

FRANTIŠEK  
**HRONÍK**

MANAGERIAL  
**INTE  
GRI  
TY**

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If you long for your staff to say, "It was an honour to work for him/her", then František Hroník's book *Managerial Integrity* is the one for you.

**Radovan Musil**  
*Senior Director*  
SOFTWARE ENGINEERING,  
RED HAT CZECH



MotivPress

*Dedicated to all the people at Motiv  
to have inspired me since 1996.*

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František Hroník

**MANAGERIAL INTEGRITY**

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# Table of contents

Foreword .....	9
About the Author .....	10
Introduction .....	12
The fundamental role of management .....	14
The two tasks of a manager .....	22
The new management paradigm .....	24
Personality and role .....	30
The three roles of the manager .....	38
Commitment and responsibility .....	41
The parable of the talents .....	51
Trust .....	53
Trustworthiness and informal authority .....	60
Courage .....	63
The manager and his relationships .....	68
The subjectivity and objectivity of the manager .....	71
Values .....	74
Conscience .....	87
Maturity of personality and moral integrity .....	95
Vision .....	104
Objectives .....	110
Decision-making and its effectiveness .....	115
Mindsets .....	121
Managerial role models .....	124
Individuality and individualism .....	127
All the rules of motivation .....	130
Operating rules .....	134
Situations that are demanding on managerial integrity ..	140
Summary .....	145
Literature .....	147
List of terms .....	150

## Praise for Managerial Integrity

I was fascinated by the book. To me, it is a truly absorbing read about business and HR, one of the best I have ever read. Theory and practice are combined well, it is easy to read and hard to put down. This book has my utmost respect and praise.

Dušan Gábor, Director of Human Resources at a leading Business Service Company

*Managerial Integrity* is a thought-provoking book on how to manage successfully in today's complex work environment. Each chapter contains valuable insights and I particularly identified with the lessons on trust and trustworthiness – essential elements that are too often missing in corporate life.

David Lambert, author of *Smarter Selling: How to Grow Sales by Building Trusted Relationships*

**Dr.** Hronik has masterfully integrated and synthesized scientific research, stories full of wisdom, and his vast experience to create a guidebook for managers in how to lead ethically and create a culture of integrity within their organization.

Dr. Paul Marciano, Author: *Carrots and Sticks Don't Work*.

The business world today places considerable demands on performance, results, and profit. Managers must resist the pressures that come while finding a way to succeed. Maintaining our integrity is challenging and when we lose our integrity, we lose our trustworthiness. This outstanding and unique book is a practical tool to help the reader maintain moral integrity while producing excellent results!

John G. Miller, author of *QBQ! The Question Behind the Question and Outstanding! 47 Ways to Make Your Organization Exceptional*

No book can make a manager. This one, however, will move you far forward in your quest to become a true leader. It will help you realise the importance of acting in accord with yourself, with others and with your company's long-term benefits. If you long for your staff to say, "It was an honour to work for him/her", then František Hroník's book *Managerial Integrity* is the one for you.

Radovan Musil, Senior Director, Software Engineering, Red Hat Czech

As has been the case with František Hroník many times before, I was astonished. I was astonished by the view from above with which the issue of integrity can be understood. How contemporary integrity is. The way in which integrity is connected to other “managerial terms”, such as performance, motivation, corporate culture. None of the chapters were simply dry theoretical views. Instead they were captivating reading, illustrated by up-to-date, “in” examples from the world today, from contemporary life, reading in which the author brings together that which would seem incompatible in a very compact whole. And so it is that you find Welch alongside Kipling, the film *Braveheart*, footballer Patrik Berger and much more.

Ondřej Slabý, HR Director at Coca-Cola HBC

I say what I think. I do what I say. This has perhaps always been the way I work. The modern manager comes face-to-face with many situations every day, situations in which it is hard to find your way and when you need an imaginary North star to point you in the right direction and help you decide. For me, this has always been integrity, the chiming of my values and conscience with my actions. František Hroník’s book describes connections that were entirely new to me very understandably, using plenty of examples and analogies, helping me better understand many aspects, and within a wider context. Stories, intelligent and understandable graphs and even a poem explain how important it is never to deviate from your North star. I would recommend the book to all those who believe that work is not just a duty, that trust accelerates relations and that values are the foundation of a company.

David Vrba, CEE, 3M

The book of Fr. Hronik, *Managerial Integrity*, is listing and explaining a portfolio of managerial competencies, ranging goals, values, emotions and communication, to commitment, conflict, control, performance, decision making and moral integrity, among others. The text is highly motivational, interspersed with illustrating stories, compiled from a number of well-known authors and books from different cultures and circumstances. The book is especially useful for top managers who wish to motivate their employees with well-selected statements requiring not only their brains but also emotions, heart and empathy.

Prof. Milan Zeleny

## Foreword

### The integrity question mark

I never really thought about integrity in its own right. It always seemed something of a matter of course. Another reason I did not think about it was that I never had the feeling that something had changed in me or that I was doing something I did not myself believe in or that would not be important and good for those around me.

I began having questions about integrity when I became part of a work mechanism that wanted to and had to work in a particular way. By this I mean the team I work within and the management role I decided to take responsibility for. I always see integrity within the context of how much I believe in what I am doing, whether I am being myself and whether I act accordingly; whether others too believe in what I believe and whether it moves things forwards, towards the expected results we want to achieve as a team.

I always notice integrity when deciding between what I think it is right to want to achieve and what others think. I have found myself in various situations that are “on the edge”. When taking a decision, it has always been important to me to find a common intersection of principles. If you are leading a team (is there any other way of working these days than as a team?), there are times when you all have to identify with a particular decision. Such identification can come about for a variety of reasons, whether individual or shared. Only in this way can the whole team work towards the same objective, achieve something together and individually at the same time. I find it encouraging that the longer I work in my profession, the more I am aware that integrity is important to me and that it is just as important to most people around me. It is not simple, however. When you are overly convinced of being right, it is harder to find those common points of intersection – they are, of course, all the more reliable for it; you attend to them and appreciate them more.

The old adage of “practice what you preach”, of not drinking wine when you preach water, would seem to sum up the essence of it all.

However, does this mean that if you drink wine, you are lacking integrity? I am not sure if it is a contradiction, but if it is a way to make sure everyone is pulling in the same direction to achieve a common objective and you are still able to drink a glass of pure water, you have a chance. I am certain that František’s book will answer this question for many of us.

Anetta Gergelová, Head of HR Department, Novartis s.r.o.



## Foreword to English edition

I was honoured to be given the opportunity to write a few words about František Hroník's book about managerial integrity. Before I opened the book and began reading, I thought to myself for a moment.

What is integrity? Do I understand what it means? How many forms can integrity take in practical life, in working and personal life? What makes managerial integrity specific? Things from my life began coming back to me and I reflected on how I am when it comes to integrity myself. I remembered situations from my own managerial experience and my private life in which I was not sure at all that I was acting with a sense of integrity.

I brought my rumination to a close by asking the question of how engagingly and convincingly a book about integrity can be written in this day and age. At a time that is dynamically fast, when morals are pushed to one side all too easily for the needs of short-term goals objectified in material packages, perhaps in the shape of annual bonuses.

Then I opened the book and began to read. And as has been the case with František Hroník many times before, I was astonished. I was astonished by the view from above with which the issue of integrity can be understood. How contemporary integrity is. The way in which integrity is connected to other "managerial terms", such as performance, motivation, corporate culture.

After getting an initial feel for the book as a whole, I went back to look at individual chapters. None of them were simply dry theoretical views. Instead they were captivating reading, illustrated by up-to-date, "in" examples from the world today, from contemporary life, reading in which the author brings together that which would seem incompatible in a very compact whole. And so it is that you find Welch alongside Kipling, the film Braveheart, footballer Patrik Berger and much more.

My many years of experience at several multinational companies mean that I have come across various approaches to corporate codes of morals and ethics. František's consideration of examples of the ethical principles of major corporations (General Electric, ČEZ) and other organisations (Motiv P) provides this area with a bit of humanity and reduces the formality and unreadability of documents themselves.

If I had to conclude with one idea or response that I take from reading the book, it would be the issue of "managerial maturity", an issue that is seldom touched on. We often ask in our managerial work if this or that candidate is mature enough, senior enough, ready for such or such a task or role. Thanks to Managerial Integrity, I get the feeling that the word "maturity" has found deeper content and clearer connection to values, trust, morals and authority; meaning integrity.

Enjoy reading ...

## About the Author

### František Hroník, PhD



You have in your hands the most celebrated work of one of the most prominent personages in the field of the psychology of work in the Czech Republic and Slovakia. Dr. Hroník has twice been nominated for manager of the year (2008 and 2012), and in both cases was a competition finalist.

He is a qualified and practising psychologist, who has been operating within a company environment since 1996, when he founded his own educational company, known for its e-learning products (virtual courses, psychology tests, e-360° feedback, etc) and innovative approach to creating systems for education and the creation of tailor-made developmental programmes. He works primarily as a consultant and coach for top management and a lecturer in tailor-made programmes for management for large multinational companies, including AHOLD, BAYER, Commerzbank, ENEL, GE Money Bank, GlaxoSmithKline, Novartis, Philip Morris, Red Hat Czech, Siemens Czech Republic and UniCredit Bank.

He is the author of 11 publications for management and human resources, and lectures on the subject of Managing People on MBA courses. He lectures at professional conferences, and publishes in professional journals. He holds inspirational educational events for managers, at which he presents innovations from various fields (primarily HR and management). Dr. Hroník also successfully creates programmes for conferences, featuring presentations by eminent managers, and the conferences are renowned for their connection with themes “from outside” – from the fields of sport, medicine and art.

**Motiv P** is an agency that concentrates on developing personal and management skills. It provides made-to-measure face-to-face training combined with accompanying online courses. It also analyses training needs through a Development Center or e-360 feedback. Motiv P has also come up with an original program of trust based on the principles of this publication. More information is available at [www.motivp.com](http://www.motivp.com) or by contacting us at [motivp@motivp.com](mailto:motivp@motivp.com).





## Introduction

*Let's begin with a word about principles.*

*"It is impossible for us to break the law. We can only break ourselves against the law."*

*Cecil B. DeMille on his film The Ten Commandments.*

*Stephen R. Covey differentiates between principles and values. He contends that principles are the territory or the compass and values are the map: "... the map provides description, but the compass provides more vision and direction."*

*(Covey, S.R.: Principle Centered Leadership)*

*I have created a slightly different image of principles for myself. Different routes can be found to different destinations on the interactive map. Obstacles, places of danger and places where you can recharge the batteries all appear along the way. You can also change the destination. Perhaps you will not change the meaning and sense you attribute to the path. Nor will you change the principles.*

*The principle is that when you go uphill, your center of gravity is in front of you, whereas it is slightly behind you when you go downhill – otherwise you risk taking a tumble, even though you might move forward more quickly.*

*This change of your center of gravity might be a principle.*

**M**y colleague Michael Chytrý often teased me after the publication of my book *Tales of Management* that it was the first of my books that you could read – the others you had to study. He mentioned this once and it was mentioned, just by the way, by Mrs. Hana Krbcová, a true lady among personnel officers, that she had no books about managerial integrity that you could read. Could I not, perhaps, write one? So the very next day I began writing down everything such a book should include. This came at a time when I was involved in some inspiring discussion of integrity in practice with Milana Hrubá, a lady of clear and precise insight into a wide range of managerial situations. I met her at a company that had integrity defined as a competency and that was also the workplace of Anetta Gergelová, whose will, application, and conscientiousness simply embodied managerial integrity in my eyes. I was also able to discuss values in business and in politics, where interests often win at the expense of values, with David Mack, an incredibly learned man, who introduced me to Lubomír Mlčoch, author of *The Economics of Trust* (original title: *Ekonomie důvěry*). There were, of course, other inspiring people that I was able to get to know better. I apologize for not naming them all. Among them are colleagues from Motiv that were my inspiration in a host of ideas. This book I dedicate to them. It is a book to be read and one that offers an understanding of my view of management. There is one other member of the Motiv team that I should mention, a person I have worked with for many years now. We began, in fact, before Motiv even existed. That person is Jana Dorazilová, who has the ability to read other people's integrity with incredible speed.

I am delighted that I could again write a book that is not about methods. That in itself, though, would not be enough. I am aware that many people – managers being no exception – long for manuals, instructions that will work. We live at a time when the method is sometimes given more importance than the purpose or principle. One example here is the ever-developing concept of individual coaching. One authority urges us to check a company or person that offers individual coaching to find out whether some element of management is not concealed beneath their coaching. A person having completed a certified coaching course will say that a coach

need not actually know anything about the business of the company where his charge works. This is confusion of language and thought. The method is placed above the purpose. There are many ways (methods) of reaching the destination and I will choose the most appropriate.

We are now faced with the most diverse range of situations and there is no universal guideline to deal with them, no single, correct method. We are, however, capable of understanding what is going on, what has always been here and what is simply a mark of the times. We can grasp principles and use these to find or create an approach, a way, a method to take us towards the objective. The need to find a stable point within ourselves is even greater in the world today, when all around us there is speed and uncertainty, when we move around an environment that is unstable. Managerial integrity is essential kit for a managerial environment that is particularly notable for its turbulence.

My hope is that *Managerial Integrity* is an inspiration and puts us in mind of the supporting principles of management. The book is not a story, so I am unsure of whether it will require study. It is not written for the reader to devour in one gulp – it will hopefully provoke some thought.

I will close here on a personal note. I thank my family, Jana and the children, for the patience they show when I am writing and cannot be with them.

*I also talk in the book of the thoughts of people I have unfortunately not met or spoken to face to face. All the writers quoted and presented in the Literature section were of inspiration to me.*

*I would, however, like to mention a few in particular: W. Bennis, S. R. Covey, P. F. Drucker, F. Fukuyama, C. Handy, J. F. Kennedy, J. Kotter, G. Lipovetsky, J. Magretta, K. Nordstrom, C. K. Prahalad, J. Ridderstrale, P. Senge, J. Sokol, R. Sprenger, H. and A. Toffler and J. Welch.*

*All these writers make you reflect on things and think them through. Each of them has a strong opinion. Each is a "king" or a "lion" and I will talk about The Lion King in the chapter about Courage. I had to learn about them all, but how did it work out? Judge for yourself.*

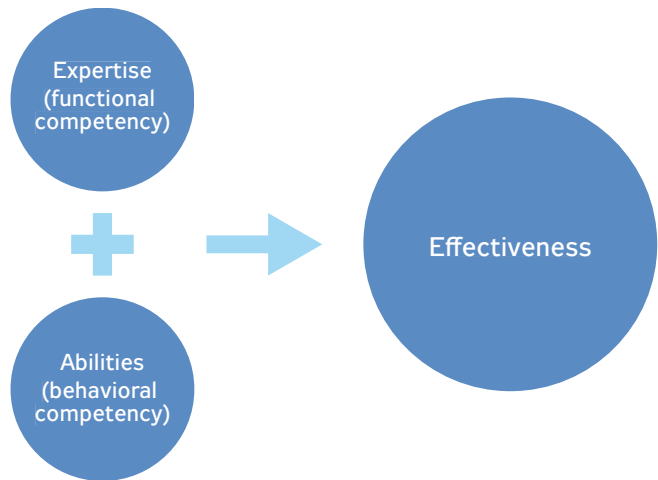
## The fundamental role of management

*How else could we begin defining the basic role of management than with Drucker, who wrote that:*

*the task of management is to productively use human capabilities. The move toward workers with knowledge and the continual improvement of the ability of the labor force mean increasing the potential of human capabilities in advanced countries in a way that is massive and practically unprecedented. In fact, it is the situation that makes them “advanced” countries. In spite of this, however, we can say in general that management in advanced countries has not taken the initiative and is not trying to transform this potential into actual responsibility and civil consciousness.*

*Specifically, we must make sure that employees at all levels – from the lowest to the highest – are entrusted with genuine responsibility for the community matters of their business and responsibility for the elaboration and administrative provision of non-salary benefits. They must take responsibility for setting objectives for their own work and for targeted self-management and self-control. They must take responsibility for the continual improvement of the running of the whole business, what the Japanese*

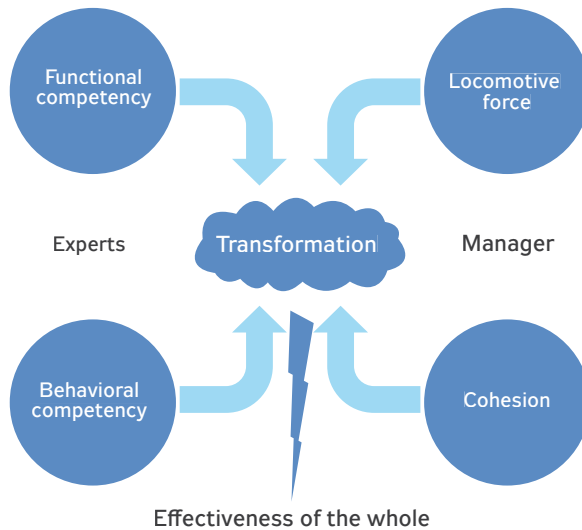
There have been managers since time immemorial. Just as there have been sawbones, doctors if you like. Not much has changed in those years, centuries, and millennia. In terms of objectives, that is. For the sawbones, the objective was to cure the patient. The tools of the job might have changed, but the objectives remain the same.



Managers transform the expertise and abilities of others into the effectiveness of the whole. The word “transform” sounds almost spiritual. For it to be such, we need to go further. A simple chart is not enough. We must ask the question,

“How do managers transform the expertise and abilities of others?”

They mainly use locomotive forces and cohesion. These are the two forces without which transformation cannot occur. This complicates the original chart a little, although it remains technically correct.



Other variables have a crucial influence on effectiveness in addition to the competency of experts and the two strengths of managers: principally mindsets and shared values. Their inclusion changes a relatively static diagram into one that is dynamic.

We will consider mindsets and shared values later.

## Effectiveness and efficiency

Many authors distinguish between effectiveness and efficiency, claiming that effectiveness itself is not enough. Charles Handy sketches out this difference quite clearly, saying that our passion for effectiveness itself leads to deformation. If we cannot look at effectiveness from the right angle, it might happen that we find ourselves in a position in which we work so hard on effectiveness that we forget the original sense of our actions. Effectiveness is not always synonymous with efficiency. Electronic and voice mail are excellent additions to business life, incredibly effective in terms of fast personal communication. They are so effective, in fact, that the manageress of one large consultancy group once complained to Handy that her staff spent so much time listening to and answering the messages they receive that they had completely stopped thinking. Is this effective? Yes. Is it efficient? Handy is not so sure. (Adapted from Handy, C.: *The Hungry Spirit*)

term “continuous learning”. They must be responsibly involved in thinking through and setting out corporate objectives and plans and in taking corporate decisions.

(Adapted from Drucker, P.F.: *Managing in Turbulent Times*)

A man of many firsts was American president W. H. Harrison, a highly effective man from a certain point of view. He gave what is to this day the longest inauguration speech of any incoming president. It lasted two hours and was given in freezing cold weather on 4<sup>th</sup> March 1841. The president took ill and died of pneumonia exactly one month later, on 4<sup>th</sup> April. This meant another two “firsts”: he was the first president to die in office and to date the president with the shortest term. The efficiency of his term, however, is not open to question.

### Effort and results

Effort and results are subsets of the terms effectiveness and efficiency. As a manager, I quite often hear people offer a defense based on how much effort has been invested in this or that. A report is sometimes a presentation of everything a person has been working on, but it is rare for us to find any specific results. Those are on the horizon. Results are the natural desire of every true manager. They are, however, not enough. The results we achieve must be of value to someone (the customer).

## Production and production capability

*S. R. Covey distinguishes between production and production capability.*

*This distinction he explains using the example of the goose that lays the golden egg, the goose from Aesop's fables that the impatient peasant cuts open and guts so he can get as many golden eggs as possible at the same time. The golden egg in this fable is production and the goose is the symbol of production capability.*

*According to Covey, effectiveness is based on the balance between P (production) and PC (production capability). Unfortunately, most people see effectiveness from the perspective of the paradigm of the 'golden egg': the more you produce, the more you do, the more effective you are. The fable, however, shows that genuine effectiveness is a function of two factors: what you produce (golden eggs) and the sources of production, meaning the capability to produce (the goose). If you adopt a way of life that focuses on golden eggs and do not care for the goose, you will soon lose the source of production that creates the golden eggs. On the other hand, if you only look after the goose without the objective of getting golden eggs, you will soon be faced with the problem of whether you should feed yourself or feed the goose. (Covey, S.R.: *The 7 Habits of Highly Effective People: Powerful Lessons in Personal Change*)*

## The three types of effectiveness

Robert Kuttner (in Charles Handy, *The Hungry Spirit*) defines three different types of effectiveness. Each of these is named after the economist that corresponds to that effectiveness:

- > **Smith effectiveness**
- > **Keynes effectiveness**
- > **Schumpeter effectiveness**

### SMITH EFFECTIVENESS

Smith effectiveness makes sure that products are made in the right place at the right cost and are sold at the right price (a competitive price). Having Smith effectiveness means keeping nothing in reserve. That is why it is accompanied by a cost strategy and, where appropriate, a strategy for expansion or expansive retention of market share. Smith effectiveness ceases to be effective when there are “too many dogs fighting over the one bone”. To be effective, you need to have a finished product, to improve processes, and to respect the rules of the game.

### KEYNES EFFECTIVENESS

If an organization, or an entire economy, is “operating” at a level below its possibilities, the opportunity exists to launch its turnaround by stimulating demand. Workers, for example, are “kept in supply”, “stockpiled”, are supported in different ways so that they are available when required. This leads to debts that are then paid off by later results.

### SCHUMPETER EFFECTIVENESS

Schumpeter effectiveness is the most commonly stressed these days because it requires more than a sprint along a marked-out track (Smith effectiveness); it requires the search for new paths. Here there is time to think about how to do things differently. Only in this way can an advantage be maintained in the long term. Schumpeter effectiveness is accentuated in books such as *Blue Ocean Strategy* by W. Chan Kim and Renée Mauborgne. It is linked to the strategy of differentiation and the culture of friendly experiments. To apply Schumpeter effectiveness, you need to have sufficient resources.

We expect the manager that works at an organization that practices Smith effectiveness to behave differently to one at a company that applies Schumpeter effectiveness. Different types of effectiveness are more or less effective with regard to the situation. Individual

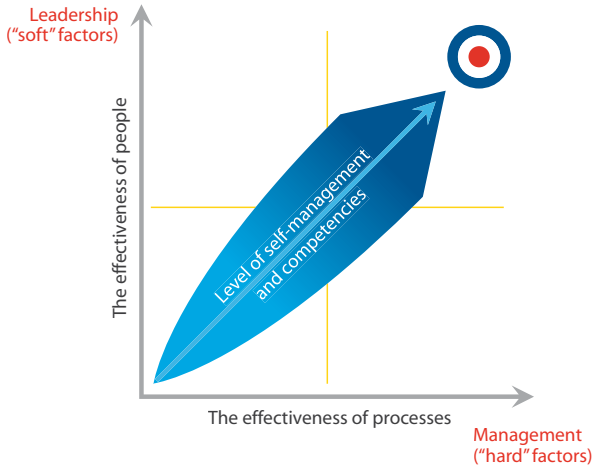


cases of effectiveness are not contrasting in principle and so the manager should look at a situation through different glasses, always using the right tools and methods.

## Increasing the effectiveness of an organization

Regardless of whether our organization is more Smith or Schumpeter, the following two areas exist for us to apply our approach:

- > the effectiveness of processes;
- > the effectiveness of people.



The x and y axes are not dependent on each other. It is impossible to maintain the effectiveness and sophistication of processes if you have ineffective (unmotivated) people. And vice versa: you will not keep highly effective and motivated people in routine work.

A manager is expected to be able to manage the effectiveness of people and processes to the maximum possible extent and with balance.

We have thus far concentrated mainly on the effectiveness of people and this is how we aim to continue. I mentioned the effectiveness of processes for the sake of completeness and to provide an understanding of contexts.

To see the whole picture and capture the entire area in which a manager must operate, I use a diagram with four different fields, marked out by the axes of processes – people and strategy – ad hoc routine operations.

*The difference between the role of manager and expert, or “How to get a square peg into a round hole.” The movie Apollo 13 provides us with an illustrative example of the difference between how managers and experts think. Experts converge on the leader of the rescue operation and hit him with the news:*

*“Jean, it looks like we’ve got oxygen trouble.”*

*“We’ve got CO<sub>2</sub> problems.”*

*“There are five filters.” “Enough for two men and a day and a half.*

*I told the doctor . . .” “They’re at eight units already.*

*If they go over fifteen, we’re talking about disrupted perception, vision and so on.”*

*The commander enters the discussion, full of limits as it is, and says, “What about the filters in the command module?”*

*The expert replies, “Those are square . . .,” “but round in the lunar module,” adds another.*

*Commander: “Don’t tell me we can’t sort it out.”*

*“We didn’t count on this sort of situation,” replies one of the experts, again talking in terms of limits.*

*Another adds, “The CO<sub>2</sub> is becoming poisonous...”*

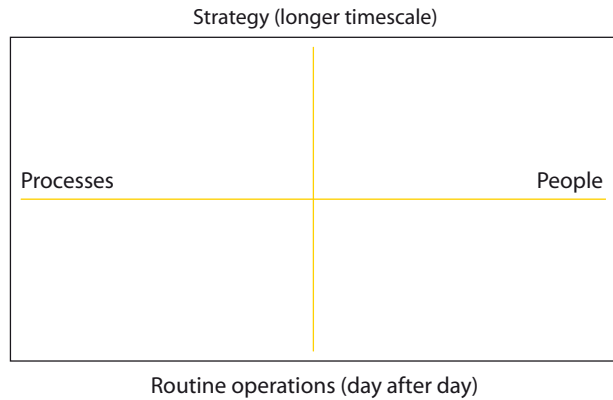
*The commander does not let the expert finish: “We have to work out how to get a square peg into a round hole. And fast.”*

*The experts are thinking in terms of limits. The manager in terms of opportunities. Thinking in terms of opportunities is something that takes the limits and overcomes them. It is not*

detached from them. The manager needs experts and they need the manager.

Managers and experts were poles apart before the launch of the Challenger space shuttle. In fact, the managers did not take the experts seriously. They considered their limiting approach to be a complication to be circumvented. Engineers had warned of the risks involved in the coupling rings some 6 months before the disaster. An in-house meeting was even held at Morton-Thiokol (manufacturer of auxiliary rocket engines) just a few hours before the fateful launch. Two engineers were vehement in their claims that the launch had to be stopped because of unfavorable weather conditions, which increased the risk even further. The meeting was memorable for one utterance, something in the vein of, "Take off your engineer's hat and put a manager's hat on." And that was the beginning of the end for Challenger. It became clear during the investigation just how differently experts and managers viewed risk. Engineers on the ground claimed the likelihood of an accident was 1:100, whereas the managers thought it to be 1:100,000. This was nonsense, because if true, a disaster was not likely for at least another 300 years, even if a space shuttle was launched every day.

There is a lot of talk of corporate social responsibility. In a famous article from 1970 (*The Social Responsibility of Business is to Increase its Profits*), in which he



**All managers, including managers in the front line, operate in all four quadrants.** It is highly likely that the focal point of activity of the general manager will fall within the 1<sup>st</sup> quadrant (strategy and processes), whereas a foreman will mainly operate in the 4<sup>th</sup> quadrant. What is more, what quadrant 1 actually involves, the content, will differ for the general manager and the foreman. To the foreman, for example, it might involve, "What do I want to improve in the running of the whole cycle I am in charge of?"

I should add a short comment in explanation of the diagram: The 1<sup>st</sup> quadrant mainly signifies a notion, a system. The 2<sup>nd</sup> quadrant involves transferring notions into the heads of other people so that they take them on as their own. Quadrant 4 (if we go clockwise) means the everyday application of the shared notion. Quadrant 3 focuses on appraisal, feedback, and specifying or adjusting the whole procedure. We get things moving (locomotive force) by passing clockwise through the quadrants.

## The performance-oriented culture

It might seem inconceivable that a commercial organization could have any culture other than one that focuses on performance. We even expect managers at non-commercial organizations to put in a performance that has a recipient at the end in the shape of an internal or external customer.

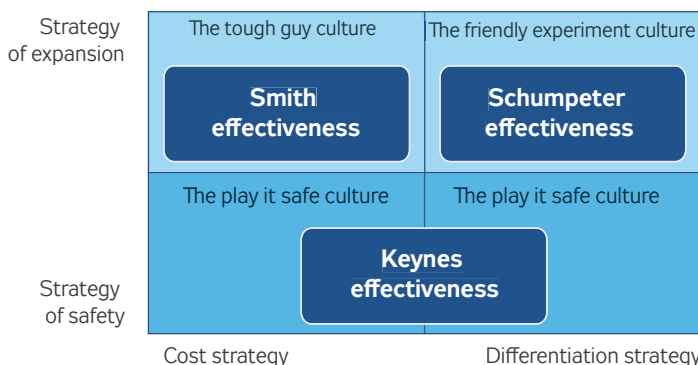
A movement sometimes appears to protest against the culture of performance and conformity. The last such movement of any note was that of the Hippies in the 1960s. It was an outpouring of the views of the generation, of people not wanting to live the same

way as those before them. The thing was, though, that Lennon, the Beatles, the Rolling Stones, and other bands became factories, out-and-out companies. We have been living in a culture that focuses on performance for centuries now, with only a few periods of interlude. A culture that is fully focused on performance asserts the management of excellence. Do you know who won the gold medal in the men’s 100-metres at the Olympics in 2008? It was a few years ago, but many people know that it was Usain Bolt. Few have any idea who came second. Similarly, we can all name the first man on the Moon, but might have problems remembering the second. One motto at General Electric says “today’s record, tomorrow’s standard”. This places pressure on performance. However, our outlook cannot end with performance, even in a performance-oriented culture. We need to ask questions about the sense of our business so as not to fall into a trap, like a mouse that runs itself to death on its wheel.

So, is making profit the sense of it all?

I have a provocative response to questions of this sort: the sense of doing business is not to generate profit. Profit is required and without it we would be hard pushed to fulfill the basic task of any organization; meaning to effectively serve the people it should serve. These people come from outside the organization and so the sense of an organization cannot be within – it does not exist for itself alone.

**All organizations exist for their customers, to whom they bring value or use.** To be able to provide this value or use, they must create profit and relationships of trust. Profit and trust, however, are a means within an organization as opposed to the objective. Trust, by contrast, is an objective in a natural group like the family.



*follows up his book Capitalism and Freedom, Milton Friedman stresses that it is not companies that have social responsibility, but managers or owners, meaning specific people. He infers in the article that the manager’s social responsibility is to generate profit whilst respecting open and free competition without fraudulence or deception. Other authors stress that success and social responsibility are bound to each other.*

*Charles Handy offers the example of the co-founder and spiritual father of Hewlett Packard. Handy writes that just before he died, David Packard asked himself, “Why are we here?” It was Packard’s view that many people mistakenly had the idea a business exists solely to make money. Of course, money is an important part of the existence of a company, if it is a company worth its salt. Results, however, are not the sense of its existence. We must go deeper to find the real reason for its being. During this search, we unavoidably reach the conclusion that a group of people get together and co-exist as the institution we now know as a company so that they are able to collectively achieve something they would not manage on their own, to bring something to society. It might seem a well-worn phrase, but it is of fundamental significance.*

*(Adapted from Handy, C: The Hungry Spirit)*

*Organizational culture, business strategy, accentuated effectiveness, a changeable market,*

*and the distinctive notions held by customers all generate the conditions for an individual reaction. The fact that a manager did well at one company is no guarantee he will be as successful at another company where the shared expectations are different.*

*I have seen many managerial transfers "from one quadrant to another" that have failed. This was not caused by personal qualities or a motivational deficit, but by the incompatible action of the person and the organization. The action of the manager aimed to repeat a successful template without taking the change of situation into account.*

*Prahalad and Ramaswamy write in their The Future of Competition that it is very important to realize that managers are as varied as customers. You will not find two managers reacting in the same way to the same event. (Prahalad, C. K., Ramaswamy, V.: The Future of Competition. Co-creating Unique Value with Customers)*

*The degree of uniqueness increases on all sides.*

*Joan Magretta writes that the actual contribution of management resides in its ability to transform complexity and specialization into effectiveness. Given that the global economy is based more and more on the use of specialized knowledge and is becoming more and more interconnected, work will become more – and not less – specialized and complex. Meaning that management will play a greater*

We have simplified the world of cultures and strategies to provide a certain level of clarity. We can now add various concepts of effectiveness to this world.

The tough guy culture is an individualistic culture in which everyone competes with everyone else and there is nothing older than yesterday's success. This was what it was like at Welch's GE. In contrast to this is the culture of friendly experiments, a team culture, an innovative culture (adapted from Deal, T. E. and Kennedy, A. A.: Corporate Cultures: The Rites and Rituals of Corporate Life). NOKIA, whose market share significantly outstrips the competition, is one company with such a culture. The play-it-safe culture might look different depending on the strategy. The main points in both forms are not to make mistakes and to have good quality "brakes". Most companies in the automotive industry (suppliers to the motor industry) have a culture that involves the strategies of safety and cost.

The typology of corporate culture according to T. E. Deal and A. A. Kennedy is based on how the external surroundings create the internal environment in which the manager and his staff operate. Strategies act in the same way. Why, though, am I talking about this in a book about managerial integrity?

A manager needs to know how to read the environment he operates in. To understand it. To respect it. He can then forecast what will happen, adjust accordingly and change.

## **What, then, is the fundamental role of management, of the manager?**

We have come up with the following so far:

**Managers transform the expertise and abilities of others into the effectiveness of the whole.**

I illustrated this sentence with several examples, in most of which the function of locomotive force is evident. Managers understandably put things in motion. This is not enough, though – they need to bring people together and create cohesion.

When applying locomotive force, the role of the manager is often a differentiating one; in the case of appraisal and reward, for example. However, it is an integrating role when creating cohesion.