

*Management ...
the Arrangement
and Animation of
Human Affairs in
Pursuit of Desired
Outcomes*

**Tom Peters
22 March 2015**

MBA.2015+:

***Master of
Business Arts***

**Tom Peters
22 March 2015**

THE (**REAL**) STORY ON “MANAGEMENT”

What follows is the byproduct of an enhanced (>140 characters) twitter discussion in February 2015 at @tom_peters:

TP: “Management” as conventionally perceived is a dreary/misleading/constrained word. E.g., mgt/standard usage = Shouting (or whispering, if you’re a “Theory Y” aficionado) orders in the slave galley.

Consider, please, a more encompassing/more accurate definition: ***“Management’ is the arrangement and animation of human affairs in pursuit of desired outcomes.”***

TP: Management *not* about Theory X vs. Theory Y/“top down” vs. “bottom up.” It is about the essence of human behavior, how we fundamentally arrange our collective efforts in order to survive, adapt—and, one hopes, thrive.

TP: Quintessential “management doctrine”: **U.S. Constitution!** (Among other things, artfully combines “vision” & “execution” and a full-blown “theory of collective human behavior.”)

(TP: Love the idea of U.S. b-schools teaching so-called “core ‘management’ course” on U.S. Constitution. Three profs: poly sci, econ, psych. Well, one can dream ...)

TP: Constitution Hall/Philadelphia/summer of 1787: Ultimate “board room” debate on “managerial philosophy”—i.e., creation of a bold experimental collectivity, a “democratic” nation, the United States of America.

TP: *U.S. Constitution is the defining doctrine on the merits and demerits of “centralization vs. decentralization”:*

autonomy/innovation/growth (the “big idea”) vs. control/order (a necessary reality). The fathers of the U.S. Constitution included decentralists like Jefferson and Madison, centralists like Adams and Hamilton, and middle-of-the-roaders/pragmatists like Franklin.

(TP: Oddly, the most complete and condensed statement of the underlying values associated with the Constitutional/American experiment were drafted and appended immediately after the fact—that is, the 1st ten Amendments, the so-called Bill of Rights, effectively demanded by the citizenry during the ratification process.)

Twitter respondent: *“Sounds like someone has locked you in a boardroom for a day with a management consultant.”*

TP response to comment: Get your point all too well, as a professional jargon hater, but my goal is to suggest there's nothing pedestrian about "management"—and, hence, there should not be anything pedestrian about the *teaching* thereof and *training* therein. ***It is about the essence of collective human affairs.*** (NB: Man, in our Darwinian adventure, experienced a "disruptive" brief period [such periods/leaps forward are referred to as "punctuated equilibrium"] in which our brains grew like Topsy. The growth was not the genetic addition of logic/incipient math skills; it was primarily the addition of enhanced social skills which enabled us to organize and thus surpass the rest of our fellow creatures. I.e., de facto "management" has been bred in/hardwired!)

TP: Nations are by definition in the "people (citizen) development business." Which necessarily includes an encasement called "national security" (given, alas, a Hobbesian view of humans at their acquisitive-aggressive worst*). (*The drafters of the U.S. Constitution were by and large Hobbesian—much concerned about blunting the downsides of collective behavior. The old battle royal persists. Personally, I abhor authoritarianism—but I am just about equally fearful of anarchy.)

TP: The U.S. Constitution is an exemplar of brevity—and for the subsequent 238 years there has been, as there should

be, a battle royal between “small government” adherents and “big government” adherents. While my politics are largely “liberal,” I must say that I come down squarely on the Philip K. Howard side of the fence; his latest masterpiece is titled, *The Rule of Nobody: Saving America from Dead Laws and Broken Government*. That is, over time sluggishness increases and entropic forces rule. Among other things, this by and large explains the pitiful (accurate word choice) long-term performance of large commercial enterprises; e.g., half of the “Fortune 500” of 1999 had dropped off the list a scant 15 years later.

One sage said that dealing with technology change effectively is less about the technology per se and more about the lagging variable—novel human organizational formats that must be invented to cope with and flourish in concert with the new technology. I would wholeheartedly agree. The Tech Tsunami is exactly that, a tsunami. *But the primary work to be done must focus on people (development thereof in the face of, at the top of the list, charging artificial intelligence) and the organizational arrangements which allow firms to adapt on a dime (as hard a task as exists) and exploit rather than be run over by the technology.* This is a million miles beyond the likes of mere organizational “flattening”/“streamlining” and the “agile movement.”

(“Other”: So where do, say, “leadership” & “culture” & “vision” & “strategy” fit into all this—specifically relative to this newly expansive and overarching definition of “management”? The short if not particularly helpful answer is that all are enormously important parts of the puzzle. Back to the U.S. Constitution: “Vision” is to an extent enshrined in the Constitution; so, too, though perhaps a wee bit less so, “culture.” “Leadership” and its twin, “strategy,” are, in a way, the “execution” elements—how we bring to life this purposeful human organizational arrangement [the “management structure”] described herein. I refuse as a matter of principle to put leadership in an exalted role, though at critical junctures it is of the utmost importance; at such “historic” junctures, sticking again with the Constitution analogy, it is the leader’s premier task to offer—and bring into effect—“Amendments” to the overall human organizing framework. I am reasonably happy to—though you may not be—in this short piece treat each of these variables as essential, but not to be stacked in some enshrined hierarchy of importance. This paper focuses on the overall animating context, the “management structure” as defined here—e.g., our Constitution as case in point. That management structure gets my vote as *primus inter pares*. Disagree? Appalled that anything might outrank leadership? Great! But do kindly give me the honor of thinking about it.)

(The 7 “Ss”/“The McKinsey 7-S

Model”: The enlarged idea of “management” floated here is in many ways a direct descendent of work that I and several colleagues performed at McKinsey & Co. in the late 1970s. McKinsey’s managing director at the time observed severe limitations to the firm’s myopic—God knows, not the term he used—focus on business strategy. Too many times, he said, superb strategies created by McKinsey’s best and brightest amounted to little because of the inability of the client to execute or sustain those strategies. In the past, circa 1975, the firm’s only, or at least principal, response to the strategy implementation failure was to concoct a formal “charts and boxes” organizational structure—these formal and rigidly engineered structures also turned out not to be up to the challenge of getting the job of implementation accomplished and sustained. I, despite my rather junior rank at the time, was handed the task of figuring out what was missing. After three years of hard labor and a serendipitous partnership with McKinsey’s Bob Waterman, later my *In Search of Excellence* co-author, the so-called “McKinsey 7-S Model” emerged. Strategy and structure were not even close to enough, we concluded. Instead, developing an effective and adaptive organization meant dealing with no less than *seven* elements:

Strategy

Structure

Systems

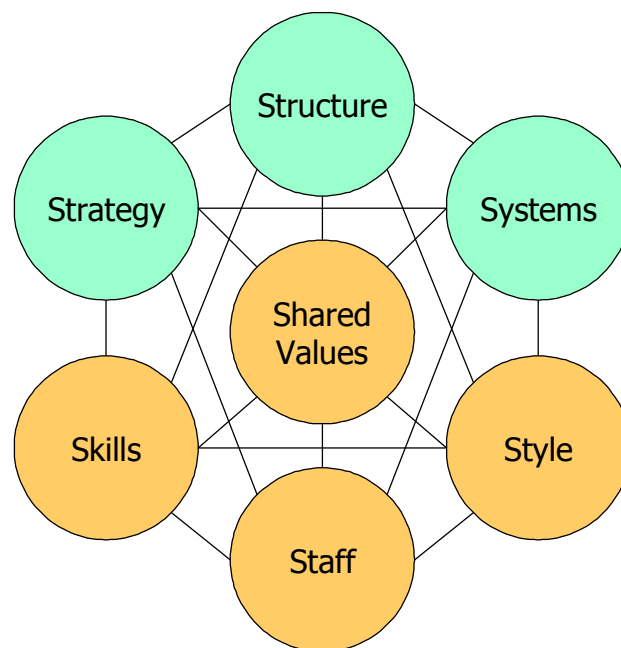
Style (culture)

Staff (people)

Skills (core competencies)

Shared Values (raison d'être)

The model's graphic representation looks like this:



www.themanager.org

It was not just the idea of seven requisite variables that stood out, but the fact that they could be/were classified as “Hard Ss” & “Soft Ss.” To the traditional troika of “hard” attributes—strategy, structure, systems—we added staff (people), style (culture), skills (core competencies), and shared values (raison d’être). We further insisted that there was no precedence among the seven. Deal with all seven—and the dynamic connections among them—or accept the consequences; namely suboptimal short-term performance and long-term failure to adapt to and thrive amidst changing circumstances.

The McKinsey 7-S approach is said by some now to amount to as much as half of the firm’s business. In 2008, a former McKinsey managing director commented to the business press on the 7-S framework as follows: *“The science of management continues to develop as scholars and global business leaders refine their approaches to organizing their enterprises to ensure both profitability and sustainability. There is surely no ‘one size fits all’ solution that can guarantee success in business. However, among the array of techniques and theories that can help strengthen business, I have always found that the 7-S framework offers a sound approach to combining all of the essential factors that sustain strong organizations: strategy, systems, structure, skills, style, and staff—all united by shared values. The 7-S framework remains one of the enduring elements of diligent, focused business management.”*)

A parting thought: Wouldn't it be lovely if our "management" schools could be/chose to be a leading variable rather than a lagging variable in embracing this "tsunami of change"? This paper hardly holds the answer—but perhaps it amounts to a philosophic hint at how "management" (and education associated therewith) might be raised from its pedestrian associations and be reconceived as a discipline at the epicenter of adapting to/exploiting the revolutions with which we are surrounded—from Washington to Wellington, from Wall Street to Main Street.

We could perhaps do little better than start with Peter Drucker's dictum that "management" is *not* a numbers game aiming for "optimization," but instead the quintessential "liberal art."

Anyone keen on MBA as *"Master of Business Arts"*? As I say ... just a thought.

**Patons Rock, New Zealand/
Palo Alto, California**