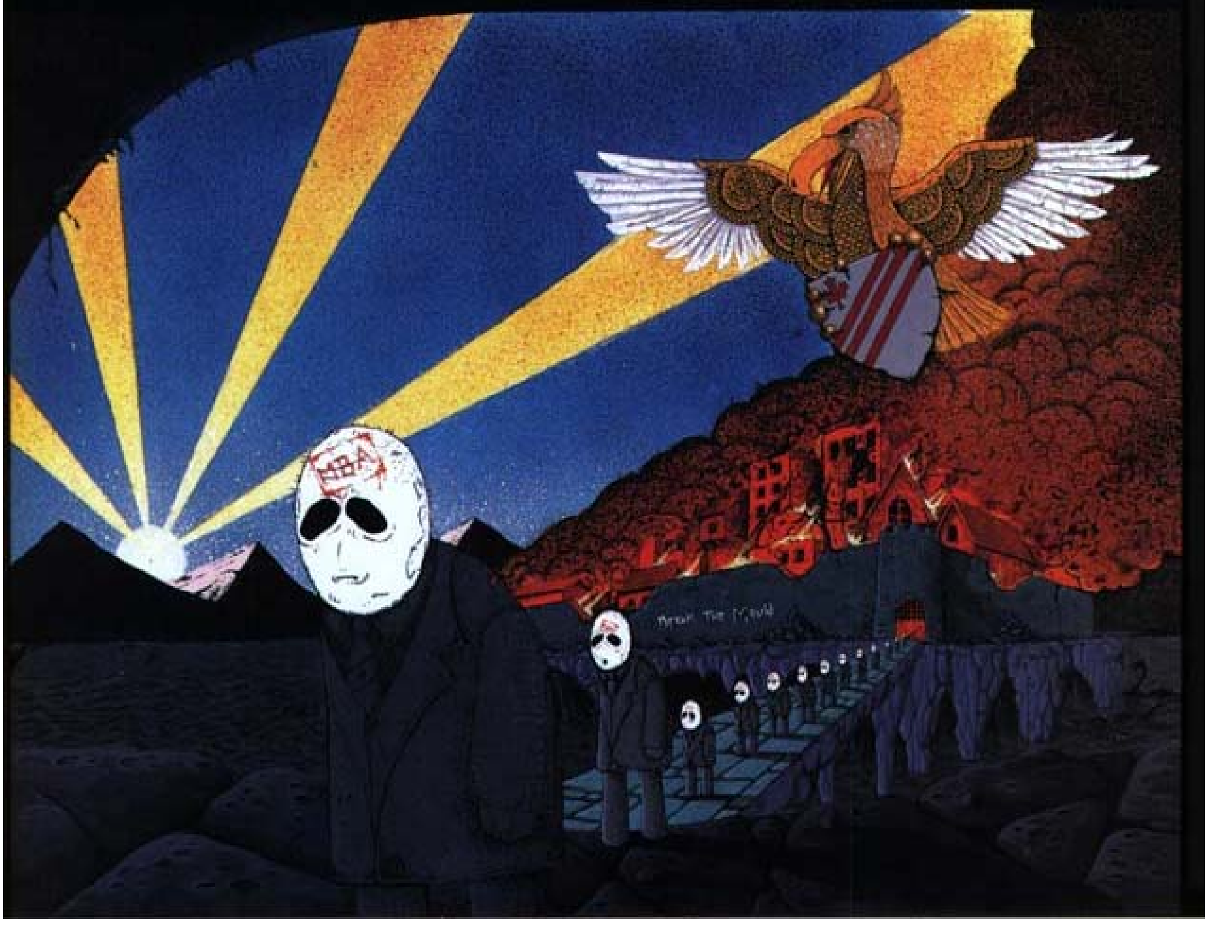
Creating Wealth through Management Development

THE WILLS REPORT 1988



Creating Wealth through Management Development

by
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Abstract and keywords
The Wills Report
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Business Schools, International, Management Development, Management Education, Privatisation.

This book describes the development of marketing orientation in management education; why it is necessary and how it has been done in the author's own experience. It is aimed at leaders of Business Schools, the customers in manufacturing and service industries and those who formulate adult education policies n Government.

Forty specific themes are addressed, including the formulation of policy and detailed planning by providers the need for R & D and professional marketing and selling; the provision of accommodation; the custom orientation of curriculum; the role of mentoring for educational managers; the export of management education:
and the emergence of a multi-national approach; joint venturing with professionals worldwide; the problem of educational innovators with established institutions and regulators,' and the creation of an institutional identity It is written as an autobiography, but analyses the issues and suggests appropriate directions.

For Sylnia, Sandy, Denise, Abby, Kathryn, John, Timmie, Jo and Carol; and for Keith, Margaret, Joanna, Barrie, Judith, Roger, Robin, Alan, Charles, Frank, Jim, Dick, Geoffrey, Ben, YPS and James to name 16 more

Overheard

"People", CEOs regularly say, "are our most important asset".

"Invest in them", Gordon Wills retorts, "rather than just paying their salaries as a current expense. It offers one of the very best rates of return you will ever get."

"How?" ask the CEOs.

"Ensure that your management development focuses directly on issues that you know will improve the bottom line of your enterprise in the medium and long term; and then personally require those fortunate managers concerned to make it happen."

“That’s easier said than done …”

"Not so", retorts Gordon Wills. "It took fifteen years to get it said and only five years to get it done! Management development must only be undertaken for the creation of wealth by the enterprise and *for* the enterprise. The fact that managers get excellent self-development is a magnificent bonus, but it's not of itself a reason for corporate investment. They could go and work for the competition or worse."

"How can it be done", ask the CEOs; "and *without* managers leaving us soon afterwards?"

"I'll introduce you to CEOs in blue chip enterprises already doing it', answers Gordon Wills. "But first, read on. And while reading, ponder the paradox that all enterprises in Britain today, including yours, invest vastly more in ensuring their employees earn a pension on retirement than they do in developing their wealth-

creation talents while at work. You probably even spend more on company cars.

PS **When you've finished reading this book, please phone the author at Buckingham for the promised introduction on (01280) 817222.**

Quick Guide to The Wills Report

Creating Wealth through Manaqement Development is a fascinating inside report on what has already been done to make managers greatly more effective *in* the UK. Gordon Wills has distilled this Summary, Conclusions and Recommendations at 30 June, 1988 from the most radical innovation in business education today in which Faculty and Graduates have invested aver £2 million to create a totally privatised Business School.

MAJOR RECOMMENDATIONS ARISING

(1) Government should end all funding for mid-career management development except as an employer in the public sector. It creates the wrong dependent relationships. Industry not Government must call the shots.

(2) All state supported business schools at post-graduate and post-experience level should accordingly be privatised either by flotation or by faculty buy-out not later than 31 December, 1991. 1992 will be too late.

(3) Management development should be made a statutory responsibility of all employers, as primary and secondary education are for the State.

(4) Employers should be required by law to make an Annual Report to their shareholders and staff on the effective development of all managers within the enterprise.

(5) A benchmark investment of ten per cent of management payroll on management development (less than the percentage normally spent on company cars) should be expected and the Annual Report should clearly specify how returns on the investment are anticipated to flow. A numerical statement of days spent or courses attended cannot be sufficient; quality is vital.

(6) The Management Professions should take responsibility for establishing and monitoring all quality standards at Diploma, Master and Doctor levels but should be precluded from specifying any single syllabus or method of study to achieve them; rather they must deliberately encourage a variety of approaches. The proposals for Chartered Managers can form one component.

(7) All management development tutors must be immediately licensed and adequately trained before 1992 in the proper understanding and conduct of educational processes as well as the subject matter in which they are expert. What's good for Data Protection is more than appropriate for tutors

(8)Universities should be invited to compete for funds to ensure excellence for scholarship in management. Substantial resources should be available in this way via the Universities' Funding Council in a 50/50 joint venture partnership with the Professions to conduct research and advance scholarship.

(9) A General Council for Management Development should be established under the aegis of the Royal Society for the Encouragement of Arts Manufacture and Commerce not the British Institute of Management with four major divisions:

- A Royal Academy of Management encompassing all scholars
- The Council of the Management Professions
- The Register of Properly trained Tutors of Management Development
- The Register of Management Institutions, all of which shall be inspected

(10) The Government should make a once for all grant in aid to the Royal Society for the Encouragement of Arts, Manufacture and Commerce of £2.5 million to establish this framework which thereafter should be wholly self supporting.

SUMMARY AND CONCLUSIONS ARISING

(1) The Willis Report describes the innovative work of the International Management Centre from 1983 to 1988 that has tested the proposal made by Keith Joseph that Business Schools should be privatised. They should.

GRIFFITHS AND JOSEPH WERE RIGHT

(2) Brian Griffiths, currently Policy Adviser to Mrs Thatcher in Downing Street, wrote the Institute of Economic Affairs Report "whose Business?" that triggered Sir Keith Joseph's proposal when he was Secretary of State for Education and Science.

(3) IMCB 's management development initiative has succeeded beyond even Brian Griffiths' or Sir Keith Joseph's expectations to create the largest in-company work based business school in the war in just six years. What privatisation did was to ensure undivided attention in the first place on needs of industrial customers. Only when they were understood did the curriculum get designed

MASSIVE BLUE CHIP SUPPORT GAINED

(4) Companies who have committed themselves include a host of blue chip enterprises, for example ICI Pilkington, Ford of Europe, Du Pont, Dow Corning. British Rail, Arthur Young, Hewlett Packard, National Health Service, ASPA Malaysia, St John Ambulance, Coats Viyella, PM's Office Vanuatu, MY Dart, Seagram, CASE, Queensland & Victoria Electricity Commissions, Crown Paints, Surrey and Lincolnshire LEAs, the Manpower Services Commission, Jones Lang Wotton, Ernst & Whinney, Grand Metropolitan, Cummins Engines, Metal Box, Allied Irish Banks, NatWest, Midland Bank. There are 200 more worldwide.

LEARNING IN ACTION

(5) The immediate customer based outcome was an abandonment of the direct teaching of the lexicon of management as previously insisted on by scholars. Its replacement was an unequivocal investment project approach. Studies are all required to focus on issues that could achieve a 1,000 per cent return within two years. The lexicon is used as needed.

(6) The action leaning educational methodologies of Reg Revans, developed in GEC and with Belgian

industry in particular, were directly applied and resourced with properly inducted tutors who were also subject matter experts.

LEARNING FROM FELLOW MANAGERS

(7) The major process of tuition, however, emerged as that of managers helping and teaching fellow managers; what educationists dismissively call the blind leading the blind. The results are staggering.

(8) A major publishing programme of journals, books and courseware provided excellent and precise access to the body of knowledge. Ml the core business areas are covered as required.

IMPACT ACHIEVED

(9) Some 80 per cent of projects undertaken were acted upon, creating returns on the investment made that met the 1,000 per cent target within the first two years alone Further returns also flowed from the projects after two years. Additionally, there are the personal returns that are achieved throughout their working lives by each and every manager in career development.

MANAGERIAL TURNOVER DRAMATICALLY REDUCED

(10) The number of managers leaving their employers after such development was dramatically less over the first three years than for traditional lexicon based approaches. Only ten per cent left alter three years where the average normally cited is nearer 60 per cent.

Promotions were very common both during and after the programmes.

CAPITAL INVESTMENT MINIMISED

(11) Virtually no bricks and mortar were required to build the business school because management development took place where the managers were and when bedrooms were required hotels were more than able to meet those needs.

MULTINATIONAL GROWTH

(12) What started in the UK in 1983 has already spread now to 16 countries worldwide formally creating the world's first multinational business school on 26 May 1988. It stretches from Finland to Australia, from Hong Kong to Harlow.

(13) The experiment is continuing within this multi-national framework with full time regional offices and multinational educational jurisdictions in Europe, the Far East, the Pacific and North America.

CHALLENGING THE STATUS QUO

(14) The major opposition to the experiment has come, hardly surprisingly, from the Universities' cartel which the Franks Report encouraged to educate managers in 1963. They have failed consistently to distinguish between two quite separate services: scholarship for its own sake in society and helping managers to be more effective at work.

(15) The major challenge for the future is the need to train and re-orient subject matter experts as tutors. Managers have no problem whatsoever with the approach. Rather they relish and welcome it and immediately see the benefits it offers.

NEED FOR MANAGEMENT PROFESSIONS TO ACT

(16) The Management Professions are the more proper focus for ensuring more effective management and they should look to such responsibilities with despatch. Joint ventures with Business Schools should be encouraged.

(17) Marginal adjustments to the current supply system for management development cannot realise its true potential. A dramatic shift is demanded and the State should insist it occurs within a statutory

framework, but without any further involvement by the State thereafter except to ensure resources for the finest university scholarship.

(18) The Royal Society for the Encouragement of Arts, Manufacture and Commerce (RSA) made an outstanding contribution in 1986 when it launched and managed British Industry Year. It should be invited to take up this further challenge now, to Encourage Management Development for the benefit of Manufacture and Commerce.

By Way of Explanation

Creating Wealth through Management Development stands on its own for today's readers. However it has been deliberately written as a sequel to an earlier book. So an explanation is appropriate.

In 1976,1 published my first decennial transcript on British Business Schools, under the title *Business School Graffiti*. It was described quite understandably at the time as a useful, iconoclastic review from the inside. In Graffito 39, entitled "Too Young", I offered the opinion it was no bad thing that so many of us who had created Britain's Business Schools in the wake of the Franks Report in 1963 should be required "to live with the consequences of our earlier judgements and be forced to change with the times. I look forward to re-reading *Business School Graffiti in* 1986."

1986 came. I did indeed re-read. I was emboldened by some if not all my earlier readers to attempt to describe what changing times had decreed I do differently between 1976 and 1986. I began jotting down Graffiti themes as they occurred but, until the University of Queensland invited me to be Visiting Professor for the first six months of 1988, I was unable to put pen to paper. It was pure coincidence that 1988 was Bicentennial Year in Australia, just as 1976 was Bicentennial Year in the USA when the University of Tulsa gave me the quietude to pen *Business School Graffiti.*

I have preserved the same scheme as in 1976, numbering Graffiti upwards from 40! I am told it worked well, most particularly its browsability. There is an underlying historical sequence in that I deal first with themes that arose from my years at Cranfield from 1976 to 1982 and then move on to my Buckingham experience since 1983 to the present time.

I am well aware that Buckingham is not yet, nor ever intends to be, wholly mainstream British Business School country. Yet we have a keen eye from Buckingham on the main centres of activity elsewhere if only because we are in the business, as a private Business School, of competing directly for market share both in the UK and internationally. Furthermore, from my privileged role as Deputy Chairman at MCB University Press, I have an unparalleled opportunity to keep closely in touch with the development of management research and scholarship.

As in 1976,1 have named few names but spared no blushes. Anyone who was there working with me d readily be able to recognise themselves. I thank them all for their kindnesses to me and their patience with me. I have not always deserved them or returned them yet.

Lastly, my thanks to Sandy Pass who uprooted herself to work with me in Brisbane, to word process, to edit and indeed to censor this manuscript. And of course to Avril and Julian who were with me as I wrote, and gave me all necessary encouragement when I faltered.

Gordon Wills

Queensland Australia

Reg Revans Octogenarian with the author

Graffito 41
Reg Told Us So

From the very outset of British Business Schools in the 1960s, Reg Revans told us we had got it wrong. He quit Manchester when that Business School was established, to go and work in Belgium. We who stayed behind all began creating schools modelled on North American practices.

Reg Revans argued then, as he does today, for a quite different approach he calls action learning. Managers will learn best when they ask questions on the issues that confront them in running their enterprise more successfully. Only when those issues have been identified, and made the curriculum for study, can the academic make any really worthwhile contribution. The knowledge of which the academic is guardian, programmed from the past, must not be permitted to overwhelm the true purpose of management education which is to make managers more effective.

Action learning not only has the power of instant appeal to the manager who is to be educated. It also has the power to offer reinforcement for what is learnt by action based on the conclusions reached. Finally, action learning creates an educational proposition which can be directly treated as an investment. It creates discernible wealth. Expenditure on a programme of such development can be compared against medium-term gains to the enterprise from the issues worked on, which contrasts strongly with the traditional soft view that "education is a good thing, isn't it?"

Why then did Reg Revans fail to influence us all in the mid-sixties? Were we not listening? Or was he unconvincing? Or is he wrong?

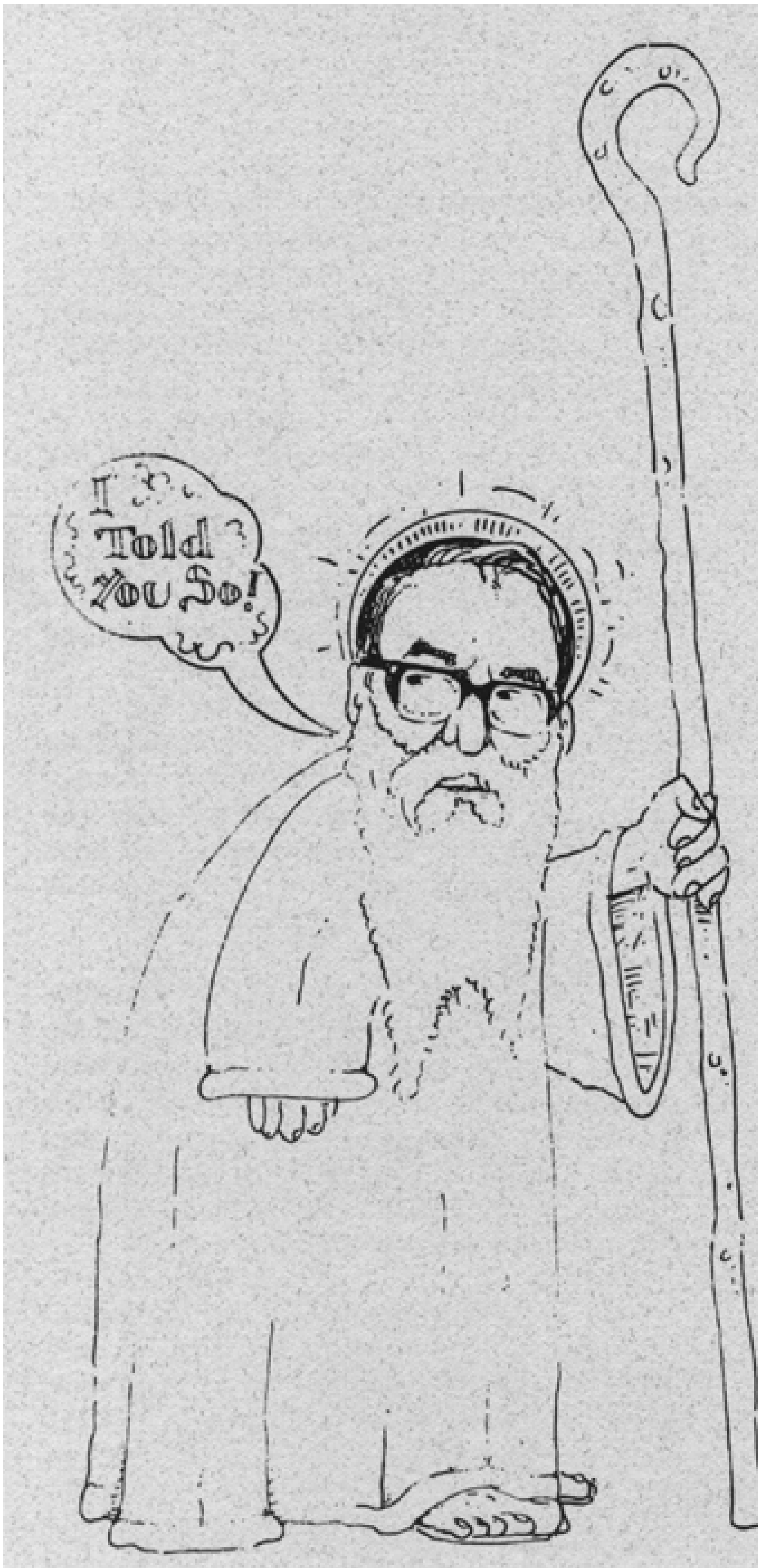
I concluded by the Late seventies, on the basis of marketing research at Cranfield which was showing managers as gravely discontented with the products and services of Business Schools, that he was not wrong! He was simply not convincing us adequately. He showed scant regard for personal influencing skills. He preferred to denounce all professors and experts although paradoxically holding on to the title of professor himself. A holier than thou stance was incidentally often adopted by the great majority of his disciples over the years as a defence mechanism for the equally unsympathetic reactions of those denounced.

The reality was that the Industrial Training Act of 1964 in Britain created a seller's market lacking in much sophistication for a decade. During that time, university scholarship of necessity took a firm hold as the fledgling discipline of management sought to win spurs within the academy where Lord Franks and others had ordained it should be located.

By the time a customer or market orientation emerged, it was too late. The institutionalisation of our schools in the academy was a *fait accompli.* The lexicon of management knowledge *per se* had been constructed. Contrary views were ubiquitously derided as lacking in rigour or depth.

And so the market left the University Business Schools to languish with little or no growth. All the energy that emerged when vital questions were posed about the future of real enterprises was in the purview of management consultants rather than Business School teachers. In management terminology, the Schools became product-orientated rather than customer-orientated.

Action learning's fatal weakness in seeking to overcome the institutionalised lexicon, however, was, its lack of structure. As a movement in society it could not innovate effectively and then challenge the



conventional product-orientated models of the academy. What was needed was not a controlling structure but a facilitating one. Despite all its potential dangers, the Church of Action Learning had to come into existence. This was a challenge Reg Revans did not relish, was not sklled to lead, and always publicly decried. Rather, he prophesied that on hearing the word about action learning, spontaneous combustion should occur. Even the use of advisers in action learning groups (normally called sets) was frowned on in favour of a natural flowering of learning in the face of adversity.

In 1982, a group of colleagues with whom I had worked since 1965 both at Bradford University Management Centre and MCB University Press resolved to address the challenge of creating just such a structure for an action learning Business School. The School would be committed totally to the process. It would offer the resources and advice appropriate to action learning for mid-career managers, both on an open basis and at Master's and Doctoral levels (MBA and DRA). We called it the International Management Centre from Buckingham (IMCB) and Reg Revans was eventually persuaded to become our President from 1983 to 1985.

Our conclusions by now are that action learning suits well some 80 per cent of managers. The balance have a more theoretical learning style. It also suits some but not all cultures internationally where we have worked. The Far and the Middle East, in particular find the open and frank discussion of financial and human aspects of managerial situations more difficult than

North Americans, Europeans and Australians. The difficulties in the Far and Middle East are not simply interpersonal. They are reflected in many employers' reluctance to permit the real issues from their enterprise to be focused on for action learning from fear of disloyalty by those who come into such knowledge - although this must also be seen as reflection of a much greater preponderance of small/medium-sized enterprises in such cultures at least so far as participation on action learning programmes is concerned.

However, the case for action learning today is overwhelming in all western and also in many developing cultures where such sharing remains dominant style. The product-orientated approach of the traditional academy is largely counter-productive both for the society from which it draws its resources to continue and for its own good. The traditional role of the university is not under threat for pure scholarship but the charade that drags the development of more effective managers into scholarship contest with examiners has overstayed its welcome.

The irony is that in so many academic disciplines the processes of action learning are readily accepted. It constitutes no more than applied research on enterprise and its unknown future. What we did at IMCB for curriculum design in action learning at qualification level differs little, if at all, from a Master's or Doctoral research programme in many university disciplines. As the research topic crystallises, so the tutors can discern what previous knowledge will be of value in showing the way forward, and which research design and method can most usefully be employed to create acceptable ways forward.

While forever indebted to Reg Revans for his Old Testament contribution to our work at IMCB, we are now accordingly post-Revans in two key respects. First, action learning does not work as well in all cultural contexts or with all managerial learning styles. We therefore use it judiciously. Some prefer and work better with the more theoretical modes. Second, and I only briefly alluded to this earlier, we have increasingly found it necessary to focus on the politics of executive action and implementation as well as action learning *per se.* No matter how real the issues may be for action learning, managers must also learn how to act effectively when they have learnt what to do for the best. Here executive competences and skills must be honed whatever the answers that asking the right questions about the future might provide; and deployed to make those answers come true. Action learners must not in the future show the same arrogance that the academy has towards team working and presentation skills, to time management, delegation and negotiation skills.

Perhaps a more winning statement of the alternative to the quest for scholarship in the academy from action learning's advocates can be offered. Learning should address the future challenges of the enterprise for which the manager works. Once they are discerned, the appropriate knowledge from the past can he deployed to illuminate those challenges and the gap to be filled clearly seen. The motivation to fill such gaps will be powerful, and the outcomes beneficial for the enterprise and the individual alike. Provided the skills are present to find the necessary answers and carry the action forward, wealth will be created.

Action learning permits a great many more managers to share in the intellectual equity of the business they work for. The potential this unleashes has only to be seen to be believed. Since]982, I have observed so very many hard-nosed academics see, and believe. And even more senior executives.

Graffito 42

Customer Orientation in Management Education

Most customers do not know what they want until they see it, and customers for management education - in the main - are no exception. As such, the proposition so frequently advanced by marketers that enterprise should simply give the customers what they want is specious. The process of knowing what customers want is relative to what they understand can be made available. Goethe observed long ago, "we see what we know". So how did Business Schools go about the dialogue of finding out what their customers wanted?

The answer during the seventies and early eighties is that in the main they did not. They simply observed what sold in the North American educational marketplace and what their academic peers in the existing universities found acceptable and called that "education for management". It was what we call a seller's market.

I am not for one minute suggesting I can quote chapter and verse that such education for management did any manager any real harm. After all, to study basic statistics or accountancy or micro-economics can hardly be called harmful. But I am suggesting that the marketplace in the UK has by and large gone unimproved. Of the million or more individuals who hold managerial, administrative and supervisory roles in the country, only a small fraction have any proper training that they can use in the conduct of those roles. That is a tragedy in an age when no-one is allowed to be a school teacher without proper training, or a doctor or a dentist or even an auditor of the accounts of enterprises.

The errors we have made so consistently arise, it seems to me, from the unteachability of managerial skills and knowledge in the educational institution as such. The medical profession long since resolved to tutor in hospitals with real patients, diseases and the rest. We must learn that lesson in management if the effectiveness of our educational services is to be improved.

I do not, by such remarks, intend to suggest that all that is required is to transfer the academy to the training department of an enterprise. That actually makes matters worse quite often because such trainers are prophets in their own countries.

The only way to achieve customer orientation at practising manager level is to move in on the line managers, their patients and their diseases. Then not only can the tutor share in the immediacy of the challenges addressed but also live with the participating managers. He can dutifully assist as they work out what best to do, and then how best to live with the consequences. If the body of knowledge is as well honed as we believe it to be, the need for most if not all of it will occur in the heat of such debate, discussion and action

Since so few managers have ever been or are currently offered such a revolutionary way to educate themselves, they have perforce either purchased the best product available or simply not bought at all. In most cases, it was the stay-away decision that was made.

All manner of alibis have been advanced by us manufacturers of management education, most of which involve taking a dim view of our customers. One celebrated study dubbed British managers "scruffy" and hopelessly incapable of appreciating the fine products the University Schools offered. What bunkum. If customers don't avail themselves of our services, it is not because they are stupid. It is because we are magnificently failing to convince them that it is a worthy marginal application of their resources of time and money. The derision heaped on British managers for failing to spend more than the Germans or the French or the Japanese or Americans on training is embarrassing and pathetic to behold.

As for a recent proposal that companies should pledge themselves to ensuring all managers spend at least four days a year on management development - that smacks of the Tudor fish-days or fines payable under Canon Law for not going to church on Sundays.

What precisely do the progenitors of the notion of four days a year on management development propose should happen during those four days? What theory of managerial learning to improve effectiveness underlies the propositions? Are they on outside courses and if so, of what merit? Should they be academically worthy and/or practically useful and, if so, over what time-scale?

Frankly, it is not difficult to make the case for four days being far more fruitfully spent on the job at work, with one's own workplace team, addressing the real challenges through which managers be developed. The transfer of learning dilemma never arises when the whole workplace team stir a common experience on themes not taken from programmed knowledge of the past but from today's and tomorrow's key issues.

The most profound but unanswerable criticism Business School teaching programmes is that they offer basic courses in all the major areas of professional expertise but do not assist in proper managerial participation. Managers do not need learn the basics of bookkeeping or theoretical frameworks of micro-economics. They need understand how accountants and economists think not to outwit them or to attempt to develop an amateur knowledge of the tricks of their trade. It is like suggesting that British industry would improve the balance of trade if we all learnt how to drive rool on/roll off trucks or to be Masters of oceangoing container ships.

The courage to throw away the teaching obsession with the accumulated body of knowledge, the lexicon from A-Z**,** and to focus on what the process of management is known to be really all about, is indispensable for any further advance in the sale of management education to its customers.

Not only, however, is the product offered defective as it currently stands and the customer in-served thereby. The distribution system is almost wholly unrelated to the realities of the lives of customers. To take one of the more idiotic examples, many if not all major schools require two academic years for their full-time programmes at Master's level and target these at managers between 28 and 35 years of age. At that age, such managers have a wife and a family to support as often as not and a mortgage to pay. The university then proceeds to teach 3 x 10 week term's (perhaps 11 weeks) and to invite individuals to enjoy long vacations, just like Oxford and Cambridge have enjoyed since the days when harvest had to be gathered. What family wants to take two years without salary when 12 months' unremitting work or at most 15 months' could suffice? Well, none, but that is not how the university academics intend to organise their affairs or seek to make their decisions. The customer doesn't even play a role in such thinking in such institutions.

It has been established again and again beyond reasonable doubt that the wish for self-improvement as a manager, and the career satisfaction and rewards that go with that, are strong with all high-rising managers. Yet they cannot fit what the suppliers offer into their workstyle and lifestyle and as such cannot consume the products.

Everything we teach in our classrooms, and that successful industry practises, indicates we must make such servicees more attractive to managers and their customers. Why are we so reluctant? Sales of rnanagement hooks have soared since they have been offered on bookstalls where managers are travellers and through the post. That was a transformation of a channel of distribution from the High Street bookshop that few managers frequent.

British railway stations today are increasingly a clear example as to how interception of target audiences can increase sales - whether it be of socks, ties, flowers, newspapers or snacks. Petrol fling stations have increased the consumption of sweets by adults astronomically even if we wish they had not.

What must management education do? The service we offer must be made obviously applicable to the real world in which managers work and the distribution systems must be transformed to make the service available where it can be readily consumed. One of the most interesting factors I have unearthed in the last ten years is that hoteliers are by far the largest providers of management education facilities in the world, and at a standard that satisfies their customers much if not all the time. All those who have wailed long and often that without Government aid no proper facilities can be made available, are self-seekers. Their attitude towards the state is simply an extension of their attitude towards their customers.

British managers are great. Just see how well they have performed in the past ten years in industry - at a time when little or no advance was made in the level of formal management education in Britain. If we as educators want to improve on how well they are doing without our help, we had better examine most carefully how far they have got. We would do well also to ponder just how few scholars there are among our top industrialists. They must have found a secret way of learning that is alien to us in the academy that helps them proceed and succeed the way they have.

As research has frequently pointed out of late, academics like theorising and recataloguing the past. That is one of their important roles and they are very good at it. Managers on the other hand are pragmatic and action-orientated. If the former is to help the latter (as his customer) to be better still as a manager, it is indispensable that the services offered reflect the values and preferences of management, not the academy. It can only be achieved with intellectual humility, something academics are noticeably short of. Our cultural esteem for the academy must be retained for that which it is superbly well equipped to accomplish, but the academy must know how to respect the providers of real wealth in society that fund the academy in its continuing work.

I began by observing that few customers know what they want until they see it. What the past ten years has done, however, is to increase the diversity of what is on offer. Major shifts in market share are accordingly to be expected together with most substantial market growth as the dialogue intensifies along the lines set out by Reg Revans and outlined in Graffito 41.

Graffito 43

Pile 'em Low and Sell on High

The further development of effective management education is dependent on focusing on real issues that will make the future happen. This transforms the process into an investment concern rather than languishing as a cost centre. The habit of cutting training costs, as one does the advertising budget, as a short-term tactic to improve profitability is exposed as myopic in the extreme.

Yet to gain such recognition, it is inescapable that management education must be sold on high. The topmost executive levels of the enterprise must be marketed to and sold on the proposition. Management education is nothing more nor anything less than that thinking and learning time so regularly squeezed out in the rush of events but inescapably vital to the well-being of any enterprise.

Continual shooting from the hip as a substitute for careful thought is a ridiculous way to run any enterprise. It must be exposed as such, which is not to belittle the skills of the sharpshooter who is quick on the draw. In a fight, I would be with none other. But to win the war, never. Few successful generals are sharpshooters; indeed many of the very best are quite the reverse. They spend so much time on preparation that the battle is almost won before the first shot is fired.

There are some chief executives with whom I have sought to have a serious discussion on the role of management education as an investment in thinking time for the enterprise, who see little or no point in it. Their view is often that assets especially properties, and financial management, are the two supreme issues; people come, at best, third. Alternatively, the correlation of the individual's track record with commercial success is so great that he believes he walks on water and as such, his intuitive judgement on any issue is all that is required.

Third, I may be told that the analysis offered correct but the matter is already well covered in the enterprise. Sometimes, of course, it is, but seldom to the satisfaction of the middle management that constitute the very resource on whom the future depends.

Virtually every enterprise I have worked with has its middle management corralled within a specialist function, unable to see over or far beyond its fence. When called upon to relate with other foreign functions, it does so on the basis of confrontation and/or barter. I well remember the struggle we had within a major US multinational company. It was competing for its life against the Japanese and fellow Americans in the European market, and we had to get the credit control and order handing activities of the finance department committed to customer service and revenue generation. The situation is old as the division of labour I suppose, but the but the biger the enterprise becomes, the greater the management challenge to counteract the managerial diseconomies of scale.

Not that the fault all lay within the finance department. The marketing and sales departments showed deep ignorance of the role of finance within the total corporate process. There was little or no understanding of cash management principles that underlie the giving of credit. There was, until our involvement in thinking time management education, no attempt to develop a revenue-potential-based classification of customers or to drive forward customer account profitability analysis.

A focus on customer account profitability analysis was more than capable of bringing finance, marketing and selling managers together in the search for a corporate solution. It was then fed back into the selling and marketing strategies as well as into the financial management policies and procedures.

The point I seek to make, however, is that the thinking time management education process adopted here was sponsored by the line Chief Executive Officer of the division concerned. He had the authority but also the perspective of the whole scene that his middle managers could only guess at. Thousands of sub-optimal decisions for the company were eventually avoided.

The Training Department had for many years sent managers away on programmes that encompassed customer account profitability analysis *en passant*. But no one had returned with enough energy or support internally to carry it through. The transfer of learning to a back-home environment, which had not experienced a similar learning process to the individual who had been away on the programme, is always a daunting task for us all. When the desk is piled high with today's issues, how can it be accomplished?

I have for years incidentally been seeking the manager, any manager worldwide who, when he gets back to his company from an away-from-it-all course of management education, has been asked the following question: "What have you learnt/what five key things have you identified, that I your boss should give you my absolute commitment to follow through in our organisation over the next six months/year/two years?"

Attendance at some of the top schools, for an 8/12 week programme, including the opportunity cost of being away, can often reach as high as £30,000. Some programmes have a ladies' week-end in midstream, when major additional costs are added. The holiday atmosphere is enhanced. We often replay our student days with pranks and certainly teacher resumes the role of maestro.

Where is the considered attempt to get value for that money spent? A market research report costing £30,000 will be carefully considered, frequently acted on and its conclusions absorbed into the directional drive of any organisation. More often than not, the report would be extensively and formally shared among a wide group. Very frequently, infinite care would have gone into the design of the study in the first instance and the framing of the precise questions to be answered and indeed the cross-tabulating of the data that might be most illuminating.

So at every stage management education needs to be sold at least one level higher, i.e. to the boss of the intended participant. Selling it to the Training Department is not the right way to go. If the boss insists "training is done by the training department", then it's seldom worth continuing a discussion. The boss must be as closely involved with the design and outcomes of a management education experience for his staff as he is for market research or any other consultant's report involving a similar investment.

Pile 'em low may seem an inappropriate sentiment to link with the other phrase in this Graffito's title but I will seek to demonstrate otherwise. Selling on high to the boss makes the management education decision a personal one for which the boss assumes complete responsibility in the same way as when he delegates any other part of the total task to a colleague. Indeed, that is what management education when sold on high becomes - allocation of some of the department's scarce resources to a project of management education for one of the team's members. It is not a selfish thing, nor a placebo, nor a reward. Keeping up to date, indeed *ahead* professionally, is for every management team and for each player in it quite vital.

Involving the boss accordingly makes management education into an organisational corporate matter as well as a relationship between tutor and tutored Most of our life we have been told otherwise. Education, we have been led to believe, is the way we as individuals can achieve our personal fulfilment. Management education, when invested in by the enterprise, is not intended to do anything less than make the company more successful. The fact that it makes individuals more mobile and often more discontented with their lot is a defect of the process in the eyes of many senior executives. It leads some of them to refuse to countenance it.

Certainly, a long spell away from the realities of the enterprise, in an academy devoted to rational and theoretical models of how things ought to be done ma tidy world, frequently has disastrous effects. The MBA graduate is legendary for his job hopping and condescending attitude towards the shortcomings of management wheresoever he deigns to alight for a modest while. It is not the individual manager who is to blame normally but the tutorial environment that conditions him thus. Far away from the rough and tumble world where staff have to be motivated and jobs frequently delegated out of sight, the clear, cold analysis of a business school classroom is not always as valid as rationalists believe it should be. It is but a short step to overlook the skill of getting things done as opposed to being an individualist i.e. martyr.

I do not allude here to compromise rather to appropriate behavioural theory of the enterprise, to the laws of successive approximation, satisficing the art and science of muddling through. All of the are far more appropriate statements of the realities of management than most classroom rationality

And so my concern to pile 'em low may perhaps become clearer. The challenge is how we can't on to the vision and at the same time keep shop. Think low. Think small groups and low numbers Graciunas advised us nearly a century ago that all have a very modest span of control and ability to sustain relationships. Whether the number is 5, 6, 9 or 10 does not matter. The point is that it is not 30 or 50. Classroom teaching, theatre style, 50 or 60 or even 100 managers, is nothing more nor less than theatre. Tutors must be actors to win claim. But since managers are foregathered become more effective, the question must be posed "How much more effective do they become in groups of 50, 60 or 100 as compared with 5, 6, 8 or 10 - and what are the associated investment costs?"

The evidence I have seen over the past decade indicates that small is beautiful, small is overwhelmingly more effective than large in the management education process. Small groups permit each individual to contribute, and demand as a social imperative that he be involved and make the best possible contribution. In the larger setting, it is not antisocial not to contribute. Sub-groups, that are themselves small enough, spring up by their own natural process and ignore the non-contributors.

My conclusion therefore is that the most suit' learning groups are small ones, i.e. management education should be piled low. It is in small groups that we relate best and it is in small groups that naturally work unless another seeks to force us do otherwise. Perchance another does so wish, we seek to minimise the wastage by our own informal reactions in the bar or wheresoever. Hence I phrase: "I learnt more in the bar than the classroom."

Perhaps this is best illustrated by my own involvement over the past four years with two colleagues in selling a team management system they have developed, known as the Team Management Resource. It has two clearly identified markets now but it took us some while to delineate them carefully. The first is the training department manager who uses it as a simulated exercise on courses he offers to show partidpants what principles underlie team management. It is fascinating exercise, particularly for behavioural scientists, and it is nice to read your own horoscope.

The second market, the real market, is for real teams led by real captains against real opponents in the face of real challenges. The difference in the energy levels generated here is quite remarkable. The first is predominantly an intellectual exercise and the conclusion is conceptually intriguing. The second is an unstoppable flood of understanding of past interpersonal behaviours, successes and failures, allied to team role allocation strategies for the future. The first may well involve 20 or 30 managers, the latter 6 or 8. The return on the latter investment well outstrips the former.

Graffito 44
R&D plus Marketing Proper

One of the most significant managerial initiatives taken at Cranfield with which I have persevered at Buckingham was the formalisation of the R&D and marketing functions proper within Business School.

I well remember the debate because it was conducted by correspondence between Cranfield, Tulsa (Oklahoma) where I was on sabbatical leave and Switzerland, where another senior faculty member us also on leave of absence. The initiative arose because I had been charged with leading a transformation of Cranfield's shorter courses for managers. Over 75 per cent subsidy from Government was to be withdrawn and something significant had to happen. After extensive debate, it had been resolved to give the Professor of Marketing a chance to apply his knowledge.

R&D was formalised to create new products and services for management development. A Professor of Management Development was appointed specifically with that responsibility and enjoined to create a research team that would do it. He was given a five-year contract. Not only did we want feedback from customers and consumers of our services but to create and innovate.

The competition for the Chair was hot and the choice deadlocked. In the end, however, I managed to prevail against the typical university proposition that an individual of eminence should be appointed who did not specifically accept an R&D role for the School. It was a close run thing at the time.

Exciting programmes emerged at once. Indeed during the first week of the new professor's tenure, Cable & Wireless invited him to lead the School's most substantial programme of in-company management development ever tackled. Over 100 managers were to follow programmes of development to bring about a transformation of the culture of Cable & Wireless. A parallel research study evaluated and modified the programme as it went along.

While not claiming all the credit for Cranfleld's R&D team's initiative for what has since been the Cable & Wireless success story, it had an important contribution to make which is well recognised by the senior executives to this day.

The Cable & Wireless programmes were the beginning of a vitally important strand of innovative work that also blossomed within the hotel and catering industry. There, detailed analysis of management development needs threw up a, to us, surprising proposition. It was as useful to develop a new hotel manager directly after he got into his job if not more so rather than doing the training before he assumed the role. A major programme built around this process, called Transition Management, emerged that brought hotel managers together regularly to share and compare their evolving experiences in the totally new situations they were encountering. It was a most effective process and indeed has since become a key design feature in IMCB's work at Buckingham.

The twin discoveries which underlay the above stories are as follows: if the Chief Executive is ready to share his vision and goals for the enterprise with his line managers, their scope for development is phenomenal. Contributions to amaze the cynics emerge. Second, none of us is ever as receptive to learning as when we are taken out of our familiar context and placed in an unfamiliar one. None of the habits so long acquired will suffice. New challenges, new people to work with, new procedures to catch up on - each forces us to switch into another gear, a higher learning mode.

The mirror image of watching how managers learn in such circumstances is asking the boss what he is learning too. Just as we are all more willing to learn when either our CEO asks us to share, or events determine that we must - as in transition between one job and the next - so also are the boss's critical faculties heightened.

It is a wise CEO and boss who seeks to capture the objective insights of managers placed in such fresh situations. So frequently, blinding glimpses of the obvious are readily available from an intelligent individual who simply asks intelligent questions without the (dis)benefit of knowing the conventional or institutionalised wisdom of the old hand. "The job makes the man" is an oft-quoted adage that explains many of the insights that are there to be captured.

How well do we listen? Or perhaps I should ask how well do we ask questions that open up the potential for such contributions, and then how well do we listen and act? We seldom need to act ourselves, however. One of the great lessons for me from the R&D exercises I have been engaged in and seen happen is that, more often than not, the individuals to whom we talk are only too willing to act if we give them the chance and the support.

The R&D issues discussed above came into our work at Cranfield and latterly at Buckingham from colleagues with an educational background, building on psychological and sociological disciplines at graduate level. They were not marketers as I understand that concept. They were inventors who looked at data about how folk learnt in general and proceeded to develop and design programmes that should work more effectively. They then sought circumstances in which to use their invention.

Marketers are not thus. They collect live data trends and challenges among their clients and potential clients. They ask customers what they want and then seek to provide it. While marketers respect leagues in the R&D department much if not all the time, the issue always arising and remaining is: can their ideas be commercialised?

Marketing proper as we came to develop it within the management education service is not, of an all about advertising and new product launches. They were there a-plenty. But we strove to embrace the total marketing concept. We did not assume education was a good thing *per se* for all managaers. If it were so, the demonstrable fact was that at give-away prices, few indulged in it to any extent.

We ended up with a simple statement of the business we are in. It is to assist managers both to know how to be, and then actually to become, more effective at work. Once stated so simply, we rapidly moved in to analysing what the work was that needed well done. Plenty of studies were available as to how managers spent their time. Little of traditional business school tuition was devoted to that time being more effectively used. The academy spent little time developing managerial skills at all, preferring to concentrate on the theories to explain what could or should be done What the academy was effectively doing was producing a service without caring what use customers could make of it. Education was there for its own sake. Perhaps worse still, the academician believed it was no part of his responsibility to do more and anything said to the contrary was mere merchandising designed to fend off criticism of the more blatant absurdities that arose.

In contrast, management consultants were prospering greatly. It was not because they were wholly concerned about how much those they advised understood or learnt in an intellectual sense about management. Rather the management consultant was greatly concerned to ensure action was taken so that things were done better or at least differently. In so doing, they created an incidental learning effect with those required to change, those placed in unfamiliar circumstances and forced to adapt.

Marketing proper accordingly made its major contribution in the Business Schools based on the collection of data on what customers really did and wanted to do better at work so that services could be provided in a way that maximised their acceptablilty on user criteria.

The two areas of the marketing mix where major steps forward were made were in pricing and distribution elements. There was until recently little or no appreciation of the value of management education and development to customers as it related to the price they were prepared to pay for it. Between 1976 and 1980 at Cranfield we quadrupled the fees for our management development shorter programmes and sold half as many again. We deployed the additional revenues to develop a higher level of service in programme delivery, a more appropriate pattern of accommodation and study facilities and better back-up services outside the classroom. Hitherto, the levels had been pre-ordained by the university norms for 18-21-year-olds. Business School study for a mid-career manager was expected to be back to the days of youthful forgetfulness and merriment. As marketing goes, it was thoughtless.

So too was our distribution policy overhauled. How many manufacturers sell their products on the basis of cash and carry principles as we sold management education? They use warehouses, retailers and other agencies to reach out to their customers in the marketplace rather than insisting they all travel to the university of X, Y or Z where the faculty will proudly present their lectures some 150 hours each year.

Correspondence colleges were and are the earliest form of alternative distribution system for management education, being a structured form of reading that is also available to us from any book we care to select at an airport or station bookstall or to buy through the post.

The coming of radio, then television and audio and video tapes has enriched beyond measure the media of education not based on physical attendance at university. But with the honourable exception of The Open University in the UK until very recently, little or no formal concern was shown by the university cartel. Few market pressures ever come to bear on those whose income and customers are guaranteed by Government and social convention respectively.

Market research at Cranfield showed beyond all reasonable doubt that most managers learnt most about how to manage and how to be more effective at their place of work. Although theory has a vital role to play in that learning, the academy had it totally out of perspective and balance. Unless and until marketing proper could be implemented, there was little or no chance that those who needed to know would ever consume the fruits of management knowledge.

R&D, and the application of marketing proper to management education at Cranfield and Buckingham, has transformed the thinking of many managers across the UK and more widely. It fuelled discontent with the arrogance of the academy and culminated in the unequivocal advice late in 1987 from the former Chairman of the Economic and Social Research Council that management trainees should "shun Business Schools" and learn at work, using their company as their laboratory.

Graffito 45

Where Were We in 1976

There is no particular fascination for me in the year 1976 except, as I noted at the outset here in By Way of Explanation, it was the year in which I penned *Business School Graffiti* while on sabbatical leave in Tulsa, Oklahoma. Its significance was that it was an exciting decade down the road from the great new dawn that saw our university Business Schools established in Britain. At the time I was reflective, drawing my second wind at Cranfield, and ready to launch its major new-look programmes for in-post managers.

I had little or no conception that I would be in a wilderness of my own making a decade later, critical of a university's abilities ever properly to do the task to which we had been called and so generously endowed by industry and Government which is, alas, where I find myself today. But I must not malign that which was achieved over the past decade in the university Business Schools, just because I personally lost patience with them and they with me.

Tulsa was a wondrous isolated spot in which to recharge one's batteries for a coming wave of energetic management, but not perhaps a place for anyone with an international interest to settle down. The Okies were greatly hospitable and prevailed upon me to address numerous meetings as a visitor from far away. The majority of the requests were for the most awesome talk of all: what do the British make of the American Revolution? It was Bicentennial Year in the USA.

I was fortunate that I had read US politics along with comparative studies of Australia and the USSR at university in the late fifties. It gave me some idea where to start. I proffered the opinion that most Britishers had no views on the matter but they did have views on Americans in general and the USA in particular which were normally a rnixture of admiration and disbelief. I sought to avoid explaining what I meant by such remarks, sometimes with success.

The isolationism of Oklahoma was startling to one familiar with reading and hearing on a regular basis at least British Commonwealth-wide views and news The only UK news that ever percolated through to me in my sojourn in Oklahoma was that Harold Wilson had resigned as Prime Minister. I was amazed and it did, of course, set in train a pattern of ineffectual government under the Labour Party's Anthony Eden, James Callaghan, that culminated in the election of Margaret Thatcher as Prime Minister in 1979. She's not only the first woman Prime Minister ever in a major industrialised nation but for the UK, the first who rose to such high office after ministerial experience almost exclusively within the Department of Education and Science.

1976 in Tulsa gave me the time and energy to prepare for what was to be a strenuous three years at Cranfield as Chairman of Continuing Studies. I also again had the almost forgotten opportunity at Tulsa of teaching young folk with no business experience all about management. There were one or two old swingers on the MBA programme but mostly the students were 21 or 22 years of age. The naive acceptance of black and white statements by those to whom I lectured was frightening. Even more was the declared intention of many of them to walk straight out of the classroom and start their own businesses on the basis of what they were learning. I developed for the first time in my life a respectful sympathy for bank managers meeting customers who want to borrow and mortgage their homes to the hilt in pursuit of the most uncertain success. We spend much time encouraging the right to have a go entrepreneurially, and decry the bankers' reluctance to speculate with funds at rates of interest that do not reflect the risk involved. We devote little attention to the horrors they have seen and set avoid.

Such remarks must surely reflect my passing years. Nothing ventured, nothing gained. How can management be taught effectively, though, to those without experience?

My answer is increasingly that we must have a laboratory for them - as well as for the faculty. The latter, if they have any real wish to be involved in the application of ideas can readily find their way into consultancy, directorships and the like. But the young student is more of a challenge. A host of models has evolved worldwide, ranging from part-time study to co-operative/sandwich programmes where employers find work for students as they go, to full-scale programmes of on the job training.

Ths latter area is one which we have come to lately in Britain and particularly at Buckingham. I studied management primarily at night school myself in Slough, i.e. part-time, two nights a week for three years. I was even given a helping hand to meet the cost of books by ICI, for whom I then worked. It turned out well but could have been so much more effective, I felt then and know today, if my bosses at work had taken some real interest.

Our Buckingham MBA programme over two-and-a-half to three years for graduate trainees in industry goes some very considerable way down the road. It is now operating within Arthur Young, the accountants, and Metal Box, the can makers. What has been developed is an extension of their own management and professional training programmes, thickening them out to a full MBA level. The young trainee managers are enthusiastic. So are the sponsoring employers because it bridges the two-year itch that most if not all graduates have, the search for that second job, once they have gained a better understanding of what industry is or does. By linking graduate induction to a full MBA programme, itself based deliberately on challenges facing more experienced colleagues, we work to build a more enduring relationship. It also creates better drag of career opportunities and a higher level of commitment

I had the two-year itch myself, after 18 months, and left ICI in Slough for a marketing research post in the West End. Nobody at ICI was surprised, despite the fact that they had spent a small fortune recruiting 30 arts graduates my year and well over half had left within three years. One wonders who left and who remained.

The isolation of Tulsa, Oklahoma, was not an issue at Cranfield when I returned there in late May 1976, nor was the younger manager a present problem. The average age at Cranfield on the MBA was 28/29, and on the shorter programmes of continuing studies for managers, it was 35. They were drawn from all over the world with the largest non-UK group coming from Australia of all places, with other Cornmonwealth countries well represented. There was one well-remembered programme I led when more than half the participants were from Nigeria. They had travelled all the way from Nigeria to a disused Royal Air Force station in Bedfordshire to study general management as it applied particularly to the accountant!

Such a preponderance of international student managers, settling their fees as they arrived with travellers cheques, posed some unavoidable social and cultural problems. I had a deputation from the non-Nigerians complaining about our admissions policy. I challenged them to help the Nigerians to learn from their own managerial context and vice versa. Intriguingly, the Nigerians had far more to contribute to this debate than the others. Many of them had studied in Britain previously. Good friend-ships were formed and the programme took to the canals for a less formal session of group development.

Few non-Nigerian managers knew the population or economic structure of Nigeria, let alone how accountancy flourished there or general management. If there is much awareness, it dates back to the Biafran war or relates to foreign exchange difficulties.

A long-standing friendship with the leader of the protest delegation developed. He is no longer a senior financial officer in manufacturing industry but a training adviser to a major clearing bank in the UK and a member of our Industrial Faculty at Buckingham. I was as convinced then as I am today of his superlative skins as mentor and tutor with experienced managers. It was an unusual first encounter.

Graffito 46

Privatising the First

Ironically enough, the morning I sat down to write this Graffito, *The Australian* devoted the whole of its front page and half of page 2 to the privatisation of Qantas, Australian Airlines, Australia's National Railways and Shipping corporations. The message that Senator Evans was intent then to share with his colleagues in the ALP Caucus was identical to those reaching Cranfield in 1975 about privatising short courses for managers.

Until 1975, all short course updates were considered such a highly desirable component of a university's work that the DES or UGC grant increased or was supplemented as a department succeeded in attracting candidates. The subsidy was 75 per cent of the cost, whatever that was deemed to mean for an enterprise where 85 per cent of all costs were fixed already for the provision of full-time studies for students and faculty research work.

Then came the bombshell or, as many managers of former state enterprises would say nowadays in the UK, the good news. Over the next three years to 1979/80, the subsidy was to he phased out. The entire corporate strategic attitude towards the activity had to change. This, I might say, was Labour government in the UK. It was not Thatcherism, whatever claims she might make for having pioneered privatisation - and there seems little doubt that her Government coined the word which ultimately spread across the globe to Australia by 1988.

Fortunately for the faint hearts, there were exemplar institutions at Ashridge Management College and Henley Administrative Staff College which had braved The real world without subsidies since their inception. They had made a workmanlike job of applying the principles that were taught in their hallowed halls to their own activities. Several more had kept serious books of account such as Chesters in Scotland and Bradford Management Centre's Heaton Mount that showed the incremental or avoidable costs while normally blurring the lines on overhead allocations less from deliberate deception than from antiquated accounting. One of the most fascinating aspects of public sector financial management for any business rnanager is its refusal to recognise the difference between investment and trading expenses in accounting terms. The balance sheet at Cranfield showed us having no fixed assets at all. No depreciation policies operated. Although one can readily understand the reason why central government manages at a macro-economic level all cash outlays in a single go, the fact that this then carries over into the accounting practices of enterprises is ludicrous and inexplicable except on the grounds of insouciance by the officers over the years.

As all students of publicly-financed enterprises know since current expenses can seldom be reduced and are normally increasing via salaries or inflationary pressures on bought-in supplies and services, any capping of total cash available can only penalise investment.

Some magnificent legacies to this idiocy stand to this day, including British Telecom's outdated exchange systems and the time it takes for them to install a service in comparison with, for example, their American or Canadian counterparts. Not to install a phone at once simply means lost revenue from rentals and from calls that will never be made.

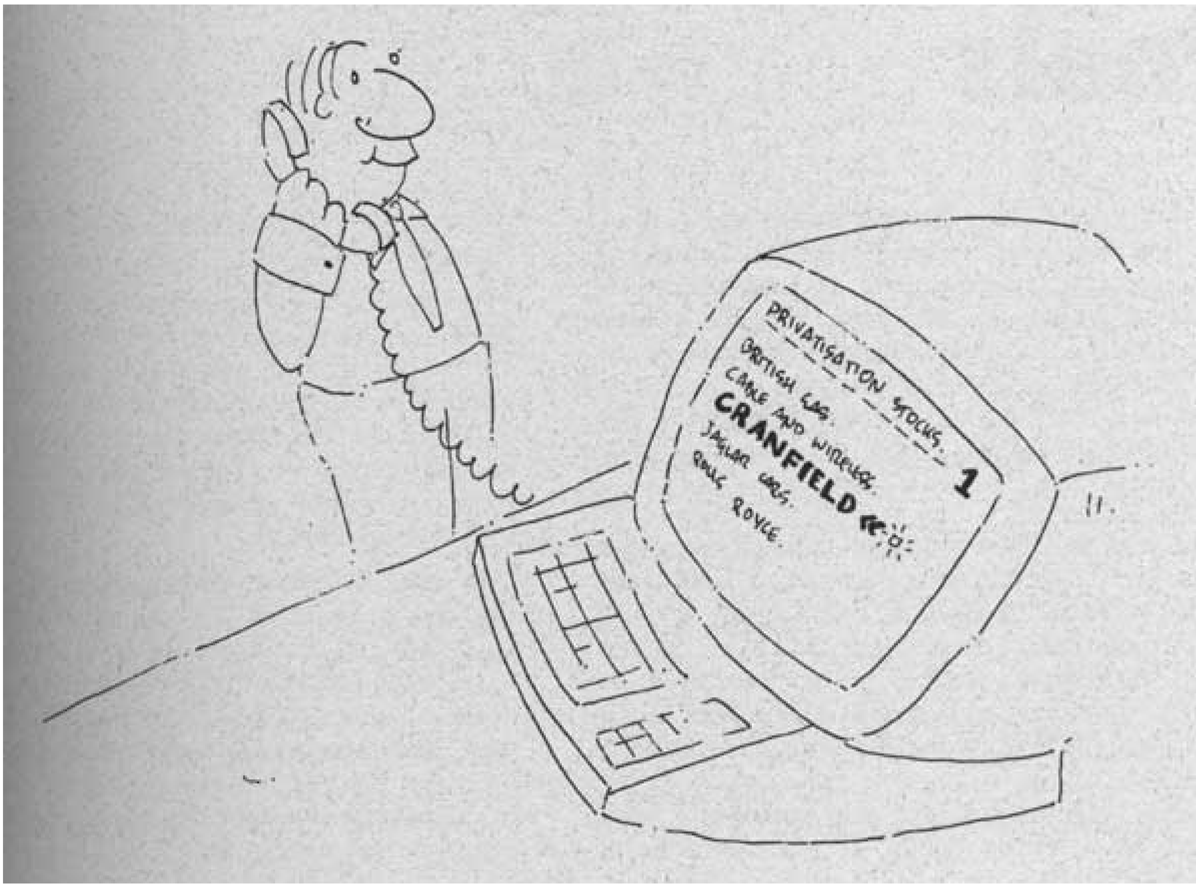
Privatisation at Cranfield in 1975 was, however, fortunate to have on its side the Vice-Chancellor. He decreed, contrary to virtually all Vicee-Chancellors elsewhere and certainly to most Local Education Authorities, that the proceeds by way of additional revenues would attach to the same educational profit centres that generated them. That seems such an elementary principle that it might be wondered why I make such great play of it here. As I haves suggested, however, the significance was that it was articulated and implemented as official Cranfield policy. Within the School of Management, we went further. Each programme offered was given its own profit and loss account and within broad guidelines, each faculty member who was prepared to run a programme was given financial control. He could buy in his own tutors from outside the School, determine what incidental expenses were incurred and arrange such entertainments as he deemed appropriate. It was his bottom line that counted. Such discretion was widely welcomed as a breath of fresh air once we got privatisation rolling. In comparison with the regulated days of subsidisation, except for the faint-hearted, it was a brave new world.

I have identified the issues above in financial terms because I have focused on privatisation. It was also true, however, of the academic design and conduct of programmes for in-career managers at Cranfield. It was the secret, I believe, of our spectacular performance from 1976 to 1979 in the area we called continuing studies. Over that time we privatised with great panache and success. Leaving aside the marketing propositions and razzmatazz, the greatest result of privatisation was that faculty were freed to do their own things.

Not that we didn't have our detractors, who could be categorised broadly as either faint hearts or academic pseuds, and I use the word pseud carefully. There was little or no evidence that those who refrained from meeting with practising managers were doing so because of their high-quality preoccupation with research or other pure academic pursuits. Quite the contrary. The evidence was unmistakably that those who did most research also did most teaching and most relating with practising managers.

I am reliably informed that it is not always so. There are, I am led to believe, backroom boys who could win Nobel prizes and are working hard to develop their subject and that is why they eschew the madding crowds on programmes. Maybe. If so, however, it must be a very, very wasteful way of achieving a Nobel prize or similar accolade. For every one I might be shown where this proposition is true, I can put 100 where it is not. The notion that faculty have modest teaching loads to pursue their research and other academic disciplines is broadly bogus and that it continues to be accepted as the main pattern of university activity in a resource-hungry society today is beyond my comprehension.

Industry under Thatcher has been squeezed. Staffing in British Airways was halved from 50,000 to 25,000. In British Coal and British Steel and British Rail similar falls have occurred with no diminution of output, while at Jaguar Cars the labour productivity increases were of the order of 1,000 per cent. In education, we still cling to the outmoded notions of staff/student ratios that do not even take account of the time the two parties actually spend in close encounters, let alone the productivity of their coupling.



The privatisation I was involved in at Cranfield in 1976 to 1979 was but a trial run for the escapade that IMCB was to become from 1983. Despite the very real withdrawal of subsidy we experienced, the shorter programmes were less than 50 per cent of the School's tutorial work and almost all the faculty had security of academic tenure until age 65, even if things went wrong. It was unclear how the salaries would be met but met they must be or our Union would cry "foul".

Finally, none of us had an equity stake in the success of our efforts. The growth of continuing studies and the reputation of the School was not an asset we could sell our share in when we left. Ironically, I meant that when one did leave, it was necessary to tear off a limb or two to take away with you - be it a major client or research finds or team colleagues. There was no transfer price possible. The rewards were very real in terms of bonus and job satisfaction. The Head of the School was himself bonused for growth of the School's total non-state funds. But nobody had to lie awake at night perplexed about the mortgage or where the next month's salary packet would come from.

As a modest introduction to privatisation, it was inestimable benefit psychologically but the missing elements I have just referred to came back to haunt us in 1983 as IMCB went private totally, as the UK's first private degree awarding Business School.

Graffito 47

Carpets and Swimming Pools

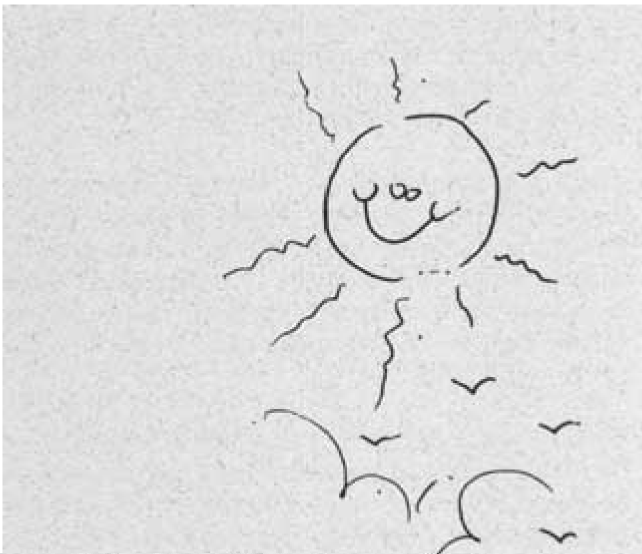
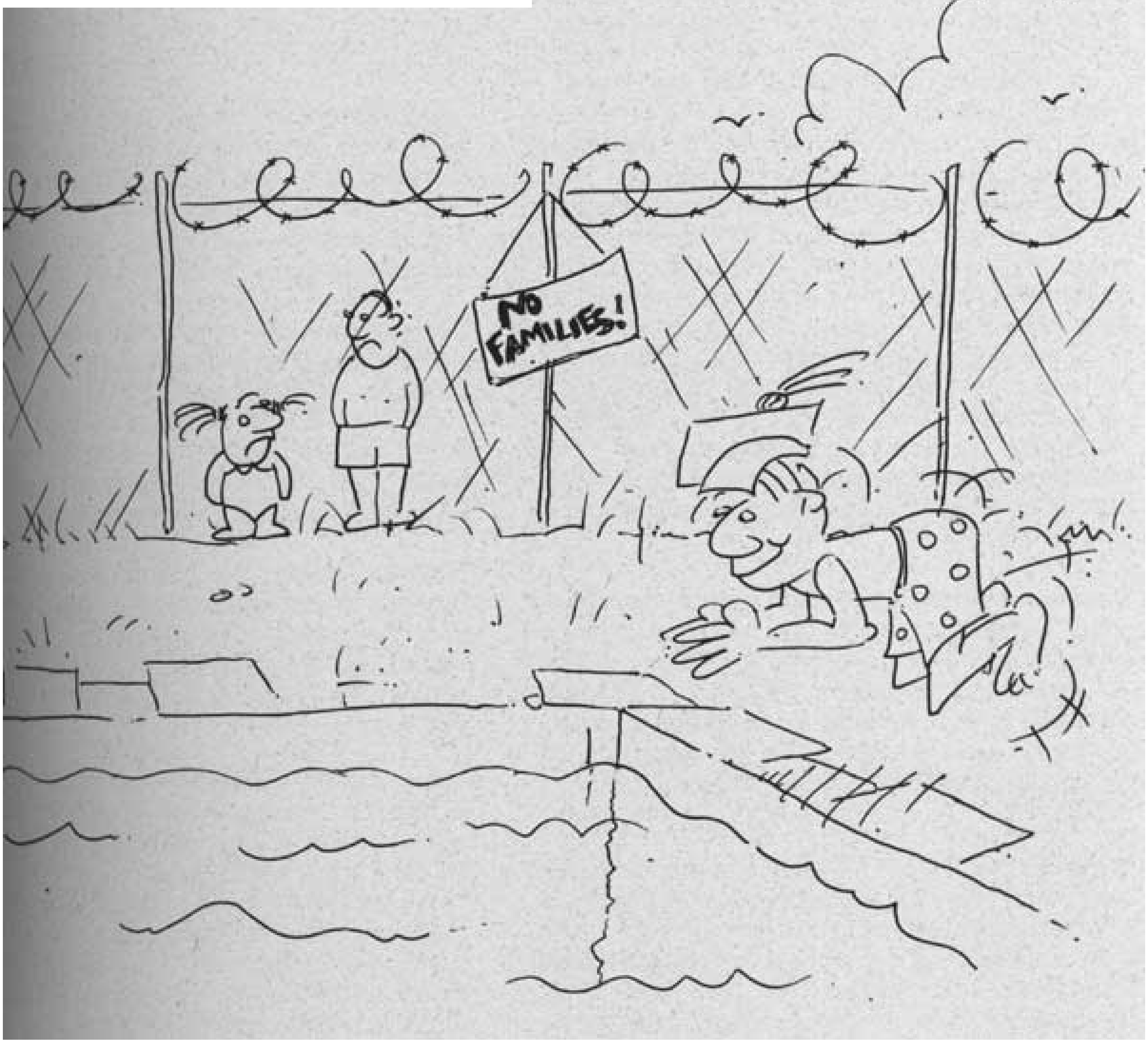
The proposition that university faculty are best led by letting them lead themselves had worked well at Cranfield in the development of programmes of continuing studies for managers. We tried it again when the big decision was made to construct a four-star 120 bedroom hotel on campus, subsequently called the Cranfield Study Centre. However, it was not without its anxious moments.

The scheme had been conceived well before my own arrival on the scene as Chairman of Continuing Studies by a senior colleague, Tom Shaefer, who had run the subsidised programmes for five years or more. The bedroom facilities we had were what the Royal Air Force had left behind as a Sergeants' Mess, now named Mitchell (of Spitfire designer fame) Hall of Residence. Essentially, the complaint about the Sergeants' Mess was that the bathrooms were shared, as were the toilets, at a time when our customers travelled and stayed in hotels of a far better standard.

The Vice-Chancellor again was on good form. He and his Planning Manager both believed accommodation should pay its own way in the university world whether for full-time students or practising managers. As such, what the market wanted it should have and he was prepared to borrow money from NatWest Bank if necessary, of which he was a local director, to get things rolling.
The Cranfield Senior Administrative Officer at the time was a retired Air Vice-Marshal. when he looked at the scheme, he observed that we were intending to build the hotel facility at least ten miles from the nearest town, at a cost of some £2 million that could only possibly be used by captive Cranfield customers. So which Schools, he wanted to know, were going to underwrite the operating costs and pick up the losses it was sure to make?

By this time I was the designated leader of our sales to managers so his eye fell on me. Fortunately, I was able at the Senate debate to offer him a firm refusal to guarantee or underwrite anything whatsoever. Instead, I offered simply to be a customer on a take it or leave it basis, always however insisting that the hotel would be on the short-list of venues to be used.

My confidence in the matter was not shared by my boss, the School's overall Head. But it arose because of my experience at Bradford University from 1965 to 1972 and from my

observation of the events that had transpired at London, Manchester, Henley and Ashbridge. At Bradford, since we had no residential accommodation, we used down-town hotels and conference facilities in Harrogate on a competitive tender basis for price and service levels. This afforded three major advantages. First, there was no need *ab initio* to use a scarce capital resource to build bedrooms. Second, there were no fixed costs around when times were slack. Third, the management was our concern solely on an output basis. We had no involvement in anything other than specifying what was needed and monitoring results. If it was below par, we moved on to another hotel.

There was a fourth, hidden advantage, arising from the lack of fixed operating costs that emerged with a vengeance at IMCB in the 1980s. If there were no beds to be filled, the design of programmes could be focused solely on making managers more effective without being tempted to bring participants onto site solely to fill beds.

My boss saw it the other way round, as I said before. He wanted to control the hotel inputs so that he could be sure that they were there in place delivering the standards we all wanted at an output level. The *cause celebre* was his choice of carpets, hence the first word in the title to this Graffito. He wanted to be aided in the choice of carpets by his wife and myself. I refrained totally and although I believe he did choose the carpets with advice from his wife, I concentrated my energy on ensuring that a hotel manager, with profit responsibility and full of professional expertise, was appointed to run the place. All choices were to be his. My job was to specify what we wanted of the facility and to affirm that if he did not provide it, we would shop elsewhere in Bedford or Luton. So far as the overnight and full-board tariffs were concerned, we were prepared to pay him, and on-charge to all our customers, the going rate that was competitive locally for the level of service provided. Our customers were not impecunious students, let it be remembered, but mid-career managers sponsored by their employers.

Thus we segmented the market for accommodation on the Cranfield campus between £25 per week for impecunious students receiving full board and £150 per week for the managers (1977 prices). The man appointed to lead the hotel management team was 28 years of age and a genius. He was already on the campus, running the £25 a week facility and he simply moved across. All in a day's work, he remarked.

In mentioning the Air vice-Marshal and his anxieties earlier on, I neglected to point out that the first phase of construction was restricted to just 64 rooms. Such was the success of the free-standing hotel management team, however, that in no time at all, the case for phase 2 was made and a further 48 rooms were added together with a luncheon bar and swimming pool. The manager had succeeded in convincing the School of Management that prices and his level of service there was nowhere else worth going. But he had done more. He created substantial demands in neighbouring industry and services from Bedfordshire, Northampton and Milton Keynes. The School's agreement with the hotel that it had first refusal on any rooms it might need up to 12 weeks in advance, but thereafter took its chances and could make last-minute cancellations without penalty, was hard to sustain. As I write, further stages are evolving in hotel development on Cranfield's campus - because we let a hotelier run his own show and he showed us how to do it.

The swimming pool was my own *cause celebre* of interference with the hotel. All smart four-star at the time were into exercising their guests and a pool seemed obvious. My own not-too-well-hidden goal was to have its unused time available for non-hotel guests on the Cranfield campus at large.

Managers on courses could only really take a dip from 07.00 hours to 09.00 hours each day and then in the evening from, say, 17.30 to 19.30 when dinner and syndicates intervened. The balance of time surely, could be used by the campus families and students on more flexible lecture schedules.

The outcome was unbelievably that it could not be so arranged. The incremental costs of a separate entrance, separate changing facilities and supervision ruled it out. When I last discussed the matter, over 2,000 days of unused pool time had evaporated. Segmentation is tough discipline and synergy is an elusive concept, so very elusive.

However, synergy did occur at weekends and evenings in the restaurant. Few programmes were in at the weekends so wedding receptions were a realistic service and the excellent cuisine made the restaurant a Mecca for local folk from as far away as Northamptonshire.

I alluded earlier to the lessons learnt and later applied at IMCB in Buckingham on owning one's own beds and seeking to fill them with programme participants. IMCB's action learning gave an immediate answer to the question "Should we do it?" Programmes are supposed to, indeed must, address the real issues confronting managers at work. What better approach therefore than to take the Business School faculty to them rather than bring the manager to the Business School? My faculty and I travel now to 16 countries worldwide and to some dozen locations within the UK from Perth in Scotland and Darwen in Lancashire to Reading and London to run our programmes. Our venues for classes include the Government Training Centre in the South Pacific island Republic of Vanuatu at Port Vila, with faculty accomodation in the Iririki Island Resort overnight. Synergy is here at work with existing facilities used whether it be the managers' own boardrooms or training centres or convenient local hotels. As a strategy it eliminates any investment by IMCB in bedrooms but it also turns the psychological tables totally on the faculty. If we are teaching in Hong Kong, we read the *South China Morning Post* and *Hong Kong Business Today,* and we relate to the real issues and challenges of 1997. Somehow, tutoring a Hong Kong manager in the ancient Saxon town of Buckingham, nestled on a bend in the River Ouse, doesn't have the same impact on the tutorial process.

There is a corollary too for this line of analysis. If beds are hard to fill without distorting the School's programme goals a trifle, what about faculty members' own offices? Studies we made at Cranfield showed that the occupancy rate for faculty offices was very low indeed despite the fact everybody claimed their status required they have one. So, with the faculty out in the field most of the time, we have adopted a pattern of open-plan facilities for all save individuals who are necessarily in virtual full-time attendance. Quiet room facilities are available as and when needed when the open plan is dysfunctional.

None of which should give the impression that a visitor to IMCB in Buckingham cannot find the premises. We have customers who want to touch base, just to know we are tangible there. Most of our longer 18 months action learning programme participants from the UK will travel to be with us and lodge in one of the nearby hotels for a few nights. We have established a similar pattern to that adopted way back at the University of Bradford Management Centre and it was good news to find that a Bradford Assistant Manager from the mid-sixties was now the Regional Director of the hotel chain we worked with in the Buckingham area. Buckingham's hotels only rate two stars by and large but nearby Banbury can offer four stars for those who are determined. Our customers settle their own bills and IMCB receives a modest administration fee from the hotelier.