Planning

Flexibility's name of game for today's successful CEO

By Jay S. Mendell and Hank Sarkis

Do you have the flexibility to lead your company as it copes with a "new set of rules" for dealing with employees, customers, and markets?

Many companies try to revitalize their management by acquiring a new chief officer.

Changing conditions are used as the reason for a change in management. "Owing to rapid changes in consumer preferences, we feel the company must be managed by a leader with a strong marketing background."

Or a revolutionary technological change is the excuse to put an engineer on top. Or the volatile costs of labor and materials are deemed to demand the leadership that only a financial manager can provide.

If you are not a marketing manager, an engineer, or an accountant, you are out of luck if a leader is called for from one of these functional specialties.

But the need to emphasize cost-cutting over marketing, or research and development over cost-cutting, or marketing over R&D, is not the whole of locating top leadership adaptive to changing conditions. A particular career specialty is no guarantee that a CEO will be able to cope with diverse and pervasive change.

On the contrary, most strategic changes are too diverse to be attacked from the viewpoint of a specialty.

For instance, members of the baby boom generation (the men and women who are now 20 to 40 years old) have characteristics different from any other 20year-wide slice of workers, and these differences involve marketing, human resource management, technology, and every other specialty.

As a group and on the average, the baby boomers distrust authority; prefer non-hierarchical organizations (even if they can't spell or define "hierarchy," they know what they want); care about the environment; like computers and rock music; wish to appear fit and youthful; are less willing than their elders to sacrifice consumption today for higher consumption tomorrow; and so forth.

As consumers and workers, the baby boomers have simply overwhelmed business through the size of their cohort (one would almost say horde).

They are different from the consumers and workers they followed and are probably different from the ones who will follow, and they are a fact.

So no matter how top management feels, it has to accept that it is outnumbered on such issues as: The CEO prefers centralized management, but the new workers prefer decentralization. He is authoritarian, and they are participatory.

(The passage of the baby boom is not the only change that must be dealt with. We would add the following examples: the falling cost of communications, employee demands for choice and flexibility in working conditions and compensation, women in the labor force, and affirmative action.)

But what so many changes have in common that most intensely challenges top management is that they contradict the CEO's notion of what is right and wrong and how the world works.

The environment is no longer available for dumping, and we are not allowed to think of it as infinite. Information is hard to keep inside a company or to shut out. Men need to know how to type (to use a computer) and women don't need to type. Men can become nurses and flight attend ants or stay home and care for the kids.

Then there is the still emerging notion of the super high-performance company, the feeling that current performance is a specious limitation, that the company can multiply its performance by utilizing everything that is known about the pursuit of excellence. It holds past leadership out as dawdlers.

When we enter the realm of asking people to accept that the past is not the pattern for the future, that the way the world worked in the past is not the way it is required to work -by the laws of Nature or Harvard Business School- mere management fails and leadership begins.

Even today there are companies that resist accommodation with environmentalists, the aspirations of non-radical women, employee autonomy and participation, and top management contact with workers and customers.

Yet these are changes that have been unfolding for 10 to 15 years. A CEO is hardly in a position to lead the management of future change if he is fighting a last ditch battle against changes that have in effect "outnumbered" American business.

It is not easy to distinguish fads from trends in the first six months, but a change that has lasted for three, four, or five years, is probably something that has to be adapted to, no matter how unpalatable it may seem.

The trick is to find the opportunity hidden within the change.■

Dr. Jay S. Mendell is a professor in the college of business and public administration of Florida Atlantic university in Boca Raton.

Mr. Henry Sarkis is an adviser to the Silicon Beach Consultancy Inc. of Boca Raton, specializing in innovation and planning.