

Bookshelf

■ The Customer Comes First

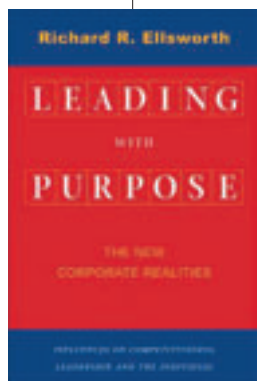
Many corporations—and business schools—focus on maximizing shareholder wealth as the only way to measure a company's success. Yet, judging success by shareholder wealth is an extremely inaccurate yardstick. The narrow emphasis on short-term profits often dooms a company to failure by sacrificing its future, because it requires that so little money or energy be invested in R&D, employee retention, or competitive advantages. A better method for determining a company's success and future course of action is to focus on corporate purpose, which is always to serve the customer.

So argues Richard R. Ellsworth—very persuasively—in his book *Leading with Purpose*. A corporation that makes all decisions based on how to serve the customer will have every other variable fall into place, from research and development allocations to market strategies. “A customer-focused corporate purpose provides the key to understanding performance and to enhancing the lives of those the company serves and those who serve it,” Ellsworth notes.

Concentrating merely on profits that can be funneled back to shareholders puts all that at risk. Ellsworth offers statistics drawn from a study of 23 companies with value systems variously built around the customers or the shareholders, or a balance of the two. Those that were customer-focused exceeded their industries' median performance by 36 percent; the shareholder-

focused companies did significantly less well.

That's one of the tidbits that should give pause to corporate leaders dedicated to maximizing shareholder wealth. Another is even more compelling, as Ellsworth points out the transitory nature of the shareholders' investment in the company,



since they can buy or sell shares at a moment's notice and have no real commitment to the long-term success of the corporation. “Does the shareholders' almost total lack of personal responsibility for the company's actions lessen their claim to property rights to the underlying cor-

porate assets?” he asks. A few paragraphs later, he makes an even more chilling point: “By arguing that their overriding allegiance is and should be (both legally and morally) to the shareholders, senior managers can align themselves with one of their most docile major constituencies and thus increase their professional freedom.”

A long chapter on what individuals want from a work environment is well-researched and fascinating, tracing man's relationship to his job through religious, psychological, and historical contexts. Individuals who find some personal fulfillment in their jobs remain more loyal, are more motivated, and help the company retain the “embedded knowledge” that is so critical to the company's continued success. Yet even employee satisfaction is not more important than the overriding need to serve the customer. It is just a bigger part of the equation, in

Ellsworth's view—and he makes an extremely good case for his opinion. (Stanford University Press, \$35)

■ Organizational Ethics

The recent spectacular collapse of corporations from Enron to WorldCom has incited a new interest in business ethics, and Tim Hatcher's *Ethics and HRD* arrives right on time. In this complex, balanced book, he examines the issues that are driving the need for ethical behavior and corporate social responsibility—and then he dissects the various doctrines of corporate behavior, corporate worldviews, stakeholder theories, and leadership models that are most likely to lead to ethical behavior and social responsibility.

Though it is clear that Hatcher's own sympathies lie with environmental and social ethicists, he analyzes all theories with a thorough and detached approach. For instance, after a comprehensive discussion of the four major worldviews that dominate corporate cultures, he does not simply advocate the worldview of the “virtuous organization,” in which organizations foster the “good society” and feel an obligation to build a better world. Rather, he notes, “The ability to see and understand our own worldviews and acknowledge others' worldviews is a mark of socially conscious and values-based leadership.”

How do ethical practices relate to human resources development—which is, after all, a part of the book's title? Hatcher's basic premise



is that the field of HRD is still evolving, and thus its understanding of and promotion of ethical behavior is still somewhat undefined—but full of promise. “Can we relinquish responsibility to top management so easily? Human resource development professionals are just as guilty and the profession of HRD is as culpable as any CEO or top manager,” Hatcher writes. Thus if HRD professionals understand the necessity of ethical behavior, they can be at the forefront of defining corporate codes of ethics and training employees in socially responsible behavior. But to lead the charge, they first have to understand the issues; and that’s the mission of this book. (Perseus Publishing, \$32.50)

■ Brave New World Order

The great corporate leaders of the past are giving way to the volatile young Internet geniuses of the present, and the baton is being handed over in a world that has changed so completely in 50 years that virtually none of its touchstones are the same. Scary? Not to Warren G. Bennis and Robert J. Thomas, who compare the leadership styles and basic psychology of the two groups in the entertaining new book *Geeks & Geezers*. Their premise is that

leaders are partly a product of their eras, partly a product of some defining “crucible” of experience—and only partly a product of their own individual characteristics.

The authors offer concise descriptions of the two contrasting eras under consideration. Geezers, who grew up in the “Era of Limits,” were formed by the experiences of World War II. They value security, believe in a reward system, revere a list of heroes, and are highly patriotic. Geeks, who grew up in the “Era of Options,” are accustomed to constant change and value experimentation. Geeks have few common heroes and are focused on achieving balance in life. Geezers are built for endurance; geeks are wired for speed.

These two wildly different creatures do share some leadership traits, the most critical one being an adaptive capacity, what the authors call “the defining competence of everyone who

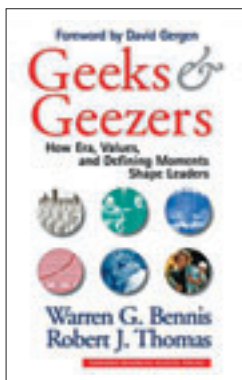
retains his or her ability to live well despite life’s inevitable change and losses.” They also have undergone life-changing experiences—from imprisonment to extraordinary mentoring—that have inspired them in their search for achievement.

The book is peppered with anecdotes from both the geezers (all over 70 years old) and the geeks (all under 35). An appendix lists the impressive credentials of the 25 geezers and 18 geeks whose experiences make up the basis for the book. Whether you’re geek, geezer, or middle-aged management pro who falls somewhere in between, you’ll be intrigued by the thesis offered up here. (Harvard Business School Press, \$26.95)

Quick Looks

Gary B. Brumback’s *Tall Performance from Short Organizations Through We/Me Power* presents a strategy for managing organizations through teams that are self-motivated, empowered, and ethical.

Whether you’re geek, geezer, or middle-aged management pro who falls somewhere in between, you’ll be intrigued by the thesis offered up here.



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“Short” organizations are those without multiple layers of management between the workers and the executives. “Tall” performance is that given by workers who help set their own high expectations for behavior. Brumbach’s theory is that workers who are directly responsible for themselves and the success of the company will almost always perform at a high level—and if not, their shortcomings will be easy to identify and potentially correct. As the author notes, some of the principles are obvious, but that doesn’t mean they’re actually in place in all business organizations. (1stBooks Library, \$3.95 electronically or \$7.50 plus shipping and handling for the paperback)

better employee whose improved performance enhances the corporation’s bottom line. The book covers the need for coaching, the best way to approach certain employees who might not seem coachable, how a manager can improve his own coaching skills, and much more. (SAGE Publications, \$34.95 paperback or \$79.95 hardcover)


Grey House Publishing has produced the third edition of *Nations of the World*, a massive reference book that truly lives up to its subtitle as “A Political, Economic and Business Handbook.” Each entry begins with details about that particular country, including its official language, currency, square mileage, population, and gross domestic product, and goes on to offer quick essays on the country’s critical issues of the day. Entries cover topics such as the dress code, media outlets, passport requirements, working and banking hours, health precautions a visitor should take, and what telephone codes are used by major cities. Business directories at the end of each entry list contact information for banks, chambers of commerce, Internet sites, and travel offices. The book is an important and useful reference tool for any institution whose members travel widely or work often with many nations. (Grey House Publishing, \$135)

Jeffrey E. Garten, dean of the Yale School of Management in New Haven Connecticut, has published a new book that calls for a new paradigm for leadership. In *The Politics of Fortune: A New Agenda for Business Leaders*, Garten examines how the world has changed since the September 11 terrorist attacks and the corporate scandals that began

with Enron, and he asks what role business leaders should play in this new era. He recommends a new agenda for CEOs that will require them to restore their reputations and partner with the government in charting a new course for business.

Upcoming Books

Ilan Alon, professor at Rollins College’s Crummer Graduate School of Business in Winter Park, Florida, is co-editor of two new books that examine franchising in the countries that contain 80 percent of the world’s population and 60 percent of the world’s natural resources. Alon’s two books are *International Franchising in Emerging Markets: Central and Eastern Europe and Latin America* and *International Franchising in Emerging Markets: China, India, and Other Asian Countries*. Each book consists of articles by international authorities and provides an overview of each area’s legal, political, economic and social environment and offers case studies of companies already doing business in these markets.

Harvard Business School Press and the Center for Public Leadership at Harvard University’s John F. Kennedy School of Government, Boston, Massachusetts, have announced that they will develop a co-branded line of books focusing on “leadership for the common good.” Harvard public policy lecturer Barbara Kellerman will produce the first offering in this new line, a book that examines the dark side of leadership. Other titles may include historical, empirical, or first-person accounts written by prominent thinkers, scholars, business practitioners, and high-profile public leaders. 

Most employees need a little help from time to time. New hires, recently promoted managers, longtime employees who are developing new skills—all need a bit of guidance to reach their full potential. The

best managers will quietly and effectively steer those employees through difficult times by listening closely to their needs and helping them think through what they can do to improve their performances. Sounds easy enough, but in today’s results-oriented business environment, some managers may not have the time or encouragement to coach the workers who report to them. Enter James M. Hunt and Joseph R. Weintraub with their book, *The Coaching Manager*. They note that coaching not only helps an employee learn valuable new skills, it ultimately creates a

