual of most churches.

**octogenarian** A person who is 80 years old, or between 80 and 90 years in age.

**corporate behemoth** A very large and powerful company; one that is aggressive in an even animalistic sense.

**command-and-control structure** A system of authority whereby orders and directions flow from the top to bottom, enabling persons of higher rank to exercise authority over those of a lower rank.

**personality cult** The worship of or great devotion to a leader for that individual's distinctive personal characteristics. Corporate leaders are often the objects of such admiration due to personal charm, charisma, professional power, community influence, and/or financial success.

**economic globalization** The science of producing, managing, and distributing goods and services and distribute them amongst themselves. The material welfare of mankind, along with problems relating to it such as capital, labor, wages, prices, tariffs and taxes; to extend, enlarge or spread the subject of economics on an international scale.

**fractious** Easily made angry; cross, fretful, peevish, irritable, snappish, unruly; hard to manage.

**post-downsizing world** A society or community which must deal with the economic aftereffects of widespread corporate *downsizing*, whereby a company dismisses a number of employees for the purpose of reducing its size, scale, or payload.

### Language Activity

Consider the phrase “personality cult.” Brainstorm on what this phrase means to you. Can you think of anyone, either in your social circle or in the media, who might be considered the focus of a “personality cult?” Divide a sheet of paper into two columns. In the first column, write down a list of individuals who seem to fit into the category. In the second column, list the qualities or achievements that make them stand out amongst their colleagues. On the back of the sheet, write a brief paragraph to explain whether or not you admire these individuals, and why or why not.

## AFTER YOU READ

### Fact and Idea Review

1. What does Drucker consider as the most important American social development of the last 3 decades? How does he explain this phenomenon?

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2. In what ways are the classic management theories revolving around the command-and-control structure no longer appropriate?

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3. How does Drucker suggest companies should respond to the changing face of society and the effects of economic globalization?

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4. According to Drucker, what is the most important global shift and how will this development affect management practices?

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### Critical Thinking

Consider the differences between novelty and innovation, and between motion and action. How does it benefit a manager to learn to distinguish these differences when initiating change within a company? What might be the consequences of mistaking novelty for innovation and motion for action?

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### Guided Discussion

Drucker believes that many of today's management ideas are inadequate for changing business needs. As a class, review your knowledge of various past and current management theories and strategies. Discuss each practice individually and decide whether you feel it is outdated or if you think it is still a valid method for running a business. How might it be possible to adapt, alter, or upgrade these theories in order to make them appropriate for the new millennium? Are there any practices that you think should be discarded altogether?

### Authentic Assessment Preparing a Skit

Choose an employer-employee scenario that Drucker has introduced in the article, such as the manager and knowledge worker relationship, or the situation between a manager and an older employee with lots of wisdom but who is not on the fast track.

Working in groups of three or four students, write the dialogue for a short scene to depict the conflicts that may arise between a manager and his employee in the chosen scenario. The skit should be no more than 5–7 minutes.

After each group has presented its skit, discuss the situation portrayed and come up with possible solutions to address the conflicts.

### Mini-Quiz Multiple-Choice Questions

For the following groups of statements, circle the one that is FALSE.

1. a) All ministers have managerial duties.  
b) All managers have ministerial duties.  
c) Managers can look to both ministers and B-schools for guidance.  
d) The ability of mega-churches to fulfill the unserved needs of their adherents can provide a good model for managers.
2. a) A “reader” is someone who needs to read material aloud, rather than silently, in order to comprehend it.  
b) A “listener” is someone who must hear information or material first, before reading it, in order to comprehend it.  
c) A “reader” is someone who needs to read material to understand it.  
d) Figuring out whether someone is a “reader” or “listener” can be important to improving that person’s job performance.
3. a) Economic globalization requires an overhaul in business strategy.  
b) The need to survive in a fragmented political world is demanding a change in how businesses handle mergers and alliances.  
c) Global events and societal changes are causing classic management practices to lose their utility.  
d) The increase in birthrate in third-world countries will create a serious worker shortage in developed nations.
4. a) Change management involves the plain-and-simple assertion that change really can’t be managed.  
b) Change management involves not confusing motion with action.  
c) Change management involves not confusing innovation with action.  
d) Striving to stay ahead of events is a good way to manage change.
5. a) The current emphasis on teams may fail because power continues to flow from the top down.  
b) The current emphasis on teams may fail because they are not politically correct.  
c) The advent of knowledge workers, with management flowing in two directions, is one reason why teams are a viable idea.  
d) Industry’s creation of an extreme personality cult of CEO supermen is one reason why talking about teams is impractical.