

CEEMAN Dialogues – an interview with Charles Handy



Photo Elizabeth Handy



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Leadership on the Sympathy and Opportunity Side of the Equation

Charles Handy is widely recognized as one of the leading social thinkers and management philosophers of modern times. In a 2001 survey commissioned by *FTdynamo.com*, he was ranked as the world's second-most influential management guru, after Peter Drucker. He continues to feature among the top names in Thinkers 50, the list now published by *Times Online*.

After college, Handy worked for Shell International in London and South-East Asia and left his management position at the multinational company in 1965. After attending an executive program at the Sloan School of Management at the Massachusetts Institute of Technology, he returned to the UK to design and manage the only Sloan Program outside the US. At the time executive programs were an innovation in the UK and Europe in general, to which Charles Handy added his own innovative approaches such as use of theatre, literature, and arts in the learning process.

As a co-founder and professor at London Business School specializing in managerial psychology, and later as an independent writer and broadcaster, he has left a huge legacy which has gone beyond this prestigious institution and management discipline in the narrow sense of the word.

From 1977 to 1981, Handy served as Warden of St. George's House at Windsor Castle, a private conference and study centre concerned with ethics and values in society. He was Chairman of the Royal Society of Arts in London from 1987 to 1989. He holds honorary Doctorates or Fellowships from 12 British Universities and was appointed CBE in 2000.

More than 30 years ago he started writing and publishing books on management, which started painting an interesting, inspiring, and for some people provocative picture of the future organization and work force restructuring. His books dealt with the fast technological progress, structural, institutional, demographic, social and psychological changes, and their implications on business models, managerial practices, and leadership challenges but also went deeper into the fundamentals of social organization, the purpose of business, ethics, and the meaning of work and life at an individual level.

His books on these themes have sold well over a million copies around the world in all the principal languages. Among them are modern classics such as: *Understanding Organizations*, *Gods of*

Management, The Age of Unreason, The Empty Raincoat, Understanding Schools as Organizations, Understanding Voluntary Organizations: How to Make Them Function Effectively, Beyond Certainty: The Changing Worlds of Organizations, Inside Organizations: 21 Ideas for Managers, Hungry Spirit – Beyond Capitalism: A Quest for Purpose in the Modern World, The Elephant and the Flea: Looking Backwards to the Future, The New Alchemist: How Visionary People Make something Out of Nothing, and the newest ones: Myself and Other More Important Matters (his autobiography) and The New Philanthropists – The New Generosity.

The 16th CEEMAN Annual Conference in Tirana will be the first CEEMAN event at which Charles Handy will present, although he already cooperated with CEEMAN member institutions before. An example of this was the Dubrovnik Leadership Forum “Inspirations for Leadership”, co-organized in 2005 by the IEDC-Bled School of Management, Bled, Slovenia, and ESMT–European School for Management and Technology, Berlin, Germany.

One of the key focuses of that event was a question which Danica Purg, President of the IEDC-Bled School of Management, formulated as: *If it is important to be more reflective and more creative, if it is important to have an openness to the arts, how then to bring the arts into management development, how to unlock the imagination?*

In addressing the question Charles Handy presented in his keynote speech several fascinating stories from which he offered the following three conclusions:

- *The most important and influential leaders are the indirect leaders, those that change a mood or a paradigm. They help people think differently on how things could be. We should spend more time talking and thinking about this type of leadership.*
- *People remember images and sounds more than they remember words. Language is memorable when it creates visual imagery. That's why good art lingers in our heads.*
- *There is a need for bringing in emotion in how we educate people. It is the emotion that one learns from. So if one wants to have leaders create a better future, one has to create a mood, an emotion.*

With all this in mind we have asked Charles Handy to share with us his view and ideas on a whole spectrum of issues that are relevant for the topics to be discussed at the the 16th CEEMAN Annual Conference and those that are at the very heart of the CEEMAN's mission of improving the quality of management development.

Our questions related to the dramatic changes taking place in the environment and their implications for the organizational, managerial, and leadership responses that are emerging or need yet to be developed in order to successfully cope with the related challenges and opportunities. We have also asked Charles Handy to share with us his thoughts on the role of business in society. We also wanted to learn about the profile of the new generation of leaders and whether and how leadership could be taught and/or developed.

Last but not least, we were eager to hear from Charles Handy about his ideas on what business schools could and should do to create a new generation of leaders by developing appropriate educational programs and processes but also by attracting high-quality people, the best of the best, those who could find business and leadership as the areas in which they could dream their dreams and contribute to a better world.

We have also asked Charles Handy to comment on the business challenges and managerial and leadership issues facing transition and emerging economies.

Charles Handy took the questions very attentively and approached them in his own way, in his own style. He integrated his answers into an elegantly and thoughtfully interwoven piece that represents his personal response to the key issues we asked him to address.

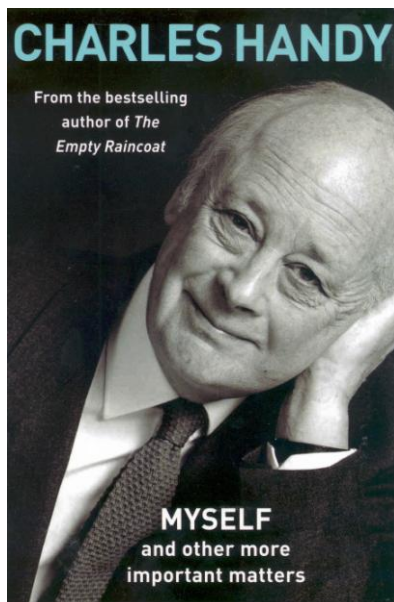
Charles Handy

I look forward with great enthusiasm to meeting the members of CEEMAN in Tirana in September. The world of business and of the schools that feed that world could, I feel, do with a new approach as we enter what looks like being a perilous few years for many economies, caused, in part at least, by the behavior of some of the businesses that we once admired. The new players on the scene, the organizations, and the schools of the emerging economies, may be best placed to bring new thinking to a jaded world.

Thirty years ago I suggested in my book *Gods of Management* that organizations needed a mix of at least four organizational styles or cultures to do their best work – different styles for different functions. I gave these styles the names of the gods of ancient Greece.

I still believe this to be so but organizations typically find it easier to work with one or, at most, two of the styles, usually a mix of the autocratic Zeus style and the bureaucratic Apollonian one. These can work well in a stable world but to cope with change and creativity the looser styles of the team-based Athenian culture or the individualistic Dionysian style are needed.

The opportunity for organizations in the emerging economies is to by-pass the old-fashioned ways of the older economies and build looser more flexible structures and procedures. It requires courage to discard the old and explore the new but that way the future lies.



For the same reason the older economies find it hard to leave behind the ways that worked so well before. The new call-centers look just like cleaned up factories with workers in rows, their performance measured, their hours controlled. The new freedoms made possible by new technologies are ignored, the technologies too often being used instead to monitor and control.

As Kofi Annan pointed out at the millennium gathering of the United Nations, the one thing we should have learned from the last century was that centrally-controlled organizations don't work. Alas, too many businesses still believe that they do, but they are often measuring efficiency (the process) rather than effectiveness (the result).

Federal models of organization, where power is dispersed so as to be nearer to the action, have to be the way forward because they allow decisions to be taken closer to the end result. Once again, businesses in the emerging economies can bravely go where their older competitors fear to tread.

Most crucially, however, the opportunity is there to reinvent capitalism as something that is good for all society, not just for the favored few at the top. Business is increasingly seen as self-interested and its leaders as selfish, linking their rewards to the shareholders' interests rather than those of the customers. The implicit social contract under which business is allowed the huge privilege of limited liability in return for the benefits it brings to the rest of society is under threat.

The benefits are unclear to many. That is why social responsibility has become so relevant in recent times – but the words alone are not enough. Companies must be seen to be working for their customers, their communities, and for their workers before their owners. The pleasing irony is, however, that if they do this the owners are likely to be better off in the end as well. But if they are not seen as working for society as a whole, then society is likely to restrict their freedoms and responsibilities, which would ultimately be bad for all of us.

Of course, all this requires imaginative leadership. It has to be a leadership that believes passionately that great things can be done by committed people and that good people, properly trained and well-informed, can be trusted to deliver. Surveys consistently show that people like to feel that they can make a difference, that they want a purpose that is greater than themselves.

As Bill Gates recently said, there are two drivers in human nature, self-interest and a concern for others. It is, after all, what Adam Smith said so long ago, only he called it sympathy, saying that it was this concern for others that bonded society together and gave license to self-interest.

By neglecting the sympathy side of the equation we have risked losing our license for self-interest. It is these sorts of beliefs that create great leaders. They need, however, to come with the ability to communicate these beliefs to others and with the generosity of spirit that can recognize that others can have talents and skills that can complement not replicate yours.

Business schools, of course, have an important role to play in all of this because they stand, or should stand, at the head waters of the managerial system. Too often, however, they see their role as mere intermediaries, passing on the practices and processes of the businesses they seek to serve, following, not leading their profession.

What they call research is often mere tabulation of current best practice, often past practice by the time it is published. Even their organizations seem to mirror those of the businesses around them, organizations which, I believe, are out of date and often no longer fit for purpose in a changing world.

I would like to see the schools being more intellectually curious, more challenging of accepted ways, bolder in their thinking, places where leaders of industry come to listen rather than speak.

I remember once, in my days at the young London Business School, when a journalist rang up to ask me what the school thought about some looming crisis. I found myself saying that the school, as a school, did not think, did not have a view on this crucial issue, although, of course, I added, some individual members of staff might have something to say.

As I heard myself saying this I thought how sad it was that we were not organized to give a view on major contemporary issues. Things may be different now. I hope they are.

I confess that I have long had lingering doubts about whether one can in any real sense teach leadership and management as opposed to business. The ways, processes, and mechanisms of business and the economy can indeed be codified and taught in a traditional way.

That is obviously useful, not only to would-be managers but also to almost all citizens. I could argue that business studies should be a compulsory part of a general school or university curriculum and it is no surprise that business studies is now the most popular degree course at British universities.

Management and leadership are different. They can, I am sure, be learned but not often in a classroom. I was told the other day that not one of the 15 native languages of India has a word for teach, only one for learning. I liked that, be it true or not.

In Britain, as in most countries, our traditional professionals are “formed” (to use the old language of the Catholic Church) through a mix of classroom instruction and mentored experience, be they accountants, doctors, architects, or lawyers.

Why, I often wondered, did we start to do it differently for managers? Could it be, I wonder, that the business schools are too closely linked to the university systems, with all their academic research requirements, intellectual hierarchies, and procedural rules? Would a looser structure provide better opportunities for scholars and practitioners to cooperate to provide a more integrated formation process for future managers and leaders?

As it is, the schools typically put the apprenticeship period first and then add the academic bit, accepting into their courses only those who have proved that they can indeed manage something.

As I once said to the selectors at the London Business School, “take only those who in one sense do not need to come here” because, having already proved their managerial competence, we can then teach them some useful techniques and practices. But, I always wondered, were we not then perhaps missing



out on the best and the brightest, those who had found their own way in the world and had concluded that they did not need such schools as ours? Were we to be left with the best of the second-best, the ones who felt that they needed a bit of help up the ladder of their own careers?

This year Harvard Business School has been celebrating its centenary. One of its professors, Rakesh Khurana, has published a book reflecting on the history of American business schools, *From Higher Aims to Hired Hand*.

He argues that the market has forced schools to cater to the naked personal ambitions of its students who are only interested in maximizing their own wealth, not in transforming or leading great organizations. It is a sad commentary on a hundred years of history. The world and business deserves better. Who better to lead the way than the newer arrivals?