today. Radical change is upon us, the systems we knew and believed in have fallen apart, and whether we are corporate leaders or employees, fund managers or investors, laid off or relatively secure, the uncertainty and contradiction evoked in the quote are probably familiar feelings.

Indeed, it is hard to imagine a more dispiriting subject to write about than business management during this year of business failures, plunging corporate profits, and public distrust. Some writers have handled this challenge by dissecting the failures and extracting their lessons; others hold up the shining examples of survivors or find fixes for our problems.

The authors of the books in this review are of the latter variety. They perceive, as did Dickens, that even in the midst of the chaos and despair brought about by radical change, there is always the hope for something better and the possibility that new opportunities are hidden in the upheaval and destruction.

I agree, and it is more than optimism that steered me in this direction; it is the conviction that the prevailing ethos of management has reached a tipping point. After more than a decade of making the case for integrating corporate profitability and social value in a new sustainable business model, I’m finding that people are ready for a conversation about the purpose of business, the definition of business success, and the time frame for measuring that success. In fact, the conversation is already taking place, in corporate settings and business schools, among leaders, employees — and business writers. The books I have chosen see the potential, enhanced by the destruction around us, for making daring changes in the way we manage our companies and in the way we look at the role of business.

Here’s Your Burning Platform
In this year’s best management book, The Upside of the Downturn: Ten Management Strategies to Prevail in the Recession and Thrive in the Aftermath, Geoff Colvin, sen-
ior editor-at-large for *Fortune*, argues that tough times are the right time to make big changes in an organization. “Step one in every consultant’s advice on how to lead change is ‘Create a burning platform,’” writes Colvin. Well, here it is, he adds. The “platform really is burning. If ever people were ready to be led toward new ways of doing things, they are now.”

Doing things differently will be crucial to business survival in this century, Colvin asserts, pointing out that the world has already begun to change in “several big, long-lasting ways.” These changes include a reduction in consumption to the historic norm as consumers pay off mountainous debts, and a cultural shift toward thrift. “Forces in today’s society are already being adapted to clothe thrift in modern dress,” he writes. “One is environmentalism; the mantra of ‘reduce, reuse, recycle’ is a formula for saving money, while wasting resources is not only personally profligate, it also harms everyone by hurting the planet.” The dual anxieties of health-care costs and impending retirement for a large segment of the population will also fuel this shift, and Colvin sees traumatized consumers and investors being risk averse for a long time to come.

Government will play a much larger role in the new world order, especially the regulatory sector, says Colvin. A few years after Hurricane Katrina, when “government looked incompetent while business rode to the rescue,” the opposite view has taken hold: “Business screwed up, government steps in.”

Whether you subscribe to that view or not, Colvin thinks that the faster and more effectively managers respond to these changes, the more likely their companies are to do well. What do managers need to do? To begin with, says Colvin, managers must avoid falling back on outdated models in their rush to respond to today’s stresses. For example, they should not “obey ancient instincts from the industrial age” and treat workers as expendable. The best companies and leaders will take a more enlightened view, says Colvin, using the opportunities created by the downturn “to begin practices they should have been using, to improve the quality of their people, to increase employees’ loyalty and motivation, to build the culture.”

One of those not-to-be-missed opportunities is getting compensation and incentives right. It’s time to jettison pay programs that encourage executives to take high risks by limiting the negative consequences. Colvin suggests following the example of companies like Deere & Company, where incentives are based on economic profit, which includes capital costs, and bonuses are paid out over four years and subject to cancellation if performance is not up to par, a system that Deere CEO Robert Lane told Colvin he likes because “it encourages long-term thinking.”

Which brings up another opportunity afforded by the downturn: freeing managers from providing earnings guidance to the investment community. Colvin describes earnings guidance as a game that has developed so gradually that “those in its midst may have trouble seeing how insane it has become.” (As one of the developers of the Aspen Institute’s 2007 Aspen Principles, a series of signatory statements promoting long-term management and value creation strategies, I agree. The principles advocate that companies stop providing short-term financial guidance altogether.) Companies such as GlaxoSmithKline and Unilever have suspended guidance, and Colvin suggests that the time is right for others to follow suit: “While suddenly ceasing guidance in good times may alarm investors, they understand that in a historic recession even the best companies can’t predict results a year down the road.”

Colvin also sees this as a good time for managers to consider environmental initiatives, despite the conventional view that going green is a luxury a company can ill afford in a downturn. He argues that “seeing the business from an environmental perspective can be a great idea in distressed times because it can reveal cost saving opportunities that had previously been invisible.”

The author also recommends going against the conventional practice of immediately cutting spending in R&D and advertising during down times, citing research showing that companies that continued to invest in these areas during the 1990–91 recession retained their competitive advantage and became top market performers, undercutting many managers’ assertions that the stock market would “punish them for
spending more and cutting less than competitors during a recession.” (See “Profits Down, Spending Steady: The Global Innovation 1000,” by Barry Jaruzelski and Kevin Dehoff, s+b, Winter 2009.) Successful companies, says Colvin, “play offense, not defense, during a recession…. [They] see opportunities to build advantages when their competitors have in effect taken themselves out of the game.”

Colvin’s overarching prescription is to make changes now, while employees are looking for something that will move them beyond anxiety or despair. Citing research on military leadership during crises, he notes that people respond better when their leaders help them see stressful events as challenges from which they can learn and benefit. “A crisis is the optimal moment for personal growth,” writes Colvin. “It is also the best time for a company’s own personal growth, the improvement of its culture.”

Managers Can Be Leaders

Although managers can help lead change, they cannot bring it about alone, according to Henry Mintzberg in his new book, simply called Managing. The Cleghorn Professor of Management Studies at McGill University and author of more than 15 books, Mintzberg continues to promote his belief that management is not merely a science encompassed in a set of analytical skills taught in a classroom, but also an art that depends on imagination and creative insight, and a craft that is learned on the job through apprenticeship, mentorship, and direct experience.

Mintzberg researched this book by spending a day each with 29 managers and watching them work. The managers were employed in a variety of industries, government, and nonprofit organizations, in settings as disparate as offices, refugee camps, and symphony orchestras. Watching these managers balance thinking and acting, as well as dealing with multiple activities, frequent interruptions, and a pace that never let up, inspired Mintzberg to propose both a model and a set of concrete skills for managerial effectiveness.

The model seeks to erase the arbitrary line between managers and leaders — “we should be seeing managers as leaders and leadership as management practiced well,” he writes. He thinks of both functions in terms of the “communityship” inherent in them. The effective manager, he says, is one who “leverages the natural propensity of people to cooperate in communities.”

Management books often make me feel like I should head back to boot camp. But reading Managing, which is written in a breezy and accessible style, I found my own managerial insecurities melting away. Mintzberg reminds us that most managers are prey to events and demands they do not control, and that a wide range of styles can work well for a boss. Balance is the key: keeping up with the hectic pace of business yet making time for reflection; driving change yet maintaining stability; leading and collaborating; leavening analysis with judgment.

Further, all these skills must function within the larger context of a worldly mind-set — an attitude that Mintzberg distinguishes from the common mandate for companies to be global. “All managers function on a set of edges between their own world and those of other people,” he writes. “To be worldly means to get over these edges from time to time, into those worlds — other cultures, other organizations, other functions in their own organization, above all the thinking of other people — so as to understand their own world more deeply.”

For Mintzberg, management is not confined to the inner workings of an organization, but takes into account the larger landscape in which a business functions. “Is there an economist prepared to argue that social decisions have no economic consequences?” he asks. “Not likely: everything costs something. Well, then, can any economist argue that there are economic decisions that have no social consequences? And what happens when managers ignore them, beyond remaining within the limits of the law?”

Mintzberg finds the answer in a quote from Russian author Aleksandr Solzhenitsyn, who, describing his life under a Communist regime, said: “A society that is based on the letter of the law and never reaches any higher is taking very scarce advantage of the high level of human possibilities. The letter of the law is too cold and formal to have a beneficial effect on society. Whenever the tissue of life is woven of legalistic relations, there is
an atmosphere of moral mediocrity, paralyzing man’s noblest impulses.”

How do we develop managers who can lead businesses in a more sustainable direction? Mintzberg, a reliable critic of business schools, challenges them to go beyond the usual fare of courses organized by business functions — marketing, finance, and accounting. That approach “amounts to a focus on analysis,” he says. Instead of “calculating managers,” he wants managers “who can deal with the calculated chaos of managing — its art and craft — which highlights the importance of reflection, worldliness, collaboration and action.”

The bottom line for Mintzberg is instilling a sense of commitment in managers — commitment “to the job, the people, and the purpose, to be sure, but also to the organization, and beyond that, in a responsible way, to related communities in society.” Amen.

That same sense of commitment lies at the heart of John C. Bogle’s Enough: True Measures of Money, Business, and Life. The germ for this book and its title come from a story about writers Kurt Vonnegut and Joseph Heller. At a party given by a billionaire hedge fund manager, Vonnegut informs Heller that their host makes more money in a single day than Heller has earned in total from his wildly popular novel Catch-22. Heller responds, “Yes, but I have something he will never have...enough.”

The founder of the Vanguard Group and the creator of the first index fund, Bogle examines how leaders and managers in the financial-services industry — and business generally — have failed both investors and society and discusses what can be done to set things right. Bogle could be the poster boy for Mintzberg’s effective manager and leader. The tenacity of his message and his business model of long-term investing, especially in an era when the so-called smart money ran in the opposite direction, makes him a real hero of mine.

In a world where measurement has replaced judgment, where investing subtracts value from society rather than adds it, and where our financial system challenges corporations to “produce earnings growth that is, in truth, unsustainable,” Bogle would have us adopt some new rules for leaders. Some of these rules echo what Mintzberg says about the managerial traits he has identified as vital, such as commitment, caring, and the ability to leverage people’s desire to work together in community.

Unsurprisingly, trust is also high on Bogle’s list of leadership and organizational attributes. He quotes economist and investor Henry Kaufman, who asserted in On Money and Markets: A Wall Street Memoir, “Trust is the cornerstone of most relationships in life. Financial institutions and markets must rest on a foundation of trust as well.” Bogle points to a survey of fund investors that found that almost three-quarters of the respondents did not trust the fund industry. “And how can fund investors muster any faith whatsoever in the funds that now exist,” he asks, “when more than half of their managers won’t put their own money on the line?”

Bogle points to the emphasis on measurement at the expense of judgment as another factor that is eroding trust. “Business organizations must learn that ‘not everything that can be counted counts,’” he points out, quoting Albert Einstein. “Yet today we rely too heavily on counting and not enough on trusting. It is time — well past time in fact — to strike a healthier balance between the two.” For Bogle, it all comes down to a lack of leadership, as he illustrates through discussions of excessive CEO compensation, the lack of accountability and principles for ethical conduct, short-term speculation at the expense of long-term investment and growth, and more.

The final section of the book, labeled “Life,” calls for a return to 18th-century values. Before rolling our collective eyes, let’s remember that the 18th century was the age of reason, and of Thomas Paine, Adam Smith, and Benjamin Franklin, whom Bogle calls the “paradigm of the eighteenth-century man.” It is Franklin the entrepreneur whom Bogle holds up as a contrast to those in our own century — a man motivated not by a desire for personal profit but by the joy of creating and exercising his ingenuity and energy. Indeed, according to Bogle, the leaders of the 18th century were able to “implant in society a reliance on reason, a passion for social reform, and the belief that moral authority is
integral to the successful functioning of education and religion as well as to commerce and finance.” He would like to see more such leaders today.

The End Isn’t Near
Given the current conditions, and the rise of new economic powers such as China and India, I can’t help worrying that there might not be time to build the kind of managers and organizations that Mintzberg and Bogle envision, especially here in the United States. So I was surprised in an airport bookstore when I found The Next 100 Years: A Forecast for the 21st Century and read: “The history of the U.S. will be the history of the 21st century.” Its author, George Friedman, is founder and CEO of Stratfor (Strategic Forecasting Inc.), a global intelligence-gathering company. A former academic whose geopolitical and economic analysis has been used by the Pentagon and Wall Street, Friedman makes a contrarian yet convincing case for seeing the future for the U.S. as a glass half full.

By the end of the century, says George Friedman, technology and immigration will be the key ingredients of economic competitiveness and power.

Friedman bases his case on what he cites as “the single most important fact of the twenty-first century: the end of the population explosion.” He argues that “the entire global system has been built since 1750 on the expectation of continually expanding populations. More workers, more consumers, more soldiers — this was always the expectation. In the twenty-first century, however, that will cease to be true.” Because advanced industrial countries will be losing population at a dramatic rate by 2050, and birthrates are slowing in most underdeveloped countries, Friedman believes that population growth will stabilize, and by the end of the century, technology and immigration will be the key ingredients of economic competitiveness and power. And in both of these areas, the U.S. has the advantage.

Assessing China’s current “economic dynamism” as unsustainable, Friedman sees other economic powers emerging at mid-century: Japan, Turkey, and Poland — for a number of fascinating and convincing reasons that I cannot do justice to in this review. But looming over them all, in Friedman’s assessment, is the U.S. powerhouse, welcomed as falling birthrates fuel an international labor shortage by 2020, the power of the computer (whose programming language is English), and U.S. military might (especially its sea power), Friedman foresees a United States that will continue to hold center stage as the century progresses.

To help make the case, the author offers a long summary of all the times over the past several centuries that the popular geopolitical forecast turned out to be dead wrong. The message: The future is never set in stone. So stay on your toes, fellow travelers. There is time to influence events in business and in life. All the more reason to use this opportunity to build the institutions — and develop the managers — that will help us create a mature society that we all want to live in.

Judith F. Samuelson (judy.samuelson@aspeninst.org) is the founder and executive director of the Aspen Institute Business and Society Program, which employs research and dialogue among business leaders to build a sustainable global society. She was previously with the Ford Foundation and helped launch its Corporate Involvement Initiative.