

Pioneers of Business Culture

At 6:06 AM on a summer Wednesday morning, my slightly older female colleague Susan races past the lobby desk of the International House in the Roppongi district of Tokyo. She's off to breakfast. For some reason, she glances out the front door and catches us paying the taxi driver and bidding him farewell. As we enter the door, she averts her eyes, picks up her pace and mutters loudly enough for us to hear, "I didn't see a thing."

Shit. We had hoped to sneak in early unnoticed, catch a quick shower, and join the group for breakfast to start the day as usual. I looked like I had slept all night in my suit because I had, a grey Italian linen job whose creases now were deeper than its cut lines. Falling asleep fully clothed in a third-floor crate in a capsule hotel will do that. Even if you don't buy porn for the personal tv on the way in.

I was there in Tokyo in 1985 with a group of business school faculty colleagues. Sponsored by an alum from a wealthy family who more or less dropped out to be a race car driver, he had parlayed his on-track failures into a US franchise to supply auto parts for a then-unknown Japanese carmaker. He got lucky when the global economy pivoted to Japan. Now, he wanted us to learn about the Japanese economic miracle so we could figure out how to save American industry. You're right---it was a junket, only privately financed.

The early 1980s represent a significant time for American industry, because it was only then that most executives in the US woke up to the power of management through organizational culture. While there were many possible explanations for the rapid world dominance of Japanese corporations, the one that startled the management world, the one that made folks think may be there was a better way to run a business was the cultural model. Look, the story went: these corporate powerhouses from Japan had few conflicts with employees, got workers to cooperate readily, saw low turnover and excelled on quality--all while paying people less and requiring fewer managers. Among others, Stanford professor Bill Ouchi made a good living explaining the Japanese cultural model to shocked and frightened American business leaders. For most of them, cultural management was quite a departure from business as usual. A whole new playbook to learn.

It is hard to date precisely the origin of cultural management for explicit business purposes. Sure, there were plenty of early religious orders, schools and reform organizations designed and operated to mold one's character, to turn you into a morally respectable person, however that was defined. But what about comparable efforts to make good or productive employees through culture?

An early culture-like tool was used by Robert Owen in his New Lanark, Scotland cotton textile factory. He called it the "silent monitor"; it can be seen in the figure below. The silent monitor was an innovation when Owen developed it and introduced it around 1800. Although modern

eyes surely view it differently, at the time the silent monitor (and Owen) was considered progressive, radically progressive. It was an attempt to manage and control factory workers' behavior in a humane and civil way; corporal punishment was the order of the day.



The silent monitor worked as a visible instant feedback mechanism on a worker's performance. One hung above each worker's station. It was turned outward to show a color reflecting the supervisor's assessment of the worker's recent behavior: white meant excellent, yellow signified good, blue was indifferent, and black bad. Books of character contained a record of past daily behavioral assessments.

Subtler, more modern, systems of cultural management appeared in the US in the latter half of the 19th century and through the 20th century. Notable long-lasting culturally heavy firms include: Goldman Sachs (founded 1869), Nordstrom's (1901), IBM (1911) and Hewlett Packard (1939).

In terms of broad impact, no company exerted the singular influence of Disneyland (1955) and its culture of making customers happy. Designed and operated by Van Arsdale France, the employee training program at Disneyland aimed to "Create Happiness." France said that he used a "looking glass self" approach, by which he meant that if employees smiled and laughed, then so too would the customers who interacted with them. Disneyland insisted that an employee present a clean wholesome image (the Disneyland Look), and stay in character while in the Park. Employees greeted each other informally, without titles except "Host" and "Hostess." Customers were treated in egalitarian fashion; they were referred to as "Guests," a salutation that lives on today in nearly every checkout line in America.

With so many domestic examples, you have to wonder why we did we need to fly across the Pacific and try to communicate with suspicious corporate managers in broken English or through translators. Why not just go to Anaheim? I think the answer has many possible layers. Old-fashioned nationalism can't be ruled out. Anthropologists might point to the tendency to "otherize" perceived threats from outside groups.

But there was also just a great deal of ignorance about Japanese corporations at the time. We didn't know what made them tick, what made them such efficient competitors. We didn't know or believe that cultural management processes could be so powerful. We didn't know that the

human resource systems used by Toyota and Honda were in many ways similar to those at Disney, H-P, and Goldman.

Similarly, that morning in Tokyo at breakfast my senior colleagues didn't know or believe that you might innocently stay out all night at a cheap hotel because they locked the International House doors at midnight. No, they wanted to believe a more exotic story, one involving who-knows-what about their junior colleagues. Just like many Americans in the early 1980s wanted to believe a more exotic story for the rise and global success of Japanese business.

By Glenn R. Carroll
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References

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