

The Span of Control & The Curse of Bigness¹

by

Peter D. Kinder

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Some years ago, I whined to a friend, a management consultant, about some management problems I was having. With a look of pity for the forgetful, he raised his hand and spread his fingers as far as they would go.

“What’s that mean?”

“Maslow – the span of control.”

Writing in the 1950s, A.H. Maslow theorized that a manager could only supervise effectively – depending on the complexity of their roles – between four and nine people. A quick Google finds the term and concept widely accepted today.

If a limit exists on *who* can be managed, it would seem logical that one exists on *how much* can be managed. In an era whose dominant organization is the multi-national or global corporation with many lines of business, the facts on the ground seem to say “no”.

Still, it is a question that requires revisiting. We live in a world – not a continent, not a country, not a region – of immense cultural, political and environmental complexity. And to varying degrees in varying contexts, each of us knows it. This awareness of our global context distinguishes the generations alive today from those before.

The question of how much one organization can manage has become critical, I think, as multi-national corporation confront increasing demands to

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address global warming.

The question jarred my mind twice in recent days. First, I heard a company presentation by a US multi-national in the bottom half of the Fortune 100. It described products ranging from electronic media to fresh fish. There, the question was implicit. It is hard to wrap catfish in the internet.

The second time, the question was explicit.

For a paper I'm writing, I was reading a 1912 article by Louis Brandeis, "The New Haven – An Unregulated Monopoly".¹ Over the preceding decade, the New York, New Haven & Hartford Railroad had taken control of all three major means of public transportation in New England: railroads, trolleys (interurbans) and steamship lines. Could a railroad company effectively run all three types of transportation?

For the future Supreme Court justice, the answer was, obviously not. Despite their similarities, despite what modern merger mavens would call "synergies", the three types were fundamentally different, had different users, required different types of service. In short, Brandeis believed, one set of managers could not run three distinct types of transportation monopolies.

History probably proved Brandeis right on the New Haven, though anti-regulation types might disagree with Brandeis's thesis on why.

Over the next few weeks, I will be blogging on Brandeis and what he called "The Curse of Bigness".² I'll focus on the questions Brandeis raised 95 years ago about size, complexity and the ability of managers to cope.

One of the attractive things about Louis Brandeis is that he did not pretend to have all the answers. The ones he had – translated into antitrust theory and law – were, largely, rubbished in the last quarter of the 20th century by the Supreme Court and by Alfred Kahn, the father of deregulation, and his progeny.

But the questions Brandeis raised remain relevant – even critical – today. I will look at global warming and globalization through their prism.

Spans & Curses

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Endnotes

1. Louis D. Brandeis, “The New Haven – An Unregulated Monopoly”, *Boston Journal*, Dec. 13, 1912, as reprinted in *Business: A Profession* [1914] (New York: Augustus M. Kelley, 1971) (photo reprint of 1914 ed.), pp. 294ff.
2. *Id.*, p. 294. The phrase also appears as the title of a 1934 collection of his miscellaneous writings, but it dated to at least 20 years earlier.