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WHERE WE STAND

By Albert Shanker, President
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Sharing a Vision Beyond a Paycheck

Management Creates Sense of Purpose

When U.S. business fares poorly in world competition, we start asking what management has done wrong and what we can learn from the best managed companies. The same questions are directed at our public schools every time new national test scores are released which show that we're not doing well with large numbers of students.

But just what changes are needed in management if organizations are to be improved? And which management practices are responsible for our failures and successes? If an unsuccessful company or school adopts the styles and practices of successful organizations is success sure to follow? These questions are at the center of much of the current debate in education and in business.

Early last year, Donald M. Kendall, Chairman of the Board and CEO of PepsiCo, Inc. delivered an address on "The Four Simple Truths of Management" at Fudan University, Shanghai in the Peoples Republic of China. His remarks were reprinted in *Vital Speeches* (May 15, 1986).

Kendall cited his 30 years as head of "a major international company" saying, "... if there's one thing I learned, it's that the most important principles of successful management are really the most basic ones. And they apply to all human endeavors. So I have no new theories or sophisticated systems to share with you. I have but four simple truths. But I am convinced that in these four simple truths lie the key to success and fulfillment."

Kendall's first point "is that any complex organization is managed best on a decentralized basis. . . . We have worked very hard to decentralize our operations—to set up autonomous units that are responsible for developing ambitious goals within their sphere of operations, and then for achieving those ambitious objectives. . . . Of course, there must be a central purpose to the entire organization—a central plan against which all the separate elements can be gauged. But the development of specific objectives that support this central plan—and the development of the specific strategies, products and programs—these are the responsibilities of the operating units."

As organizations succeed, they tend to grow more bureaucratic. "In fact," says Kendall, "as organizations grow larger and more successful, I think the biggest single challenge they face is to retain the attitudes, operating procedures, philosophy and relationships that they had when they were small and that ultimately were responsible for their success."

You can decentralize and trust decision-making down the line only if you follow the second basic management principle, which "is to hire the best possible people for every level in your organization. There simply is no substitute for great people, and no way to compensate for the lack of great people."

Kendall advises that, once you have top-notch personnel, there should be mutual agreement on goals, which "should not be dictated by top management." Give people "the freedom to operate within broad guidelines, not within the narrow confines of a detailed program dictated by top management. . . . The job of senior management, then, is to measure results, monitor progress and help the operating people take corrective action wherever necessary. . . . Another way in which top management creates an environment for success is by encouraging prudent risk-taking. You must develop a certain tolerance of failure. At PepsiCo we punish incompetence, but we do not punish failure. We recognize that occasional failure is the price of creativity, innovation, boldness and continuing growth."

Kendall's third management principle stems from that fact that "... whenever you have bright, energetic, innovative people working in a decentralized environment, there always is the potential that they'll go off in separate directions." Bureaucracies often solve this problem with extensive rules and regulations which generally guarantee that everyone goes in the same direction, but which also stifle energy and innovation.

Kendall has a different view of how to keep everyone together in a non-bureaucratic organization. "I believe the most important job of top management is to create a vision of the organization, a sense of purpose. And then to share that vision with others in the organization—so that everyone knows what it was that made the organization successful in the past, and what it will take to ensure the continuation of that success."

"All of us want meaning in our lives beyond a paycheck, beyond daily sustenance. We want the opportunity to share great values and great visions—and to have a real part of turning these values and visions into reality."

"I think this is the essence of leadership—this sharing of the vision. And we must share it. Because there is precious little that any leader can accomplish himself—without the active support and participation of thousands of people at every level of the organization."

Finally, Kendall stresses the importance of maintaining and developing strong personal relationships as a way of getting vital, first-hand information about operations and as a means of resolving conflicts that always arise in organizations.

How would the school reform movement have developed if these principles of management had been followed? For one thing, we would have looked for ways to encourage more decision-making by teachers in classrooms and principals in schools, rather than bind them by rules and regulations set down by legislatures and state education departments. We would have developed a strategy to get more of the best and the brightest into our schools as teachers instead of being content to set our standards with tests of minimum competency. And, perhaps most important of all, from Secretary of Education on down, our education leadership would have risen above the petty squabbles about merit pay, the length of the school day and school year, and created a vision of our public school system, what it has meant to our country, why it succeeded in the past and what challenges lie ahead, and shared that vision with over two million teachers, thousands of school board members and 60 million parents, without whom our goals will not be accomplished.

Mr. Shanker's columns appear in this section every Sunday, under the auspices of the American Federation of Teachers. Reader correspondence is invited. Address your letters to Mr. Shanker at the AFT, 555 New Jersey Avenue, N.W., Washington, D.C. 20001. 1987 by Albert Shanker.