

OPINION

Spotting Management Fads

What makes them so popular is what undermines them in the end.

by Danny Miller and Jon Hartwick

TQM. MBO. Japanese management. Like fashion trends, management fads erupt on the scene, enjoy a period of prominence, and then are supplanted. What makes business fads so attractive? And how can managers tell a fad from a tool that might endure?

To find out, we studied many of the more popular business fads of the last 40 years, looking for ideas that followed the characteristic trajectory from sudden prominence to obscurity. In reviewing 1,700 academic, professional, business, and trade publications over a 17-year period, we observed the rise and fall of many business fads.

Though the term “fad” may seem dismissive, it’s not: Fads like TQM can profoundly change companies, for better or for worse. And they can introduce useful ideas that companies incorporate into practice, even as the fad itself fades from the scene. But fads often fail to deliver on their promises, a factor that contributes to their short life cycles and rapid decline. In the course of our work, we uncovered

eight qualities that most business fads share. Let’s look at these qualities as they apply to three fads: total quality management, Japanese management, and management by objective.

Fads Are...

Simple. Fad concepts are easy to understand and communicate and tend to be framed with labels, buzzwords, lists, and acronyms. Usually, a few key points convey a fundamental message. TQM, for example, rests on five essential pillars. But because fads are by their very nature suited for a simple world, they have limited utility in the real one.

Prescriptive. Fads tell managers what to do. MBO, Theory Z, TQM – all indicate specific actions managers must take to solve problems or improve their companies. Though a fad’s fundamental ideas might be sound, the need to be simple but prescriptive makes their action points easy to misinterpret or inappropriately apply. What a mistake it would be to blithely adapt Japanese management’s lifelong employment and seniority-based promotions to highly specialized technology positions.

Falsely Encouraging. Fads promise outcomes such as greater effectiveness, more motivated and productive workers, and deeply satisfied customers. But, in fact, all kinds of fads are better at raising hopes than delivering results, and they generally fail to specify clear-cut criteria for evaluating whether or not an implementation succeeded.

One-Size-Fits-All. Fads claim universal relevance, proposing practices that adherents say will apply to almost any industry, organization, or culture – from General Motors to government bureaucracies to mom-and-pop groceries. But few management approaches are universally applicable, and attempts to implement a mismatched approach can do more harm than good. Japanese management practices may transplant poorly to other cultures; TQM may be inappropriate for many producers of basic goods.

Easy to Cut-and-Paste. Because fad management ideas must be simple and easy to apply, they’re amenable to partial implementation. For instance, you can get quality circles going simply by having a prescribed number of people attend regular meetings. Partial implementation means that certain fad features can be grafted onto standard operating procedures and localized within a few committees or departments. Outside these pockets, it’s business as usual – which means that fads rarely challenge the status quo in a way that would require significant redistribution of power or resources.

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In Tune with the Zeitgeist. Fads resonate with the pressing business problems of the day. MBO became popular with the advent of diversified businesses that demanded coordination and control from generalist managers. Japanese management caught on when the United States began losing market share to Japanese and European companies, often because U.S. products lacked quality. Because fads focus on the concerns of the moment, they tend to apply to a few specific issues rather than addressing the fundamental weakness or soundness of overall business practices.

Novel, not Radical. Fads grab attention by their apparent novelty. But their freshness is often superficial, and, as such, fads don't unduly challenge basic managerial values. Many simply repackaged or extended ideas or approaches that managers have long embraced. MBO took much from the planning literature; the one-minute manager idea borrowed from MBO; Theory Z tapped Theory X.

Legitimized by Gurus and Disciples. Many fads gain credibility by the status and prestige of their proponents or followers, rather than through empirical evidence. And stories of corporate heroes and organizational successes suggest prestigious adherents. For example, consultant W. Edwards Deming is inextricably linked with TQM as the architect of the 14 Points for Management.

The very characteristics that make fads popular also contribute to their decline. Their simplicity, presumed generality, and promise of results that often don't materialize virtually guarantee that they'll fall short of managers' expectations—and soon be abandoned.

Classic Qualities

If these are the earmarks of fads, what makes a management classic? Consider diversification, decentralization, outsourcing, and supply chain management. Unlike most fads, these likely classics demand real organizational changes at

significant cost and have lasting effects. Classics typically arise not from the writings of academics or consultants but emerge out of practitioner responses to economic, social, and competitive challenges. They are complex, multifaceted, and applied in different ways to different businesses. The classics don't come with simple primers on how to make the changes they propose nor do they have simple rules everyone must follow or any guaranteed outcomes.

There is no perfect test to distinguish fads from classics; indeed, their features can overlap. Fads can sometimes trigger major organizational change, even if they're short-lived. And classics, of course, can have gurus—think of Peter Drucker's association with decentralization. But, if a management approach shares most of the fad features described here, beware. If it looks too simple to work, it probably is.

So when managers evaluate a business approach or technique, they should ask these questions: Does the approach have a track record for performance and measurable outcomes in similar companies facing similar challenges? Does it address problems or opportunities that are high priorities for our company? Are the changes it would require within our company's capabilities and resources? Yes answers to these questions suggest an approach likely to pay off and endure.

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