Introduction: From Management Consultant to Psychological Counsel

Just where do new business ideas come from? As Pankaj Ghemawat’s update, “Evolving Ideas about Business Strategy,” in this issue demonstrates, ideas about business strategy compete within a marketplace that is not simply intellectual but also intensely commercial. So intertwined are the academics and the management consultants who have promoted these ideas that Ghemawat employs a classification scheme devised by the consultants in the Boston Consulting Group (BCG) that does not distinguish between the strategy models advanced by consultants and those primarily associated with academics.

Given the importance of consultants, one way to contextualize Ghemawat’s illustration of the rate of the introduction of new strategy frameworks would be to map the periodicity of these models against the growth rate of consulting firms during the last half century. As I argued a decade ago in The World’s Newest Profession, the traditional form of management consulting, dominated by an oligopolistic group of professional partnerships headquartered in New York, reached its apogee in the early 1960s, declined to its nadir in the early 1970s, rebounded in the 1980s (eventually peaking in the late 1990s), and then fell away after 2000 as clients retrenched with the collapse of the dot-com bubble and the subsequent Enron scandal. Not surprisingly, the market for strategy ideas prospered when the economic demand for their application was at its peak. Conversely, when the dominant...
American corporations declined in the face of OPEC, Watergate, and Japanese competition in the 1970s, consultants struggled as the corporate need for their services, and the structure of the advice that they had traditionally offered, rapidly receded. Furthermore, once the prospects of those white-collar executives who dedicated themselves to the corporation were no longer simply a dreary life but also a terrible career, then the search for corporate best practices moved from the outward strategy of the large corporation to the personal dynamics of the individuals operating within these institutions.

In the 1970s, as inflation and recession, oil shortages, political scandals, soaring crime rates, and faltering cities all consumed American self-confidence, social critics began to diagnose modern society as retreating into self-absorption—most notably, historian Christopher Lasch in his 1979 best seller, *The Culture of Narcissism.* For as Tom Wolfe had argued in “The ‘Me’ Decade and the Third Great Awakening” three years earlier, “the new alchemical dream is: changing one’s personality—remaking, remodelling, elevating, and polishing one’s very self . . . and observing, studying, and doting on it.” The conglomerate “go-go” years of the 1960s had evaporated only to be refueled by a new emphasis on limited expectations and marginal capacity. Thus, by the late 1980s, strategy gurus C. K. Prahalad and Gary Hamel advised corporate executives to focus on their “core competencies” to better leverage the collective knowledge embedded within their own organizations and, perhaps as importantly, within themselves.

The roundtable that follows consists of four essays: Samuel Franklin’s on creativity, Matthew Hoffarth’s on executive burnout, Kira Lussier’s on intuition, and Bretton Fosbrook’s on heterarchy. As the four authors vividly show, amidst the economic upheaval of the 1970s and 1980s, new firms of management consultants soon rushed into this professional void. Exploiting the new binaries in management thought, these consultants did not seek to balance the inherent tensions between strategy and structure, efficiency and decentralization, or even local relationships and global product knowledge (as the consultants within McKinsey & Company had suggested that their newly devised “matrix” organizational structure would ultimately resolve), but instead looked further inward to cure the inherently atomistic problems of fostering innovation, avoiding personal “burnout,” and seeking

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intuition, all while balancing these on the knife-edge of rational administration and creative chaos. To echo Ghemawat, management consultants sought to bring a more dynamic approach to what had previously been intensely static corporate cultures. As corporate executives sought answers to these increasingly cultural puzzles, they tried to balance the perennial problem of measuring professional success against the psychological state of their employees. The solutions that consultants offered were very much a product of their time and place.

The consultants’ emphasis on management of the self—and the underlying narcissism it implies—would eventually find its lasting home in the emerging culture of California’s Silicon Valley that fused the self-realization of the 1960s with the extreme global capitalism of the 1980s. This curious amalgam is perhaps best symbolized by Apple’s famous television advertisement “1984,” which reimagined the Macintosh as the means to save humanity from the “conformity” (hence director Ridley Scott’s allusion to George Orwell’s 1984) of Big Brother, IBM. In the new economy, the giant, impersonal, bureaucratic corporations of East Coast America were to be slain by the nimble, individualistic, self-actualizing start-ups of Silicon Valley. Perhaps the clearest manifestation of this new ideology is evident in the most powerful tool of modern corporate bureaucracy—the computer spreadsheet—which first came to offices in America via “Lotus 1-2-3,” in the mid-1980s. Lotus Software, named for the lotus meditation position, was the product of Mitch Kapor, a former teacher of transcendental meditation who had studied psychology and computer science at Yale; Kapor would go on to sell his company to IBM before dedicating himself to funding high-tech start-ups that support underrepresented communities in San Francisco. Although now defunct, Lotus was one of the first companies to provide support for employees suffering from AIDS and full benefits to the same-sex partners of their employees—ideas that, while radical at the time, are now the norm even within once conservative American corporations like IBM.

It is perhaps no surprise that this roundtable is the product of a new generation of historians approaching the emergence of management ideas, in part, through the discipline of the history of science and technology. The managerial technologies that consultants sold to American executives in the 1970s and 1980s represented a sharp intellectual break from the corporate lineage of their predecessors. While none of these models—of burnout, intuition, creativity, or heterarchy—appear in BCG’s or Richard Pascale’s extensive lists cited by Ghemawat (except, perhaps, under the heading of “empowerment”), these radical ideas would increasingly vie in the consulting marketplace against the more traditional concept of the corporation. Indeed, by the new
millennium, the phrase “culture eats strategy for breakfast” had become the mantra inside traditional firms like Ford. This roundtable explains how and why American corporate executives became so hungry for the novel ideas offered by this new generation of management consultants.

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Samuel Franklin

Creativity

“Creativity” seems to many observers an apt buzzword for our entrepreneurial, flexible, Silicon Valley moment. However, most of today’s creativity talk traces its roots to the 1950s and early 1960s, a period we associate not with hip start-ups but with gray flannel suits and massive corporate bureaucracies. As historians have begun to recognize, the triumph of corporate capitalism by the end of World War II spurred an immediate rebellion even within the corporate order itself. The fantasies of efficient, scientific organization that animated the managerial imagination for half a century were recast as stifling and inhumane “collectivism,” and a renewed individualism permeated managerial thought. The critique even made its way to research and development laboratories, where, despite a proven record of industrial innovation, research directors pined for the spirit of the independent inventor on which their companies’ fortunes were originally built. To the rescue came a new cohort of management consultants bearing techniques for “creative thinking,” aimed at ensuring an efficient rate of innovation by liberating the mind of the individual employee. Demystifying outdated notions of “genius,” they said, “creativity” could be understood

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