learn TPS, people must work hard through practice and experimentation. They must ask many questions and try many implementations. During that process, many people discover that their practices, behaviors, and ideas are inconsistent with TPS. Learning TPS requires humility. People must seek and accept ongoing coaching. But even with the considerable talk about learning organizations in today’s business world, I have found requests for coaching are the exception, not the norm. As the article mentions, Toyota provides this coaching both internally and to suppliers through its Operations Management Consulting Division.

In summary, the Toyota Production System has proven to deliver Michael Jordan-like business results, but implementing TPS is very difficult. It requires a strong desire to learn, a willingness to take risks, and the desire to be coached.

ARE YOU PAYING TOO MUCH FOR THAT ACQUISITION?
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The big question raised from “Are You Paying Too Much for That Acquisition?” by Robert G. Eccles, Kersten L. Lutes, and Thomas C. Wilson (July–August 1999) is, Why are acquisitions the preferred path for growing a business at all, and especially when dismal consequences are recorded time after time? The article’s concluding paragraph suggests the high failure rate is due to a lack of organizational discipline. That seems true, but I suspect that something else is also going on. I believe the following factors contribute to the popularity of acquisitions:

Appearance of Growth. An acquisition provides a way to describe a shrinking market as growing. It is a glamorous way to put two entities together when growth options are limited. Although buying back your stock and shrinking your operations may be far more efficient, neither has the cachet of merging two companies. There is a feeling in our culture that bigger is better. When Citibank was designing businesses as consumer, institutional, or capital markets, every division wanted a piece of everything. As a division head in the institutional sector, I proposed a “de-designation” in two countries that did not need institutional bank organizations. That was not well received, although the logic and economics were grudgingly accepted. The fact is, markets cannot be continually segmented and still grow indefinitely in each segment.

Instant Gratification. Even if there are opportunities to grow in your industry, building a business is a relatively slow process. But with an acquisition, you can see the growth immediately.

Shopper’s Mentality. Growing a business requires an ability to formulate a long-term goal. It also requires daily discipline to execute the plans that will deliver the goal. But many managers suffer from the “I don’t know what I want until I see it” mentality. It’s much easier to say yes or no to something than to look at a blank piece of paper and decide what makes sense.

Action Versus Inaction. An acquisition gives the sense of momentum and completion, especially compared with the daily management of a business. The thinking goes, if you can’t get your own company to move more rapidly, buy something!

Anxiety Reduction. Risk-taking activities provoke such organizational anxiety that it can be easier to externalize them in the form of a discrete transaction than to challenge the business through genuinely required change or long-term growth activities.

My guess is that everyone who reads this article will click in self-righteous agreement but demur with any suggestion that their companies are similar. Before starting an acquisition, managers should focus on their goals, their alternatives to acquisition, and the rigor of their analysis. Then people might start some fundamental changes. But today it is tough to sell anything that is not instant, and it is difficult to see any way around that. In sum, acquisitions seem to be the video games of the boomer business executive.

Robert G. Eccles responds: I certainly agree with Antonia Shusta that M&A is a much quicker and more exciting way to grow the business than the alternative of internal growth. She also raises more general questions about why M&A is pursued instead of other options, such as giving unneeded cash back to shareholders. Although our research project addressed that question, we could not report everything in a single article. In fact, we developed a general framework to explain when and how M&A as a growth strategy makes sense. This framework has two overarching principles: clear purpose and controlled process. Clear purpose is about having a good corporate strategy and making sure that all M&A transactions support it. Controlled process is about having the discipline to identify the right opportunities, to avoid those that don’t make sense, and to pay equal attention to the challenges that arise before and after the deal.

Although the hard work of postdeal integration isn’t as glamorous as doing the deal in the first place, it is equally important to its ultimate success or failure. Here the boomer business executive must recognize that the game is a lot more like rugby than Nintendo.

BRINGING THE ENVIRONMENT DOWN TO EARTH
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In “Bringing the Environment Down to Earth” (July–August 1999), Forest L. Reinhardt asks that our article, “A Road Map for Natural Capitalism” (May–June 1999), argues that it is tough to sell anything that is not instant, and it is difficult to see any way around that. In sum, acquisitions seem to be the video games of the boomer business executive.
tax code could force companies to underpay them. "It's nearly right on ubiquitous, we haven't yet found a company that lacks such opportuni-
ties. Reinhart is wrong, though, about stricter regulation, which we didn't suggest, and about tax changes. None of the businesses we cite were "forced" by taxes or regulations to adopt radical resource productivity. They did so despite many distor-
tions in taxes and regulations in order to gain profit and competitive advantage.

Let's restate what our article did say. If capitalism were actually con-
ducted according to its own logic, and markets were actually free, op-
portunities to protect the environ-
ment at a profit would be ubiqui-
tous. Currently, they're numerous, but we never called them "free." They take time, effort, creativity, and capital to exploit, but when un-
Dated, they will usually yield attractive returns in virtually every sector under current conditions, as examples in Natural Capitalism [Little, Brown, 1999] illustrate. How-
ever, if the playing field for competi-
tion between using and saving re-
sources were leveled by expending resource-saving investments, and the playing field between resource and labor factors were leveled by tax codes that favor work over waste, then the opportunities that are now common would become truly ubiqui-
tous. As a result, the whole econ-
omy would become more efficient.

Radically improved resource pro-
ductivity yields the greatest profits in combination with the other ele-
ments of natural capitalism de-
scribed in our article. Transcending margin cost-benefit balancing acts, natural capitalist companies have found that if it doesn't pay handsomely to be green, you're prob-
ably doing something wrong. Some common mistakes include reducing pollution at the end-of-pipe rather than abolishing the pipe altogether, managing environmental risks rather than eliminating them, and incurring management costs rather than designing out unnecessary management.

Perhaps the biggest payoff of the resulting new business models is one Reinhart doesn't mention – aligning corporate values with those of customers, host communities, and workers, not the reverse. Re-
moving contradictions between what people do at work and what they want for their kids when they go home liberates extraordinary la-
tent creativity trapped in stale em-
ployee and customer relationships.

Reinhart is right when he says, "environmental problems do not au-
tomatically create opportunities to make money." But if he thinks that environmental problems should be treated only as business problems, ignoring ethical values, he is wrong.

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"Bringing the Environment Down to Earth" shows business managers how to approach environmental concerns as business problems and how to integrate environmental thinking into their decision making. This is an important first step. For example, I recently recommended the installation of a new piece of ma-
achinery for one of my company's div-
sions. Marketing assessed the mar-
ket for the product, sales committed the additional volume, finance ap-
proved the capital expenditure, and
the division devised the implementa-
tion time line. But at no point dur-
ing this process did someone assess the environmental impact of this new piece of equipment; no one thought to consider our manufactur-
ing processes in a different way.

I am not suggesting that every business decision needs an environ-
mental slant. However, much like the IT function – a stepchild in the 1980s but now an integral part of corporate strategic decision-making – the environmental function needs to grow beyond a few divisional staff members ensuring that manufactur-
ing meets government regulations.

The IT disaggregation of the 1990s is that the IT function should report directly to the head of the organization. Should