

**Megacities International Conference, Hong Kong 2000****Corporation Man The Next 100 Years****Jonathan Drane**

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In biology most growth models are based on a mechanism that reaches equilibrium. David Suzuki in *Earth Time* (Suzuki 1998) notes however:

*" When a species is introduced into a novel environment, it usually soon dies for lack of an appropriate habitat or the conditions necessary for survival. In those rare circumstances where a new arrival does find conditions conducive to growth, such as an "exotic" species may run amok in the absence of natural counterbalances.*

*As a species, human beings have had a similar impact. As we have spread and multiplied over the earth, we have gone from being creatures dependent on planetary forces over which we had little control or effect to being a superspecies with the capacity to alter, whether deliberately or unintentionally, the Earth's biophysical features."*

When our planet's population is pitched to double from its current level of 6 billion in only 50 to 100 years there is compelling evidence from not only environmentalists but eminent scientists, nobel laureates and community leaders that our sustainability (and some say extinction) as a species foreshadows and presages any other challenges.

As a unit of society, the corporation does not merely respond to demand from this population base , but actively fuels it with sophisticated consumer programmes and in parallel with its investment imperatives. The potent multipliers involved in both ambient population growth and the demand generated in this population by our corporations , place a frightening perspective on our achievability of a constant growth society due to the limits and availability of resources.

Up to now our Corporations have been viewed primarily as a " unit of production" in the Keynesian or economic sense and this model has served us well especially in the post depression and post war era since it was based on a constant growth model and it was believed to secure the future of our so called prosperity. The sustainability of the underlying premise of this model however needs to be seriously questioned in light of available resources.

The traditional wisdom in corporate practice has been that the corporation unit was a function of market demand factors which in turn dictated supply responses. Under this economic model, should demand change then supply would be adjusted accordingly, usually signaled by a change in the price of the

product. This economic model however, has been premised on commodity based markets with undifferentiated products which respond predictably in the classic supply demand curve which any of us who have had to sit through an economics lecture are expected to understand and believe.

Our constant growth in population and therefore demand has however meant that the "change in demand" in real terms over longer horizons often equates to "increase in demand" and in a constant mode.

The nature of the market place has also changed dramatically since the inception of this model with the emergence of the service sector and the corporate mania for product differentiation. Technology, particularly in the post war era has seen the emergence also of the "supply led" product which involves the invention of previously unforeseen (and therefore undemanded) products. The average man and woman will always demand food and basic supplies with some level of predictability but how could we ever know we wanted a new Apple Newton, a gameboy, nintendo 64, or a carbon fibre tennis racquet until the corporation decided we needed it and compelled us to demand it?

The same theme has been extended through all levels of non essential products including sweets, toys, CD's, packaging, sound systems, computer disks and other trappings of our modern society.

The corporation has learnt how to not only "supply lead" demand but to manipulate our desire for items which we never knew existed and which we could never have known we desired!

Since the launching and supply of products requires considerable risk in investment in resource infrastructure e.g. production lines, distribution outlets, storage facilities etc, surety of demand is essential in realising the necessary rates of return on investment.

The method of viability analysis used by the corporation based on DCF, NPV and Internal Rates of return are also premised on an assumption of constant growth. The investment mechanism not only requires a constant growth premise but it also perpetuates it. Investment models are premised on a 5 to 15 year scenario only (usually only 5) after which discount rates provide no meaningful measure of an investment in the future. This modern evaluative tool provides no means of measuring asset performance beyond a minimal horizon and assumes automatic replacability of the asset within an economic period of 20 years.

This model is applied to the building blocks of all our industries! It determines the lifespan of all our assets and therefore the horizon for use and renewal of our assets. It determines our power plants, our roads, our cars, our houses and our cities. It also determines one of the key drivers in the absorption and use of our available resources.

A key challenge for our society in the next one hundred years relates to the sustainability of these current corporate practices.

Corporation Man should be compelled therefore to raise its head from its board papers for just a few minutes to consider its practices and to question the corporation's place and even relevance in a society of the future.

Since our first appearance on the planet, Homo Erectus and Homo Sapiens took millions of years to reach a population of 10million only 10,000 years ago where they acted firstly as a bipedal species and then as hunter gatherers (Leakey 1997). Their ancestors then took the next 8,000 years to reach a population of 100million. Modern Man and then Industrial Age Man took from 2000 years ago to 1950 to reach 2.5 billion and Corporation Man has since witnessed and perhaps presided over a more than double increase since 1950 to 5.5billion in 1993.

Corporation Man cant be fully blamed for the above population explosion but certainly helped light the fuse of associated demand along with all the other units of society . It is now time for them to realise their place on the planet over which they have a considerable influence, take stock, and redefine their place in society over the next 100 years .

Our study of modern corporate behaviour, its associated technologies and the roots of its perceived wisdom also does not appear to pre-date Socrates. A majority of our most revered modern corporate thinkers appear to put year zero at the time of the Ancient Greek civilisation only three thousand years ago (399BC) and appear to either devalue or ignore the primal and cultural wisdom we gained through several millions of evolution prior.

Modern corporate wisdom has helped lead us to this point, so it is compelling to investigate other forms of wisdom which are outside current paradigms.

Anthropologist Claude Levi Strauss's in " The Concept Of Primitiveness "Man the Hunter" 1968 (Levi Strauss 1968) notes:

*"I see no reason why mankind should have waited until recent times to produce minds of the caliber of a Plato or an Einstein. Already over two or three hundred thousand years ago, there were probably men of similar capacity, who were of course not applying their intelligence to the solution of the same problems as these more recent thinkers. "*

Our modern technological society is only 150 years old and should we get past 2050 we will only be 200 years old. There is much we can perhaps learn therefore from those primal culture and ancient civilisations who flourished for thousands of years on this planet and who we as corporation man seem to have forgotten. Their time may not have been measured in terms of gigabyte capacity and ROI, but they prevailed for sometimes millenia and perhaps based on different value based assumptions.

In the mid 1970's Antony Jay wrote "Corporation Man" which involved research of the BBC spurred by perceived tribal behaviour that Jay witnessed . Jay's book showed how the corporation was based on a "10 person unit" which was a perfect functioning tribal unit . The corporation arranged itself on the tribal model of The Hunt And The Camp so relevant to our behaviour as hunter gatherers in primitive times. The natural growth model for such an organization was an accumulation of "10 units" toward an optimum organisation size of 500 .

Bolman & Deal's (Bolman & Deal 1997) reinforces a cultural heritage by categorisation of corporate cultures into four frames or types i.e factory, family, jungle and temple, three of which allude to our cultural and primal stages of wisdom.

This is not only the anniversary of our third millenia in the year of our lord anno domini but the 750<sup>th</sup> millenia of our existence as Homo Sapiens, the 2,500<sup>th</sup> millenia of our existence as homo erectus and the 7,000<sup>th</sup> millenia of our existence as a bipedal species (Leakey 1987)

And only 150 years as "Industrial" and then "Corporation Man" .

We have only a few pages to explain what has taken 7.5 million years to evolve and to assist I will use a road map to lead you through a corporate anthropology which leads to today's corporation man.

On the screen I have shown paleantolgist Richard Leakey's time line from "The Origins Of Human Kind" to help us orientate to our primal and cultural development .

The story laid down by anthropologists reads like a who dunnit of evolution with much contention and disputation backed by postulation over "stones and bones" but it appears that it all started about 7.5million years ago when an extraordinary thing happened which was to be the first of a string of events separated by millions of years that was to shape our modern development.

A species of ape stood up. This event defined the first stage of our development.

The second stage was the proliferation of bipedal species based on different ecological circumstance toward homo erectus 2 million years ago. Homo erectus was one of the bipedal apes which also developed a larger brain .

The third stage is marked by the development of brain size to Homo Sapiens between 500,000 and 1 million years ago.

The fourth stage was the origin of modern humans 200,000 years ago fully equipped with language, artistic imagination and technological innovation unseen in nature.

The end to our existence as hunter gatherers and foragers was only as recent as 10,000 years ago with the advent of agriculture and our first cities are as young as only 5-10 ,000 years ago. Our more recent industrial age is only 150k old and our modern computer technology only 50 years old .

Our traditional approach to any pre-civilisation period has been to treat it as the era of primitiveness and of little relevance to our modern understanding of wisdom . But when we read Strauss's perspective we see that in terms of time our primal and pre-civilisation wisdom has been ingrained over millenia which make our so called modern wisdom pale into insignificance.

Leakey calls these ancient tribes as only "technologically primitive" as a recognition of this whilst a similar emphasis is placed on this by David Suzuki and Peter Knudtson in their extraordinary work "The Wisdom Of The Elders" which provides recognition of the Shaman of old as the parrallel with the "Scientist" of modern day.

When put in this perspective our primal wisdom can be seen as a genetic endowment gained over millions of years. To place more emphasis on the last 150 years of contempory wisdom seems ludicrous and trivial.

Our technology is also often perceived to have its origins in the industrial revolution and no recognition is given to the first technologies created by modern mankind.

The first technologies included the stone flake used to cut meat, followed by stone implements. These achievements seem to be labelled as simplistic in modern terms but when a group of our brightest modern anthropologists tried to create a stone flake from two pieces of stone that could cut meat it took them 7 months to emulate this achievement.

It is however the period from several millions of years ago to only about 10,000 years ago with the advent of agriculture that marks the enormous era of the "hunter gatherer" which was first practiced by Homo erectus then Homo Sapiens and then to Neanderthal time and our modern ancestors. This form of indigenous existence stills exists for about 300 million people around the world today (Suzuki /Knutson Wisdom Of The Elders) .

Given this enormous endowment it is compelling to believe that this tribal model is imbedded within our societal consciousness. Given also that our modern day hunting needs are met by the corporate "unit of production" there is much to suggest that our corporation structures are underwritten by the model of tribal behaviour and a hunter gatherer imperative.

The village provided a social structure that provided for the hunting and social functions which support the fulfilment of physical needs. In "Corporation Man" Antony Jay shows how the tribal village was based on the model of The Hunt & The Camp. He extended this to show how the modern corporation is structured similarly. The "Corporate Tribe" is based on a hunting band which includes sales people and production lines which distribute product to markets and in turn supports the camp or head office/administration functions.

Hunger, hunting and the jungle have been replaced by products, sales programmes and the market place. The basis for all organisational activity is to service needs in these environments and our facilities are built around this need or a component of this need. Factories turn out our products, warehouses store them and distribution channels place them in retail outlets which sell them to markets.

If we endorse Antony Jay's model we find ourselves viewing the organisation in context with its environment. This model takes into account the external environment and replaces the jungle of old with the economy and market place of more recent times. The organisation divides itself into the hunters who represent our modern day sales persons and the camp which represents support staff and head office functions.

This scenario provides a more external view of the organisation .Where the organisation acts in a tribal sense to external stimuli and one where it sits in an external environment and responds to changes in the environment.

Under this scenario, if the market place changes geographically the hunters respond to the change with a revised sales programme, new local resources and representation. The camp responds by adjusting the nature of the product to the local factors and demands. This may apply to geographical or sectorial changes to market place. It also maintains a relevant relativity in size between the number of hunters and the size of the camp .

The modern day organisational environment extends beyond the physical aspects of the natural environment that our historical counterparts were confronted with. Today's organisation is confronted with socio-political changes, technology, statutes, market complexity, competing forces and international trends. Under this and other environmental views we can see how dynamic the modern organisational environment can be. With this dynamism comes change, either due to a change in competitive position or a change in market or even a change in a statute that leads to a new entrant.

Microsoft may hold a monopoly today due to its Windows programme but Bill Gates recently noted in his " Business At The Speed Of Thought " (Gates 1999) that he constantly has to consider Microsoft as the underdog to maintain competitive advantage since the nature and rate of technology change is so fast that trends can render Microsoft extinct within a short period.

The Antony Jay model is helpful in recognising the similarities in behaviour between the modern corporation tribe and the primal hunter gatherer village. It also addresses the nature of the internal tribal structure and the external environment and the responses and relationships between each. This relationship maintained a balance between available resources within the environment and the needs of the tribe. The tribe in effect adjusted its appetite to the limits of the environment a concept apparently alien to modern corporation man and consumer.

This was physically policed as the source of sustenance was provided within a geographic radius within the limits of the tribe. The tribe either formed a nomadic pattern across a range of environments or learned to sustain the local environment. It should therefore provide some clues as to how our modern tribe should respond to its external environment and maintain sustenance .

In our modern tribe however we lack the necessary environmental feedback that the ancient tribe enjoyed through its physical proximity to the environment. It was obvious when the surrounding environment was being denuded.

In our modern society when our corporation unit of production provides us with a product, the input into that product may have impacts that range across numerous geographic, biological and technological environments. The act of buying an apple involves the use of petrol, transport, fertiliser, insecticide, (genetically altered?) seed, human labour, not to mention land, soil , water, and air.

The feedback from these separate environments remain hidden and we have no environmental stimuli and feedback to say when we have exceeded our resource limits.

Without this feedback both the consumer and the corporate unit of production are not fully aware of the limits on resources in all these environments. This mechanism supports the engine of constant demand.

From an internal point of view the ancient tribe was forced to keep its camp size and numbers in balance with its hunting band's capacity to provide food. In the modern corporation tribe, however the camp is often allowed to bloat beyond the capacity of the hunting band or sales programme. Under financial accounting principles there is a model known as "contribution margin analysis" where the camp is represented by a series of fixed costs often associated with a head office which are "contributed to" by the sales programme in the form of a product by product financial contribution. Under this model the fixed costs should always remain within a sustainable limit set by the sales programme' ability to contribute . Unfortunately this modern tool is not widely used or recognised.

This model is useful in maintaining a sustainable corporation tribe which responds to the environment as measured by the sales programme. It does not however provide the longer term measures of sustainability for the sales programme itself.

Our understanding of these principles is the first step in our understanding our ability to sustain our corporate practices in balance with our local and global environment. The corporation's environment, its hunting tribe and its camp are the key players in this global play. The understanding of balance between these three elements will help us realise the state of equilibrium we need to aspire to in a sustainable future.

### The Village In The Jungle

In Leonard Woolf's evocative metaphoric novel "The Village In The Jungle", a small tribal village has existed for generations in the jungles of Ceylon. Changes in trade routes, social disorder, market trends and the severity of the weather pattern means their crop is becoming less and less productive and marketable to the point where poverty creeps into the village closely followed by the jungle. The village huts are slowly claimed by vines and creepers and the people leave one by one until one woman a daughter of one of the key characters is left alone to be claimed by a wild boar.

The final scene sees the jungle completely reclaim the last hut and the remains of the last inhabitant.

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