

The Puritan Gift—A Summary and Discussion of a Remarkable Book

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1. Introduction

The purpose of this paper is to provide a summary and brief discussion of *The Puritan Gift: Triumph, Collapse and Revival of an American Dream* (2007). Written by Kenneth and William Hopper, brothers, the book follows the pattern of Shirer's *The Rise and Fall of the Third Reich* chronicling how American management developed into such a special skill set whose practice brought about many successful companies up to the 1970s and then went into decline. The paper is organized as follows:

1. Introduction
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 - d. Part IV: Collapse – The Cult of the (So-called) Expert
 - e. Part V: Revival
3. Discussion of the book

The book consists of 19 chapters divided among the five parts listed above. It was published in 2007 and brings together the experiences of the Hopper brothers: Ken's in the practice of management in a manufacturing setting and

William's as a "linguist by training and investment banker by profession."¹⁾ The book also benefits from the authors' association with such legendary management professionals as Peter Drucker and, of quality management fame, W. Edwards Deming.

In short, the book, probably for the first time, describes how good American management came about and flourished during the period from 1870 to 1970, falling into decline since that time. It had its origins in the Puritan genius and work ethic embodied in the successful founding of the Massachusetts Bay Colony. Based on this way of thinking, American management gradually became more "sophisticated" (in a good way) through the contributions offered by several notables, described as they appear chronologically in history. In the authors' view American management was perhaps at its zenith around 1950 when a few dedicated Americans on General MacArthur's occupation staff shared its fundamentals with the Japanese. So here, step-by-step is, in the Hoppers' view, the rise and fall of American management.

Note: All quotes are from the book even if there is no page citation given.

2. Summary of the Book

a. Part I: Origins

Chapter 1: The Puritan Origins of American Managerial Culture. According to Wikipedia, the Puritans were a significant grouping of English-speaking Protestants in the sixteenth and seventeenth centuries. And, according to the Hoppers, when a group of them migrated to America in 1630 they brought with them four characteristics which proved to be a gift to not only American management but also to American society:

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- 1) Kenneth credits William with doing most of the writing and expanding the scope of the book to cover "all aspects of business [versus factory management only], government and even, to some extent, the structure of society itself" (p. xii).

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- A belief that life's purpose is to establish the Kingdom of Heaven on Earth.
- An aptitude for mechanical skills.
- A belief that individual interests should be subordinated for the common good.
- An ability to marshal resources for a single purpose and the common good.

It was these characteristics that led to the successful establishment of the Massachusetts Bay Colony that was led by John Winthrop and played such an important role in America's eventual founding as a nation. These four things, working together, are at the heart of America's managerial system.

Here are some of the examples the authors provide to show how these four characteristics were so much a part of the American way of thinking:

- The astute French writer Alexis de Tocqueville saw New England's civilization in 1835 as "a beacon lit upon mountain tops" that goes out to make all the country better (first characteristic).
- Ben Franklin and his many inventions (second characteristic).
- John Winthrop's "city on the hill" sermon (1630) (the third characteristic).
- The Winthrop expedition to America that went so well due to the excellence of its planning/execution (the fourth characteristic).

Chapter 2: The Great Migration of the 1630s. This was the Puritan migration led by John Winthrop to form the Massachusetts Bay Colony. This migration, along with a few others,²⁾ essentially established the Puritan work and managerial culture within American society. Benefiting from the mistakes of the past disastrous colonization efforts at Jamestown and Plymouth, this group carefully planned and carried out the migration. The reasons for its success can be pretty much summed up in the four characteristics mentioned above. Besides the profit motive they were truly interested in making a better society; i.e.,

2) They cite the William Penn colonization of Pennsylvania in the 1680s.

“creating God’s kingdom on Earth.” They also made sure they had the skills (including “mechanical”) that would be needed, were willing to sacrifice individual interests for the good of the whole, and demonstrated a remarkable ability for effectively marshaling the resources for such a major undertaking.

This latter item also illustrates an important feature of good management the authors call “integrated decision-making” whereby those who plan a project are also responsible for its execution. This was just the opposite of traditional practice in Europe then where the planning of a project was handled by one group and its execution by another. Another characteristic of integrated decision-making is that plenty of time is devoted to planning which then allows the execution to be swiftly carried out. This was illustrated with the 1630 Puritan migration by the sailing taking place only six months after the final decision was made.

Chapter 3: “Westward the Course of Empire Takes its Way.” Although the Puritan “outlook” spread throughout America in many ways, the authors cite two in particular: the Shakers and the Mormons. Although the Shaker movement went into decline following the Civil War, their possession of the four classical Puritan characteristics decidedly contributed to their spread. Even more so was the Mormon migration in 1846 led by Brigham Young that went from Illinois to what would be Utah. Again we see this idea of establishing “God’s kingdom on Earth” (making a better society), excelling in mechanical abilities, encouraging everyone to help perfect the society as a whole, and the ability to plan and carry out the effective use of resources as the migration itself ably demonstrated.

Chapter 4: The Profound Influence of French Technology. One indication of how French technology influenced American management was the part two men played in the establishment of West Point, a school that would have a profound impact on the application of technology to not only the military but to the civilian world as well. The first was one Louis de Tousard whose proposal

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entitled *Formation of a School of Artillerists and Engineers* is “now generally thought of as a blueprint for the future West Point.”

The other was Sylvanus Thayer who held the position of superintendent of West Point for twenty-four years. Although a New Englander, Thayer obviously was an admirer of French technology having brought back French textbooks on engineering from there for use at West Point. Thayer’s influence on technology continued with the founding of the Thayer School of Engineering in 1867.

A couple of other examples are given to demonstrate the French influence. The first is General Jean-Baptiste de Gribeauval who, in 1785, impressed Thomas Jefferson—then in Paris as an American minister—with the interchangeability of musket parts (in this case the lock). The other example, and perhaps one of the best, was the founding of DuPont by the French immigrant of the same name (Eleuthere Irenee du Pont de Nemours) in 1804. This company distinguished itself in those days by its quality of manufacture of black powder in that it exploded *only when you wanted it to* (as opposed to that produced by others).

The question is raised as to why America was more inclined to accept technology than Britain; the authors suggest it was due to America’s early promotion of universal education and the Puritan view of always seeking ways to do things better.

In any event, this adopted French appreciation of technology and for the technologist was to prove to be an important fifth element—besides the four Puritan characteristics imported from Britain—that made American management unique and superior.

b. Part II: Rise

Chapter 5: Colonel Roswell Lee Designs the Prototype. At this point the authors begin discussing the rise of American management, and do so in terms

of specific companies and persons that contributed to that rise—the first being the Springfield (Massachusetts) Armory as run by one Colonel Roswell Lee from 1815 until 1833 (when he died). There were two areas in which the Springfield Armory proved to be far ahead of its time: modern management methods and the move from manufacturing based on craftsmanship to the use of machine tools.

Managerially, some of the things that distinguished Lee's company and were to be adopted by future great American companies³⁾ were line-of-command,⁴⁾ a line-and-staff structure, delegation of decision-making to the lowest level capable, and concern for the welfare of its employees. Lee's company also had a managerial hierarchy, something mostly foreign to companies in those days (the example they cite is the textile industry, then the dominate one).

Another major change that was occurring in those days, and was practiced by the Springfield Armory, was the move from craftsmanship to mass production made possible by the introduction of machine tools and the interchangeability of parts. And with this change came the need for a more educated worker who could operate and maintain the more complicated machinery. Accordingly, the authors believe the reason the move to mass production succeeded in America more than in Britain was better education. This meant the common workman was better equipped to handle the new machinery and, for that matter, solve problems as they arose. It was also easier to find good candidates for management positions.

It was around this time that American management practices, combined with the use of machine tools and accurate gauges, began to surpass those of Britain. That this was the case became obvious with the Great Exhibit of 1851 in

3) Referred to by the authors as the "Great Engine Companies" (and herein abbreviated GECs).

4) Usually referred to as "chain-of-command."

London where, much to the surprise of the British, the American products displayed were superior to theirs. Especially impressive were Colt's revolving pistol, Singer's sewing machine, and McCormick's mechanical reaper.

The idea of having interchangeable parts had great significance for manufacturing and, indeed, for society in general. The authors cite three things that resulted: inventories of spare parts making it easy to repair the many machines then coming into use, mass production, since many parts could now be made for quick assembly into a final product, and, given the ability to mass produce, mass markets became possible. All this meant that society could begin enjoying more products of higher quality at less cost. As First Industrial Revolution was British, this was to be the Second Industrial Revolution and was distinctly American.

Chapter 6: Dan McCallum Creates the Multidivisional Corporation. The next major development was when the management ideas of the Springfield Armory, which had only one "division," were applied to a multidivisional company. This occurred with the appointment of Daniel McCallum in 1854 as General Superintendent of the then accident-prone New York and Erie Railroad (the "Erie"). McCallum had already proven his worth as the superintendent of one of its divisions.

McCallum made many contributions to improve the railroad's management such as measuring individual performance, cost accounting, and better information flow. However it was his development of a well functioning line-of-command and supporting staff (the doctrine of "line-and-staff") *as applied to multiple divisions* that was the most important. Under McCallum's system there was a clear line of authority from the general superintendent down through the geographical superintendents to those actually handling the traffic. There was also a supporting staff that overlay the geographical divisions. McCallum's Achilles' heel was his overly authoritarian ways, which led to his leaving the

company in 1857.

Fortunately, McCallum's ideas were not to die with his forced resignation. A friend and admirer, Henry Poor, was the editor of the *American Railroad Journal*, "the leading business periodical of ante-bellum America." Poor's close observations of how the Erie had dramatically changed under McCallum were well publicized in his editorials. Taken together, the authors believe these "constitute one of the most important treatises on management ever published in America—or indeed anywhere" (p. 70). The overly authoritarian weakness in McCallum's approach to management was also recognized in Poor's editorials.

Another person who was instrumental in not only promoting McCallum's ideas but also putting them to use was J. Edgar Thompson, the president of the very successful Pennsylvania Railroad (the "Pennsy"). With some "important variations" he introduced McCallum's practices for the Pennsy and, using many of McCallum's "words and phrases," published an organizational manual in 1857. The company would also formally publish the doctrine of "line-and-staff" in 1859. So it can be seen how the ideas and practices of Lee and McCallum are gradually becoming explicit parts of American management.

The Pennsy became a shining example of good corporate management and served a model for such important companies as Swift & Co. (meatpacking) and Carnegie (steel)—companies with product-centered (vs. geographical) divisions. In fact, Carnegie was a very successful executive with the Pennsy before turning to the steel business and, no doubt, brought many of the management ideas he learned there with him.

And as American management developed and became more effective it continued to cause significant improvements in American life. For example its contribution to the success of the railroad industry in turn meant "mass-distribution" became possible at just about the time mass-production was

coming on line.

Chapter 7: Frederick W. Taylor Reorganizes the Factory Floor. Taylor lived from 1856 until 1915 but in those 59 years had a great influence on American management. Although Taylor’s idea of improving productivity was a good one, his “scientific” approach to this was not since it was based on “contempt for the ordinary working man.” It did resonate somewhat with the first Puritan characteristic—creating the Kingdom of Heaven on earth, with its “religious” undertones—and definitely with the second characteristic of mechanical skill ability with its emphasis on improving work methods. However, Taylor himself “scored zero” on the other two: subordinating individual interests for the good of the whole and organizational and marshalling skills—he was an egomaniac and totally incompetent as a manager.

Taylor’s view of the worker as merely a person who was to respond to directions from above versus doing any thinking on his own led to a hostile worker/management relationship and a rise in labor union power. Fortunately at about this same time, known as the Progressive Era, other changes to the workplace were making it more humane in terms of how workers were treated—e.g., anti-trust and food-safety laws. Others who sort of came to the rescue were Allan Mogensen, who believed the workers themselves were in the best position to know how to improve the work methods, and Frank and Lillian Gilbreth with their emphasis on improving work methods versus making the workers work harder (as Taylorism stressed).

As will be discussed later in the book, with the rise of the management consultant and the MBA in the twentieth century, there will be a return to putting the worker in second place in the sense that upper management knows best with its emphasis on short-term profits.

Chapter 8: Pierre du Pont Invents the Modern Manufacturing Company. Given his religiosity, mechanical skills (in chemicals), interests in others, and

excellent organizational abilities, du Pont was the embodiment of the four Puritan characteristics. He also had a great interest in technology.

Under du Pont's leadership,⁵⁾ the Dupont company became the model for the "Great Engine Companies (GECs)" that were to follow such as General Motors and General Electric. He set up divisions and, to develop the strategy for the entire company, an executive committee. Although the committee was not to meddle in divisional affairs, they were very familiar with the divisions since most were either present or past divisional presidents—a significant difference from today's typical board of "outsiders" who are more concerned with the stockholders and finances, and dealing with divisions as if they were commodities.

Other du Pont innovations that were to characterize the GECs included vertical integration, bringing in non-family members to the executive committee (to get their ideas), and setting up a research facility that operated on the basis of not requiring immediate results as is more the norm today—the latter resulting in such inventions as nylon and neoprene.

c. Part III: Triumph

Chapter 9: The Golden Age of American Management (1920–1970). With the groundwork laid by such as Lee, McCallum, and du Pont, the age of the Great Engine Companies (GECs) and, indeed the golden age of American management, came about in 1920 and lasted for fifty years. Its demise was caused by what the authors call the "cult of the (so called) experts."

Besides things already mentioned such as "line and staff," an emphasis on research, and respect for the ideas of the working man (bottom-up management), the authors discuss several other attributes of the GECs. First they

5) He became president in 1903.

exemplified the four Puritan characteristics already much discussed in the book and, hence, its title. They also had a respect for technology as inherited from the French. Here are other attributes:

- Leaders (CEO, president, senior executives) who have worked their way up the organization and thus were well versed in its products and operations. Related to this was the idea of “universal promotability” meaning anyone, even those at the lowest levels, had a chance to rise to these top positions.
- Within the company “administrative coordination” replaced “market coordination”⁶⁾ meaning the company was focused on stability and long-term growth versus short-term profits—something that reversed itself with the coming of the (so called) experts.
- They were efficient organizations, perhaps owing to the groundwork laid by people like Lee, McCallum and du Pont. Furthermore their “flexibility” was proved; for example in World War II “they” able to quickly come up with an aircraft able to change the balance of power vis-à-vis the Japanese.
- However according to the authors “the essence” of American management at this time is best described by the term “bottom-up.” This was the theme of a book by William Givens: *Bottom-up Management: People Working Together* (1949). In a nutshell, the idea was encouraging initiative at the lowest levels in the organization. As expressed by the authors, it:

...went far beyond the systematic delegation of authority that was normal and, indeed, inevitable in any well-run hierarchy; it implied that each manager was in the habit of passing some of his own responsibility for decision-making down the chain of command to the lowest level ready, willing and able to accept it. (p. 103)

Bottom-up management was based on a mutual trust between management

6) A point made by Alfred Chandler in his book *The Visible Hand: The Management Revolution in American Business*. (1977).

and those managed that each will do his/her part—management backing up those managed and providing guidance when necessary, those managed doing their best to show and wisely use the initiative vested in them.

Despite the travails of the Great Depression, most of the GECs survived, probably mainly due to following the Puritan idea of trying to avoid debt as much as possible. In fact, this was a time of great technological progress for the GECs—think of things like radio, electricity, flying, etc.

The authors note that Peter Drucker, in his *Practice of Management* (1954) mentions the lack of writing and thinking about management at that time and this is one of the reasons for this book. The appendix of the book sums up the “managerial culture” of the GECs by listing 25 principles which, taken together, represent how they operated.⁷⁾ They note that the difficult part of managing was (and is) balancing these principles.

In concluding this chapter the authors mention how this “golden age of American management” met its demise at the hands of the (so called) experts (discussed in much detail later) and how its ideas spread to Japan after World War II (discussed in the next chapter).

Chapter 10: Three Wise Men from the West Go to Japan. The three wise men were Homer Sarasohn, Charles Protzman, and Frank Polkinghorn, civilian communications engineers who were part of MacArthur’s occupation force headquarters. The three were responsible for teaching the Japanese American management methods. By that time American management, based on the four Puritan characteristics already much discussed in the book, had reached its zenith as an effective methodology.

But why “communications” engineers? Because to effectively carry out the goal of the occupation of quickly bringing about an independent and democratic

7) These principles have been reproduced with permission in Appendix A.

Japan, a good public communications system would be needed. The status of the existing system at the time is vividly described on page 110 of the book:

...telephones, telegraph and radio stations scarcely functioned. There were very few radio sets in the hands of the public. Most central and switching telephone and telegraph systems, as well as the interconnecting lines, had been destroyed by bombing; what remained as mostly unusable, due to neglect both before and during the war.

To meet this need a Civil Communications Section (CCS) was established within the occupation headquarters and manned by communications engineers on loan from America.

To make a long story short, the “three wise men,” well versed in contemporary good management, found a most receptive audience in the Japanese managers within the communications equipment-manufacturing industry on whom the rebuilding of the system would rely.⁸⁾ Before that system could be rebuilt a viable manufacturing capability would have to be established. The three wise men did their job with such obvious zeal and unselfishness that their pupils were highly motivated to learn and apply what they were taught.

In a nutshell this is what the Japanese managers were taught: *good* Scientific Management (manufacturing procedures), good management structuring (e.g., creating a staff to relieve the line personnel), and the principles of bottom-up management applied within a Japanese context.

As the saying goes, the rest is history. Given the ideas of good American management the industrious Japanese “ran with it” and, in a relatively short time, these ideas spread throughout other industries (think Toyota and Honda) and Japan became (and remains) an economy second only to the U.S. It is

8) According to the book Japanese manufacturers would be required since the U.S. Congress had “refused to meet the cost of buying and exporting American-made capital goods” (p. 110)

interesting to note that about this time the quality movement was taking off and incorporated many of the same ideas that the three wise men taught.

d. Part IV: Collapse – The Cult of the (So-called) Expert

Chapter 11: Origins and Nature of the Cult. In discussing the origins of the cult the authors return to the influence Fredrick Taylor had on management. Taylor rightly recognized the problem of the overburdened foreman who in most companies was responsible for not only the production process but also almost everything else such as accounting and personnel management. It was around this time (1900) that the use of a staff (originating with people like Lee and McCallum) to solve this problem was coming on line. However, Taylor's solution was to create multiple positions filled with "experts." As the authors state in the book:

...the general foreman would be replaced by eight "functional foremen or bosses"...

...some of these names are in the plural—so [Taylor] was really talking about many more than eight men replacing one. Taylor also sought to abolish the general manager (roughly today's chief executive); he was to be replaced by "a planning department" consisting of [some of the] functional foremen listed above, acting collectively, the actual number of persons again not being specified. (p. 130)

The net result as so well stated by the authors was to emphasize all the more "the need for 'generalist' managers to pull the threads back together again" *and be in charge*—with such a diffusion of responsibility no one would be!

And so as the traditional line-and-staff structural arrangement became a part of the *modus operandi* of the GECs, there was still this underlying influence of Taylor on management thinking which was to reassert itself in the latter part of the twentieth century as neo-Taylorism. The authors cite the five attributes of an

organization that is based on neo-Taylorism:

- It is run based on measurements and the resulting numbers. This often leads to falsifying the numbers or “manipulating the events underlying them.”
- Credentials are the way to identify the (management) “Expert.”
- The *modus operandi* is one of “top down” management since those below can’t possibly know anything of significance.
- Responsibility is diffused among several (many?) “Experts” so all can get credit when things go well and no one will be blamed when things don’t go well—no accountability!
- Problems are “solved” by appointing an “Expert” to be responsible for it and launching an “initiative” *to make a show* of handling the matter, all separate from the line-of-command. All this without really defining the problem or the resources needed to solve it. This is the exact opposite of “integrated decision-making” described above where there is careful planning and those responsible for the planning are also responsible (read “accountable”) for the execution.

This new way of managing embraced these characteristics also:

- Internally “market coordination” replaced “administrative coordination” whereby short-term profits over long-term growth and stability became the norm and a spirit of internal competition replaced that of cooperation.
- A failure to give due attention to the important *qualitative* aspects of a business such as employee experience, morale, honesty, etc.—things that can’t be precisely measured, or even measured at all.
- The overemphasis on “building brands” versus concentrating on the quality of the product and service.
- An overreaching human resources department with its ideas on how to “fast-track” potentially good managers using psychometrics (versus the GEC idea of good managers rising through the ranks and gaining a solid

understanding of the business first).

- And finally the improper and excessive use of outsourcing to solve “problems.” that the company is too lazy to take on itself. This often resulted in the loss of control over key activities.

These new ways of thinking reflect the undue influence of certain staff positions—such as the accountant, salesman, and personnel manager—giving them the authority and influence of a line manager. This trend can be traced back to Taylor’s idea of using multiple “functional foremen” to relieve the burden on the foreman.

Chapter 12: The Impact of the Cult on the Great Engine Companies. In this chapter the Hopper brothers get down to cases showing how the “cult of experts” often had a devastating effect on many American companies. In general the impact of the cult was two-fold: (1) the replacement of the idea of collective leadership with the “imperious CEO” and (2) organizations biased less to providing good goods and services and more on meeting short-term financial targets.

People like Lee Raymond of Exxon Mobil, Frederick Donner of GM, and Ralph Cordiner of GE are cited as examples of the “imperious CEO.” As for the idea of putting profit before quality, they draw on Maryann Keller’s *The Rise, Fall, and Struggle for Recovery of GM* (1989) to show how GM either manipulated the numbers or events underlying the numbers—just to “meet the numbers.” And even such popular programs as Six Sigma and the Balanced Scorecard are cited as examples of giving too much emphasis to showing “good numbers” versus concentrating on traditional management practices that emphasize serving the customer with quality products and services.

Returning to the idea of the “imperious CEO” the authors now mention several companies they feel went from good “bottom-up” management to “top-down”:

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- Xerox when Peter McColough replaced Joe Wilson in 1968.
- AT&T when it established a formal marketing department in 1973 allowing the marketers and accountants to “take over.”
- Coca-Cola with its takeover by Roberto Goizueta in 1981.
- IBM with Lou Gerstner’s decisions to “meet the numbers” through manipulation and drastic cost-cutting measures.
- Other organizations mentioned as suffering from the lack of good bottom-up management are Boeing, Fannie Mae, and Merck.

As these marketing/finance types with little general knowledge of the business they were in charge of were taking over, a new type of person began to appear to “help” them: the “management consultant.” Although originally meant to be an advisor, the management consultant became ever more influential. As the authors put it: “Theoretically speaking they were only advisors but no company was going to pay millions of dollars for advice and then lightly disregard it.” It was this intimate connection between the overly influential consultant and the organization that opened the door to many of the scandals that occurred in the early 2000’s—for example “Enron, World-Com, Kmart, Swissair, Global Crossing” among many others.

The authors use the analogy of putting ice cream on hot apple pie to describe how the rise of the “financially oriented consultants and managers” in the last part of the twentieth century brought about a reversal of the traditional qualities of the GECs based on Puritan characteristics: “The treatment did not destroy the fruit [apple] but it would profoundly affect both its taste and texture” (p. 160).

The chapter concludes by discussing NASA as an example of how the “cult” can also affect civil government. NASA’s amazing success with the moon shot in July 1969 was due to just plain good American management as practiced by the GECs. After that things seemed to go down hill with the *Challenger* disaster in 1986 and the *Columbia* disaster in 2003. With the loss of people like James

Webb who led NASA from 1961 to 1968, the culture seemed to change from one where you have a hands-on, well-rounded chief executive who, working with his colleagues, makes the big decisions and accepts responsibility to just the opposite.

In summing up the authors quote the last of Donald Keough's⁹⁾ "Ten Commandments for Losing"—one Keough believes will guarantee losing: "Make sure you do not make a move until you have consulted half a dozen business school professors" (p. 163). This sets the stage for the next chapter, which discusses the role played by business schools in creating and sustaining the cult.

Chapter 13: The Business Schools as Temples of the Cult. Although the "business school" came into existence in 1908 with the founding of Harvard, it was not until the latter part of the twentieth century that its impact on management was truly felt. This delay was mostly because of the unpopularity of "management" as a career until then. This dramatically changed as reported by Fortune magazine in March 1993 with the annual output of the schools going "from 6,000 in the early 1960s to 77,000 in 1990" (p. 166). It is telling that this same reference said that many of these MBA graduates were "'dreadful managers' and plenty were 'greedy, lazy or incompetent'."

The key point here is how did this MBA movement affect the GECs? The authors say it was in these four ways:

- First it changed the social composition of senior management so now there were two types: the old-timers and the MBAs. Since the latter were often fast-tracked this resulted in resentment by and demoralization of the former.
- Second the MBA missed out on learning the business from the ground up and becoming a "well-rounded" manager.

9) A former chairman of Coca-Cola.

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- Third “bottom-up” became “top-down.”
- Fourth the new managers looked at things from a profit and loss view putting *quantitative* ahead of *qualitative*; they had no desire to “go to the *gemba*.”¹⁰⁾

The authors then go on to explain where things went wrong. The basic problem is that business schools operate on the assumption their product, the “professional manager,” can handle any management job. This flies in the face of the fact that to be a good manger you need to (a) learn *on-the-job* and (b) thoroughly know the business—these two being closely related of course. Unfortunately things got off to a bad start with the founding of Harvard where two schools of thought evolved about what should be taught: a general education in business taught by academics versus an education that was specialized by industry and mostly taught by practitioners; unfortunately the former prevailed. Ironically, one reason for the poor start of the business school movement was the lack of integrated decision making at Harvard’s inception: after the decision to create the school, it was left to others—the successive deans—to figure out what the school should actually be.

In trying to determine what it should be, the B-School, as the Harvard business school has come to be known, promoted various “management” ideas but three, in the authors’ opinion, stand out: Scientific Management, Human Relations, and Stockholder Value. Edwin Gay, Harvard’s first dean, must have seen Scientific Management—then coming to the fore—as a “godsend” giving him something to offer. In 1919 the reins passed to the second dean, Brett Donham, who came up with the idea of dividing up the curriculum according to “routine work” and “problem work.” The former—read “manufacturing”—considered to not require that much attention by the manager, accordingly got

10) The *gemba* in Japanese parlance is the place where the work is actually being done such as the factory floor.

less attention by the business schools so that “the B-School’s manufacturing department would be allowed to wither way between the [world] wars” (p. 173).

About this time the famous 1927 Hawthorne Experiment by Elton Mayo at a Western Electric plant near Chicago took place. In the authors’ opinion the outcome of this experiment—itsself not good science—“was the vastly over-rated and hugely damaging Human Relations Movement” (p. 173). The authors see the HR movement as having had two adverse effects on American management: (a) a deterioration in shop-floor discipline and (b) the stifling of any serious discussion of management-labor relations (since the latter had been usurped by the largely meaningless “slogans” of the human relations gurus). Ironically, had these gurus (Fredrick Herzberg¹¹) is mentioned) done more “listening” they might have helped American management advance more quickly; as early as the 1920s some of the GECs were already experimenting with “participative” practices.

The third major idea promoted by the B-School was Stockholder Value. This, simply put, meant profit over anything else, even serving the customer. The Hoppers see this trend as a result of a misinterpretation of Adam Smith’s idea of “self-love.” In fact, “...he [Smith] did not think the primary purpose of business activity was to earn a profit for the shareholder—rather he believed that its *only* purpose was to satisfy the consumer” (p. 178). That the university would be promoting the idea of “profit first” would have “horrified” the Puritan founders of Harvard.

The authors go on to show how this “unsound and pernicious” doctrine has led to some of the biggest downfalls in American business such as the bankruptcy of the once-mighty Pennsylvania Railroad in 1970 and the Enron debacle in 2001 when Jeffrey Skilling, a 1979 graduate of the B-School,

11) Famous for his motivation theories.

bankrupted the corporation.

In essence the problem with the business school mentality is it sees the manager as a “professional” who manages within a framework of “statistical and financial terms.” And these things, once learned in the classroom, qualify him or her to manage *any* business. However, to be a good manager it is necessary, in the Hoppers’ opinion, to be a generalist with the requisite “domain knowledge” about the business he or she is managing. In fact, they contend the *theory* of management is “infinitesimal” (compared with fields like medicine or physics) and it is the *practice* of management that is important. This business school “counter-culture” has led to the rejection of the principles of good management (see Appendix A) either directly or indirectly.

The chapter concludes by speculating on how the business school should change and two ideas are offered: as a trade school—which they have in a sense become for the “financial” industry—or as a school for up and coming managers to broaden their knowledge beyond what they’ve learned in their respective companies (like a military staff school).

Chapter 14: The Impact of the Cult on Society. The authors contend the “Cult of the (So-called) Expert” had a “*direct* and negative effect” on America GECs and an “indirect and negative effect” on American society. To illustrate this, in this chapter, they give a few examples by, like Jack Horner, pulling “a few plums out of this pie.” Accordingly they take a look at how “experts” have affected American society in these areas (the plums): war, education, capital expenditure, economic policy, and medicine.

War. Several examples are given such as Robert McNamara’s Scientific Management approach to the Vietnam War; using “body count” and number of “secured hamlets” as a measure of our success there. Such criterion led to tragedies like the Lt. Calley My Lai incident. In fact the authors believe there were probably “scores of My Lais.” The authors see this “measurement”

approach as squandering “millions of hours of valuable managerial and non-managerial time” (p. 195) and, worse yet, it led to wrong decisions and a wrong outcome:

The wrong people were promoted. Wrong conclusions were reached. The wrong outcome was achieved. Vast numbers of lives (over 50,000 of them American) were squandered and Vietnam’s movement to democracy and capitalism delayed by thirty years. (p. 193)

Other examples are given such as McGeorge Bundy, serving as head of the National Security Council yet lacking the requisite “domain knowledge” for the job and Donald Rumsfeld’s inappropriate use of “metrics.”

Education. Thanks to the “experts” the American educational system has gone from one of where students were both given knowledge *and taught how to think*, to one that has been dumbed down. Joseph Taylor, district superintendent of schools in New York City, ushered in the “Age of Administration” from about 1900 on. This turned teaching into a “profession” versus something best learned “‘on the job’, under the supervision of an experienced practitioner, as teachers did in earlier times” (p. 197). Now one could obtain from the schools of education that sprang up “intellectually worthless paper qualifications of considerable commercial value” leading to a secure, relatively well paying job.

Some of the other “evils” brought on by the cult were meaningless measurements of a teacher’s fitness (number of articles published) and a school’s goodness (number of PhDs), the Scholastic Aptitude Test (SAT)—which measured “examination technique, not knowledge or intelligence,” credentialism and grad inflation, and, in general, a move away from the hard sciences by students to “‘soft’ subjects like management, the media, education and social sciences” (p. 203).

John Dewey (1859–1952) and his Progressive Education come in for particular criticism as a major cause for the dumbing down of education and the

effect that's had on American society. In fact, this need to bring the education system back to what it once was “inspired the writing of *The Puritan Gift*” (p. 201).

Capital Expenditure. In looking at this “plum” the authors point out the unfortunate impact the “cult” way of thinking had on capital investment. Due to the depression of the 1930s (where the problem was over capacity), the needs of WW II, and the seller's market after WW II (along with a lack of foreign competition), there had been little capital investment in the U.S. President Kennedy tried to correct this problem with an investment tax credit in 1962. However President Johnson, worried about inflation—caused by the Vietnam War *not* overinvestment—and misinformed by his advisors on the actual age of America's industrial equipment, rescinded the Kennedy tax credit in 1969 sending the message “to the corporate sector: capital investment was *bad*, so stop it” (p. 204).

In a 1970 report Kenneth Hopper (one of the authors) told the truth about how misleading the government figures on the age of American equipment were and how this was affecting government policy and, in turn, making America less competitive vis-à-vis the rest of the industrial world. Although receiving little public attention at first, the report did gain traction by 1971 and government thinking was reversed. In August 1971, a new 10 percent investment tax credit was announced. However not until 1979 was there full recognition of the problem by the government when the Council of Economic Advisors' report for that year gave “a detail discussion about the benefit that increased capital expenditure would bring to the nation...” (p. 207). Unfortunately America was already losing the battle with the import of high-quality foreign goods now taking away significant market share.¹²⁾

12) No doubt other factors contributed to this loss such as the Japanese ability to outperform America in the area of quality.

Economic Policy. Here the problem is brought on by the over reliance on strictly quantitative measures to assess the state of the American economy. This was the result of monetarism which, mainly due to Milton Friedman, came to replace Keynesianism as America's primary economic policy from the early 1970s until the early 1990s. The authors liken this to the same thing that happened to businesses under the influence of Scientific Management where the statisticians took over and things were decided on "the numbers" alone—"the numbers" in this case being the amount of money in circulation. The problem was what measure to use, M0,¹³⁾ or some broader measure. Also the problem of setting targets arose and inevitably...

...the same temptation to "fudge" arose; the authorities would learn to massage statistics or even manipulate events so as to sidestep a discipline they had imposed upon themselves, just like the "finance guys" at General Motors or the US army in Vietnam. (p. 210)

The authors go on to make this very wise comment about the role such measures should play in economic policy making:

The answer is to treat them as an invaluable source of evidence to be balanced against common sense, logic and also the all-important anecdotal knowledge, which is the primary source of information for all human beings about the world they live in. (p. 210)

The damage done by such an approach to economic policy making is summed up at the end of this section thusly:

Monetary irresponsibility is today matched by fiscal irresponsibility as one deficit is plied on another. If present trends continue, one can foresee "the US economy following the path to extended decline of the British economy

13) All physical currency in circulation plus central bank accounts that could be exchanged for physical currency—the "narrowest" definition.

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in the 1960s and 1970s and of Japan in the 1990s” (p. 212)¹⁴⁾

How prescient!

Medicine. This final “plum” as an example of how the cult has had a negative effect on American society is best illustrated by how hospital management has changed. In the 1860s and 1890s the “Nightingale” model was imported from England. In line with what was then happening with businesses, this was a “line-and-staff” model with the doctors serving as the line and supported by the staff consisting of the nurses and those responsible for the finances. In this arrangement there was strict accountability. Also, for both doctors and nurses their work was more of a “calling” versus a money making “profession.”

Now we see such things such as the “Health Care Executive” with little general knowledge medicine. Also the field of medicine has become a “marketplace” where knowledge is sold to the highest bidder—this aspect has made senior doctors reluctant to share their hard earned knowledge with their juniors and the richest (versus the sickest) people getting treated by the best doctors. Furthermore, numerous “specialists” have replaced the “family doctor” who could better understand a patient’s *complete* situation.

Nursing also has changed. For example, with the outsourcing of much of the patient care such as the cleaning and feeding chores, the nurse is no longer responsible for the whole person thus often losing touch with the patient’s actual condition. Also, as seen in the field of education, there is an overemphasis on getting credentials.

For sure, now the patient seems to be taking second place with the telling symbol being “a half-eaten, dried-out meal sitting for hours by a hospital bed occupied by a semi-conscious patient” (p. 216), something Florence Nightingale

14) They are quoting Adam Posen, Senior Fellow at the Institute for International Economics in Washington, DC from his article “The Economics of a Second Term” in the November 9, 2004 *Financial Times*.

would have abhorred.

In addition to the medical specialists there is now a rise in the number of other specialists such as “patient advocates” and the use of “disease management teams” by health insurance companies.

According to the authors two (surprising—at least to me) statistics support the negative effects of this changed field of American medicine: an increase in infant mortality rate and a decrease in average height. They also mention the fact that “Americans are also suffering from two generations of obesity” (p. 219).

This section concludes by quoting the economist Paul Krugman about the way the Veterans Health Administration operates using an integrated system—a “system that doesn’t need legions of administrative staff to check patients’ coverage and demand payment from their insurance companies” (p. 219 of the book). Furthermore, the authors add, with the VHA model “the hierarchical structure of the Nightingale Hospital¹⁵⁾ survives intact among both doctors and nurses, permitting the fast and accurate transmission of information upwards, downwards, and sideways, but, above all, upwards” (p. 219).

Chapter 15: The Years the Locust Ate (1971–1995). This chapter begins by clearly stating what the authors believe to be the Golden Ages of both American Management and American Society and when the “American Dream” for all ceased:

- 1920–1970: The Golden Age of American Management.
- 1950–1970: The Golden Age of American Society (mostly during the Eisenhower/Kennedy presidencies when the economy flourished).
- 1971–1995: The Years that the Locust Ate and the “American Dream” came to an end.

This latter period began in the President Johnson years and is characterized

15) Which emphasized accountability.

by a decline in productivity brought on by a decline in good management. And, as the book has been pointing out, that decline was, in turn, brought on by “the Cult of the (So Called) Experts” and their “temples,” the business schools.

This decline in productivity had the immediate effect of less profits for employers to share with their workers. It also caused other problems such as a slow down in wealth creation, less equal distribution of “rewards” causing many at the lower end to get “left behind,” and the cost of key services (e.g., education and health care) to increase disproportionately making them unavailable to many.

Also contributing to the woes of this period was “reckless borrowing” by the government and, encouraged by the government, by the private sector. This, combined with such things as more use of fix-interest debt over equity by companies, banks no longer retaining responsibility for the whole loan (with the derivatives market), and a continued obsession with short-term profits over long-term growth made matters even worse. The latter, obsession with short-term profits, was due largely to the rise of institutional investors with their great influence on the market.

This attitude toward profit by these institutional investors brought about “momentum buying” on a massive scale; i.e., thinking only about what’s doing good in the market and buying that (vs. what’s over or under valued). This, in turn, led to a self-filling prophecy and eventually the bubble had to burst leaving the last unlucky one “holding the bag.”

It is interesting to note that this “get rich quick” attitude also prevailed in the home-credit market and led to the subprime mortgage debacle shortly after this book was published. Here the Hoppers were prescient and like the canary in the coalmine.

Chapter 16: Dr. Deming Rides to the Rescue—and Fails (1980–1993). The situation in American manufacturing was deteriorating in the 1970s to the point

where Japan, a country America had soundly defeated 30 years before, was now “defeating” America in the market place. In 1980 the National Broadcasting Corporation (NBC) aired a documentary *If Japan Can, Why Can't We?* As a part of this program, Dr. W. Edwards Deming, a man whose ideas had helped Japan improve its manufacturing after WW II, spoke about the reason Japan was overtaking American markets: better quality.

Suddenly Deming and his ideas of quality swept across America like a tidal wave with companies like Ford Motor Company embracing these ideas to improve their product and share of the market. With his upbringing under extremely poor conditions and as a devout Episcopalian, Deming was very much the embodiment of Puritan ideals being “frugal, diligent and unconcerned about the acquisition of wealth” (p. 233). His ideas were eventually codified in his famous 14 Points (see Appendix B) that, in many ways, mirror the Hoppers’ 25 principles in Appendix A. For example Point Eight: “Drive out fear, so that everyone may work effectively for the company” reflects Hoppers’ ideas of bottom-up management and, as much as possible, a “collegiate” leadership style (Principles Four and Five).

Unfortunately Deming’s “rescue” effort failed. For one thing, despite Deming preaching the need for management to make the “quality” transformation, company boards didn’t necessarily want to be “transformed” from their usual ways of thinking and operating. Too often “quality” received only lip service. Another problem with Deming’s ideas, according to the authors, was it focused too much on just quality without taking into consideration the “many other factors, including cost and safety” good managers have work on. Also his philosophy failed to discuss the many “structural” issues that are important to good management.

Despite these “internal” weaknesses in Deming’s philosophy, it was surely superior to a new approach that became popular in the early 1990s: Michael

Hammer's ideas for reengineering the corporation.

Like Deming, [Hammer] believed there was something seriously wrong with US business. However, while Deming *de facto* advocated a return to at least some of the traditional American values and practices of the mid-twentieth century, Hammer blamed industry's problems on their persistence. (p. 239)

Of course this way of thinking not only did harm to the promotion of Deming's ideas but also to any chance of getting back to the Puritan characteristics that brought about the Golden Age of American Management.

Chapter 17: The Third (or Sino-Japanese) Industrial Revolution. On top of the problem of American management losing its way due to the "short-term profit" influence of the business schools and the loss of its Puritan footings, the authors see the problem of a third industrial revolution.¹⁶⁾ This revolution, now taking place, is by Japan and China. It found its origins in Japan and more precisely in what the Japanese learned from America during the occupation right after WW II (see Chapter 10 summary above).

What the Japanese learned was good management, particularly the idea of "bottom-up" management that the Japanese adapted to their culture.¹⁷⁾ Another distinguishing feature of this revolution was the use of electronics (automation) in manufacturing. This also found its origins in the MacArthur occupation and the fortuitous circumstance that it was Japan's communications (read "electronics") industry that happened to benefit first from what was taught by the "three wise men" Americans. From the communications industry this knowledge of electronics, and how it could be used to improve manufacturing,

16) The first industrial revolution being by the British prior to about mid-nineteenth century when the second, by the Americans, took place.

17) What the authors call "middle-up" or *kacho*-style since it could not be completely the same given the strong traditions of the Japanese culture.

soon spread to other Japanese industries. Unfortunately America, with its seller's market, had no incentive to modernize in the same way after WW II and soon fell behind the Japanese

Towards the end of the twentieth century China successfully enters this revolution. This is due to a number of things: the direct investments and consequent influence of Japan and Taiwan, China's move towards economic if not democratic freedom, China placing more value on technology and the engineer than the U.S., and the rapid spread of this third revolution to *all* industries—in Japan the “revolution” was limited at first to communications—since Mao Tse-tung had essentially wiped out the entire social structure leaving a “clean slate” upon which to build anew.

What must America do to become a “competitor” in this Third Industrial Revolution? This is what the authors recommend:

- Reconstitute bottom-up management, perhaps with a “mixed foreman force consisting partly of graduates at the outset of their careers and partly of non-graduates at the peak of theirs” (p. 251).
- Using advanced electronics (can be taken for granted).
- In the services/public administration industries have graduates get closer to the *gemba*.¹⁸⁾
- And practice their 25 principles of good management (see Appendix A) with an emphasis on good upward communications.

That America not be left behind in this Third Industrial Revolution will be critical given the need to support its aging baby boomers. Even before President Obama's extravagant spending there were fears that without some significant change, America could even go bankrupt. Following the authors'

18) I take this to mean to have those people “in charge” in these industries begin seeing things from the way the customer is treated (at the *gemba*) and work to improve customer service.

recommendations should bring about a big increase in productivity. If this is “accompanied by appropriate tax increases and expenditure curbs, a solution to the problem will be at hand” (p. 252).

e. Part V: Revival

Chapter 18: The False Dawn (1996–2000). Despite signs things were getting better such as the rise in the stock, bond, and property markets, and a remarkable rise in productivity as measured by the government,¹⁹⁾ for most people their personal situation belied these positive indicators:

For the majority there was no reversal of the trend of the previous twenty-five years. Family incomes rose only slightly; before 1970 they had grown by roughly 25 per cent in each decade. (p. 256)

Why this disparity between a reported rising in productivity yet no real improvement in living conditions? The authors fault the way productivity (GDP/number of hours worked) is calculated and make a good case to show that GDP is being overestimated while number of hours work is being underestimated. They recommend that when the Bureau of Labor Statistics publishes information about the economy they include comments about its limitations and also areas requiring further research.

Any growth in our economy during the “Locust Years” (1970–1995) and after has to be attributed to simply an increase in the size of the workforce and an extension of credit.²⁰⁾ So what is to be done to restore that “true rate of growth in productivity that characterized earlier ages”? The authors’ answer is: America

19) The authors use figures from the Bureau of Labor Statistics that show productivity per man-hour increasing only 1.6% in the period 1970–1995 and then 2.5% in the period 1996–2000.

20) In light of what has happened after this book was published in 2007, it would appear there was too much “extension of credit” given the subprime problem brought on largely by a policy that “everyone has a right to a house.”

must regain the respect it had for technology and the technologist. That this is a serious problem is illustrated by a discussion of the massive power-outage that occurred in the northeastern U.S. in 2003. This event highlighted the need for updating America's woefully out-of-date transmission system, which the authors attribute to the short-term thinking of the "so-called" experts. In fact it is not only the electrical transmission system that needs updating but also the entire infrastructure.

A couple of other problems are also brought up in discussing this power-outage event: an overly complex regulatory system coupled (ironically) with too much deregulation plus the lack of a coherent energy policy—obviously areas for which government attention is overdue.

Chapter 19: The First Light of the True Dawn (2001–2006). Ending the book on a somewhat bright note the authors cite these as examples that America may be returning to those days "Growth and Prosperity" prior to 1970:

- Although a mixed bag, thinking in the military seems to be turning around from the "body-count" mentality prevalent during the Vietnam era. People like General Colin Powell, former Secretary of Defense Casper Weinberger, General George W. Casey, and Col. H. R. McMaster are mentioned in this regard. An exception is Donald Rumsfeld²¹⁾ who, as Secretary of Defense "...has been the public sector's equivalent of the 'imperial' chief executive, a 'top-down', 'professional' manager who refused to listen to his senior military advisors" (p. 264).
- Some recent (2001–2006) appointments in the corporate world also show promise:
 - They discuss at length the changes that have taken place at General Electric with the appointment of Jeff Immelt as chief executive. In the

21) Replaced by Robert Gates in December 2006.

way of the classic GEC manger, Immelt, who spent his entire time with GE, has increased the number of “engineers” at the top level, has greatly increased the amount of research, has changed the role of the in-house business school to encouraging managers to get more “domain knowledge,” and has promoted integrated decision making.

- Another example is the appointment of A.G. Lafley as CEO of Proctor & Gamble.²²⁾ As opposed to his immediate predecessors, Lafley is “affable and consensual in his approach,” and “a person to whom it is easy for subordinates to give bad news” (pp. 267–268). Also, in true GEC tradition, he worked his way up the ladder in P&G so, like Immelt, really knew the business.
- A third example is Exxon Mobile’s replacement of Lee Raymond, “described as ‘arrogant and high-handed’,” by Rex Tillerson, “a good listener, noted for his diplomatic skills, as well as a superb organizer” (p. 268).
- Discussing companies in general, the authors cite IBM and its move towards more research. Smaller companies such as Nucor Corporation (steel) and Emerson Electric are mentioned as “models of good governance.”
- They now mention some more indicators of a positive change: the railroads increasing capital expenditures, the New York Stock Exchange replacing Richard Grasso with John Thain (a GEC type), and the “private equity” trend which frees a company from the pressure of institutional investors to show a profit every quarter.
- Even in education the authors see improvement with adoption of stricter standards and the move away from so much reliance on the Scholastic Aptitude Test.

22) In June 2009 Robert McDonald took over as CEO.

- Despite recent controversies, Goldman Sachs is held up as a company that “appears to the authors to observe most of our Principles of Good Management [see Appendix A]” (p. 276).

At this point the authors digress temporarily to address the need to do something about “...the central problem of the American economy, namely Congress’ failure to exercise control over national expenditure and relate it to income” (p. 277). They believe that this is a job for Ben Bernanke, head of the Federal Reserve System, and Hank Paulson (then) Secretary of the Treasury and further recommend the creation of a “Fiscal Policy Commission” as has been suggested by others to address this critical issue. Furthermore, they endorse the establishment of another body that has been suggested: “an independent Asset Valuation Committee... ...to offer ‘amber and red light warnings’ when price bubbles threaten to develop in assets such as stocks, *houses*, and commodities” (p. 278, the emphasis on “houses” added given the current subprime crisis). In light of the present sad state of affairs vis-à-vis the American economy, the authors were decidedly prescient!

The book concludes on these two points:

- Is what they’ve talked about in this chapter a valid indication that America is pulling out of the “locust years”? Only time will tell but taken together these things point to that possibility.
- But the lesson is that only by returning to the “hard grind” of practicing their (Appendix A) Principles of Good Management—as was done by the GECs—will America be able return to those days of “Growth and Prosperity.”

3. Discussion of the Book

These are some of the ways I believe this book is remarkable and, in fact, unique:

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- Provides a comprehensive history of American management—both its development and practice.
- Provides an interesting trip through American history from a management perspective.
- It is well researched.
- Provides many interesting vignettes about America.
- Challenges conventional wisdom in many areas.
- Appears to have an overall theme of wanting to get back to those “better days.”

Provides a comprehensive history of American management—both its development and practice. The book starts with the 1630 Great Puritan Migration and the very successful establishment of the Massachusetts Bay Colony due to the company’s excellence in planning and execution and John Winthrop’s leadership and managerial abilities. This is followed by other major contributors to the development of a good management system such as Colonel Lee and his Springfield Armory, Dan McCallum who reorganization of the New York and Erie Railroad, and Pierre du Pont who set up a modern manufacturing company. Underlying all these developments are the four Puritan characteristics cited at the beginning of this article.

At this point the culmination of these contributions are discussed at length in terms of characteristics of the Great Engine Companies, which produced a “golden age of American management” from 1920 to 1970. As a way to show just how well developed and efficacious the practice of management was in America, its positive influence on Japan thanks to the Three Wise Men is also covered at length.

Then the rise of the “cult of the (so-called) expert” is discussed to show how the pernicious influence of Fredrick Taylor and the rise of the business school and consultancy movements with all that entailed (e.g., the “professional”

manager and an emphasis on short-term profit) brought an end to the “golden age” of not only American management but also that of American society itself!

Provides an interesting trip through American history. In the course of providing a history of management, the book relates many interesting things about America history. This is just a sampling:

- A comparison of the very successful Puritan migration in 1630 to America with the much less successful Jamestown and Plymouth expeditions. One learns much about these seminal events in American history such as the great thought and detailed planning that characterized the former and, no doubt, accounted for its success.
- Some of the facts behind the gradual transformation of manufacturing from a “craft” industry to one of mass production. For example the role played by the Springfield (Massachusetts) armory under the direction of Colonel Roswell Lee in the early 1800s.
- Many interesting details about the Great Exhibit of 1851 in London. Although meant to showcase British accomplishments, instead it proved the superiority of American manufacturing as demonstrated by such as Colt’s revolving pistol and McCormick’s reaper. The Great Exhibit represented a turning point wherein America would eventually surpass Britain as a dominant world power.
- A great deal of information about the Fredrick Taylor and why he was anything but a “good manger.”
- The key part played by the Civil Communications Section (CCS) of General MacArthur’s Japanese occupation force in creating the rapid rise of Japanese manufacturing excellence that became a competitive threat to America in the 1970s.
- A great deal of information about how the “business school” movement started and developed in America.

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- A lot of American historical information about each of the “plums” in Chapter 14 (Impact of the Cult on Society): war, education, capital expenditure, economic policy, and medicine.

It is well researched. I’ve never run across a book so well researched. There is hardly a page that doesn’t have at least one reference on it. These are called “Notes” but in fact are, almost without exception, reference citations (placed at the back of the book). To get an idea how many “Notes” there are, eight pages of them were selected at random and the notes on each page counted. These averaged out at 28 notes per page. Since there are about 28 pages of notes this brings the total to approximately 784 reference citations for a book of about 270 pages of text!²³⁾

There is also a six-page bibliography and a six-page name index, the latter listing about 480 names.

It boggles the mind (at least mine) that anyone could have done so much research for a book of this size and makes it easier to understand its richness and depth.

Provides many interesting vignettes about America. Here is a sampling:

- The story on pages 60–61 of how the American locksmith Alfred C. Hobbs took up the challenge of a London toolmaker, Joseph Bramah, to try and pick his lock. Despite many attempts no one had been able to pick it until Hobbs did at the Great Exhibit in London in 1851: “It took Hobbs fifty-one hours of work, spread over sixteen days, to discover how to pick the Bramah lock, after which he could open it in just twenty-five minutes” (p. 61).
- In discussing “bottom-up” management on page 105, the fact that Peter Drucker, of management fame, “...objected on what he called ‘aesthetic’

23) About 2.9 notes (references) per page of text.

grounds to the term...”

- A meeting that took place in the late 1940s with General MacArthur to resolve “two competing points of view”: should America give the Japanese as much information as possible on how to manage or would this be going too far and setting Japan up to be a future competitor?²⁴⁾ The argument for doing this was presented by Homer Sarasohn, one of the Three Wise Men, the subject of Chapter 10. The argument for giving the Japanese as much information as possible was it would help the nation finally pull out of its economic slump and truly become a striving democracy. The alternative could well be a return to the kind of dictatorial society that existed before the war. The result of this meeting is summed up as follows:

When the [opposing] presentations were over, [MacArthur] sat for a minute or so in further silence and then walked towards the door. Sarasohn thought to himself, “I’ve blown it.” However, just as he reached the exit, the general turned around, glared at Sarasohn and said “Go do it!” (p. 120)

- The story of a plaque that was placed at the Newport News (Virginia) shipyard in 1917. This plaque was featured in the instruction the Three Wise Men used to emphasize the importance of quality to the Japanese. The plaque had this simple but powerful message: “We shall build good ships here at a profit – if we can – at a loss if we must – but always good ships.” The plaque was subsequently relegated to a museum when the shipyard was taken over by Tenneco in 1969. This was perhaps an appropriate gesture by a company “...more interested in artificially boosting earnings... ..than in creating genuine wealth for its shareholders, its employees, and the community at large” (p. 152). However, when the

24) Ironically this proved the case.

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shipyard became a part of Northrop Grumman Newport News in 1986 the plaque was once more given a place of place of honor in front of the company's head office.

Challenges conventional wisdom in many areas. For example, the idea of Fredrick Taylor being such a boon to management. Although his Scientific Management ideas are now pretty much dismissed as poor management, since they reduced the worker to nothing more than someone to carry out “management's” directions without thinking, Taylor—a poor manger himself—had other ideas that flew in the face of good management. For example his idea of breaking up the line-of-command into multiple functions.

The usual view of Dr. W. Edwards Deming's contribution to American management as an unqualified success is also challenged (in Chapter 16). Although he is given due credit for what he did contribute, the authors show why his approach failed to “rescue” American management from the state it had by then fallen into.

The authors also challenged several other “movements” that have come along, for example:

- The Human Relations movement that began with the much-ballyhooed Hawthorne Experiments (which the authors essentially discredit).
- The Michael Hammer and James Champy's “Reengineering the Corporation” ideas.
- The Six Sigma movement.

But perhaps the biggest surprise of the book was the authors' disdain for the business school movement that started with the founding of Harvard's in 1908. Not only disdain but they also make a good case for showing how the business school as it evolved proved highly counterproductive to good management. This is shown to be due to its overly academic approach in producing the “professional manager” who, in theory, could manage any business without the

benefit of “domain knowledge” only attained by being with the business for a long time. This movement also ushered in the notion that the purpose of business was more to meet the expectations of institutional investors for short-term profits versus serving the customer and promoting long-term growth.

Appears to have an overall theme of wanting to get back to those “better days.” Throughout the book there is a recurring theme of how the four Puritan characteristics—

- A belief that life’s purpose is to establish the Kingdom of Heaven on Earth.
- An aptitude for mechanical skills.
- A belief that individual interests should be subordinated for the common good.
- An ability to marshal resources for a single purpose.

—were the bases for the once greatness of American management. A greatness that saw its fullest expression in the “Golden Age” of management from 1920 to 1970 and had a great deal to do with the greatness of America itself. If America is to return to those days of greatness we must once again embrace the spirit of those Puritan principles.

I can’t help but wonder if this idea isn’t a reflection of some even wider view of America’s problems today, an America that seems to have lost its moral compass and, when it comes to fiscal responsibility, common sense. Regarding its moral compass we now see the deterioration of respect for traditional marriage, the taking of innocent unborn life now perfectly legal under *Roe vs. Wade*,²⁵⁾ television now often almost embarrassing to watch with its obsession with promiscuous sex, and rampant pornography—especially via the Internet. Add to all this a growing hostility towards religion, especially Christianity.

25) The Supreme Court decision in 1973 that made abortion at any stage of pregnancy legal.

Robert B. Austenfeld, Jr.: *The Puritan Gift—A Summary and Discussion of a Remarkable Book*

Regarding fiscal responsibility America has lately been spending “like a drunken sailor” except the sailor has to quit when he runs out of money. There is deep concern by many Americans that this excessive spending will someday be America’s Waterloo.

The loss of America’s moral compass seems closely tied to what seems to be a repudiation of the place God and Christianity played in the lives and philosophy of our founding fathers. The loss of fiscal responsibility seems closely tied to the abandonment of the principles of good management as presented in this book. I would suggest that both problems can be related to what the Hoppers are saying when they say we need to return to the ideals given to us by the Puritans.

As a final note, the book is not necessarily perfect—no work is—but whatever minor flaws it might have are far outweighed by its very significant message of a “wakeup call” for American management and, perhaps as an underlying message, for American society; a message presented in highly readable and interesting way! I would recommend this book to anyone who’s interested in the history of management and what constitutes good management. It would also be a worthwhile read for *anyone who cares about America and its future!*

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**Twenty-five Principles Underlying Good Practice
from the Golden Age of Management**

All with Puritan Overtones

(The Puritan Gift, pp. 280–289, used with permission)

Note 1: Following each principle one or two pages in *The Puritan Gift* are usually referenced. These have been left in this appendix to show how each principle is backed up a related discussion in the book.

Note 2: Any citations to the literature have been omitted.

SYSTEMS AND ROUTINES

PRINCIPLE ONE

All successful organizations, however simple, consist of systems within a system (see page 56).

Comment

This is the Master Principle, on which all the others are a gloss. The organization itself is the Grand System. Once its objectives have been defined, the next task is to create, and to determine the objectives of, the sub-systems. The approach of any manager to his work has therefore to be *systemic*, a key word in any business vocabulary. (Henry Mintzberg appeared to be saying much the same when he told us that managerial roles collectively constitute a *gestalt* or integrated whole).

PRINCIPLE TWO

All systems are nurtured by routines, which must be regularly reviewed and refreshed (see page 173).

Comment

When the principal sub-systems have been designed, the next task is to establish these routines and put them into effect. *Routines liberate*; when they are functioning smoothly, the manager can concentrate on those key activities that cannot be subjected to routine, like the design of new products or closing a complex deal with a customer or a supplier. If an organization fails to establish

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Twenty-five Principles Underlying Good Practice (continued)

good systemic routines, its employees will suffer from burnout, since the same pedestrian problems will have to be solved afresh time after time.

STRUCTURES AND HIERARCHY

PRINCIPLE THREE

The most important sub-system in any organization is the managerial hierarchy, which is likely to be based on some form of line-and-staff (see pages 49 and 50).

Comment

Hierarchies permit the systematic delegation of functions, roles and tasks. Delegation is not as simple a concept as it might seem at first blush. When the American engineer Homer Sarasohn inquired into the weaknesses of Japanese manufacturing in the late 1940s, he observed that, when managers delegated a task to a subordinate, they thought that they had also delegated the responsibility for it. He taught that the delegator retains that responsibility, just as if he were performing the task himself. Around the same time, [William] Given made a similar point in his folksy way: ‘Always remember, your man’s failure is your failure.’

Hierarchy is sometimes attacked on the grounds that it inhibits the creation of cross-departmental teams designed to address problems that affect more than one area in a firm. Anyone who propounds this view has misunderstood the way in which such teams come into being and function. They do not simply materialize out of the thin air. Someone in authority has to appoint them and they are effective only if they report to a person whose position in the hierarchy is strong enough to ensure that their recommendations are put into effect.

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Twenty-five Principles Underlying Good Practice (continued)

PRINCIPLE FOUR

The best type of hierarchy is ‘bottom-up’ (see pages 102 to 106).

Comment

As we explained in Chapter 9, in Great Engine companies ‘bottom-up’ management went far beyond the simple delegation of tasks to appropriate levels that was (and is) a characteristic of all well-run hierarchies. It superimposed an additional, informal, structure which permitted *de facto* operational responsibility to be pushed down to the lowest level capable of accepting it – which in a manufacturing plant would be the foreman – while not abolishing the formal line-of-command as the ultimate channel of communication and control. In a crisis, or when a major change of direction was required, a senior manager could reassert control over a subordinate at the drop of a hat and without upsetting the relationship.

PRINCIPLE FIVE

Leadership should as far as possible be collective or ‘collegiate’ (see page 163).

Comment

This principle was laid down (although not in these words) by Drucker in *The Practice of Management*. He believed that by the mid-twentieth century the position of chief executive had become too burdensome for one man, which was why, in successful companies, it was being increasingly shared with others. There was usually still someone called a chief executive officer ‘as there is at General Electric’ but the job was in fact discharged by a team. This trend had been pushed furthest at Standard Oil of New Jersey, now known as Exxon Mobil. At the very top of the managerial ladder were usually to be found what the Japanese call ‘two men in a box’ (see page 95).

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Twenty-five Principles Underlying Good Practice (continued)

PRINCIPLE SIX

The middle manager is the keystone of the managerial arch (see page 101).

Comment

In the Golden Age of Management, first-class middle managers were important to companies organized both on ‘bottom-up’ and on more traditional lines. This was for several excellent reasons. Someone had to ensure that the first-level managers were behaving as they should, a task far beyond the physical capacity of senior managers – who had other things, such as policy questions, to concern them. Someone had also to act as an intermediary in the exchange of information between top and bottom. Long-serving middle managers also acted as the organizations ‘corporate memory’, making it unnecessary to address problems that had been solved before. Finally, the middle managers as a whole constituted the reservoir of tested talent from which future senior executives could be drawn.

PRINCIPLE SEVEN

‘One man, one boss’ – which should now be re-stated as ‘one person, one boss’ (see page 101).

Comment

All Great Engine companies observed this rule. Only if each executive reported to one single person could information flow freely up and down the line-of-command. In fact, without ‘one person, one boss’, there was (and can be) no proper line-of-command. A similar idea is expressed in Henri Fayol’s Principle 5: ‘Unity of command: for any action whatsoever: an employee should receive orders from one supervisor only; otherwise authority, discipline, order and stability are threatened’. However, he failed to stress the importance of upward flowing information. An alternative to ‘one person, one boss’ is ‘matrix management’, whereby one person will report to two bosses – for example one within a regional and another within a functional structure. As the management

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Twenty-five Principles Underlying Good Practice (continued)

writer, Sumantra Ghoshal has told us, an arrangement of this kind leads to ‘conflict and confusion’.

DECISION-MAKING

PRINCIPLE EIGHT

Meetings are ‘the medium of management work’.

Comment

‘Meetings – The medium of management work’ is the title of a chapter from Andrew Grove’s *High Output Management* (see page 102). Once again, it would have seemed superfluous to make this point fifty years ago. However, Grove thought it was necessary to reassert it in 1985. There had been an assault by fashionable consultants on the very idea of meetings. Drucker had suggested (even Homer nods) that no more than 25 per cent of a manager’s time should be devoted to them. Less distinguished writers have proposed that they should be held standing up (to keep them short). Others have suggested that managers who had an open-door policy (presumably to encourage communication in the form of impromptu meetings) should sit with their backs to the door (presumably to avoid the same). Meetings should be as long or as short as the agenda requires and are best conducted sitting down.

PRINCIPLE NINE

‘Integrated decision-making’ leads to right conclusions (see page 25).

Comment

It is this trait that more than any other distinguished traditional American and European kinds of management from each other; in Chapter 2 we commented that it probably existed already in the Massachusetts Bay Company and went a long way to explaining why the initial colonization was such a success. So far as the authors are aware, it has never been described specifically in print before or even given a name. It meant, among other things, that: (a) the implications of

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Twenty-five Principles Underlying Good Practice (continued)

any important policy were worked out in great detail *before* a decision was taken to proceed or not; (b) the same group of people was involved in all four phases of the managerial process: planning, decision-making, execution and follow-up, which were therefore to be viewed as a continuum; and (c) careful provision was made against the contingency that some of the original assumptions might be incorrect. It followed from this Principle, as the night follows the day, that the makers of a decision were recognized as being responsible for its success or failure.

PRINCIPLE TEN

Planning should be for the short term (say, one to four years), the medium term (say, five to eight years) and the long term (say, nine years up) (see page 96).

Comment

Great Engine companies felt themselves obliged to plan for the long and medium, as well as the short, term because the building of a manufacturing plant obliged them to think at least a decade ahead. Success in achieving the objectives of the plan would not be measured simply in terms of the profit and loss account but by looking at a whole range of indicators, including rising cash balances and satisfying the customer.

PRINCIPLE ELEVEN

You should make a careful study of the mistakes and successes of the pioneers in your field – and learn from them (see page 25).

Comment

This is what Governor Winthrop and his colleagues did before setting out for New England in 1630. Studying other people's successes and failures, assuming the information is readily available, is the cheapest form of research – indeed, it is better than research since we are dealing in actual full-scale 'pilot' projects

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Twenty-five Principles Underlying Good Practice (continued)

financed and mounted at the expense of others. Great Engine companies paid particular attention to their competitors' mistakes as well as their own.

PRINCIPLE TWELVE

Excellent internal communications in all directions – but above all upwards – are necessary in any successful organization (see page 101).

Comment

The good American company in the mid-twentieth century was noted for the high quality of its information flow – communicating upwards, sideways and downwards within the company. The upward flow was not only the most important; the entire structure of the Great Engine company was geared to it.

PRINCIPLE THIRTEEN

The manager must be a leader in both a practical and a moral sense (see page 103).

Comment

In recent decades many writers have distinguished between the roles of manager and leader. Leaders are characterized as charismatic figures who command loyalty and offer a vision – managers as dull, gray administrators. This is a false apposition – to be effective, a manager must be able to lead. It is possible to lead without fuss.

PRINCIPLE FOURTEEN

You should use consultants sparingly – and 'strategic' consultants never (see page 158).

Comment

There are proper uses for consultants – for example, to perform one-off tasks for which it is inappropriate to hire permanent staff or to teach a skill that new

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Twenty-five Principles Underlying Good Practice (continued)

circumstances require and that is not available within the existing organization. However, a dangerous frontier is crossed when consultants are asked to determine, or even discuss, what the strategy of a company should be. If senior managers cannot perform that task for themselves, they should leave; that is why they were appointed.

PRINCIPLE FIFTEEN

A manager should be aware of his responsibilities to society as a whole, including to his company's employees as human beings (see page 116).

Comment

People are not commodities to be bought and sold like a pound of sugar – and even sugar should not to be bought and sold without serious regard for the people who produce and consume it. As Drucker, Given and many others have taught us, in everything they do, managers operate within a social context. A company guided by Principle Fifteen will be reluctant to hire large numbers of additional staff at the beginning of a boom if there is a likelihood that they will have to be laid off when the boom ends.

PRINCIPLE SIXTEEN

If it ain't broke, you should try to make it work better (see Deming's famous 14 Points on pages 242 and 243). [Note: see Appendix B]

Comment

One of the commonest remarks in the English language is: 'if it ain't broke, don't fix it'. However, if the human race had followed this precept since its ancestors materialized on earth, we would still be living in caves, wrapped in animal skins. (There may be some doubt about the skins.) The huge rises in productivity that were a characteristic of the US economy from 1870 to 1970 were the product of a different outlook, which is encapsulated in this Principle; it explains the reason for all the others. A passionate desire to do and make

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Twenty-five Principles Underlying Good Practice (continued)

things better is one of the most abiding characteristics of American society. The Japanese have a name for it: *kaizen*, or continuous improvement.

FINANCE

PRINCIPLE SEVENTEEN

Avoid debt like the plague – or, if that is impossible, use it sparingly (see pages 97 and 98).

Comment

One of the greatest strengths of America's Great Engine companies in their Golden Age lay in their conservative (i.e. debt-free) balance sheets. This enabled them to 'roll with the punches', paying large dividends in good times and little or none in bad. The assumption was that an organization should be designed for survival and that bad times might be just around the corner. This habit of mind has been carried forward, and is brilliantly exemplified today, by Japanese companies such as Toyota Motor.

TRAINING

PRINCIPLE EIGHTEEN

A manager should possess, or acquire what is now known as 'domain knowledge' (see page 266), i.e. a profound understanding of the technology and business of his company, which can normally be gained only through a long apprenticeship in that company or in the same industry.

Comment

The basic fallacy promoted by business schools is that management as a skill can be learned from a theoretical point of view in an academic setting and thereafter exercised in any kind of organization. The corollary, also a fallacy, is that a manager need not have a thorough understanding of his company's technology. One need hardly add that, in Great Engine companies, it was taken for granted that every manager possessed as thorough a knowledge as possible

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Twenty-five Principles Underlying Good Practice (continued)

of the business in which he operated.

PRINCIPLE NINETEEN

The testing and training of managers should be pragmatic and continuous (see pages 101 and 102).

Comment

In recent decades an entire industry has come into being with the object of testing applicants for managerial positions, often through ‘psychometric testing’; one of the objects is to identify ‘high flyers’ that is to say, people who have the ability to move up fast through the managerial ranks. Psychometry is an exercise in talent spotting. There are two problems with this approach. First, all that the tests demonstrate is that the person in question is good at passing tests – or has been lucky in the choice of questions [answers?]. Secondly, the high flyers selected in this way are likely to be promoted quickly into a senior position for which they have not been adequately prepared by a period of training in a lower position. There was no such concept as a ‘high flyer’ and no psychometric testing in the Great Engine companies of the Golden Age of Management.

PRINCIPLE TWENTY

Managers who wish to reach the top should start at or near the bottom (see page 95).

Comment

The Great Engine companies of the mid-twentieth century were profoundly meritocratic in their outlook. Blue-collar workers were encouraged to better themselves by taking evening classes and indeed one British visitor to the United States in the 1950s reported that some shop-floor workers whom he met had qualifications equal to a university degree. However, the true meritocracy existed among graduates. They were expected to start at the bottom, often as foremen mixing with the non-graduate foremen, and then work their way

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Twenty-five Principles Underlying Good Practice (continued)

towards the top. Only in this way could they acquire the thorough familiarity with the business that was required if they were to occupy the highest positions.

PRINCIPLE TWENTY-ONE

Job rotation (sometimes known as intra-company mobility) is desirable to create the ‘rounded’ executive (see page 163).

Comment

This Principle is tied in closely with the previous one since, in order to acquire an acquaintance with all or most of the activities of his company, the rising executive had to pass through all or most of its departments. (The blinkered specialist had no place in the organization – at least not if he wanted to rise and perhaps even if he wanted to stay where he was.) That this was normal practice in Great Engine companies around 1950 is evidenced in Drucker’s writings. Speaking of ‘a large electrical manufacturer’ (probably General Electric), he tells us that: ‘Men in the promotable group will be rotated into special jobs in functions they are not familiar with, each job assignment to last six months to two years.

EMPLOYMENT

PRINCIPLE TWENTY-TWO

Employment should in general be for the long term – by which is meant, at least, eight and, if possible, ten years (see page 161).

Comment

One of the reasons why this was important is that it took a long time for a new manager to build up a sufficient knowledge of his company’s business for him to be able to play a useful role. Another was that the expense of training could not be justified if he was expected to leave within a short period of time. Yet a third was that only in this way could the company have got to know an employee well enough to decide whether he was suitable for promotion.

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Twenty-five Principles Underlying Good Practice (continued)

PRINCIPLE TWENTY-THREE

Complementarity is one of the keys to making appointments (see page 25).

Comment

In some other world beyond our ken there may have been a class of perfectly ‘rounded’ super-mangers, each sufficient unto himself for all the tasks he was called upon to undertake. In Great Engine companies of the mid-twentieth century, whilst every effort was made to create a fully ‘rounded’ executive by job rotation and other methods, the outcome would nearly always have been less than perfect. Each manager had his strengths and his weaknesses. Hence the doctrine of complementarity. This meant, among other things, building teams. Thus if a chief executive was strong on engineering but weak on finance, he would be expected to appoint a strong financial director – and if he did not, his Board might insist on one. Unless a manager acknowledged his weaknesses, nothing much could have been done about them.

PRINCIPLE TWENTY-FOUR

The remuneration system should promote and reward group effort (see page 237).

Comment

The management literature of the Golden Age was generally unhelpful on this subject. If you read parts of Sloan’s *My Years with General Motors* or Drucker’s *The Practice of Management* superficially, you will obtain the impression that their authors were as wedded to the idea of bonuses and stock option plans as any high-flying corporate executive of the 1990s. In fact, bonuses and stock options formed a relatively small percentage of total remuneration in most companies at that time. A better view of mid-twentieth-century habits is to be found in an opinion Drucker attributed to the research department of an unnamed bank:

If the top executive in a company gets a salary several times as large as the

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Twenty-five Principles Underlying Good Practice (continued)

salaries paid to the Number Two, Three and Four men, you can be pretty sure that the firm is badly managed. But if the salary levels of the four or five men at the head of the ladder are all close together, then the performance and morale of the entire management group is likely to be high.

Incentive systems that over-reward senior executives have no place in any company that practices collegiate decision-making – and/or ‘bottom-up’ management; where much of real responsibility is passed down the line, so should much of the reward.

PRINCIPLE TWENTY-FIVE

Avoid ostentation like the plague (see page 98).

Comment

The good manager of the period was aware that any success he achieved was due to his entire team. He behaved unostentatiously, remembering that he was simply the first among equals. David Farr is chief executive of Emerson Electric, a company which has observed Golden Age principles right down to the present day; he tells us (see page 271) that ‘people may call us boring – but if we are, boring is OK’.

Appendix B (page 1 of 2)

Deming's Fourteen Points

(The Puritan Gift, pp. 242–243)

Deming's Famous 14 Points

- 1 Create constancy of purpose toward improvement of product and service, with the aim to become competitive and to stay in business, and to provide jobs.
- 2 Adopt the new philosophy. We are in a new economic age. Western management must awaken to the challenge, must learn their responsibilities, and take on leadership for change.
- 3 Cease dependence on inspection to achieve quality. Eliminate the need for inspection on a mass basis by building quality into the product in the first place.
- 4 End the practice of awarding business on the basis of price tag. Instead, minimize total cost. Move toward a single supplier for any one item, on a long-term relationship of loyalty and trust.
- 5 Improve constantly and forever the system of production and service, to improve quality and productivity, and thus constantly decrease costs.
- 6 Institute training on the job.
- 7 Institute leadership. The aim of supervision should be to help people and machines and gadgets to do a better job. Supervision of management is in need of overhaul as well as supervision of production workers.
- 8 Drive out fear, so that everyone may work effectively for the company.
- 9 Break down barriers between departments. People in research, design, sales, and production must work as a team, to foresee problems of production and in use that may be encountered with the product or service.
- 10 Eliminate slogans, exhortations, and targets for the workforce asking for zero defects and new levels of productivity. Such exhortations only create adversarial relationships, as the bulk of the causes of low quality and low productivity belong to the system and thus lie beyond the power of the workforce.

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Deming's Fourteen Points (continued)

- 11a Eliminate work standards (quotas) on the factory floor. Substitute leadership.
- 11b Eliminate management by objective. Eliminate management by numbers, numerical goals. Substitute leadership.
- 12a Remove barriers that rob the hourly worker of his right to pride of workmanship. The responsibility of supervisors must be changed from sheer numbers to quality.
- 12b Remove barriers that rob people in management and in engineering of their right to pride of workmanship. This means, inter alia, abolishment of the annual merit rating and of management by objective.
- 13 Institute a vigorous program of education and self-improvement.
- 14 Put everybody in the company to work to accomplish the transformation. The transformation is everybody's job.