FREDERICK R. KAPPEL

1902 - Born Jan. 14, Albert Lea, Minn.
1924 - BS EE Univ. of Minnesota
1924-49 - Started to work at Northwestern Bell as
Groundman worked his way up engr. dept. to AT & T hq.
1949 - Named President AT & T
1961 - Chairman of Board

Honors: a.) Received 14 honorary doctorates from
such schools as: Columbia, Colgate,
Lehigh, & Mich. State
b.) 1962 Saturday Review's Business Man
of Year
c.) 1964 Presidential Medal of Freedom

Other Books: Business, Purpose, & Performance, 1964


The book represents three lectures presented by Kappel as part of the McKinsey
foundation Lecture Series sponsored by the Graduate School of Business at
Columbia University. The three parts of the book are: A Concept of Vitality,
Goals that Build the Future, and the Spark of Individuality.

Thesis: "Excellence of personal performance is essential to maintain that special
tone which means that a business is vital."

"Vitality is the powers a business generates today that will assure its
success and progress tomorrow."

Comparison of Kappel's symptoms of loss of vitality to symptoms of decline
as presented in Theodore Caplow's book How to Run any Organization. Dryden
Press, 1976. The former represents a philosophical approach by a practicing
while the latter represents a pragmatic approach by a sociologist??

A.) Symptoms of Loss of Vitality

1. people clinging to old ways of
   working in face of new
   situations

2. failure to define new
   meaningful goals

3. Decline in reflective thinking
   which is basis of long run
   vitality

4. growth of institutionalism -
   notion that business has an
   existence apart from its
   members

Symptoms of Declining Organizations

1. inflexible & set in ways of doing
   things

2. failure to adjust to market pressure
   and social change

3. overspecialization in product
   line

3. overspecialization of administrative
   overhead
Loss of Vitality

5. reputation for stability & security but not venturesome

6. Passing old wisdom to new managers

7. low tolerance for criticism—indepenent thinking stifled

B. Managing Vitality

1. encourage vitality through research & technical development—reflective thinking—examine oneself & work to come up with new ideas

2. Clear statement of what you want to do—goals dealing with
   - financial & product development
   - interpersonal relationships
   - improving management knowledge & succession

3. acquire good self-reliant managers—proper training to encourage independent thinking

Symptoms of Decline

5. built in resistance to change

6. low morale and productivity

Managing Decline

1. analyze and eliminate nonessential parts of Co. and reinvest resources saved into essential parts

2. reduce admin. overhead

3. develop new structure for communication & use to support necessary reorganization

4. now, look for new goals that may reverse decline

5. managers are responsible for being aware of external changes & to adapt to them

These two works then provide both a philosophical and a practical approach to the loss of vitality. Taking the two together one can begin to grasp the broader reasons for it. A caveat: Caplow's declining firm represents a firm which has probably lost vitality for sometime resulting in its decline, it may be best to be aware of the philosophical underpinnings first because they may appear in what might be considered a very stable organization—the calm before the storm??