

A short and snappy introduction to the thoughts and theories of an important thought leader.

PROFILE

THE ESSENTIAL

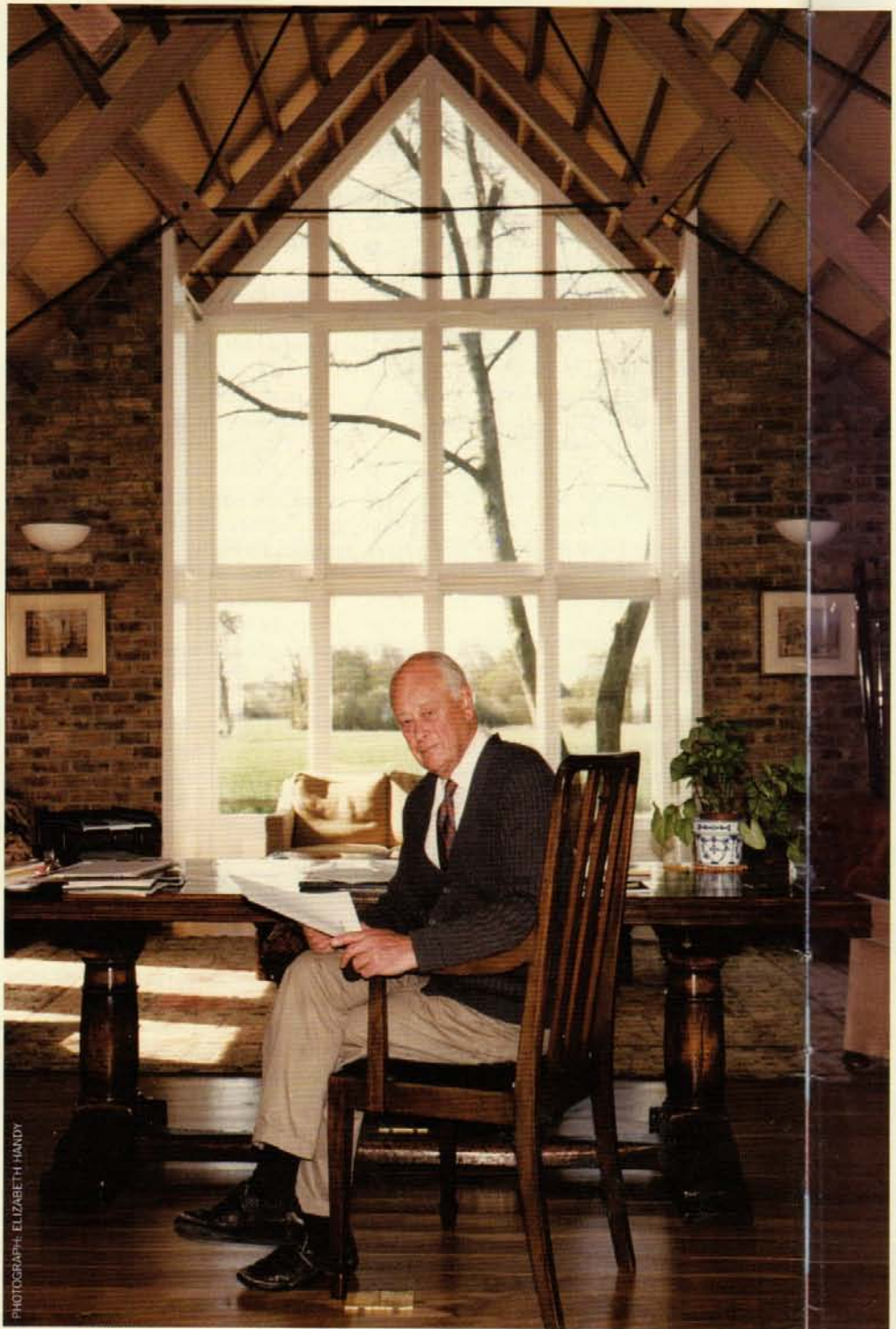
CHARLES HANDY

In a new series, Business Strategy Review profiles a major thinker who has made a significant difference to how organisations are managed and how business careers are shaped.

Charles Handy is generally ranked among the most influential management gurus (a term for which he has no use) of the past half century. He has written some 15 books, distinguished by their reader-friendliness, that have sold well over a million copies worldwide. He is a seer of considerable note, having predicted such developments as corporate downsizing and the emergence of knowledge workers who hop from company to company or freelance with numerous firms.

Handy nonetheless maintains a sceptical view of his fortune-telling, having said, "My job is to be ten years ahead, which is why a lot of people tend to say I'm stupid." Handy, who has labelled himself a social philosopher, is arguably the first and most insightful commentator on the modern company's role in today's rapidly changing society. He is an early advocate of corporate ethics and social responsibility and correctly predicted that companies and executives who fall short in these areas will eventually harm shareholder value, if not altogether drive these organisations from existence.

Handy also posits the revolutionary notion that employees are as much 'owners' of their employing firms as are shareholders and thus must be accorded an ownership stake in those companies — otherwise, he argues, those companies will gradually fade in financial performance.



PHOTOGRAPH: ELIZABETH HANDY

Escaping routine

Handy was born in Kildare, Ireland, in 1932. His father was an archdeacon, and Handy has noted that he passed his boyhood under the expectation that he, too, would pursue a career in religious ministry. "All my family have been [Episcopalian] bishops for generations... The expectation was that I would be a bishop or a head monsignor. I wanted to be rich because we grew up poor. I also wanted never to go to church again."

He graduated from Oriol College, Oxford, with a first-class honours in Greats, an intellectual study of classics, history and philosophy. Years later, he observed that this experience, like those of other students, failed in helping him to identify his talents, "instead leaving you to find out by experiment and happenstance and, hopefully, before you're 50." He adds, "I didn't discover until I was 50 that I could write books."

Thus, Handy's 'experiment' continued with Shell International in Southeast Asia and London, where he claims to have been so bored by paper-shuffling that, for the only time in his life, he kept one eye on the clock and leapt for the doors at exactly 5:20 every afternoon.

He escaped this routine by journeying to America and the Sloan School of Management at the Massachusetts Institute of Technology, then the incubator of such future business thought leaders as Chris Argyris, Warren Bennis, Mason Haire and Edgar Schein. That experience, he later said, coupled with his years at Shell, "got me interested in organisations and how to run them. Initially, I was only interested in how organisations become more efficient. But efficiency has its human costs, as well as its human benefits. I needed to try and puzzle those out. Creating more wealth doesn't necessarily make everybody happier."

Shamrock organisations

In 1967, Handy returned to the UK on behalf of Sloan, launching and running the only Sloan programme outside the US, at the UK's first graduate business school, in London. Until then, 'graduate' and 'business school' were rather oxymoronic. As Handy recalled, "Business... was long seen by the British as a lower status occupation, definitely inferior to the armed services." In this clean-slate environment, only five years passed until Handy became a full professor, specialising in managerial psychology. Handy is often cited as one of the founders of London Business School.

It was in the 1970s that Handy demonstrated his considerable prescience as one of the first management gurus to recognise that organisations were flattening hierarchies and outsourcing non-core functions. Handy moved on in 1977 to serve as warden of St George's House in Windsor Castle. This private study centre dealt heavily in assessing ethics and values in society — a concern that would become central to Handy's thinking to this day.

In the early 1980s, Handy foresaw the emergence of the 'shamrock' organisation', with three integrated leaves: a core of employees, a group of contractors and a group of temporary workers. By now, Handy was accustomed to unctuous objections to his forecasts and accustomed as well to be proved right over time.

These years also marked the origination of his 'Thoughts for Today' on the BBC's *Today* programme, which he proceeded to broadcast for some 20 years. "It's a religious slot," he noted, "although I didn't talk religion. I talked what I hope was good moral sense. That has coloured my brand to some degree in many people's eyes, I think. They see me as an ethical kind of guy. I want to see more of the good in people brought out in organisations of all sorts."

Handy has long been equally concerned with the good — or

"This has basically been the story of my life, trying to stop pretending and to speak the truth as I see it."

Charles Handy in *Business Strategy Review* (Spring 2007)

ills — in society (as reflected in organisations) that arise from game-changing developments in technology and demographics. All of his books have been principally or peripherally concerned with these changes, under which (according to one periodical's assertion) "television robs presidents of authority... computers liberate people from corporate authority and technology will soon rob teachers of their power because students will have instant access to everything teachers know". The repercussions, says Handy, "will lead to a renaissance, which in one way is great, because so much creativity will bubble up. But it also heralds a very turbulent time. People are often frightened when there is no authority around."

A portfolio life

Yet Handy's writings on these and other topics of profound societal importance are seldom over the head of anyone with a basic education. "I try to write and talk in language that people can understand," he explained. "My mother once said when I showed her my first book, which was full of jargon, 'I don't understand these words. I don't understand why there aren't enough words in the *Book of Common Prayer* and the works of William Shakespeare for you to be able to explain everything you want to explain.' I've always carried that in my mind."



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Handy's plain speaking isn't matched by plain thinking, in the sense of standard management bromides. He seems never to have shirked biting the academic or industrial hand that feeds him, particularly in advocating what he termed a 'portfolio life' and, more outrageously (to some observers), an ownership stake being accorded to employees by means other than their participation in a stock purchase plan.

Regarding the former, Handy long ago foresaw the emergence of workers who would pursue "a multi-faceted, multi-client freelance career in which individuals take responsibility for their own earning potential, personal development and general well-being". Workers are thereby independent to an extent never yet approached in organisations, moving about among a portfolio of jobs, employers and types of work. Similarly, Handy contends that a change of course in mid-career can open new challenges and achievements in what was once viewed as the twilight of one's career.

Regarding ownership, Handy contends that workers should be corporate citizens who hold a financial stake in the company in which they work — and even should enjoy a set of inalienable rights, such as the right to be heard and to potentially block the sale of the company. Not surprisingly, this has won Handy some strong epithets from corporate chieftains, as well as astonished praise from corporate gadflies, labour union leaders and a smattering of public officials.

Unheeding of any inclination to refrain from rubbing salt into the wounds of those advocating unfettered markets, Handy charged, "Unreconstructed capitalism has its dangers" — thereby anticipating what many experts would later cite as the root cause of the 2008 financial collapse and resulting recession. Further, he added, "We are going down a dead-end road if we think that economic growth is the only thing that matters. Even Adam Smith warned that unrestricted growth would lead to economies of 'useless things' instead of cultivation."

Noble purpose

Handy sees modern turbulence as provoking even greater change in long-standing corporate hierarchies, arguing that companies that want to attract and keep the best employees must identify and pursue a 'noble purpose' beyond the bottom line. He says companies should adopt 'subsidiarity subordinateness' under which responsibility is driven down to the organisation's lowest level. "In the age of intellectual capital," Handy said, "we need to rethink the constitution of our corporations to give a proper voice to those who really own that capital — the core workers.

"A company's value increasingly is the brains of its employees. The people who supply the money cannot pretend to have any ownership over the brains of the people who work there. The financiers must have some rights, but the employees will have more. Technology is transferring power to workers — power they never had before."

Such thinking seems to clearly have sprung, in part, from the career Handy was pursuing for himself. He resigned from St George's at the age of 49 and proceeded at first to stumble around somewhat in determining where to take his portfolio life, landing eventually in the pursuits that have occupied him ever since as prolific author, sometime speaker (he says that for years he didn't know that an insightful observer such as himself could get paid — and handsomely — to make speeches) and active aide to his wife and business partner Elizabeth, a professional photographer with whom he's produced two books, and two children as well. ■

SELECTED WORKS OF CHARLES HANDY

Gods of Management: The Changing Work of Organizations, Souvenir Press, 2009.

Myself and Other More Important Matters, Arrow Books, 2007.

The Age of Unreason: New Thinking for a New World, Random House, 2002.

The Elephant and the Flea: Looking Backwards to the Future, Arrow Books, 2002.

The New Alchemists (with Elizabeth Handy), Hutchinson, 2004.