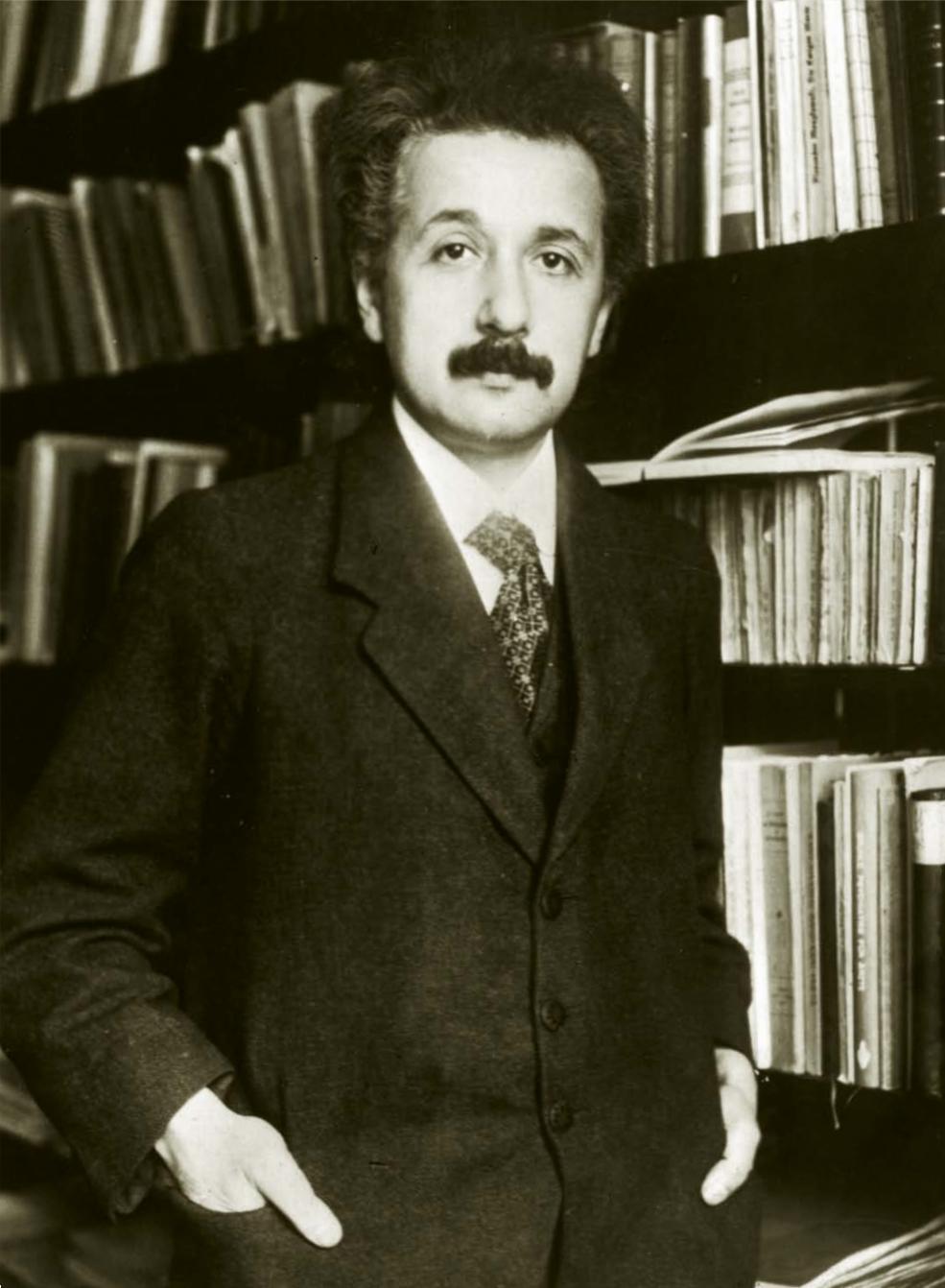


Books in Brief

by David K. Hurst

from **strategy+business** issue 50, Spring 2008

reprint number 08112



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Books in Brief

An icon of genius, a turnaround monomaniac, a flat-world skeptic, a psychoanalyst of leadership, and a management futurist.

by David K. Hurst

Einstein: His Life and Universe

By Walter Isaacson

Simon & Schuster, 2007

704 pages

When the English physicist Sir Isaac Newton (1643–1727) lost £20,000 in the collapse of the South Sea bubble, he remarked, “I can calculate the motion of heavenly bodies, but not the madness of people.” A similar blindness toward human foibles seems to have afflicted Albert Einstein (1879–1955), who between 1905 and 1919 would overturn Newton’s stable universe of absolute space and absolute time with his radical new perspectives of relativity, all the while struggling mightily with his familial relationships. In *Einstein: His Life and Universe*, Walter Isaacson, CEO of the Aspen Institute and former chairman of CNN and managing editor of *Time* magazine, has done a fine job of bringing Einstein’s world and universe to life. He gives management readers valuable insight into the nature of the creative process and the contexts in which Einstein made his seminal contributions to human knowledge. It is the story of an astonishing interaction of nature; nurture; and the physical,

David K. Hurst

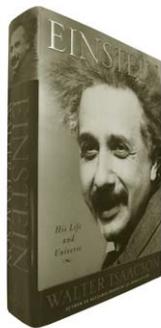
(david@davidkhurst.com) is a contributing editor of *strategy+business*. His writing has also appeared in the *Harvard Business Review*, the *Financial Times*, and other leading business publications. Hurst is the author of *Learning from the Links: Mastering Management Using Lessons from Golf* (Free Press, 2002).

social, and intellectual contexts that challenge and develop individual abilities.

The book is organized chronologically across what must be one of the most tumultuous periods of world history. Einstein's birth in Germany into an independent-minded, nonobservant Jewish family set him on a winding path that he always felt he traveled as an outsider. His rebellion against authority grew out of his early exposure to German militarism and the regimentation prevalent in the national education system. His habit of using visual imagery did not blossom until he had the opportunity to attend a Swiss school with a philosophy similar to that of a modern Montessori school. Working with objects as well as concepts, he developed an amazing ability to move from experience to idea and back again, a competence exemplified by his famous "thought experiment" of what it would be like to ride a beam of light.

Einstein's rise to world fame and his status as an icon of genius was cemented in 1919 when a solar eclipse confirmed his 1911 predic-

tion that gravity would bend light. The Great War had shattered the idea of a steady human progression toward higher and higher levels of civilization, but in its aftermath Einstein's theories of relativity, in particular, seemed to presage a new era of scientific discovery; he became an instant celebrity. At the same time that Einstein was overturning Newton's universe, however, his personal life was falling apart. He divorced his first wife in 1919 after a period of separation and estrangement from her and their two sons. During this time he had become involved with his cousin, although this pragmatic union — she



played the role of mother rather than wife — did not preclude numerous more passionate liaisons.

Einstein's geniality and penchant for pithy comments turned him into a popular authority on all the great questions of his day. Starting in the 1920s, his influence on contemporary physics dwindled, but his grip on the public imagination only grew stronger. The author recounts a delightful story about a parrot sent to Einstein by an admirer for his 75th birthday: The

bird was deposited in a box on his doorstep in Princeton. The poor parrot was so traumatized by this experience that it became depressed, so Einstein cheered it up by telling it bad jokes. It is a tribute to Walter Isaacson's skill as a writer that when he recounts for the reader the story of Albert Einstein's death in 1955, the reader feels almost the same sense of loss that Einstein's contemporaries experienced.

Doing What Matters: How to Get Results That Make a Difference — The Revolutionary Old-School Approach

By James M. Kilts with John F. Manfredi and Robert L. Lorber
Crown Business, 2007, 334 pages

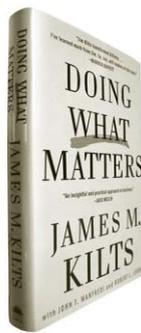
Harvard Business School teaches a series of four cases dealing with James M. Kilts's turnaround of the Gillette Company beginning in 2001. Kilts's story is told in other business schools' case studies as well. No wonder, for it is the textbook tale of a successful revival of that archetypal American business — the consumer products company — by an obsessive turnaround master at the peak of his game. But when

Procter & Gamble bought Gillette for US\$57 billion four years later and gave Kilts a severance package that was estimated to be \$168 million, the deal provoked a political storm in Boston, Gillette's base, and the amounts paid to Kilts and his team (estimated to be \$450 million total) stoked the debates on CEO compensation, corporate governance, and the roles of investment bankers.

Now, to what must be the chagrin of the business schools, Kilts, in concert with two of his longtime associates, John F. Manfredi and Robert L. Lorber, has written a lengthy teaching note that is available to all students. *Doing What Matters: How to Get Results That Make a Difference — The Revolutionary Old-School Approach* underlines the benefits that an outsider with the right experience can bring to a company in need of a turnaround. In the case of Kilts and many of his colleagues, the experience was provided by the Kraft organization, long regarded as the premier developer of business leaders in the consumer products industry. Kilts had been CEO of Kraft as well as of

Nabisco after it got into trouble following a highly leveraged buyout. This experience turned out to be perfect training for the challenges he and his management team would face at Gillette.

Kilts is a monomaniac, and his mania is for building brand value. He dubs his management style “old school,” and his conceptual framework can best be described as Rational Manager circa 1955, with its emphasis on analysis, planning, and control and its assertion that if something can't be measured, it can't be managed. Deployed by an expert, however, his framework functions superbly in the highly structured, hyper-measured context of a large consumer products company with blue-ribbon brands. Here



the old-school approach helps Kilts cut through the clutter and focus relentlessly on what matters. He assembles a team of trusted associates, consultants, market research specialists, ad agency executives, investment bankers, and other advisors, and uses them to extract Gillette from what he calls the Circle of Doom. The Circle of Doom is a death spiral of

overoptimistic promises followed by quick fixes, such as stuffing the distribution channels. This leads only to more missed targets, more promises, and more quick fixes. Everyone inside the company would like to stop it, but nobody can until someone like Kilts, with no attachment to the past, steps in to cry, “Enough!”

Kilts knew that the deal to sell Gillette to P&G would attract bad press, but not even he could have been prepared for the storm of abuse that followed. He was clearly hurt personally by this, and his book deals with all the related issues except that of his outsized severance package. He never questions the logic of paying CEOs for results in the market for expectations (i.e., Wall Street), which they cannot control, rather than for performance in the market for real goods and services. One wonders if even Ayn Rand, of whose writings Kilts is said to be a fan, wouldn't ponder that.

Redefining Global Strategy: Crossing Borders in a World Where Differences Still Matter

By Pankaj Ghemawat
Harvard Business School Press,
2007, 272 pages

Conceptual frameworks for managers function like maps for travelers; they work well when they cover the right territory, capture features of interest, and are at the right scale to serve immediate purposes. Maps fail to help when they don't capture the right features or when they are at the wrong scale. Typically, business maps come with too coarse a grain, as their cartographers attempt to develop generic concepts that fit all situations. The result is a profusion

To adopt a psychoanalytic perspective on leadership is to exchange cold line drawings for a broad brush and a bright palette.

of clichés that become pernicious if used as strategic mantras to drive business decisions.

In *Redefining Global Strategy: Crossing Borders in a World Where Differences Still Matter*, Pankaj Ghemawat, the Anselmo Rubiralta Professor of Global Strategy at IESE Business School (where he is teaching on leave from Harvard Business School), disputes the popular notion that the world is “flat,” that there is a global convergence of markets and production that facilitates universal strategies. He contends, rather, that the world is in a state of semiglobalization and that it will remain this way for decades to come. (See “The Thought Leader Interview: Pankaj Ghemawat,” by Art Kleiner, *s+b*, Spring 2008.) In Ghemawat’s skeptical view, managers of globalizing companies cannot assume that returns will automatically increase in proportion to the growth in size or scope of the operations. Instead, they will have to analyze differences across countries as well as all the components of economic value.

For understanding differences, Ghemawat offers a “CAGE” frame-

work, which highlights the cultural, administrative, geographic, and economic “distances” among countries. This framework can be applied at either at the country level, or, more revealingly, at the industry level within each country. His acronym for the components of economic value is ADDING — adding volume, decreasing cost, differentiating product offerings, improving industry attractiveness, normalizing risk, and generating knowledge. And Ghemawat’s AAA framework refers to a broad array of strategies for responding to cross-country differences — adaptation strategies adjust to differences, aggregation strategies can overcome them, and arbitrage strategies can be used to exploit them. These three analytical tools are not mutually exclusive, and the author gives practical examples of how some firms have used more than one; he cautions, however, that using all three in combination is extremely challenging.

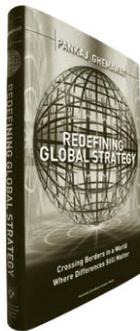
With its combination of solid data, illuminating case studies, and helpful concepts, this book is an effective antidote to both millennial and apocalyptic visions of globaliza-

tion. The acronyms may sound like alphabet soup, but the author is one of the leading researchers on international business; his analytical framework is a useful first cut for any organization contemplating going global.

The Leaders We Need, and What Makes Us Follow

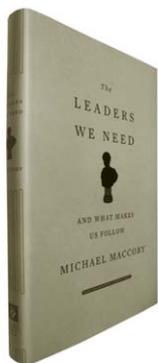
By Michael Maccoby
Harvard Business School Press,
2007, 272 pages

Sigmund Freud’s reputation as a scientist and social thinker is at an all-time low, but in the view of anthropologist, psychoanalyst, and management consultant Michael Maccoby, his ideas can still inform our understanding of leadership. Maccoby says he wrote *The Leaders We Need, and What Makes Us Follow* to grapple with the evolving social character of today’s workers. By *social character*, he means that portion of our personality that is learned from experience. It is changing because young people today have had different relationships with their parents, siblings, and peers, and because the “mode of production” in knowledge indus-



tries is very different from that used in traditional industrial and commercial businesses.

The Freudian concept of transference is key here: In our industrial past, workers from conventional family backgrounds with tough, demanding fathers and nurturing, caring mothers brought a predictable set of responses to the bureaucratic settings of their workplaces. The leaders who flourished in these circumstances were either “productive narcissists” (outer-directed innovators and personalities) or “productive obsessives” (inner-directed figures with high standards) whom workers would often cast in the parental role. These types of leaders are still prevalent in industrial cultures around the world. In places where the modes of production have shifted to service and knowledge work, however, leaders with personalities such as the “marketing type” (a concept the author derives from his work with psychoanalyst Erich Fromm), who are adept at handling changing situations, have come to the fore. Their followers, the “interactive collaborators,” do not have



the same childhood experiences as those in the industrial age. With emotional attachments to siblings and peers rather than to parents, they will not emulate the behavior of traditional leaders. Maccoby introduces two new forms of intelligence that he says these leaders must exhibit. Strategic intelligence refers to five interrelated competencies: foresight, systems thinking, visioning, motivating, and partnering. Personality intelligence is the intellectual and emotional skill of understanding people and their personality types. It is intended to be broader than the more familiar idea of emotional intelligence.

To adopt a psychoanalytic perspective on leadership is to exchange the cold line drawings of the management scientists for a broad brush and a bright palette. This approach can give the reader an approximation of the leadership experience — an idea of what it takes to lead and what it means to follow. The best chapter in the book is the description of the kinds of leadership that are needed in the health-care system, where a three-way cold war is

taking place among the physicians with a craft production model, the hospitals with the bureaucratic iron cage, and the patients who need care. Freud’s approach to understanding human behavior has the advantage of being systemic, although his models for systems were hydraulic and mechanical rather than organic. The real downside of taking a psychoanalytic view, however, is the endemic conceptual confusion, a bewildering choice of idiosyncratic frameworks, and a lack of empirical evidence to allow one to translate those frameworks into reliable action.

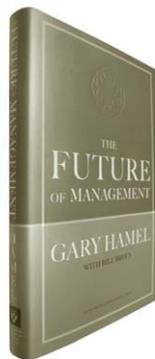
The Future of Management

By Gary Hamel with Bill Breen
Harvard Business School Press,
2007, 288 pages

“To tackle a systemic problem, you need to understand its deep roots” is one of the many rules, ingredients, ideas, lessons, and “building blocks” contained in the new book by Gary Hamel, visiting professor of strategic and international management at the London Business School. That’s excellent advice, but unfortunately, in *The Future of Management*, Hamel and professional writer Bill Breen don’t take it. The book is a welter of unexplored biological metaphors (fitness landscapes, managerial DNA, genomes, ecosystems); examples of management innovation from the usual suspects (Google, Whole Foods, Semco, General Electric, Procter & Gamble); and multiple lists of the aforementioned rules, ingredients, ideas, and so forth.

Hamel calls on established organizations to dramatically accelerate the pace of strategic renewal,

to make innovation everyone's job, and to create engaging workplaces that bring out the best in people. So far, so good; one can agree with these ends, even if they are described in the book bombastically as "meaty and righteous," which is presumably a riff of some kind on the "big, hairy, audacious" goals of Jerry Porras and Jim Collins. The author's concern, however, is that organizations today are governed by management principles developed in the 19th and 20th centuries that are wholly inappropriate for today's challenges of "whiplash change...seditious competitors...omnipotent customers...." He sees these principles as a "maturing technology" urgently in need of reinvention, just as our consumer products have been reinvented.



It's at this stage that many readers will begin to wonder whether we don't already have too many management principles, more than a few of them contradictory, and whether the real problem is determining how to employ them in very different contexts — contexts that often place significant constraints on management action. It's here that well-developed organic analogies should come to our aid, helping us to understand these contexts and their constraints. Regrettably, Hamel too often blames senior executives for their failure to act: They are variously described as being indifferent, in denial, lazy, myopic, and convention-loving.

Any ecological or evolutionary metaphor used to describe organizations inevitably raises the questions, Is an organization more like a tree or more like a forest? Is it an individual or a population? The answer mat-

ters, because in nature populations can change and evolve, but individuals cannot. Principles can help us frame these questions, but they can't answer them — that's an empirical matter. Some organizations, like General Electric and P&G, are like forests, complex ecosystems capable of continual renewal; others (such as integrated steel mills and oil refineries) are more like trees, monocultures vulnerable to age and technological change.

Hamel dismisses this issue in an endnote. It's a mistake, he writes, to view a large company as a single organism: "If large companies often appear...like unitary, non-adaptable organisms, it's only because managers have failed to nurture and exploit the potential for variety that exists inside every large organization." Perhaps — there's always room for improvement, but it's not unlimited, and the nature of those limits needs exploring. It's been shown repeatedly that markets are much more adaptable than organizations, so why champion adaptability at the organizational level so ardently? Indeed, one of the questions the author counsels the reader to ask about strongly held beliefs is, How does this belief serve the interest of its adherents? It's a mean-spirited response, but could it be that the author emphasizes large companies because they hire consultants, whereas markets don't? +

Reprint No. 08112

strategy+business magazine
is published by Booz Allen Hamilton.
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