

Rose Consulting Group, Inc.

Client Newsletter

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When we were hired to teach our China based client "how to be more western" we thought it would be easy.

Boy were we wrong.

We've been successfully doing business in the US for over 30 years. We have national and international clients. So why was this such a tough project?

When Bob and I returned from China last month we were tasked with creating a management training program for a joint venture firm in China. Management there were bright, motivated to change, aware they were struggling and needed help---all the factors that lead to a successful project for consultants. We had spent a week there, talking to them, finding out what they were lacking, etc.

When we left we felt like we had plenty of information to do a fantastic job for them. What could be easier? We simply teach them what we have been doing for years....How to manage "the Western way."

SO...DO ALL WESTERN COMPANIES LOOK ALIKE?

FOR EXAMPLE, WHAT ABOUT RISK?

Almost everyone would say that Western management theory involves more risk-taking than Chinese – but is that the case?

When I was taking my early business courses in college, I was also working as an outside sales representative for a very "sales-focused" company.

Let me explain that most all companies have a sales function, but few companies are "sales organizations". True sales organizations believe that sales are the most important function within the company. They are not R&D based, or finance-focused. The most important aspect of their latest growth

plan is not M&A, it's selling, gaining market share for their product or service.

To many of you this may be a 'well duh...' moment, but not to everyone, because of the risk factor.

Many times making sales involves taking a real risk. "I know we have this service, I think we can do this for the customer—if I sell it, we will make it happen". The company I worked for encouraged this kind of creative thinking—and I thrived there. But, again, aggressive sales carries the real risk of not being able to deliver – if you always play it safe you don't get as many sales.

Is this considered typically western management? I can tell you not all companies in the US are really willing to take a large chance. And what about European countries – aren't they "Western?" Countries like France value structure, rules and avoidance of the unknown. Not a high risk strategy.

WHERE DOES WESTERN MANAGEMENT COME FROM?

The whole concept of "Western management" led us to reflect on the background of U.S. business today.

It often seems that Western management is 'management by best-seller' with each new author bursting on the scene with a 'paradigm shift'. In fact our approach to business is a compilation of many different theories going back many years.

The industrial revolution spawned the growth of factories in the 1800's and called for a focus on ways to make them run more efficiently.

Mathematician Charles Babbage thought that the specialization of work—not just physical but mental—was key, and paved the way for specialties like corporate law or tax accounting. He was also one of the first to suggest profit-sharing or bonuses as a way to motivate workers and he did this in the early to mid 1800's.

German Sociologist Max Weber believed that running organizations based on "who you know" rather than "what you know" was counterproductive to effectiveness. This includes nepotism.

Then of course we come to more recent thinkers, many of them behavioral psychologists. Hugo Munsterberg, was one of the first to argue that psychologists could help business by identifying those individuals who would be better suited to particular jobs, by identifying the psychological conditions under which workers are likely to work best, and by developing strategies that would influence workers to act in ways that are in sync with management interests.

Many concepts of our business are not things we learned in Bus 101 but values we have lived with for hundreds of years. We could teach courses but how we duplicate a way of life in a few months of training?

AND WHAT ABOUT THE CHINESE? DID THEY HAVE ANY GOOD IDEAS?

We had looked back hundreds of years. What about ideas older than that? As we went back we came full circle. Many of our Western management styles came from ancient Chinese philosophers.

Some argue that the first real management manual was a document of the much later Zhou Dynasty (c. 1050-771 BC), called "The Great Plan", which means "the great model for the government of the nation",--the method by which the people may be rendered happy and tranquil, in harmony with their condition, through the perfect character of the king or leader, and his perfect administration of government.

The Great Plan contained a contingency theory of leadership which prescribed a contingency approach to management. For example, when dealing with people a leader should spell out rules for passive, shy people; deal firmly with violent and offensive people; and deal gently with amenable and friendly people; strong supervision and leadership with people who lack initiative, mild supervision with the motivated and intelligent.

In a situational sense then a manager would adhere to procedure in situations of peace and tranquility; use strong management in situations of violence and disorder; apply mild management in situations of harmony and order.

Contingency theory....does any of that sound familiar? Were we the only ones to notice that some new ideas in management were around 3000 years ago?

Over 2400 years ago, Confucius drew lessons from the experiences of rulers and their advisors who were ancient even in his time. Leading by ruling well, not abusing power, using power considerately, providing moral government, and leading by setting good examples.

"If an official can follow procedures and be considerate, what

other abilities could the official possibly need? But if an official cannot operate in this way, what use has the official for procedures?"

The current admiration of 'servant leadership' is well-placed; but it was not a concept developed in the U.S. at the turn of the 21st century. And as the last quote indicates, Enron might have benefited from a consultation by Confucius.

YOU COULD DO A LOT WORSE THAN 'BEST PRACTICES'

RCG helps intelligent businesses become industry leaders by maximizing their people assets.

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