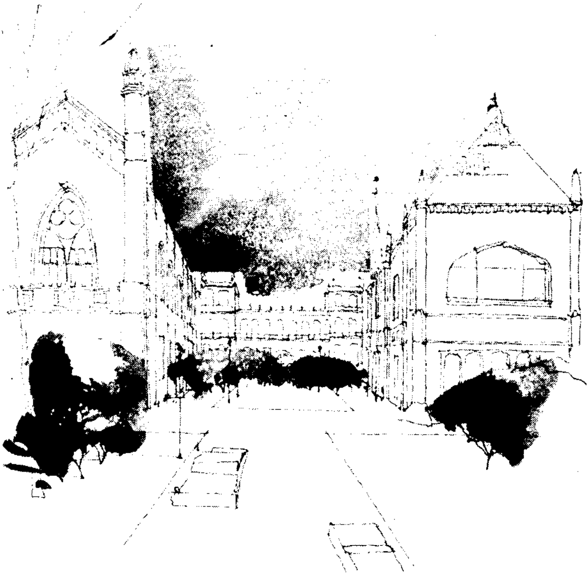
Selected Papers * No. 26

Good Managers Don't Make Policy Decisions

By H. EDWARD WRAPP



GRADUATE SCHOOL OF BUSINESS
UNIVERSITY OF CHICAGO

H. EDWARD WRAPP is Professor of Business Policy and former Associate Dean for Management Programs at The University of Chicago's Graduate School of Business. A 1938 graduate of the University of Notre Dame, he received his M.B.A. and D.C.S. degrees from Harvard in 1948 and 1952. His major areas of interest are management development, formulation and implementation of corporate strategy, and judgment of managerial performance. He is a member of the board of five corporations: Imperial-Eastman of Chicago, Welch Scientific Company of Chicago, Atkins and Merrill of Boston, Automation Engineering Laboratories of Stamford, Conn., and Standard Screw Company of Hartford, Conn. Mr. Wrapp is a former Professor of Business Administration at Harvard University. This paper was initially presented at an Executive Program Club Luncheon at the Pick-Congress Hotel, Chicago, April 27, 1967, and appeared in the Harvard Business Review.

Good Managers Don't Make Policy Decisions

THE UPPER REACHES of management are a land of mystery and intrigue. Very few have ever been there, and the present inhabitants frequently send back messages, incoherent both to other levels of management and to the world in general.

The fragmentary reports from the world of the top manager often produce caricatures of the hardy types who reach for the general management rungs on the ladder. For example, the literature on management produces such widely held notions as these: that life gets less complicated as you reach the top of the pyramid. The manager at that level knows everything that's going on in the organization, can command whatever resources he needs, and therefore can be more decisive. Another description pictures the general manager's day taken up with making broad policy decisions; a related version is that he spends most of his time formulating objectives. Still another identifies his primary activity as conceptualizing long range plans; or, in a large company, he may be seen meditating about the role of his organization in society.

I suggest that none of these versions alone, or in combination, is an accurate portrayal of what the general manager does. Perhaps students of the management process have been overly eager to develop a theory and a discipline. As one executive puts it, "I guess I do some of the things described in the books and articles, but the descriptions are lifeless and my job isn't."

Before proceeding with my own interpretations of what goes on at the general management level, I hasten to assure you that this paper is based on research. My generalizations derive from working closely with many managers in many different companies. In truth, the managers were not preselected with research in mind. Never did I tell the manager that he was being studied, nor was I in fact studying his behavior. Research was not the purpose of our relationship. We were collaborating to solve some real problem.

Strange Results

Researching the management process when the manager is aware that he is being studied sometimes produces strange results. Rarely is a good manager able to think objectively about the management process as it is exemplified in his own methods. When he tries to explain to someone who is, in effect, observing him, the manager feels compelled to develop rational, systematic explanations of how he does his job, explanations which in my opinion are largely fictional.

You cannot expect a manager to describe his methods even if he understands them. They border on manipulation, and the stigma associated with manipulation can be fatal. If ever the organization identifies you as a manipulator, your job becomes more difficult. No one willingly submits to manipulation, and those around you organize to protect themselves. And yet every good manager is deep in this dilemma.

My definition of a good manager is a simple one. Under competitive industry conditions, he is able to move his organization significantly toward the goals he has set, whether measured by higher return on investment, product improvement, development of management talent, faster growth in sales and earnings, or whatevec

Remember, this definition does not refer to the administrator whose principal role is to maintain the status quo in a company or in a department. Keeping the wheels turning in a direction already set is a relatively simple task compared to that of refereeing the introduction of a continuing flow of changes and innovations, and preventing the organization from flying apart under the pressure.

Considering this group of managers in action, on the job, what common characteristics do the successful ones exhibit? Do patterns seem to recur? Let me try to identify five skills or characteristics which seem to me significant:

Keeps Informed

First, each of my heroes has a special talent for keeping himself informed about a wide range of operating decisions being made at different levels in the company. As he moves up the ladder, he develops a network of information sources in many different departments. He cultivates these sources and keeps them open no matter how high he rises in the organization. When the need arises, he bypasses the lines on the organization chart to seek more than one version of a situation.

In some instances, especially when they suspect he would not be in total agreement with their decision, his subordinates will elect to inform him in advance, before a decision is announced. In these circumstances, he is in a position to defer the decision, or redirect it, or even block any further action. On another kind of problem, the general manager may learn after the fact that some decision has been made and implemented. The skillful manager will ordinarily leave to members of his organization the judgment to decide at what stage they inform him.

Top level managers are frequently criticized by lower levels of management, writers, and consultants because after promotion they continue to enmesh themselves in operating problems rather than to withdraw to the “big picture." Without any doubt, some managers do get lost in a welter of detail. Not only do they dig into detail, but they insist that they make all the decisions. Superficially, the good manager may seem to be caught in the same web, but his purposes are different. He knows that only by keeping well informed about the decisions being made can he avoid the sterility so often found in those who isolate themselves from operations. Many top executives who follow the advice to free themselves from operations soon find themselves subsisting on a diet of abstractions with the choice of what they eat in the hands of their subordinates.

As Kenneth Boulding puts it, "The very purpose of a hierarchy is to prevent information from reaching higher layers. It operates as an information filter, and there are little wastebaskets all along the way."

A real-life example which illustrates skillful management is that of one company president who sensed that his vice presidents were insulating him from some of the vital issues being discussed at lower levels. He accepted a proposal for a formal management development program primarily because it afforded him an opportunity to discuss company problems with middle managers several layers removed from him in the organization. By meeting with small groups of these men in an academic setting, he learned much about their preoccupations, and also those of his vice presidents. And in this instance he accomplished his purposes without undermining line authority.

Certain managers seem to be able to respond almost immediately with a well-reasoned position on most of the problems and proposals coming to them. The explanation may rest not so much with a superior intellect as with a well-cultivated information network which gives an early warning and permits advance preparation.

The second characteristic or skill of the good manager is an ability to save his energy and hours for those few particular issues, decisions or problems to which he should give his personal attention. There is a fine and subtle distinction between keeping fully informed about operating decisions and allowing the organization to force you into participating in them, or even worse, making them.

Choosing the Issues

The good manager knows that he can bring his special talents to bear on a limited number of matters. He therefore chooses those which he believes will have the greatest long-term impact and those where his own special talents can be most productive. Under ordinary circumstances he will limit himself to three or four major objectives during any single time period.

As he spots certain situations emerging from the organization, he will elect to become involved in the decision-making process. On the others, he will assure that the organization keeps him informed at various stages, but he will refrain from active participation. Unless this skill is exercised with great expertise, he may be accused of indifference to those issues which he keeps at arm’s length. He trains his subordinates not to bring matters to him for decisions. The communication to him from below is essentially one of “here is our sizeup and here’s what we propose to do.”

The manager is in a position to delay a course of action when he is informed prior to action, but in practice he seldom does hold up what his subordinates propose to do. His hearty encouragement is reserved for those projects which hold superior promise of a contribution to total corporate strategy. He simply acknowledges receipt of information on most matters. When he sees a problem where the organization needs his help, he finds ways to transmit his know-how short of giving orders, usually by asking perceptive questions.

Power Structure

The third skill is the manager's sensitivity to the power structure in the organization. In considering any one of the major and current proposals, he can plot the position of the various individuals and units in the organization on a scale ranging from complete, outspoken support down to determined, sometimes bitter and oftentimes well cloaked opposition. In the middle of the scale is an area of comparative indifference. Usually, several aspects of a proposal will fall into this area, and here is the area where the manager can operate. He assesses the depth and nature of the blocs in the organization. His perception permits him to move through what I call corridors of comparative indifference. He seldom challenges when a corridor is blocked, preferring to pause until it has opened up.

Related to this particular skill is the good manager's recognition of the need for a few trial balloon launchers in the organization. He knows that the organization will tolerate only a certain number of proposals which emanate from the apex of the pyramid. No matter how sorely he may be tempted to stimulate the organization with a flow of his own ideas, he recognizes the advantages of cultivating trial balloon launchers or idea men in different parts of the organization. As he studies the reactions of key individuals and groups to the balloons these men send up, he is able to make a better assessment of how to limit the emasculation of the various proposals.

Seldom, too, does he find a proposal which is supported by all quarters of the organization. The emergence of strong support in certain quarters is almost certain to evoke strong opposition in others.

Consider this example of a vice president who for some time had been convinced that his company lacked a sense of direction and needed a formal long-range planning activity to fill the void. Up to now, his soft overtures to top management had been rebuffed. And then, he spotted an opening.

A management development committee had proposed a series of week-end meetings for second-level officers in the company. After extensive debate, but for reasons not announced, the president rejected this proposal. The members of the management development committee openly resented what seemed to them an arbitrary rejection. The vice president, sensing a tense situation, suggested that the same officers who were to have attended the week-end management development seminars be organized into a long-range planning committee. The timing of his suggestion was perfect. The president, looking for a bone to toss the committee, acquiesced immediately, and the management development committee in its next meeting enthusiastically endorsed the idea.

This vice president had been conducting a kind of continuing market research to discover how to sell his long-range planning proposal. His previous probes of the “market” had told him that the president’s earlier rejections of his proposals were not so final as to preclude an eventual shift in the corridors. He caught the committee in a similar conciliatory mood and his proposal rode through with colors flying.

As a good manager stands at a point in time, he can identify a set of goals, albeit the outline may be pretty hazy at times. His timetable, which is also pretty hazy, suggests that some must be accomplished sooner than others; and that some may be safely posrponed for several months or years. But at this point the manager has a still hazier notion of how he can reach these goals. He assesses key individuals and groups. He knows that each has its own set of goals, some of which he understands rather thoroughly, others which he can only speculate about. He knows also that these individuals and groups represent blocks to certain programs or projects and that these points of opposition must be taken into account. As the day-today operating decisions are made, and as proposals are responded to both by individuals and groups, the manager perceives more clearly where the corridors of comparative indifference are.

Avoiding Specifics

The fourth skill is the ability of the manager to satisfy the organization that it has a sense of direction, but without ever getting himself committed publicly to a specific set of objectives. This is not to say that the good manager does not have objectives, both personal and corporate, long term and short term. They are significant guides to his thinking, and he modifies them continually as he better understands the resources he is working with, the competition, and the changing market demands.

But as the organization clamors for statement of objectives, these are samples of what they get back:

"Our company aims to be number one in its industry"

"Our objective is growth with profit"

"We seek the maximum return on investment"

"Management's goal is to meet its responsibilities to stockholders, employees and the public"

In my opinion, statements such as these provide almost no guidance to the various levels of management, and yet they are quite readily accepted as objectives by large numbers of intelligent people.

Why does the good manager shy away from precise statements of his objectives for the organization? There are many good reasons for not being more precise. The main reason is that he finds it impossible to set down specific objectives which will be relevant for any reasonable period into the future. Conditions in business change continually and rapidly, and corporate strategy must be revised to take the changes into account. The more definite the statement of strategy for the organization, the more difficult it becomes to persuade the organization to turn to different goals. Even if management were capable of this kind of master planning, before it could get the objectives comprehended by the organization, the targets would have shifted.

The public and the stockholders must perceive the organization as having a well-defined set of objectives and a clear sense of direction. But in reality the good top manager is seldom so certain of the direction in which he should take the organization. Better than anyone else, he senses the many, many threats to his company, threats which lie in the economy, the actions of competitors, and not least within his own organization. Better than anyone else, too, he knows that he is continually on the tenterhooks of whether to pause and reevaluate or to forge ahead.

Communication by Consistency

The skillful manager also knows that objectives are impossible to state clearly enough so that everyone in the organization understands what they mean. They get communicated only over time by a consistency or pattern in operating decisions. In instances where precise objectives are spelled out, the organization interprets them so they fit its own needs.

The subordinates who keep pressing for more precise objectives are in truth working against their own best interests. Each time the objectives are stated more specifically, the subordinate's range of possibilities for operating is reduced. The narrower field means less room to roam and to accommodate the flow of ideas coming up from his part of the organization.

The good manager's reluctance extends into the area of policy decisions. He seldom makes a forthright statement of policy. Some executives spend more time in arbitrating disputes caused by stated policies than in moving the company forward. The management textbooks contend that well-defined policies are the sine ***qua*** non of a well-managed company. My research does not bear out this contention.

The president of one company deliberately leaves the assignments of his top officers vague and refuses to define policies for them. He passes out new assignments with seemingly no pattern in mind and consciously sets up competitive ventures among his subordinates. His methods, though they would never be sanctioned by a classical organization planner, are deliberate and, incidentally, quite effective.

Evolving Policies

Since good managers don't make policy decisions, does this mean that well-managed companies operate without policies? Certainly not, but the policies are those which evolve over time from an indescribable mix of operating decisions. From any single operating decision might have come a very minor dimension of the policy as the organization now understands it. It's the patterns as they emerge from a series of decisions which set up guidelines for various levels of the organization.

The skillful manager resists the urge to write a company creed or to compile a policy manual. Preoccupation with detailed statements of corporate objectives and departmental goals, comprehensive organization charts and job descriptions-this is often the first symptom of an organization in the *early* stages of atrophy.

The "management by objectives" school, so widely heralded in recent years, suggests that detailed objectives be spelled out at all levels in the organization. This method is feasible at lower levels of management, but it becomes unworkable at the upper levels. In his own mind, the good top manager must think out objectives in detail, but ordinarily some of the objectives must be withheld, or at least communicated to the organization in modest doses. A conditioning process, which may stretch over months or years, is necessary in order to prepare the organization for radical departures from what it is already striving to attain.

Take, for example, the president who is convinced that his company must phase out of the principal business it has been in for thirty-five years. Although this has become one of his objectives, he cannot disclose it even to his vice presidents, whose total know-how is in the present business. A blunt announcement that the company was changing horses would be too great a shock for most of them to bear. And so he begins moving toward the objective of altering the existing business, but without *a* disclosure to his management group.

If the manager attempts to spell out his objectives in detail, a task which is almost impossible to accomplish, perhaps his major accomplishment will be to complicate the task of reaching those objectives. Specific, detailed objectives simply give the opposition an opportunity to organize its defenses.

And now we come to the fifth and most important skill, the ability to discern opportunities and relationships in the stream of operating decisions which flow past the general manager each day. In reviewing the activities of the organization, he suggests modest alterations which **move** the **organization in** small increments toward the goals he has set. He understands the concept of marginal increments which was introduced to business management by the economist. He recognizes the futility of trying to push total packages or programs through the organization. He is willing to take less than total acceptance in order to achieve modest progress toward his goals.

Piecing Particles

The good manager then, avoiding debates on principles, tries to piece together particles, which may appear to be incidentals, into a program which moves at least partially toward his objectives. His attitude is based upon optimism and persistence. Over and over, he says to himself, "there must be some parts of this proposal on which we can capitalize."

Whenever the manager identifies relationships among the different proposals before him, he knows that they present opportunities for combination and restructuring. It follows that the good manager is a man of wide ranging interests and curiosities. The more things he knows about, the more opportunities he will have to discover parts which are related. This process does not require great intellectual brilliance or unusual creativity. The wider ranging his interests, the more likely he will be able to tie together several unrelated proposals. He is skilled as an analyst, but even more talented as a conceptualizer.

If the manager has built a solid organization, it will be difficult for him to come up with an idea which no one in the organization has ever thought of before. His most significant contribution may be that he can see relationships which no one else has seen.

Take this example of a division manager who had set as one of his objectives, at the **start** of a year, an improvement in product quality. At the end of the year, in reviewing his progress toward this objective, he could identify three significant events which had brought about a perceptible improvement.

Early in the year, the head of the quality control group, a long-service manager who was doing only an adequate job, asked for assignment to a new research group. Opportunity number one permitted the division manager to install a promising young engineer in this key spot.

A few months later, opportunity number two came along. The personnel department proposed a continuous program of checking the effectiveness of training methods for new employees. The proposal was acceptable to the manufacturing group. The division manager's only contribution was to suggest that the program should include a heavy emphasis on the employee's attitude toward quality.

A third opportunity came along when one of the division's best customers discovered that the wrong material had been used for a large lot of parts. The heat generated by this complaint made it possible to institute a completely new system of procedures for inspecting and testing raw materials.

As the division manager reviewed the year's progress on product quality, these were the three most important developments. None of them could have been predicted at the start of the year, but the division manager was quick to see the potential in each as it popped up in the day-to-day operating routines.

Change Essential

The good manager can function effectively only in an environment of continual change. A cartoonist in ***Saturday Review*** has caught the idea as he pictures an executive seated at a massive desk instructing his secretary to "send in a deal. I feel like wheelin'." Only with many changes in the works can the manager discover new combinations of opportunities and open up new corridors of comparative indifference. His stimulation to creativity comes from trying to make something useful of the proposal or idea in front of him. He will make strategic change a way of life in the organization and continually review the strategy even though current results are good.

Charles Lindblom has written an article with an engaging title "The Science of Muddling Through." In this paper he describes what he calls "the rational comprehensive method" of decision-making. The essence of this method is that the decision-maker, for each of his problems, proceeds deliberately and one step at a time to collect complete data, to analyze the data thoroughly, to study a wide range of alternatives, each with its own. risks and consequences, and finally to formulate a detailed course of action. Lindblom immediately dismisses "the rational comprehensive method" in favor of what he calls "successive limited comparisons." He sees the decision-maker as comparing the alternatives which are open to him to see which most closely meets the objectives he has in mind. Since this is not so much a rational process as an opportunistic one, he sees the manager as a muddler, but a muddler with a purpose.

Ansoff in his book on corporate strategy espouses a similar notion as he describes what he calls the "cascade approach." In his view, possible decision rules are formulated in gross terms and are successively refined through several stages as the emergence of a solution proceeds. This process gives the appearance of solving the problem several times over, but with successively more precise results.

Both of these authors are moving us closer to an understanding of how managers really think. The process is not highly abstract, as a manager searches for means of drawing into a pattern the thousands of incidents which make up the day-to-day life of a growing company-

Leadership Concept

It is interesting to notice, in the writings of several students of management, the emergence of the concept that, rather than to make decisions, the leader's principal task is to maintain operating conditions which permit the various decision-making systems to function effectively. The supporters of this theory, it seems to me, overlook the subtle turns of direction which the leader can provide. He cannot structure their balanced judgments if he simply rubber-stamps the decisions of his subordinates. He must have weighed the issues and reached his own decision.

Cyert and March contend that in real life managers do not consider several possible courses of action, that their search ends once they have found a satisfactory alternative. My sample of good managers is not guilty of such myopic thinking. Unless they were mulling a wide range of possibilities, they could not come up with the imaginative combinations of ideas which characterize their work.

Ordinarily, the manager needs time in order to fit the pieces together. While his subordinates may attribute the delays to procrastination or indecision, in fact a skillful manager may be at work.

Many of the articles about successful executives picture them as great thinkers who sit at their desks drafting master blueprints for their companies. The successful top executives I have seen at work do not operate this way. Rather than produce a full-grown decision tree, they start with a twig, help it grow, and ease themselves out on the limbs only after they have tested to see how much weight the limbs can stand.

My picture of the general manager has him as sitting in the midst of a continuous stream of operating problems. His organization presents him with a flow of proposals to deal with the problems. Some of the proposals are contained in voluminous, well-documented, formal reports; some are as fleeting as the walk-in visit from a subordinate whose latest inspiration came during the morning's coffee break. Feeling no compulsion to classify his problems, he knows how meaningless it is to say, "This is a finance problem, or that is a communications problem." He is, in fact, undismayed by a problem that defies classification. As the late Gary Steiner put it, "he has a high tolerance for ambiguity."

In considering each proposal, the general manager tests it against at least three criteria: First, will the total proposal, or more often will some part of the proposal, move the organization toward the objectives he has in mind? Second, how will the whole or parts of the proposal be received by the various groups and subgroups in the organization? Where will the strongest opposition come from, which group will furnish the strongest support, and which will be neutral or indifferent?

Third, how does the proposal relate to programs already in process or currently proposed? Can some parts of the proposal now in front of him be added on to a program already under way or can they be combined with all or parts of other proposals in a package which can be steered through the organization?

Manager at Work

As another example of a general manager at work, let me describe for you the train of events which led to a parent company president's decision to attempt to consolidate two of his divisions. We'll call him Mr. Brown.

The story began when the manager of Division A came to him with a proposal that his division acquire a company whose founder and president we'll call Johansson. Johansson's record of inventing new products was phenomenal, but earnings in his company had been less than phenomenal. Johansson's asking price for his company was high when evaluated against the earnings record.

Not until Mr. Brown began to speculate on how Johansson might supply fresh vigor for new products in Division A did it appear that perhaps a premium price could be justified. For several years Brown had been unsuccessful in stimulating his division manager to see that he must bring in some new products to replace those that were losing their place in the market.

The next idea which came to Brown was that Johansson might invent not only for Division A but also for Division B. As Brown analyzed how this might be worked out organizationally, he began to think about the markets being served by Divisions A and B. Over the years, several basic but gradual changes in marketing patterns had occurred and today the marketing considerations which had dictated the establishment of separate divisions no longer prevailed. Why continue to support the duplicated overhead expenses in the two divisions? As Brown weighed the issues, he concluded that by consolidating the two divisions he could also shift responsibilities in the management groups in ways that would strengthen them overall.

If you were asked to evaluate Mr. Brown's capabilities how would you respond? Putting aside the objection that the information is too sketchy, the tendency would be to criticize Brown. Why did he not identify the changing market patterns in his continuing review of company position? Why did he not force the issue when the division manager failed to do something about new product development?

As I analyzed the gyrations in Brown's thinking, one characteristic kept reappearing. He kept searching for the follow-on opportunities which he could fashion out of the original proposal, opportunities which would stand up against the criteria mentioned, namely: his objectives for the organization; the loci of opposition, support, indifference; and the relationships between the various elements in this new proposal and the things already being done in day-to-day operations.

Search for Opportunities

In my book, Brown would rate as an extremely skillful general manager. And remember that my narrative has taken us only to a point where he had made a decision as to what he thought would be best for the company. He has not disclosed his conclusions to any one else. Now begins the search for opportunities that will permit him to bring off the consolidation. For example, he suspects that a direct proposal from him would be rejected. On the other hand, he believes that discussion of the acquisition might very well provide exposures which would bring other members of the organization to the same conclusion as his.

Reviewing briefly the five skills of the general manager:

Skill One: Keeping open many pipelines of information. No one will quarrel with the desirability of an early warning system which provides varied viewpoints on an issue. The difficulty comes in that very few managers know how to ***practice*** this skill, and the books on management add precious little to our understanding of the techniques which make it practicable.

Skill Two: Concentrating on a limited number of significant issues. No matter how skillful the manager is in concentrating his energies and talents, he is inevitably caught up in a number of inconsequential duties. Active leadership of an organization demands a high level of personal involvement, and personal involvement brings with it many time-consuming activities which have an infinitesimal impact on corporate strategy.

Skill Three: Identifying the corridors of comparative indifference. Are there inferences here that the good manager has no ideas of his own, stands by until his organization proposes solutions, that he never uses his authority to force a proposal through the organization? Such inferences are not intended. The key message is that a good organization will tolerate only so much direction from the top; the good manager therefore is adept at sensing how hard he can push.

Skill Four: Giving the organization a sense of direction with open-ended objectives. In assessing this skill, keep in mind that I am talking about top levels of management. At lower levels, managers should be encouraged to write down their objectives if for no other reason than to ascertain if their objectives are consistent with corporate strategy.

Skill Five: Spotting opportunities and relationships in the stream of operating problems and decisions. Lest you may have concluded from the description of this skill that the good manager is more an improviser than a planner, let me assure you that he is a planner and that he encourages planning by his subordinates.

Frustration for Planners

Interestingly, professional planners may be irritated by a good general manager. Perhaps in this paper they can find a partial explanation for their frustrations. Most of them complain about the lack of vision of top management. The planners devise a master plan, but the president seems to ignore it, or to give it minimum acknowledgment by borrowing bits and pieces for implementation.

Many planners seem to think that they need only to draw up a master plan and present it to top management, and its power will be obvious to everyone and its implementation automatic. The general management level executive, however, knows that even if the plan is sound and imaginative, the job is only begun. The long, painful task of implementation will depend upon his skill, not that of the planner.

In conclusion, if this analysis of how skillful general managers think and operate has validity, then it is of significance for several groups in business as well as for educators who are training men and women for management.

The investment community is giving increasing attention to sizing up the management of a company being appraised. Thus far, the analysts rely mainly on results or performance rather than on a probe of management skills. Current performance can be affected by many variables, both favorable and unfavorable, and is a dangerous base for predicting what the management of a company will produce in the future. Testing the key managers of a company against the five skills holds promise for evaluating the caliber of a management group.

Why Acquisition?

In today's frenzy of acquisitions and mergers, why does a management usually prefer to acquire a company rather than to develop a new product and build an organization to make and sell it? One of the reasons can be found in the way a general manager thinks and operates. He finds it difficult to sit and speculate theoretically into the future as he and his subordinates fashion a plan to exploit a new product. He is much more at home in taking over a going concern, even though he anticipates he will inherit many things he doesn't want. In the day-to-day operation of a going concern, he finds the milieu to maneuver and conceptualize.

Incidentally, I believe that both the manager who is building his own company **and** the man who is moving up through the hierarchy of a larger organization require essentially the same capabilities for success. The five skills are fundamental to the manager with commitment in either situation.

Scarcely any manager in any business can escape the acutely painful responsibility to identify men with potential for growth in management and to devise methods for developing them for broader responsibilities. Few line managers or staff professionals have genuine confidence in the yardsticks and devices they use now. The five skills offer possibilities for raising an additional set of questions about management appraisal methods, job rotation practices, on-the-job development assignments, and the curricula of formal in-house management development programs.

One group of distinguished executives ignores with alarming regularity the implications of the five skills. These are the presidents of multi-division companies who promote successful division managers to the parent company level as staff officers. These "promotions" frequently put line managers on the sidelines and out of the game for the rest of their careers. Removed from the tumult of operations, the environment which I contend is critical for their success, they may never become effective in their new roles.

Does this recurring phenomenon of organizational arrangements at the parent level in well managed companies cast doubt on the validity of my theory? I think not. To the contrary, the strongest supporting evidence for my thesis can be found in the careers of these ex-line managers who wither away in their high status posts as senior counselors.

My final needle is reserved for the educators. I am struck by how often a man who is rising rapidly in business turns in an ordinary performance when he enrolls in formal business courses. The abilities which permit him to excel in management fail him when he gets to the classroom. This discrepancy requires further investigation. I am not yet fully persuaded that in today's graduate schools of business we are teaching the things which will produce a super breed of managers for the future.

In the drive to intellectualize business, the tendency has been to develop independent disciplines which ignore the manager in his operating environment. Conceivably, several important elements are being left out of the mix. Hardly a handful of courses in graduate schools of business come close to teaching the skills and attitudes described in this paper. I am convinced that the skills can be taught, that course materials which will make these concepts meaningful for managers can be developed.

It should come as no surprise to learn that for several minutes now you have been listening, with varying degrees of patience, to the catalog description of my course, Strategy in Operating Decisions, lengthened from the customary one paragraph to twenty-one typewritten pages.