

PROFESSIONAL  READING LIST

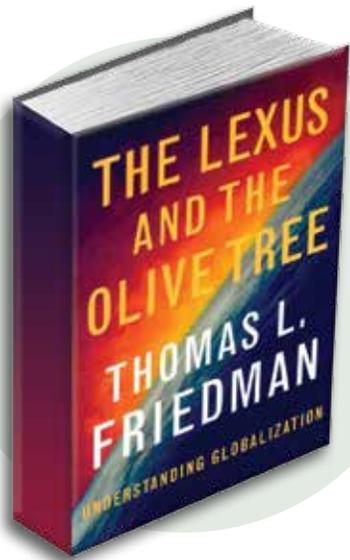
**RECOMMENDED READING FOR
AT&L PROFESSIONALS BY
CAREER FIELD: CORPORATE**



Auditing, Business, Contracting, Purchasing

FOR KEY LEADERS

***The Lexus and the Olive Tree:
Understanding Globalization***



Author(s):

Thomas L. Friedman

Publisher:

Farrar, Straus and Giroux

Copyright Date:

1999

ISBN:

978-0374192037

Hard/Softcover:

Hardcover, 289 pages

Reviewed by:

Dr. Edward Schmitz

Principal Research Scientist

CNA Corporation

Publisher Summary

In this vivid portrait of the new business world, Thomas L. Friedman shows how technology, capital, and information are transforming the global marketplace, leveling old geographic and geopolitical boundaries. With bold reporting and acute analysis, Friedman dramatizes the conflict between globalizing forces and local cultures, and he shows why a balance between progress and the preservation of ancient traditions will ensure a better future for all. *The Lexus and the Olive Tree* is an indispensable look at power and big change in the age of globalization.

Review

The Lexus and the Olive Tree is a portrait of how globalization is changing the world. Written in 1999, it provides an interesting perspective on the process, using anecdotes and experiences from *New York Times*' foreign policy correspondent as he traveled the world reporting on events.

The title refers to the conflict between modernization and traditional values and culture. Friedman had the insight while traveling to a Lexus factory in Japan on a bullet train at 180 mph. He was reading an article about Palestinians and Israelis arguing over who owned which olive tree.

The book is divided into four parts:

- Seeing the System
- Plugging into the System
- Backlash Against the System
- America's Role

The first part explains the globalization system, which Friedman dates to the end of the Cold War and the fall of the Berlin Wall. The defining economic system became “creative destruction,” where access to financial markets, the growth of telecommunications and microprocessors, as well as lower transportation costs led to increased competition on a world-wide scale. He provides examples of how microchips reduced barriers for entry into markets, creating forces that companies and countries could not easily resist. And openness to financial markets created pressures to adapt to international business standards and practices, or capital will leave a country or company.

Plugging into the system describes how the globalization system works in practice. He provides examples of many of the features of globalization. These include transparency in financial transactions, reducing corruption, and use of markets. He discusses the golden arches theory of diplomacy and how two nations with McDonalds would not go to war. He finds that although this technically occurred in Kosovo, the NATO's pressures on the Serbian people led to a rapid end to the conflict.

The book also addresses the backlash against the system. There are many forms of protest against globalization. These include people lacking the skills needed to be competitive, labor unions losing out to foreign and non-unionized workers, and religious fundamentalists. Friedman argues that there is a groundswell of people demanding the benefits from globalization—more freedom and a better life.

The final part deals with the U.S. role. He sees the world moving towards the U.S. form of capitalism. But he also discusses how many traditional societies and forces oppose this. For example: Osama bin Laden wanted

the United States out of Saudi Arabia because it was defiling Islam. And the same leverages that are produced by the benefits of globalization can provide terrorists with ways to magnify their nihilistic worldview.

Upon rereading the book 16 years after it came out, I found it still serves as a primer on how globalization has affected society. And he identifies many of the forces that have come to oppose globalization, including terrorism, nationalism, and protectionism. However, many aspects of international development followed a different trajectory. He talks about environmentalism from a preclimate change perspective, and was much more optimistic about the impact of globalization, despite lamenting its homogenizing effects on culture. Political trends have tended to move in a more authoritarian way than he would have expected. It would be interesting for him to provide an updated afterword on how globalization has changed from what he envisioned at the turn of the millennium.

The Visible Hand: The Managerial Revolution in American Business

Author(s):

Alfred D. Chandler, Jr.

Publisher:

Belknap Press of Harvard University Press

Copyright Date:

1993

ISBN:

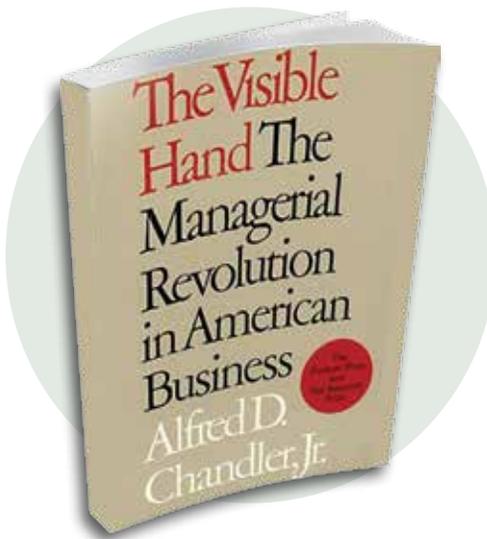
978-0674940529

Hard/Softcover:

Softcover, 624 pages

Reviewed by:

Dr. Nayantara Hensel
 Professor of Industry and Business
 National Defense University
 Former Member
Defense ARJ Research Advisory Board



Publisher Summary

The role of large-scale business enterprise—big business and its managers—during the formative years of modern capitalism (from the 1850s until the 1920s) is delineated in this pathmarking book. Alfred Chandler, Jr., the distinguished business historian, sets forth the reasons for the dominance of big business in American transportation, communications, and the central sectors of production and distribution.

The managerial revolution, presented here with force and conviction, is the story of how the visible hand of management replaced what Adam Smith called the ‘invisible hand’ of market forces. Chandler shows that the fundamental shift toward managers running large enterprises exerted a far greater influence in determining size and concentration in American industry than other factors so often cited as critical: the quality of entrepreneurship, the availability of capital, or public policy.

Review

Alfred Chandler’s *The Visible Hand* contributes significant insights into the historic evolution of the large-scale business enterprise and modern managerial capabilities. This has important implications in understanding how key business functions that are located in smaller business enterprises can be combined to form multiunit business enterprises, which, in turn, can be applied to the defense industry in several ways. First, the historical perspectives in the book can help in assessing whether key functions should be outsourced by the Pentagon or conducted internally. Second, the historical lessons can assist in exploring whether defense companies should outsource activities to smaller firms or whether they should internalize the activities, and expand the size and scope of their corporate structure.

The Visible Hand examines the growth of business enterprises in the United States between the 1840s and the 1920s, and the developments in coordination and administration of production and distribution activities (including communication, finance, and transportation). Internalization of these activities into larger business enterprises rather than the continuation of these functions in smaller, diverse companies led to reduced transaction costs in conducting core functions, as well as greater productivity. Chandler focuses on the importance of the creation of managerial hierarchies as well as the development of the formal profession of managers in achieving the internalization of activities and in the formation of large, American companies. Without the development of professional managers, the benefits of

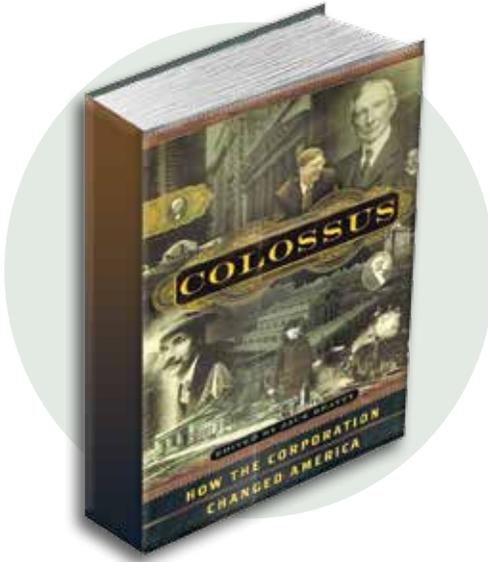
improved productivity and lower costs due to the synergies between the functional units and their integration into the broader corporate structure could not have been realized.

Chandler examines the managerial revolution in a variety of industries, including the evolution of the railroad industry in the United States. The analysis examines changes in mass distribution (the development of department stores, chain stores, etc.) as well as changes in mass production. The analysis then examines the integration of mass production and mass distribution functions within modern industrial corporations and vertical integration through mergers in a variety of industries. These historical examples have many parallels with contemporary supply chain management challenges, some of which have been effectively dealt with through acquisition of smaller companies conducting core functions into larger corporate enterprises.

An understanding of how the “visible hand” of management replaced the “invisible hand” of market mechanisms through the evolution of the modern American business enterprise and through the associated development of managerial hierarchies is key in evaluating the challenges currently facing American industries, including the defense sector. When I was a PhD student at Harvard University, I always found that Chandler’s perspectives in his discussions with the students in class provided valuable insights on how historic and contemporary threads were woven together to create the tapestries of particular industries or markets. Today, both the economic crisis and the associated budgetary pressures necessitate improved efficiencies, greater productivity, and reduced costs in the industrial base, and the exploration of economic history in *The Visible Hand* can provide the foundations for some possible solutions.

FOR RISING LEADERS

Colossus: How the Corporation Changed America

**Author/Editor:**

Jack Beatty

Publisher:

Broadway Books

Copyright Date:

2001

ISBN:

978-0767903523

Hard/Softcover:

Hardcover, 528 pages

Reviewed by:

Daniel Else

Analyst, Defense Installations/Defense
Industrial Base
Congressional Research Service
Library of Congress

Publisher Summary

Weaving historical source material with his own incisive analysis, Jack Beatty traces the rise of the American corporation, from its beginnings in the 17th century through today, illustrating how it has come to loom colossus-like over the economy, society, culture, and politics. Through an imaginative selection of readings made up of historical and contemporary documents, opinion pieces, reportage, biographies, company histories, and scenes from literature, all introduced and explicated by Beatty, *Colossus* makes a convincing case that it is the American corporation that has been, for good and ill, the primary maker and manager of change in modern America. In this anthology, readers are shown how a developing “business civilization” has affected domestic life in America, how labor disputes have embodied a struggle between freedom and fraternity, how corporate leaders have faced the recurring dilemma of balancing fiduciary with social responsibility, and how Silicon Valley and Wall Street have come to dwarf Capitol Hill in pervasiveness of influence. From the slave trade and

the transcontinental railroad to the software giants and the multimedia conglomerates, *Colossus* reveals how the corporation emerged as the foundation of representative government in the United States, as the builder of the young nation's public works, as the conqueror of American space, and as the inexhaustible engine of economic growth from the Civil War to today. At the same time, *Colossus* gives perspective to the century-old debate over the corporation's place in the good society.

A saga of freedom and domination, success and failure, creativity and conformity, entrepreneurship and monopoly, high purpose and low practice, *Colossus* is a major historical achievement.

Review

Jack Beatty, *Colossus's* author/editor, is a prominent writer and former editor of *The Atlantic Monthly*. Recipient of fellowships and awards for writing and literary criticism, he has authored biographies of Boston mayor James Michael Curly (*The Rascal King*, 1992) and management theorist Peter F. Drucker (*The World According to Peter Drucker*, 1998). After *Colossus*, Beatty wrote a history of the Gilded Age (*Age of Betrayal: The Triumph of Money in America, 1886–1900*, 2007).

Colossus follows the corporation in English America from the founding of James Fort (later Jamestown) in 1607 by London's Virginia Company through the dot.com boom of the 1990s. It suggests that the corporation bears responsibilities to society, and that politics and government, traditional frameworks for considering history, have been sideshows to the real catalyst for societal change—business.

Though considered an anthology, Beatty himself penned nearly one-third of its 511 pages and drew from other authors to reinforce his positions. These were professional writers who, beyond Beatty, included novelists and journalists. Beatty's work plus excerpts from novels, magazines, and newspapers account for nearly half of the text. Historians take up another third, with the rest contributed by sociologists, economists, management experts, and a Chief Justice of the Supreme Court.

The chronology comprises five eras: 1607–1820 (the royal charter corporation), 1820–1860 (capitalization of American expansion), 1870–1930 (organization of economies of scale), 1930–1973 (consumer-driven economy), and 1973–1999 (post-oil embargo decline). The earliest text comes from Chief Justice Roger Taney's 1837 decision in *Charles River Bridge v. Warren Bridge*, and the most recent is Beatty's, which introduces and frames others' works in addition to his own. The closer the era to the present, the

denser. For example, 214 years between Jamestown and 1820 are explained in 63 pages, while 107 pages cover 27 years between 1973 and 1999. Authors probe the Puritan work ethic, the company's role in creating representative government, lack of money and the slave trade, national expansion and capital markets, textile mill labor, mechanization, early railroads, and slave labor shaping Southern railroads.

Modern post-Civil War corporations precipitated "social change on a scale unimaginable." These were the great trusts, such as Standard Oil, the great labor strikes, and F. W. Taylor's concept of scientific management.

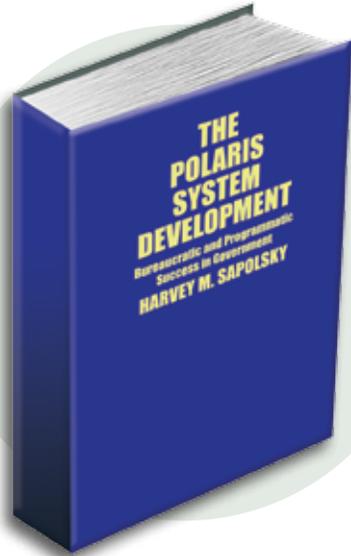
The years from the Great Depression to the 1973 oil embargo are titled "Bust to Boom." America is fed by dehumanizing corporations—hence excerpts from Steinbeck's *The Grapes of Wrath*, Wilson's *The Man in the Grey Flannel Suit*, and Heller's *The Office in Which I Work*. The postwar military-industrial complex—of great interest to Defense Acquisition University students—rates three pages, while corporate influence on university research is given 20.

The last section covers falling American productivity and living standards, and the rise of consumer imports. It features leveraged buyouts, hostile takeovers, downsizing, shareholder rebellion, and the shift from manufacturing to services. Authors discuss CEO behavior, race and gender relations, and the corporation's role in setting social norms.

Finally, Beatty deliberates on government and corporation. Which functions in the modern society, he asks, are proper to government, and which may be left to private enterprise?

That parting thought highlights how rooted the book is in the late-1990s. Much has changed since 2000 when Beatty asserted that we were "leaving the century of the 'passions'"—nationalism and interstate war—and entering a "century of the 'interests'" of globalization. Amazon.com was then 5 years old and a teenaged Mark Zuckerberg was learning to program computers. *USS Cole* was attacked and 9/11 occurred as the book was published. It was pre-Brexit and pre-*Operation Iraqi Freedom*. Would his approach and selections be the same today?

The Polaris System Development: Bureaucratic and Programmatic Success in Government

**Author(s):**

Harvey M. Sapolsky

Publisher:

Harvard University Press

Copyright Date:

1972

ISBN:

978-0674682252

Hard/Softcover:

Hardcover, 281 pages

Reviewed by:

Dr. Michael Pryce

Research Fellow

Manchester Business School

Publisher Summary

To many the goal of the Polaris program seemed unachievable when first proposed: to produce a ballistic missile with a range of over a thousand miles that would be capable of being launched from a submerged submarine. Today a fleet of Polaris-carrying submarines constantly patrols beneath the seas as a key element in a national strategy of deterrence. Harvey Sapolsky examines the Polaris missile program, one of the most costly and successful ever undertaken by the federal government, and describes the bureaucratic strategies the Polaris proponents employed to control the threatening environment.

Sapolsky points out that the Program Evaluation and Review Technique (PERT), which gained the program a worldwide reputation for managerial innovativeness, was as much a device to protect the program from external interference as an effective management tool. The book should be valuable to those concerned with bureaucratic politics, management techniques, weapons procurement, and arms control problems as well as to those who seek to understand the operations of American government.

Review

During the Cold War, the U.S. Navy set about creating a stealthy nuclear deterrent against the Soviet Union, based upon creating a force of nuclear submarines carrying Fleet Ballistic Missiles (FBM) known as Polaris. From 1955 until 1960, this capability was developed and fielded under a Special Project Office (SPO) led by Navy Admiral William F. Raborn. Sapolsky sets out in this book to “describe a government program which worked, a public bureaucracy which was successful” (p. 1). As such, it is a “success study.” His basic aim is to find out how a large government bureaucracy can successfully manage a technologically challenging, large-scale weapons acquisition program. Sapolsky focuses not on the technical accomplishments of the Polaris program, but on the political/management success. He does so by examining the four strategies that the supporters of the program used to protect and manage its resources:

- Differentiation—“the attempts of organizations to establish unchallengeable claims on valued resources by distinguishing their own products or programs from those of competitors” (p. 43);
- Co-optation—“the attempts of organizations to absorb ‘...new elements into [its] leadership or policy-determining structure... as a means of averting threats to its stability or existence’” (p. 47);
- Managerial Innovation—“the attempts of organizations to achieve autonomy in the direction of a complex and risky program through the introduction of managerial techniques that appear to indicate unique managerial competence” (p. 58); and
- Moderation—“the attempts of organizations to build long-term support for their programs by sacrificing short-term gains” (p. 54).

Sapolsky attempts to separate the myths of the program’s success, which have largely been attributed to managerial innovations such as PERT, from the realities such as the perceived strategic need for the program and the management competency of the SPO, all of which created an environment that was highly conducive to eventual success. He also shows that in following a technical strategy that did not seek a fundamental advance in the state of the art, the Polaris project was also able to deliver the required performance on time and on cost.

This book, although 30 years out of print and describing a now-defunct weapon system, is essential reading for managers and decision makers who want to understand the critical factors that drive program success.