The BIGGEST Missing Piece in the world of MANAGING PEOPLE

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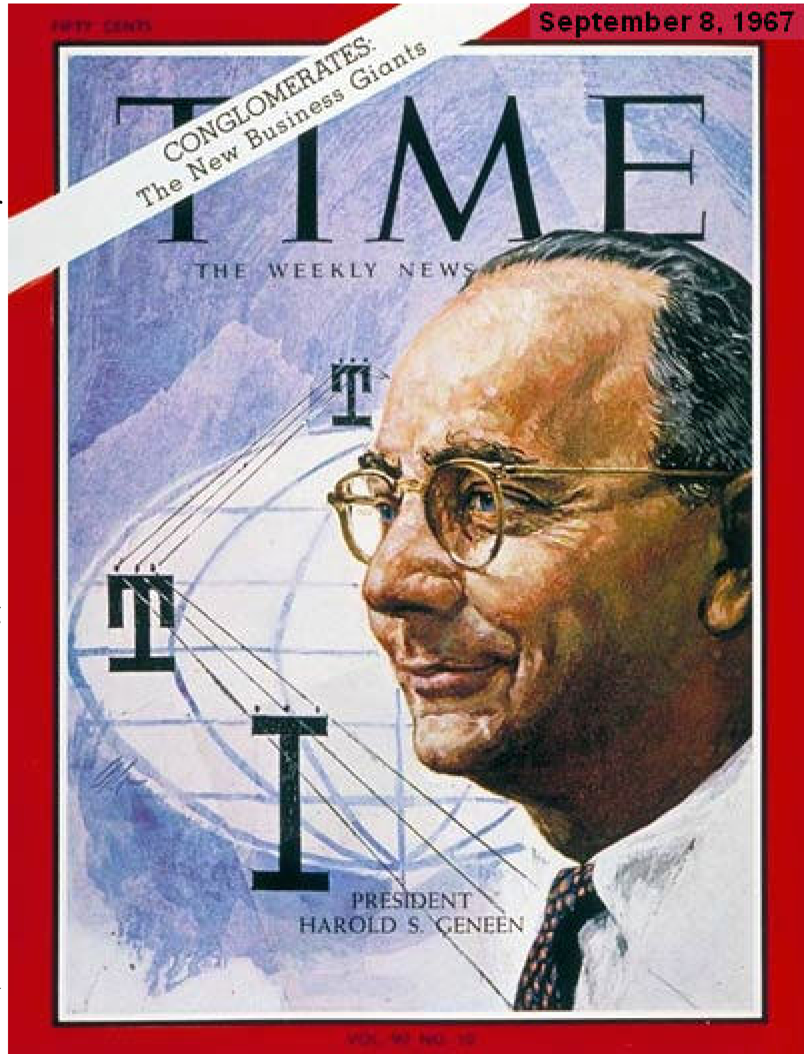

It is a very simple credo, probably the closest thing to the secret of success in business, in professional life, in almost everything you undertake. The strange thing is that in one form or another everyone knows it, and somehow they forget it all the time. Or they think it too simple to be real: ***management must manage.***

Defining our terms, "management" is the team of managers who operate a business, an enterprise, or whatever. "Manage" means to get something done, to accomplish something that you, or the team of managers, set out to do, which presumably is worthy of your effort.

"Must" means *must.* That is the active word in the credo: "must."

Business managers set up a business plan and budget designed to produce satisfactory earnings by the end of a given fiscal period. A business plan is a target you "shoot for." But to "want" to achieve certain year-end results is not enough. Managing means that once you set your business plan and budget for the year, you *must* achieve the sales, the market share, the earnings, and whatever to which you committed yourself.

If you don't achieve those results, you're not a manager. Oh, you may have the title and it may say "Managing Director" or "Vice President" or "Sales Manager" on the door, but in my book you're still not a manager. Things may be happening out there, for better or for worse, but you are not making them happen. You're not managing them. It's not that you're a mediocre or a bad manager. You're not a manager.

Thank you to Stephen Chandler for providing this article.

Consider, for example, three college students, of generally equal intelligence and ability, who want to go on to a graduate school of business administration and become successful, well-paid business executives. The first boy, Cal, figures he will get a B average because he had always done that well before. He attends all his classes, hands in most of his homework assignments, and does what is expected of him. When he gets the flu before final exams one year, his average slips to just above a C. But that wasn't his fault, he says. He figures he will average them out with A's the following year. But something else happens. He misunderstands one question on his exam and brings home a C. One thing or another seems to happen to thwart his most sincere intentions. He graduates with a B-minus average and with a little luck he may make it into a B-minus business school.

The second would-be executive, Al, decides he wants to go to one of the twelve top business schools and for that he needs an A average or something pretty close to that. When he pulls down his first B, he begins to put in three or four hours a night studying, rather than one or two. In his second and again in his third year he slips to one B among all the other A's. He feels chagrined, but he does not know what more he can do about it. So he decides three or four A's and one B each year is not so bad, after all. In his senior year, he receives two A's, one B, and one unexpected C. Then he makes his twelve applications and crosses his fingers. He hopes for the best. Whether or not he will get into one of the top schools now depends upon his competition as much as upon his own grades.

The third boy decides that he wants to go to the Stanford or the Harvard Business School and no other, and for that he will need straight A's. Let's call him Hal – somehow the name has a nice ring to me. He knows in his gut that he must get straight A's. He studies three, four, or five hours every night so that when he goes into an exam he will be confident that he knows his subject. In his senior year, with a straight-A average, he gets into trouble with one subject, advanced accounting. At the end of the first quarter he is struggling for a B. He studies harder. Midyear, he still has a B-minus average in that subject. What can he do? He does some outside reading, beyond his assignments. He still cannot master that subject. He appeals to his professor for help. The professor, however sympathetic, has no time for him. What can he do? His friends, Cal and Al, scoff at his concern. One B in four years is not so bad. But Hal has set his heart upon his goal. He *must* get that A in advanced accounting. He swallows his pride and finds a graduate student to tutor him; he burns the midnight oil; he thinks things through; he works hard. And, of course, he gets his A; he gets into the school of *his* choice.

In my estimation, the first two boys were not managers. Cal just drifted along. Al did set out to achieve certain goals and was sincere in his efforts, but he allowed events to overtake him. Whatever success either boy might find would depend upon what is generally called "luck." If no one else did any better, they might scrape through. The third boy, Hal, *was a manager before he even reached business school.* Instinctively, he had grasped the essentials of good business management, not because he worked so hard at his studies, but because when one action failed, he tried another . . . until he achieved his goal. That's managing.

If and when Cal, Al, and Hal take their places in the business world, they undoubtedly will fit into the notches of management already carved out by men like them. Cal will lope along with

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low standards of achievement; Al will become a conscientious plodder with little imagination; and Hal, bless him, will scale the heights at companies like ITT.

In the business world, everyone is always working at legitimate cross-purposes, governed by self-interest. Customers plead for lower prices; suppliers demand higher prices; unions press for higher wages; stockholders want more and more earnings. The competition is trying to market a better product at a lower cost. Your job as a manager is to manage all of that, and more, and to finish the year with results that satisfy those cross-purposes as well as the goals you set for yourself and your own company. In business there always will be problems and your job as a manager is to solve them. If you try twenty-two ways to solve one problem and still fail, then you must try the twenty-third way. But your attitude should be: “I'm going to stay here all night if I have to, but I'm going to solve that problem.”

Though I've done it often and recommend it at times to others, spending all night in your office is not the essential point; solving the problem is. Results are important in management. If you can solve your problem with two winks and the wave of a hand, well and good. You work through the night only because it takes you that long to find an answer that will solve the problem and satisfy you. The results will show up on your P&L sheet at the end of the quarter and at the end of the year. “Management must manage” means that you *must* get those results!

Almost no one in business will argue with that attitude, but it is perfectly obvious that a lot of people in corporate life talk that way but do not act that way. Middle management reports to top management: “Sorry, chief, we couldn't pull it off, but we came close, and let me tell you what we ran into . . .” And so the report goes up the ranks from this division and that division, and the chief executive reports to his board of directors: “I'm awfully sorry to have to report . . .”

An experienced chief executive can choose from among a thousand good, plausible explanations for a no-fault rationale of why the company failed to achieve the results he had promised at the beginning of the year. His report to the board and his annual report to the stockholders will be a masterpiece of cool logic and reason. He can blame the company's troubles on a downturn in the national economy, inflation, shortages in supplies, the weather, a new technology, foreign competition . . . or a combination of any of the above. In fact, most often his rationale will be irrefutable because his bottom line almost always is: “It could have been worse.” He often heaps praise upon his management team for having done so well in the face of such terrible, adverse conditions. You can read such explanations in thousands of corporate annual reports each year.

However, if you believe that *management must manage,* then all those perfectly logical explanations do not count. The only thing that counts is that the desired results were achieved or that they were not achieved.

But most people do not believe that. Managers in all too many American companies do not achieve the desired results because nobody makes them do it. Explanations and rationalizations are all too readily accepted. They are even expected. Everyone knows it. The company president sets a sales goal and the sales manager and all his salesmen know that he will accept 80 percent of that figure, and that's all they will give him. In fact, if they go over that 80 percent figure, some of them will hide those sales so that they can use those figures for the next year, when they

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know the quotas will be raised. It happens all the time. You get what you expect to get. Seldom, if ever, do you get more.

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The primary difference between an entrepreneur and a professional business manager, generally speaking, is one of attitude. The entrepreneur, especially when starting out, knows that he is operating on the threshold of success or failure. A single mistake can ruin him. He can't afford that single mistake. He has to reach a certain market, make a stipulated amount of sales, and earn enough money to carry him forward. While others leave the office at five o'clock , he stays behind and works to solve those problems that beset his business. He must manage. He takes his problems home with him. He lives his business twenty-four hours a day.

The professional business manager all too often loses that sense of commitment, if he had it in the first place. All too often, he manages by the book. He relies upon the knowledge that he is working for a company large enough to absorb a number of mistakes. The professional manager does not set out to make mistakes or to succumb to a bad turn in the market place. He wants to succeed. Subconsciously he allows himself what he considers a reasonable margin of error. But that margin usually is far wider than that of the entrepreneur running his own business. And that margin of error is accepted! The plant manager or sales manager explains the situation to the division manager and he explains to the vice president and the president explains to the board of directors. Out come all the logical, rational excuses and they are accepted. What we have here, to my mind, is an attitude of permissiveness which allows management the luxury of not managing.

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As the years went on, every time we acquired a new company we would give a welcoming dinner for the new company's management and we would talk about our goal of at least 10 percent annual growth. It did not make any difference if times were good or bad. When they were good, we should be able to make our goal easily; when they were bad, we had to work harder. But we had to make our goal each and every year. That was the message. And the new company managements believed us, because they knew that we meant what we were saying.

Now, it must be understood that we were not *ordering* these men to increase their earnings by 10 to 15 percent each year. We were telling them that we were all going to do it together, that the headquarters management team, including the chief executive, was there to help them achieve these goals. In short, we were all in the same boat, sink or survive, and we all would be rowing very hard, but in the end it would all prove to be worthwhile for all of us.

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