

One managed by walking around the Roman Empire; another manufactured the first Walkman. From Incas to Isabella, from emperors to entrepreneurs, here are 75 who refused to do business as usual.

The 75 Greatest Management Decisions Ever Made

Stuart Crainer

Amid the fanfare being prepared for the new millennium, there are numerous listings and rankings of the great and the good. Most feature scientists, writers, artists, sports personalities, media stars, and entertainers. Their achievements, inspirations, and personalities are pored over and celebrated. Managers are conspicuous by their absence. Yet management is one of the great triumphs of our age. In the 20th century, humanity discovered management as a discipline, a profession, and sometimes even a calling.

Management Review asked experts for their nominations of the 75 greatest management decisions ever made. The resulting list is as eclectic and eccentric as one would expect. The link between the 75 decisions is simply that they were successful and had a major impact.

Some are well-known, others might be controversial. Still others are surprises. Herewith, in random order, are 75 compelling decisions that shaped the human endeavor of management through the ages:

1 **Walt Disney** listened to his wife, Lillian, and named his cartoon mouse Mickey instead of Mortimer. Entertainment was never the same after Mickey and Minnie debuted in *Steamboat Willie* in 1928.

2 As Ambassador to France in the 1780s, **Benjamin Franklin** spent his time encouraging the emigration of skilled workers to the United States—an early instance of poaching staff.

3 In desolate post-World War II Japan, Toyota listened to an obscure American statistician, **W. Edwards Deming**, who arrived unheralded in 1947. Deming introduced Toyota to quality techniques, and it conquered the world.

4 Around 59 B.C., **Julius Caesar** kept people up-to-date with handwritten sheets that were distributed in Rome and, it is suspected, with flyers that were placed around the city. The greatness of leaders has been partly measured ever since by their ability to communicate.

5 In 1950, **Frank McNamara** found himself in a restaurant with no money and came up with the idea of the Diners Club Card. The first credit card changed the nature of buying and selling throughout the world.

6 The Middle Kingdom in Egypt, stretching from 2052 to 1786 B.C., was long enough—if papyrus records are to be believed—for the **Egyptians** to introduce the sub-division of labor into factories. Work was never the same, though it was a little better organized.

7 The 1962 decision by **IBM's Thomas Watson, Jr.** to develop the System/360 family of computers cost the company \$5 billion—more than the development costs of the atomic bomb. Although IBM's market research suggested it would sell only two units worldwide, the result was the first mainframe computer.

8 In the early 1960s, **Philip Morris** repositioned Marlboro as a man's cigarette. This positioning, and the Marlboro cowboy, helped create one of the world's most successful and durable brands.

9 During the 1920s, Matsushita was a struggling young business, and its latest product—a bicycle light—was initially unsuccessful. Then **Konosuke Matsushita** ordered salespeople to leave a working light in each store. The working model changed perceptions. Sales took off and so did the company.

10 Ignoring market research, **Ted Turner** launched the

Cable News Network in 1980. No one thought a 24-hour news network would work. It did.

11 The founding of the Society of Jesus, also known as the Jesuits, in 1540 by **Ignatius de Loyola** provided an organization model with an emphasis on practical work rather than contemplation. It became, according to Peter Drucker, “the most successful staff organization in the world.”

12 During WWII, **Robert Woodruff**, president of Coca-Cola, committed to selling bottles of Coke to members of the armed services for a nickel a bottle. Customer loyalty never came cheaper.

13 **Richard Arkwright**, an 18th century English inventor and one of the founding fathers of the Industrial Revolution, licensed his technology, confident that he could innovate to stay ahead. His decision brought in the then-fantastic sum of 200,000 pounds.

14 **Honda** arrived in America in 1959 to launch its big motorbikes. Customers weren't keen on their problematic performance, but they admired the little Supercub bikes Honda's managers used. Honda bravely changed direction, thus transforming the motorbike business virtually overnight.

15 In 1924, **Thomas Watson, Sr.** changed the name of the Computing-Tabulating-Recording Company to International Business Machines.

The company had no international operations, but it was a bold statement of ambitions.

16 As the **Incas** expanded their empire during the 15th century, they realized that communication and logistics are vital to any large, dispersed organization. They decided to create a network of administrative centers and warehouses for food, along with thousands of miles of roads.

17 The **Second Vatican Council** (1962-1965), called by Pope John Paul XXIII, launched one of the biggest change management programs in history. It altered the shape of the Catholic Church into a decentralized, low-hierarchy management model that has stood the test of time.

18 When **Masaru Ibuka** and **Akio Morita** established the Tokyo Tsushin Kogyo company after the end of WWII, the first thing they did was to write down the company's philosophy. Its initial products—radio parts and a rice cooker—didn't last, but its philosophy, Sony's philosophy, did.

19 In Thebes in 1000 B.C., someone lost a slave named **Shem**. He decided to post an advertisement offering a whole gold coin for the slave's return. This is the oldest existing ad and the precursor of the modern advertising merry-go-round.

20 In 1961, **Jean Nidetch** was put on a diet by the Obesity Clinic at the New York Department of Health. She invited six dieting friends to meet in her Queens apartment every week. The decision

created Weight Watchers and the slimming industry.

21 In 1981, **Bill Gates** decided to license MS/DOS to IBM, while IBM ceded control of the license for all non-IBM PCs. This laid the foundation for Microsoft's success and IBM's fall from grace.

22 The **Chinese Qin Dynasty** (221-206 B.C.) produced the Great Wall—a fantastic feat of both management and engineering. They also developed what is reputed to be the first reliable system of weights and measures, thereby aiding commercial development.

23 In April 1978, **John Larson** of McKinsey & Co. asked colleague **Tom Peters** to step in at the last minute to do a presentation on some research he'd done. The presentation led to *In Search of Excellence*, which changed the business book market and created the management-guru industry.

24 When ITT named **Harold Geneen** CEO in 1959, the company had sales of \$765 million. When Geneen retired in 1979, ITT had revenues of nearly \$12 billion—the world's largest conglomerate. Geneen created a working model of rational, data-driven management.

25 In 1979, a **Hewlett-Packard engineer** found that heating metal in a specific way caused it to splatter. The decision to exploit this discovery launched the inkjet printer business and became the impetus for more than \$6 billion in Hewlett-Packard revenues.

26 Sony chief **Akio Morita** noticed that young people

liked listening to music wherever they went. He and the company developed what became the Walkman, first made in 1980. There was no need for market research. "The public does not know what is possible. We do," said Morita.

27 In 1947, the **Haloid Company** in Rochester, New York, acquired the license to basic xerographic patents taken out by Chester Carlson. In 1949, the first xerographic copier, the Model A, was introduced. In 1960, the company was renamed Xerox Corp.

28 In the 1920s, the cofounders of retailer **Marks and Spencer** decided they had a better handle on customers' needs than did manufacturers. They turned the tables in the merchant business and called on manufacturers to meet the specifications of the products they designed.

29 In the 19th century, **Andrew Carnegie** decided to import British steel and steel-making processes to America to build railway bridges made of steel instead of wood. The imported skills ignited the U.S. steel industry and Carnegie became a steel baron.

30 **Apple** decided to chase the prize for the first sellable PC, creating an industry. The Apple I led to the Apple II, then VisiCalc and finally the Mac, first shipped in 1984. (It also drew a veil over Xerox's decision not to go ahead with development after its PARC team had made a vital breakthrough in PC technology.)

31 **Henry Luce's** creation of *Fortune* in 1929 spawned the

Fortune 500—the corporate benchmark for the 20th century—and became a clever marketing gimmick for the magazine.

32 In 1892, **Henry Heinz** decided that the H.J. Heinz company needed a slogan. He came up with "57 varieties" to describe the company's foods. This was one of the few cases of successful underselling. Heinz produced 60 products then, but the slogan has stood the test of time.

33 In 1072 to 1073, the Italian cities of **Venice and Genoa** entered into a partnership to fund commercial voyages. The joint venture was born.

34 **Thomas Coutts**, an 18th century British banker, wrote off the royal family's gambling debts to keep them as customers. It was a great loss-leading strategy. Coutts thrives as "the top people's bank" to this day. Her Majesty the Queen is a customer.

35 When the Wilson family of Memphis went on a motoring vacation, they discovered it was not much fun to stay in motels that were either too expensive or too slovenly. So **Kemmons Wilson** built his own. The first Holiday Inn opened in Memphis in 1952.

36 **Henry Ford's** decision to start his own company in 1903 led to the first mass-production line, created a mass market for automobiles, launched a corporate giant, changed perceptions of travel, led to the establishment of various industries,

and provided a blueprint for industrial production.

37 **Queen Isabella** of Spain decided to sponsor Columbus' voyage to the New World in 1492. The ultimate in R&D.

38 In 1965, **Giuliana Benetton** decided to knit a brightly colored sweater. More than 30 years later, Giuliana and her three brothers have a global retail chain of 7,000 stores in 120 countries selling brightly colored sweaters.

39 The two offices of consulting firm **McKinsey & Co.** went their separate ways in 1939. A.T. Kearney launched his own firm in Chicago. Marvin Bower kept the McKinsey name in New York, correctly deciding that the use of his name would lead clients to expect his involvement in every assignment. McKinsey became The Firm.

40 In 1905, **Sears, Roebuck and Co.** opened its Chicago mail-order plant. The Sears catalog made goods available to an entirely new audience. The Sears operation also provided a model for mass production.

41 In 1970, **Spencer Sylver of 3M** invented the Post-It note. But it took **Arthur Fry** to recognize the opportunity in 1979. The Post-It remains a ubiquitous money-spinner.

42 In the manner of a modern CEO, **Emperor Hadrian** (76-138) managed the vast Roman Empire by traveling addictively. In

an early example of managing by walking around, he saw that miners needed bath houses and ordered that they be built. Unfortunately, enlightened management of human resources remained the exception.

43 Before 1000 B.C. a decision was made in **China** to manage buying and selling by using a cowry shell as currency. It was bigger than a dollar and equally important. Without this decision, there would have been no Adam Smith or Gordon Gekko.

44 In 1987, **Percy Barnevik** surprised commentators with his decision to create the world's largest cross-border merger between Sweden's ASEA and Switzerland's Brown Boveri. The \$30 billion giant that resulted, Asea Brown Boveri, is now lauded as the organizational model for our times.

45 During 1943, **Paul Garrett** of General Motors asked a young Austrian teacher and writer, Peter Drucker, to study the company. The career of the century's foremost management thinker was launched.

46 In 1896, **Baron Pierre de Coubertin**, a

French educator, decided to reinstitute the Olympic Games, modeled on the competition that began in Athens in 776 B.C. His decision produced a phenomenon that rivals the United Nations in its internationalism.

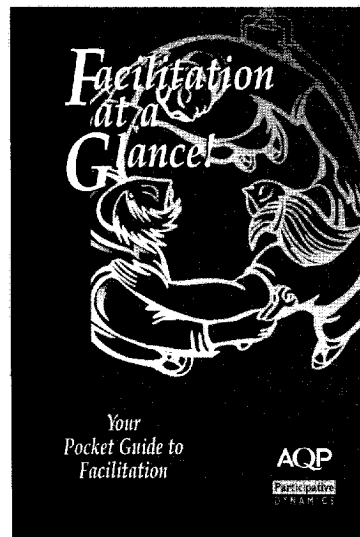
47 After **Warner Brothers** produced the first "talkie" movie in 1927, others joined the fray. But studios weren't sound-proofed so filming took time. **Sam Jaffee of RKO** suggested that the studio should film at night when it was quiet. It did so and stole a march on its rivals.

48 When **Lou Gerstner** became CEO of IBM in 1993, he decided not to split the company—something the previous CEO, John Akers, had been prepared to do. The company's



Facilitation at a Glance! Your Pocket Guide to Facilitation AQP/Ingrid Bens

Don't go to a meeting without this comprehensive guide in your pocket. All the tools, techniques and checklists you need to help you run more effective meetings. Includes



tips on how to gain participation, build buy-in, make decisions and manage group process. Also includes guidelines for using the 14 most practical facilitator tools. (174 pages)

List & Member

1-9 copies	\$7.95
10-49 copies	\$6.95
50-99 copies	\$6.50
100-499	\$5.95
over 499	call

1-800-733-3310 or
visit www.aqp.org

revitalization owes a great deal to this decision.

49 After WWII, **General Douglas MacArthur** committed to rebuilding the Japanese economy. Such was the success of this decision that 30 years later the Japanese were breathing down the necks of corporate America.

50 In 1982, **Johnson & Johnson** pulled Tylenol from store shelves after capsules were found to be poisoned. It put customer safety before corporate profit, and CEO Jim Burke provided a lesson in media openness.

51 During the 1970s, Japanese giant **Matsushita** developed VHS video and decided to license the technology. Sony developed the immeasurably better Betamax but failed to license it. The world standard is VHS, and Betamax is consigned to history.

52 In the 1930s, Motorola was performing indifferently. CEO **Paul Galvin** was encouraged to misrepresent how well the company was doing. He refused: "Tell them the truth, first because it is the right thing to do, and second they'll find out anyway."

53 **Napoleon** made some rash moves (Russia in winter), but he was also the first leader to create a meritocracy in which competency was more important than breeding.

54 Before the 1862 Battle of Antietam in the U.S. Civil War, **two Union soldiers** found the confederate battle plan of General

Robert E. Lee and decided to take it to General McClellan, who was leading the Union forces. McClellan failed to take advantage as the battle degenerated into a costly draw, but the decision of the soldiers was right and brave.

55 The farsighted **William Hoover** saw that automobiles would soon kill his business, which made leather accessories for horse-drawn carriages. He started the Electric Suction Sweeper Co. in 1908, which created the mass-market vacuum cleaner and provided a (largely ignored) blueprint of how to move with the times.

56 In 1979, **Ernest Thomke** developed the Swatch watch. Almost overnight, the dormant Swiss watch industry was revived as the humble time-piece became a fashion accessory. The Swiss market share of the watch industry rose from 15 to more than 50 percent.

57 **General Motors'** William Durant dismissed Alfred P. Sloan's ideas on how to manage the automaker. When Pierre du Pont took control in 1920, he decided to follow Sloan's planned reorganization: The dominant corporate form of our times—federal decentralization—emerged.

58 **Ray Kroc** liked Mac and Dick McDonald's stand in San Bernardino, California, selling hamburgers, fries, and milk shakes, so much, that he opened his own franchised restaurant in 1955 and formed McDonald's Corp. Kroc went on to create a huge

global company and a vast market for fast food.

59 In 1968, the **Carr family**, owners of the UK newspaper *News of the World*, decided to go into partnership with a then unknown Australian, **Rupert Murdoch**, to ensure that Robert Maxwell didn't take over the newspaper. The partnership worked. Murdoch later cast off the Carrs and reached for the media skies.

60 In 1850, **Julius Reuter** used carrier pigeons to communicate share prices between the end of the Belgian telegraph line in Brussels and the end of the German line in Aachen. It was the beginning of the news and information business.

61 An aggressive marketing campaign by **Bayer**, a German drug company, in the 1910s changed the nature of the U.S. pharmaceutical industry. Amid opposition from the American Medical Association, the company forged ahead with its plan to advertise the link between its hallmark product, aspirin, and the brand name, Bayer.

62 In 1798, the U.S. government decided to give a contract to make 10,000 guns to **Eli Whitney**. The production was supposed to take two years but eventually took eight. Along the way, Whitney developed the basic techniques of mass production.

63 In 1930, **Messrs Eugene Ltd.** of London decided to use closed-circuit television to advertise their permanent hair-waving technique at the

Hairdressing Fair of Fashion. The television ad was born.

64 In 1948, the world's first instant camera, the **Polaroid Land Camera Model 95**, was demonstrated. Management bravely decided to price it at \$89.75 against Kodak's Baby Brownie, priced at \$2.75. The entire initial stock of 56 was sold on the first day, and Polaroid was launched.

65 The **Miletus region** in Ancient Greece (around 500 B.C.) may have been the cradle of philosophy, but it also was keenly commercial. It decided to specialize in wool and associated products, thus serving as a distant prototype for Silicon Valley.

66 In 1931, **Proctor & Gamble** introduced its brand management system, which elevated brands to center stage and provided a blueprint its management has followed ever since.

67 **Wallace Dohan**, dean of Harvard Business School, oversaw the 1922 launch of the *Harvard Business Review*. "The effect of hedging upon flour mill control" hardly set the pulse racing, but it was the beginning of a publishing success story and a prestigious addition to the Harvard brand.

68 In 1914, **Henry Ford** paid his workers \$5 a day. It was a great leap forward in HR management, but it was not a totally altruistic decision. Ford effectively created the market for his own product by ensuring his workers could afford to buy a car.

69 **Pierre du Pont** decided that the DuPont company needed financial management. During his tenure with the company (1902-40), du Pont developed modern corporate accounting, including concepts such as double-entry accounting, financial forecasting, and return on capital invested.

70 In the mid-13th century, a number of cities in **Northern Germany** entered into an association to promote their commercial interests. The Hanseatic League eventually had approximately 40 members with representatives throughout Europe.

71 Businessman **Cyrus McCormick** is best known for developing the mechanical harvester. But fierce competition in the 1850s led to his decision to develop some of the fundamentals of marketing, such as deferred payments and guarantees.

72 Publisher **P.T. Barnum** decided to promote a woman who claimed to be George Washington's nurse in the late 1830s. Barnum became a master of promotion, sowing the seeds for the growth of popular entertainment and promotional skills.

73 **Michael Dell** decided to sell PCs direct and built to order. Now everybody in the industry is trying to imitate Dell Computer's strategy. Too late?

74 After Montgomery Ward rejected his idea of moving into retailing, **Robert E. Wood** was hired by Sears, Roebuck and Co. in

1924. Julius Rosenwald liked the idea, and Sears opened its first retail store in 1925. It proceeded to become the world's largest general merchandiser.

75 In 1981, **Jan Carlzon**, new chief of airline SAS, sent 10,000 front-line managers to two-day service seminars and 25,000 managers for three-week courses. Within four months, SAS was the most punctual European airline and service levels were rejuvenated.

Reprinted from Management Review, November 1998. Copyright 1998 American Management Association International.

*Reprinted by permission of American Management Association International, New York, NY. All rights reserved.
<http://www.amanet.org>.*

Stuart Crainer, a contributor to The Times (London), The Financial Times, and many other publications, is the editor of The Financial Times Handbook of Management and the author of numerous books. His most recent is The Ultimate Book of Business Gurus (Amacom, 1998). Crainer may be reached at stuart.crainger@virgin.net.

WHAT DO YOU THINK?

Because this is your *Journal*, we would like your feedback. Is the information we provide helpful? Drop us a line at AQP, 801-B West 8th Street, Suite 501, Cincinnati, Ohio 45203, give us a call at 800-388-7393 extension 577, fax 513-381-0070, or e-mail us at journal@aqp.org. We look forward to your comments.