

A LITTLE BOOK OF
***f*-LAWS**

13 common sins of management

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with considered responses by
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Frequently Asked Questions

What are f-Laws?

They're truths about organizations that we might wish to deny or ignore - simple and more reliable guides to managers' everyday behaviour than the complex truths proposed by scientists, economists and philosophers.

How many are there?

Over 100. We've selected just 13 from **Management f-Laws: How organizations really work**. This selection is designed to whet your appetite and get you thinking about the often-unacknowledged realities of organizations: what really motivates managers; why are companies run the way they are; how come they don't work better...?

Why the conversation?

When American management guru, Russell Ackoff, and his co-author, Herbert Addison showed us their *f-Laws*, we asked British author, Sally Bibb, to respond in the light of current organizational thinking and best practice. Sally's is a voice from another generation, another gender and another continent. On every left-hand page we've printed Ackoff and Addison's *f-Law* with their commentary. Opposite, you'll find Sally Bibb's reply. In each case, we've retained their spelling, punctuation and 'voice'.

What do you mean by 'the best' organizations?

Sally looks always at how things can be done better. When she talks about 'the best' organizations, she's talking about ones that strive to be:
Collaborative ~ Ethical ~ Flexible ~ Innovative ~ Responsible
~ Sustainable ~ Transparent ~ Trustworthy.

The lower the rank of managers, the more they know about fewer things. The higher the rank of managers, the less they know about many things

Executives make mountains out of molehills; subordinates make molehills out of mountains.

The relationship between executives and subordinates is complementary: neither knows why the other does what they do, nor cares about it. This leaves a large black hole between them into which most important issues and communications fall, lost and, like Clementine, gone forever.

The reason for this state of affairs is that executives are busy asserting their power and their staff are busy trying to impress. So much energy goes into the 'game'. Rarely do bosses and their staff stop and think 'what is our purpose here?' If they asked that question, answered it and acted on the answer then the black hole would disappear.

Why don't they do this? On the bosses' part, it's fear of losing control. On the subordinates' part, it's fear of getting it wrong.

The result: ineffectiveness and a stifling of creativity.

Antidote: Focus on the questions: 'what are we trying to achieve?' and 'how can we support each other?'

Easier route: hire confident people (I mean truly confident people not those who wear it as a mask to hide their insecurity) whose disposition is to be collaborative, who don't need to prove themselves and who are mature enough to say that they don't know, and so ask for help.

The best organizations provide the environment in which collaboration can flourish. Confident, competent people at all levels who share common goals relish collaboration and are open to filling in the 'gaps' in each others' knowledge.

Managers who don't know how to measure what they want settle for wanting what they can measure

For example, those who want a high quality of work life but don't know how to measure it, often settle for wanting a high standard of living because they *can* measure it. The tragedy is that they come to believe that quality of life and standard of living are the same thing. The fact is that further increases to an already high standard of living often reduce quality of life.

Unfortunately and similarly, the (unmeasurable) quality of products or services is taken to be proportional to their (measurable) price. The price of a product or service, however, is usually proportional to the cost of producing it, not to its quality; and this cost tends to be proportional to the relative incompetence of the organization that produces it.

Like economists, managers place no value on work they do not pay for because they can't measure it. Work that has no quantifiable output includes some of the most important work that is done, for example, raising children and maintaining a home. On the other hand, economists place a high value on work that destroys value, because the cost of such work can be measured. Hence the paradox: a prolonged war is a very good way of raising gross national product but reducing quality of life.

When it comes to life goals it's even more basic than that. Managers don't know what they want because they never think about it. One executive told his psychotherapist he was depressed because he felt he wasn't successful. To the therapist he looked successful: good job, great salary, lovely family and beautiful home. She asked how he would know when he was successful. He couldn't answer. He just kept on striving without knowing what he was striving for.

But I agree that, if they get as far as measuring, the measurement is usually quantitative and limited to how much they earn. Certainly the more they earn and the more their standard of living rises the more their quality of life drops. They become trapped by golden handcuffs.

In the workplace it's also true that managers will measure anything that can be quantified in order to be able to set targets. Training is a great example. Many companies measure numbers of days training and numbers of people trained. If the goal is to do lots of training then that's a good measurement. But the goal *ought* to be to develop the workforce to become more skilled. The best organizations explicitly develop employees to fulfil their potential and even advise them on finding jobs outside the organization, if that's what it takes. Measuring skills is harder. It takes time and commitment and, often, the value of training cannot be quantified. How astonishing that such 'input' measures continue to be accepted as valid even though they are value-less.

There is nothing that a manager wants done that educated subordinates cannot undo

The basis of this *f*-Law is as follows: the more *power-over* educated subordinates that managers exercise, the less is their *power-to* get them to do what they want them to.

Power-over is the ability to reward or punish subordinates for meeting or missing their boss's expectations. *Power-to* is the ability to induce them to do willingly what the boss wants them to. Therefore, the ultimate source of *power-over* is physical or economic, but the ultimate source of *power-to* is intelligence.

The effectiveness of *power-over* decreases as the educational level of subordinates increases. It becomes negative when the educational level of the subordinates is higher than that of their bosses.

The exercise of authority is necessary for getting a job done by those who do not know how to do it, as, for example, in using aborigines to build a house. For those who know how to do it, the intervention of authority is an obstruction to getting it done, as, for example, in telling a plumber how to fix a leak.

Power-to also relies hugely on emotional investment. For followers to want to follow they have to feel some sort of emotional connection: loyalty, personal devotion to the vision, a genuine liking of the leader. Any or all of these will do.

It's hard to control any group of employees who are determined not to be controlled. Education sometimes plays a part but not always. However, I've seen many educated employees who have given in to authority for many different reasons. Education, of itself, does not equal the ability to resist unreasonable exertions of power nor the wherewithal to stand up for oneself or one's rights.

The down side is that subordinates who want to resist authority tend to do so in indirect and wily ways. Their ways of protesting tend also to be indirect. This is dangerous for bosses because it means that they may think that they are getting cooperation when actually their subordinates are passively resisting.

The less sure managers are of their opinions, the more vigorously they defend them

Managers do not waste their time defending beliefs they hold strongly - they just assert them. Nor do they bother to refute what they strongly believe is false. For example, they would not defend the statement 'It is necessary for the company to make a profit', or refute the statement, 'It is not necessary for the company to make a profit'. To most managers the former statement is obviously true and the latter obviously false, hence neither requires defense.

Managers consider it futile to argue with those who do not accept what they consider to be obvious. But if one of their opinions of which they are not certain is attacked, they leap to its defense; for example, 'Downsizing is necessary for corporate survival'. It follows from this that a heresy is punished severely only when it involves beliefs that cannot be proven to be either true or false. Religion harbors the largest number of such beliefs. This is why religions experience more heresy than any other social institution. Management handles heretics more humanely than religious institutions. It does not burn them; it fires them.

OK, but only the insecure ones do this. Let's focus on the opposite end of the spectrum too. Good managers are confident in what they know and what they don't know. They actively seek others' help and advice about what they don't know, and they listen to that advice. They're prepared to admit when they're wrong and they're prepared to alter their opinions. If they think they're right they don't mind being challenged and they're prepared to explain and justify their opinion.

Of course this type of manager is rare because it requires putting the ego to one side. Something that most find tough. They would rather be right than effective!

The extraordinary thing is the transformation that can take place when a good manager arrives on the scene. The working atmosphere changes. Staff feel free to say what they think, to express ideas, to voice criticisms and to ask for change. The tone of meetings changes. Work improves. People get on together and work more cooperatively. It's the cheapest and fastest way to bring about a real change in the organization's culture.

The more time managers spend trying to get rid of what they *don't* want, the less likely they are to get what they *do* want

When one gets rid of what one does not want, one is likely to get something one wants even less. For example, getting rid of a television program by changing the channel often yields a program that one wants even less. When DDT was used to get rid of pests it harmed things we did not want to get rid of. Prohibition gave a stimulus to organized crime that was more harmful to society than abuse of alcohol.

The US has the highest percentage of its population in prison and one of the highest crime rates in the world. In a national effort to get rid of crime we intensify our efforts to catch criminals and throw them in prison. Nevertheless, studies have shown that a prisoner released after serving his/her sentence is more likely to commit a crime when released from prison than when he or she went in, and the crime is likely to be more serious.

It is more difficult to define what we want than what we do not want. Nevertheless, a 'getting rid of' strategy is a cop out. Great gains are seldom made easily. Therefore, it is important for managers to know what they would have if they could have whatever they wanted. The best way is to use idealized design. This involves redesigning the organization on the assumption that it was destroyed last night. The only constraints are that the design must be technologically feasible (no science fiction) and able to survive in the current environment. The most effective way of creating the future is by closing or reducing the gap between the current state and the idealized design.

In my view, getting rid of what we don't want *is* an important part of any effective strategy for getting what we want in life in general. In getting what we want, we are often held back by the things we don't want. They drag our attention and energy back. Of course, finding out what we *do* want is crucial too. It's a sequence thing.

A classic example of the problem in organizations is in the area of training and development. Companies spend a lot of time and training budget trying to fix people's weaknesses – trying to make good all-rounders out of all their managers, for example. But most people have neither the aptitude nor the motivation to do everything equally well. It's far more effective to spend time focusing on developing what people are already good at and motivated to do. It's even more effective to select the right people in the first place. And, yes, that means knowing what you want at the outset.

A bureaucrat is one who has the power to say 'no' but none to say 'yes'

Bureaucrats can find an infinite number of reasons for rejecting any proposed change, but can find none for accepting it. Since they cannot say 'yes', if they want to have a proposal accepted, they must pass it on to someone of higher rank. But to do this is to acknowledge a limit to their importance and, therefore, to lose face. Their self-esteem is directly proportional to the number of times they say 'no', and inversely proportional to the number of times they say 'yes'.

In a bureaucracy a 'no' cannot lead to what is considered to be an error, only a 'yes' can do that. Therefore, within a bureaucracy doing as little as possible is the best strategy for avoiding detectable errors.

Maybe also it gives them more of a feeling of power to stop something happening than to allow it. There are two pressures being exerted here. One is external – the bureaucracy within which they work. The expectation of a bureaucracy is that people will toe the line and follow the rules. The second is internal. It may be insecurity that causes them to want to wield power over others; it may be that they don't feel confident taking the risks involved in giving permission for something that those above them may not approve of. Each of these factors feeds the other and reinforces the unproductive nature of a bureaucracy. The best organizations aim to remove the expectation of compliance and eliminate the fear of getting things wrong.

There are obvious bureaucracies – in Britain some Civil Service organizations breed rule-followers. But this type of organisation is what it is and there is an honesty and acceptance about what it is and the limitations that come from that. What's more, everyone knows that Civil Service organizations are bureaucratic – even the people who work in them.

The *really* worrying organization is one that thinks it's something else - the bureaucracy *in disguise*. There are entire organizations that fit this description and others where parts of them are run as stifling bureaucratic systems. These organizations with a deluded sense of what they are really *are* in danger. Because without this recognition they will never be able to change the parts that are holding them back.

The legibility of a male manager's handwriting is in inverse proportion to his seniority

The less legible a male manager's signature is, the higher his rank and the more education he has had.

Female managers are genetically incapable of writing illegibly unless they are physicians. The illegibility of physicians' handwriting is the standard to which all other professionals, including managers, aspire. Illegibility of prescriptions prepared by doctors is responsible for the requirement imposed on pharmacists that they become psychics capable of reading the minds of physicians. The illegibility of handwritten memos from executives is similarly responsible for a similar requirement imposed on their secretaries.

Those managers who have not learned how to write illegibly can nevertheless accomplish the same thing by resorting to obscurity. Computers may help reduce illegibility but they have no effect on obscurity.

The illegible and obscure writings of managers hide what they know (if anything). The illegible and obscure writings of management educators hide what they don't know.

Maybe we should use graphology more. The French swear by it. That way there is no hiding place.

Otherwise, let's promote more women. We are generally much more open, transparent, honest and happy to stand up and be counted. Funny, but these are all characteristics of good leaders too. Men (and bad leaders) spend too much energy on politics, spin, making things look good, or trying to obscure things that are not favourable.

It's changing a little but men of my father's generation were brought up believing that they had to be strong, know all the answers, not show weaknesses and be better than other men. No wonder businesses run by these characters are in such a state: when in doubt, they blag it.

Legibility, rank and sex go together but if it's a man-thing, bring on the women.

The less important an issue is, the more time managers spend discussing it

More time is spent on small talk than is spent on large talk. Most talk is about what matters least. What matters least is what most of us know most about. The more something matters, the less we know about it.

Everyone is an expert on trivia. So everyone can discuss trivialities with equal authority and at great length. This is not true with important issues on which there are alleged experts. Experts, those who know a great deal about a subject, tend to limit discussion to what they know about it. Their authority is vulnerable to new ideas, which, of course, seldom come from other experts, but from non-experts whom experts try to exclude from the discussion.

Experts seldom accept any responsibility for errors resulting from following their advice. However, they accept full responsibility for any successes that result from following their advice, however remote the connection.

This is a serious organizational malaise. Managers feel comfortable discussing trivial issues because there's less at stake. Important issues cause trouble because discussions about them can lead to people taking difficult decisions.

Difficult issues don't usually need experts to solve them. They need willing people to try to understand, evaluate, make a decision and then *do* something. This is risky.

The more difficult the issue the more likely it is that there isn't one right answer. Managers prefer it when there is only one right answer because it lessens the risk of making a mistake. Difficult issues are often also problems whose solution is a journey not a destination. You can start solving the problem only to find that it's not working out as you wanted. Then you need to change course. Many managers would rather *die* than change course. Sometimes there can be overwhelming evidence that the original decision wasn't the best one and that something else needs doing. Some managers see that as having to admit that they were wrong, which they were. They see something wrong in admitting they were wrong. In fact, it's a really valuable thing to do.

In the best organizations, people have no qualms about changing course or admitting that they were wrong. Their aim is to resolve an issue.

When Edison invented the light bulb it took thousands of attempts. He saw each one as increasing his understanding of what didn't work. He didn't see them as failures.

The more important the problem a manager asks consultants for help on, the less useful and more costly their solutions are likely to be

Consultants begin their engagements by gathering very large amounts of data, much more than can be transformed into useful information. No wonder! Their fees are proportional to the amount of time they devote to a problem, not to the amount of good that they do.

The most successful consultants are the ones who are smart enough to see what managers want and give it to them after an extended effort, and do so in long, impressively formatted reports. They provide sanctions for a fee.

The principal finding obtained by all studies conducted by consultants, regardless of the issues involved, is the need for more study. The success of a consultant's effort is not measured by the amount of good it does for the client, but the amount of good it does for the consultant.

It's astonishing that, in these days of obsession with return on investment, consultants are not held to account more than they are. There are three reasons for this:

1. Executives are seduced by data - the more they have, even if it's useless, the more it makes them feel in control.
2. The CEO or someone else very senior usually hires the expensive consultants. Who is going to challenge the CEO's decision?
3. Consultants set themselves up as experts. This provides the executive with another hiding place. "If the expert says so who am I to disagree"?

Consultants - unlike the rest of us - do indeed manage to escape being accountable. The higher their fee, the less accountable they become. The more complex and costly their solutions, the more unlikely it is that they'll be challenged.

Who's going to want to point out that some senior executive's decision to hire consultants has been a huge waste of money?

The best organizations, by the way, are more likely to use internal consultants, form employee problem-solving teams or hire customers and suppliers to solve problems for them.

Managers cannot learn from doing things right, only from doing them wrong

Doing something right can only confirm what one already knows or believes; one cannot learn from it. However, one can learn from making mistakes, by identifying and correcting them. Nevertheless, making a mistake is frowned upon in most organizations, from school on up, and often is punishable. To the extent that recognition of mistakes is suppressed, so is learning.

There are two types of mistakes. Errors of commission consist of doing something that *should not* have been done. Errors of omission consist of not doing something that *should* have been done. Errors of omission are more serious than errors of commission because, among other reasons, they are often impossible or very difficult to correct. They are lost opportunities that can never be retrieved.

Organizations fail more often because of what they have not done than because of what they have done. (Similarly, it is worse to deny a truth than accept a falsehood.) But errors of omission are seldom recorded and accounted for. So, executives who cannot get away unpunished for doing something they should not have done, can usually get away with not doing something they should have done. Since errors of commission are the only type of mistake accounted for, a security-seeking manager's optimal strategy is to avoid such errors by doing as little as possible, including nothing. The most successful executives are those who can create the appearance of doing a great deal without doing anything. Herein lies the root of an organization's disinclination to change.

We come back to the key to successful organizations: the ability and willingness to learn. Big leaps in growth and learning are accompanied by difficulty and pain. That's as true for individuals as it is for corporations. We don't tend to learn when we are toddling happily along. There is no reason for us to.

The opportunity for real and useful learning comes in the face of adversity. Some choose to take that opportunity; some don't. The latter keep on repeating the same mistakes their life over. For them, there is no chance of change as much as they say they want it. The same is true for organizations.

When people are good at something and you ask them how they do it they often cannot answer. That's because they are *unconsciously* competent and cannot dissect what makes them good. The people who achieve real mastery at something know what it is that makes them so good. *Think sportsmen*. They learn from their own failures as well as their successes. They are consciously competent.

If managers became consciously competent then they too could learn from doing things right as well as doing things wrong. This would be a real competitive edge.

The amount of irrationality that executives attribute to others is directly proportional to their own

Executives almost always consider themselves to be rational. But they tend to consider all those - subordinates, competitors, suppliers, customers - who disagree with them on any issue to be irrational. This *is* irrational.

For example, executives of a foundation that supported family planning efforts in developing countries considered the large number of children produced per family in these countries to be irrational. The fact is that few of these countries provided any form of social security; therefore one could only survive the unemployment that inevitably came with age if one had enough children to provide financial support. To try to convince those with no access to social security and insufficient income to provide it for themselves, to have fewer children is to ask them to commit a delayed suicide. Now who is irrational?

In an organization, problems created by the behavior of others cannot be solved by assuming them to be irrational. They can only be solved by assuming the others are rational, finding the point of view that makes them so, and addressing that rationally. The first detergent on the market failed despite its superior cleaning power. Attributing this to the irrationality of the housewife led nowhere. But assuming she was rational and trying to find its basis revealed that she estimated the cleaning power of a product by the amount of suds it produced. The original detergent produced none. *Tide* then came onto the market producing suds and success.

The problem isn't that irrational managers accuse others of being irrational, it's that they don't have the skills needed to listen to, and understand, other peoples' point of view. Had the soap powder executives found what the housewives really wanted they wouldn't have provided something that didn't hit the spot. It's a basic but common mistake. Managers either assume that others think the same way as they do or they're not really interested in finding out.

In sales or marketing it's really important to listen and to understand your customers' needs. If you don't, you're unlikely to get the business. I've been shocked that many sales people can't do this. They listen for just long enough to get what they think is a buying signal and start talking about their products. Real listening and the desire to understand are critically important for businesses. Lots don't realise it - few do it well.

Listening is different to hearing. Good communicators assume they *don't* necessarily know what people mean. For example, if a customer says he wants an easy-to-use mobile phone we have to find out what he means by easy-to-use; his definition may be very different from ours. If we *do* find out then we've listened and are much less likely to judge him to be irrational. We can also make the kind of phone he wants.

The best managers are genuinely interested in finding out what other people think and have superb listening skills.

There is no point in asking consumers - who do not know what they want - to say what they want

Many new product and service introductions have been disastrous despite the extensive surveys conducted to show that there is consumer interest in, and intention to buy, such a product or service. These surveys have incorrectly assumed that most consumers know what they want.

Consumers can discover what they want in products and services by designing them. It is in design that people find what they want. Furthermore, consumer involvement in product/service design almost always gets creative results.

Two examples. A group of men designing their ideal men's store discovered that they did not want the lowest price for clothing of a specified quality but the highest quality for a specified price. (They decided how much they were going to spend before going shopping.) Second, they wanted clothing arranged by size rather than type so they could go to one part of a store where all types of clothing in their size were gathered. (Because they disliked shopping, they waited until they wanted to buy several things before they went shopping.) Third, they wanted saleswomen, not salesmen, because they said 'You can't trust a man's opinion of how you look'. Finally, they wanted sales personnel to be available only when asked for.

Then, a group of airline passengers playing with a mock-up of an airplane's interior found out how to arrange the seats so each one was on an aisle, and do so without decreasing the number of seats or increasing the number of aisles.

It's astonishing that focus groups are still the method most organizations (including political parties, of course) use to determine what consumers want.

We know the problems:

- § Participants want to impress the people running the group, or to be liked by them
- § People's private intentions (never mind their publicly stated ones) seldom match the reality of their behaviour
- § Sometimes we lie to ourselves
- § We don't know ourselves as well as we think we do

The best organizations are starting to use customers in more and more creative ways - including asking them to design their products. Software companies have been using their best customers to beta-test products for years. Some organizations employ customers on part-time or short-term contracts. The best organizations go further and employ their most vociferous critics. Maybe this is the direction that political parties will go. Already in the UK, the leader of the Conservative Party has hired environmentalist Zac Goldsmith (and a natural enemy of the Tories) to lead his environmental policy group. This *ought to* work better than the Labour Party's endless focus groups.

Overheads, slides and power point projectors are *not* visual aids to managers. They transform managers into auditory aids to the visuals

Black, white and green boards and easels-and-pads are visual aids, but slide, overhead and power point projectors are not. They eliminate the need for the speaker to think while talking. The speaker is frequently viewed as an obstruction to reading what is projected.

In general, the more artistic projections are, the less significant is their content. Copies of slides or overheads distributed beforehand eliminate the need for members of the audience to pay attention to the speaker and remove any guilt they might feel by not doing so. This is not altered by the fact that the handouts are seldom used after the presentation. Their principal function is to provide evidence of attendance. They also provide those in the audience with something to occupy their minds while the speaker drones on.

In addition, a speaker who reads what is on the screen insults a literate audience unless he or she had the foresight to make the projections illegible or incomprehensible.

Agreed. PowerPoint is an overused tool. Instead of using it to enhance their presentations many managers use it as a crutch, a way to make sure they remember what they're going to say and a focal point that takes their audience's attention away from them.

If a presenter is skilled and persuasive it doesn't matter what type of visual aid he uses, he will influence the audience. If he isn't then he'll bore the audience no matter what he does.

Good presenters tell a story, using the Emotional Intelligence skills of empathy and affect to establish a rapport and build a connection with their audience. Before PowerPoint was invented people tried harder to develop these skills. Technology disables people and communication just as often as it enables them. Technology like PowerPoint helps managers forget that they are talking to human beings who actually need to be engaged and who listen more when they can respond emotionally to a presenter.

This is a reminder that the best organizations almost always put emphasis on interpersonal skills.

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