

# Mad, Sad & Bad Management

A Lexicon of Corporate Cock-ups, Coincidences and Confusions

## About the Author:



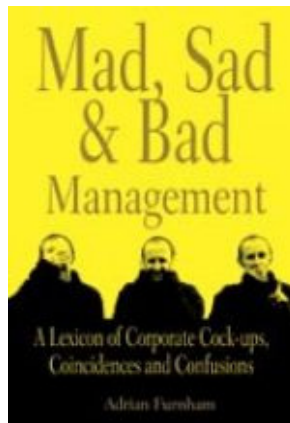
**Adrian Furnham** is a consultant on organizational behaviour, as well as a writer and broadcaster.

He was appointed as a Lecturer in Psychology at Pembroke College, Oxford, a position he held until 1982. He was also a part-time tutor in psychology in the Department of External Studies, handling management science and psychology for groups of managers and administrators.

He became a postgraduate study supervisor at University College London in 1979, and in 1992 was appointed Professor in Psychology. Further, he was a visiting professor to the University of Hong Kong Business School, from 1995 to 1997, and was also a visiting professor to the Henley Management College from 1999 to 2001.

Professor Furnham has written over 650 scientific papers and 48 books, including "The New Economic Mind", "The Incompetent Manager", "The Psychology of Money", "The People Business", and "The Dark Side of Behaviour at Work".

To know more about Professor Furnham, please go to: <http://www.simple-talk.com/content/columnist.aspx?columnist=44>



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## ■ The Big Idea

Many management books take the recommendatory approach: they bring up good practices, for instance, and explain why and (to a certain extent) how they can be emulated. Correspondingly, some management books choose to take the opposite tack; they bring up examples of how *not* to go about managing companies and organizations and explain why and how these should *not* be emulated.

In "Mad, Sad and Bad Management", author Adrian Furnham takes a look at management practices, managers and management science that is at the same time both enthusiastic and cynical. He starts with the serious literature on management and moves onto the guru-inspired, magic-formula texts, while spicing things up by presenting real-life accounts of failures and cock-ups to be found in the popular press and in his own consultancy.

### ■ Why You Need This Book

This entertaining and instructive book contains some five dozen analyses on aspects of modern business and management. The theme is incompetence rather than competence, stupidity rather than wisdom and insanity rather than sanity.

### ■ Analyzing Your Boss

A simple but effective way to begin managing upwards is to understand the abilities and personality of one's manager:

*ABILITY.* Below-par bosses may take particularly sensitive handling. They resist new ideas and are frightened of bright young things. Give them suggestions and show them how to do things. But don't make them too reliant on you – they may hold on to you too hard and prevent your progress if they need you too much.

*PERSONALITY.* There are essentially five personality traits that require close attention:

1. *Neuroticism.* Neurotic people are often predictable and need constant help, reassurance and calming down.
2. *Extroversion.* Extroverted people need to have their impulsiveness tempered by more considerate judgment. But they also need lots of stimulation and variety to keep them comfortable.
3. *Conscientiousness.* People who are too conscientious can be rather tight-fisted and intolerant, and they can be risk-adverse as well.
4. *Agreeableness.* They are well-liked and have a reputation for being good managers.
5. *Openness to experience.* They embrace changes and are sensitive to the teaching and ideas of others.

If you have a bright, stable, agreeable, conscientious and open boss, celebrate your good fortune. If not, you may want to start practicing these upwards management skills.

### ■ Bond in the Boardroom: Business Espionage

The methods can be simply divided into people vs. observational strategies and each involves different approaches:

#### *PEOPLE METHODS*

- A. Hiring competitor employees with highly attractive packages.
- B. Conducting phoney job interviews.
- C. Using trade fairs and conferences to pick the brains of technical people.

- D. Using newspaper reports about company activities of all types, one can target 'middle-managers' with interested calls.
- E. Placing your people in their camp. This means trying to get one of your employees to get a job in the opposition.

#### **OBSERVATION METHODS**

- A. Studying aerial photographs of plants to which access is restricted. This can reveal plant layout (which is often a clue to process) inventory stockpiles, a tip-off for a sales drive, etc.
- B. Videotape comings and goings to headquarters, plants, etc. This can give information about who works, where and when. It can give clues about particular individuals, but also shift patterns, recruitment, downsizing, etc.
- C. Reverse engineering, which involves taking products apart to study components and manufacturing processes.
- D. Garbology: obtaining the rubbish people throw away, examining everything including shredded papers.

#### **■ Growth and Development**

So what are the signs of success, or at least that a person is worthy of growth investment?

There are around a dozen: find six consistently and this will mean that that person is probably worth trying to develop.

- First, they seek out the opportunity to learn. Are they proactive, do they enjoy skill/knowledge acquisition? This is the first requirement.
- Next, morality: do they act with integrity?
- Third, can they adapt to cultural differences?
- Fourth, are they genuinely committed to making a difference? Beware those who bluff and flimflam on this one. If they are only in it for short-term aggrandizement or gain, let them go!
- Next, they must seek broad business knowledge: they should be interested in the whole business.
- Sixth, are there good reports that they bring out the best in people?
- Seventh, and quite a hard one, are they insightful, even intuitive?
- Eight, are they courageous and willing to take risks? It is important that they are not afraid to go against the grain, will persevere in the face of opposition and can confront poor performers.

- Ninth, do they proactively seek and use feedback?
- Tenth, do they learn from their mistakes?
- Penultimately, are they open to criticism?
- And lastly, have they got healthy coping strategies when under stress?

It's a long list but the time and cost in really developing people means you must be sure you have the right materials in the right place. Real managerial *wunderkinder* are of course hard to find.

### ■ Integrity: Can You Measure It?

We all know that (white) lying is prevalent and that we are not terribly good lie detectors. We have all been hoodwinked by sales people, potential employees – indeed hundreds of people, hundreds of times. Hence the interest in *integrity testing*.

An obvious objection is that the tests are susceptible to faking. That is, people see through the test and consciously create a favourable impression.

Possible? Well almost. Try the test below:

#### **A Two Minute (Fakable) Integrity Test**

This is a timed test. You have just 3 minutes to complete it. For each of the 10 questions circle either a or b, indicating what you genuinely believe or which has been true in the past.

- 1      a. I have never cheated on my 'expenses' in my whole life.  
       b. Most swinger orgies I attend have a minimum of 18 people present.
- 2      a. I am completely open and honest when giving performance appraisals.  
       b. For the right price, I would happily sell company secrets.
- 3      a. I fail to comprehend why people are so upset by child abuse.  
       b. I would happily reject an increase in salary to ensure the poorest workers were better paid.
- 4      a. I pride myself on my very impressive low absenteeism record.  
       b. Real fun is throwing Gideon Bibles into the hotel pool.
- 5      a. I buy all my own stationery: never have I 'liberated' pens, paper even paper clips from the office.  
       b. Most arguments are best solved by a good bit of old fashioned 'fisticuffs'.

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|----|---|
| 6  | a. I donate about a tenth of my post-tax income to charity.<br>b. Poor people remain that way only if they are too dim to steal.  |
| 7  | a. I have never been late for work in my life.<br>b. Television grossly exaggerates how dangerous recreational drugs are.   |
| 8  | a. Making private phone calls, sending personal faxes or emails on company time and equipment is wrong; I have never done it.<br>b. Cocaine improves both concentration and morale at work. |
| 9  | a. I have never stolen anything more valuable than a Lada.<br>b. All my responses on my tax form are completely true and accurate.  |
| 10 | a. I would never lie on a personality test.<br>b. Toxic waste dumping in the third world is a viable way to reduce their debt.  |

### ■ Return-on-Investment in Meetings

So how about returns? What do you get for your bucks? How do you determine the outcome of the meeting?

This is a much tougher question. It goes to the heart of what meetings are for. Each function may have a different outcome depending on the purpose of the meeting:

*COMMUNICATION.* Meetings are about communication, right? Giving information and receiving feedback; discussing what has occurred since the last meeting; providing updates and reports. This can be done via email, letters, magazines and videos – as well as meetings. One way to calculate return is to measure what people remember, or how many notes they took.

*PERSUASION.* Meetings are about persuasion and getting commitment – or more accurately, diffusing responsibility. You were at the meeting and voted in agreement. One measure of return is decisions made and recorded.

*IDEA GENERATION.* Brainstorming is the process of idea generation. Despite unequivocal evidence to the effect that individuals do it more efficiently than in groups, the number of ideas generated (or perhaps more importantly the quality of ideas generated) can make a nice measurable medium.

*BLAMESTORMING.* These are more fun than the above and involve finding, naming and shaming actual or potential victims. What you measure is the number of suspects' names.

*MORALE.* Some meetings are about emotions not decisions. They are about the feelgood factor. Team spirit, esprit de corps. But how to measure that? Perhaps a drop in graffiti or absenteeism.

## ■ Seven Secrets of Highly Successful Companies

Those who have studied company success and failure have argued that there are only a very limited number of ways of making it.

Conveniently for those who believe in the semi-mystical number seven, that's how many there are:

1. *Product Innovation.* The innovation route may take lots of R&D or quite simply a good idea. It takes understanding how people behave and what they want and creating a new product that fulfils that niche.
2. *Technological Innovation.* The idea is to come up with technology that makes some everyday task – bar coding, packing, dressing – easier, more convenient or cheaper.
3. *Relationship Route.* Everyone knows that in business it is who, rather than what, you know.
4. *Exploiting Competitors.* There is nothing like complacency in successful high-market-share organizations to excite the interest of those more flexible, innovative, and hungry organizations in making a killing.
5. *Turnaround Route.* Some companies have the capacity to reverse declining fortunes; to re-launch and to re-brand, turning a depressing and slow decline into a great success.
6. *Mobilization and Manipulation of Market Forces.* Understanding consumer psychology is difficult.
7. *Service Breakthrough.* It's a challenge to 'keep-it-up' and maintain levels of service, but it can and has been done.

## ■ Conclusion

Recognize that organizations have their own way of doing things, and exist in a particular socio-cultural and economic setting. However competent a manager may be, the corporate and national culture might conspire to make it impossible for him or her to be efficient and effective.

		MANAGER	
		Incompetent	Competent
CULTURE	Competent	Poor selection	Success
	Incompetent	Disaster derailment doom	Managerial frustration

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By Adrian Furnham

The preceding figure is rather simplistic in that it suggests that there are incompetent corporate/national cultures. By an incompetent culture we mean one in which the internal processes and procedures are not adapted to the central purpose of the organization. We also mean one in which the basics of a modern infrastructure are there – transportation, the rule of law, absence of corruption.

Obviously, a competent manager in a competent culture means personal and organizational success. However, a competent manager in an incompetent culture (rigid, bureaucratic, corrupt) can strive to change and improve the situation. It takes senior competent managers time and courage to move maladaptive, incompetent organizations into reverse; and even then, they may not succeed.

There are a lot of incompetent managers in competent organizations. The incompetent manager in an incompetent organization is a recipe for disaster.

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