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The 1950s and 1960s

Different Worlds

In the 1950s and early 1960s the literatures on leadership in the public sector and management in the private sector could hardly have been more different. Whereas the first was increasingly permeated with what might be labeled the three *Ps*—pluralism, participation, and persuasion—the second was still replete with images of coercion and control. This chapter will explore the ideas underlying these differences, and how they actually shaped the practice of creating change in government and business.

POLITICAL LEADERSHIP

The ideas

The 1950s were the Eisenhower years. It was a time when law and order still prevailed, when those in authority—at home, in church, in school—were paid due deference, and when leaders in government could count on a certain amount of homage paid them simply by virtue of the office they held.

Above all, it was still a time when leaders in the public sector were held in generally high esteem, and when politics—especially at the national level—was by and large considered an honorable profession. The great historian Henry Steele Commager once pointed out that in eighteenth-century America the opportunities for leadership and distinction were almost wholly in the public arena. While two centuries later the private sector had obviously caught up, the 1950s were arguably the last full decade in which this great tradition of public service was meaningful to most Americans.

Similarly, it was the end of an era in which political leaders were,

as a matter of course, held to a high standard of excellence. The fall 1961 issue of the *Journal of the American Academy of Arts and Sciences* was dedicated to the subject of leadership. Its subtitle: "Excellence and Leadership in a Democracy." The assumptions were that men (yes, men) became political leaders in the first place because of the outstanding qualities they demonstrated well before assuming leadership roles, and that they would as a matter of personal pride strive for superior performance in every aspect. As one contributor put it, "The thesis of this essay is that the kind of excellence most explicitly recognized in the United States is leadership, and that the reward of recognition is, by and large, more leadership."¹

The widespread assumption during this period that leadership and excellence were generally equated was the more remarkable for the antileadership mentality that had since the beginning of the Republic been part of the national culture. So far as leadership was concerned, three beliefs comprised the American Creed: 1) antagonism toward governmental authority; 2) ambivalence toward constituted leaders; and 3) uncertainty about what constitutes effective and proper management in public life.

Maybe it was because the 1950s were a time of peace and prosperity. Or maybe it was because of the nature of the man with whom the decade became synonymous—Dwight Eisenhower. The indicators, in any case, were clear. By an overwhelming majority, Americans believed in their government, and trusted their leaders to act wisely and well in the national interest.

By the early 1960s there was another reason to celebrate the quality of political leadership in America. According to the conventional (albeit scarcely undisputed) wisdom, power was now shared. Perhaps the most influential ode to what came to be known as pluralism was Robert Dahl's book, *Who Governs?* Researched in the mid-1950s and published in 1961, *Who Governs?* provided the "scientific" basis for the belief that power in America was now being shared. Dahl claimed that whereas in the past power was distributed among only a relatively small number of people ("patricians"), by about 1955 it was held by a range of men including bureaucrats, experts, and politicians. "Within a century a political system dominated by one cohesive set of leaders had given way to a system dominated by many different sets of leaders. . . . It was, in short, a pluralist system."²

Dahl's book also confirmed that most Americans believed in what he called the democratic creed. "The common view seems to be that our system is not only democratic but is perhaps the most perfect expression of democracy that exists anywhere."³

In the early 1960s scholars went another step further. Americans were now being urged to take advantage of a political system that was more open, flexible, and responsive than it had been before. For example, in 1963, Pulitzer Prize-winning historian James MacGregor Burns published *The Deadlock of Democracy*, in which he argued that the American people lacked "popular control of the policy-making process. Our splintered parties set up barriers between the people and their national government."⁴

Note the subtle distinction between the pluralism that Dahl touted and the popular control Burns espoused. Demonstrating that power is distributed among a few key groups is one thing. Arguing that citizens should aggressively participate in political decision making is quite another. But how was this political engagement to come about? Replied Burns: "The national parties must build grass-roots memberships. Colonels, lieutenants, and sergeants are not enough; the parties need the same foundation that every other big, politically active organization . . . already has: an extensive card-carrying, dues-paying membership."⁵

The first manifestations of what we might call an evolution from pluralism to participation were the Civil Rights and women's movements. The modern Civil Rights movement may be said to have started when Rosa Parks refused to surrender her seat on a Montgomery, Alabama, bus to a white man. The year was 1955, and Martin Luther King took up the cause.

The basis of King's power was of course not money or position, but rather his extraordinary ability to mobilize ordinary people on behalf of what he believed to be right and true. The Montgomery bus boycott catapulted King to national prominence and demonstrated to the black community its strength in numbers—if those numbers were effectively marshalled and mobilized. Put another way, it revealed how in this country at that time grass roots activity could compel significant political change.

Less than a decade after Rosa Parks refused to move, Betty Friedan published what turned out to be the revolutionary tract of the modern women's movement—*The Feminine Mystique*. On the

surface, everything was fine. Women in television commercials beamed at glistening glasses and shiny floors. In fact, however, suburban wives and mothers were feeling increasingly bored, restless, and trapped in the confines of their grassy suburban enclaves. Insisted Friedan, "We can no longer ignore that voice within women that says, 'I want something more than my husband and my children and my home.'"⁶

However, Friedan did not at that time imagine a political movement. Rather she called on women as individuals to take responsibility for their own lives. "A girl should not expect special privilege because of her sex, but neither should she adjust to prejudice and discrimination. . . . Not until a great many women move out of the fringes into the mainstream will society itself provide the arrangements for their new life plan."⁷ Meanwhile, Friedan became politically active; in 1966 she became the first president of the National Organization for Women (NOW).

Like the Civil Rights movement, which had Malcolm X as counterpoint to Dr. King, the women's movement was marked by a schism between moderates and radicals. The radicals were the focus of press attention—at the 1968 Miss America gala they protested that the contest created "an image that oppresses women in every area"—but it was the moderates who drew in the numbers. By the end of the sixties women of all ages, races, and classes considered themselves part of what by then had become an authentic political movement.

No discussion of how the late fifties and early sixties gave new meaning to political participation in America would be complete without reference to the student movement that began at the University of California's Berkeley campus. What began as a demand for the ultimate in free speech became a national phenomenon. The student movement and the energy it derived from its escalating opposition to the war in Vietnam changed everything fast. Indeed, protests against the war in Southeast Asia eventually led to a precipitous decline of authority in many areas of public life, and ushered in what might fairly be called a new age of leadership in America.

The old rules that had governed the relationship between leaders and led no longer applied. College campuses, only recently models of civility and decorum, became hotbeds of dissent. The police,

only recently symbols of law and order, became fascists and pigs. And by the late 1960s politicians nationwide found themselves running for cover. Even the president, Lyndon Johnson, found that the times and the war and the protests from below made it impossible for him to continue as the nation's chief executive.

We come now to the third "p" (after pluralism and participation) that characterized political leadership in America during the 1950s and 1960s: persuasion. As we shall see, even during the decade in which the old models of authority were still in place, the 1950s, the public sector was replete with ideas and behaviors that had virtually nothing to do with coercion and control and everything to do with persuasion and influence. In other words, even during a time in which the old order still held, elected officials realized that in order to lead they would have to rely on their own personal capacity to persuade others that it was in their best interest to go along.

Perhaps the literature on politics at the highest levels of government is the most revealing. Even presidents and senators, we were repeatedly told, could only do so much. Clinton Rossiter's classic text from the period was *The American Presidency*. Rossiter devoted as long a chapter to the "limits" of the presidency as he did to the "powers" of the presidency. "A genuinely indecent performance by the President will arouse fierce opposition . . . and even a questionable course of action . . . will move Congressmen, administrators, lobbyists, and politicians to unite in opposition."⁸

Senators, we were told, faced similar constraints on their ability to lead. As Donald Matthews wrote in *U.S. Senators and Their World*, "Even the limited goals [senators] set for themselves are very difficult to achieve. They have no control over the raw material they are expected to unify."⁹

What to do? How to get others to go along? How could leaders lead—even presidents and senators—when they had so few sources of power and authority? The conclusion was clear. By 1960 the evidence pointed to the importance of personality, in particular the leader's ability to get others to go where he wanted them to go. Matthews continued: "The party leader's principal weapon is his own persuasiveness. A major share of his time is devoted to lobbying—flattering, cajoling, appealing to the senators' sense of party loyalty, arguing the merits of legislative measures."¹⁰ In other words,

even though party loyalty was still a powerful resource for keeping others in line, if it failed, the only other option was to persuade.

Presidential scholars made a similar discovery. Rossiter's focus on presidential constraints notwithstanding, until Richard Neustadt's seminal book, *Presidential Leadership*, was published in 1960, we had only a weak understanding of the degree to which presidents relied on influence. Of course the trappings of position have always counted for something. We are not now nor have we ever been immune to the seductive appeal of the Oval Office. Nevertheless, after a long tradition in which the chief executive was considered "a kind of magnificent lion," Neustadt's analysis was as original as it was pointed. "The essence of a President's persuasive task," he wrote, "is to induce [others] to believe that what he wants of them is what their own appraisal of their own responsibilities requires them to do in their interest, not his."¹¹

The progression from the demure pluralism of the 1950s to the strident participation of the 1960s had a considerable impact on our thinking about leadership in the public sector. What became clear was that political leaders simply did not have available to them the resources of their private-sector counterparts. Business executives could reward, and punish, their followers, particularly employees. Political leaders could do the same only infrequently—or not at all (for example, vis-à-vis voters). Compelled to function in an environment in which the ideology was ardently egalitarian, and in which the system was designed to check and balance at every turn, America's political leaders had to persuade to progress.

Ironically, the shift to a time when political leadership was even more difficult than it had been before coincided with a president's promise to bestow on voters the moon and the stars—and butter. Lyndon Johnson's Great Society was, after Franklin Roosevelt's New Deal, the most ambitious program of social reform in the nation's history. The Great Society offered something to everyone: health care, educational assistance, tax rebates, a higher minimum wage, farm subsidies, vocational training, housing for the homeless, poverty grants.

But in spite of his big dreams, by the time Johnson left office the balance Neustadt had described roughly a decade earlier had given way. The importance of presidential authority declined; as a consequence presidential persuasion became that much more impor-

tant and that much more difficult. Like their less elevated counterparts, presidents unable to persuade others to go along were, so far as their capacity to create change was concerned, dead in the water.

The reality

To belong to the so-called “Eisenhower Generation” has always been considered something of a mixed blessing. On the one hand the fifties are seen as a time during which individual feelings and impulses were repressed in favor of conformity imposed by family, school, church, and government. On the other hand, the post-World War II era provided many Americans with a strong sense of confidence and security.

In the 1950s, the United States was the world’s most powerful, rich, and envied country with many opportunities (especially for white males) for success and happiness. Moreover in retrospect at least, the temper of the time was almost carefree. To be sure, there were worries about a nuclear attack by the Soviet Union. But children walked to their neighborhood schools free of the fear of being mugged or shot, and when they ate supper both Mommy and Daddy were usually at table.

The man who presided over these apparently tranquil times capitalized on two conflicting impulses in the American people. Despite his long and illustrious career in the military, Dwight David Eisenhower governed with a loose rein. By freely delegating important assignments to others, by adopting what Fred Greenstein has referred to as the “hidden hand” (indirect, sometimes covert) style of leadership,¹² and by drawing freely and deliberately on a million-dollar grin that served as leveller between the president and the people, Eisenhower shed the military leadership style he had spent a previous lifetime mastering.

But “Ike,” as he was affectionately known, also responded to the people’s need for a leader who can provide direction and security. He kept his promise by extricating the United States from the Korean War, and proceeded then to preside over a time in America which, for all its limitations, is now generally conceded to have been one of the most peaceable and productive in American history.

Greenstein has written of Eisenhower that “by obscuring his steady involvement in political machinations while publicizing his ecumenical appeal to all Americans and his congenial outward man-

ner, [he] escaped a catch-22 built into the presidency.”¹³ In other words, Eisenhower conveyed the impression of a man in charge—without giving offense.

As it happened, the times supported the man. In particular, the fifties were the last decade during which there was a sense that the old order (the Eastern establishment) still had control. Dahl’s aforementioned treatise notwithstanding, while in mid-century America the upper class was not as important as it once was, it still mattered. Moreover it was widely believed that “there are a variety of foundations, associations, committees, and institutes within which members of the upper class participate if they wish to be active in determining policy.”¹⁴

Whatever the deficits of this circumstance, it did also send a benevolent message: the United States was stable and well run, and important decisions about domestic and foreign policy were being made by the best and brightest.

Moreover, top political leaders were still held in high esteem. They were not generally demeaned, nor were their secrets revealed. In particular, the press operated under rules of conduct that forbade unseemly attacks on character.

Again, Dwight Eisenhower was particularly well placed to benefit from all this gentility. In 1955 *Time* described Ike as “crisp and cheerful” despite the “muggy heat.” He “adroitly” fielded questions about a possible second term and quipped with such dexterity that his audience of newsmen “roared.” The president of the United States, it was reported, “gave fresh meaning to the nation’s foreign policy.”¹⁵

But Eisenhower was by no means the only one who benefited from the midcentury proclivity to give leaders the benefit of the doubt. When Oklahoma Democrat Carl Albert became majority leader in the House, *Time* described him as follows: “He deplors the sort of backroom bloodletting that has sometimes spattered the records of quick-drawing majority leaders of the past. . . . On the other hand, Albert is tough enough to demand votes when the outcome is crucial.”¹⁶

The presidency of John F. Kennedy seemed to signal no more than a changing of the guard. Kennedy was young, a Democratic, and Catholic—and in these important ways a departure from past patterns. But he had been a member of Congress for years, belonged

to a rich and well-connected Massachusetts family, and promised as chief executive to continue most of the important domestic and foreign policies developed by his predecessors.

Because Kennedy's relationship with the press was so good, and because reporters did not in those days chase stories about private proclivities for sex and drugs, his image remained untarnished. To be sure, there was the usual carping about policies and procedures. But there was at the same time an unending appreciation of this attractive, witty, and charming man, and his glamorous, young, and terrifically photogenic family. In other words, Kennedy was president during a time when political leaders were still respected authority figures who, despite their need to mobilize political support in order to effect change, nevertheless profited from a mindset that gave leaders in high places the benefit of the doubt.

It should be noted that the Kennedy presidency has not, in fact, been considered very successful by the experts. In a 1982 nationwide survey of American historians, Kennedy ranked only thirteenth in presidential performance; and in a similar poll conducted in 1995, he dropped to eighteenth.¹⁷ Still, mixed reviews notwithstanding, the Kennedy assassination fueled the Kennedy myth. Whatever the verities of Kennedy's performance in the White House, during his lifetime his personal qualities won friends and influenced people. And since his death, despite unsavory revelations about his private life, his standing among the American people (as opposed to American historians) has remained high.

While it is impossible to pinpoint changes in the *Zeitgeist*, with regard to leadership in America it is not too much to say that the period between Kennedy's assassination in November 1963 and Lyndon Johnson's withdrawal from public life in March 1968 constituted a turning point. In less than five years the United States metamorphosed from a country in which everything seemed possible to one riddled with dissension and self-doubt. As a consequence, the capacity of our political leaders to get others to go along was severely compromised.

It has often been said of the American presidency that it is an office far less powerful than is generally imagined. I would argue, moreover, that when the nation's chief executive suffers a setback, the impact is felt well beyond Washington. I am proposing, in other words, that the undermining of the presidency of Lyndon Johnson

led over time to a weakening of leaders more generally. What happens in the White House is infectious. Leaders in other places—in both government and business—become vulnerable to whatever ails the nation's highest elected official.

The trajectory of Lyndon Johnson's tenure as president is poignant precisely because it was so sharp. What began as an administration full of promise ended in a withdrawal from public life that was as humiliating as it was significant. Never before in American history had a president fallen so far so fast. And never before in American history had a president decided not to run for a second term because of the domestic strife his mere presence in the Oval Office seemed to trigger.

In the beginning, LBJ could do no wrong. He helped a shattered nation recover from the trauma of Kennedy's death, and promised a period in which the Democratic agenda would become law. Moreover he delivered. In fact, he was so effective a leader that his domestic record will be forever hard to match. Johnson's intimate knowledge of the Congress, particularly the Senate, and his overwhelmingly powerful personal style—he harangued, threatened, promised, wheedled, and cajoled—combined to forge a leader who in the domestic arena was as effective as any the United States has ever known. His promise and performance were confirmed in the 1964 presidential election. "It was," Johnson later recalled, "a night I shall never forget. Millions upon millions of people, each marking my name on their ballot, each one wanting me as their President."¹⁸

What turned everything around was of course the war in Vietnam—"Lyndon Johnson's war." The escalation of American involvement in Southeast Asia undermined the president's ability to govern and was virtually solely responsible for the steep, swift decline in his popularity. (Between 1964 and 1968 his support in the polls plunged thirty-six points.)

But numbers don't adequately convey what happened in America during Lyndon Johnson's tenure in office. The real story was the growing distrust of Americans in government—and in those who would lead it. What had been up to then a modicum of respect bestowed on those in high positions of political authority eroded with remarkable alacrity.

The peace movement began small and slow, but in quick order teach-ins and marches were followed by sit-ins and lie-ins which, in

turn, were followed by the burning of flags and draft cards, the bombings of buildings, and desertions from the army. By early 1968 the country was in turmoil and sharply divided. What began as street protests by the young and restless grew into something much more powerful: a sweeping national movement in which the original rebels were joined by the liberal establishment—including members of Congress, the press, and opinion makers all across America.

Lyndon Johnson's credibility as president was under attack from all sides. Even key members of his own administration began to desert the sinking ship. Moreover, what had started as a national debate over differences in policy escalated into ugly quarrels over fact and fiction. During the last years of his presidency LBJ suffered from a growing "credibility gap." The American people's increasing reluctance to believe that what their president was telling them was the whole truth and nothing but gradually undermined his capacity to govern. Doris Kearns reconstructs the moment: "Sometimes it seemed as if Johnson himself did not believe what he was saying, as if all the surmises were a bizarre recreation, a way to relax. But at other times Johnson's voice carried so much conviction that his words produced an almost hypnotic effect."¹⁹

By mid-1967 the handwriting was on the wall. Johnson had lost control of the war abroad and of the war at home as well. As McGeorge Bundy, one of Johnson's (and Kennedy's) closest aides put it, "What has happened is that a great many people—even very determined and loyal people—have begun to think that Vietnam really is a bottomless pit."²⁰

The president had sunk far in just a few years, and his opportunity to achieve greatness was lost. But if for LBJ Vietnam was in the end a personal tragedy, for the nation it was a rude awakening. Not only were the policies of its most important political decision makers apparently wrong-headed and costly, they were embedded in a tissue of lies that made it difficult if not impossible for many citizens to remain true believers.

What happened during the mid-1960s, one of the most important five-year periods in American history, is that the president of the United States was stripped of his protective cover. The war in Vietnam had done its handiwork and television had changed the national dynamic. Vietnam became the first "living room war" and TV covered the chaos both at home and abroad. By early 1968 the

twin demons of turbulence and technology had done the job. Lyndon Johnson, the quintessential American pol, was pushed from his perch. So far as leadership in America was concerned, the president's fall from grace was merely the harbinger of far greater changes to come.

BUSINESS MANAGEMENT

The ideas

Throughout most of the 1950s and 1960s, business and industry were wed to a model of governance in which leadership was a component of management rather than the other way around. Put another way, the question of how those at the top could get those further down to accomplish their tasks was only one of many managerial tasks—and not an especially important one at that.

Moreover motivation was not an issue. Because employees toed the line through the exercise of “supervision” and “control,” the question of how actually to motivate them to go along was irrelevant. Management simply consisted of planning, organizing, and controlling.

Consider the matter of how managers used their time. One 1955 study showed they spent more hours with subordinates than with superiors or peers; more time on planning than on any other administrative function; and more time checking up on others than on any other single task.

Two other studies conducted during this period suggest the similarities in how all executives allocated their work. Typically the day was divided as follows: supervision (39 percent of the time); planning (18 percent); investigation (8 percent); coordination (6 percent); negotiation (5 percent); evaluation (4 percent); and miscellaneous (7 percent).²¹

The use of time was determined, of course, largely by where employees stood on the organizational ladder. First-line supervisors spent most of their day on employee supervision, employee contact and communication, union-management relations, manpower coordination and administration, work organization, planning and preparation, manufacturing process supervision, and manufacturing process administration. The nature of their jobs was, in any case,

predetermined. As William H. Whyte Jr. observed, the primary function of those at the lower levels of the organizational hierarchy was to perceive their task accurately and conform to it.²²

In contrast, higher-level managers did more long-range thinking and planning, more coordinating of other organizational units, and more work on external relations. Yet even they were not exempt from the ideology that pervaded business and industry in the aftermath of the Depression and World War II. The modus operandi for those both high and low on the organizational ladder was to behave well, work hard, and keep the corporate ship on a steady course. The reward for good behavior was clear: the American dream.

Nowhere was this model of conformity more vividly described than in William H. Whyte Jr.'s classic, *The Organization Man*. Published in 1956 to widespread attention and acclaim, the book made clear that during the Eisenhower era the private sector valued convention over autonomy. Throughout the organization, individual expression was discouraged and propriety rewarded. Men in grey flannel suits in one organization looked like the men in grey flannel suits in other organizations, and their fantasies were ostensibly the same: settled lives circumscribed by white picket fences. Here is Whyte's description of what he called a litany increasingly standard: "Be loyal to the company and the company will be loyal to you. After all, if you do a good job for the organization, it is only good sense for the organization to be good to you, because that will be best for everybody."²³

Arguably, there was one major departure from the culture of conformity that pervaded the literature on business management during this period: Philip Selznick's slender volume titled, tellingly, *Leadership in Administration*. Selznick was one of the first to distinguish between leadership and management. In particular, he charged top executives with personal responsibility for the welfare of the organization. It is the institutional leader who is "primarily an expert in the promotion and protection of values."²⁴

Selznick's leader transcends his specialization and sees the institution whole. He brings to his task "a blend of commitment, understanding, and determination." Moreover, unlike his flannel-clad contemporaries, he is self-aware. He understands his own strengths and weaknesses and also those of the organization for which he is responsible. Still, Selznick's corporate leader does not

interact with subordinates. In other words, the leader described in *Leadership in Administration* does not engage followers, influence them, or bother to motivate them to follow his lead. In fact, Selznick makes a clear distinction between the less-important “interpersonal leader” and the more-important “institutional leader.” The interpersonal leader is charged with “smoothing the path of human interaction, easing communication, evoking personal devotion, and allaying anxiety.” However, the interpersonal leader has “relatively little to do with content; he is more concerned with persons than policies.”²⁵

Now, of course, Selznick’s book seems somehow quaint. Today no leader of a major American enterprise would admit to turning over the interpersonal aspects of his job to someone else, and no leader would admit to a domain confined to policy. In fact, it is the fashion at the end of the millennium to say that persons are as important as policies and that, indeed, good policy can only emerge from good—that is caring—interpersonal relations.

In 1960, there was another break with the past. In *The Human Side of Enterprise* Douglas McGregor gave us Theory X and Theory Y. Theory X was, in effect, the traditional model of direction and control, and it was based on three key assumptions. First, average people have an inherent dislike of work and will avoid it if they can. Second, because of this dislike, most people must be coerced, controlled, and directed in their work. And third, the average person prefers to be directed, wants to avoid responsibility, has relatively little ambition, and wants security more than anything else.²⁶

McGregor’s argument for a new approach was based less on a moral imperative than on self-interest. Put simply, McGregor maintained that once workers were motivated by more than the need to subsist, the old model of management did not work very well. In other words, it was in the organization’s best interest to adopt new policies and practices—those of Theory Y.

Theory Y elevated all employees to a new level, bestowing on them the capacity for self-direction, self-control, responsibility, imagination, ingenuity, and creativity. As a consequence, it was assumed that whatever organizational problems did occur were not the fault of those lower down but rather of those higher up the organizational ladder. “If employees are lazy, indifferent, unwilling to take responsibility, intransigent, uncreative, uncooperative, Theory

Y implies that the causes lie in management's methods of organization and control."²⁷

Needless to say, McGregor's model of leadership is quite different from (and far more contemporary than) Selznick's. For McGregor relationships are absolutely central to the manager's task. "Perhaps it is clear by now that the all-important climate of the superior-subordinate relationship is determined not by policy and procedure, nor by the personal style of the superior, but by the subtle and frequently quite unconscious manifestations of his underlying conception of management and his assumptions about people in general."²⁸

But for all of McGregor's later influence, his ideas took time to take hold. By and large the 1950s and even the 1960s were characterized by only a weak conception that people matter to management. Consider this issue of the *Harvard Business Review* (HBR), published late during the period January/February 1967. The contents:

- How Much Should a Corporation Earn?
- The Case of the Latent Lobby
- Operations Research in Marketing
- Capitalists and Managers in Communist China
- Marketing Ethics and the Consumer
- Regional Management Overseas
- The Effective Decision
- Computers: No Impact on Divisional Control
- Put People on Your Balance Sheet
- The Johnson Treatment
- Corporate Disclosure/Insider Trading
- Zip Code—New Tool for Marketers
- Using Credit for Profit Making
- Checkers or Choice in Manpower Management²⁹

Only late in the decade (September/October 1969), did the HBR carry a major article in which employee interests were front and center.³⁰ To be sure, once again the justification for the focus on worker satisfaction was that it was good business. That is, there was growing evidence that in both good times and bad the ability of management, unions, and employees to get along contributed to organizational efficiency and success.

But something else was at work here: an ideology that was starting to infuse the organizational culture and that made employee participation and satisfaction a value unto itself. The article referred to above described what was then known as the Scanlon Plan. The Scanlon Plan was first tried in 1947, in a machine tool company. And in fact McGregor talked about it (largely admiringly) in his 1960 book. In particular, McGregor extolled the Plan for providing for every member of the organization the opportunity “to contribute his brains and ingenuity as well as his physical effort to the improvement of organizational effectiveness.”³¹

But it was not until years later that the principle of collaboration began to be appreciated for what it did for employees—rather than merely for how it helped the business. Put another way, the Scanlon Plan and those that in one or another way emulated it addressed the changing notions of how, for various reasons, work should be managed and organizations directed.

But this was collaboration between labor and management only up to a point. In the end, the HBR article makes perfectly clear who was in charge and at whose discretion the Scanlon Plan was being initiated. “In applying a Scanlon Plan, a company in essence says to its employees, ‘Look, we can run the company [and] we can run it well. But we think we can run it much better if you will help us. We’re willing to listen.’”³²

To compare the 1950s and 1960s literatures on leadership in politics and management in business is to be struck by the dramatic differences between them. Whereas the former talks of pluralism, participation, and persuasion, the latter is largely stuck in the language of control. In general, public-sector followers were imagined as equals and private-sector followers as subordinates. Only toward the end of this period did any of the work on management in business and industry reflect even dimly the ferment that had by then become endemic to American politics.

The reality

In August 1955 the president of the Reed Roller Bit company of Houston, Texas, told *Fortune* magazine that he could not “accept the idea” that the Executive Committee of his corporation could make a major mistake. His thinking was typical. In 1955, “a sur-

prising number of executives believed that the outcome of their decision was a certainty.”³³

The business executive was still seen as a remote and elevated figure whose control was exercised from on high. The separation between those at the highest levels of management and those further down was complete. In no way did their personal or professional lives intersect; in no way was it considered the executive’s responsibility to communicate with subordinates; and in no way was he required to demonstrate the interpersonal skills that came to be important later on. Business management was, in other words, still management by fiat.

Captains of business and industry were not like you and me. At work they were “typically decisive, and somewhat aloof, and generally regarded by employees with a certain awe.” What transpired outside the office was even more mysterious; so magazines like *Fortune* gave us the scoop. In July 1955 readers were told that executives “do have common characteristics” and that there is a “kind of composite way of executive life.” The successful American executive “gets up—about 7:00 A.M.—eats a large breakfast, and rushes to the office by train or auto. It is not unusual for him, after working from 9:00 A.M. until 6:00 P.M. in his office, to hurry and eat dinner, and crawl into bed with a briefcase full of homework. He is constantly pressed for time, and a great deal of the time he spends in his office is extraneous to his business. He gets himself involved in all kinds of community activities either because he wants to or because he figures he has to for the sake of public relations.”³⁴

Needless to say, the executive’s wife figured prominently in the arrangement. As a 1956 article in HBR made clear, the wife’s role was no less than critical to her husband’s professional success. “The least [the wife] must do is see that the activities of the household do not interfere with [her husband’s] work. She must be prepared to take on the major task of rearing the children. She must not demand too much of her husband’s time or interest. Because of his single-minded concentration on the job, even his sexual activity is relegated to a secondary place.”³⁵

Our curiosity about corporate America’s high command was satisfied by profiles in newspapers and magazines that accentuated the positive and eliminated the negative. This was not a time for letting

it all hang out, or a period to satisfy those with prurient interests, or an era in which tabloid journalism was mainstream.

As a consequence, every top executive of every major organization was portrayed as somehow special—colorful, clever, and, of course, terrifically effective. The following descriptions are from 1955 and 1956 editions of *Fortune*:

W. L. Lyons Brown, the chairman of Brown-Forman, was “forty-nine, a huge, voluble, impetuous Kentuckian with a strong bent for selling and an impatience with detail.” The president of the company was his brother: “G. Garvin, forty-three, a cooler and more cautious man.” This control of the company by the family did not of course “mean that executives who do not happen to be Browns are treated as second-class citizens. The Brown brothers have close social ties with most of the other company officers. They believe, in fact, in mixing business with pleasure whenever possible. Much of this mixing is done at the lunch hour. . . . The Browns and their lieutenants gather shortly after noon each day to whet their appetites with shop talk and bourbon. Each August a dozen or so home-office executives spend two stag weeks at a lodge [on a Canadian island]. The agenda includes poker, fishing, drinking, [and] beard growing. . . . On the last day, all liquor remaining on the premises . . . is dumped into a huge pitcher and nobody may leave until the pitcher has been emptied.”³⁶

As a young man, Roger Blough, the new chairman of U.S. Steel, took a job as a lawyer with White and Case, “where he worked longer, harder, and more effectively than most young Wall Street law clerks.” Now, even though he was top dog at one of the nation’s leading companies, Blough’s “modest, careful demeanor” tended to mask his “important talents.” Blough, it was said, had a “capacious mind, abundantly stocked with sharply differentiated facts. . . . He is not one to be put off by appearances or to take nonsense from anyone. He knows what is going on in the world, and he has a sharp tongue. . . . Probably no man has more inti-

mate knowledge of [U.S. Steel's] strengths and weaknesses, or a clearer idea of what might be done about them."³⁷

When it turned out that Harlow Curtice had correctly predicted booming sales for General Motors cars and trucks the Curtice legend was "stamped and sealed." Curtice was the "prophet of economic expansionism." "If American business must have such an apotheosis, Harlow Herbert Curtice is just about perfect type casting. At sixty-two he is a trim (five-foot nine, 155 pounds), tailored man who moves and gestures with athletic grace. He has quite the appropriate degree of vibrancy for a man of affairs. A flaming red-head in his youth, his hair and his military mustache are now a distinguished grey. Still, there is enough aquilinity to the nose and the jaw line to unprettify the man and suggest the aggressive perfectionist that he certainly is But it's practically impossible not to smile when Harlow Curtice smiles."³⁸

By the late 1950s and early 1960s some of the old assumptions were being challenged. In 1959, an article in HBR suggested that traditional performance review interviews "are seriously deflating to the employee's sense of importance and personal worth. . . . The fundamental flaw in current review procedures is that they compel the superior to behave in a threatening, rejecting, and ego-deflating manner with a sizeable proportion of his staff."³⁹

A scant five years later the demand for a new kind of executive was made unambiguously clear. Those at the top were no longer exempt from interacting with those further down, and executives who failed to master the appropriate skills would pay the price. "As the executives' interpersonal competence decreases, conformity, mistrust, and dependence, especially on those who are in power, increase. Decision making becomes less effective, because people withhold many of their ideas, especially those that are innovative and risky."⁴⁰ Democracy in the workplace was the new fashion not because, as Philip Slater and Warren Bennis wrote in 1964, "of some vague yearning for human rights, but because under certain conditions it is a more 'efficient' form of social organization."⁴¹

At the same time, there was the growing recognition that there were other ways to get to, and stay on, the top. “Egghead millionaires,” for example, were brainy types with a “strong yen to be independent about the company they work for, where they live, what they buy, how they play.” These new exemplars of American ingenuity were rewriting some of the old rules. Indeed, the growing demand for technical experts produced a new kind of worker: the knowledge worker who advanced in spite of, rather than because of, adhering to the conventional corporate culture. Renegades like Arnold J. Ryden, who in 1957 formed the Control Data Corporation, announced with pride rather than embarrassment that he had “been fired by the best companies in town.”⁴²

Still, the shift to a new business and industrial culture was an evolution rather than a revolution. In the early 1960s America was still being shaped by “prime movers,” men who across the board—in business, politics, art, science, philanthropy, and education—were the top guns. Prime movers were people like John D. Rockefeller III, who was “conceded to be the prime prime mover, and can produce in a few hours a varied and balanced Committee to deal with almost any subject under the sun.”⁴³ Thus, whereas in the 1950s executives were like everyone else, only more so, in the 1960s they could as easily be, in one or another way, separate from the pack. Here is *Fortune* on three of the major players:

A veteran pilot was reminiscing about the time he went out to dinner with George Theodore Baker, founder and president of National Airlines. “Baker was driving his Cadillac,” the pilot recalled, “and no sooner were we off the bridge to Miami Beach than he started driving up a one-way street the wrong way. ‘Ted,’ I said, ‘it’s a one-way street.’ ‘I know,’ said Baker, ‘but it saves three blocks and I only get a couple of tickets a year this way.’” The story was, we were told, indicative of Baker’s style. At fifty-nine, he was “still a lot like the uninhibited, swashbuckling barnstormers who founded the nation’s airlines a generation ago. . . . When Baker wants something, he goes directly after it, and if he is balked he lets fly.”⁴⁴

At sixty three, the “bumptious stalwart of aviation,” William

Lear, was said to have “shaken the industry with his low-cost executive jet. He’s up to his ears in competition and controversy—which is just the way he likes it. On the eve of his sixtieth birthday, Lear gambled his prestige and fortune on a long shot: a small jet plane designed expressly for the corporate market. Sure enough, he became the first man in history to design, build and win certification for a jet airplane—all with his own money. Was this enough for Bill Lear? Not likely. He told his friends that if success did come, “I guess I’ll just have to cut out and start all over again.”⁴⁵

At the age of fifty-eight John M. Roche became president of General Motors. The antithesis of some of his extravagantly extraverted predecessors, Roche was described as having a placid, “almost priestly” personality. “A modest, self-educated man who had always shied away from personal publicity unless he was convinced that it was genuinely in the interest of GM; a man whose extremely soft-pitched voice . . . is like the murmur of a Cadillac engine; a religious man who customarily attends church before showing up at his office at 8:00 A.M.; and a gracious man who rose to the top in a rough and tough business without ever making a known personal enemy”—this was the new model of leadership in America. This was a leader in keeping with an age that had a decreasing tolerance for the uninhibited exercise of power and authority.⁴⁶

The protests that roiled America in the late 1960s inevitably had an impact on American business. One might reasonably speculate that the hostility during this period toward the nation’s chief executive—“Hey, Hey, LBJ, How Many Kids Did You Kill Today?”—was a harbinger. Never again would Americans in high places be immune to close scrutiny. From this point on every authority figure would, sooner or later, become fair game.

The growing doubts about virtually every major American institution led to a period of unaccustomed introspection. The word “conscience” crept into the business lexicon, and major companies such as Alcoa and Chase Manhattan were asking out loud how to

balance social responsibility on the one hand with the mandate to make money on the other. At the same time, labor was getting restive. Under the forceful leadership of Jerry Wurf, president of the American Federation of State, County and Municipal Employees, government workers in particular were demonstrating the kind of militancy heretofore associated with miners and autoworkers.

For business executives the days of command and control were coming to a close. As William May, chairman and president of the American Can Company, put it toward the end of the decade, "A chief executive has to persuade as much as command. He has to evoke consent as well as assent among his subordinates, to say nothing of his board of directors. People talk about 'decision making' as if it were some kind of instant action. In actuality, it's a fearfully time-consuming process, because you've got to mobilize people behind those decisions."⁴⁷ May could as easily have been talking about being a mayor, or a governor, or, for that matter, president of the United States.