



A User's Guide to the General Management Course

Introduction: The Job of the General Manager

A general manager is responsible for the overall success of an enterprise. The scope of the general manager's job and authority varies with the shape and size of the enterprise. The CEOs of companies, both large and small, are general managers, as are proprietors of one-person businesses. In multinational organizations, those responsible for overall operations in specific countries (e.g., France, Mexico, or Japan) or major geographical areas (e.g., Europe, Latin America, or Southeast Asia) are general managers, as are those who run divisions or business units in multidivision companies. City mayors, police commissioners, heads of nonprofit organizations, and college presidents also are general managers.

Management consultants and investment bankers are not general managers, although the managing partners of such firms may be. Consultants and investment bankers must, however, understand the job of the general manager if they are to provide appropriate advice to clients who are general managers and evaluate those who head the enterprises that they are financing.

The distinguishing characteristic of the general manager's job is being in charge of and responsible for the overall performance of the enterprise rather than for just a single function within the enterprise (e.g., product development, manufacturing, sales, finance, human resources, or strategic planning).

Since the general manager is responsible for all elements of an enterprise and how well the elements work together, the general manager must understand how all of the functional areas within the enterprise should be run. This does not imply that a general manager needs to be a master of all functions. Rather, the general manager needs to know the functional areas in sufficient depth to recruit the appropriate people to lead them, to evaluate their performance, and to be able to ask for and properly interpret information about key issues that affect the performance of those functional areas and how those functional areas are contributing to the overall performance of the enterprise.

A general manager must do more than just understand how the functional areas within the enterprise should be run and overseeing those functions. The "more" is providing the added value of integrating all the elements of the enterprise together so that they operate effectively as a well-oiled

Professors Ashish Nanda and Ed Zschau prepared this user's guide as an aid to students beginning a twentieth-five session course on general management. It presents a structure and an outline intended to serve as a reference and provide orientation to the students as the course progresses.

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machine to achieve the objectives of the enterprise. This course is about how that added value of general management can be provided.

Assertions about General Managers that Have Shaped the Focus and Approach of this Course

The General Management course is built on three assertions regarding: the nature of the general manager's job; how general managers learn to do that job well; and the environment in which you, as general managers, will be operating in the coming years.

1. **Success for any enterprise requires both formulating the right strategy and efficient, effective execution.** Formulating the strategy for an enterprise is enterprise direction...conceiving and expressing the vision for the enterprise and, based on that vision, defining and articulating its focus, its purpose, and how, in the face of both challenges and opportunities, its purpose will be achieved. Execution is enterprise shaping, building, operating and revitalizing. The general manager's job is to assure that the enterprise's strategy is well-conceived, clearly articulated, and well executed. In other courses, you have been learning how to formulate winning strategies. The General Management course focuses on achieving success through exceptional execution.

Shaping, building, operating, and revitalizing an enterprise in a manner that achieves exceptional execution creates the enterprise's strategic capability, which is difficult for competitors to imitate and, therefore, endures over time. It is, thus, the foundation for sustainable success.

2. **General management cannot be taught; it must be learned.** General management is not embodied in a bunch of tools or techniques that can be quickly conveyed, assimilated, and mastered. Rather, general management is a perspective, the learning of which is a life-long process. This course is but a beginning. As you reflect on the challenges faced by general managers in the cases, their decisions, and their actions, consider what you would have done in their places. Learn from their experiences.

Besides providing an opportunity for inductive learning, The General Management course provides a conceptual framework on which to anchor such inductive learning. It is a framework – based upon the “five P’s”: purpose, principles, people, power, and processes – designed to help you, as general managers, make the decisions and take the actions that will create your enterprise's strategic capability.¹

Here is a description of each of the five P's.

Purpose – An enterprise's purpose is expressed in its focus (What business are we in?), objectives (What are we really trying to achieve?), and vision (Where are we going to be in the next few years, and why will that matter?)

Principles – The principles of an enterprise express its values. They are the basis for its culture and define how it “does business.”

¹ Adapted from the “four P’s” introduced by Professor Lynn Sharpe Paine in *Leadership, Ethics, and Organizational Integrity* (Burr Ridge, Ill.: Richard D. Irwin, Inc., 1996), the “five P’s” represent the five categories of decisions or actions available to a general manager.

People – The people of an enterprise include, in addition to its employees, individuals and organizations outside of the enterprise (e.g., suppliers and services firms, corporate partners, investors, and so forth) that possess capabilities and resources critical to the success of the enterprise. A general manager's actions related to people include selecting, training, and motivating employees, negotiating and managing relationships with outside partners, and working with other stakeholders.

Power – Power refers to the distribution of decision rights (i.e., the rights to make decisions and take action) within the enterprise. Decision rights can derive from authority, influence, or persuasiveness of an individual or a group. General managers must ensure that individuals and teams (and, indeed, they themselves) possess the requisite power to complete assigned tasks.

Processes – The processes of an enterprise determine how the enterprise operates, i.e. how its people do their jobs consistent with its principles to achieve its purpose(s). Processes include: information and decision support systems; performance evaluation and incentive systems; routines for customer identification, solicitation, order taking, fulfillment, collection, and support; and purchasing systems, inventory management routines, and quality assurance procedures.

The actions that a general manager takes in each of these five categories are interrelated. In order to build the strategic capability of an enterprise, the general manager must ensure that these interrelationships are value-enhancing; that is, that actions taken in these various dimensions are mutually complementary. They must fit together and have a positive impact on one another. Changes in one category might require changes in one or more of the others.

The five P's must be not only internally self-consistent, but also consistent with the characteristics of the business in which the enterprise is engaged and supportive of the enterprise's strategy. Throughout the course, as we focus on how a general manager can add unique value by creating a strategic capability for an enterprise, we will use the "lens" of the five P's—their consistency with each other, the business, and the strategy of the enterprise—to provide guidance on making decisions and taking actions as general managers.

One additional point needs to be emphasized: Your personal view of human nature and how the world works will determine how you create your enterprise's strategic capability. Your personal philosophy will determine how you define the purpose of your enterprise, the principles you establish to guide it, the kinds of people you select, the degree to which you give them power, and the processes you employ to operate your business. We emphasize in the course that "one size does not fit all"—general managers with different personal views will address similar challenges in different fashions—and "different strokes can work for different folks" in the same business. However, since the strategic capability of an enterprise must be consistent with the characteristics of its business—customers, competitors, and features of its industry—you may find that your personal style and world view are more effective in some businesses than in others.

3. **Increasingly rapid change, driven in large part by technological progress, will be a way of life in the years ahead.** In several industries and on several occasions, the changes will be revolutionary and disruptive rather than just rapidly evolutionary. This reality has three important implications for general managers in the 21st century.
 - You must make change your ally—it creates new opportunities for those who do—by anticipating, exploiting, and even driving change in your industry and your enterprise. Your approach to execution should be designed to make this happen.
 - Strategic capability in the future will increasingly rely on the possession of both scale and speed. Your general management challenge in the years ahead is finding effective ways

to achieve both scale and speed, which in the past have usually been in conflict (big companies with scale were slow; small, nimble companies with speed lacked scale). We will consider in this course approaches some companies have used to achieve both scale and speed simultaneously.

- “Nothing is forever.” The strategic capability that underlies your competitive advantage and success today can tomorrow become a “strategic rigidity” that inhibits your ability to react effectively to change and, thereby, sows the seeds of future vulnerability. Accordingly, the general manager’s job is never done. For success to be truly sustainable, the shaping, building, and operating of the enterprise must be continually reassessed and revitalized.

Focus and Approach of the Course

The course especially focuses on:

- Entrepreneurial general management in enterprises of various types and sizes.
- Technology enterprises experiencing rapid change.
- A global perspective that considers how the actions of general managers in various locations are shaped by the realities of their geographic and cultural settings.
- A longitudinal perspective that follows general managers and their enterprises over extended periods of time to determine the source of superior performance at any given point in time, to identify the strategic capability that yields sustained success over time, and to learn how general managers react to change.
- The future—applying what we learn from past situations to situations that may be encountered in the future.

Case discussions emphasize first person, decision and action-oriented contributions. Wise persons learn from their experiences; the really wise persons learn from others’ experiences. “Walk in the shoes” of the general manager(s) in the case as you prepare for class. Be prepared to describe what you would do and why, but, equally importantly, you should be prepared to describe precisely how you would implement your decisions: what levers are available to you and which you would pull in what sequence. This course is about execution. . .that is how general managers build strategic capability.

In addition to class discussions based on paper cases, one class session will be based on a “live case” in which the general managers of the enterprise will describe the situation they are facing and their action plans, and they will answer student questions. This 90 minute session will constitute the case material for the next day’s class. Another session will be devoted to integrative learning. That session will be jointly conducted with faculty teaching other courses. We will also devote three classes to presentations by general managers who have achieved success in different enterprises under very different circumstances. These presentations, together with extensive Q&A, are designed to complement your learning with personal perspectives of successful general managers and, thereby, bring to life the concepts and approaches that you will be acquiring in the course.

A Road Map for the Course – Where We are Going . . . And Why

This course is designed to help you begin the process of learning to be a general manager by exposing you to several general managers operating in a variety of enterprises. This road map describes how and why the course is organized, the purpose of each of the eight modules, and the primary purpose and/or setting of each class.

Module One: The Job of the General Manager

In the first two classes, we will use the evolving situation at Nike over several years and the actions of its CEO, Phil Knight, to study the role and responsibilities of a general manager building a company and creating its strategic capability. This will be followed, in the next two sessions, with the story of a recent software startup, Vermeer Technologies, that will introduce the challenges and opportunities facing general managers in today's high tech world running on "Internet time."

We will conclude the module by emphasizing the three central themes of this course: (1) a general manager adds value through exceptional execution, that builds and leverages a strategic capability, (2) general management must be learned by reflecting on your own and others' experiences in creating strategic capability, and (3) to be successful in the future, you must make change your ally.

Sessions

- Phil Knight: CEO at NIKE (1983), HBS No. 390-038.
- Phil Knight Managing NIKE's Transformation, HBS No. 394-012.
- Vermeer Technologies (A): A Company is Born, HBS No. 397-078.
- Vermeer Technologies II, HBS Nos. 397-082 and 397-085.

Module Two: Creating and Leveraging Your Strategic Capability

This module employs the "five P's" lens to examine how exceptional execution helps you build and use your strategic capability. By looking at different approaches to building strategic capability in a variety of corporate settings, we will highlight that there is no unique "silver bullet": the effectiveness of a particular mode of execution depends on the circumstances of that business.

First, we will use The Body Shop to illustrate how the "five P's" are interrelated and to focus especially on the purpose of the enterprise. Southwest Airlines provides insight into how a general manager creates a strategic capability in support of a corporate strategy by selecting and developing people in a way that complements the principles of the enterprise. Lincoln Electric will afford us an opportunity to study the impact of clearly articulated principles and a particular process—the compensation system—on the performance of the enterprise. The situation at Ecolab will help us understand the relationship between the competencies of the people in an enterprise and the strategic capability of the enterprise.

Having focused on the importance of purpose (The Body Shop), principles (Lincoln Electric, Southwest Airlines), and people (Southwest Airlines, Ecolab), we will conclude the module with the observation that processes are essential for ensuring that a strategic capability is embedded in an enterprise.

Sessions

- The Body Shop International, HBS No. 392-032
- Captain Marvel, HBS No. 694-013 and “Is Herb Kelleher America's Best CEO?” K. Labich and A. Hadjian, *Fortune*, May 2, 1994.
- Lincoln Electric Co., HBS No. 376-028
- Ecolab Inc., HBS No. 396-371

Module Three: Building Strategic Capability Through Organizational Processes

This four-case module focuses on how key processes can be the centerpiece of the strategic capability of an enterprise. The HBR article No Excuses Management describes the unusual processes used by T. J. Rodgers to run Cypress Semiconductor. In the second class, we will examine the processes employed by CEO John McCoy that have enabled Banc One to grow by means of acquisition and to improve its performance through “organizational learning.” In the third class of this module, we will hear the personal perspective of a general manager. We will conclude the module with an examination of the processes used by Willow Creek Community Church to grow their enterprise by attracting and retaining church-goers.

Sessions

- No Excuses Management, HBR No. 90409
- Banc One - 1993, HBS No. 394-043
- The General Manager's Personal Perspective.
- Willow Creek Community Church, HBS No. 691-102

Module Four: Building Strategic Capability Through Corporate Entrepreneurship

In this module we will study how a general manager can build strategic capability through entrepreneurship. First, we will study the approach used by M-Tronics to create new businesses within a company whose mainstream business is older and lacks growth potential. Next, an entrepreneurial general manager will present his personal perspective. In the third session of this module, we will explore how the 3M company nurtures entrepreneurship within a large company environment.

Sessions

- M-Tronics, HBS No. 396-178
- The General Manager's Personal Perspective
- 3M Optical Systems: Managing Corporate Entrepreneurship, HBS No. 395-017

Module Five: Leading Change in Complex Service Organizations

In Modules Five and Six, we will emphasize a major theme of the course that we will have observed in earlier modules: “Nothing is forever.” We will focus on the challenges of leading change in service enterprises (Module Five) and in international organizations (Module Six). These modules will also provide us an opportunity to study how a general manager can use power to effect changes in the other four P’s in order to mold an enterprise’s strategic capability.

In Module Five, we will apply our framework to study how general managers build strategic capability in complex service organizations undergoing change. We will see how Commissioner Bill Bratton led significant change in NYPD and get a flavor for the additional complications facing a general manager in a government organization. Then, we will have a “live case” in which the general manager of a service organization describes a business situation s/he is facing. During class, you will put yourself in the shoes of the protagonist general manager and address the business issue.

Sessions

- NYPD New, HBS No. 396-293
- Live Case

Module Six: Leading Change in International Organizations

Continuing on the theme of leading change, this three-case module will highlight some of the unique roles and challenges of general managers in international organizations. Andersen Consulting—EMEAI offers a bridge between Module Five and Module Six. The case offers us the opportunity to study both the tension of managing across geographical boundaries and the unique general management issues facing professional services firms. In Kentucky Fried Chicken (Japan), we will examine the roles, responsibilities, and relationships of a country manager in Japan and the international general manager in the US corporate headquarters. Walt Disney’s Dennis Hightower will put you in the shoes of a new general manager “parachuting” from outside the company into a European operation that has been in place for many years and will confront you with the challenges of “taking charge” in that situation.

Sessions

- Andersen Consulting - EMEAI, HBS No. 396-007
- Kentucky Fried Chicken (Japan) Ltd., HBS No. 387-043
- Walt Disney's Dennis Hightower: Taking Charge, HBS No. 395-055

Module Seven: Revitalizing the Corporation

In this module, we will underscore that in a world undergoing rapid transformation, a general manager can ensure an enterprise’s continued success only by revitalizing its strategic capability to meet emerging realities.

We will begin the module with the personal perspective of a general manager who has been involved in “turning around” an enterprise. In the Northwest Airlines case, jointly taught with faculty teaching you other courses, we will study the interventions of general managers subsequent

to the leveraged buy-out of an indifferently performing firm operating in a highly competitive, capital intensive industry. We will conclude the cases of the course with the remarkable story of General Electric's evolution over four decades, the issue of CEO succession, some of GE's unique approaches to general management, and the philosophy of continuous revitalization being implemented by GE's current CEO, Jack Welch.

Sessions

- The General Manager's Personal Perspective
- Northwest Airlines, Rebuilding the Airline (A), June 1990, HBS No. 897-025
- General Electric Strategic Position - 1981, HBS No. 381-174
- Jack Welch: General Electric's Revolutionary, HBS No. 394-065

Module Eight: Windup

In our last class session, your professor will provide in a Course Summary his views of what he learned from the course (and, perhaps, elsewhere) about becoming an effective general manager. However, the most important summary is what you have learned. You will get a chance to demonstrate that by applying your learning in the case-based Final Exam. That will mark the end of the beginning of your learning to be an effective general managers. The rest will be up to you.

Sessions

- Course Summary
- Final Exam

Answers to some Questions that You Might Have

Here are answers to some questions that you might have about the General Management course.

What should I focus on in my classroom contributions?

Since this is a course focused on execution, you should focus on describing how and why you would actually do what you propose in addition to understanding of the key issues facing the general manager(s) in the case and your specific recommendations on what should be done. Relevance, realism, analysis, creativity, anticipation of the future, consideration of interrelations and priorities among the multiple dimensions in the situation, and unusual insight will be especially valued. Also, sharing relevant personal experiences that contribute to the learning of your classmates is welcome.

Are there some books on general management that might be helpful to me now or in the future?

Here are some books on general management that you may wish to read.

- K. R. Andrews, *The Concept of Corporate Strategy*, Homewood: Irwin, 1980.
- C. Argyris, *Overcoming Organizational Defenses*, Needham Heights, MA: Allyn and Bacon (Simon and Schuster), 1990.
- K. Arrow, *The Limits of Organization*, W. Norton, 1974.
- C. I. Barnard, *The Functions of the Executive*, Cambridge: Harvard University Press, 1968, 1st published 1938.
- C. A. Bartlett and S. Ghoshal, *Managing Across Borders: The Transnational Solution*, Boston: Harvard Business School Press, 1989.
- J. M. Burns, *Leadership*, Harper & Row, 1978.
- J. C. Collins and J. I. Porras, *Built to Last: Successful Habits of Visionary Companies*, New York: Harper, 1994.
- G. Hamel and C. K. Prahalad, *Competing for the Future*, Boston: Harvard Business School Press, 1994.
- H. Itami, *Mobilizing Invisible Assets*, Cambridge: Harvard University Press, 1987.
- R. E. Neustadt, *Presidential Power: The Politics of Leadership From FDR to Carter*, New York: John Wiley & Sons, Inc., 1980.
- J. Pfeffer, *Competitive Advantage through People*, Boston: Harvard Business School Press, 1994.
- J. B. Quinn, *Intelligent Enterprise: A Knowledge Based Paradigm for Industry*, New York: Free Press, 1992.
- P. Selznick, *Leadership in Administration*, New York: Harper & Row, 1957.
- P. M. Senge, *The Fifth Discipline: The Art and Practice of the Learning Organization*, New York: Doubleday, 1994 (c1990).