

FREDERICK R. KAPPEL

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

Honors: a.) Received 14 honoary 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

Vitality in a Business Enterprise. McGraw Hill, 1960.

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 cling 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
1. failure to adjust to market pressure and social change
2. failure to adjust to market pressure and social change
3. overexpansion 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- independent thinking stifled

B. Managing Vitality

1. encourage vitality through research & technical devel.- reflective thinking - examine one-self & work to come up with new ideas
2. Clear statement of what you want to do goals dealing with
 - financial & Product develop.
 - interpersonal relationships
 - improving management knowledge & succession
3. acquire good self-reliant managers
 - proper training to encourage indep. 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 ??