Leadership & Management

A Collection of Articles

1970 - 2002

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A collection of articles published by Dr. Feinberg.

Telling Them the Truth - The Keys to Sound Criticism

Memo to Associate Members
Research Institute of America Inc.
Feburary 1958

Back in the days when the hairbrush was a favorite tool of discipline, Dad was wont to remark, somewhere on the way to the woodshed, "This is going to hurt me more than it hurts you." No self-respecting child ever believed that one - as a child. Discipline does hurt. And it may very well hurt the supervisor more than it does the subordinate. But it's a last-stand measure anyway, often avoidable, if the supervisor were willing to criticize at the appropriate time.

Criticizing is not easy - don't ever expect it to be. However, it is necessary, more than ever in the current profit squeeze, and it is a responsibility that no supervisor can hope to avoid. Consequently, the better part of wisdom would be to learn to do it with a minimum of pain and a maximum of effectiveness. The price of avoiding or mishandling criticism is a high one.

The Need for Criticism

Few things are more disrupting to the morale of your employees than uncertainty over where they stand. One thing that can be said in favor of the oldfashioned system is that the child on the way back from the woodshed knew just what the score was! You don't have to go to such lengths to provide your employees with the answer to the question, Â«Where do I stand?" But many supervisors, in swinging away from tough-fisted discipline, have assumed that criticism too must be outlawed.

Many people have misinterpreted the new emphasis on human relations in industry. They think the atmosphere must always be "friendly" and that disagreement must be avoided at all cost. This is a misconception. The sound human relations theory is based on the idea that you have to respect the uniqueness of each individual. But that's not the same as saying the employee is always right. Each person, in his own unique way, may often be wrong. And it's then your duty and responsibility as his supervisor to get the message across in a way that will prevent a repetition of the error in the future.

In theory, supervisors tend to accept the importance of "leveling" with their people. Yet, in practice, they find it easier to praise than to criticize. In fact, many supervisors think they must balance the two. As a result they so water down their criticism with praise that the employee is left in the dark as to their real feeling.

If supervisors find this the most unpleasant part of their job, it is because they are stymied by one or more of these facts:

- past attempts have backfired because of their own discomfort in the situation;
- over-concern with "being liked" makes them postpone criticizing until the situation assumes emergency proportions;
- lack of a well-thought-out set of standards makes it difficult to assess errors or to communicate correction;
- confusion over the difference between complaining and criticizing causes a holding back;
- misunderstanding of the purpose of criticism hides its real character- correction, not punishment.

Out in the dark

All of us feel discomfort in the unknown, and find reassurance in "knowing". Passengers in a plane that has developed engine trouble have been kept calm and reassured by honest reporting over the loudspeaker system. Even so simple a bulletin as, "We are now passing over the city of Chicago," gives a sense of security in Â«knowing where we are."

This need for bearings is equally important in less dramatic situations, such as the everyday work scene.

Experiments in the laboratory and in industry have dramatically demonstrated the importance of bearings with regard to performance.

In one instance, a control group was being trained to handle pursuit-rotor apparatus.

Ordinarily, a man knows pretty well when his stylus is on the target, because he can watch it going around. But, when an audible click was used to signal the fact that he had successfully remained on target for a while, the operator improved more rapidly.

And when errors were also signaled and specific details were given about the size and direction of the errors, improvement was speeded even more. Obviously, it's no favor to withhold any information about a poor performance if you want the person to improve.

Psychologists stress that immediate knowledge of results is one of the best aids in learning. In fact, sound teaching methods are based on the principle of reinforcing learning by providing quick knowledge of results.

Ambiguity of Silence

The supervisor can't afford to ignore the fact that silence itself may be misleading. The optimistic employee is inclined to believe that "no news is good news" and the pessimistic one is left free to believe the worst. The supervisor who thinks that so long as he says nothing he can't be wrong, more likely can't be right. His very silence can create ambiguity.

A mechanic expressed this feeling to us this way: "Whenever our foreman gets called down on the carpet to explain a department goof to the plant man- 1ager, he comes back on the floor in bad shape. It's like waiting for the other shoe to drop, just wondering when he'll have his say and get it over with."

Yet, another employee in the same department, less sensitive to his foreman's tensions, had an entirely different interpretation of things. According to him, "I always feel that if the foreman has any complaint about the job I'm doing, he'll just say so. If he leaves me alone, I guess I'm doing okay."

Setting the Boundaries

If you've ever been suddenly trapped in the dark, you've probably experienced a feeling of panic until you were able to reach out and touch a familiar object that gave you some clue again to your whereabouts. Driving through a dense fog, or making your way through a darkened hall, you feel secure so long as you can see the edge of the road or the wall of the room. These boundary lines establish "where you are."

A clearly articulated, consistent set of standards by which you judge performance gives the employee the same sort of boundaries. Psychologically, he knows where he's at if your standards of performance are clear-cut.

Both praise and criticism are means by which the employee can get to know ,md understand your standards. But, of the two criticism is more often misN handled, and without it the employee is on his own to decide where to draw the line.

Pushing the Line

Obviously, there's a strong tendency toward laxity where criticism is absent.

If you don't indicate that it matters either way, the employee who conscientiously toes the mark may be considered a "sucker" by his co-workers. In fact, once you allow lapses of behavior or errors of work to pass without comment, employees often unconsciously assume that you have closed the door on criticism.

The plant superintendent in a luggage factory had been fuming silently for months about the flagrant disregard for lateness. When he finally took the bu!l by the horns and tried to insist on punctuality, the attitude of the operators was, "What's wrong with him, all of a sudden?"

Because he had failed to insist on his own standards earlier, his criticism now was perceived as an unreasonable complaint.

Cost of Compromise

In discussing this subject with our Member companies, we were astonished by the number who mentioned the failure of their merit rating programs because supervisors shied away from being objective and critical. The vice-president of one company put it this way:

"One of our most difficult problems in developing our front-line supervision as well as the middle management group is to teach the ability to talk frankly with their people in merit-rating their work."

Further discussion indicated that the supervisors and executives have no difficulty discussing progress reports "so long as they are favorable and a pay increase for the individual is anticipated. But if the rating is mediocre or poor it means no increase, and explaining the reasons involves criticism. So rather than rate a person below average, they give an unw realistic merit rating. The result is that in some instances, because they're afraid to go through a session of criticism, they wind up by giving good ratings and then we have to grant raises to people for very bad performance."

Facing the Facts

The role of the critic is a difficult one. No one wants to be considered tough to work for. Many a supervisor is particularly sensitive to the possibility that no matter what he does he will be considered an S.O.B. by his employees.

But you only increase your burdens if you try to dodge your responsibility. You have to point out the need for improvement, wherever it exists.

When you have a tough job to do, the best course is to face it honestly, without minimizing the difficulties. Concentrating on it can help to make it less painful.

1. To improve the ease with which you criticize you have to face the facts in four separate areas:
2. The facts about yourself: your past mistakes, your personality, the kind of situations in which you lind criticizing distasteful;
3. The facts. about your people: how they react, their expectations and their individual attitudes;
4. The facts about your objectives: the real purpose you hope to accomplish by your criticism;
5. The facts about your standards: the norms by which you assess the performance of your subordinates.

Facts About Yourself

Only you can really uncover the specific factors that make criticism one of your more difficult responsibilities. These common errors that supervisors are inclined to make may help you examine your own attitude:

- Blowing up as soon as an error is revealed.
- Soft-pedaling or sweetening their criticism beyond recognition.
- Hoarding grievances until they become magnified beyond control.
- Passing judgment without investigation or "on the run."

- Focusing on the person instead of the act.
- Exaggerating the error - for example, "You always ... " or "You never ... "
- Generalizing, instead of being specific. ("The whole job is botched up" offers no clue to where the mistake was made or how to correct it.)

As this list indicates, it's just as possible to show your distaste for criticism by overdoing it as by avoiding it. It depends on your own personality.

It's usually possible to criticize effectively in more ways than one. One supervisor may be soft-spoker. and courteous whenever he criticizes. His people art intensely loyal to him.

Another is hardboiled. He shoots his criticism straight from the shoulder. And his people love it! This is not a paradox. The fact is that effective, well-received criticism is not a matter of toughness or politeness, not a matter of following someone else's formula.

What really counts is that your behavior must be consistent with your own personality and your people must believe that the purpose of your criticism is constructive.

Facts About Your Employees

If your people know that your criticism is intended to help them, they will accept it in almost any form. From the employee's point of view, the important thing is the feeling that you are for him and not against him.

It's perfectly human to dislike criticism. Anyone can say, "I want to know how I'm doing; I know I'm not perfect." But it takes courage to listen patiently to harsh or unfeeling criticism.

You can't expect your employees to be overjoyed when they hear your critical comments. But you can reduce the unnecessary discomÂ£ort if you give adequate thought to the way you deliver your criticism.

Obviously, there's no easy mix-and-match formula by which you can select the exact words for criticizing each type of personality. Some people welcome firm and tough treatment. Others shrivel under this approach.

But here are some general rules of thumb for various types of employees that can be used as a starting point in thinking about how to talk to a specific person:

Older employees. The oldtimer is particularly sensitive to criticism. He is also bound to be the most reluctant to change. Soft-pedaling may be called for here. In any event, respect for his years must be retained.

New employees. The newcomer on the job may be particularly tense and over-anxious to please. Any sign of displeasure from you will be perceived as a hint that he is not filling the biIL Your criticism will have to take this sensitivity into account. You must not overlook his need for learning each phase of his work thoroughly. His training needs must he a primary factor in your consideration.

Women. Women are universally assumed to be more sensitive to criticism than men. Perhaps it would be more accurate to say that they are more sensitive to anything that seems like a personal attack. Be particularly cautious to make it clear that you are discussing a specific detail of the performance and not the employee herself.

Reliable performers. An occasional lapse on the part of an outstanding employee should be treated in a; manner consistent with his over-all total performance. On the other hand, your best people may be your strongest. They may be the ones who prefer unembellished straight-from-the-shoulder criticism.

Repeaters. It's tempting to use the blunt approach with people who are constantly getting into trouble. But it pays to stop first to examine the reasons for the repeated lapses.

- Are you certain you have communicated your expectations clearly?

- Have you been guilty of overlooking past performance that was below par? Be certain of your facts before you go overboard here. On the other hand, firmness is certainly in order.

Facts About Objectives

You are more likely to ste.y on the track, as a critic, if you remember that the primary purpose of criticism is to let people know where they stand, Too many supervisors unwittingly create the impression that criticism is a method of discipline or punishment. If your tone of voice or manner makes your criticism seem like an attack, its effectiveness will be questionable.

The ultimate purpose of knowing where you stand includes knowing where you're going. Therefore your criticism should always have a threefold aim:

1. To communicate your standards;
2. To point out deviations or errors that make the performance below par;
3. To indicate the remedy, the correction, the possibilities for improvement.

Above all, criticism should never be considered a method of "keeping people on their toes in general." Used this negative way, it often produces unconscious reactions that hurt rather than help performance. Used positively, it can produce affirmative results: motivating people to rectify specific faults, to improve performance in concrete ways, or to achieve their own full potential.

Facts About Standards

The heart of criticism is the conveying of a clear set of standards. However, the situation is complicated for the supervisor by the fact that standards are not always constant.

To be sure, in some matters there are absolute standards. On a production job, norms can be set for quality and quantity. But even there, the shifting emphasis of management's immediate interest fuzzes criteria.

At one time, the most serious fault may be noticeable losses of output; or deadline failures; or cost failures; or loss of good will with customers, employees or other departments. The scales of judgment are never pennanently fixed in dealing with human beings or with company objectives.

In effect, then, you must keep revising your standards of criticism. But even within the framework of these shifting pressures, you can set a pattern of consistency by taking the background into account Most important, you can be a stabilizing influence by developing a consistent attitude toward criticism. This involves keeping in mind ...

The worst offense against good criticism is to form a judgment without regard to the conditions you yourself create. For example-

- Do your deadlines interfere with quality?
- How many other, simultaneous assignments must also be completed?
- Were you forced to make assignments without adequate specifications?
- Did the assignment have to be completed, even though speciÂ£cations were changed?
- Do company policies impose restraints on how the job can be done?

Once you have satisfied yourself that criticism is in order, you owe it to your people to communicate your point of view.

The Guides to Sound Criticism

To communicate your criticism effectively, certain standards or guides are needed, You've probably seen them set out in one form or another. For instance, Research Institute studies of criticism have listed these:

1. Keep it impersonal. It's a situation that you want to correct, not a personality.
2. Stick to the facts, Exaggerations serve only to divert the individual from the part that's true, to concentrate on what he thinks he can refute, Then he and the critic end up with widely separated views of the objective situation, to the detriment of both, Similarly, general statements about a person's work leave him in the dark as to exactly what's wrong, This lack of specific knowledge blocks any improvement the critic might expect.
3. Spell out a clear-cut remedy, Since a prima1y goal of good criticism is to help a person do better, you should give as much attention to a specific remedy as to the details of the error, This not only increases the possibility of improvement but also shows that one of your purposes is to benefit the employee.
4. Choose time and location carefully, The wrong timing or a poor location can obscure the benefits and magnify the inherent distastefulness of criticism, so that more harm than good results.

The most-widely-recognized admonition here is that criticism should be made privately, Yet, there's an exception: if an employee is in the midst of committing an irreparable and serious error, you may have to correct him promptly despite the presence of others.

Criticism should never be squeezed into odd moments, casual meetings, chance conversations. It should not be interspersed among longer items of business. In that case, the supervisor may be satisfying his own conscience ("Well, I did tell him!") but is actually fleeing from any real discussion.

If the deficiency is worth talking about at all, then it is worth the time needed to convey just how serious you consider it and what can be done about it Similarly, you must be willing to face up to the responsibility of defending your contentions if the subordinate wants to dispute the accuracy of your facts.

5. Avoid wisecracks, Two dangers spring from the injection of a humorous note into criticism:

- Some supervisors who really don't like to criticize try a light approach that undercuts the seriousness of the situation, It's not surprising then that employees "laugh it off."
- With the best of intentions, a supervisor may use humorous words that fall on the ears of his listener like sarcasm, The burt to an employee who feels he's the butt of hostile wit closes his mind to any sound aspects of the criticism. Unless you know from past reactions that humor serves your purpose well, better save it for the noncritical exchanges.

6. Tie up loose ends, The net result of effective criticism should be a strengthening of your relationship with your people. In the process of discussing their weaknesses objectively, and planning the corrections and improvements, you remove the anxiety of uncertainty for them.

But this positive advantage can be lost if you fail to follow through and tie up any loose ends.

Your follow-up should be planned with these considerations in mind:

- Your purpose is not to rehash the substance of your criticism.
- You don't want to drum your instructions into the employee once more.
- You want to give the individual a chance to ask any questions he may have about the right way you showed him.
- You want to let him know that the incident is water under the bridge. (Sometimes you can do this by avoiding mention of it and using some other item as the subject of your contact. But non-reference to the criticism is useful only if the two of you have already had a full discussion.)

Why the Rules Are So Often Ignored

The above guides, though fairly well known, are frequently ignored. Studying possible reasons for this anomaly, our staff has reached this conclusion:

Criticism goes astray because of failure to recognize that all the rules are offshoots of two basic principles:

A. Keep your criticism responsible; and,

B. Keep a proper balance.

Usually, behind the failure to observe either or both of these principles is the critic's lack of certainty about his own judgment.

Responsibility

It's responsibility that forces a supervisor to criticize an employee in the first place. That's part of his job, and to neglect it is to be remiss. But responsibility also requires that the supervisor be accurate and certain in his appraisal.

Particularly, the critic should avoid the natural tendency to dwell on end-results to the exclusion of causes. An adequate investigation would encompass the why and the who, as well as the what, when, where and how.

Responsibility in criticism also demands that you be specific about the details of the error and the remedy. It also provides a reason for following up later on.

Because of uncertainty about his responsibility as a critic, many a supervisor uses evasive, self-defeating tactics. Our researchers in the field have collected numerous case histories which reveal how criticism goes sour:

1. Silent criticism. There are occasions when silence can be expressive and clear. But more often than not it is misunderstood and interpreted variously as:

- lack of knowledge;
- a feeling that the matter is too trivial;
- a postponement of criticism.

Each of these injures the critic or his victim, or both. A supervisor who doesn't want to discuss a matter ought to say so and close the incident once and for all.

2. Second-hand criticism. Here the critic evades responsibility and professes to speak for others without clearly indicating whether he agrees or disagrees with the judgments he is passing along.

This creates doubt as to where he stands. The only thing worse than that is to suggest that he really doesn't agree with the criticism but that the subordinate should act on it just as if it were valid.

Second-hand communication of criticism serves only to frustrate the recipient. He is in the position of a defendant who is not allowed to confront the witnesses against him.

3. Chain-reaction criticism. This happens when the target is not really the person responsible for the error, and the critic is trying to get him to exert pressure on a third party.

For example, the head of a shipping department is late in making shipments because of delays on the production line. Instead of confronting the production head, the general manager rebukes the shipping department on the assumption that Production will hear about it, or that Shipping will speak up in turn.

Chain-reaction criticism is bad for several reasons. For one thing, it's often recognized by the man in the middle as a weakness on the part of the supervisor - the latter is either afraid of his real target or doubtful that he can influence him. Also, it involves more people than rightly belong in the situation, multiplying bad feeling and confusion. Frequently the only effect is to unite the second and third party in mutual resistance to the critic.

Balanced Criticism

The principle that criticism must be balanced has been so distorted that many supervisors have been persuaded to leaven every portion of criticism with an equal amount of praise.

The true meaning of this basically sound principle involves a long-range angle too often overlooked. The test is whether, over a long period, you indicate to your people that you can praise when it's earned, as well as criticize when that's necessary.

Balance does not require that the volume of praise and criticism be the same in any given critical situation, or even in a series of them. What it does demand, however, in each case is that you bear in mind these three ideas:

1. Truth must be respected whenever you use facesaving praise. If you are misrepresenting the facts, your subordinate will know it and will discount both your praise and your criticism.
2. Keep the fault in perspective. Don't treat all mistakes alike. Some are important; some are hot. In dealing with an unimportant matter, explain why you're commenting on it. For example: "'No great hann was done by it, Joe, but under other circumstances, it might prove very expensive to us."
3. Keep an eye on the way the scales balance out over the long run. Whenever you acknowledge good perfmmance, you are laying the foundation for tomorrow: you are making it possible for criticism, even of the toughest kind, to gain a hearing in the future.

How to Get 'No' for an Answer

How to Get 'No' for an Answer

Manager's Journal
Mortimer R. Feinberg

Today it's more important than ever to get "no" for an answer from the people in your organization-if "no" is what it takes to avoid damaging mistakes, plug costly leaks and make vital course changes.

That's not easy, even when times are good. People tend to observe the unwritten law that the glass is always at least half full. But it's a lot harder for people to be negative when things are tough. They figure the boss has enough trouble without hearing more bad news. And, being hu man, they may think of the declaration attributed to Louis B. Mayer: "I don't want yes-men around me. Tell me what you think even if it costs you your job!"

So today it takes more than merely saying, "My door is always open." Astute managers are doing everything possible to elicit the truth-even when it's unpleasant-by creating a positive atmosphere for negative feedback, by rewarding nay-sayers as well as yea-sayers, and by set ting an example of self-criticism.

Here's a sampling of useful techniques for emphasizing the necessary negative.

- **Remove the "Made by the Boss" label**. People speak more freely if they don't think they're knocking the boss's pet project. Lorian Mariantes, senior vice president of the Rockefeller Group, says: "Don't admit it's your idea at first. I say something like, 'Here are two or three possible approaches. What do you think?' " If the idea holds up under discussion, the senior executive can "buy into it" without admitting total authorship.

- **Hold a "negative brainstorming'" meeting**. James Wesley, president and CEO of Summit Communications Group, says, "Don't let a bad idea get past the first meeting." Sometimes managers go through a charade of consideration of an unworkable notion to avoid looking autocratic. Subject each scheme to. an acid test. Hold a session at which people are encouraged to take their best shots. Subject all ideas to this routine, whether their origins be high or low.
- **Build an atmosphere of trust.** "People must know they have nothing to fear when they bring bad news," observes a major oil company chairman. He emphasizes the importance of staying calm even when the news is hair-raising. "Impress on them that delay in reporting bad news is the cardinal sin." This atmosphere of con idence and openness can't be built over night. It's built up over the years. And it can be destroyed in one moment if the boss hits the roof when confronted with a not-so-hot report.

- **Help people say "no" to their own shaky proposals.** Constructive criticism should begin at home. People who are used to analyzing their own ideas will not only produce better ideas; they will be. more adroit at and confident about criticizing the ideas of others, including the boss. Carl Dargene, president and CEO of Amcore Financial, uses some key questions to get people to subject their own proposals to rigorous testing. For example:

"Have you considered this aspect (with particulars)?"

"What's the downside contingency?"

"Would you spend your own money on it?"

- **Relax the chain of command.** John McGlynn, president of Agfa Technical Imaging Group, says, "I encourage people at the lowest ranks to pick up the phone and -call me with their ideas and reactions." Mr. McGlynn knows some of his managers are uncomfortable with this short-circuiting of the chain of command. But the idea; is to have employees at all levels talking with each other with the mutual purpose of doing a better job.

- **Make allowances for the times.** Executives who are accustomed to free speech from team members when business is good may assume that employees will feel just as uninhibited when things are tight That often runs counter to psychological impulses.

William Fabian, executive vice president of Morey La Rue, a textile rental company, had been discussing possible down-sizing Implications with a key manager. As he usually did with the manager (a trusted associate for many years) Mr. Fabian spoke in a theoretical vein, wondering aloud about a 30% reduction in payroll. The manager took this as a directive. Mr. Fabian had to step in to reverse plans that would have led to a harmful slashing of staff. The manager thought the notion was a bad idea -- but he inferred that the boss wanted it done. Now Mr. Fabian makes it a point to draw out objections that might be withheld because of the economic environment.

Executives can't dictate personal feelings. But they can make it clear that their people have the paramount obligation to beam the top candlepower of their brains onto every issue that comes before them, and to say "no" when no is the word that should be said.

Positive thinking is still, on balance, the best policy. But "on balance" is the operative phrase. The optimum mode is productive, positive attitudes tethered to reality by the occasional tug of the negative. "No." after all, is not a four-letter word.

Mr. Feinberg is chairman of a New York-based international consulting firm.

Secrets of Successful Succession Planning

Secrets of Successful Succession Planning

Manager's Journal

By Mortimer R. Feinberg

Earlier this year, the good news for stock analysts was that Armand Hammer, 92, finally designated a successor to take the helm of Occidental Petroleum. The bad news was that Dr. Hammer left the date of succession open.

So, while the venerable industrialist/statesman upheld one cardinal rule of succession planning, he hedged on another. Granted, succession planning is not easy. But it has been recognized as essential since no less a figure than Moses was directed by God to instruct his successor Joshua on how to carry on.

Moses and Armand Hammer not withstanding, sensible succession planning is by no means the exclusive concern of up per-echelon personages. For managers at every level, the lesson is this: If you haven't prepared someone to step into your shoes, you're not ready to take a successful step upward.

All too often, this essential task is botched, even when there is ample time to do it right. In fact successors from inside the firm often get the skimpiest preparation: One insurance company administrator laments: "Because I was already with the company, nobody thought I needed any looking after.... No one thought to offer me any assistance in adjusting to my new responsibilities." This complaint was typical of many I heard while looking into this topic at firms across the country.

The following points may help to smooth the bumpy road of transition:

- **Choose early, disclose late.** Keep the lid on your successor's identity until it's time to set the changeover in motion officially. Otherwise, as former Avis President Robert Townsend observed, you "paint a bull's-eye on your heir's shirtfront." Avoid the inadvertent indicators of heir-apparency: disproportionate one-one meetings, undue attention at conferences, informal delegation ("Clear this with Lee.")
- **Draw the "invisible" organization chart.** On the official chart, a row of boxes-and their incumbents-look equal in influence and potency. Actually, there are likely to be significant variations you have detected through experience. Share these character analyses with your heir.
- **Identify the "hidden influential."** In most organizations there are people with out impressive titles whose support is important-sometimes crucial. These include office managers, human-resources people, researchers, secretaries. Acquaint the newcomer with these pockets of power. In making the necessary introductions, use your accumulated good will to endorse your successor.
- **Spell out the unwritten rules.** Every organization has an infrastructure of pecking orders, hidden agendas and accepted norms that add up to the culture of the group. Even if your replacement comes from within, he may not have perceived the fine distinctions hidden from most of the staff. You can help by describing nuances: "In our internal meetings we often brainstorm ideas as soon as they come into our heads. But in the divisional meetings you have to be ready to quantify-and de fend your idea. Otherwise, it will be ripped apart." Or, "You won't find this in the pol icy manual, but 'finance' has veto power over new product introductions."
- **Control the bloodletting.** As rivals vie to be chosen as your replacement, there may be a lot of internecine combat. Some bosses seem to enjoy this, presiding like Nero giving thumbs-up or thumbs-down to gladiators in the Coliseum, The result may be an organization so gutted by strife that it's impossible for your successor to lead effectively. You can't stamp out office politics. However, you can channel some of the competitive fervor into more productive endeavors. One way to do this is by form ing task forces to work together in attacking special problems.
- **Free your replacement from restrictive commitments.** Your designated successor may have gone along with some of your policies because of duty or loyalty rather than wholehearted agreement.

Make it clear that you expectâ even welcome-independent thought and action after the changeover. Let's face it successors eventually institute their own pro grams, and this can sting the ego of the predecessor. It's natural for you to hope for continuity of everything you've been doingâ but it's not realistic.

- **Share your observations about people, but don't impose them**. When you talk about those with whom the newcomer will have to work, acknowledge your biases. "I've had predecessors in jobs bad-mouth co-workers terribly and be totally oblivious, that they were even doing it," confides an advertising copy supervisor. Edward Uhlr former chairman of Fairchild Industries, says, "It's a hard pill to swallow, but you must accept that a newcomer may be able to establish a better rapport with certain people."
- **Let the successor's credentials speak for themselves.** Overpraise at the outset can be the kiss of death. "My worst memory was having my predecessor trumpet my arrival out of all proportion-and there I was with no choice but to try to live up to these unrealistic expectations," says Lyman Wood, president of Brennan College Services. Unrealistic expectations often result in anger and depression. Skip the full some introduction. Your successor will, have a much better chance of creating a distinct impression.
- **Plunge the newcomer into the deep end**. During the transition, immerse your replacement in the hardest issues at once, even at the risk of overwhelming the per son. "I always wanted to start out knowing the toughest challenge," notes Dennis Bottorff, president and chief operating officer of Sovran Financial Corp. "That way, I could start to get a handle right away on what the job really entailed."

Ultimately, there's no way you can ensure the success of your successor. Lay the groundwork, set the timetable-and then get out of the way.

Dr. Feinberg is chairman of BFS Psychological Associates in New York

Big Pond or Small Depends on How Long You've Been Swimming

Big Pond or Small Depends on How Long You've Been Swimming

By Mortimer R. Feinberg

Manager's Journal

When it comes to mapping out a career path, managers can easily get caught up in the "big company/small company" question. Can they do better in the unpredictable environment that marks many small companies? Entrepreneurial start-ups especially are considered fertile ground for future success.

Or are a manager's chances of succeeding really more attractive within the framework of a large company? Large companies, after all, usually have track records of continuous success.

"Granted, there is no right or wrong answer. Success stories have been achieved by people at both large and small companies," acknowledges Gary Bewkes, former chairman of American Bakeries, who now is consulting for small start-up companies. Judging from the experience of those who have tried both, much will depend on where you are at a given time in your career.

For many mature managers (age 50 and above) being flexible can be difficult. since the move they're considering ostensibly involves a step downward in status. Still, there are some compelling reasons for matching older managers with young companies:

Contrary to popular.myth, start-up companies need more than ambitious young whiz kids in order to succeed over the long haul. "Fame is the thirst of youth," as Byron wrote, but it takes more than that to make a business succeed.

Mature managers can be in demand simply because they are veterans of corporate life. They have an understanding of production and distribution, for example, that can take years to acquire.

Brian Wolfson, chairman of Wembley Stadium, the entertainment complex in England, saw many small companies come and go when he headed the Young Presidents Organization. "Seasoned managers can help bring a focus and direction to operations that is often lacking at these companies," he says.

When it comes to questions of strategic growth, seasoned managers understand the wisdom of certain long-term planning decisions that might elude their younger counterparts.

Apple Computer's experience with management is a textbook illustration of this. A few years after its auspicious debut under its young-and restless-founders, the company recruited John Sculley, a veteran corporate manager at PepsiCo, to be CEO. Mr. Sculley's mandate was to overhaul the company's marketing and administration, and to run things more with an eye toward the long term. Steven Jobs, the last of Apple's visionary young founders to remain, left soon after.

Having experienced good markets as well as bad, mature managers develop an innate sense of business cycles. Critics made this observation after the October 1987 stock market decline. Young analysts and brokers were quick to panic at the downturn because they had no experience skiing downhill. They had no basis for comparison.

Older managers needn't become fulltime, permanent employees. Instead, they could serve as consultants-sounding boards to balance the enthusiasm, drive and determination of the younger entrepreneurs. This would accommodate those who had taken early retirement but still were looking for part-time but meaningful assignments.

From the perspective of the mature manager who has practiced the same skills in the same surroundings for years, start ing again at a start-up firm can be a restorative tonic. Young co-workers' enthusiasm can prove contagious.

As for young managers just starting their corporate lives, the lure of the small company is great. "Young people may, in fact, be noticed more quickly in a small, entrepreneurial setting-and given more responsibility sooner," notes Robert Pincus, president of Sovran /D.C. National. At the bank, many of Mr. Pincus's clients are in small real estate and restaurant ventures.

But young people can pay a price for this success in terms of long-term career development. They're likely to wear a number of hats but, in the process, not learn any one function in depth.

"Large established companies, on the other hand, can better teach you how businesses truly operate," notes William Schwartz, chairman of Atlanta-based Capital Cable. Mr. Schwartz, who previously headed Cox Communications, the media conglomerate, also notes that "because of large companies' size, a young person learns firsthand how various corporate departments-marketing, finance. R&D function." At small firms, many of these functions are likely to overlap, so it won't be as clear what role each one plays in the big picture.

Large companies also can afford the young manager the luxury of making mistakes, and young people frequently stumble. Rather than these mistakes being a crucial blow, as they might be at a start-up firm, they're more likely to be seen as the learning experience they are.

At small companies, there may be no time-or budget-to allow for such "luxuries" as training programs. But training programs present young people with an opportunity to expand their business and technical knowledgeâ all at the company's expense. "Invariably, the larger the com pany, the more elaborate the training infrastructure," says Kenneth Draeger, president of Agfa Compugraphic, an electronic printing equipment company in Boston.

Of course, it's hard for a young person offered an exciting job to say no, even if the long-term benefits are not ideal. Likewise, managers at a later point in their careers can look askance at the idea of leaving an established company to join a barely tested start-up, even if their present career path seems hopelessly stalled. Charting a career path, whatever your choices, can be a difficult undertaking from any perspective other than hind sight.

Mr. Feinberg is chairman of BFS Psychological Associates.

A Cure for Control Freaks

A Cure for Control Freaks

By Mortimer R. Feinberg

Manager's Journal

We ail like to feel we're in control, and a healthy modicum of control is essential for leadership. But a person who runs an organization cannot be a control freak. For too many people, control takes the form of an unhealthy need. As an industrial psychologist with more than 30 years of experience, I have counseled a large number of executives as they wrestled with issues of control. Those who became successful found appropriate, productive ways of exercising their control of the planning process without undermining their subordinates' autonomy. Those who did not compulsively nagged their subordinates about unnecessary things.

To understand how managers develop control neuroses, consider a phenomenon known as the Zeigarnik Effect. Psychologist Bluma Zeigarnik observed that people tend to remember incomplete tasks better than completed ones. Why? A task left undone causes tension, which facilitates memory and which is dissipated when the task is finished.

A company can't function unless management tasks are completed. So seasoned executives must have a limited tolerance for ambiguity. Yet no boss can control, much less undertake, every detail per formed by his subordinates. Executives concerned about maintaining their authority without going overboard should ask three basic questions:

- **Which subordinates require close and constant observation?** New hires, of course, must be watched closely enough to make sure they can do the job. But once an employee has proved his competence, it's time to loosen the reins. For some managers, this isn't easy. I once advised a real estate executive who insisted that all his employees - regardless of their status, ability or length of service - inform him when they left or returned to the office. It took a lot to convince him that the exceptionally high turnover among his workers could be reduced if he learned to trust them.

- **At what stage of an assigned project should the boss get involved?** Answer: Only when the project is off target. Thus a skillful executive should assume that an employee has everything in hand until the worker asks for help. But there must be no surprises at the end of the project, if a midcourse adjustment by the boss would have avoided the damage. That means the sub ordinate must be secure enough both to handle at least the routine aspects of the task, and to ask for help if he needs it.

A client at a major training company frequently complained to me about the in ability of his professional staff to follow or ders. He would give someone an assignment to be completed by a certain date and forget about it until the deadline. Then he would ask about the status of the project, only to find that for one reason or another, it hadn't been completed. I was eventually able to convince him that although he had full confidence in his executives, he couldn't give up monitoring their work. He could delegate responsibility, but he had to retain ultimate authority. As one executive put it, "In God we trust; everyone else we occasionally audit"

- **How much power is the boss emotionally prepared to delegate?** It serves no pur pose to delegate control if you're such a perfectionist that you can't find it within yourself to trust your subordinates.

When I was asked to advise the manager of a national outplacement firm, I learned that he could not help himself from checking the results at every office each day. Since he was based in New York, he could not obtain the information from his Los Angeles office until 9 p.m. Eastern time, after which he could do little but go to bed and sleep fitfully. My advice was that if he wanted to sleep well and lead a happy life, he should close bis Los Angeles branch and concentrate on his East Coast offices. Even though his firm's revenues were likely to decline, the manager would be less anxious in the evenings and capa ble of using those hours more fruitfully, whether for work or play.

Effective managers exercise control, but ineffective ones often overdo it A wise man knows his own limits, but an even wiser man knows the right span and depth of control.

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Delights and Dangers of Working for a Family

Delights and Dangers of Working for a Family

By Mortimer R. Feinberg

Manager's Journal

Suppose a recruiter were to offer you a position with great financial rewards, marvelous perks, long-term security and rela tive freedom from others who want your job. As appealing as the offer sounds, you suspect there must be a downside.

"The catch is that you can never rise to the very top of the company," says the recruiter. "No matter how good you are, you'll always be working for somebody else."

The client? A family-owned or family-controlled business.

People often have the misconception that family firms are all small. Many are, but others, such as Ford, Du Pont Camp bell Soup, Hewlett Packard, Cox Communications and Wang Laboratories are either still run or partially controlled by the founders or descendants.

Signs of stress at family companies surface with regularity at many of these firms. At Ford, family members Edsel Ford II and William Clay Ford Jr. continue to agitate for more power though both already sit on the board of directors. At Wang, the selection as president of Frederick Wang, son of the company's founder, was preceded by the embittered departure of at least two senior executives in what was viewed as a succession battle.

Yet in this day and age of leveraged buyouts, more firms are likely to fall into family hands. Further, the current interest in entrepreneurial startups will result in an increasing number of family-controlled businesses in the 1990s.

For ambitious managers, working for a family company can be an enriching experience if they remember where the road leads and can spot the swamps and quagmires along the way. Talented managers can rise to the number two position. This has its consolations (security, almost total authority). But there are many who would still pine for that final responsibility. Here, based on an informal survey of managers who run family businesses and those who work for them, are important points to ponder:

- **Expect a cultural consistency.** "In most cases you can look for the values and customs of a family-owned business to remain the same over the long term," says Tomio Taki, CEO of the New York-based Takihyo Inc., a family business manufacturing Anne Klein and other clothing lines. "The same applies with the standards of performance appraisal by which you'll be judged."

- **Less opportunity should equal more money.** "Recruiting top people for a family firm is difficult because of the family blocked road to the top," says John Norton former deputy secretary of Agriculture and head of a third-generation agricultural company in Phoenix. "So expect terrific rewards-if family members feel they can depend on you." Family companies are increasingly survival-minded these days. They can't afford not to be. As a result, they realize they must pay well to attract and retain top management talent Lawrence Levy, chairman of a Chicago-based restaurant and real estate first-generation company, offers very young people equity positions and more challenging assignments than they would find in other non-family organizations.

- **Get a written agreement to protect yourself.** "To help keep family members from second-guessing your decisions, candidates for a senior position should obtain a written agreement outlining their prerogatives and authorityâ   before signing on," advised R. Lyman Wood, president and CEO of Brennan College Services, a family-owned bookstore management company in Springfield, Massachusetts. Such an agreement serves as a signal to family members that the head of the company has .faith in you and actively endorses the strategic agenda you are promoting.

- **Interview associates who are family members.** What do other family members who are in the business think of each other and the patriarch or matriarch? "Take an hour with each to privately discuss their feellngs-again before agreeing to join the firm. You may be surprised at the resentments that emerge," notes Mr. Wood, who was a manager with Lenox China, then run by his own family.

- **Watch out for late bloomers.** You may think that there are no members of the family contending for the top spot Don't bet on it. An amazing number of young family members, previously uninterested, can become "instant" entrepreneurs: The son (or son-in-law) who is studying medicine, flunks anatomy and decides that heading the family concern makes good sense after all; the daughter whose ambition is to see the world, finally sees it all and then shifts her interests to economic challenges closer to home.

Edgar Bronfman, Jr. was a 30-year old with an affinity for show business. To the surprise of insiders, he was selected to run the Bronfman empire (where, by most accounts, he is doing a creditable job.) In his autobiography, Lee Iacocca describes one of the most celebrated cases of delusions of nephewhood when he tells of his shock at the news that Henry Ford intended to "keep it in the family."

- **Keep an eye out for family feuds.** Family-run businesses can be torn asunder by disagreements among the heirs or by intergenerational conflicts of the control ling family. The one place you don't want to be is exactly the place you'll find your self: caught in the crossfire.

Sorting out the shifting politics in such a situation can take all your time while the business itself begins to flounder, due to a lack of cohesive leadership. Keep tabs on the internecine battles as they evolve and be ready, if necessary, to jump ship.

- **Be prepared to be the teacher of the heir-apparent.** If you stay with a family company and become a valuable and trusted executive, one of your roles may be to 'help prepare a younger family member to take over the reins. Some managers have a tough time handling this. "Oh, I know blood is thicker than water, but they're asking too much when they want me to teach this twerp the ropes. I know I am not going to get the job, but damn it I deserve it!" said one manager with considerable bitterness. "I taught him all he knows," may be scant consolation, but it's likely to be what you can expect.

In most cases, the outsider who works for a family firm will remain an outsider. But that doesn't mean there are not great rewards to be garnered. Depending on your goals and the state of your career, associating yourself with such a business may be an excellent move.

Mr. Feinberg is chairman of BFS Psychological Associates in New York.

When to Engender Fear ... or at Least a High Degree of Anxiety

When to Engender Fear ... or at Least a High Degree of Anxiety

By Mortimer R. Feinberg

Manager's Journal

Fear is making a comeback as a management tool. Or at least it looks that way on television. You may have seen the com mercials. A boss's scathing glare petrifies the subordinate who telexed something in stead of faxing it Underlings sit around a conference table gulping in trepidation, awaiting their superior's arrival. A young executive's scared face fills the screen as it dawns on him that the prospect chose a competitor who is "more creative."

My generation was weaned on fear. But during the past 20 years, fear of the boss had gone out of fashion. The boss was just one of the boys (and, latterly, girls)-democratic. caring, benign and patient.

But the pendulum is swinging back. Benignity is not chic any more. However, be fore we start wringing our hands, let's ex amine the matter objectively. Is fear a useful management tool?

Yes-when it's the right kind of fear. There are two kinds of fear that are primarily caused by management style: "free-floating fear" and "focused fear."

Free-floating fear is chronic. Its victims are more or less anxious all the time-not necessarily scared of particular events or consequences, but just frightened. Workers toiling in a miasma of apprehension are al ways afraid of the boss, whose moods are unpredictable but whose punishment may be swift.

Obviously, in such conditions, performance suffers. One former FBI executive related to me an incident concerning J. Ed gar Hoover, a world-class fear monger. One of Hoover's many quirks was his demand that no memo should exceed one "page, with wide margins. An agent ran into trouble getting his reports onto one page, so he encroached on the prescribed margin width. Hoover wrote back, "Good analysis, but watch the borders." Since no subordinate was willing to question "The Chief," the FBI dispatched agents to the Canadian and Mexican borders, to "watch." Nobody knew What they were looking for, but for a while, these borders were watched as never before.

The CEO of a giant electronics company, renowned for his outspoken impatience, became annoyed at a marketing presentation. He marked a cross next to the presenter's name. The action was noticed by the hapless speaker's superior. Next day, the presenter was fired. The CEO was startled, saying, "I didn't mean to have that happen."

These are examples of extreme behavior caused by chronic, nebulous fear. Simply stated, scared people don't think straight,' and they make mistakes. It doesn't take courage to instill fear in sub ordinates. Or brains, either. There is al ways an implicit threat in the boss/sub ordinate relationship. The person with the power to withhold money, recognition and promotion-and ultimately the power to fire-has the capacity to inspire fear. Wal lace Rasmussen, former CEO of Beatrice Foods, says, "It's easy to control by fear. It's also the most destructive and counter productive way of managing."

However. Jet's not throw the baby out with the bath water. You can use focused fear with telling effect. According to the former vice president of Burlington Indus tries, James Donahue, "fear cannot be a. basic component in the management pro cess. However, fear in specific circumstances does become an operative condition which the perceptive manager must understand."

The key to positive use of fear is to give the individual a way of doing something constructive to get rid of the fear. Emanuel Kant distinguished between two kinds of despair. Those who are gripped by "de pressed despair" are paralyzed by it; those in a state of "defiant despair? are willing to fight. Extrapolating from Kant, we can say that "depressed fear" is destructive, while "defiant fear" motivates people to positive action.

Here are three recommendations to consider when it is useful to engender fear, or at.least a high degree of anxiety.

- **Fear as an emergency boost to performance.** Your operation faces a critical deadline. Your management style has been participatory. Your key people are used to deliberating, discussing, kicking things around. As you face them today, you can see they're ready for more of the same.

You correctly demand: "Don't talk about it. Just DO it, or else!" When you're under pressure, when you don't want innovative give-and-take, but rather concentration on detail and thorough execution of routine, use a jolt of fear.

- **Fear as a clincher in performance reviews.** The purpose of review is improvement. When people are told that their performance is substandard, they naturally get scared. Some managers go out of their way to ease such fears. According to Joel Smilow, chairman of Playtex, this is a mistake: "When fear is a reaction to an objective assessment, it's healthy and positive. People are entitled to honesty. If honesty is frightening, they will work harder to im prove." The key here is to give the criticized employee a way of dispelling the fear by following agreed-on plans for improvement.

- **Fear as a stimulus to seek help for a personal problem.** A subordinate is drinking- long lunch hours, bleary afternoons, muddled performance. You know you've got to talk to him. You like the guy. You understand that he has problems. So you make your interview as gentle as possible, suggesting in a kindly way that he try to get straightened out. You don't even hint that he might lose his job, since this will only make him feel worse.

Wrong! The fear of getting fired is often the only stimulus that will break through the wall of self-justification the drinker or drug-abuser builds around his problem. As an adviser to the National Council on Alcoholism, I know the massive denial of the alcoholic. Use the threat to demand that the problem person get effective help, fast. You are being unkind if you don't employ fear in this case.

Fear has a fallout. While a threat can generate a desperately needed short-term boost in performance, it may lead to long-term resentment of the boss who caused the fear. You can help to minimize the fall out in two ways: 1) Make the fear situational, not personal-emphasize that the employee should be afraid of the consequence of his own actions, not of you as a person; 2) When the emergency injection of fear-adrenalin has done its work, offer congratulations on a job well-done and indicate the emergency is over.

It's bad to keep subordinates in a miasma of chronic fear. But concentrated doses of pinpointed fear-when accompanied by the means of overcoming the fear-can be a useful management tool. A judicious use of realistic fear-as differentiated from crippling fear-can get the results that enable you to assume the nice guy role again. Authority means power, and power can inspire fear. When necessary, use it. Otherwise, you'll lose it.

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When Offered a Good Job, Should You Tell Your Boss?

When Offered a Good Job, Should You Tell Your Boss?

By Mortimer R. Feinberg and Bruce Serlen

Manager's Journal

Being in demand can be a mixed blessing. Suppose you are urged by a recruiter or a credible employment agency to become a candidate for a position at a highly] regarded competitor. Besides having anxieties about your qualifications for the new' job, or whether it would be an advantageous career move, you are particularly uneasy about how (or whether) to broach the subject with your present employer. This is made more difficult if you enjoy a close and mutually supportive relationship with your present employer, or with your boss in particular.

If you do submit your resume and begin the Interview process, you have no way of being certain word won't get back to your present company. Confidentiality is supposedly guaranteed, but is it? The number of key players in many industries is limited, and those players network.

In light of this, you might decide to keep your predicament to yourself. The alternative is to take your boss into your confidence, figuring it is better to tell him now than wait for him to hear it through the grapevine or accidentally over lunch.

Either way, you still may be open to charges of disloyalty. And if you don't get the new job, or decide in the end that it isn't quite what you wanted, you may find you have jeopardized a bright future at your present company.

How then to proceed? It can be a painful quandary that requires subtle judgment calls. Consider these guidelines:

- **Read the corporate culture.** Is the company environment responsive to people or is it more rigid and formalized? How extensive is the career-development effort, within the firm? If other executives have been recruited out of the firm, how has their departure been viewed?

In some companies, people come and go with regularity. In others, anyone who leaves immediately becomes a nonperson. "Be sensitive to these cultural signs," says Karl Eller. chairman of Circle K Corp.. a national retailer based in Phoenix. Then, if you eventually accept an offer, you won't be shocked if you get an unpleasant fare well.

- **Enter negotiations cautiously.** As you begin discussions with the employment agency or recruiter, remember you're entitled to ask how many other candidates are being considered and where you stand in the ranking. James Wesley Jr., president of Summit Communications Group in Atlanta, notes that "recruiters can cast a fairly wide net on many searches."

Ask, too, about the expected time frame for completing the search. Some searches can drag on four to six months. If any of the responses you are given don't ring true, it may be a sign the situation is too precarious, for you.

- **Touch base on your present job performance.** Request a career discussion with your boss, separate from your regular performance reviews. If this raises any eyebrows, simply explain that you've had a 'rush of career anxiety." You heed to know your boss's honest and candid estimation of your prospects. Make no mention at this point of any possible job offer.' Whatever input you receive, store it in your mind while you consider whether to proceed further.

- **Realize you may not be able to turn, back.** If you decide in your, own mind that you do not want to leave your present position, be wary of going beyond preliminary discussions with the agency. Once you throw your hat in the ring, it may become increasing difficult to extract yourself from the process unscathed.

- **Act when an offer is imminent.** Now is the time to raise the subject with your present boss. Don't go in, however, unless you are mentally prepared to accept the, other company's offer and resign. Remember, this is not a negotiation ploy, especially as it concerns your present compensation. Senior management at one broad casting company meets with employees to discuss outside offers, though the cultural > ground rules stipulate that salary shouldn't be an issue.

Can you have a candid, open discussion" with your boss at this point? "Yes." says Carl Dargene, chief executive officer of Amcore Financial Inc. in Rockford, 111., "if your prior relationship has been solid and you act sincerely."

"I appreciate people consulting me," agrees William Schwartz, chief executive of Capital Cable in St Louis. "And in re viewing their career prospects at the company, it sometimes becomes clear they should pursue the other opportunity."

Other chief executives, however, aren't nearly as sanguine. To their minds, any broaching of another offer can poison their relationship with the employee, possibly permanently. The person is no longer considered a team player. The ground shifts. He or she suddenly represents a risk to the organization. "Sure you can have an 'honest' talk with your boss, but it'll be your last," says John Kelly, president of Kelhan Ltd., a marketing promotion company in New York. So know your boss's attitude well before you act.

- Don't count on counteroffers. In a re cent survey, the search firm of Boyden International reported that of 450 managers who changed positions during a 36-month period, 39 received counteroffers. Of these, 2? decided to remain. Their fate, however, was none too rosy. Of the 27 who stayed, 25 were gone within 18 months, having been fired or opting to resign voluntarily!

Why is the outlook on counteroffers so bleak? The company may have felt black mailed and only waited until a more advantageous moment to act The last thing a company wants to do is cave in to one employee's demands. "It can then find it self In a virtual bidding war where every one is attempting the same strategy," says Dennis Bottorff, vice chairman and chief operating officer of Sovran Financial Corp. in Norfolk. Va.

Then, too, deep down the employee may still have unresolved feelings about his or her long-term tenure and ends up leaving within a short time anyway.

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Charismatic Leader's Act is Tough to Follow

Charismatic Leader's Act is Tough to Follow

By Mortimer R. Feinberg and Bruce Serlen

Managers Journal

When Citibank chairman John Reed announced on May 19 that the bank would be putting aside a $3 billion reserve fund to cover future loan losses, it was significant on two fronts: not only was Citibank telling the financial community it would be talking a hard line on its Third World loans, but that John Reed had now personally come into his own.

Observers said the announcement signified Mr. Reed had finally emerged from the shadow of his illustrious predecessor Walter Wriston, who had headed the bank for 14 years. Though the formal succession occurred in the fall of 1984, the loan-reserves decision was seen as one of Mr. Reed's first major initiatives. In the public's mind, the "Reed era" has now formally begun.

The phenomenon is not that uncommon. Many leaders in business as well as government one day find themselves-at times unexpectedly-inheriting the mantle of a charismatic figure. The same applies when the person being replaced is much lower down the corporate ladder but engenders that same respect. The office manager or shop foremanâ whether benevolent or otherwise-may well have built up a consider able reputation over the years. Employees may feel they even "grew up" under the tutelage of these parental figures and experience a real sense of dislocation when they are replaced.

Given this situation, how do you then proceed? How do you carve out an identity separate from that of your predecessor? And even more to the point, how do you go about introducing your own agenda without de-motivating those in the organization whose allegiances may well be rooted to the previous regime?

The first three to six months of a successor's reign will prove to be most significant. In this period, you'll be easing into your new responsibilities and gradually be ginning to establish your own reputation. Yet it can take a year or two, if not longer, before your full agenda starts to emerge.

"Don't try to go for the brass ring right away," confirms E. Garrett Bewkes Jr., chairman of American Bakeries Co. It is far preferable to let some time go by be fore introducing any major initiatives. Keep a low profile for a while, so that the luster of the predecessor can grow a little dimmer. "Yet remain alert at all times to the possibilities of becoming your own per son," advises Mr. Bewkes.

"Never force your own priorities or agenda. Implement your plans very cautiously, step by step," adds Dennis C. Bottorff, chairman of Commerce Union Bank. "Understand the way things work before making any changes. Comprehend the culture and how your predecessor used it to forward his or her special agenda."

The issue of timing aside, consider the following recommendations that managers need to weigh when succeeding a charismatic leader, whether a CEO, a division head or a line supervisor:

- **Develop your own style.** In the most fundamental sense, charismatic leaders are irreplaceable. They are very much the products of their generation and the cultural referrants of their time. You may have been selected for the new job in part because of your ability to attain a consensus and in particular your ability to get along with your predecessor. But those days are now over.

- **Embrace what you can from the prior regime.** While you'll want to initiate your own programs, there may well be projects you've inherited that are compatible with your own vision. Rather than reject them out of hand, adapt them for your own purposes. After all, they'll still be in fused with your predecessor's aura of credibility. "Make your agenda seem like the unfinished business of the former leader," says Lorian Marlantes. vice president of Rockefeller Group.

- **Discreetly assemble your own team.** In the 1500s, the Italian statesman/philosopher Machiavelli warned that "a new prince should organize the government entirely anew . . ." Move with restraint in appointing supporters to key positions. To do otherwise runs the risk of alienating co workers and subordinates alike, including those who up to that point have remained neutral as* to your prospects.

"Part of establishing your own style will mean putting your own team in place eventually," confirms Hugh Chapman, president of Citizens & Southern Corp.. a banking concern. When you do put together your team, choose players whose strengths compensate for your own weak nesses. "Where you are weak, they should be strong," says Mr. Chapman. This en tails recognizing your own drawbacks, at the same time making sure you're not aping any weaknesses of your predecessor.

- **Carve out your own territory.** Once you have made the best use of programs already under way. turn to your own projects. By taking the company or division in a new direction, you will further distance yourself from your predecessor and, in the process, create your own legacy.

- **Remain respectful.** When taking over from previous leaders, it is often tempting to belittle their contributions. "Avoid this at all costs," notes Kishori Mahbubani. Singapore's ambassador to the United Nations. "Sycophants may want to hear you do this, but it is always a mistake. More often than not, ill-spoken words will come back to haunt you later, making you look small-minded."

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Sex and Romance in the Office and Plant

Sex and Romance in the Office and Plant

By Mortimer R. Feinberg and Aaron Levenstein

Manager's Journal

Management has never been quite sure how to handle sex and romance. But then who is?

Now, however, business Is in a bind. Contemporary culture presses management not to Intrude on employees' private lives. At the same time, without experiencing the pleasures or the guilt, management may be legally liable for "sexual harassment"

No self-respecting employer would approve of harassment in any form, much less in sexual behavior. Unfortunately, the line between harassment and voluntary involvement is not always easily discerned. Must a company now scrutinize attachments among Its employees to distinguish between the "harasser" and the smitten romantic pleading his or her cause?

The influx of women into management ranks has multiplied contacts between the sexes. The greater overtness about homo sexuality In our society also Increases the potential for harassment or voluntary sexual. Involvement. Under existing law, according to Robert H. Faley of Purdue University, sexual demands made by a supervisor on an employee of the opposite sex are disscriminatory, but "where a supervisor who is bisexual places these conditions on both genders ... the insistence on sexual favors would not constitute sex discrimination."

Advocates of traditional morality simply condemn all sexual-physical involvements among people on the work force. In conducting a mini-survey among executives, we encountered only a few respondents who took that position. One said:

"I don't believe In forcing my beliefs on others, but I do acknowledge the responsibility to cultivate a sound moral base within a profitable company. I think a strong moral code is good business-it fosters security and fairness, and provides a stronger base for setting expectations than merely profit considerations."

But most of our respondents feel other wise; their primary concern is the Impact on work performance and company reputation. A recently retired executive of an International electrical appliance firm writes: "Once, when I was general manager, I had as a manager of manufacturing a fast-moving, aggressive and handsome man. He was courteous as well as demanding. He was well liked by the work force.

"One night I received a phone call from his wife telling me that her husband was running around with a secretary in the plant, and she wanted me to Are the secretary. In fact, she said, the same thing had happened in another plant. In another dry, and she had asked the general manager to fire the girl, which he did.

"I told her that If I fired anybody it would be her husband. She never called again."

He explains his reasons. He had, of course, heard rumors of the affair, but it was having absolutely no effect on com*, pany operations. The secretary was competent, and so was the man. "The wife was In truth a bitch," he writes, "and we knew for a fact that she was treating her husband badly. Inasmuch as the work performance of both individuals was not being adversely affected, I did not feel It necessary to do anything. I never had the slightest intention to fire either."

But Is the company really untouched by the affair? When an executive fixes his roving eye on the secretary of a colleague, the first to be upset is likely to be his own secretary. One executive who became involved with a secretary confesses that his relationship with her boss was Impaired. The colleague was afraid his confidences would be breached to her lover.

On the other hand, some rather straight-laced executives have been frank to acknowledge that on learning of a peer's affair with an attractive employee, resentment has stirred: "Why with him (or her), and not me?"

Of 112 respondents to our questions, 57 said yes when asked, "Do you believe in a policy of absolute hands-off in cases of simple romance?" Thirty-nine said no, and 16 avoided any answer. But the same alternatives with reference to '"More complex relationships" brought a response of only 32 saying hands-off and 62 saying intervene, with 19 remaining silent.

Recognizing that "something is going on" is apparently not very difficult In the tight little society of a business firm. As the vice president of a communications network said to us, the signs are there to be read: Suddenly a woman who is not In the formal chain of command begins to show up at meetings alongside an executive. Or someone in a distant department is now making frequent appearances to deliver memos. He and she are staying after hours. Discerning observers notice that two pairs of eyes are meeting more often, followed by cryptic Mona Lisa smiles. Or the executive, who once boasted that his door is always open, now spends more time behind a closed door, and not alone. Any of these is enough to start the millwheels of rumor turning.

On the basis of the anecdotal material submitted to us, there are four gradations of involvement:

1. **Sexual harassment-unwanted or uninvited sexual attentions, behavior that is illegal and impermissible.** If it takes place, the company can protect itself only by having previously promulgated a policy of disapproval and by taking prompt remedial action, possible discharge of the culprit after warnings to desist.

2. **Legitimate courtship, aimed at marriage, by two single Individuals.** Companies often take pride in the number of marriages among their personnel. This relationship becomes problematic only if the romance ends unhappily, creating an atmosphere of stress not only for the couple but for their co-workers. Some companies still have a policy that, with marriage, one of the spouses must leave, but this is being challenged by feminists and may, under some circumstances, be illegal as discriminatory since usually It is the woman who goes. One bank president told us that his policy is not to hire spouses, but no one is let go for marrying a fellow employee.

3. **A sexual relationship without benefit of clergy by two unmarried people.** In most such cases, the relationship is carried on in clandestine meetings off the premises: in a growing number of cases, but still relatively few, the parties live together openly in the same quarters.

4. **The Illicit affair, involving at least one married person.** Some executives are concerned largely about the psychological disruption a broken marriage may pro duce, possibly leading In turn to work impairment.

It Is primarily the last two categories that are viewed with apprehension by most managements. Of our 112 respondents, 76 replied that people in their organizations had been admonished by their superiors to observe caution"; 50 stated that warnings were Issued to discontinue the relationship. A dozen reported that the relationship was penalized by a denial of promotion; 20 indicated that other action, including discharge, had been taken.

Asked whether their companies had experienced adverse effects because of such relationships, a surprisingly large number-almost a thlrd gave no reply. But 32 did say that sexual involvements had led to charges of favoritism, while 52 reported no such experience. A majority of those answering felt that "scandal mongering" had Indeed resultedâ 44 yes to 41 no. A vote of 45 to 43 said morale had been undermined.

There seems to be overwhelming agreement that rank in the hierarchy is of considerable importance, for example, in producing charges of favoritism. There is virtually no problem when the parties are among the rank and file. But if they are in management, particularly where the relationship Is between superior and subordinate, there is much concern. Higher authority often seeks a way out by transfer ring the subordinate to another unit or branch, if the company is large enough.

Many companies will tolerate a relationship between superior and subordinate if it: is not conducted on company premises; does not utilize company facilities such as a company-rented apartment; involves no company funds, for example use of business credit cards or expense' ac counts to entertain a sex partner; does not divert energy from effective work performance; is not furthered on company time; does not damage the company's pub lic Image; is not deliberately flaunted in a way that offends the sensibilities of others In the organization.

Behind the Scenes

This approach, of course, is based on the theory that what individuals do off the premises and on their own time is no concern of the employer. It recalls the story told of George Horace Lorimer, editor of the Saturday Evening Post. One installment of a serialized novel had ended with an account of a beautiful secretary having dinner with her boss; the next installment began with their having breakfast together. Readers raised a hue and cry that the magazine, a pillar of respectability had abandoned its moral values. Mr. Lorimer answered in an editorial statement- "The Saturday Evening Post is not responsible for what its characters do between installments.

Most top managements prefer to handle discipline for sexual conduct (or misconduct, as some prefer to call it) with little fanfare. Overwhelmingly, our respondents say that their admonitions and discussions usually lead to resignation rather than discharge. The top executives are usually the last to know about the offensive behavior Therefore it is not necessary to strip the individual of his epaulets publicly: the spectators will have no difficulty deducing from the resignation what happened behind the scenes.

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The Hidden Costs of Early-Retirement Offers

The Hidden Costs of Early-Retirement Offers

By Mortimer R. Feinberg

Manager's Journal

As part of corporate streamlining pro grams, many companies are extending early-retirement packages to legions of senior managers. They see it as one relatively painless way to pare management ranks-certainly less painful than involuntary layoffs. No one, after all, faces the stigma that being let go after many years; of service entails; for the employee, the "senior citizen" package is easier to ex plain to friends and family.

Then, too, the sweetened package that; awaits those who elect to retire early-usually a combination of salary continuation and improved pension benefitsâ softens the financial impact of the decision. And these experienced employees-typically at least. 50 years of age with 25 years or more of service-find themselves with a variety of options. They're often still young enough to start second careers, they can work part-time, or, if the financial package is generous enough, they can simply sit back and enjoy themselves.

But sometimes older managers' early-' retirement decisions aren't as voluntary as they might appear. The early retirement offer will be circulated first, with the specter of layoffs lurking in the background if the company doesn't meet its target numbers. Older managers are then put in a position of playing Russian roulette. If they pass on the offer and their names subsequently appear on the list of those designated to go, not only do they lose the financial Incentives-they lose face as well.

The company is also taking a gamble since it may lose some managers it needs. According to law, when a company extends an early-retirement offer, it must, for legal reasons, extend it to everyone who meets, the established criteria.'So, there's no picking and choosing who management would like to see start marching.

Often, management will expect some of those eligible to take the bait, but much to ' the corporation's surprise-and chagrin' - a much greater number will start emptying their desks. "Among these, no doubt, will be individuals whose talents and abilities the company honestly wants to retain, while others will be deadwood that management is happy to see head for the exit," notes Robert A.M. Coppenrath, president of the photo-equipment company Agfa-Gevaert Inc.

It's entirely possible, therefore, that on the appointed day, companies find a mass exodus under way. And with the exodus can come an unhappy realization: A good' part of the accumulated history of the organization has gone out the door as well. "Older employees in any company bring the past into the present," says John Chamberlin, president of Avon Products. "They are the carriers of the culture."

Companies, mindful of all the ambitious young managers eagerly awaiting more responsibility (and prestige), mistakenly believe these young people can effortlessly fill the shoes of those departing. To the contrary, companies cannot assume that the talent they are losing is redundant.

"Neither can they assume that young people are capable of breaking the code that is contained in the files," adds consultant Edward C. Schleh. By "the file's code," Mr. Schleh means the years of collected memos and reports that help to de fine and explain such things as marketing cycles, new product studies and research on competitors - all data that young successors are tempted to toss out in their efforts to "clean house" and "make a fresh start."

When it comes to anticipating who will go and who will stay, remember that statistical projections deal in overall numbers, not specific individuals. "Think the process through very carefully," advises William A. Schwartz, former president of Cox Enterprises. "If too many opt to go, the package was either too sweet or people were unhappier than the company realized."

Assume a worst-case scenario In which the new retirees include a number of critical decision makers. They decide that they're ready for a long-overdue career change and that the company's generous offer has helped them make up their minds to finally act. Their futures, they decide, really lie in establishing potentially lucrative consulting practices in which they can market their skills-the very skills the company says are expendable.

"Far preferable would be to pare employees with varying degrees of experience throughout the organization," says Malcolm L. Elvey, vice president and director of Hawley Group Inc., a food-service company. Entry-level employees and those in the midrange of experience would then bear some of the brunt of the restructuring. While involuntary layoffs are certainly more traumatic for an organization short-term, the company may well emerge on a sounder footing in the long-run.

Organizations intent on offering an early-retirement package also need to take these factors into account:

- **Counseling.** Give the seasoned managers ample opportunity to mull over the offer. Provide appropriate counselorsâ preferably from outside the organization-- to review financial and psychological issues with each individual. One executive in such circumstances remarked, "I trained to be an Olympic swimmer and now I need time to adjust to the kiddie pool."

- **Succession planning.** As part of its contingency planning, a company needs to work out - almost with the precision of a chess game - what reorganized departments would look like if a manager chose to go. Who is in line for succession? Is this person really qualified to take on the increased responsibility? Who will then replace this person further down the ladder?

- **Orderly transition.** Allow enough lead time between the day the managers announce their decision and their last day in the office. Have them conduct meetings with their appointed successors in this period to pass on "the tradition." Those departing will appreciate the respect the company is showing them. And in almost all cases, they'll be gracious and cooperative in return. Also, allow each person to determine how much of a celebration he may want with co-workers who are remaining. Acknowledge there may well be ambivalent feelings. Some may want a bash, others prefer a quiet folding of the tent.

- **Consulting options.** Companies are free to negotiate a consulting arrangement on a case-by-case basis with any manager who elects to leave. Be prepared, however, for this not to sit well with remaining employees who may view such arrangements as smacking of "special treatment."

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Smokeless Offices without Inflamed Tempers

Smokeless Offices without Inflamed Tempers

By Mortimer R. Feinberg and Aaron Levenstein

Manager's Journal

After New York Mayor Ed Koch issued regulations limiting smoking in public buildings, he said he would seek curbs on smoking in nonpublic offices too. But even in the absence of specific legislation, mounting esthetic objections to smoking to the office have forced companies to consider sweeping changes in policies.

Tort law may result in damage suite against employers who compel employees to work ta a toxic atmosphere created by colleagues who smoke. C&P Telephone Co., target of a $110,000 medical-expenses suit, is taking no chances on future lawsuits and has informed its employees that any one person may effectively call for a smoking ban in his work unit.

This issue is serious business-and business had better take it seriously. Proprietors of public places such as restaurants have already been required in many communities to provide segregated areas for smokers or to install ventilation systems that will keep the fumes away from nonsmokers. Such costs, however, are relatively small. A much more difficult and potentially more explosive problem is the in ternecine warfare that may break out, or be stepped up, among employees. Mayor Koch's original draft of his proposed ordinance, without defining terms, said that "any employee in a place of employment shall have the right to designate his or her work area as a nonsmoking area."

For most employers, the key problem is the potential resistance from addicted smokers. To be sure there are always prin cipled objections like that of a New York Chamber of Commerce spokesman who says: "We oppose government intervention in the workplace." But 1986 does seem rather late to raise that issue.

Some executives anticipate conflict among employees, union opposition led by cigar-chomping officials, and loss of production as workers sneak off to a smoking area. It is not unreasonable to expect that some executives will slip out of meetings more frequently if the smoke-filled conference room exists only in nostalgia.

We conducted a mini-survey on smoking in the office among executives in various industries, and received 159 responses. While not a basis for projecting national trends, the responses indicate manag ment is confident that-except for minor disruption-it can handle the smoking problem with or without legislation.

About 80% of our respondents say that a smoking ban in their facility would have "no effect" or a mere "temporary effect" on job performance. A substantial minority - 12% - even accepts the notion that smoking bans, far from interfering with production, may even advance company interests. That coincides with the view of Joseph Califano Jr., chairman of Chrysler Corp.'s employee health care committee and former secretary of health, education and welfare in the Carter administration, who cites this example:

"A program at Johnson & Johnson encouraging employees to quit smoking, and to eat and exercise properly, has slashed absenteeism by 20% and hospitalizations by 30%, recapturing three times the cost of the company's effort."

Some 58% of our respondents stated they had clearly designated no-smoking areas. But a sudden, complete ban on smoking at the work site could raise problems: indeed, one-third of our respondents do expect "substantial resistance" from smokers, but about half thought there would be only "moderate objection."

For the most part, however, our survey indicates that most managements that dealt with the problem have changed to a nonsmoking workplace without too much difficulty. Their comments are reflected in these guidelines:

- **Avoid moralizing or addressing exhortations to character and willpower.** Don't suggest that smokers are somehow inferior to nonsmokers or are less concerned about the welfare of colleagues. In the 1960s, when the anti-smoking campaign was gathering momentum. Dr. D.N. Gold stein, in a Wisconsin Journal of Medicine editorial, wrote: "The social climate must be changed so that smoking is looked upon as it used to be-a damned, dirty habit and a vice." Such an approach, attempted in the workplace, is more likely to generate resistance than cooperation.

- **Where law mandates company policy, use it as your springboard for action.** Your people do not expect you to violate the law. Indicate quite clearly and firmly that the company intends to comply with the law and will not allow exceptions.

- **Take pains to establish thorough interdepartmental communications on the new policy.** Begin with your front-line supervisors and foremen. You will need their support, even though some of them may be heavy smokers. Explain your reasons and how you expect your policy to work. Ascertain from your supervisors how many smokers they have in their units and be prepared to give special backing to those who anticipate trouble. Get their suggestions on what should be included in the notices sent to the employees.

- **Back up your no-smoking policy with an educational campaign.** Remember that education begins with example. This policy must have the complete support of executives. They must understand that they can't walk out of their offices on Inspection tours while merrily puffing away.

- **Policies should be consistent.** A substantial majority of the companies we re viewed circulate general health literature and material describing the hazards of smoking. But we found that 45% of our respondents still permitted cigarette vending machines on their premises.

- **Provide help for employees who want to kick the habit.** Almost 30% of the employers polled conducted smoke-ending workshops or paid the fees for employees attending extramural groups. In addition, more than half indicated that they used related activities such as employee-assistance programs, stress management work shops, etc. to help smokers quit.

The fact is that some people actually do perform better when they can use a cigarette as a psychological crutch. Such peo ple may be particularly important in your operations, and you don't want to throw them off stride. In conferences with smokers who are hit hard by the new rules, emphasize that you can't make exceptions but you feel they are so valuable that the company is willing to provide professional counseling or Other assistance if the situation becomes too stressful.

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Silencing the Refrain, 'It's Not My Job, Man'

Silencing the Refrain, 'It's Not My Job, Man'

By Mortimer R. Feinberg and Aaron Levenstein

Manager's Journal

It's a familiar story: The restaurant pa tron asks a passing waiter, "Can you tell me the time?" and the answer comes back,."Sorry, sir, this ain't my table."

Or the airline passenger who asks a flight attendant "Where's seat 12A?" and is told, "I'm not on duty." The executive who recounted this episode insisted that "So long as she's wearing the airline uniform she's on duty! She's still a company representative."

Agfa-Gevaert's chief executive officer, Robert AJU Coppenrath. cites the unanswered ringing of the telephone, which he labels "a corporate offense." He tells his people: "There is no such thing as 'it's not my phone.' Every telephone in the company is our phone. Don't let phones ring."

These situations arise from the notion that "it's not my responsibility." The weak links in an organization are usually at the point where departments are supposed to meet It's at these joints that institutional arthritis attacks. When departments are separated like national frontiers, fully equipped with barbed-wire fences, bristling watchtowers and buried mine fields, seri ous losses occur.

To be sure, refusal to assume any responsibility beyond that explicitly listed in the job description or organization manual may be due to laziness or unconcern. But often the reasons are quite substantial: respect for the jurisdiction of colleagues or peers: fear of being labeled an empire-builder, turf-snatcher or imperialist; lack of familiarity with the organization structure; and failure of top management to clarify policy, particularly in such matters as centralization vs. decentralization.

People are reluctant to accept responsibility if it is not accompanied by an ex press delegation of authority. The successful executives, however, are usually those who believe that their responsibility exceeds their authority. They consider them selves responsible not only for the unit over which they preside but for the company's success as a whole.

All too often, people who lack authority withhold action because they feel they don't have the necessary information or other resources needed to act They may assume that others are better qualified to handle the problem. Management has no right to expect employees to step into situations for which the company has given them no training.

Still another factor may be concern over who will get the credit if the outcome is successful-or the blame if it is not James Robbins, president of Cox Cable Communications, places the onus on higher management to recognize when cooperative action is necessary and to assign primary responsibility. In such cases a superior must specify "who is in charge" and who is expected to "work with" him or her. Mr. Robbins argues that responsibility can be shared but authority should always remain undivided.

Theoretically, efficiency is served by departmentalization, specialization and division of labor. The goal, however, can be achieved only if management strives for coherence by constantly reminding people that they are not isolates working in their own cubbyholes but parts of a larger whole. Here is what executives, conscious of the problem, recommend:

- From the very beginning of a relationship with employees, even in the hiring interview, it is important to stress that the individual will be working for the companyâ not just for a division, department, unit or particular supervisor.

- By presenting prospects for advancement, the company can demonstrate that looking beyond the narrow confines of the immediate assignment will open windows of personal opportunity.

- In the course of periodic employee appraisals, cooperation with others and the display of initiative in discovering and fill ing gaps should be treated as major performance criteria. Managers should seek every opportunity to reward subordinates for their contributions that benefit the whole organization.

Lyman Wood, president of Brennan College Books, in evaluating his managers, asks: How frequently do they communicate with other managers about filling organizational voids? He calls this type of person a "breaker-up of hardpan"-the layer of earth that's so tough the rain can't get through to nurture the roots. Such managers are tagged for ultimate promotion; in the meantime, they are rewarded with extra bonuses, and the president seeks out special occasions to maintain contact with them.

- The image of the customer must be kept vivid in the attention of all members of the organization. Joseph McEvoy. chief financial officer of Saks Fifth Avenue, says that the enlargement of personal responsibility is furthered by stressing that "it's the customer who pays your salary." He cites the following example from department-store experience:

Customers frequently make inquiries about their charge accounts but by understandable error may reach somebody in accounts payable. The natural tendency is to respond: "Sorry, you have the wrong department. Call this-and-this number." Instead, the preferable procedure is to ask for the customer's telephone number and then have the right person call him or her rather than compel the customer to make two calls.

- People must be kept informed about the needs of other departments if they are to be able to spot significant gaps and communicate appropriately across departmental frontiers.

Many procedures are available for this purpose. Job rotation, especially for junior executives, helps to broaden perspective. Lending personnel to other departments in periods of short-handedness, rush orders or vacation time contributes to overcoming the provincialism that blocks initiative and cooperation.

- Compensation systems can be used to get people to think beyond their own baili wick in terms of total company needs; group incentive plans and companywide profit-sharing programs provide an economic motivation for reaching out to others with supportive action and suggestions.

- Finally, management must instruct its people on how it wants them to behave when a no man's land appears on the landscape.

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Exposing Our Secret Passion for Failure

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By Mortimer R. Feinberg and Aaron Levenstein

Manager's Journal

Management literature is always ad dressed to those with high levels of aspiration. But surprisingly, a great many peo ple, to judge from their behavior, really don't want to succeed. Executives and supervisors- subconsciously, to be sure-often seem to choose the one road on which the signposts point to defeat. Such wayfarers may even be in the majority.

Sigmund Freud was among the first to recognize that many able people have a secret passion for failure. Sooner or later they turn their triumphs into disasters. When things go well they consider them selves unworthy of their good fortune and therefore strive to undo it. Frequently they accomplish their purpose by deliberately taking big risks for the most insignificant rewards.

We recently interviewed a cross section of executives who were willing, under cover of anonymity, to describe their own most serious failures. Viewed in one con text, their revelations' add up to a manual on how to fail: Even those who are still in tent on succeeding may find the following accounts useful on the theory that pathology provides material for instruction.

A surprising number of our respondents reported that their worst errors involved clinging too long to a product or service that obviously had seen its finest hour. Their infatuation with their product seemed to originate in a need to vindicate their past judgments. They would rather be right than successful. No matter how well they understood the excellent literature on "the life cycle" of products and services, they considered their own products to be immortal and immune to the vicissitudes of the marketplace. However, no executive can afford to put his love of a product above the, mandate of his market.

Product infatuation takes another form. One executive recalled ruefully how often his enthusiasm had led him to release a product before it was really ready. Some where along the line he had refused to look at problems of production flow and distribution- for instance, market research, packaging, planning an advertising campaign, and so on. The end result was an inventory that was completely out of control without sales to back it up.

Similar is the recent case of a computer company that went broke because it announced an improved model prematurely. Result: Potential customers passed up the current product and waited for what they knew would be a fine product, which, un fortunately, was not on line until long after the expected delivery date. Collapse was inevitable as cash flow slowed to a trickle and finally to nought.

Ignoring competitors is another sure road to failure. No matter how powerful a company, it is deliberately courting failure if it refuses to look over its shoulder to see who may be creeping up. And playing catch-up in the race is difficult even for the swift once they are off their pace. East man Kodak Co.'s too-snug executives finally learned that coasting is a down-hill process and that they need new products. Breathlessly they are now chasing the coattails of Polaroid Corp., Xerox Corp. and a score of floppy-disk manufacturers.

Judging by the frequency with which executives raised the subject, the area in which failure can-most easily be accomplished is personal relationships. You can de-motivate people, cripple their effective ness, and make enemies out of friends without really exerting yourself.

On reaching the top, self-destructive people conclude that they no longer need anybody else. One executive, confident that a healthy bottom line was an impenetrable shield, gave no thought to his relations with others. He acknowledges now. that it was not wise to keep his board of directors waiting on occasion rather than interrupt what he considered an important chore. Also he says he erred in failing either to win the trust of his subordinates or get rid of them. Finally, he was forced to step down despite his. record of achievements.

One method of ensuring failure, used by a surprisingly large number of executives, is to organize the opposition. The logic seems to be that once you've defeated an opponent, make sure he remains an opponent Former major league baseball manager Leo Durocher, an expert on the underworld of human relations, avoided this mistake. He once said of his team: "I never let the four guys who hate me get together with the five who are undecided."

Lyndon Johnson, on the other hand, had a more affirmative approach. If he lost to an adversary, he harbored no grudges and sought reconciliation. That's why, after contesting with John Kennedy for the presidential nomination, he could take second place on the ticket and eventually become president himself. When he was victorious, he knew the importance of bringing the defeated rival into camp. As he said of a potential adversary, "I'd rather have him inside the tent urinating out, than outside urinating in." (Of course, Johnson didn't use the polysyllabic term we've substituted for his; he had more colorful words at his disposal.)

Many executives have learned that one sure way to undermine their power is to refuse to share it with others. By insisting on exclusive control, the decision maker, no matter how experienced and brilliant, endangers his success.

A former chief executive officer in a food-distributing company, now in semi-re tirement, cites his worst flop as a youngplant superintendent His superior had given him full authority to make all key decisions. Enamored of a new product that he called Nut Yogurt, he did not bother to get the reactions of his sales staff "before producing carloads. He found his staff wouldn't touch it with a 10-foot spoon, and he and his family were eating it for years.

Another executive says his worst failures have been with people who didn't make the grade but who lingered on. He knew they would have to be let go but he kept deferring the moment of truth. Unfortunately, the incompetent don't quit, and the painful decision is not made until a major disaster occurs.

He says he has found a solution to this problem of "judgment inertia" by following what he calls the "Sy Syms theory of management.;' named after the apparel; merchant who systematically reduces the price of his wares in direct proportion to how long they have stayed on the rack. He describes his method as follows: "If a sub ordinate disappoints you once, you discount his credibility by 10%; if. he disappoints you twice, it goes down by 30%. The third time you sell out at any price."

Even the best and the brightest are likely to invite some failures. To be sure, the boundary between success and failure is not clearly drawn. It is not fixed like a Maginot line, and in any case it is easily outflanked. What is worse, the overconfident wayfarer may suddenly find he has wandered into the treacherous wastelands. And when that happens, the public is usually delighted. The Children of Israel must have cheered as the prophet pronounced the phrase, "How are the mighty fallen."

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The Danger in Manipulating Employees

The Danger in Manipulating Employees

By Mortimer R. Feinberg and Aaron Levenstein

Manager's Journal

Describing the turning point in his own career, Lee Iacocca offers in his autobiography a triple-whammy illustration of manipulation in business. While a relatively unknown junior executive at Ford Motor Co., he was told one day by his mentors. Bob McNamara and Charlie Beecham, that Henry Ford wanted to see him.

They "had already told me they had sold Henry on the idea of making me head of the Ford division, but they asked me to play dumb. They knew that Henry would want to give me the impression that it was his idea."

Of course, he went along. It was in his interest to participate in his allies' manipulation of Henry Ford; in playing the game, he was being manipulated by his mentors, who were thus putting him in their debt; and finally, he was silently accepting his own manipulation by Mr. Ford.

This charade arouses little aversion. Nobody was really harmed, and no basic ethical boundaries were violated. But all too often executives' deceptions slip over the shadowy line that distinguishes the expedient from the immoral, or may be so perceived by peers and subordinates.

What defines truly manipulative behavior? Eugene Andrews, director of executive education at General Electric's Management Development Institute, says:

"Manipulation is a one-way street: You exact-you do not give anything, or what you give is phony, like stock rations you know won't be worth a damn. The manipulator uses as a lure something the individual doesn't really need, or creates false expectations. For example, he knows that the individual can't go anywhere, but he holds out bait in the form of a promotion that will never materialize."

Jerold C. Hoffberger. chairman of Di versified Resource Management Ltd., says that "manipulators always play with hid den agendas." A frequent example, he says, is using people against each other. Employees are transformed into conduits for the transmission of unfavorable information about their peers.

A number of managers spoke bitterly of manipulators who consistently downgrade colleagues or subordinates by putting them in embarrassing situations. Out of the blue, in public, a question of detail will be flung at the hapless victim who cannot possibly provide an answer off the cuff. This type of manipulator often withholds necessary in formation from his colleagues in order to make them look bad.

We have heard many variants of this situation: the manipulator induces some of his peers to advance a proposal he thinks may possibly arouse the disapproval of higher management. If it meets with approval, he jumps in and takes credit as the author; if not, he remains silent ana lets his colleagues rack up the demerits.

Harold Geneen, former chief executive officer of ITT, considers this kind of "office politicking" a cardinal sin. "If anyone tries to line up other managers to back his pet project In return for a quid pro quo later," he wrote, "or if anyone tries to force a man junior to him to give anything other than his honest opinion, he does so in peril of losing his job."

Charles D. Clark, president of Life Technologies Inc., notes that the manipulator usually keeps his own motives secret. He rarely explains his objectives. His questions are formulated like those of a cross-examining lawyer: On the surface, he is looking for information, but his real purpose is to find ammunition.

The most overt form of manipulation, of course, is the use of threats, actual or implied. Executives who operate in this man ner often do so not only because they are interested in achieving an immediate objective but because they have an inherent need to display their power.

James H. Wesley Jr., president of DKM Broadcasting Corp., emphasizes the pressure generated by the manipulator. He tries to wear you down, thinking you will want to trade off your discomfort in order to end his unrelenting attack.

Managers who reject manipulation as a tool of the trade do not necessarily abandon their responsibility to exercise power. It is not manipulative to create conditions from which desired results are bound to follow. For instance, installing a time clock to ensure punctuality is not manipulation, because there is nothing devious or deceptive about the intention. On the other hand, to pretend that orders are falling off and thus justify the closing of a plant would be deceitful and manipulative.

Nor should a resort to strategy necessarily be confused with manipulation. There are times when the parties are admittedly adversaries. Two chess masters facing each other across the board are not manipulators but strategists-that is, they are frank about their basic objective. So long as they carry out their confrontation with due respect for the rules of the game, they are not manipulators.

Here are some of the rules that the motivator observes and the manipulator tends to violate:

- **Rely on arguments and reasons that you yourself believe**. Unfortunately the manipulator, knowing his behavior is devious, finds it easy to rationalize. He covers his ethical nakedness by reassuring him self that, despite the odds, things will somehow turn out for the best. For example, in forcing a subordinate to uproot his family and move to a new location, the manipulator convinces himself (but not his subordinate) that "after a year he won't mind it any more."

Or the deception is justified "as a white lie that will avoid hard feelings." Often it's a self-serving effort to avoid confrontation when open disagreement would be the healthier approach. One seasoned executive claims that this tendency is found among younger managers who think it's the easiest way out. "They believe their manipulation will go undetected, but it's usually as obvious as a fire siren at three in the morning."

- **Whenever possible, give people options, not orders**. Even though you retain authority to determine the ultimate result, subordinates are entitled to be heard on matters that affect their well-being. The manipulator is recognizable from his practice of rushing others into quick decisions; the motivator allows an opportunity to think things through. This involves presenting a frank picture of all the relevant facts.

- **Respect confidences.** The temptation to violate confidentiality is often great. Be ing privy to what lies hidden in somebody's closet gives power over that person, as blackmailers well know. But to yield to the temptation is always unethical and usually self-defeating. It will cut off the flow of in formation every executive needs to make sound decisions and will undermine the trust of peers and subordinates.

- **Think in terms of building permanent relationships.** This requires looking beyond the immediate situation and understanding your personal style in relationships with others. Do you consider other people inani mate objects, tools that exist solely for the accomplishment of your objectives? Or do you recognize that they are entitled to have purposes and needs of their own?

The manager who uses, the latter as a basic premise needs few other guidelines in distinguishing motivation from manipulation.

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Transforming Your Employees Through Dynamic Leadership

Transforming Your Employees Through Dynamic Leadership

By Mortimer R. Feinberg and Aaron Levenstein

Manager's Journal

"You deliver for me, and I'll deliver for you." that's one type of leadership. Historian and political analyst James MacGregor Burns defines such leadership as "transactional." In his book "Leadership," Mr. Burns devotes several hundred pages to the differences between a run-of-the-mill "transactional" leader and what he calls an exceptional, charismatic, "transforming" leader.

In the transactional relationship, the end result is a "payoff." In the transforming relationship, the end result is a substantial change in the subordinate: personal growth. The former provides only material reward; the latter provides psy chic income.

Gen. George C. Marshall advised his colleagues to develop people toward self-reliance. "If you want a man to be for you," he said, "never let him feel he is dependent on you. Make him feel you are in some way dependent on him." And the best way to do that is to teach him to stand on his own feet.

The would-be transforming leader does not always succeed. Some people are unalterably dependent and incapable of growth. As one cynic puts it, "You can't grow grass on concrete." We talked with executives who saw themselves as the beneficiaries of such leadership. They describe their experiences in terms that lend themselves to six imperatives:

1. **Show a personal interest in individual progress.** The transforming â ¢ leader studies and understands his people, knowing not only their current abilities but their potential. Lyman Wood, president of Brennan College Services Inc., says the trans forming leader pushes people beyond the threshold of their self-imposed limits to ward their own unrealized potential.

Unquestionably the transforming leader must begin with a sound knowledge of the employee's character and potential. Elwood L. LaForge Jr., corporate group vice president of Lenox Inc., recalls an executive who helped shape his career: "He al ways gave me enough rope to show what I had, but never enough to hang myself. And he was always there with the lifeline when I needed it."

2. **Build charismatic relationships.** The term charisma derives from a Greek word representing a divine element and there fore is beyond definition. But the behavior of the charismatic leader can be de scribed: He. creates confidence in his judgment, competence and good will. Followers identify with him. They feel they can be sure of his availability when they need him. He makes tasks interesting, exudes purposefulness, generates a feeling of venturesomeness and stirs excitement.

He is not necessarily humorous or intellectual, but he is personable. People like to be with him because he respects their individuality. But most important, he sets an example that others want to emulate.

3. **Encourage other people to shine.** The transforming leader keeps them on a loose rein, even though he expects them to commit some errors as part of the growth process.

The effective leader looks for opportunities to express sincere appreciation. One executive recalls the thrill he experienced when his superior congratulated him on his skill in selecting subordinates: "Where did you get Stevens? He's a real find!" E. Garrett Bewkes Jr.. chairman of American Bakeries Co., warns against what he terms "the counterfeit transforming leader." In one way or another, "he makes you want to break your back on his behalf, but after you've been with him a month you find it's all facade and he doesn't really sustain the role."

4. **Provide psychological support.** To turn the transactional relationship into a transforming experience, the leader must make a conscious effort to elevate the sub ordinate. The objective is to raise the individual's level of aspirations and strengthen self-confidence.

Robert A.M. Coppenrath, president of Agfa-Gevaert Inc., puts it this way: "The transforming leader, as you call him, re moves fear. It's like a frog in the pond; the leader gets the frog to make the jump."

But the effect may well be to spread illusions if all the leader does is to raise sights and inflate confidence. He must also raise the individual's ability to perform. That is why an additional step must be taken: The leader must instruct, provide training and facilities, and improve the conditions in which the tasks are to be per formed.

5. **Ask questions-but in a special way.** The purpose is to draw out more of what the individual has in him. Walter Liss, president of the Broadcast division of Cox Communications Inc., recalling what his mentor did for him. emphasizes the distinction:

"The questions are not designed just to find out what you know, but to stimulate you to explore new options. The questions that made a difference to me were like the work of a cubist painter who forces you simultaneously to look at every side of the object. The questions must be such that they don't allow you to settle for the obvious."

6. **Keep people informed.** The purpose is not just to load them with more facts, relevant and irrelevant, but to enlarge their perception and get them to explore further.

Thus, the transforming leader gets his followers to look at problems from a fresh angle and with new purposes. This re quires that he keep his people informed about his own values and priorities.

In the real world, however, no leader can afford to be Johnny-One-Note. There are times when he must be transactional: People dp have a right to expect material rewards for services rendered. Moreover, issues of status may make a difference. The pressures of daily life may permit the executive to be transforming with his immediate staff and compel him to be more transactional with people down the line or out in the field. But the awareness of what style he is practicing, and under what circumstances, will enhance his leadership skills.

The rewards of transforming leadership are many: President Truman, who acknowledged such leadership in his general. George Marshall, said of him: "I sincerely hope that when it comes my time to cross the great river, Marshall will place me on his staff, so that I may try to do for him what he did for me."

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Telephone Etiquette: Reach Out and Clout Someone

Telephone Etiquette: Reach Out and Clout Someone

By Mortimer R. Feinberg and Aaron Levenstein

Manager's Journal

"I know it's 3 A.M. over there in Hong Kong, but I'll only take a minute." The manager of the company's East Asia office, roused from his sleep by these words, holds the phone in trembling hands and waits to learn what calamity is about to befall him.

On the other hand, consider the blow to the presidential image when the White House staff decided not to wake Mr. Reagan with the news that American pilots had been attacked in the Bay of Sidra and had shot down two Libyan planes. The president was rendered vulnerable to attack by his opponents, who ridiculed him with jokes like "Wake me when it's over."

Certain people are always on call-doctors, lawyers, psychiatrists, clergymen, personnel directors and consultants. William Randolph Hearst once said that he paid his people extraordinary salaries so that they had to be available 24 hours a day. Today, as a rule, no subordinate considers his salary big enough to buy him completely: He still retains a sanctuary of privacy.

That goes on every level. The chief executive of a major company, whom the law would consider at least a quasi-public fig ure with fewer rights to privacy than the average citizen, tells of an occasion when a phone call from a reporter woke him at one in the morning.

On hanging up, he called the newspaper's publisher, who growled: "Don't you know it's 1:15 A.M.?"

"Certainly," was the answer. "But I thought you ought to know how it feels to be disturbed in the middle of the night, as your reporter has just done to me."

In the case of subordinates, phoning their superior after regular hours to relieve their own anxiety or fears of future criticism may prove dangerous. Making the call to raise a trivial Issue, to seek stroking, or to engage in apple polishing will likely turn out to be examples of poor judgment in the eyes of the boss.

An industrial relations director says he is even cautious about transmitting glad tidings after hours and on weekends be cause he knows that his chief executive officer can be irascible about invasions of his privacy. He says: "If I settle a strike, which is always good news, I call the vice president in charge of operations, and I let him decide whether we should call the president."

Many executives are quite clear on the line that separates what they "need to know" from what is "nice to know.1*-The latter rarely justifies a late-hours call. However, the executive who doesn't want his leisure hours to be interrupted with messages that fall into the latter category has a duty to clarify the standards he uses in distinguishing nicety from necessity.

On the other hand, executives are not likely to resent what would otherwise be an intrusion if it is clearly being made in their interest. A communication that saves the executive from being surprised or suddenly confronted with a challenge is al most certain to be appreciated. You may be helping him to preserve his image by protecting him from embarrassment that would be occasioned by ignorance of information he is expected to know. So, too, you reduce the wear and tear on his psyche if you prevent misinformation from getting to him first or you give him the facts be fore he gets a slanted version when he lis tens to the nightly news on television.

For the executive, there are any number of ill-conceived justifications for invading subordinates' personal time. Impulsive executives tend to use the telephone as an instrument for ventilating their feelings. Often the only result is to transmit, not to relieve, the anxiety.

There is a temptation to use the off-hours call to rehash the facts about a disaster. If the motive is to issue a rebuke or call for an explanation of what went wrong, the matter can usually wait. As Robert J. Sanator, president of Fairchild Republic Co., put it, "That's like the foot ball player who has to punch somebody after the game is over and lost."

Wallace Rasmussen, former CEO of Beatrice Co., warns in general against using the telephone for criticism or for the discussion of controversial issues. "It's easier to get mad over the phone," he says. "You don't see facial expression, and you are more likely to let your emotions carry you away. Also, if you're the boss, you may hang up faster than you should without giving full opportunity to the other fellow to state his side of it. When you're face to face, you're more likely to mute your irritation."

Of course, while the midnight call from your superior can be an awful bother, some people see the interruption as a welcome sign of their importance. Gene Cattabiani, a vice president at Westinghouse Electric, told industrial psychologists at the recent convention of the American Psychological Association that "the 6 ajn. phone call is more likely to occur in participative management than in authoritarian management." One executive, now in the job market, told us: "You know you're on the skids when the weekend calls stop coming in from your boss."

Calls made by executives after regular working hours may evidence a real concern for subordinates. President Lyndon Johnson used to insist that every phone call to the White House that warranted a call-back had to be returned the day it came in, even if it had to be done at mid night.

Mr. Rasmussen notes that when a sub ordinate has attempted unsuccessfully to see his superior during the day, it makes sense to call the subordinate in the evening and start with the statement: "I under stand you were looking for me today. I didn't want the day to end without getting back to you."

However, there are limits. As a steel company executive complains, "it is most annoying and even alarming to get a call Friday evening from the boss, who wants to know if you'll be free on Monday at 10 a.m., and when you ask what it's all about, he says, 'Just a few items,' and hangs up. And you spend the. weekend worrying." An out-of-the-ordinary phone call should never leave the recipient frustrated for lack of explanation.

Executives spend much of their time on the telephone, in and out of the office. This essential instrument of communication in our society can, in an instant, become an invader into one's inner sanctum. Such an intrusion is a threat to privacy-"the most comprehensive of rights and the right most valued by civilized men," as Justice Louis Brandeis once described it.

The thoughtful executive moves cautiously in this area.

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Developing and Making the Most of the Slight Edge

Developing and Making the Most of the Slight Edge

By Mortimer R. Feinberg and Aaron Levenstein

Manager's Journal

How much difference could a little alligator on a sport shirt make? A lot of difference.

When Lenox entered its stemware crystal in a field where competitors were al ready established, it wrapped its product in an elegant silver-colored box. So what? It got widespread display from the distributors and captured the gift market.

A little added value can go the big distance.

In the last analysis there are only two strategies for progress in any human activity: (a) striving for the quantum leap, which may mean going for broke, or (b) playing for small increments that eventually add up.

Allowing for the rare geniuses who make the big breakthroughs, it's safe to say that most of the gains made by successful managers come from achieving a series of small advantages. Certainly more failures are registered by those who put their chips on one number. Some ball games are won by home runs, but most of the time the outcome depends on bunching singles, walks, bunts and sacrifice flies.

There are serious hazards in the "big-deal" approach. By putting too great an investment on the outcomes we create anxiety that may interfere with good performance. This is sometimes done on the assumption that people will be better motivated if they think they are confronting a Shakespearean "be-all and end-all."

To be sure, it is folly to attempt to substitute slight gains where a bold stroke is necessary, as in a dire emergency when time is of the essence. It would be like trying to leap across a chasm in two jumps. Daniel Patrick Moynihan has called attention to the frequency with which our politicians compromise by doing less than, the situation demands: "To do just enough to be inadequate is hardly a clarion call."

But in most situations the slight edge can be meaningful and can make a difference. This strategy is likely to be appropriate when long-range goals are being sought, when circumstances allow for gradualism or. in dealing with problems that are likely to be repetitive.

Human growth is a matter of small increments. All athletes know this. The champion prize fighter trains so that his reflexes will gain the added fraction of a second; the difference between the winner and his opponent lying on the canvas is the almost immeasurable superiority in speed.

For managers, achievement of the competitive advantage, however small, may involve any of the following:

1. Noticing details ignored by others. Alfred North Whitehead, the Harvard philosopher, once said, "It requires a very un usual mind to undertake the analysis of the obvious." This requires an ability to pick up subtle cues.

A historic example is the case of General Grant looking over a group of Confederate prisoners and noticing that their knapsacks were filled with food. They must be preparing for a long march, he reasoned, and that could mean only that they were about to retreat. This, then, was the time for him to order an attack.

Similar reasoning occurs in the mind of the executive who, on his peregrinations through the plant, notices that a particular light has been out and has not been replaced for some time. This kind of neglect suggests to him that he ought to check out a wider range of potential maintenance problems.

2. Adding a new ingredient. Improvement of one's position is sought by linking familiar functions that have been dissociated in the past or by joining a new element with an old one. When the Dutch multinational Philips came on the market with the now familiar cassette recorder, it had the advantage of being first. But it was quickly overtaken by General Electric, which gamed a greater competitive advantage by combining the cassette with its al ready familiar portable radio.

The same principle applies in the effort to elevate employee performance. Training by itself does bring about progress, but when some additional effort goes into providing feedback the results are increased remarkably. Dr. Richard E. Kopelman, professor of management in the City University of New York, reviewing 27 different studies in a cross section of industries, cites an example:

"Training alone improved sanitation practices-specifically. hand-washing behavior among kitchen workers by 21.7%. Training combined with feedback led to an increase in (required) hand washing by 203.1%."

3. Rearranging components. Here you try to get a leg up on the problem by sort ing out the critical factors and examining the effect of changing each. For example, a simple reordering of procedures produced major cost savings in hospitals. The usual practice had been to admit patients and assign them to beds before administering the various tests preliminary to surgery. By arranging to give the tests before admission, hospitals have reduced the length of stay, and society is now spared the cost of unnecessary days lost from work.

Unusual benefits are often yielded by the mental feat of reversing the chain of cause and effect. That was how Faraday discovered the principle of the electric generator. It had long been known that electricity produces a magnetic field; Faraday's objective was to determine if a magnetic field could produce electricity. Experimentation led him to introduce a moving wire into a magnetic field.

4. Focusing on the unusual. The slight advantage that offers the prospect of a-big payoff is frequently found in the items that just don't seem right and therefore are glossed over. The development of penicillin and the subsequent antibiotics industry is a familiar example. Previous experimenters had seen the effect of the mold on bacteria, but dismissed it as a nuisance; Alexander Fleming's discovery of penicillin, on the other hand, "was due mainly to his perspicacity in seizing on the opportunity others had let pass," writes W.IJB. Beveridge in "The Art of Scientific Investigation."

The same logic applies when the company president insists on seeing the letters of complaint from customers, few and exceptional though they be. Follow-op on such communications is more likely to be productive than letters that contain laudatory generalizations about the product.

5. Beyond the paper chase. Too many executivesâ   in business, in government and in education-allow themselves to be come buried in reports and memoranda that at best can only mirror reality. At me worst, such reports serve as a barrier to reality, robbing it of depth.

Visiting the scene of action may seem to provide only a small advantage, particularly if you have confidence in your subordinates. However; it is no affront to them if you feel the need to see for yourself what is going on. Thomas J. Peters, coauthor of "In Search of Excellence," tells of the Levi Strauss executive who regularly spends three days a month actually selling blue jeans at a counter in San Francisco to hear what the customers are saying.

In the end. it does come down to a willingness to expend the extra ounce of physical and mental energy. The batter who races toward first base on a dropped third strike is usually out. but baseball fans will never forget the game in which just such "heart" won the pennant/

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Don't Blame Your Staff it it Can't Read Your Mind

Don't Blame Your Staff it it Can't Read Your Mind

By Mortimer R. Feinberg and Aaron Levenstein

Manager's Journal

Managerial history is replete with cases of subordinates failing to understand the real intent of their superiors. To be sure, some executives want to be ambiguous and unpredictable. It may feed their needs for power or their appetites for idiosyncrasy, which, as ends in themselves, are hardly likely to serve the goals of their organizations. One middle manager put it this way: "Mr. X plays his cards so close to the chest that even he can't read them."

This type of executive shuns predict ability, fearing he will be manipulated by others. However, catastrophes can occur when top management does not make itself understood. Such a failure to communicate led to the famous 1959 antitrust cases in the electrical industry, if the testimony of the corporate leaders is to be believed.

Executives in the major companies had engaged in restraint of trade-price fixing and allocating business among themselves by rigging bids. Seven of them received jail sentences, and the companies paid nearly $2 million in fines. Their stocks plummeted. General Electric's shares lost $684 million in paper value, and Westinghouse's lost $173 million.

In vain, top management described to investigators the directives they repeatedly had issued advising subordinates to obey the antitrust laws. The issue before the court was simple: What did the law breakers think top management really meant? "Was it a breakdown of written directives [due to] inflection of voice, and winking?" the late Sen. Estes Kefauver asked Ralph J. Cordiner, GE's chairman.

Ray Topper, chief executive officer of Anchor Hocking, says: "If the top executive's goals, values, standards, methods and personal behavior patterns are really understood, he has a better chance to build a staff that shares his objectives. They must know what kind of performance he approves and what he rejects."

To increase understanding between managers and their subordinates, the authors of this article have used a method that one irreverent chief executive who submitted to it has tagged "mental skinny-dipping." We have applied it during the past few years at a diverse group of companies in the U.S. and Britain. They include manufacturing companies in consumer and heavy-goods industries, aero space, and service industries like building maintenance and communications media.

The procedure subjects the executive to searching but respectful scrutiny before his staff; an interviewer puts to him the tough questions his people would like-but are often afraid or embarrassed-to ask. Generally, it's advisable to have the inter view conducted by an outsider, preferably a consultant who has worked with the organization and knows its history, current problems and plans for the future. It is helpful if he already has established a good personal relationship with the executive himself, is familiar with his background, and has examined his previous policy statements, speeches and other public pronouncements. It helps if the interlocutor is known to the staff as one who pulls no punches with management.

The executive should be briefed before hand and should understand that the suc cess of the session will depend on his going beyond generalizations by citing specific examples drawn from his own experience and events in company history and the competitive world. Of considerable value will be the frequency with which he men tions members of the management team and displays respect for peers and subordinates.

Some executives don't want any advance knowledge of the questions. Peter Pritchard, head of Britain's Pritchard Ser vices Group, was interested in "the broad areas" to be covered, quipping that "an Englishman is never wholly spontaneous."

It may be advisable to open the inter view with a tough, attention-arresting question. For example, we got off to a good start with the chief executive of a leading conglomerate by asking: "Sir, a recent story about your organization in The Wall Street Journal mentioned that you are 65 years old. Has any thought been given to the matter of your successor?"

We have found that the questions usually fall into these three basic headings:

1. Personal background. Here he gets a chance to talk about his early years, his schooling, his first jobs, the various stages in his career, his ambitions, how he got into the company, the course of progress, the most serious problems he encountered during his service, his role and that of his close associates in solving them.

Insights into his character may be revealed by questions that challenge him to indicate what he considers the most satisfying /aspects of his working life, the factors* he considers most important for his success and what he counts as his greatest achievements. Such questions lay the foundation for asking him what he considers to have been his most serious mistakes and what things he would do differently if he had the opportunity to relive the past.

2. Company history and policy. A good entree into this area is to ask, "What do you think are the major strengths of the company? . . . Major weaknesses?" A follow-up question may elicit whether any past strengths have been lost through the years, and why. Similarly, "What deficiencies have been corrected?" Conditions in the industry may warrant asking the same questions about competitors.

This area provides the opportunity to discuss the specifics of various company policies that have a direct impact on the future of the organization and the well being of the individual members of the group. For example: the outlook on prod uct development or abandonment; introduction of new services; contemplated changes in marketing and distribution practices; financing and investment is sues; executive recruitment and promotion policies; the company's ability to respond to the changing business environment.

In some cases we have found it fruitful to inquire into how the company relates to society in this period of change. This frequently leads back to prospects for the industry and the company.

3. His management philosophy. How does he define the manager's job? What the audience will listen for is what they themselves should be doing or not doing. They are interested also in understanding their chief's theory of organization-his approach to such familiar issues as span of control, bypassing, hiring, placement and promotion policies.

In one such session, the question gave Edward Uhl, chairman and chief executive of Fairchild Industries, the chance to dis cuss delegation. "Don't allow your subordinate to delegate up," he said. "Don't find yourself doing his job. You're the coach; you don't play his position for him. If you're spending too much time guiding somebody, correcting his errors, cleaning up after him, you have no choice-you have to make the inevitable decision."

It's good to recognize that different managers, equally successful, have different views on some subjects, like planning and controls. Even though they studied the same textbooks, their life experiences may have left them in different schools of thought. All accept the view that planning involves the allocation of resources and the preparation of a timetable on their use, but they may be at opposite poles on the degree of detail that should go into the planning, and the margin for flexibility. Appropriate questioning gives the top executive a chance to indicate just what he expects.

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The Proper Distance Between Boss and Secretary

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by Mortimer R. Feinberg and Aaron Levenstein

Manager's Journal

Most executives depend on their secretaries in two crucial ways. A good secretary makes sure her boss functions efficiently. (Despite the return of the male secretary, the present ratio of the sexes justifies use of the female personal pronoun.) She keeps his desk organized, plans his time, shields him from debilitating interruptions, makes sure nothing goes out over his signature that will embarrass him and keeps him apprized of scuttlebutt picked up in the ladies' room.

More significant may be the emotional support she gives him in times of crisis. This may prove even more helpful than the traditional secretarial duties, especially in the event of corporate Infighting or economic' setbacks for the company. Nevertheless, it is important for both executive and secretary that some distance be kept between them. The secretary owes her pri mary loyalty to the company that pays her-not to the individual. She should not be involved in discussions with an outside headhunter or otherwise put in a compromising position where her loyalty to company and boss will conflict. As the chief executive officer of a large conglomerate put. it:

"The personal tie may make her vulnerable in the event that you retire or leave for another Job. Never force her to choose between her commitment to you and her duty to the company. Too have no right to expect her to throw herself on the funeral pyre like a Hindu widow commit ting suttee."

One of the purposes of a secretary is to relieve the executive of personal burdens and thus reduce pressure on his work. Con trary to feminist ideology, it is not de meaning for a secretary to prepare coffee, order sandwiches, etc. if she has been given to understand in the hiring interview that such personal services are part of her job. The executive can demonstrate that, in his view, the chore is not demeaning by doing the pouring himself from time to time.

But it is still important for the executive to draw a clear line between private and corporate functions. Your secretary shouldn't be required to handle personal checks, bank accounts, tax deductions, intimate personal correspondence and so on, except possibly in rare emergencies, such as illness In the family; The relationship will be contaminated if limits are left undefined.

When the executive wants a secretary who can listen to his woes and who will allow him to unload on her the pressures of the moment, the selection procedure is of the utmost importance. Interviewing, testing and checking of experience must be addressed to finding a mature person who can cope with stress. This type of secretary is likely to be qualified to serve as a chief of staff. In that case, she must be given appropriate assistance so that she is not overwhelmed by the daily chores of correspondence and telephone calls. She might even be given stock options and other management perks.

Even though you consider your secretary a confidante, she should not be involved in the factional conflicts of the organization. Don't make her listen to your invidious comments about your peers, superiors or subordinates. As one executive told us: "I have to exercise restraint to avoid burdening my secretary with uncomplimentary characterizations of associates. That is unprofessional. She may overhear arguments or abusive exchanges, and she knows where I stand, but I don't make her a captive audience for my hostilities."

Keep in mind that you are a role model to your subordinates, including your secretary. Be scrupulous in your behavior. Don't ask her to be a party to an abuse of the expense account The executive who tells his secretary to put in a voucher for a nonbusiness lunch with friends right after using a fine-toothed comb on the vouchers of his subordinates generates cynicism and disrespect.

Many jokes in bad taste purport to de scribe the hostility of executives' wives and secretaries. The most famous example of such tension is the case of Mrs. Roosevelt and FDR's secretary, Missy LeHand. Joseph P. Lash, in his biography "Eleanor and Franklin," cites a journalist's description of "how Missy presided over the White House tea table when Mrs. Roosevelt was not there, how she wrote all of the President's private letters, did the accounts, paid the bills, balanced his checkbooks. saw that the children got their personal allowances, kept track of his stamp, marine-print, and rare-book collections, and ran the Little White House at Warm Springs 'when Mrs. Roosevelt can't be there.'"

These services, says Mr. Lash, were "beyond price" and helped the president immensely. But that his family paid a price is evidenced by the resentful statements of his children years later, though Mrs. Roosevelt herself suffered the displacement in silence. The executive who seeks to maintain a wholesome marriage should not permit his secretary to invade the prerogatives and functions of his spouse.

The extension of anti-discrimination laws to cover "sexual harassment" now adds a legal as well as moral deterrent to taking advantage of one's position as employer. Such misconduct is defined by the Equal Employment Opportunity Commission to "include unwelcome sexual advances, requests for sexual favors and other yerbal or physical conduct of a sexual nature."

The term "verbal conduct" covers un welcome off-color or suggestive remarks. A fairly typical policy statement by a Mid western manufacturing company warns that management will not tolerate "solicitation, insults, comments, jokes, verbal or physical advances or other sexually based activities." Aware that such prohibitions exist, the executive must be sure to draw a line between coarseness and humor. When in doubt, self-censorship is the best policy. A respectful Informality is a sound basis for a dignified and yet relaxed relation ship. The individual who is all work and no play rarely pauses to notice his secretary's attractive new hairdo or to make comments like, "Where did you get that dress-from the Salvation Army?" A continuing relationship requires some element of lightness from time to time.

The executive must remember that every human relationship-even with one's spouse and children at home, but certainly with one's subordinates on the job-should not be all-consuming. The warmest of relationships will ultimately chill unless a cer tain area of individual privacy is re served.

Finally, it should be noted that the executive has no claim to total and absolute commitment in what is, after all, an economic relationship. He must avoid fanta sizing that he is emotionally Indispensable to his secretary, and that she will dedicate herself singie-mindedly to his needs.

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Perks: How to Keep the Gravy from Leaving a Stain

Perks: How to Keep the Gravy from Leaving a Stain

By Mortimer R. Feinberg

Manager's Journal

It's easy to take potshots at executives' perks. In fact, these benefits often serve valuable purposes. But If misused, they can also impose a psychological cost on the executive himself as well as an unreasonable economic cost on the company.

There is a strong case for time-saving and physical conveniences. Access to an executive dining room, use of a company plane or car, and membership in town and country clubs where customers and suppliers can be entertained enable corporate officers to use their time more advantageously. Similarly, economic incentives such as insurance policies and stock options can further corporate objectives.

But should company credit cards pay for personal expenses? Should the firm's facilities be extended to family members for instance, letting the wife use the company car to convey daughter to and from an out-of-state college? Should employees render personal services on company time at the executive's home?

Such practices are getting closer corporate scrutiny as a result of both recession inspired cost control and public criticism. In any reassessment of company policy, it is important to consider the four basic rationales for perks.

To facilitate getting the job done. Per mitting an executive to fly to a business appointment first-class can be justified on the grounds that he will arrive hi better shape and will perform more effectively. However, when perks are awarded, they should be accompanied by some definition of the limits, some reference to prohibited uses.

Al Masini, president of Tele-Rep, Inc., says: "I invariably use the company car and chauffeur to go to the airport because I can get in some additional work at the office and on the way. But I never use them on my return trip. My plans change, the plane may be late and I know it's costing the company money if I tie up the car."

Harry Truman, despite his sometime practice of crass "cronyism," could be . very scrupulous about his use of presidential perks. On the famous occasion when he chewed out a music critic for an unfavorable review of a concert by daughter Mar garet, he made sure the letter didn't go out under the White House frank but was paid for with his own postage stamp.

To provide additional material rewards for services rendered. Perks are often a logical part of the compensation package needed to recruit and retain top-notch executives. They are particularly alluring when they involve tax advantages to the individual.

Business is not the only sphere in which this type of incentive is used. In the academic world, the availability of a mansion on campus as the president's residence is a valuable asset in attracting the best avail able talent.

Nevertheless, it cannot be assumed that the practice will win universal understand ing. Envy remains a human characteristic, and it is a quality that cannot be dealt with head-on. Potential critics can be quieted only if the recipients of such monetary benefits prove their worth by managerial accomplishment.

To symbolize and reinforce authority. In the days of monarchy, the crown, the sceptre and the ermine had no utility other than to let people know where the power lay. Years ago, the industrial magnate's private railroad car served such a purpose in addition to that of convenience. Now, the familiar signs of status are corner offices with a splendid view of the city, original paintings on the walls, plants, and rich carpeting on the floor.

These paraphernalia of rank are often used to impress the public which, though conscious of high prices, is rarely disaffected by the luxury display of its vendors. In fact, the lavishness usually creates an aura of success and therefore stimulates confidence-an invaluable asset.

Employees, however, may react differently. During a recession they are likely to resent the refurbishing of the plant or office if they are told at the same time that the business can't afford pay increases.

Yet the rank and file of unionists rarely rebel against their own leaderships' enjoy ment of perks. The Teamsters used to say of Jimmy Hoffa, "We know that he takes his, but he sees to it that we get ours." Similarly, the members of the United Mine Workers, despite the record of bitter factionalism in the early years, never criticized John L. Lewis for riding to the scene of negotiations in a chauffeured, union-owned limousine.

To meet the narcissistic needs of the executive. Such needs exist in all of us. Certainly perks are constructive instruments of management policy if they do indeed in crease the executive's efficiency, add appropriately to his compensation and strengthen his image in the eyes of subordinates, customers and others with whom he deals. But when narcissism makes the perks addictive, they may cause injury both to company interests and to the individual himself.

Unfortunately, some organizations make the mistake of trying to keep their people hooked on what, after all. should be secondary aspects of the job. Then the perks distract attention from the primary purposes of the organization. In many cases, aging executives resist retirement only because they cling to the perks, even though the job no longer interests them.

What can the executive do to make sure his own attitude toward perks is balanced and non-addictive?

First, he must appreciate that perks are always justifiable when directly linked to the needs of the enterprise. To the extent that they boost on-the-job effectiveness they can be enjoyed without embarrass ment or guilt.

Second, the executive must be clear on which elements of his reward are actual compensation and which are perks, which are intended to facilitate his work and which address his need for ego satisfaction. The latter must be viewed as temporary. Former Governor George Leader of Pennsylvania has put it this way: "The pomp and circumstance are harmless if you remember that it's just a honeymoon and not a permanent lifestyle."

Finally, the major defense against narcissism and its addiction to perks as an end in themselves is the ability to laugh at one's self. That implies a sense of proportion - a perception of what is basic and to be taken seriously, what is secondary and can therefore be lightly dismissed.

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How Busy Executives Can Manage on the Home Front

How Busy Executives Can Manage on the Home Front

by Mortimer R. Feinberg and Aaron Levenstein

Manager's Journal
(also republished as "The Busy Executive as Husband and Father")

Recently the vice president for marketing at an international company was virtually ordered to cancel a long-delayed trip to Bermuda with his wife. On the eve of his departure his president told him that the chairman of the board, based in Europe, would be flying in on the Concorde at 10 a.m. the next day and would be leaving at 4 p.m. the same day. "He wants to hear us make the presentation of the' new marketing program," said the president, "and only you can do it." The vice president demurred, arguing that his assistant could do the job just as well. "Do you want a career or a file cabinet?" asked the president. Undaunted by the suggestion that he might wind up as a clerk, the man left for Bermuda. On his return, he learned that his assistant now has caught the admired attention of the chairman.

We all know such stories, and of the tensions between business obligation and family commitment. Last August The Wall Street Journal and the Gallup Organization reported that a substantial majority of executives surveyed believe success in business requires the making of "personal and family sacrifices." The data suggests that "chief executives typically work 60 to 70 hours a week, travel six to 10 days a month and give up many of their weekends."

This is not just a product of the American culture but is characteristic of all industrial societies. It is a culmination of the process that began when the Industrial Revolution took the father out of the home and left the mother to raise, cosset and discipline the children. Now many women, too, are pursuing demanding careers. So both men and women are having to make family sacrifices if they wish to succeed in many organizations.

Yet many executives do find a way, de spite some ragged edges, to fit a satisfying family life into the pattern of a successful career. They do it by recognizing that life does not always require the big, dramatic solution to problems, that outcomes often depend on doing a series of small things consistently. Here are some of the practices that have become almost habitual with them:

1. They do not hide behind alibis. They are frank with members of the family and discuss conflicts between home and job whenever they arise.

2. They schedule some time exclusively for the family. These may be short intervals or sustained periods like long week ends and vacations. On such occasions, they do not allow work to interrupt, except in the most extreme emergencies.

3. Even when working at home, they take breaks to renew contact. They recall Eleanor Roosevelt's advice to a friend in the armed services: "When you go home and get engrossed in work, see that you stop long enough now and then-even when she is working with you-to make her feel she is first in your life, even more important than saving the world. Every woman wants to be first to someone sometime in her life." Mrs. Roosevelt had reason to know.

4. They pay attention to small ceremonial family events. Remembering birthdays, bringing home flowers, making bright conversation at the dinner table, arranging to dine out on an anniversary-such activities are perfectly consistent with the skills that have made the husband a captain of industry.

5. When traveling on business, they call home frequently. And the conversation is more than perfunctory: It deals with substantive family matters: allows the wife to get things off her chest, if necessary: demonstrates an interest in each of the family members.

6. They share part of their business life with the family. Of course, they do not try to relive the day. But they assume that their wives and children are interested and intelligent, and want a general knowledge of what is happening to the husband or parent.

7. They make significant use of family time. Just as the executive knows the value of his working time, so too he seeks to make the most effective possible use of his time at home. He remains as wide awake to the interests of spouse and children as he would to those of a customer.

In short, the basic instruments he must use. at home as in the office, are his executive skills. Two are involved: the ability to communicate and the ability to delegate.

The first requires a facility in maintaining contact. What counts, however, is not necessarily frequency of contact but true depth of association when contact is made. The second skill, the art of delegating, be gins with the executive's definition of what he may and what he should not delegate.

If an executive decides that family responsibilities are tasks that only he can handle, then the home can take as firm a place in his schedule of activities as any other of his non-delegable activities. And the same principle applies as with all other non-delegable tasks: If a conflict of demands requires that one must be neglected at a given moment, there is a clear under standing that the executive must compensate for the omission at the earliest possible moment.

Much will be gained as top management clarifies its own policy and determines what it expects of its people. It cannot simultaneously demand of its executives the impeccable domestic behavior of a Presbyterian minister and total dedication to the needs of the company. The criteria should be made clear in advance to those who seek promotion and to those already in the executive suite.

But the primary responsibility continues to rest on the individual to define his own values. Besieged by a press and media that denigrate his business efforts and that extol the virtues of personalism, a butt of soap operas and women's magazines, the executive must make his choice. Specifically, he must answer these questions:

Is he prepared to live with the tension that will come if he strives to be both top man in his organization and the beloved patriarch of his home?

Given the new pressures that exist in the business scene of the 1980's, is he pre pared to withstand the demands and reproaches of peers, subordinates and superiors if he opts for family priorities?

If he decides to take vows as a "monk of industry," will he be able to live with the judgment that his family and the community may render, and can he gain his satisfactions from knowing that his business activity, as a whole, serves his nation and ultimately his family?

As Americans wrestle with this kind of problem, it may be useful to remember that a society needs all kinds of people the footloose and the home-bound.

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The Perils and Rewards of Executive Friendships

The Perils and Rewards of Executive Friendships

By Mortimer R. Feinberg and Aaron Levenstein

Manager's Journal

The president of a savings and loan company calls friendship with subordinates "a high-risk, low-reward situation" that jeopardizes both parties. "How," he asks, "would the subordinate be perceived by his peers if he has a close relationship with the boss?"

The head of a leading food distribution company says: "I never made friends in the Army as a captain and I don't In my company. If you get too close. It Is difficult to separate yourself when they get killed or, in the company, when you may have to fire a friend. However, don't quote me by name because I don't want people to think I'm an aloof S.O.B."

Executives, like all humans, need friends. They need confidants with whom they can let down their hair, reveal per sonal uncertainties that periodically assail even the most stalwart spirits and seek ad vice and encouragement.

Yet friendship between superiors and subordinates is problematic. Emerson's epigram, "to have a friend, you must be a friend," neatly underscores the reciprocity involved in the relationship. Friends do not mete out "rewards" to each other on the basis of "to each according to his just desserts." But executives must.

Inevitably the time comes when the executive must say no in circumstances where the friend would say yes. Pot executives, saying yes too often is a costly business. No matter how deeply personal the relationship between superior and subordinate, the moment of truth may eventually call for the turndown, the refusal to grant a pay increase or a promotion, the criticism of work poorly done, the decision, perhaps, to terminate.

Friendship has difficulty surviving In the competitive atmosphere that often colors Internal company relationships. A former vice president of a textile manufacturing fins says: "In a competitive situation, with people competing for the narrow, limited number of positions at the top. It's best to separate yourself from too much personal contact This doesn't mean that you should be aloof; rather be open, taut about business subjects but keep your fears and personal problems to yourself."

To reveal them may make you vulnerable to someone who may be your rival to morrow. At the very least executives fear that by such a display, even to a friend, they may undermine the image of strong leadership their subordinate needs and wants. Far safer to remain silent about the trouble with the wife or the arrest of a son in a marijuana bust.

Moreover, some who are considered friends often turn out to be sycophants who want to be close to the seat of power. Re tired executives often find that their erst while golf partners suddenly start playing tennis on Sundays. The suspicion that would-be friends are merely self-seekers leads some executives to avoid all friend ships and to settle for socializing. Other executives, however, reject emotional celibacy and view friendship Itself as one of the rewards of an active business life.

The president of a large communications enterprise thinks he has found the way to accommodate his personal need for friendship with his organization's need for tough-minded control "I can drink with a man at night and still criticize him In the morning," he says. But apparently this is passable only because he Is highly selective. "X have never had a friend whose professional competence I could not respect Once that element Is present I can level with him on his performance."

In fact some executives find it easier to hold a criticism session with a friend. They believe that criticizing constructively is it self an act of friendship that serves both the friend and the organization.

"The hardest task I ever faced," says the CEO of a major aerospace firm, "was to deal with a close friend who worked for us and who became an alcoholic. After we paid all the bills for his unsuccessful hospitalizaton to 'dry out* I had to let him go. But sometime later, he came by to thank me for forcing him to get his act together. We are still dose friends."

Newly-promoted executives often face the Issue of retaining friendships with people who were formerly peers. Those who refuse to end the relationship note that they cannot continue "friendship as usual." Out of their experience, these guidelines emerge:

1. Sooner or later, preferably sooner, sit down and have a frank discussion of the new circumstances. If necessary, certain topics may have to be viewed henceforth as "off limits"-for example, reports on Inner-circle conferences, confidential information about other employees, subordinates or peers. Where confidences are still exchanged, their "classified" nature must be strictly observed.

2. Discuss the areas in which friendship Is not to be invoked-for example, evaluations of performance, the making of assignments, opportunities for training and development. Neither individual can benefit ultimately If others can conclude correctly that favoritism Is occurring; both will lose the respect they need If they are to do their jobs.

3. Both Individuals must be prepared to pay a price tor the friendship. There may be snide remarks, but If the friendship n valued, that Is a small enough price. When the comments are unfair, the friendship can continue undisturbed.

4. But If a friend compromises his superior, it should be dearly understood in advance that the consequences may be more severe than usual. When one of President Johnson's aides became involved In a homosexual scandal, he was promptly banished from the White House. After Mr. Johnson left office, the friendship was resumed.

5. Above all, true friends recognize that they must protect each other and forestall undeserved criticism. President Truman lost much ground because of what came to be called "cronyism." The special relationship of friendship on the job must be circumspect -- conducted with a due respect for the feelings of others.

Such policies reflect an important fact about the nature of friendship itself. If The relationship is its own reward; Its purpose Is not utilitarian. The Issue among friends Is not how they can use each other but how they can serve each other. Nothing In this concept need contravene the purpose or the effectiveness of a business relationship involving friends.

Aristotle said that friendship is "Indispensable to life." The executive who attempts to dispense with it in business, the activity that consumes most of his waking hours, would be seriously impoverished.

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How Do You Know When to Rely on Your Intuition?

How Do You Know When to Rely on Your Intuition?

By Mortimer R. Feinberg and Aaron Levenstein

Manager's Journal

"I just feel It In my gut!" With those words the chief executive officer (CEO), brushes aside the unanimous recommendation of his subordinates. He disregards the data they cite-market surveys, past sales performance, interviews with customers-and decides to stick with a faltering product And, despite all the logic on the other side, he turns out to be right.

Albert Einstein attributed his theory of relativity to a flash of Insight hot to the cold rationalism of the objective, data-oriented researcher in the laboratory. True, his mind had been prepared by much study and thought, but as he said later, "The really valuable factor is intuition."

So, too, in business, decisions based on shrewd intuition are often superior to those based on careful analytical reasoning. Charles Revson, the builder of Revlon, seemed to have an uncanny knack for determining what the consumer would want Jack Chamberlin. now chairman of Lenox and formerly with General Electric, re calls his decision about whether to go with . an eight-track or cassette tape, in the early days of the technology. One offered better fidelity; the other, greater convenience to users. Deciding to "go by gut," he opted for the latter, an intuition that proved right.

Defining intuition isn't easy. Some executives call it "a feeling in my bones." guesstimate, speculation. Imagination, creativity. William C. Shantey HI, president of Amstar Corp.'s American' Sugar Di vision, resists the term "hunch," saying It is unrelated to intuition. He thinks hunches suggest a mechanical process, like the gambler playing the horse that has the same name as a favorite aunt.

Nor is intuition to be confused with impulsiveness. The latter is simply a rush to judgment, often motivated by plain laziness or a desire to avoid the facts. Intuitiveness, on the other hand, welcomes data even though it refuses to be limited to It. Einstein, informed by his intuitions, nevertheless contrived a series of tests and experiments to prove or disprove his insights.

Recent studies of the brain suggest that the left hemisphere is the locus of our logical, sequential, rational and verbal processes, while the right side is the organ for Intuitive, imaginative, artistic and creative processes. Despite all the attention given to "rationalism" in management literature and education, a study by Harry Mintzberg of McGill University has suggested that CEOs in leading companies actually use the right side-the intuitive hemisphere-in about 80% of their decisions.

A number of CEOs told us they rely on intuition primarily in hiring, placing and promoting people. Others say they apply It in product decisions, particularly in fashion and entertainment industries. On the other hand, some executives, such as Rob ert A.M. Coppenrath, president and general manager of Agfa-Gevaert, insist that Intuition must be reined In. "It seems to work better as an alarm, a warning sys tem, than as a trigger for action," he says. "As far as I am concerned. It commands better non-action than action."

Intuition, of course, can lead to just as many mistakes as rational logic can. By definition, creative intuition cannot be the product of a formula. But certain questions are useful in determining whether your "gut feeling" is worth following:

Ask yourself if you are influenced by wishful thinking and pure guesswork. James Cook, president of L.G. Balfour, says he differentiates between "gut and guess" by observing his own reactions to what occurs when his colleagues are shooting down his ideas. If his feeling persists, "and gnaws and gnaws and gnaws." he is more likely to stay with his intuition.

Is your intuitive conclusion based on what psychologists call selective perception? Do you want to keep alive a dying product simply because you have pride of authorship, or do you have some basis for your intuition? Do you want to sell off a successful product simply because It bores you?

Is your conclusion due, not to intuition but to mental rigidity? That Is, are you re acting by habit or a desire to vindicate past policy, refusing to recognize that a change has occurred in the environment? One of the problems with the U.S. auto and steel Industries may have been that executives relied too much on their "feel" for the business, rather than paying attention to what their competitors around the world were doing.

Has your judgment been affected by your persona] Inclinations, for instance a tendency to be optimistic or pessimistic? Are you allowing a flood of emotion to drown good sense? The classic case is that of the British businessman who continued to make a money-losing product because Buckingham Palace was still buying it even though the general public had turned thumbs down on it.

Can you set up a trial run and avoid a premature. Irrevocable commitment? The general who "feels" that the enemy's lines are overextended might want to launch probing maneuvers before he throws his full forces Into battle. Intuition must be constantly monitored and tested. Indeed, one of its advantages, according to Richard Brown, former president of Towle Manufacturing Co.. is that "when following Intuition, you develop a natural tendency to stay closer to the decision and audit it earlier and more often than in decisions based on hard reasoning."

The key question is the one that troubled Joan of Arc: The inner voices may be loud and clear, but do they come from heaven or hell?

The ultimate safeguard is to avoid stubbornness, to listen sympathetically to what others say and to subject all decisions, whether the fruits of reason or of intuition, to searching examination.

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Stamina: The Executive's Ultimate Resource

Stamina: The Executive's Ultimate Resource

by Mortimer R. Feinberg and Aaron Levenstein

Manager's Journal

Helen Hayes once made a shrewd observation that is as pertinent tq business leadership as it is to her own profession of acting. Talent and ability are not enough, she said. "Nothing is any good without endurance."

We've all known intelligent and capable executives who have failed because they didn't have enough emotional and physical stamina. Eccleslastes noted that the race is not necessarily to the swift The challenge is to keep running. So, too, in business, what often counts is the ability to work consistently long and hard, especially under pressure and after disappointing set backs.

Fatigue leads to a loss of efficiency. Im paired Initiative, distorted judgment skewed perception of time and heightened anxiety. Perhaps most important fatigue erodes subjective standards of performance. As we grow more tired, we are ready to settle for less quality and accuracy. During World War II, Royal Air Force psychologists observed that pilots made the most errors as they drew their planes in for a landing on returning to their base from hazardous raids. The cause, said the analysts, was an "almost irresistible tendency to relax."

Scientists have long tried to isolate the physiological causes of fatigue. They are far from agreement Some investigations, based for example on treadmill studies, have yielded data on the performance of both the muscular and nervous systems as energy is expended. One set of theories looks to body chemistry measured by the production of lactate in the blood, or a drop in sugar levels (which can often!be counteracted quickly, as marathon runners do, with the ingestion of glucose or consumption of large quantities Of oxygen). Rest and relaxation are obviously essential.

For most executives, problems of fatigue are probably not physiological. R.F. McFariand, who has conducted studies of people in stressful activities, concludes that "the metabolic cost of mental work is slight" What's most important is usually the emotional fortitude to go the extra distance.

There are those who need an immediate confrontation with failure to provide an extra lift. Edward Uhl. chairman of Fairchild Industries, quotes Archie Moore, the light-heavyweight champion, who was down for a count of nine but went on to win by saying to himself. "If I don't get off the mat I'll lose the fight" But though a fear of failure can be a goad to action for some people, in others it may serve as a brake. Al Masinl, president of TeleRep, has commented that nothing raises the energy reservoir like success, nothing depletes it like failure.

If you find that you tire too quickly, you may want to ask yourself whether you are being worn down by various psychological stresses. Feelings of hostility which, must be repressed can consume enormous amounts of physic energy; you may want to think of letting off steam to a carefully chosen confidant Chances are you will be tired If you are uncertain what is expected of you, or if you are subject to conflicting expectations: if so, try to straighten out in your own mind at least, just what you want to achieve. And nothing can be so enervating as boredom: if you are bored look for different work that will stimulate rather than dull your energies.

In extreme cases, psychological fatigue may call for sustained therapy. But the average person who is capable of looking at himself objectively can usually do himself much good by following these principles:

1) Notice particularly what kinds of activity help you relax. Every executive needs to recharge his batteries, and It's important to discover what works best for you. For one individual, it could be music or an art gallery: for others, a steam bath, the golf course or just taking a walk.

2) Keep your sense of humor, which includes your ability to laugh at yourself. In his book "Anatomy of an Illness," Norman Cousins argues as do many physicians that laughter is an invaluable ally in mustering the energy needed to defeat disease. So too, an able business leader knows how to help his group discharge their tension by injecting an appropriate note of levity. Not much is understood about how humor works, but it does seem to relieve stress and to release constructive energies.

3) Acknowledge your areas of dependency. Once we admit that we are not is lands of autarchy, and learn to delegate, we can multiply our own resources of stamina by recruiting the strength of others.

If we can acknowledge our need for others as part of our human condition, we can turn to them without feeling guilty or anxious that our dependency Is a sign of weak ness.

4) Recognize that you have failings as well as virtues-in other words, that you are human. Actually, a knowledge of your limitations can itself provide a source of energy because it tells you where to concentrate. How such a spur can lead to great achievement was Illustrated by Somerset Maugham who, at the end of a brilliant writing career, revealed that very early he had discovered his own literary flaws. "I was tired of trying to do what did not come easily to me," he says in his autobiography. He was aware that he had a limited vocabulary, no lyric quality, no gift for metaphor and simile, no imaginative sweep.

"On the other hand," he says, "I had an acute power of observation and it seemed to me that I could see a great many things other people missed. I could put down in clear terms what I saw. I had a logical sense, and if no great feeling for the rich ness and strangeness of words, at all events a lively appreciation of their sound. I knew that I should never Write as well as I could wish, but I thought with pains I could arrive at writing as well as my natural defects allowed."

As with most problems now bedeviling executives, much remains to be learned. We can expect a continuing demand for placebos and fast-cure; over-the-counter remedies. But the ultimate source of a manager's ability to stay, the course must be self-discipline. Only then can he share the boast of a genius like Louis Pasteur: "My greatest strength lies soiely in my tenacity."

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Retirement as the Pinnacle of Your Career

Retirement as the Pinnacle of Your Career

By Mortimer R. Feinberg and Aaron Levenstein

Manager's Journal

It isn't easy for a CEO to face retirement. Hereafter he will have no aide to do his leg work, no secretary to receive his phone calls, no company limousine waiting at the airport and no chauffeur to carry his bag, no well-appointed office with carpeted floors, decorator-chosen paintings on the walls, the refrigerator and bar in the corner.

More important than the paraphernalia is the substance they symbolize-power and station and constant reassurance. No longer will there be meetings over which to preside, with the singular attention that is riveted on the acknowledged leader when he chooses to speak. No longer will a sea of faces turn toward him as he enters the room. The pension may match the salary, but no perks of retirement can make up for the loss of influence and control.

Preparing for retirement requires an acceptance of inevitability, just as with aging and death. To acknowledge that youth and energy most wane is a measure of our maturity. It is a law of nature, and is therefore an unwritten provision in the charter of every human organization. Get ting out of the way of our replacements may be the final service we can render our old associates.

But it is by no means the final service we can render to ourselves, our families and our communities. With careful fore sight, an executive can prepare a retirement program that allows him a sense of continuing achievement and leadership, as well as public visibility.

Executives who have gracefully handled the transition tend to recommend the fol owing guidelines:

1) Do a thorough job of assuring a good start for your successor. Training a successor is not only a major responsibility of the chief executive to his organization, it also forces him to think directly about retirement and to plan for his own future. A successful transition, moreover, can cap the record of his achievements in the organization.

2) Explore in advance how you can apply your accumulated experience as an executive to other areas that capture your in terest. Wallace Rasmussen, who retired two years ago as CEO of Beatrice Foods, made a smooth transition to a new career he had long contemplated.

"I have switched my power base," Mr. Rasmussen says. "I have moved into three areas: banking, small consulting and prisons." He particularly enjoys serving on the prison board of his state, where he finds an opportunity to use his managerial experience in defining objectives. Believing religiously in the redeeming quality of the work ethic, he says it can be taught to convicts. He has also applied his industrial experience to the work sections of penitentiaries, making recommendations to reduce health hazards and inefficiencies.

3) Develop outside interests, and think of retirement as an opportunity to devote yourself to them. Robert A.M. Coppenrath,' president of Agfa-Gevaert. says, "European executives are better suited to handle retirement because they are trained early in life to be multi-dimensional." Executives who have devoted themselves single-mindedly to their business careers seem to have the greatest difficulty adjusting to retirement.

The scope of potential interests ranges from participation in global issues to in creased involvement with family. James Donahue, former vice president for marketing at Burlington Industries, in addition to spending more time on the golf course, now works with an organization seeking better approaches to world order. A retired general, acknowledging that he "had problems" with his own children, is devoting much time to his grandchildren. "I am more relaxed with them," he says. "Grandparents and grandchildren always get along well because they have a common enemy."

A familiar recourse is to expand on a hobby. In his later years. Winston Church ill could be found painting canvases-he even wrote a little book on the subject and building brick walls on his estate.

4) Determine which of your old ties you intend to maintain, and which should lapse. To avoid interfering with their successors, some retired executives keep their distance from their old friends and sources of information in the company. One retiree relates how his successor told "me to stay away from the division managers and to stay away from my friends. I.was pretty angry at the time but I think, in retrospect, he was probably correct. It was a time for the changing of the guard. A new commander had taken over, and the troops had to get accustomed to the new chief." Most executives insist firmly that they have the right to maintain personal friend ships, and many companies encourage retirees to maintain official ties-service on a company committee, active consultant status, an office at headquarters. But it's important to become involved in company business only on invitation. Even then, the retiree must be careful not to expand his participation beyond the specific function he is asked to perform.

5) Increase your community and philanthropic activities so you continue to exercise leadership in areas that really matter. Volunteer, for example, as a consultant for the Small Business Administration. Apportion time to advise on development pro grams at collegiate schools of business or organizations such as the American Management' Association. If you have served on boards and communities of public service institutions such as the Boy Scouts, Community Chest and local hospitals, en large the amount of time you give to the cause.

But what is most important is your frame of mind. Consider the high spirit of Clarence B. Randall who, after his retirement as president of Inland Steel, wrote in the introduction to his book "The Folklore of Management":

"Retirement is like a high plateau to which the horseman has ridden alone. Withdrawn from the crowd, he can look back calmly at the familiar scenes, and re examine them as they stand out in sharp relief.

"Gone. too. are the old inhibitions. There is nothing that he is striving for, nothing that he fears. There is no one whom he can damage by anything that he says except himself, and so he lays every word right on the line."

With such a sense of freedom, retirement need not be a setback in the architecture of a career; it can even be the pinnacle.

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The Power of Negative Thinking

The Power of Negative Thinking

By Mortimer R. Feinberg

Manager's Journal

Assessing the nation's economy recently, Wallace Rasmussen, former CEO of Beatrice Foods, remarked that he fears that as the economy moves upward, people will fall back into their old ways and create the same old problems. "Once people feel comfortable," Mr. Rasmussen believes, "they become affluent, lazy and fat again. Prosperity may be around the corner, but learn from the past."

Much the same advice could be given to individual companies. At Eastman Kodak, for example, management grew too comfortable about its success. Consequently, it missed the warning signs that its core business was changing in fundamental ways â with new technologies and new competitors flooding the market.

So how does a company prevent itself from getting too comfortable? Doesn't a certain arrogance inevitably come with being part of a winning effort of seeing entrepreneurial dreams realized, or of reaping large financial rewards? The challenge for a prosperous company is to find ways to simulate poverty when, in truth, the organization is still affluent.

Closely held companies are particularly susceptible to this complacency. For the firm's founding partners, memories of the poverty of the early days can still be very real. They still turn off the lights. More recently named partners, by contrast, know only the days of affluence. The resulting gap can be enormous.

What steps can senior management take to foster the old fire in the belly? These suggestions should provide a start:

- Banish titles. Don't expend all your resources staffing up with positions that carry impressive titles. Keep the organization lean enough so that the early entrepreneurial spirit can still reign. Be particularly cautious when it comes to creating layers of management.

Psychologically, people may feel better with titles. But titles create an expectation that there will always be "a VP slot" Dampen expectations by banishing titles, though not responsibilities. As Peter Drucker has said, "Responsibility should always exceed authority."

- Practice pessimism. What would you do if your business got cut back 30% to 50%? Ask, "How would we survive?" In the 1950's, the late Norman Vincent Peale's "Power of Positive Thinking^ took hold of the popular imagination. Consider the reverse, the Power of Negative Thinking.

Rather than burying your failures under the carpet, talk about them - not because you want to wallow in the bad news, but because you want to acknowledge that things won't remain rosy.

The late Sam Walton once was called with congratulations on Wal-Mart's tremendous year. "People are walking around with their heads in the clouds," he acknowledged, "but in the next couple of hours, I'll knock them off at the knees."

- Go back to basics. Ingenuity often comes from the desperate desire to break out of poverty. It was once part of the culture and can be again. Go directly to your customers and ask what it would take for an upstart competitor to lure your business away. The more brutal and honest their answers, the better. Reward them for their honesty with one-time rebates and discounts. "Ask your customers what you have to do to obtain more of their business," says John McGlynn, president of the Technical Imaging Systems division of Miles Inc., in Ridgefield Park, N J. "If the response zeroes in on price, hear that If it's order turnaround time or other service issues, hear that."

- Provide punishments as well as perks. Companies aren't punishing enough at the top of the organization. They need to build in disincentives for senior management when goals are not reached, where right now we're still providing only rewards. "We allow senior managers to wallow in their achievements too long," says Robert Voss, executive vice president of merchandising at Dollar General, a discount retailer in Nashville.

This will mean deflating some much cherished parachutes. But it is one way to communicate to key managers that they're going to be held accountable. Nobody likes to talk about give-backs, but if unions can be asked to take a step backward in salary and benefits, so can management.

Cut management salaries 5% or 10% for starters. In this context, it's a motivator. Ask people to justify their raises. "Treat your people as consultants who have to earn their keep. Bring this idea into their performance reviews," advises Dennis Bottorff, president and CEO of First American Corp., a banking firm in Nashville. In what ways have they built the organization in the past year to warrant an increase? Ditto stock options. Ditto company cars. Perks are not gifts; they're rewards.

Remember, in the Mayan culture it was the captain who got decapitated when the army suffered a defeat not the foot soldiers. What we need to implement is a system of creative take-backs.

- Institute re-applications. In the same way that some married couples reaffirm their wedding vows periodically, companies can require managers to reapply for their own jobs. Typically, an effort like this is part of a larger downsizing pro gram at the company, but it needn't be linked to work force reductions, at least not directly.

Indeed, companies can ask managers to justify in writing the existence of their entire departments. Instruct people to take some time to think the exercise through seriously. It's one more way to get people to concentrate on their contributions to the organization and will help restore some of the original spirit that's been lost over the years.

This is hardly intended to break the bond between the company and its employees. Nor is it meant to advocate some sort of dictatorial "managing by fear." It is a reality check.

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Why Smart People Do Dumb Things. [article]

Why Smart People Do Dumb Things

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People of exceptional intelligence are a prized business asset. But as any manager of a budding or full-blown genius knows, there are pitfalls. One of the most common cries of the anguished manager in this situation is: "How could he have been so stupid?"

Why do smart people do dumb things? Having studied a wide assortment of weird decisions and actions by highly intelligent executives. I have formulated a principle: Strong intelligence seeks to subvert it-self.

This theory might help to explain acts of bizarre self-destruction like that of Stephen Chao, the high-flying president of Fox Television Stations and Fox News, who arranged for a male stripper to perform at a high level conference. Among those not amused were Defense Secretary Dick Cheney, National Endowment for the Humanities head Lynn Cheney, and Ru pert Murdoch, Mr. Chao's boss. Shortly after the stripper departed, Mr. Chao was fired.

This unfortunate episode illustrates the spectacular ingenuity with which the bril liant mind can subvert itself. Smart people sometimes turn their formidable intellectual armament against themselves - re sulting in behavior so strange that it is virtually inexplicable. When logic dictates a certain course, most people follow that course, having no sensible reason to do otherwise. However, the exceptional brain seems to work beneath the conscious level, to find plausible reasons to bypass logic.

Three of the most prevalent self-subverting mechanisms are recklessness, isolation, and feedback deafness. Powerful dynamics, especially when they coalesce.

- **Recklessness**: There is something in side the super brain that keeps announcing, "Now for my next trick ..." Spurred on by a feeling of omniscience, brilliant people can develop into risk junkies. "Smart guys get used to knowing more than anybody else," says Brendan Sexton, vice president, the Rockefeller Group. "It's all too short a step from knowing more than anybody else to thinking that you know everything." When things come too easily, the mind looks for bigger challenges. Boredom combined with brilliance make an explosive and self-destructive mixture.

- **Isolation:** "Smart people tend to sur round themselves with other smart people," says James W. Wesley Jr., presi dent and CEO of Summit Communications. "That's good. But when the group starts relying on brilliance to the exclusion of experience, then bad things happen." From childhood on, high intelligence is an isolating factor. The bright youngster feels shut off from other kids. So, following the age-old patterns of the species, smart ones tend to cluster together.

When people of extraordinary brilliance form the palace guard of a company, the combined power of their intelligence can form an irresistible force, pushing the enterprise toward the pinnacle - or the precipice. One danger is their unwilling ness to admit the need to change. "When smart people all agree with each other about a plan," observes Mr. Wesley, "they're apt to stay with the plan too long, even after others have seen that the direction is wrong."

- **Feedback deafness:** Most of us rely on feedback-although we may become impa tient with it. ("Quit bothering me with facts!") Some bright people are so impa tient with their slower associates that they find it impossible to listen to them.

"That impatience," says Robert Shiver, CEO of Senses International, "can be a dangerous trap. Feedback is essential, no matter how brilliant or respected the originators of the ideas may be, or how high they stand in the organization."

Here's an instance of what Mr. Shiver is talking about. A highly gifted marketing executive for a beverage giant pushed through a product introduction that bombed. As top management sifted through the wreckage, it came upon copious warnings from the man's subordinates. "Didn't you get this feedback?" he was asked. "Feedback is for wimps," he replied.

How can you get the most out of your best and brightest while minimizing the effects of intellectual self-subversion? Here are some thoughts:

- **Focus on results rather than process.** Recognize that exceptional minds work differently. Give bright people assignments that leave room for the startling leap forward to success.

- **Review all the super-brain's ideas.** Very smart people generate some great ideas, but also some impractical or down right bad ones. They shouldn't have to choose between good and bad. Tony Cann, president of the British conglomerate TDS, observes: "Bright people don't always know the difference between a good idea and an inferior one. They can get their knickers in a twist trying to decide. Hidden in the ideas are often gems, but the sifting job is up to you."

- **Apply uniform criteria to all ideas**. You may have a tendency to be more receptive to recommendations of the highly gifted. But just because the thought comes from a smart person doesn't mean it's smart. Lord Melbourne, Queen Victoria's first prime minister, once lamented, "What all the wise men promised has not happened, and what all the damned fools predicted has come to pass."

Give your top brains leeway in the ways in which they come up with their ideas, but not in the ways in which those ideas are judged. This can be a problem. Brilliant people are not always tremendously mature. They may sulk at having their propos als reviewed by those they consider their mental inferiors. But don't be intimidated. Be firm in subjecting all thinking, what ever its origin, to the same standards.

- **Provide the genius with structure.** "I just let her do her own thing," says a boss of an unusually brilliant subordinate. "You, have to allow complete freedom to people like that." This 1007o laissez-faire attitude toward managing brilliance is sometimes a well-intentioned effort at creating the proper environment for supersmart workers. Sometimes, though, it's a cop-out by a boss who doesn't know what else to do. Usually it's a bad idea.

Bright people may resist structure, but they need it. Suspending the rules for your top brains is no favor to them. Apart from the fact that it makes them the target of resentment by their colleagues, it may encourage their most self-destructive, loose-cannon tendencies.

When smart people are supported by sound structure and candid comment, they are, in effect, even smarter.

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