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Chief Executive Officer, President, or General Manager: Roles and Responsibilities

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What General Management Is

Business policy is essentially the study of the knowledge, skills, and attitudes constituting general management. Management itself may be defined as leadership in the informed, efficient, planned, and purposeful conduct of complex organized activity. General management is, in its simplest form, the management of a total enterprise or of an autonomous subunit. Its diverse forms in all kinds of businesses always include the integration of the work of functional managers or specialists.

The senior *general* manager in any organization is its chief executive officer; he or she may be called chairman of the board, president, or managing director. The title *general manager* may designate a less senior divisional or departmental post, but as a term may be used to designate all members of the hierarchy of general management – members of the office of the president, executive and senior vice presidents who have interfunctional responsibilities, and presidents or managers of divisions, multifunctional profit centers, and similar partially autonomous organization units. The point of view of general management, though not its full practice, is also essential to others – to outside directors, financial analysts, consultants, for example, who cannot accurately evaluate general management without knowing what it is. A total organization perspective is also important to senior functional officers whose concern is more for the contribution their subspecialists make to the operating organization than for the technical complexity of their work.

In this chapter we will examine the complexity of the general manager's job and the roles, functions, and skills that it requires. We are in quest of a point of view and organizing perspective that reduces to practicable order the otherwise impossible agenda of the chief executive of any organization – large or small.

The position of the chief executive is the best vantage point from which to view the processes involved in (1) the conception of organization purpose, (2) the commitment of an organization to evolving but deliberately chosen purposes, and (3) the integrated effort appropriate to achieving purpose and sustaining adaptability.

Complexity of General Management Tasks

General managers face such an array of functions and must exercise so varied a set of skills that they must acquire a formidable versatility. If you were to see a successful

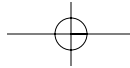
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entrepreneur invent and perfect a proprietary product, set up a company, devise a merchandising and distribution program of a very special kind suited to protect the product against substitutes, decide to maintain year-round production in a cyclical industry to meet the needs of a highly skilled work force, establish a research and development unit to make product diversification possible, set up methods of financing high inventory and rapid growth, recruit and put in place functional managers, and later choose a successor and withdraw from supervision of the company, you would necessarily conclude that such a general manager must be successful in a variety of roles.

Consider the less varied case of a professionally trained MBA who moves up a functional hierarchy to become general manager of a division of the same organization 20 years after its founding. This person finds that the roles he or she plays and the responsibilities to be exercised within the roles differ according to the problem identified or the decision pending, the needs of the organization, or the needs and style of the CEO. In either case the simple-minded adherence to one role – a personality-determined one, for example – will leave general managers miscast much of the time as the human drama they preside over unfolds.

We are in great need of a simple way to comprehend the total responsibility of chief executives. To multiply the list of tasks they must perform and the personal qualities they would do well to have would put general management capability beyond that of reasonably well-endowed human beings. Corporate presidents are accountable for everything that goes on in their organizations. They must preside over a total enterprise made up often of technical specialties in which they cannot possibly have personal expertise. They must know their company's markets and the ways in which they are changing. They must lead private lives as citizens in their communities and as family members, as individuals with their own needs and aspirations. Except for rare earlier experience, perhaps as general managers of profit centers in their own organizations, they have found no opportunity to practice being president before undertaking the office. New presidents are obliged to put behind them the specialized apparatus their education and functional experience have provided. Engineers, for example, who continue to run their companies strictly as engineers will soon encounter financial and marketing problems, among others, that may force their removal as president.

Many attempts to characterize executive roles and functions come to very little, especially when they attempt to categorize in detail an almost infinite variety. The simplification that may best serve our approach to general management is to view its activities as assignable to three roles – *organization leader*; *personal leader*; and *architect of organization purpose*. As organization leader or manager of persons grouped in a hierarchy of suborganizations, the general manager can be called taskmaster, mediator, motivator, or organization designer, but theoretical distinctions among such illustrative categories become fruitless. The personal influence of leaders becomes evident as they play such roles as communicator, exemplar, or focus for respect or affection. The chief executive's role as architect of organization purpose is the principal subject of this book. This simple three-part separation of roles will enable us to identify the critical responsibilities and skills appropriate to each category. It is the reader's experience that will give these categories meaning and prepare the way for a new or more disciplined concept of management.



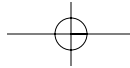
Chief Executive as Organization Leader

Chief executives, presidents, chief operating officers, and general managers are first and probably least pleasantly persons who are responsible for results attained in the present as designated by plans made previously. Nothing that we will say about their concern for the people in their organizations or about their responsibility to society can gainsay this immediate truth. Achieving acceptable results against expectations of increased earnings per share and return on the stockholder's investment requires the CEO or president to be continually informed and ready to intervene when results fall below what had been expected. Changing circumstances and competition produce emergencies upsetting well-laid plans. Resourcefulness in responding to crisis is a skill most successful executives develop early.

But the organizational consequences of the critical taskmaster role require executives to go beyond insistence upon achievement of planned results. They must see as their second principal function the creative maintenance and development of the organized capability that makes achievement possible. This activity leads to a third principle – the integration of the specialist functions that enable their organizations to perform the technical tasks in marketing, research and development, manufacturing, finance, control, and personnel that proliferate as technology develops and tend to lead the company in all directions. If this coordination is successful in harmonizing special staff activities, general managers will probably have gotten organizations to accept and order priorities in accordance with the companies' objectives. Securing commitment to purpose is a central function of the president as organization leader.

The skills required by these functions reveal presidents not solely as taskmasters, but as mediators and motivators as well. They need ability in the education and motivation of people and the evaluation of their performance, two functions that tend to work against one another. The former requires understanding of individual needs, which persist no matter what the economic purpose of the organization may be. The latter requires objective assessment of the technical requirements of the task assigned. The capability required here is also that required in the integration of functions and the mediation of the conflict bound to arise out of technical specialism. The integrating capacity of the chief executive extends to meshing the economic, technical, human, and moral dimensions of corporate activity and to relating the company to its immediate and more distant communities. It will show itself in the formal organization designs that are put into effect as the blueprint of the required structured cooperation.

The perspective demanded of successful organization leaders embraces both the primacy of organization goals and the validity of individual goals. Besides this dual appreciation, they exhibit an impartiality toward the specialized functions and have criteria enabling them to allocate organization resources against documented needs. The point of view of the leader of an organization almost by definition requires an overview of its relations not only to its internal constituencies but also to the relevant institutions and forces of its external environment. We will come soon to a conceptual solution of the problems encountered in the role of organizational leader.



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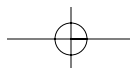
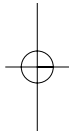
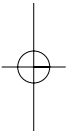
Chief Executive as Personal Leader

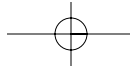
The functions, skills, and appropriate point of view of chief executives hold true no matter who they are or who makes up their organizations. The functions that accompany performance of their role as communicator of purpose and policy, as exemplar, as the focal point for the respect or affection of subordinates vary much more according to personal energy, style, character, and integrity. Chief executives contribute as persons to the quality of life and performance in their organizations. This is true whether they are dynamic or colorless. By example they educate junior executives to seek to emulate them or simply to learn from their behavior what the chief executives really expect. They have the opportunity to infuse organized effort with flair or distinction if they have the skill to dramatize the relationship between their own activities and the goals of corporate effort.

All persons in leadership positions have or attain power that, in sophisticated organizations, they invoke as humanely and reasonably as possible in order to avoid the stultifying effects of dictatorship, dominance, or even markedly superior capacity. Formally announced policy, backed by the authority of the chief executive, can be made effective to some degree by clarity of direction, intensity of supervision, and exercise of sanctions in enforcement. But in areas of judgment where policy cannot be specified without becoming absurdly overdetailed, chief executives establish by their own demeanor, even more than in policy statements, the moral and ethical level of performance expected. At the national level of executive behavior, one could see in the department of Presidents Kennedy, Johnson, Nixon, and Carter how much or how little they valued ethical conduct. Failure of personal leadership in the White House leads to demoralization that is different only in scale and influence from what it is in the corporation. At the same time, however, no amount of personal integrity is sufficient without competence in organization leadership.

Formal correctness of structure and policy is not enough to inspire an organization. Enthusiasm for meeting ethical problems head-on and avoiding shoddy solutions comes not so much from a system of rewards and punishments as from the sentiments of loyalty or courage stimulated by the personal department of the chief executive. By the persons they are, as much as by what they say and do, presidents and CEOs influence their organizations, affect the development of individuals, and set the level of organized performance. At this juncture in the history of American business enterprise, conscious attention to the essential integrity of the chief executive becomes an important requirement if confidence in the corporate institutions of a democratic society is to be sustained and reinforced.

The skills of the effective personal leader are those of persuasion and articulation made possible by having something worth saying and by understanding the sentiments and points of view being addressed. Leaders cultivate and embody relationships between themselves and their subordinates appropriate to the style of leadership they have chosen or fallen into. Some of the qualities lending distinction to this leadership cannot be deliberately contrived, even by an artful schemer. The maintenance of personal poise in adversity or emergency and the capacity for development as an emotionally mature person are essential innate and developed capabilities. It is probably true that some personal pre-eminence in technical or social functions is either helpful or essential in demonstrating leadership related to





the president's personal contribution. Credibility and cooperation depend upon demonstrated capacity of a kind more tangible and attractive than, for example, the noiseless coordination of staff activity.

The relevant aspects of the executive point of view brought to mind by activities in the role of personal leader are probably acknowledgment of one's personal needs and integrity as a person and acceptance of the importance to others of their own points of view, behavior, and feelings. Self-awareness will acquaint leaders with their own personal strengths and weaknesses and keep them mindful of the inevitable unevenness of their own preparation for functions of general management. These qualities may be more important in the selection of a general manager than is the study of general management.

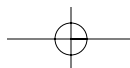
Boards of directors in the recent past have usually followed the recommendation of their chairmen and their companies' chief executives in appointing a successor. If the CEO recommends a successor on the basis of past performance or technical competence only, without heavy weight on personal leadership capability, future organization development is put in jeopardy. The nature of modern corporate life, with new emphases on individual autonomy, voluntary cooperation, and creativity, requires strong but responsive direction. Generosity, idealism, and courage should be present in the person devoted to the company, to its view of itself, and to its innovative potential. The quarterback or the team captain, rather than the hero or autocrat, is the representative type in leading American corporations today. The choice of persons for executive position at any level once long-term strategy is apparent is probably the most important act of administration. If so, it follows that the appointment of a chief executive officer is the most crucial decision the corporate board can make.

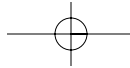
The prototype of the chief executive that we are developing is, in short, the able victory-seeking organizational leader who is making sure in what is done and the changes pioneered in purpose and practice that the game is worth playing, the victory worth seeking, and life and career worth living. If the stature of corporation leaders as professional persons is not manifest in their concern for their organizations, they will not perform effectively over time in the role of either organization or personal leader. If we concede that the team captain should be concerned with what the game is for, we are ready to consider the role of the chief executive in the choice of corporate objectives. That choice determines what the contest is about.

Chief Executive as Architect of Purpose

To go beyond the organizational and personal roles of leadership, we enter the sphere of organization purpose, where we may find the atmosphere somewhat rare and the going less easy. The contribution senior executives make to their companies goes far beyond the apparently superficial activities that clutter their days.

Their attention to organization needs must extend beyond answering letters of complaint from spouses of aggrieved employees to appraisal, for example, of the impact of their companies' information, incentive, and control systems upon individual behavior. Their personal contribution to their company goes far beyond easily understood attention to key customers and speeches to the Economic Club to the more subtle influence their own probity and character have on subordinates.





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We must turn now to activities even further out – away from immediate everyday decisions and emergencies. Some part of what a president does is oriented toward maintaining the development of a company over time and preparing for a future more distant than the time horizon appropriate to the roles and functions identified thus far.

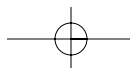
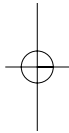
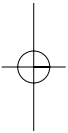
The most difficult role – and the one we will concentrate on henceforth – of the chief executive of any organization is the one in which he serves as custodian of corporate objectives. The entrepreneurs who create a company know at the outset what they are up to. Their objectives are intensely personal, if not exclusively economic, and their passions may be patent protection and finance. If they succeed in passing successfully through the phase of personal entrepreneurship, where they or their bankers or families are likely to be the only members of the organization concerned with purpose, they find themselves in the role of planner, managing the process by which ideas for the future course of the company are conceived, evaluated, fought over, and accepted or rejected.

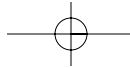
The presidential functions involved include establishing or presiding over the goal-setting and resource-allocation processes of the company, making or ratifying choices among strategic alternatives, and clarifying and defending the goals of the company against external attack or internal erosion. The installation of purpose in place of improvisation and the substitution of planned progress in place of drifting are probably the most demanding functions of the president. Successful organization leadership requires great human skill, sensitivity, and administrative ability. Personal leadership is built upon personality and character. The capacity for determining and monitoring the adequacy of the organization's continuing purposes implies as well analytic intelligence of a high order. The chief executive we are talking about is not a two-dimensional poster or television portrait. Neither are the sub-ordinates who help him most.

The crucial skill of the general manager concerned with corporate purpose includes the creative generation or recognition of strategic alternatives made valid by developments in the marketplace and the capability and resources of the company. Along with this, in a combination not easily come by, runs the critical capacity to analyze the strengths and weaknesses of documented proposals. The ability to perceive with some objectivity corporate strengths and weaknesses is essential to sensible choice of goals, for the most attractive goal is not attainable without the strength to open the way to it through inertia and intense opposition, with all else that lies between.

Probably the skill most nearly unique to general management, as opposed to the management of functional or technical specialties, is the intellectual capacity to conceptualize corporate purpose and the dramatic skill to invest it with some degree of magnetism. No sooner is a distinctive set of corporate objectives vividly delineated than the temptation to go beyond it sets in. Under some circumstances it is the chief executive's function to defend properly focused purpose against superficially attractive diversification or corporate growth that glitters like fool's gold. Because defense of proper strategy can be interpreted as mindless conservatism, wholly appropriate defense of a still-valid strategy requires courage, supported by detailed documentation.

Continuous monitoring, in any event, of the quality and continued suitability of corporate purpose is the most sophisticated of all the functions of general



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management alluded to here. Because of monitoring's difficulty and vulnerability to current emergency, you will be able to identify lost opportunities for this activity from your own experience. Everyone can. Because of its low visibility, you may not have noticed when strategic monitoring was taking place. The perspective that sustains this function is the kind of creative discontent that prevents complacency even in good times and seeks continuous advancement of corporate and individual capacity and performance. It requires also constant attention to the future, as if the present did not offer problems and opportunities enough.

Enormity of the Task

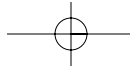
Even so sketchy a record of what a president is called upon to do is likely to seem an academic idealization, given the disparity between the complexity of role and function and the modest qualifications of those impressed into the office. Like the Molière character who discovered that for 40 years he had been speaking prose without knowing it, many managers have been programmed by instinct and experience to the kind of performance we have attempted to decipher here. For those less experienced, the catalog may seem impossibly long.

Essentially, however, we have looked at only three major roles and four sets of responsibilities. The roles deal with the requirements for organizational and personal leadership and for conscious attention to the formulation and promulgation of purpose. The four groups of functions encompass (1) securing the attainment of planned results in the present, (2) developing an organization capable of producing both technical achievement and human satisfactions, (3) making a distinctive personal contribution, and (4) planning and executing policy decisions affecting future results.

Even thus simplified, how to apply this identification of executive role and function to the incomparably detailed confusion of a national or international company situation cannot possibly be made clear in the process of generalization. But we have come to the central importance of purpose. The theory presented here begins with the assumption that in every organization (corporate or otherwise), every subunit of organization, every group and individual should be guided by evolving goals that permit movement in a chosen direction and prevent drifting in undesired directions.

Need for a Concept

The complexity of the general manager's job and the desirability of raising intuitive competence to the level of verifiable, conscious, and systematic analysis suggest the need, as indicated earlier, for a unitary concept as useful to the generalist as the canons of technical functions are to the specialist. We will propose shortly a simple practitioner's theory which we hope will reduce the four-faceted responsibility of the company's senior executives to more reasonable proportions, make that responsibility susceptible to objective research and systematic evaluation, and bring to more well-qualified people the skills it requires. The central concept we call



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“corporate strategy.” It will be required to embrace the entire corporation, to take shape in the terms and conditions in which its business is conducted. It will be constructed from the points of view described so far. Central to this Olympian vantage point is impartiality with respect to the value of individual specialties, including the one through which the executive rose to generalist responsibilities. It will insist upon the values of the special functions in proportion to their contribution to corporate purpose and ruthlessly dispense with those not crucially related to the objectives sought. It necessarily will define the chief executive’s role in such a way as to allow delegation, without loss of clarity, of much of the general management responsibility described here. Our hope will be to make challenging but practicable the connection between the highest priority for goal setting and a durable but flexible definition of a company’s goals and major company-determining policies. How to define, decide, put into effect, and defend a conscious strategy appropriate to emerging market opportunity and company capability will then take precedence over and lend order to the four-fold functions of general management here presented.

Despite a shift in emphasis toward the anatomy of a concept and the development of an analytical approach to the achievement of valid corporate strategy, we will not forget the chief executive’s special role in contributing quality to purpose through standards exercised in the choice of what to do and the way in which it is to be done and through the projection of *quality* as a person. It will remain true, after we have taken apart the process by which strategy is conceived, that executing it at a high professional level will depend upon the depth and durability of the chief executive’s personal values, standards of quality, and clarity of character. We will return in a final comment on the management of the strategic process to the truth that the president’s function above all is to be the exemplar of a permanent human aspiration – the determination to devote one’s powers to jobs worth doing. Conscious attention to corporate strategy will be wasted if it does not elevate the quality of corporate purpose and achievement.

