
THE GREAT IDEAS ONLINE

Reading is a basic tool in the living of a good life.

-- Mortimer J. Adler

HOW TO READ A BUSINESS BOOK

*by Albert Madansky**

About 60 years ago, Mortimer J. Adler, a philosophy professor at the University of Chicago, participated in launching the “Great Books” program to encourage all of us to read the classics carefully and so become “more deeply aware of the enduring truths of human life.”

It is, as Adler himself anticipated, an ongoing struggle. “There is only one situation I can think of in which men and women make an effort to read better than they usually do,” Adler said. “[It is] when they are in love and reading a love letter.”

As a business professor currently teaching at Adler’s old school, I would add to that very short list at least one other situation: It is when people are in business and trying to make a profit.

Business executives are, by necessity, book readers. They read autobiographies of successful businessmen. They read business histories. They read books that give them advice on how to be a better business leader, manager, entrepreneur. They read anything that will give them a handle on predicting the future. They read about new management techniques—TQM, re-engineering. On

occasion, they even turn to business classics.

All these books assert “truths” about different aspects of business. They are influential, particularly in times of great change like the present. They introduce new buzzwords into the workplace and new attitudes into boardrooms, and often influence major management decisions.

Few of these books, though, are truly great. They often contradict one another or, worse, themselves. The ideas in business books can be as destructive as they are instructive. As a result, business-book readers often are not worse off for their efforts. They are reading, but they are not reading critically—and their companies may suffer as a result.

Fortunately, Adler understood the importance of critical reading and has provided a solution in the form of *How to Read a Book*, originally published in 1940 and a great book in its own right.

His method consists of increasingly critical levels of reading. Inspectional reading, the first and most elementary level, is where the reader simply attempts to ascertain what the author is saying. In the second level, analytical reading, the reader asks if what the author says is true. The final stage is what Adler calls syntopical reading. Here, the reader compares and contrasts the author’s ideas to those of all of the other authors who have addressed the same question.

In the language of the new economy then, the complete reader first addresses content, then quality and finally context.

This is serious reading indeed. Business people especially will benefit from such a formalized approach to assessing a book’s worth and engaging its ideas. But they also face some special issues, and in teaching my

own course at the University of Chicago, the Great Books of Business, I've adjusted Adler's techniques slightly to address those issues.

A PROPOSITION FOR YOU

Before we can determine whether what a writer said is true, we must first determine what the writer actually said. Business writers make their living by positioning readers. That is, they have at least one theme or idea they want you to embrace upon reading their book. This is not necessarily a bad thing, but, as the term "inspectional reading" suggests, one must carefully inspect what sort of proposition the author is making.

The word has two meanings. In mathematics or logic, a proposition is a statement of a truth to be demonstrated; the reader should expect a logical demonstration to follow every such proposition to convince him of its truth. The colloquial use of "proposition" is that of a scheme offered evidence-free, take it or leave it. The reader should instinctively put his hand on his wallet when he hears one. Little can be done with a proposition that cannot be shown as true or false, and so busy readers can feel justified in moving on to the next book when offered one.

Once we have a better idea of what the writer is saying, we can analyze the evidence to see if the proposition is true. This second level is where things get more complex. Evidence is not only a series of facts, it is also a method, called inference, of organizing ideas. Moreover, there are two types of inference: deductive and inductive. To read a business book well, one must determine which type of inference the author is using.

Deductive inference starts from an assumption. Scholarly economists, for example, deduce propositions from basic assumptions about human nature using mathematical logic.

Anyone can make a deduction. It is up to you to assess whether the deduction makes sense.

The questions a reader should ask of a work that relies on deductive inference are: Do I agree with the assumptions and postulates underlying the reasoning? Is the reasoning itself logically correct? Peer-reviewed journals, the home of scholarly economists, typically screen out egregious instances where the answer to the second question is no. They also attempt—with varying degrees of success—to ensure that the answer to the first is yes.

Unfortunately, very few business books are written in this paradigm, mostly because the kind of writing associated with peer-reviewed journals is not accessible to the general business reader. An author usually states his assumptions in a fuzzy or anecdotal manner (if at all), and certainly doesn't articulate the logical steps by which he reaches his conclusions. He is not being dishonest; he's under the mistaken impression that intellectual rigor overly taxes average readers.

It is, in any case, up to the reader to ferret out the assumption behind the proposition. Lester Thurow, for example, uses careful economic reasoning in his 1992 bestseller *Head to Head* to propose how the U.S. should alter its business behavior in the face of then apparently overwhelming Japanese competition. It was fine reasoning, but, as Paul Krugman points out in his 1996 book *Pop Internationalism*, Thurow's underlying assumption that a nation functions like a corporation was inaccurate, so the logic of the argument from that premise, no matter how meticulous, was moot.

Inductive inference, on the other hand, is based not on an underlying assumption, but on empirical data. Industrial-organization economists, for example, will often induce propositions from empirical observations using statistical inference. A noteworthy example is

George Stigler's and James Kindahl's 1970 book *Behavior of Industrial Prices*. They studied transaction prices between buyers and sellers, which provided insights into how price clears markets in response to changes in supply or demand.

A proposition based on real data is strong, but still questionable. The questions a reader needs to ask of such a work are: Is the sample adequate both in selection and size? Is the statistical inference properly performed? What are the probabilities of various erroneous conclusions from the inference?

Most popular business books, with their emphasis on "case studies," seem to be based on inductive inference, but pay only token attention to the first question, and seldom address the second and third questions. Remember, data is not the plural of anecdotes. A work often poses as a data-based induction when it is, in fact, merely speculation. Whether it be Chris Argyris' inferences based on a sample of one (see *Executive Leadership*), Tom Peters' and Bob Waterman's inferences based on 75 companies (*In Search of Excellence*) or Marcus Buckingham's and Curt Coffman's inferences based on 80,000 interviews (*First Break All the Rules*), the reader still has to make sure he is not being "propositioned."

THE ARMCHAIR WRITER

A third type of inference, also inductive, is probably the most prevalent in business books today. I call it "arm-chair" induction. The paradigm here is neither the mathematician working from abstract assumptions nor the statistician working from large data sets, but rather the philosopher who, based on a lifetime of observation, digests what he's seen to form a conclusion.

The process is inductive in that the author tries to create a theory to fit what he sees without recourse to formal statistical proof. (For example, Kepler's assess-

ment of the movement of the planets, done without a telescope.)

The “proof” of this type of proposition is twofold: 1) Does it explain the phenomena comprehensively? (For example, are there counterexamples?) 2) Does it resonate well with the reader?

The approach taken by most readers today, though, is to overemphasize resonance at the expense of searching for counterexamples. They read their books much like they read the op-ed page of the daily newspaper; they either agree or disagree with the writer’s propositions and leave it at that.

In *Search of Excellence*, for example, clearly resonates with many readers. It is one of the bestselling business books of all time. The Harvard Business Review, however, saw the book for what it was—a piece of armchair induction—and appreciated that Peters’ and Waterman’s empiricism was neither comprehensive nor convincing. Its 1993 review questions the authors’ inclusion of companies like Boeing and Texas Instruments but not others like Chrysler that, while suffering, were clearly on the rebound. The review was a pan.

With hindsight, of course, we can see that the companies dubbed “excellent” by Peters and Waterman in 1982 are not so excellent today, and probably weren’t so excellent then. The Harvard Business Review had their number, though, even as the book was climbing the charts. Such is the power of analytical reading.

These three analytical techniques are powerful, but they address books in a vacuum. The next stage is to become a syntopical reader. To do so, you must put each book into the context of an ongoing “great conversation,” one that addresses critical questions like: What is the nature and function of business? What is the nature

of the employee? What is the appropriate way to organize a company?

Essentially, the reader must have in mind a comprehensive picture of the best thinking about the issues that surround running a business. Unfortunately, there isn't a trick you can use to achieve this high level of reading. Few authors provide a map of how others have viewed matters. (To their credit, Peters and Waterman are exceptional in doing so.) Fewer still give the reader a complete unbiased review of literature that proceeds theirs.

To get the most out of a business book, readers need to have read at least two or three others on the same topic. Even better, they should read the business classics, and form their own map of the issues and what the great business thinkers had to say about them.

Back in the first century the Roman historian Lucan originated the saying, "Pygmies placed on the shoulders of giants see more than the giants themselves." Sir Isaac Newton paraphrased it more delicately: "If I have seen further it is by standing upon the shoulders of giants." The best part of being a syntopical reader is developing the ability not only to determine who are the giants upon whose shoulders the author stands, but also to determine whether the author is a Newton or a pygmy.

You can only truly comprehend and evaluate a business book after you have read many of them. Fortunately, as you become better at reading them, you also become better at selecting them.

THE CLASSICS

Many business books have become bestsellers, but few have had an enduring impact on the conduct of business. These 10 titles, listed chronologically, are must-reads for

anyone who wants to understand how business management has evolved to what it is today.

1. *The Theory of Business Enterprise* by Thorstein Veblen (1904). Probably the first book to address management as a legitimate field of study; surprisingly modern.

2. *The Principles of Scientific Management* by Frederick W. Taylor (1911). The definitive work on creating efficient companies from the bottom up.

3. *General and Industrial Management* by Henri Fayol (1916). Defined the role of the CEO, and how the CEO could create efficient companies from the top down.

4. *Economy and Society* by Max Weber (1922). The argument for bureaucracy as an optimal organizational scheme.

5. *The Functions of the Executive* by Chester I. Barnard (1948). His concepts (though not his writing style) read even better today than they did in his time.

6. *The Practice of Management* by Peter F. Drucker (1954). A must-read for understanding this guru's synoptic (not to be confused with syntopic) view of management.

7. *The Human Side of Enterprise* by Douglas McGregor (1960). Building on Abraham Maslow's psychological hierarchy of needs, this is the seminal work on Theories X and Y of how to manage workers.

8. *Strategy and Structure* by Alfred D. Chandler (1962). A monumental analysis of business histories, leading to his inferences about the interplay between business structure and strategy.

9. *Competitive Strategy* by Michael E. Porter (1980). A

valuable application of industrial organization theory to business strategy.

10. *In Search of Excellence* by Thomas J. Peters and Robert H. Waterman (1982). Overwhelming popularity makes it a must-read, even if only to see what all the fuss was about.

** Albert Madansky is the H.G.B. Alexander professor emeritus of business administration at the Graduate School of Business at the University of Chicago and editor in chief of the Journal of Business.*

LETTERS TO THE EDITOR

Dear Professor Adler:

This is a note to express my deep appreciation for your lifelong work in the fields of philosophy and education. I am an instructor of philosophy and religion at Cerritos College (in Southern California) and your writings have profoundly enriched my intellectual life.

Your writings encouraged me to pursue the Great Books of the Western world, and that pursuit has put me in touch with such brilliant and passionate minds as Plato, Aristotle, Augustine, Aquinas, Pascal, and many others. Your educational writings such as *The Paideia Program* and *Reforming Education* have influenced both the way I teach my students and even how I direct my own children's education. Your books *How To Read A Book* (which I have used as a textbook in some educational courses) and *How To Speak, How To Listen* have significantly influenced my understanding of reading and rhetoric.

As a devoted Christian, I have appreciated such books as *How To Think About God, Truth In Religion*, and especially your brief spiritual autobiography

contained in *Philosophers Who Believe*. In part, your writings motivated me to start a non-profit, Christian educational organization called Augustine Fellowship. The organization lays great stress on teaching evangelical Christians how to use their mind to the glory of God.

Thank you for your dedication to making great ideas accessible to all. You have helped me and my children to build a flourishing life of the mind.

All the best!

Faith Seeking Understanding,

Kenneth Richard Samples

Max

I just finished reading Dr. Adler's new book (which you edited), *How to Think About the Great Ideas*. It was wonderful. I'm getting copies for my adult children. Thanks for your efforts to keep the ideas flowing.

Best regards,

Tom Carstens

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As always, we welcome your comments.

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