

# Thinking Managers

Robert Heller of [www.thinkingmanagers.com](http://www.thinkingmanagers.com) asks; "Who's in charge?"

## The Watchdog Bites

**A** report in Business Week says that a particular type of chief executive is dwindling unto death - the type that one non-executive director calls 'the Imperial CEO'.

The Imperial CEO is the easiest available answer to the fundamental question: 'Who's in charge here?' - or WICH? for short. However, can one person really exercise ultimate power over all aspects of any organisation without adversely affecting its performance and behaviours?

According to the report in Business Week, you cannot give that old single answer of a single person in charge any more. Power has moved to the 'watchdogs', non-executive directors, auditors and lawyers, all of whom 'are playing a bigger role in fundamental management decisions about strategy, acquisitions, succession planning, crisis response and what can be booked as earnings'.

So exactly who is in charge then? These watchdogs are more like referees and linesmen than actually players. The job of management can only be performed by managers and in the West that means a pyramid narrowing to the apex.

However, the answer to WICH? can take the plural form. A group of people can form the top management team, sharing decisions and responsibilities, combining their workloads. This is the way most businesses start out. Plural management fits all those watchdogs better.

But pluralism doesn't fit with the widespread historical template - the military model. Army commands have one leader, and their reach is every bit as imperial as that of a power-hungry corporate czar.

The commitment of powerful forces has always depended for its outcome on the leadership strengths, strategy intelligence and tactical expertise of a clearly appointed supreme leader who you hoped was as mighty as his army. Where that hope proved to be misguided, the result was disposal of that failed leader.

The disposal of failed leaders is still a standard piece of management control theory. Non-executives too easily get hoodwinked by the dynamism and charisma of the Imperial boss. But the issues of strategic or operational failure, though they should predominate, are not often the cases which see watchdogs to bark - and bite.

The terminal errors concern matters such as 'loan sales improperly booked over a technical issue', 'accounting problems', 'investigation of company financial controls', etc. The matters certainly reflect impropriety but they don't necessarily condemn the executive effectiveness of a company, or impugn the behaviour of the majority of its members.

Improper financial direction is undoubtedly a threat, but by far the biggest danger to the health and wealth of the business is simple, non-financial mismanagement. In these cases the watchdogs have very restricted powers. Not only is it hard to ascertain what's going on, but it's harder still to change it.

There is an experimental side to management, by its very nature. If something works, it is likely to be good management. If not, it undoubtedly is not. As with any good scientist, you observe the experiment carefully to analyse the action and the results.

If people ignore or dismiss powerful management principles, the watchdogs should ask why - loud and clear - before bad figures show bad consequences. Well devised and executed policy should make managers immune from watchdog interference. Once dishonest, unethical conduct is allowed to take hold, failure will follow.

Managers not only need all the moral reinforcement available from external sources. They must also ensure they are their own toughest watchdog.



### **About the author:**

*Robert Heller was the founding Editor of Management Today magazine and is one of the world's best selling authors on business management having written more than 50 books on the subject.*