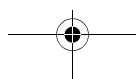
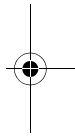
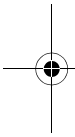


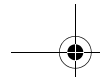
New Foreword by Russell Lincoln Ackoff

This is one of the best books I have ever read in my long life, and I don't just mean books on business. The brothers Hopper have written a social history of the American nation, which doubles up as a commentary on managerial culture. I am indebted to them for providing an understanding of the evolution of American society from the 1630s to the present day. *The Puritan Gift* is no dry academic text. It is also exciting. I am *excited* to learn how Puritan values shaped the development of American society – and saddened to learn how a recent retreat from them has led to the economic and social problems afflicting our nation today, including the contemporary Credit Crunch. As I write, our economy is in a mess, the worst that I have experienced. Few, if any, understand what is going on. Moreover, there is little awareness of the weaknesses that led to our current discontentment. I once heard an economist say that the proof of the superiority of the American economy lay in the fact that no other could survive as much inefficiency as it generates; even if that were true, it would provide us with little comfort today. The Hoppers tell us not only how we got into the current mess, which is interesting, but also how to escape, which is useful.

In addition, the book shines a bright light on the American Occupation of Japan. Edwin E. Reischauer, President Kennedy's Ambassador to Japan, told us long ago that this event 'will stand as one of the most ... important as well as spectacular episodes in the epochal meeting of East and West, which may become increasingly the dominant theme in the history of mankind in our age, recasting or even overshadowing the [Cold War].' That the Occupation achieved such success was attributable in large part to the excellent managerial practices associated with the name of General Douglas MacArthur, the effective ruler of Japan from 1945 to 1951. I was especially impressed by the story told by the Hoppers of how MacArthur listened to the advice of one of his most junior colleagues, the American engineer, Homer Sarasohn, before making a decision that would change the nature of the world we live in (see pages 119 to 120).

There is an old saying to the effect that if you never make a mistake, you will never make anything. Intolerance of mistakes precludes learning; we will never learn anything new by doing something right,





because that merely confirms what we already know. We learn by identifying mistakes and correcting them. It is not sinful to be wrong but it is sinful to fail to learn from it. There are two kinds of error: those of *commission*, doing something that should not be done, and those of *omission*, not doing something that should be done. The latter are much more serious than the former. Most corporate failures are due to errors of omission. A firm that records only mistakes of commission (as almost all do) and punishes them (as most do) creates an environment in which the best way to retain one's job is to do as little as possible, preferably nothing. The Puritans knew that progress was not possible without change; they sought and welcomed it, despite the hardships that it entailed.

The Hoppers make a serious charge in Chapter 14. In a section called 'Capital Expenditure and the (So-called) Experts' from pages 203 to 207, they remind us that the Vietnam War caused serious inflation in the 1960s. Anxious to pursue that war to its end, the administration sought to convince the American people that the rise in prices was the result of over-investment by American manufacturers. Statistics purporting to show that existing equipment was extremely young – and that large-scale additional investment was, therefore, unnecessary and perhaps even harmful – were presented to the public with the full authority of the US Department of Commerce. In June 1970, Kenneth Hopper challenged the accuracy of these figures by means of a Special Report published in a McGraw-Hill journal. The administration stopped using them there and then, but failed to acknowledge its error. Industrial investment collapsed and did not recover until the 1980s.

Most occupations have their proud traditions, an exception being the corps of industrial managers. However, no other group of people has done more to raise the standard of living of the poorest of the world, both at home and abroad. *The Puritan Gift* is the first book to acquaint American managers with their own remarkable history. They created the most effective industrial culture in the world; we can be proud that, after World War II, they shared it with the inhabitants of Japan and other developing lands.

Above all this book is a 'very good read'. I love the many and enjoyable anecdotes – for example, the story of how the youthful Homer Sarasohn taught the founders of Sony to sweep the floor (pages 117–119). There are many managers at work today who could learn from his example.

Russell Lincoln Ackoff

Anheuser-Busch Professor Emeritus of Management Science
Wharton School, University of Pennsylvania
January 1, 2009

