

Schumpeter

Twilight of the gurus

The management-pundit industry is a shadow of its former self

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IT IS customary nowadays for management gurus to preach that competition is fiercer than ever. Rita McGrath of Columbia Business School talks about “the end of competitive advantage”. Richard D’Aveni of the Tuck School of Business refers to “hypercompetition”. Ram Charan, a consultant and writer on management, lauds “The Attacker’s Advantage”.



Yet the management-guru industry itself seems remarkably stable. Competitive advantage is strikingly enduring, competition is far from “hyper” and the defender has the upper hand. The latest two “Thinkers50” rankings of the world’s leading management pundits, published in 2011 and 2013, show no change at the top, with Clay Christensen of Harvard Business School and the duo of Chan Kim and Renée Mauborgne of INSEAD ranking first and second respectively. Two of the most prominent business books of the past few months have been retreads rather than new publications with new ideas: the tenth-anniversary edition of Mr Kim’s and Ms Mauborgne’s “Blue Ocean Strategy” and the 20th-anniversary edition of Don Tapscott’s “The Digital Economy”. It is a far cry from the glory years of the 1980s and 1990s, when “In Search of Excellence”, by Tom Peters and Robert Waterman, sold 3m copies in its first four years and “Re-engineering the Corporation”, by James Champy and Michael Hammer, touched off a global re-engineering craze.

What explains such lethargy in a supposedly lethargy-busting industry? The main problem is that the guru business is reaching the end of a long cycle of creativity. For the past two decades or so it has been driven by two seismic economic changes—the rise of the emerging world and the digital revolution. The first change led to the ascent of a remarkable group of Indian management theorists, most notably C.K. Prahalad (who died in 2010). They focused on subjects such as the buying power of developing-country consumers, the virtues of frugal products, and the difficulties of doing business in places with poor infrastructure and weak institutions. The list of business schools with Indian-born deans includes those of Harvard, Cornell and Chicago universities. The digital revolution produced a new class of digital gurus, such as Mr Tapscott. And Mr Christensen’s idea of disruptive innovation (which holds that the most successful innovators create new markets, rendering many established businesses irrelevant) rightly turned him into the

world's leading management guru.

But the cycle has played itself out. Prahalad published his seminal article on “The Fortune at the Bottom of the Pyramid” in 2002, and the book of the same title in 2004. Mr Christensen published his first article on disruptive technology in 1995 and his book on “The Innovator’s Dilemma” in 1997. The new edition of Mr Tapscott’s book reminds us that people have also been grappling with the digital revolution since the 1990s.

Ironically, the digital revolution is making it harder for new gurus to emerge. Many of today’s biggest business changes are being driven by “quants”, who excel at finding meaning in big data or at producing algorithms that can automate lots of work, but who are much less good at putting numbers into words or at thinking about what big data and automation mean for industries beyond their own. The management-theory business is producing plenty of mini-gurus who specialise in particular industries or techniques, such as Philip Evans in big data or Jim Whitehurst in collaborative (“open-source”) management. But few of the new pundits can range across as many industries as Tom Peters does, let alone across the centuries and multiple intellectual disciplines in the manner of the late Peter Drucker.

Perhaps the biggest enemy of guru renewal is the development of a “thought leadership” industry. Companies are being sold the idea that becoming a leading public thinker on some issue affecting their industry will give them a competitive edge. Industrial and tech firms like Siemens and IBM are doing battle with more established peddlers of management thinking such as McKinsey and Bain. As Whitespace Consultants, a smaller firm, puts it, thought leadership makes you “part of the conversation early in the buying journey”. In the recent sexual-discrimination case that Ellen Pao brought unsuccessfully against Kleiner Perkins, a venture-capital firm, it emerged that one of the reasons she was not promoted was that she was judged to have fallen short on the thought-leadership front.

Pursuing thought leadership simply encourages thought followership, however. As companies scramble to be seen as thought leaders, they are likely to end up just repackaging existing ideas instead of listening out for genuinely new ones. Whenever companies treat thinking as “content” and deploy their marketing and PR people to pump it out, the result is bound to be cliché or gobbledygook.

Mind-stretching in Mountain View and Massachusetts

Are there any signs of a new wave of gurus who can buck these trends and revive their stagnant industry? There are glimmers of hope in Silicon Valley and the Massachusetts Institute of Technology. Some of the Valley’s most successful entrepreneurs, such as Reid Hoffman (LinkedIn) and Peter Thiel (PayPal), are stretching their minds to address all sorts of challenges, from ageing to talent-management. “The Second Machine Age”, by Andrew McAfee and Erik Brynjolfsson of MIT’s Sloan School, is a striking attempt to grapple with the massive management change that will result from autonomous machines.

But considering the resources that are devoted to thinking about management, it is remarkable how much virgin territory remains. There are still no Chinese management gurus to challenge the leadership of the ageing Indian establishment. There are still no serious books on what the internet economy means for the boundaries of the firm or markets for talent. The guru industry seems ripe for disruptive innovation.

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