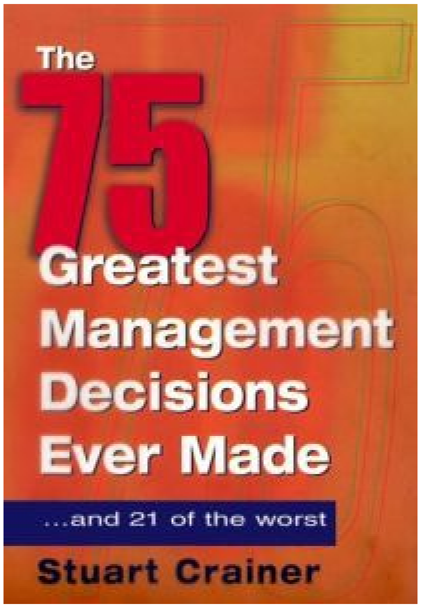

Book The 75 Greatest Management Decisions Ever Made

...and 21 of the Worst

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Recommendation

Great authors, historians, musicians, and sports stars are usually included in end of the year "best" lists. Managers rarely show up on such lists. This book highlights 75 history-making management decisions that changed the way we think, live, and work. The decisions profiled remind executives that great management requires experience, vision, the ability to take risks, and good luck. This entertaining volume also covers 21 truly mistaken management decisions, a valuable contrast. *BooksInShort* recommends this book to executives and managers who would like to be able to recount colorful war stories about some ups and downs in the evolution of management.

Take-Aways

- Inventing an industry is one way to ensure your place in the management hall of fame.
- "In business, names matter."
- Do not underestimate the power of marketing.
- Trust and follow your gut instinct. If a decision feels right, it probably is.
- Putting ethics before profit yields its own reward.
- Recognize your strengths and weaknesses. Identify your skills and work to improve them.
- Establish your values. Do what you love.
- Establish and maintain a competitive advantage by being cheaper, better, or faster than the competition.
- Go crazy. Take risks. If you have a bright idea, share it. Have the courage and the strength to carry out your idea even if it makes people laugh.
- You can not manage the market or your stockholders. You can manage people. Listen to and respect your people, or you will lose your most valuable asset.

Summary

Great Management Decisions

What makes a management decision great? It's hard to quantify or classify which management decisions will bring success and which ones will bring failure. Making a good decision is a combination of factors: imagination, courage, experience, and sometimes just plain luck. Good managers are good listeners. They can bring ideas to fruition even if they didn't originate the ideas. However, good managers also follow their gut instincts. They are not afraid to challenge the status quo, especially if they strongly believe in an idea and feel they are right. The following examples of the world's greatest management decisions show these common strengths.

The Birth of Advertising

One hundred years before the birth of Jesus Christ, someone lost a slave named Shem in the city of Thebes. The owner publicly offered a "whole gold coin" for returning the slave. Today, it's hard to imagine a world without advertising. You see advertising on billboards while speeding along the highway, on television when you're watching the nightly news, and on the Internet when you check stock quotes. You hear it on the car radio and see it on hot air balloons at sporting events. Because advertising comes in so many different forms, you cannot escape its pervasiveness. Whatever physical form it takes, advertising is designed to do one thing. It sells your company. Few companies would be successful without advertising. Shem's owner invented an industry, which is something few people can claim.

What's In a Name?

Thomas Watson Sr. is not a household name, but he created one of the world's most admired companies. Under Watson's leadership in the early 1900s, the Computing Tabulating Recording Co. nearly doubled its sales from $4.2 million to $8.3 million. You probably never heard of this company, but perhaps you will recognize its second name. Watson changed his company's name to International Business Machines (IBM) in 1924. In doing so, he created a self-fulfilling prophecy. IBM was not an international company in the 1920s, but the name change reflected Watson's dream of a firm that would change with the times. The Computing Tabulating Recording Co. sold butcher's scales and meat slicers before selling more sophisticated tabulating machines, such as calculators. IBM wouldn't be the behemoth it is today without its legendary founder who had the foresight to think big and expand internationally.

Brand New Extensions

Despite such new-fangled toys as Nintendo and Beanie Babies, dolls never go out of fashion. Consider the case of Barbie. If Barbie were real, she would be a freak standing seven-feet tall with a size 40 bust and 22-inch waist. Although critics say her disproportionate figure contributes to lower self-esteem among girls, it hasn't stopped sales. Despite her success, something was missing in Barbie's life. Mattel, the company that produces Barbie, introduced Ken in 1961. Ken paved the way for other dolls that complement Barbie. Barbie has also matured. She has been an astronaut, surgeon, diplomat, business executive, aerobics instructor, airline pilot, and athlete. Barbie provides two valuable marketing lessons: Develop "add-ons" to your product or service, and grow and change with the market.

Listening to the Beat Within

Akito Morita (born 1921) and Masura Ibuka (1908-1997) founded Sony - America's most respected brand - according to one Harris poll. Originally called the Tokyo Tsushin Kogyo company, Sony sold its first tape recorder in 1950 in Japan. Seven years later, the company made a pocket-sized radio. By 1958, Morita and Ibuka had renamed their company Sony, based on the Latin word for sound: sonus. Sony is famous for several electronic products, but its crowning achievement was the Walkman. The Walkman stemmed from Morita's observations that young people liked music and were always on the go. "I do not believe that any amount of market research could have told us that it would have been successful," Morita said about his invention. "The public does not know what is possible, we do." Morita did not conduct any scientific studies or polls to prove that consumers would buy the Walkman. He instinctively knew they would. Morita had an idea and followed it. The Sony story proves that some of the best decisions come from within.

Ethical Leadership

Levi-Strauss & Co., the world's largest apparel company, continually wins awards for its ethics. Top business leaders regard it as the "most ethical private company" in the United States. Two major events secured its reputation for integrity. In 1906, an earthquake and later a fire destroyed company headquarters and two factories. Levi-Strauss extended credit to its wholesale customers so they could recover their losses. The company built a temporary office and kept employees on the payroll. It also continued to pay its employees during the Great Depression. While other companies measured performance by revenues, Levi-Strauss based its decisions on adhering to its corporate "aspirations statement" as well as the bottom line.

> "Good companies will meet needs; great companies will create markets."-- Philip Kotler, marketing expert

Published in 1987, this "aspirations statement" requires all employees to demonstrate leadership in "modeling new behaviors, empowerment, ethical management practices, and good communications." Their strategy has proved successful so far; management turnover at the San Francisco headquarters is just 1.5 percent annually. Declare your company's intentions, and remember that trust is earned.

Infrastructure Matters

The Incas, a diverse group of six million people spread throughout modern South America, could show today's managers how to rule a wide spread empire effectively. During the fifteenth century, the Incas controlled modern Peru, Ecuador, Chile, Bolivia, and Argentina. A system of administration based on numbers of ten - the precursor to the decimal system - remains one of their major contributions to the modern world. The Incas also created a vast network of administrative centers and food warehouses. Most importantly, the Incas built a 23,000 kilometer road system by training runners to pass on messages to their various administrative centers and forts. Logistics matter. Speed is a vital part of a global business; you must be able to quash turmoil quickly. Standardizing your administrative processes is also important but beware of overkill. The Incas' massive empire only lasted 100 years.

Directions

Imagine a world without Peter Drucker. Without a telephone call in late 1943, Drucker would not have become the "founder of modern management." Drucker was born in Austria in 1909. His father, Adolf, was the chief economist in the Austrian civil service. Drucker himself was a teacher and writer before becoming a journalist and immigrating to the United States in 1937. In 1943, Paul Garrett of General Motors (GM) phoned Drucker and invited him to study GM. Drucker's observations appeared in his 1946 book, Concept of the Corporation, which revealed a highly developed social system within the economical powerhouse. Since then, Drucker has produced nearly thirty books about every aspect of management including Managing for Results (1964) and The Effective Executive (1966), both of which were revolutionary in their time. The phone call piqued Drucker's interest, and he followed his heart. Drucker's life may have taken a different direction had it not been for that fateful phone call.

Printing Power

Establishing a competitive advantage is not easy. Rupert Murdoch, a multibillionaire with more than 780 businesses in 52 countries, redefined the newspaper industry in the mid-1980s. In 1985, Murdoch built a printing plant at Wapping that did not require union labor. On January 25, 1986, his Wapping plant near London printed four million newspapers from computers that transferred editorial content directly to paper. Murdoch emerged victorious despite the war that picketing printers and union members waged at Wapping. He streamlined his business operations and substantially reduced costs. From his humble beginnings at The Adelaide News in 1952, Murdoch proved to be a savvy businessman. He borrowed money to buy weak newspapers, so he could remake them. He repaid his loans on time, so banks began to trust him. Today, Rupert Murdoch's News Corporation owns The London Times, The News of the World, the Los Angeles Dodgers, HarperCollins, 20th Century Fox, Star TV, and much more.

Seizing Opportunities

Once upon a time, two McDonald brothers owned a barbecue restaurant in San Bernardino, California. Dick and Maurice (known as "Mac") noticed that their customers didn't like waiting for food. Their idea of "fast food" became a reality when they established the first McDonald's in December of 1948. Customers could buy a hamburger for fifteen cents, a malt drink for twenty cents, and fries for ten cents. The brothers eventually opened eight restaurants. One customer, kitchen equipment salesman Ray Kroc, felt Dick and Mac were on to something big. In 1954, Kroc purchased the United States rights to the McDonald's restaurants. In 1961, he bought the world rights. Today, 38 million people eat at McDonald's every day. Although the McDonalds had a great idea, Kroc seized the real opportunity. Kroc carried out his vision by insisting on quality, cleanliness, and uniformity.

The Golden Rule

Not much is known about the Roman Emperor Hadrian besides the wall he built. Hadrian, who ruled from 117 to 138, advocated "people power" long before such buzzwords existed. As a young man, Hadrian joined the army and shared the same conditions as his troops. He even refused to wear a cloak or cap, regardless of weather conditions. He made sure that all Roman mines had bathhouses, so miners could wash after work. This made him popular with constituents, but not with other leaders. Hadrian traveled extensively rather than ruling from Rome. He forbade castration and demanded that slaves be treated fairly. Some historians call Hadrian a "modern monarch" because of his management style. Hadrian's biography reminds executives to practice what they preach.

Other Great Decisions

Other great decision-makers include such innovators as Henry Ford, Steve Jobs, and Bill Gates. Ford's decision to mass-produce his automobiles is mentioned frequently as one of history's greatest management decisions. Jobs, founder of Apple, built the first personal computer in his garage in 1977. However, Gates, founder of Microsoft, persuaded eighty percent of computer owners to use his operating system, not Apple's.

The Hall of Infamy

Oddly enough, some of the worst management decisions are linked to some of the best. For every success, hundreds of failures exist. For instance, in 1899, Asa Candler sold Benjamin Thomas and Joseph Whitehead the bottling rights for Coca-Cola for $1. Candler mistakenly thought the drink would be sold at soda fountains. Apple makes the hall of infamy for its refusal to license its Macintosh operating system to other manufacturers, forcing customers to buy only Apple computers. If Apple had given up control, it might be where Microsoft is today. Although Henry Ford is credited for introducing the concept of mass production, the credit should go to Honore Blanc. Blanc, an eighteenth century French gunsmith, realized he could use unskilled laborers to make interchangeable parts. However, the French government vetoed his idea, reasoning that it didn't make sense to make only part of a product.

About the Author

Stuart Crainer, a business and management writer, contributes to a number of leading business publications including *The Financial Times, Across the Board* and *The Times* of London. He has written many books including *The Ultimate Business Library, The Ultimate Book of Business Quotations*, and *The Ultimate Book of Business Gurus*. He lives near Oxford, England.
