

Review

Kazuma Tateisi, *The Eternal Venture Spirit* (Productivity Press, Cambridge, MA, 1989, xix, 177 pp. \$19.95)

This is a human systems management book, written by a business executive who is well versed in the practical philosophy of systems theory and cybernetics: Kazuma Tateisi, the founder and former chairman of Omron Tateisi Electronics Co.

Tateisi's application of cybernetics and systems thinking has led him to the very opposite of the traditionally mechanistic feedback "cybernators" which often pass for business and management design. Even more often, such central command designs of "superbrains" fail, miserably. Tateisi's business has prospered and even today remains on the leading edge of world-class management systems.

Tateisi has declared war on *big-business syndrome*: devastating and often incurable "British disease" that has spread and wasted management systems in most Western economies. The disease is based on highly centralized and cancerous bureaucracy, layers and layers of command and irresponsibility, specialization, expertism and surreal levels of the division of labor, appearance of work (memos, meetings, special forms and talk) instead of work, sclerotic inability to respond to external and internal fluctuations, reliance on labor rather than knowledge and top echelon's total unawareness of pain on the front line.

This cancer is so dreadful that it is turning one "superpower" after another into wounded, wailing and self-pitying economic dead-ends.

Tateisi reached to an old, extremely successful, well established and well practiced Bat's-system of the 1920s and 1930s: *each of the company divisions will operate as a small business in itself*. These divisions are given *complete autonomy* and operate as small business within the company (market environ-

ment in itself). This "perestroika" has broken the "just-follow-the-orders" culture of hierarchical command reliably, efficiently and irreversibly. When the executive committee makes a decision, it does *not* give orders for its implementation. Such responsibility and authority are completely delegated to the divisions. No wonder that Omron is now one of the best in Japan in its field: it stimulates venture management by creating a series of small and medium-sized companies within the large company.

Compared to the concepts of management by results, by objectives or by command it sounds like a dream. Tateisi's concept of management is based on the *theory of provided conditions*: if you want to create a certain result, you must first create the conditions that will absolutely force that result to occur. That is, managing by creating the right conditions for necessary processes to occur spontaneously; not simply ramming some "designs" down the hierarchy.

Omron's autonomous divisions have really "no choice": it is in their voluntary and spontaneous self-interest to become venture businesses. The conditions are right and rewarding.

Bat's famous "Service to the public," is echoed in Tateisi's "Those who serve society best will win the most profit." The enterprise is a public servant, not a speculative tool of limited-liability absentee owners of paper.

Tateisi is an executive-entrepreneur-administrator who is also *wise*: "Action is easy, theory is hard."

In terms of community and ecological relations, he sees the customer (not the absentee stockholder) as the major corporate investor. Here he echoes the eminent U.S. businessman and manager, James F. Lincoln. Not only consulting with the community, but inviting their capital participation (so that some dividends would go directly to the local area) is a way towards ecological protection and enhancement. It surely beats the state slapping on huge fines which the customers have to pay while the environ-

ment keeps on deteriorating.

Omron's so called *Neo-P factories* have virtual autonomy in everything from corporate finance to personnel and wages. They are also completely free to invite employees to become shareholders in the company.

Tateisi also put in practice the old Henry Ford ideas about farm-factory partnerships and joint ventures. As he put it: "The Nokyo Electric format of working with the local agricultural cooperatives is a charming way of doing business." Ford knew it in the twenties, but was never allowed to realize the dream.

Obviously, Omron draws not real distinctions between management and labor: they are partners in marriage, not parent and children. Managing a business enterprise on the basis of the principle of self-reliance, which involves deep human respect, is an example of true rationality. Allowing employees to earn enough, to feel satisfied, and to participate in management is the essence of *rational* management. It is the so called "rational" (those poor and inadequate financial ratios) that has become irrational in the knowledge-intensive society and customer-driven enterprise.

It would of course be a mistake to even try to attract and motivate people solely on the basis of money: create working conditions that offer young people the thrill of creation and the joy of fulfillment. Offer them participation in ownership.

Tateisi goes beyond engineering contrivances of

cybernetics and systems; in fact, he starts from J.Ch. Smuts and his *holism*: a theory still ignored by cyberneticians and systemists of today.

He calls Omron a *holonic company*. A holonic enterprise is one in which separate divisions or functions are synergistically integrated and operated: from the age of specialization to the era of integration.

This is a good book, full of excellent examples and know-how of masterful business management. But it is for "prepared minds" only: to managers weaned on the hierarchies of command and "talk instead work" experiences, most of its sections would look foreign, unusual and perhaps culturally rooted. Yet, the principles are not cultural at all, as Bat'a in Moravia, Lincoln, Ford and Johnson in the U.S., and Fletcher Jones in Australia have proven long time ago.

The book also shows the large strides the so called Japanese-style management has made since the early days of simple statistical control charts, quality circles suggestion boxes and assorted "fish" diagrams.

Now, behold, we are talking holism and holonomics.

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