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FREDMUND

MALIK

UNCLUTTERED
MANAGEMENT THINKING

46 CONCEPTS FOR
MASTERFUL MANAGEMENT

The economic misdevelopments and excesses of recent years were largely due to a general confusion of speech and thinking. I adopt a critical position not because of some kind of hindsight know-it-all attitude; rather, I have been advocating and publicizing this view since the early 1990s. Clear language, an instrument of clear thinking, would have created the differentiation and skepticism that are indispensable for aligning both the business world and society as a whole with reality.

I am not talking about linguistic subtleties here or about matters of style or taste, but about the right way of thinking and about effective communication. Dangerous words are a source of misunderstandings. They hamper effective communication and give rise to misguided expectations, and as a result, they cause employees to act the wrong way. In extreme cases they even make an organization unmanageable.

PROF. DR . OEC . HABIL. FREDMUND MALIK

is widely known for his clarity of thought, his acute analyses and candid language. For over 30 years the management scientist and entrepreneur, author of several award-winning bestsellers, has been working on establishing a teachable and learnable occupational standard for the management profession. His holistic management models have their origins in the sciences that deal with complexity: cybernetics, systemics, and bionics. Malik's knowledge organization Malik St. Gallen, with offices in St. Gallen, Zurich, Vienna, Berlin, London, Shanghai, and Toronto, is the world's largest thinktank for holistic general management.

His latest book, published by Campus in 2011, was *Strategie. Navigieren in der Komplexität der Neuen Welt*. Further publications include a revised edition of his bestseller *Managing, Performing, Living* (Campus 2006), *Die richtige Corporate Governance. Mit wirksamer Unternehmensaufsicht Komplexität meistern* (Campus 2008) and the first two volumes of a six-part series on his holistic general management system, *Management. The Essence of the Craft* (Campus 2007) and *Unternehmenspolitik und Corporate Governance. Wie Organisationen sich selbst organisieren* (Campus 2008; the English edition will be published in

2011 under the title Corporate Policy and Governance. How Organizations Self-Organize). All books will be published in English soon.

“Fredmund Malik is the leading expert in the field of management in Europe. He is the most important voice – in theory and practice of management.”

Peter Drucker

Clear language is always also an instrument of clear thinking. By the same token, the clearest sign of wrong thinking – and thus, ultimately, wrong management – is language that lacks clarity. The use of carelessly defined terms do a lot of damage; the wrong use of certain terms can lead to wrong, sometimes even risky management actions and wrong management decisions.

Fredmund Malik points out the psychological, management, and economic errors managers tend to make, and explains how these errors can be avoided; for clear language is a key to right and good management.

“Malik demonstrates how, in extreme cases, the wrong use of fashionable terms can even lead to entrepreneurial disaster.”

Wirtschaft & Markt

“Malik is listened to because management knowledge has never been more important. (...) Malik incessantly cautions against the money-mindedness at those corporations where ‘stock speculators, boosters, bluffers, and sometimes even criminals’ call the shots.”

Süddeutsche Zeitung

Fredmund Malik

Uncluttered Management Thinking

46 Concepts for Masterful Management

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Foreword

An IT specialist will do anything to keep his hard disk clear of viruses. Everyone knows how dangerous they are. But how to prevent mental “viruses” – dangerous ideas – from getting into people’s heads? That is at least as important as virus protection for computers: wrong concepts, theories, and ideas are the root causes of wrong management, and the words used in an organization play a crucial part.

The recent economic misdevelopments and excesses were largely due to a general confusion of speech and thinking. It is not some kind of hindsight know-it-all attitude that makes me adopt this critical position; rather, I have been advocating and publicizing this view since the early 1990s.

Without the confusion of language there would have been no such nonsense as the New Economy, which was supposed to arise from what was naïvely described as the miracles of informatization and digitalization (without any material value being added); nor would we have been haunted by the specter of shareholder value, which resulted in one of the gravest misallocations ever of economic resources. There would have been none of the outrageous balance-sheet tampering, nor would a wave of start-ups and IPOs have been confused with real innovation. How such a thing as “cash burn rate” could ever become a respected

term in the evaluation of companies is beyond me. It is a question that ought to be answered by mass psychologists, in particular those specializing in stock market hysteria. Without all that language confusion, the mirage of the U.S. economy's worldwide superiority – which was eagerly and uncritically disseminated by the media – would have been an outright impossibility. Last but not least, the global financial and economic crisis we are in has resulted from psychological and management errors.

Clear language, an instrument of clear thinking, would have created the differentiation and skepticism that are indispensable for aligning both the business world and society as a whole with reality.

What George Orwell could only sketch out roughly in 1984 has been carried to the extreme in neoliberal media society, during the decade that marked the transition into the third millennium. The result is a serious, perhaps tenacious “virus infection” of one of society's most important organs: management. And even if that disease is cured some day, when a new generation of managers will have come of age, it will take many years until the harm it has done will be remedied and its effects will be overcome.

Clear Language as a Basis for Good Management

Anyone wishing to manage a company or any other institution correctly and effectively ought to pay special attention to the issue of language. Some terms are best avoided entirely; for others, their proper use should be clearly specified. How far this should be taken depends on the individual case. Some people may have good reasons to keep using certain “dangerous”

words, despite all reservations. They should, however, always be aware of the risks associated with those words – risks of misunderstandings and, more importantly, of wrong decisions.

For instance, the CEO of a leading bank had the courage to ban foreign words. That may be taking it a bit too far, but it is a brave move and helps enhance clarity, comprehensibility, and successful communication. What is more, it is an effective guard against bluffers and boasters. Such a ban does not represent an infringement of basic rights, such as the right to freedom of expression: any member of staff can and should express his opinions freely, of course – all that is required of him is that he do so using intelligible language.

In this book, I will deal with a series of words the use of which, in my view, is a bad habit and in some cases even dangerously misleading – such as “vision” and “leadership”. Some of them are terms for which a misguided usage has developed over time (e.g., “staffing decisions”) or an entirely wrong concept has emerged (“U.S. management superiority”). They are all words that have been used so often in recent years that they have become standard terms of management and their meanings have turned into widespread (and erroneous) beliefs.

In some cases, the words in question are the manifestation and result of temporary fashions. Management in general is strongly infiltrated by fads, more than any other field. As long as something is in fashion, it is usually asserted dogmatically and even with inquisitorial zeal, in particular by those who shape those fashions – often consulting firms for which they constitute the foundation of their business. However, quite a lot of the words discussed here also result from poor management training, in that people fail to recognize fashions for what they are.

Many managers have never had the opportunity to acquire sound expertise in corporate management. All they have is rather superficial knowledge, which, as we know, is often more dangerous than having no knowledge at all.

It is a clear sign of good management if counter-measures are taken against such developments. Achieving effective communication and real understanding in an organization is difficult enough as it is, one reason being the rather limited linguistic skills most managers have. If matters are made even worse by the use of wrong and misleading terms, good communication almost impossible.

The danger of the terms discussed here lies not only in this general difficulty of communication; what is even worse is that they cause errors, thus misguiding the thoughts and actions of managers and employees. They convey concepts of how to manage companies, how to deal with employees, and how to treat customers, which are detrimental to companies' interests and sometimes even cause their demise.

The terms I rate as “dangerously misleading” serve many purposes. They are used to shape opinions, policies, and businesses, to pursue interests and to legitimize status. They are also used in an attempt to impress others.

Impressing others is the strategy of a certain type of intellectual and expert. Making an impression is the most important basis of their existence; indeed, it is the only one. They will therefore do anything to maintain semantic appearances – as pseudo-scientists, as éminences grises in their organizations, in staff functions and committees, as consultants, experts, therapists, and gurus. Their preferred tools are clouds of language, pompous terms and fancy catchwords.

Good managers do not let themselves be impressed, at least not permanently.

More Than Just Linguistic Subtleties

I am not talking about linguistic subtleties here or about matters of style or taste, but about the right way of thinking and about effective communication. These “dangerous” words are a source of misunderstandings. They hamper effective communication and give rise to misguided expectations, and as a result, they cause employees to act the wrong way. In extreme cases they even make an organization unmanageable.

What is at stake here is clarity, comprehensibility, and professional precision. Clear and accurate terminology is one of the hallmarks of a highly developed science or discipline. Mastery of its terms is an indispensable ingredient to professionalism and competence.

For instance, no one would be taken seriously in engineering or natural sciences if he did not know how to distinguish velocity from acceleration. A lawyer unable to tell the difference between ownership and possession, or between renting and leasing, would not only be considered incompetent but even a danger to potential clients. He could not be entrusted with a property law case. When it comes to fine but significant distinctions, clarity and precision are all the more important.

Much the same happens in management, not as an exception but regularly. We are far from having achieved the accuracy that has long become natural in other disciplines. In almost every discussion with managers I cannot help but realize that, as pro-

fessional as they may be in their respective fields, they lack clear positions in management terminology.

Mere definitions and etymological clarifications are not what I have in mind. Each of the words discussed in this book represents a wrong theory, a widespread and influential yet misleading management concept. My chief concern is to put them right, thus providing a basis for better and more responsible management.

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