



MEMORANDUM

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FROM: William E. Roberts

DATE: March 8, 2005

RE: A Lesson We Need to Learn

Everyone,

What follows is an excerpt from Peter Drucker's book "Management: Tasks, Responsibilities, Practices." Peter Drucker, by the way, is one of the most cogent business thinkers. In order to grow, we need to let go. That is the lesson we should learn from Drucker's discussion of Henry Ford.

Controlled Experiment in Mismanagement

The story of Henry Ford, his rise and decline, and of the revival of his company is what one might call a controlled experiment in mismanagement.

The story of Henry Ford, his rise and decline, and of the revival of his company under his grandson, Henry Ford II, has been told many times. But it is not commonly realized that this dramatic story is far more than a story of personal success and failure. It is, above all, what one might call a controlled experiment in mismanagement.

The first Ford failed because of his firm conviction that a business did not need managers and management. All it needed, he believed, was the owner-entrepreneur with his "helpers." The only difference between Ford and most of his business contemporaries, in the U.S. as well as abroad, was that, as in everything else he did, Henry Ford stuck uncompromisingly to his convictions. The way he applied them—for example, by firing or sidelining any one of his "helpers," no matter how able, who dared act as a "manager," make a decision, or take action without orders from Ford—can only be described as a test of a hypothesis that ended up by fully disproving it. In fact, what makes the Ford story unique—but also important—is that Ford could test the hypothesis, in part because he lived so long and in part because he had a billion dollars to back his convictions. Ford's failure was not the result of personality or temperament but, first and foremost, the result of his refusal to accept managers and management as necessary and as grounded in task and function rather than in "delegation" from the "boss."

ACTION POINT: Are you an owner-executive who treats all your employees as your helpers? Are you an employee who is treated as a helper? List three ways your organization could be more profitable if employees were encouraged to assume responsibility.

Management: Tasks, Responsibilities, Practices

Although it may not clear from the foregoing excerpt, when Drucker uses the term "management" he doesn't mean management narrowly defined as some sort of "command and control" arrangement. By management Drucker means a lot more than establishing the direction for and exercising control over part of a business. Management and leadership for Drucker are inextricably linked, intertwined, and if they aren't conceptually interchangeable, then certainly his concept of management encompasses leadership. Too much management (narrowly defined) is like a pair of handcuffs, oppressive, debilitating to those who have achievement in their DNA (which I'd argue most everyone does). Leadership, on the other hand, (or management with leadership at its core) is liberating, inspirational, empowering.

Therefore, if we are to continue to succeed we must learn not only to let go, but to encourage the development of leaders throughout the firm.