

What is Waste? What is Investment?
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Abstract

“Cut me some slack!” That was an expression popular in the 1970s used by, typically, the younger, hipper generation to the older generation that was viewed as inappropriately oppressing youth. We might use that expression again now, but in reference to the inability of organizations to be creative, to innovate—to be entrepreneurial.

Historically, the term “slack” was used in organizations to represent an allocation of resources for unforeseen problems or for creative endeavors. In some esteemed organizations today, that practice is an important lure to potential employees and a critical part of the culture for creative employees. Two notable examples are Google and 3M. Allocating time away from their appointed duties for employees falls within the category of slack.

What causes most organizations to eliminate slack? Perhaps it is a redefinition of slack from something that creates opportunity for organizations into something that restricts share-holders earnings. If we look historically at organizations, we can see the devastation wreaked on organizations by corporate raiders. Managers of those companies with slack, who might have been glorified as the best managers a few short years before, were now vilified as “wasting money” by having too much money held in reserves and too many employees with too much free time to be “efficient.” In very short order, slack became redefined as waste, and now that new definition permeates all organizations, whose management teams look for all kinds of ways to “cut costs” rather for opportunities to “invest” in their organization’s long-term success. In this paper, I examine how our view has shifted, when each view might be useful, and what negative outcomes arise from each perspective. Ultimately, I suggest ways that a balance can be struck between the two extremes.