



Management by Mythology

Life is full of mystery. Consider, for example, the mystery of how we got to the point where executives are paid a king's ransom to run companies into the ground and sell off assets. Equally mysterious is why there is a thriving business in management consulting. What is perhaps the strangest aspect of management consulting is that many of its purveyors are fresh out of business school with no experience in running companies. Statistics show that roughly 25% of top business-school graduates and a significant number of undergrads from elite universities become highly paid recruits for big-name consulting firms.

As former consultant Matthew Stewart puts it, "How can so many who know so little make so much by telling other people how to do the jobs they are paid to know how to do?" Stewart is in a position to ponder this question. He was once one of those highly paid consultants and wrote a book called *Management Myths* about his consulting escapades. He admits that when recruited fresh out of school, he knew basically nothing about business — his degree was in philosophy. As Stewart puts it, his consulting work involved "considerable on-the-job training, all at the expense of large financial institutions who, for reasons that are sometimes difficult to articulate, sought myadvice on matters having to do with their business strategy."

Stewart's brush with management consulting has given him a particularly low opinion of business-school degrees and of highly paid executives. It is troubling that one out of four master's degrees awarded today are now MBAs, he says, when academic studies have concluded that neither possessing an MBA degree nor getting good grades in MBA courses correlates with career success.

As Stewart puts it, "After all, if it turned out that having an M.D. bore no relationship to an individual's performance as a doctor,questions would have to be asked."

That statistic also should be of interest to the large number of engineers who, frustrated with their lack of career progress on the technical side of things, opt for business degrees at night. Many, I suspect, would reflect on their experiences in night school and agree with Stewart's appraisal: Business schools don't create useful business ideas, and most MBA courses in business strategy amount to little more than reviews of glorified magazine articles. Business courses can make sense of past instances when companies earned healthy profits, but they don't help predict where or how it will happen in the future.

If business education was just ineffectual, it might not be worth worrying about. But there is evidence it has led to a view of shareholder value that harms society in the long run. As Stewart puts it, "...the shareholder-value model has induced executives to engage in asset stripping — destroying the long-term productive potential of a corporation for the sake of short-term stock-market gains. At a more general level, the dogma implicitly favors a similar kind of asset stripping for society at large — a demolition of the trust on which society is founded. The business schools do worse than train their students in subjects that do not exist; they also prepare them to become destructive members of society."

I suspect most engineers with actual work experience have figured out there is more to life than shareholder value. For those who feel the need to better their business skills, I'd suggest a few courses on accounting and economics and skipping the rest of the three-year night-school MBA saga.

— Leland Teschler, Editor