

THEODORE LEVITT, 1925–2006

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What Business Are You In?

Classic Advice from Theodore Levitt

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Editors' note: For all the talk about management as a science, experienced executives know that strategic decisions and tactics depend heavily on context. No one understood this better than Theodore Levitt. A scholar renowned as a founder of modern marketing, he sought above all to use his insights to serve the needs of businesspeople. In a series of powerfully insightful—and delightfully written—essays in *Harvard Business Review*, he provoked readers to reexamine their settled thinking about vital issues so that they could better meet the needs of customers.

Theodore Levitt was born in Vollmerz, Germany, in 1925. Ten years later, like an older émigré named Peter Drucker, he and his family fled the rise of Nazism and immigrated to the United States. They settled in Dayton, Ohio, where they became U.S. citizens in 1940. After earning a doctorate in economics in 1951, Levitt eventually joined the faculty of Harvard Business School, where he remained a professor until retiring in 1990.

His early work was fairly conventional scholarship. That had changed by 1960, when HBR

published his best-known article, “Marketing Myopia.” It was not so much an article as a manifesto. Picking up threads that he and others had prepared, Levitt wove a powerful argument that companies should stop defining themselves by what they produced and instead reorient themselves toward customer needs. No one before had so aggressively and practically made the case for centering companies on customers, and his ideas continue to shape marketing practices even today, as Clay Christensen acknowledged last December in his HBR article “Marketing Malpractice.”

Levitt intended “Marketing Myopia” to be a challenge to businesses as a whole, not just to their marketing departments. Twenty-three years later, his article “The Globalization of Markets” told a similar story on a grander scale. To take advantage of globalization, he wrote, companies should standardize as much as possible, because what people most desire are the low prices and quality made possible by standardization. The marketing evangelist was now praising engineering-oriented companies that lacked

marketing departments but whose businesses understood the strategic opportunity globalization presented. Once again, his take-no-prisoners prose attracted wide attention and discussion, as well as criticism fixated on his over-the-top pronouncements. The critics missed the larger message about what consumers really seek and therefore missed the point.

Levitt had the gifts of provocation and generalization, offering ideas that startled readers but compelled them to think more creatively, and more intelligently, about their businesses. Writing at a time when business was held in far less esteem, he rejected the easy contempt that many intellectuals had for managers and consumers. He celebrated the material achievements of corporations and presciently saw their long-term power. He became one of this magazine's most prolific authors, publishing 26 articles—a number exceeded only by Peter Drucker.

Levitt carried his practical approach to his tenure as *Harvard Business Review's* eighth chief editor, from 1985 to 1989. He was at the same time one of HBR's most intellectual and most populist editors. He understood that the magazine's main purpose was to serve as a kind of sophisticated translation, clarifying authors' raw—and sometimes rough—ideas for impatient, time-pressed readers. In both his writing and his editing, he epitomized HBR's standard of tireless practical engagement with ideas.

Levitt's ideal businessperson was someone who, amid the clamor of meetings, phone calls, stock-market updates, daily papers, weekly magazines, and consultants' presentations, was fed up with hype and showed an insatiable appetite for expertise. In a 1987 editor's letter, Levitt wrote, "*Harvard Business Review* enters with the authoritative well-reasoned sounds of solidly professional thought and sense—with articles written by experienced specialists and professionals addressing important people who make important decisions about important matters in the world of affairs. That's what we think thoughtful businesspeople need and want in this unstable world of slick popularizing and celebrity hype." In that ideal, he was his own best exemplar.

Marketing Myopia Excerpted from July–August 1960

Every major industry was once a growth industry. But some that are now riding a wave of growth enthusiasm are very much in the shadow of decline. Others that are thought of

as seasoned growth industries have actually stopped growing. In every case, the reason growth is threatened, slowed, or stopped is *not* because the market is saturated. It is because there has been a failure of management....

The railroads did not stop growing because the need for passenger and freight transportation declined. That grew. The railroads are in trouble today not because that need was filled by others (cars, trucks, airplanes, and even telephones) but because it was *not* filled by the railroads themselves. They let others take customers away from them because they assumed themselves to be in the railroad business rather than in the transportation business. The reason they defined their industry incorrectly was that they were railroad oriented instead of transportation oriented; they were product oriented instead of customer oriented....

The belief that profits are assured by an expanding and more affluent population is dear to the heart of every industry. It takes the edge off the apprehensions everybody understandably feels about the future. If consumers are multiplying and also buying more of your product or service, you can face the future with considerably more comfort than if the market were shrinking. An expanding market keeps the manufacturer from having to think very hard or imaginatively. If thinking is an intellectual response to a problem, then the absence of a problem leads to the absence of thinking. If your product has an automatically expanding market, then you will not give much thought to how to expand it....

The profit lure of mass production obviously has a place in the plans and strategy of business management, but it must always *follow* hard thinking about the customer. This is one of the most important lessons we can learn from the contradictory behavior of Henry Ford. In a sense, Ford was both the most brilliant and the most senseless marketer in American history. He was senseless because he refused to give the customer anything but a black car. He was brilliant because he fashioned a production system designed to fit market needs. We habitually celebrate him for the wrong reason: for his production genius. His real genius was marketing. We think he was able to cut his selling price and therefore sell millions of \$500 cars because his invention of the assembly line had reduced the costs. Actually, he invented the assembly line because he

had concluded that at \$500 he could sell millions of cars. Mass production was the *result*, not the cause, of his low prices....

...Let us start at the beginning: the customer. It can be shown that motorists strongly dislike the bother, delay, and experience of buying gasoline. People actually do not buy gasoline. They cannot see it, taste it, feel it, appreciate it, or really test it. What they buy is the right to continue driving their cars. The gas station is like a tax collector to whom people are compelled to pay a periodic toll as the price of using their cars. This makes the gas station a basically unpopular institution. It can never be made popular or pleasant, only less unpopular, less unpleasant.

Reducing its unpopularity completely means eliminating it. Nobody likes a tax collector, not even a pleasantly cheerful one. Nobody likes to interrupt a trip to buy a phantom product, not even from a handsome Adonis or a seductive Venus. Hence, companies that are

working on exotic fuel substitutes that will eliminate the need for frequent refueling are heading directly into the outstretched arms of the irritated motorist....

In order to produce these customers, the entire corporation must be viewed as a customer-creating and customer-satisfying organism. Management must think of itself not as producing products but as providing customer-creating value satisfactions. It must push this idea (and everything it means and requires) into every nook and cranny of the organization. It has to do this continuously and with the kind of flair that excites and stimulates the people in it. Otherwise, the company will be merely a series of pigeonholed parts, with no consolidating sense of purpose or direction.

After the Sale Is Over...

Excerpted from September–October 1983

The relationship between a seller and a buyer seldom ends when a sale is made. Increasingly,

Theodore Levitt's HBR Articles

Advertising: "The Poetry of Becoming"

March–April 1993

The Case of the Migrating Markets

July–August 1990

After the Sale Is Over...

September–October 1983

The Globalization of Markets

May–June 1983

Marketing Intangible Products and Product Intangibles

May–June 1981

Marketing Success Through Differentiation—of Anything

January–February 1980

Marketing When Things Change

November–December 1977

The Industrialization of Service

September–October 1976

Dinosaurs Among the Bears and Bulls

January–February 1975

Marketing Tactics in a Time of Shortages

November–December 1974

The Managerial Merry-Go-Round

July–August 1974

Production-Line Approach to Service

September–October 1972

The Morality (?) of Advertising

July–August 1970

The New Markets—Think Before You Leap

May–June 1969

Why Business Always Loses

March–April 1968

The Johnson Treatment

January–February 1967

Innovative Imitation

September–October 1966

Branding on Trial

March–April 1966

Exploit the Product Life Cycle

November–December 1965

When Science Supplants Technology...

July–August 1963

Creativity Is Not Enough

May–June 1963, republished August 2002

M-R Snake Dance

November–December 1960

Marketing Myopia

July–August 1960, republished September–October 1975 and July–August 2004

Cold-War Thaw

January–February 1960

The Dangers of Social Responsibility

September–October 1958

The Changing Character of Capitalism

July–August 1956

the relationship intensifies after the sale and helps determine the buyer's choice the next time around. Such dynamics are found particularly with services and products dealt in a stream of transactions between seller and buyer—financial services, consulting, general contracting, military and space equipment, and capital goods.

The sale, then, merely consummates the courtship, at which point the marriage begins. How good the marriage is depends on how well the seller manages the relationship. The quality of the marriage determines whether there will be continued or expanded business, or troubles and divorce. In some cases divorce is impossible, as when a major construction or installation project is under way. If the marriage that remains is burdened, it tarnishes the seller's reputation....

...In the [traditional] selling scheme the seller is located at a distance from buyers and reaches out with a sales department to unload products on them. This is the basis for the notion that a salesperson needs charisma, because it is charisma rather than the product's qualities that makes the sale.

Consider, by contrast, marketing. Here the seller, being physically close to buyers, penetrates their domain to learn about their needs, desires, and fears and then designs and supplies the product with those considerations in mind. Instead of trying to get buyers to want what the seller has, the seller tries to have what they want. The "product" is no longer merely an item but a whole bundle of values that satisfy buyers—an "augmented" product.

Thanks to increasing interdependence, more and more of the world's economic work gets done through long-term relationships between sellers and buyers. It is not a matter of just getting and then holding on to customers. It is more a matter of giving the buyers what they want. Buyers want vendors who keep promises, who'll keep supplying and standing behind what they promised. The era of the one-night stand is gone. Marriage is both necessary and more convenient. Products are too complicated, repeat negotiations too much of a hassle and too costly. Under these conditions, success in marketing is transformed into the inescapability of a relationship. Interface becomes interdependence....

During the era we are entering the emphasis will be on systems contracts, and buyer-seller

relationships will be characterized by continuous contact and evolving relationships to effect the systems. The "sale" will be not just a system but a system over time. The value at stake will be the advantages of that total system over time. As the customer gains experience, the technology will decline in importance relative to the system that enables the buyer to realize the benefits of the technology. Services, delivery, reliability, responsiveness, and the quality of the human and organizational interactions between seller and buyer will be more important than the technology itself....

...It is reasonable for a customer who has been promised the moon to expect it to be delivered. But if those who make the promises are paid commissions before the customer gets everything he or she bargained for, they're not likely to feel compelled to ensure that the customer gets fully satisfied later. After the sale, they'll rush off to pursue other prey. If marketing plans the sale, sales makes it, manufacturing fulfills it, and service services it, who's in charge and who takes responsibility for the whole process?

Problems arise not only because those who do the selling, the marketing, the manufacturing, and the servicing have varying incentives and views of the customer but also because organizations are one-dimensional. With the exception of those who work in sales or marketing, people seldom see beyond their company's walls. For those inside those walls, inside is where the work gets done, where the penalties and incentives are doled out, where the budgets and plans get made, where engineering and manufacturing are done, where performance is measured, where one's friends and associates gather, where things are managed and manageable. Outside "has nothing to do with me" and is where "you can't change things"...

One of the surest signs of a bad or declining relationship is the absence of complaints from the customer. Nobody is ever *that* satisfied, especially not over an extended period of time. The customer is either not being candid or not being contacted—probably both. The absence of candor reflects the decline of trust and the deterioration of the relationship. Bad things accumulate. Impaired communication is both a symptom and a cause of trouble. Things fester inside. When they finally erupt, it's usually too late or too costly to correct the situation.

We can invest in relationships, and we can

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borrow from them. We all do both, but we seldom account for our actions and almost never manage them. Yet a company's most precious asset is its relationships with its customers. What matters is not whom you know but how you are known to them.

Marketing Success Through Differentiation—of Anything Excerpted from January–February 1980

There is no such thing as a commodity. All goods and services are differentiable. Though the usual presumption is that this is more true of consumer goods than of industrial goods and services, the opposite is the actual case....

...On the commodities exchanges, for example, dealers in metals, grains, and pork bellies trade in totally undifferentiated generic products. But what they “sell” is the claimed distinction of their execution—the efficiency of their transactions in their clients’ behalf, their responsiveness to inquiries, the clarity and speed of their confirmations, and the like. In short, the *offered* product is differentiated, though the *generic* product is identical.

When the generic product is undifferentiated, the offered product makes the difference in getting customers and the delivered product in keeping them. When the knowledgeable senior partner of a well-known Chicago brokerage firm appeared at a New York City bank in a tight-fitting, lime green polyester suit and Gucci shoes to solicit business in financial instrument futures, the outcome was predictably poor. The unintended offering implied by his sartorial appearance contradicted the intended offering of his carefully prepared presentation. No wonder that Thomas Watson the elder insisted so uncompromisingly that his salespeople be attired in their famous IBM “uniforms.” While clothes may not make the person, they may help make the sale.

The usual presumption about so-called undifferentiated commodities is that they are exceedingly price sensitive. A fractionally lower price gets the business. That is seldom true except in the imagined world of economics textbooks. In the actual world of markets, nothing is exempt from other considerations, even when price competition rages.

During periods of sustained surplus, excess capacity, and unrelieved price war, when the attention of all seems riveted on nothing save price, it is precisely because price is visible and

measurable, and potentially devastating in its effects, that price deflects attention from the possibilities of extricating the product from ravaging price competition. These possibilities, even in the short run, are not confined simply to nonprice competition, such as harder personal selling, intensified advertising, or what’s loosely called more or better “services.”...

Customers attach value to a product in proportion to its perceived ability to help solve their problems or meet their needs. All else is derivative....

Customers never just buy the “generic” product like steel, or wheat, or subassemblies, or investment banking, or aspirin, or engineering consultancy, or golf balls, or industrial maintenance, or newsprint, or cosmetics, or even 99% pure isopropyl alcohol. They buy something that transcends these designations—and what that “something” is helps determine from whom they’ll buy, what they’ll pay, and whether, in the view of the seller, they’re “loyal” or “fickle.”

What that something is in its customer-getting and customer-satisfying entirety can be managed....

...All this may be well known, but the underlying principles encompass much more. The failure to fulfill certain more subtle expectations may reflect unfavorably on the generic product. A shabby brokerage office may cost a realtor access to customers for his or her properties. Even though the lawyer performed brilliantly in the bar exam and occupies offices of prudential elegance, his or her personality may clash with a potential client’s. A manufacturer’s competitively priced machine tools might have the most sophisticated of numerical controls tucked tightly behind an impressive panel, but certain customers may refuse to buy because output tolerances are more precise than necessary or usable. The customer may actually expect and want less....

As a rule, the more a seller expands the market by teaching and helping customers to use his or her product, the more vulnerable that seller becomes to losing them. A customer who no longer needs help gains the flexibility to shop for things he or she values more—such as price.

At this point, it makes sense to embark on a systematic program of customer-benefiting, and therefore customer-keeping, product augmentation. The seller should also, of course,

Customers attach value to a product in proportion to its perceived ability to help solve their problems or meet their needs. All else is derivative.

focus on cost and price reduction. And that's the irony of product maturity: Precisely when price competition heightens, and therefore when cost reduction becomes more important, is when the seller is also likely to benefit by incurring the additional costs of new product augmentation.

The augmented product is a condition of a mature market or of relatively experienced or sophisticated customers. Not that they could not benefit from or would not respond to extra services; but when customers know or think they know everything and can do anything, the seller must test that assumption or be condemned to the purgatory of price competition alone. The best way to test a customer's assumption that he or she no longer needs or wants all or any part of the augmented product is to consider what's possible to offer that customer.

Production-Line Approach to Service

Excerpted from September–October 1972

The service sector of the economy is growing in size but shrinking in quality. So say a lot of people. Purveyors of service, for their part, think that they and their problems are fundamentally different from other businesses and their problems. They feel that service is people-intensive, while the rest of the economy is capital-intensive. But these distinctions are largely spurious. There are no such things as service industries. There are only industries whose service components are greater or less than those of other industries. Everybody is in service.

Often the less there seems, the more there is. The more technologically sophisticated the generic product (e.g., cars and computers), the more dependent are its sales on the quality and availability of its accompanying customer services (e.g., display rooms, delivery, repairs and maintenance, application aids, operator training, installation advice, warranty fulfillment). In this sense, General Motors is probably more service-intensive than manufacturing-intensive. Without its services its sales would shrivel....

People think of service as quite different from manufacturing. Service is presumed to be performed by individuals for other individuals, generally on a one-to-one basis. Manufacturing is presumed to be performed by machines, generally tended by large clusters of individu-

als whose sizes and configurations are themselves dictated by the machines' requirements. Service (whether customer service or the services of service industries) is performed "out there in the field" by distant and loosely supervised people working under highly variable, and often volatile, conditions. Manufacturing occurs "here in the factory" under highly centralized, carefully organized, tightly controlled, and elaborately engineered conditions.

People assume, and rightly so, that these differences largely explain why products produced in the factory are generally more uniform in features and quality than the services produced (e.g., life insurance policies, machine repairs) or delivered (e.g., spare parts, milk) in the field. One cannot as easily control one's agents or their performance out there in the field. Besides, different customers want different things. The result is that service and service industries, in comparison with manufacturing industries, are widely and correctly viewed as being primitive, sluggish, and inefficient.

Yet it is doubtful that things need be all that bad. Once conditions in the field get the same kind of attention that conditions inside the factory generally get, a lot of new opportunities become possible. But first management will have to revise its thinking about what service is and what it implies.

The trouble with thinking of oneself as providing services—either in the service industries or in the customer-service sectors of manufacturing and retailing companies—is that one almost inescapably embraces ancient, pre-industrial modes of thinking. Worse still, one gets caught up in rigid attitudes that can have a profoundly paralyzing effect on even the most resolute of rationalists.

The concept of "service" evokes, from the opaque recesses of the mind, timeworn images of personal ministrations and attendance. It refers generally to deeds one individual performs personally for another. It carries historical connotations of charity, gallantry, and selflessness, or of obedience, subordination, and subjugation. In these contexts, people serve because they want to (as in the priestly and political professions) or they serve because they are compelled to (as in slavery and such occupations of attendance as waiter, maid, bellboy, cleaning lady).

In the higher-status service occupations, such as in the church and the army, one custom-

arily behaves ritualistically, not rationally. In the lower-status service occupations, one simply obeys. In neither is independent thinking presumed to be a requisite of holding a job. The most that can therefore be expected from service improvements is that, like Avis, a person will try harder. He will just exert more animal effort to do better what he is already doing.

So it was in ancient times, and so it is today. The only difference is that where ancient masters invoked the will of God or the whip of the foreman to spur performance, modern industry uses training programs and motivation sessions. We have not in all these years come very far in either our methods or our results. In short, service thinks humanistically, and that explains its failures.

Now consider manufacturing. Here the orientation is toward the efficient production of results, not toward attendance on others. Relationships are strictly businesslike, devoid of invidious connotations of rank or self.

When we think about how to improve manufacturing, we seldom focus on ways to improve our personal performance of present tasks; rather, it is axiomatic that we try to find entirely new ways of performing present tasks and, better yet, of actually changing the tasks themselves. We do not think of greater exertion of our animal energies (working physically harder, as the slave), of greater expansion of our commitment (being more devout or loyal, as the priest), or of greater assertion of our dependence (being more obsequious, as the butler)....

...Until we think of service in more positive and encompassing terms, until it is enthusiastically viewed as manufacturing in the field, receptive to the same kinds of technological approaches that are used in the factory, the results are likely to be just as costly and idiosyncratic as the results of the lonely journeyman carving things laboriously by hand at home.

The Globalization of Markets

Excerpted from May–June 1983

A powerful force drives the world toward a converging commonality, and that force is technology. It has proletarianized communication, transport, and travel. It has made isolated places and impoverished peoples eager for modernity's allurements. Almost everyone everywhere wants all the things they have heard about, seen, or experienced via the new technologies.

The result is a new commercial reality—the emergence of global markets for standardized consumer products on a previously unimagined scale of magnitude. Corporations geared to this new reality benefit from enormous economies of scale in production, distribution, marketing, and management. By translating these benefits into reduced world prices, they can decimate competitors that still live in the disabling grip of old assumptions about how the world works....

Who can forget the televised scenes during the 1979 Iranian uprisings of young men in fashionable French-cut trousers and silky body shirts thirsting for blood with raised modern weapons in the name of Islamic fundamentalism?...

The most effective world competitors incorporate superior quality and reliability into their cost structures. They sell in all national markets the same kind of products sold at home or in their largest export market. They compete on the basis of appropriate value—the best combinations of price, quality, reliability, and delivery for products that are globally identical with respect to design, function, and even fashion.

That, and little else, explains the surging success of Japanese companies dealing worldwide in a vast variety of products—both tangible products like steel, cars, motorcycles, hi-fi equipment, farm machinery, robots, microprocessors, carbon fibers, and now even textiles, and intangibles like banking, shipping, general contracting, and soon computer software. Nor are high-quality and low-cost operations incompatible, as a host of consulting organizations and data engineers argue with vigorous vacuity. The reported data are incomplete, wrongly analyzed, and contradictory. The truth is that low-cost operations are the hallmark of corporate cultures that require and produce quality in all that they do. High quality and low costs are not opposing postures. They are compatible, twin identities of superior practice.

To say that Japan's companies are not global because they export cars with left-side drives to the United States and the European continent, while those in Japan have right-side drives, or because they sell office machines through distributors in the United States but directly at home, or speak Portuguese in Brazil is to mistake a difference for a

distinction. The same is true of Safeway and Southland retail chains operating effectively in the Middle East, and to not only native but also imported populations from Korea, the Philippines, Pakistan, India, Thailand, Britain, and the United States. National rules of the road differ, and so do distribution channels and languages. Japan's distinction is its unrelenting push for economy and value enhancement. That translates into a drive for standardization at high quality levels....

The global competitor will seek constantly to standardize its offering everywhere. It will digress from this standardization only after exhausting all possibilities to retain it, and will push for reinstatement of standardization whenever digression and divergence have occurred. It will never assume that the customer is a king who knows his own wishes....

The Hoover case illustrates how the perverse practice of the marketing concept and the absence of any kind of marketing imagination let multinational attitudes survive when customers actually want the benefits of global standardization. The whole project got off on the wrong foot. It asked people what features they wanted in a washing machine rather than what they wanted out of life. Selling a line of products individually tailored to each nation is thoughtless. Managers who took pride in practicing the marketing concept to the fullest did not, in fact, practice it at all. Hoover asked the wrong questions, then applied neither thought nor imagination to the answers. Such companies are like the ethnocentrists in the Middle Ages who saw with everyday clarity the sun revolving around the earth and offered it as Truth. With no additional data but a more searching mind, Copernicus, like the hedgehog, interpreted a more compelling and accurate reality. Data do not yield information except with the intervention of the mind. Information does not yield meaning except with the intervention of imagination.

The global corporation accepts for better or for worse that technology drives consumers relentlessly toward the same common goals—alleviation of life's burdens and the expansion of discretionary time and spending power....

Significantly, Japanese companies operate almost entirely without marketing departments or market research of the kind so prevalent in the West. Yet in the colorful words of

General Electric's chairman John F. Welch, Jr., the Japanese, coming from a small cluster of resource-poor islands, with an entirely alien culture and an almost impenetrably complex language, have cracked the code of Western markets. They have done it not by looking with mechanistic thoroughness at the way markets are different but rather by searching for meaning with a deeper wisdom. They have discovered the one great thing all markets have in common—an overwhelming desire for dependable, world-standard modernity in all things, at aggressively low prices. In response, they deliver irresistible value everywhere, attracting people with products that market-research technocrats described with superficial certainty as being unsuitable and uncompetitive....

To refer to the persistence of economic nationalism (protective and subsidized trade practices, special tax aids, or restrictions for home market producers) as a barrier to the globalization of markets is to make a valid point. Economic nationalism does have a powerful persistence. But, as with the present almost totally smooth internationalization of investment capital, the past alone does not shape or predict the future....

Reality is not a fixed paradigm, dominated by immemorial customs and derived attitudes, heedless of powerful and abundant new forces. The world is becoming increasingly informed about the liberating and enhancing possibilities of modernity. The persistence of the inherited varieties of national preferences rests uneasily on increasing evidence of, and restlessness regarding, their inefficiency, costliness, and confinement. The historic past, and the national differences respecting commerce and industry it spawned and fostered everywhere, is now subject to relatively easy transformation.

Cosmopolitanism is no longer the monopoly of the intellectual and leisure classes; it is becoming the established property and defining characteristic of all sectors everywhere in the world. Gradually and irresistibly it breaks down the walls of economic insularity, nationalism, and chauvinism. What we see today as escalating commercial nationalism is simply the last violent death rattle of an obsolete institution....

The earth is round, but for most purposes it's sensible to treat it as flat.

The global competitor will seek constantly to standardize its offering everywhere. It will digress from this standardization only after exhausting all possibilities to retain it.

Creativity Is Not Enough

Excerpted from May–June 1963

“Creativity” is not the miraculous road to business growth and affluence that is so abundantly claimed these days. And for the line manager, particularly, it may be more of a millstone than a milestone. Those who extol the liberating virtues of corporate creativity over the somnambulistic vices of corporate conformity may actually be giving advice that in the end will reduce the creative animation of business. This is because they tend to confuse the getting of ideas with their implementation—that is, confuse creativity in the abstract with practical innovation; not understand the operating executive’s day-to-day problems; and underestimate the intricate complexity of business organizations....

The fact that you can put a dozen inexperienced people into a room and conduct a brainstorming session that produces exciting new ideas shows how little relative importance ideas themselves actually have. Almost anybody with the intelligence of the average businessman can produce them, given a half-way decent environment and stimulus. The scarce people are those who have the know-how, energy, daring, and staying power to implement ideas....

The reason the executive so often rejects new ideas is that he is a busy man whose chief day-in, day-out task is to handle an ongoing stream of problems. He receives an unending flow of questions on which decisions must be made. Constantly he is forced to deal with problems to which solutions are more or less urgent and the answers to which are far from clear-cut. It may seem splendid to a subordinate to supply his boss with a lot of brilliant new ideas to help him in his job. But advocates of creativity must once and for all understand the pressing facts of the executive’s life: Every time an idea is submitted to him, it creates more problems for him—and he already has enough....

...Advocacy of a “permissive environment” for creativity in an organization is often a veiled attack on the idea of the organization itself. This quickly becomes clear when one rec-

ognizes this inescapable fact: One of the collateral purposes of an organization *is* to be inhospitable to a great and constant flow of ideas and creativity.

Whether we are talking about the U.S. Steel Corporation or the United Steelworkers of America, the U.S. Army or the Salvation Army, the United States or the U.S.S.R., the purpose of organization is to achieve the kind and degree of order and conformity necessary to do a particular job. The organization exists to restrict and channel the range of individual actions and behavior into a predictable and knowable routine. Without organization there would be chaos and decay. Organization exists in order to create that amount and kind of inflexibility that are necessary to get the most pressingly intended job done efficiently and on time....

All this raises a seemingly frightening question. If conformity and rigidity are necessary requisites of organization, and if these in turn help stifle creativity, and furthermore if the creative man might indeed be stifled if he is required to spell out the details needed to convert his ideas into effective innovations, does all this mean that modern organizations have evolved into such involuted monsters that they must suffer the fearful fate of the dinosaur—too big and unwieldy to survive?

The answer to this is *no*. First, it is questionable whether the creative impulse would automatically dry up if the idea man is required to take some responsibility for follow-through. The people who so resolutely proclaim their own creative energy will scarcely assert that they need a hothouse for its flowering. Secondly, the large organization has some important attributes that actually facilitate innovation. Its capacity to distribute risk over its broad economic base and among the many individuals involved in implementing newness is significant. They make it both economically and, for the individuals involved, personally easier to break untried ground.

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particularly, creativity
may be more of a
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