

Le management est mort! Vive le management!

by David Howard *

“What we call a financial crisis is really at its core a crisis of management, and not just a crisis of management, but a crisis of management culture. . . And by the way, it’s largely an Anglo-Saxon problem I think. I think the worst of it is in the US, and second is the UK. In the UK for example, there’s a long history not just of MBAs but of accountants running everything. In other words, what you had is a detachment of people who know the business from people who are running the business.”

Henry Mintzberg, Professor of Management Studies, McGill University (2009)

Nature decrees variation in all things

This is the statement of an informed starting point for the task of management. From recognition of such a self-evident truth we can better understand the world. Without it we only have chance and guesswork to guide us. In as much as the statement has not yet been falsified it provides us with a powerful theory with which to explain past events and predict future outcomes.

Charles Darwin’s study of variation within Nature led to his insights about the pre-requisites for organic viability and thus his explanation of our evolutionary past. Stafford Beer’s study of the variation of possible states within the constructs of the material world led to his insights about organizational structures and the pre-requisites for the viability of organisations.

Variation exists everywhere and in everything, whether inorganic, organic or cerebral. It is as a virus which cannot be removed – only reduced to an economic minimum. In useful systems (i.e. interacting and interdependent entities sharing common purpose; integrated wholes) variations compound rapidly and unless restrained they will undermine stability, and hence predictable performance.

Beer observed that the purpose of a system is what it does – which is often different to what is proclaimed. What a viable system usefully delivers is termed its emergent property. It is a property that is not present in any component part of the parent system. The efficiency with which emergence is generated is proportional to the success with which its intrinsic variation is held in check (stability being thus maintained) and the variety of its states is matched by the variety of its controller.

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That most complex artifact within the solar system, our standard issue 'Mk 1 Brain', is capable of managing such enormous variety that over tens of thousands of years it has enabled us to arrange a successful coexistence with the rest of the natural order. Accordingly humans have misled themselves into believing that they can exercise an effective mastery over Nature.

The Mk 1 Brain has evolved as a problem-solving organism by countless incremental improvement resulting in endless cycles of successful error elimination from the pre-historic days of early hunting forays on the savannah to the more recent exploration of our planetary neighbours.

However over the past five years it has become increasing apparent that we have, in fact, begun to progressively lose control of our ability to modify our environment. Our electro-chemical control system has finally been found incapable of managing the situations that have evolved, silently and unseen, with the advent of high-powered computer networks.

Framework of Beer's Approach

Stafford Beer's early study of neurophysiology provided him with insights about control systems that he believed would apply to human organisations just as they did to human beings. This work resolved itself into his development of a generic model for viable systems of any scale. Most notably was his application of these principles to his famous Chilean national economy project which was so rudely interrupted at its finest hour by the CIA when they toppled his Client in September 1973.

Interestingly the RAF Fighter Control System devised by Air Chief Marshall Sir Hugh Dowding in the late 1930s and implemented from his base at Bentley Priory in 1940 to manage the Battle of Britain is, with hindsight, a striking precursor of Beer's model. While both Britain and Germany had radar systems it was Dowding's fully integrated control system (without equal in Germany) that gave the RAF defenders the edge over the similar sized Luftwaffe invaders. Without the informed decentralisation made possible by the Ops Rooms at Bentley Priory and Fighter Command's four Group HQs the battle would have been surely lost. It is informative to compare the strictly authoritarian and hierarchical control system of the Luftwaffe with the systemically autonomous and fully devolved arrangements used by the RAF.

Viability – Financial or Organisational

Managing for tomorrow's success is the responsibility of fully accountable management, unlike the daily control of the present which is the task of supervisors or the maintenance of organisational purpose which is the task of directors. Confusion between these distinct levels of responsibility leads to many of the problems apparent today where organisations are not seen to be viable without the

assistance of financial manipulation. The tripartite arrangement put in place in 1997 to oversee the UK's financial sector was doubtless well intended but failed due to ignorance about the importance of systemic viability.

Five years before the threefold arrangement was made, and speaking about the previous administration, Stafford observed that in the eighties the government abandoned wealth-producing industry for international speculation thus destroying savings by inflation and selling off the national silver to redistribute income in favour of the 'rich' at the expense of the 'poor'. When over 30% of families fell below the 'poverty-line' the government stopped reporting the index. Likewise unemployment statistics were revamped some twenty times to conceal the truth. To achieve these new conditions the variety of the national human resource had to be severely attenuated by focusing its attention to the singularity of easy money. In Stafford's words:

"The first variety attenuation that ran quite counter to British viability was the creed of greed itself. Never before had the great majority of Britons been persuaded that the only criterion that matters is wealth, or that money alone is its measure. Thus Philistinism, disregard of learning, contempt for the weak, and above all abandonment of the concept of the social good, came to be the marks of the decade. In proselytising egoism, the Prime Minister of the day actually declared "There is no such thing as society".

To promote the mechanism of greed further without printing additional money, plastic cards connected to anonymous computer systems were freely and liberally distributed complete with ludicrous credit limits that would promote indebtedness and thus fuel a fake boom.

"Lacking requisite variety, the government's policies did not work. In cybernetic terms, there are two possible ways of restoring requisite variety. One is to enrich the identity of the nation by restoring to it the purposes it used to embrace. To do this, as we saw, the sub-systemic relationships between aspects of society must be reinforced and desiderata other than money re-established. But this would contradict the ruling ideological paradigm. It follows that proliferating variety must be restrained, which can be done in terms of this analysis by decreasing autonomy. And that is exactly what happened."

This was in the eighties – and now, twenty years later, what has changed? In 1996 Stafford identified the core problem of old-style management and warned that a

"huge effort will be needed to dislodge it. An understanding of the way systems behave, and of the underlying principles they obey even when they are probabilistic systems, has to be developed in the public consciousness. It is not that the knowledge does not yet exist: it does, it is called cybernetics."

This science of 'steersmanship' derived from Norbert Wiener's pioneering work in the 1940s on the targeting of high-performance radar directed anti-aircraft guns

where dynamic thinking was essential to ensure that shells hit their fast moving targets.

CYBERNETICS

'Cybernetics is a word invented to define a new field in science. It combines under one heading the study of what in a human context is sometimes loosely described as thinking and in engineering is known as control and communication. In other words, cybernetics attempts to find the common elements in the functioning of automatic machines and of the human nervous system, and to develop a theory which will cover the entire field of control and communication in machines and in living organisms.'

Norbert Wiener, 'Cybernetics', *Scientific American*, November 1948

To highlight his growing concern for an urgent reform in management to a new style where systems thinking would inform process working Stafford devised a memorable word – culpabliss – to identify the systemic errors so prevalent, then as now, in government and business. He derived the word from the Latin root for blame and the noun for the happiness of unwitting ignorance - 'bliss' (also an acronym for being BLind In Systems' Sensibility).

When, in 1996, Stafford presented his culpabliss argument for a new style of management under the sub-title of '*A Calculus of Ethics for a Systemic World*' he made clear to all leaders, and their many advisors, that "*although ignorance is bliss it may yet be indefensible and you may end up in jail*", adding that "*there is no professional regulatory machinery in place in the overarching disciplines, not in law, not in ethics; nor is there any sign that individual professions themselves recognise culpabliss - by any name.*"

The continuity of the role of management *per se*, implicit in the title of this piece, is assured. What is at stake however is that the old style of opaque, financial, management is now, by popular consent, transformed into a new style of transparent, cybernetic, management fit for the ever more complex demands of our fragile planet and the pressing needs of most of its human population.
