

EXCELLENCE

Potpourri

Tom Peters
18 October 2014

Excellence.

Always.

*If not Excellence,
what?*

*If not Excellence
now, when?*

EXCELLENCE Potpourri

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Introduction

This document is just what it says it is—a potpourri, a miscellaneous collection of my favorite recent essays on EXCELLENCE. (Tom Peters. EXCELLENCE. What else?) Several are recent additions—*The Moral Bedrock of Management* and *TRAINING: Investment #1*. The pair are responses to itches I’ve long intended to scratch in print; now I have. *The 34 BFOs/Blinding Flashes of the Obvious* is a summary document of just what the title says, obvious and vital itches that few too managers vigorously scratch. *Systems Have Their Place: SECOND Place* is, dare I say it, one of my favorite pieces that as far as I’m concerned has not gotten appropriate attention. The final duo—*PUTTING PEOPLE (Really) FIRST* and *#1 Then/1982. #1 Now/2014: A BIAS FOR ACTION* are updated papers on my two favorites-forever topics.

Enjoy!

Reader's Guide

Yes, it does. *“Hey, this looks a lot like a PowerPoint presentation,”* you say. *“Yes it does,”* I reply shamelessly.

PowerPoint is my medium. Pretty much everything I do resembles PowerPoint—I think and dream in PowerPoint. So consider this doc as a Word translation from PowerPoint. Why? Because it's, as I said ... **WHAT I DO.**

Furthermore, my company logo, two years in the making, is a



bright red exclamation mark  (That's it. No words, no

music, just that RED exclam.) I once wrote, *“Technicolor times call for Technicolor solutions.”* And I stand by that. So there you have it ... a PowerPoint translated into Word studded with



Please do enjoy. These are indeed ...

**TECH-NI-COL-OR
TIMES.**

The Moral Bedrock of Management

Tom Peters
18 August 2014

NOTE: The material herein is NOT under copyright. My goal is grand theft—by you the reader. I hope you will find some of the contents of value, and will therefore extract and utilize what you will, directly or indirectly, with or without attribution.

The Moral Bedrock of Management: Maximizing Human Capital Development

Tom Peters
18 August 2014

**Note: There are two title pages. I couldn't decide which one to go with—so I decided to use both. Take your pick!
(FYI: I do not like the term “human capital” However, it appeals to those who define pretty much everything in terms of
financial outcomes—and, above all, the “people stuff” offers the maximum mid- to long-term financial returns.)**

to
Warren Bennis
(obviously)

TP/TIB #1*: *Your principal moral obligation as a manager/ leader is to develop the skillset (“soft” and “hard”) of every one of the people in your charge (temporary as well as semi-permanent) to the maximum extent of your/your organization’s resources. The good news: This is also the #1 mid- to long-term ... profit maximization strategy!*

*Note #1: TIB/This I Believe (formulation from pioneering architect Bill Caudill)

Note #2: It took me 35 years of frustration and struggle and disappointment to reach this level of “radicalization” on “the people thing.”

Note #3: Manager of a 4-person temporary project team (life expectancy three weeks) or chief of a 27,842-person behemoth.

Leaders and Societal Responsibilities

The discussion here is “simply” about the ... *moral responsibility* ... of leaders: **It is of the most profound importance to society.**

The ... *moral responsibility* ... of every leader is staggering—an opportunity to be of service to (literally) civilization.

Or not.

All leaders/all the time: **By** (voluntarily) accepting the mantle (of leadership of any sort), **one** automatically embraces an enormous opportunity and likewise takes on an enormous (moral) responsibility (for helping others achieve their potential).

In *Good Business*, Mihaly Csikszentmihalyi argues persuasively that business has become the center of society. As such, an obligation to community is front & center. Business as societal bedrock, per Csikszentmihalyi, has the RESPONSIBILITY to increase the ...

“SUM OF HUMAN WELL- BEING.”

Business is **NOT** “part of the
community.” In terms of how adults collectively spend their

waking hours: **Business IS the community.** And
should act accordingly. The (REALLY) good news: Community
mindedness is a great way (the BEST way?) to have spirited/
committed/customer-centric work force—and, ultimately, increase
(maximize?) growth and profitability.

(Csikszentmihalyi ups the stakes for me and you. “Increase the sum total of human well being.” Yikes. But hold on. That’s precisely what we expect of and demand from our 7-year-old daughter Mary Anne’s 24-year-old second grade teacher, is it not?)

Think about it. Use the precise language. “Increase the sum total of human well being.” That 24-year-old teacher, Jeanette Johnson, a recent grad of the University of Minnesota’s ed school, might not use such grand language. But that is her charge and challenge. And it is: NOT OPTIONAL.

So if young Ms. Johnson is charged in no uncertain terms with “increasing the sum total of human well being,” day in and day out, why not the Head of Housekeeping at the local Hampton Inn? Why not the shift boss at the Amazon distribution center? WHY NOT THE CEO OF GENERAL MOTORS OR GENERAL ELECTRIC? Day in and day out. “Increase the sum total of human well being.”

Back to those Hampton Inn housekeepers. To increase the sum total of human well being, each one of them must not only do their job, but also learn something new or improve a current skill. Right? Again, I ask you to think about it in the precise terms used here. And to think about the way your job as manager-leader can engender that learning and growth ... DAY IN AND DAY OUT.

The idea of this essay is to challenge you and me to think in terms like Mihaly Csikszentmihalyi’s. To re-think, maybe even radically re-think, our activities if necessary. To me, this is, I’ve concluded after years of pondering, the only possible story line.

Try putting yourself in Ms. Johnson’s shoes. And may I say it: If she can do it—must do it to earn her bread and butter—well, so can you. I know you can.)

PAUSE:

This stuff.

Not “Nice.”

“Necessary.”

“A bureaucrat is an expensive microchip.”

—Dan Sullivan, *consultant and executive coach*

“Meet Your Next Surgeon: Dr. Robot”

—*Fortune/15 JAN 2013/on Intuitive Surgical’s da Vinci/multiple bypass heart-surgery robot*

“Human level capability has not turned out to be a special stopping point from an engineering perspective. ...”

—Illah Reza Nourbakhsh, *Robot Futures*

“Algorithms have already written symphonies as moving as those composed by Beethoven, picked through legalese with the deftness of a senior law partner, diagnosed patients with more accuracy than a doctor, written news articles with the smooth hand of a seasoned reporter, and driven vehicles on urban highways with far better control than a human driver.” —Christopher Steiner, *Automate This: How Algorithms Came to Rule the World*

Shades of Ned Ludd: *“When Emmy [algorithm] produced orchestral pieces so impressive that some music scholars failed to identify them as the work of a machine, [Prof. David] Cope instantly created legions of enemies. ... At an academic conference in Germany, one of his peers walked up to him and whacked him on the nose. ...”*
—Christopher Steiner, *Automate This: How Algorithms Came to Rule the World*

“The root of our problem is not that we’re in a Great Recession or a Great Stagnation, but rather that we are in the early throes of a

Great

Restructuring.

Our technologies are racing ahead, but our skills and organizations are lagging behind.”

—Erik Brynjolfsson and Andrew McAfee *Race Against The Machine*

“For most of the nineteenth and twentieth centuries, employment usually rebounded after each recession, but since the 1990s employment didn’t recover briskly after recessions. It’s not coincidence that as the computerization of the economy advanced, post-recession hiring patterns changed.”

—Erik Brynjolfsson and Andrew McAfee *The Second Machine Age*

*“The median
worker is
losing the
race against
the machine.”*

—Erik Brynjolfsson and Andrew McAfee, *Race Against The Machine*

(“The greatest shortcoming of the human race is our inability to understand the exponential function.”—Albert A. Bartlett/

from Erik Brynjolfsson and Andrew McAfee, *The Second Machine Age*

I believe that the message of this essay is timeless. The obligation to develop people—and the profitability associated therewith—are facts that go back as far as you wish to look.

But ... the ante has been raised in the last couple of decades. And the Great Workplace Survival Game has just started. We are indeed, I feel certain, in the midst of that “great restructuring.” Robots and artificial intelligence have been eating into the employment of factory line workers and back room clerical staffers for almost half a century. But a threshold has now been passed. Robots and artificial intelligence are taking dead aim at tasks performed by the \$75,000-100,000 jobs—the sophisticated service jobs that are the backbone of the service economy and the bedrock of middle class and upper-middle class employment. That fact—and it is a fact, I firmly believe—makes the moral requirement for focusing on the rapid growth of workers’ skillsets all the more urgent. [And, ho hum, again, it also ... pay\$\$\$ off.]

END OF PAUSE

1/4,096

“Business has to give people enriching, rewarding lives ... or it’s simply not worth doing.” —Richard Branson*

*Face it, I decided, PowerPoint is my medium of choice. Hence, I spent three years constructing a 23-part, 4,096-slide “Mother of All Presentations”/MOAP. Annotated with 100,000+ words, it is more or less “everything I know.” (It’s published and available for free download at excellencenow.com.) By definition, one of those 4,096

slides had to be ... FIRST: **#1 of 4,096**. The quote above is it. In this essay, I convert Branson’s assertion into nothing less than a ... Universal Moral Leadership Imperative.

(Your call! I have carefully culled these quotes from among the thousands available to me—moreover, the material expands by the week, or even day. Let’s suppose you buy into the general drift of this essay. If so, what do you do with, say, the Branson quote—or Csikszentmihalyi’s? The most likely result is a nod of the head, perhaps even an “Amen.”

But then what?

Here’s my hope: Not that you will “buy my act,” lovely as that would be, but that you will use the quote—or, preferably the entire essay—as the basis for a series of discussions with your management team. Or your business partner in a 7-person enterprise. Or a gathering of the Deacons of 1st Presbyterian of Whatever Falls, Montana or Vermont. What’s the practical meaning and what are the implications of this idea of balls-out-people-development as the First Moral Responsibility of our enterprise. (Yes, my language above is crude—for which I apologize. But I am unabashedly trying to capture your attention and sound a 6-alarm fire gong.)

Yes, I’d love for you to launch a series of discussions that result in Concrete First Steps to Operationalize these ideas. And they can indeed be operationalized—as the likes of Mr. Branson illustrate.

(Another example covered later: Phil Sheridan runs a successful software company, and just wrote a book, *Joy, Inc.: How We Built a Workplace People Love*. He argues, “As ridiculous as it sounds—joy is the core belief of our workplace.” Too much? Fine ... but what about considering it before you dismiss it?)

To me, “all this”—moral commitment to developing people beyond their wildest dreams—is (professional) life or death, what your professional life will add up to. And, as I repeatedly suggest, also the best way to spur enterprise growth and profitability.

I would be flattered if you’d go beyond “great quote,” and instead ponder putting these ideas to work.)

“The role of the Director is to create a space where the actors and actresses can become more than they’ve ever been before, more than they’ve dreamed of being.”

—Robert Altman, Oscar (lifetime achievement) acceptance speech; the role of the director—and in fact of any manager-leader in any organization of any size.

Do This NOW*: **How would you rate yourself as a manager-leader over the last 90 days in terms of having helped each & every one of your team members “*become more than they’ve dreamed of being*” ?**

***Damn it.**

“Groups become great only when everyone in them, leaders and members alike, is free to do his or her absolute best. ... The best thing a leader can do for a Great Group is to allow its members to discover their greatness.”

—Warren Bennis and Patricia Ward Biederman, *Organizing Genius*

“To be an effective leader, you have to first have a desire and abiding commitment to helping people.”

—Harry Rhoads, Co-founder and CEO, Washington Speakers Bureau. I’ve worked with Harry for 30 years. He means it!

***“We are a
‘Life Success’
Company.”***

—Dave Liniger, founder, RE/MAX, on the goal he puts ahead of the objective of creating happy home buyers; he figures that the best way to achieve the latter is by achieving the former. More, from Phil Harkins & Keith Hollihan, *Everybody Wins*, the story of RE/MAX: ***“The organization would ultimately win not because it gave agents more money, but because it gave them a chance for better lives.”***

“No matter what the situation, [the great manager’s] first response is always to think about the individual concerned and how things can be arranged to help that individual experience success.”

—Marcus Buckingham, *The One Thing You Need to Know* (FYI: You would be hard pressed to find a more thorough researcher than Marcus Buckingham—his work was long associated with the Gallup organization.)

A DIFFERENT KIND OF COMPANY: *“The greatest satisfaction for management has come not from the financial growth of Camellia itself, but rather from having participated in the vast improvement in the living and working conditions of its employees, resulting from the investment of many tens of millions of pounds into the tea gardens’ infrastructure of roads, factories, hospitals, employees’ housing and amenities. ... Within the Camellia Group there is a strong aesthetic dimension, an intention that it should comprise companies and assets of the highest quality, operating from inspiring offices and manufacturing in state of the art facilities. ... **Above all, there is a deep concern for the welfare of each employee. This arises not only from a sense of humanity, but also from the conviction that the loyalty of a secure and enthusiastic employee will in the long-term prove to be an invaluable company asset.”***

—*Camellia: A Very Different Company* (Camellia—the Latin word for tea—is based in London. While the firm includes manufacturing companies, distribution activities and a financial services arm among other assets, it sprung from the tea business—and is today the world’s second largest private tea producer. The company has revenues of approximately \$600M and after-tax earnings of >\$100M; that is, tea can be an extraordinarily profitable commercial venture. In the book titled above, Camellia’s leadership attributes that effectiveness to doing everything in a 1st-class fashion—and to a standing *obsession* with employee and community development in a context in which, to say the least, such an obsession is far from the norm.

Oath of Office: Managers/Servant Leaders*

Our goal is to serve our customers brilliantly and profitably over the long haul.

Serving our customers brilliantly and profitably over the long haul is a product of brilliantly serving, over the long haul, the people who serve the customer.

Hence, our job as leaders—the alpha and the omega and everything in between—is abetting the sustained growth and success and engagement and enthusiasm and commitment to Excellence of those, one at a time, who directly or indirectly serve the ultimate customer.

We—leaders of every stripe—are in the “Human Growth and Development and Success and Aspiration to Excellence business.” “We” (leaders) only grow when “they” (each and every one of our colleagues) are growing.

“We” (leaders) only succeed when “they” (each and every one of our colleagues) are succeeding.

“We” (leaders) only energetically march toward Excellence when “they” (each and every one of our colleagues) are energetically marching toward Excellence.

Period.

*In 2007 I was invited by the Australian Institute of Management to keynote the first conference celebrating Peter Drucker’s life’s work. It was an enormous responsibility. Plowing through PD’s early work, I was struck by his emphasis on the moral/“liberal arts” dimensions of management. I tried to reflect that in my remarks—including this proposed manager’s “Oath of Office.”

Excellent organizations: **“CATHEDRALS”**
**IN WHICH THE FULL
AND AWESOME POWER
OF THE IMAGINATION
AND SPIRIT AND
NATIVE
ENTREPRENEURIAL
FLAIR OF DIVERSE
INDIVIDUALS IS
UNLEASHED IN
PASSIONATE PURSUIT
OF ... EXCELLENCE. * ****

*This also came from the Drucker speech just cited. If the language sounds extreme, it is because I believe this idea trumps all other's on the manager-leader's agenda. (Note "cathedral" is in quotation marks; I mean this, obviously, not in any religious sense—though this moral imperative does have humanistic aims not unrelated to the underpinnings of all religious dogma.)

Also see **APPENDIX ONE, from a 2012 conference in Seoul ... **“Reframing Capitalism”**: A 15-Point Human Capital Development Manifesto at the Enterprise and National Government Level

A Celebration of the Life's Work of Peter Drucker

(Australian Institute of Management/17 September 2007*)

Organizations exist to serve. Period.

Leaders live to serve. Period.

Passionate servant leaders, determined to create a legacy of earthshaking transformation in their domain (a 600SF retail space, a 4-person training department, an urban school, a rural school, a city, a nation), create/ must *necessarily* create organizations which are no less than cathedrals in which the full and awesome power of the Imagination and Spirit and native Entrepreneurial flair (We are *all* entrepreneurs—Muhammad Yunus) of diverse individuals (100% creative Talent—from checkout to lab, from Apple to Wegmans to Jane's one-person accountancy in Invercargill NZ) is unleashed in passionate pursuit of jointly perceived soaring purpose (= win a Nobel peace prize like Yunus, or at least do something worthy of bragging about 25 years from now to your grandkids) and personal/community/client service Excellence.

Such Talent unbound pursue Quests (rapidly and relentlessly experimenting and failing and trying again) which surprise and surpass and redefine the expectations of the individual and the servant leader alike. The collective “products” of these Quests offer the best chance of achieving rapid organizational and individual adaptation to fast-transforming environments, and provide the nutrition for continuing (and sometimes dramatic) re-imaginings which re-draw the boundaries of industries and communities and human achievement.

In turn, such organizations, bent upon excellence and re-imaginings based on maximizing human creativity and achievement, will, more or less *automatically*, create cadres of imaginative and inspiring and determined servant leaders who take the organization to another level—or, equally or *more* important, leave to spread the virus of Freedom-Creativity-Excellence-Transforming Purpose by pathfinding new highways and alleyways which, through the potent process of “creative destruction” vitalize and revitalize Entrepreneurial Capitalism, which in turn is arguably the best hope for maximizing collective human Freedom, Happiness, Prosperity, and Wellbeing.

*Also from my Drucker/Australian Institute of Management Address



Enterprise (at its best)*: *“An emotional, vital, innovative, joyful, creative, entrepreneurial endeavor that elicits maximum concerted human potential in the wholehearted pursuit of EXCELLENCE in service of others—e.g., employees, customers, suppliers, communities, owners, temporary partners.”*

*This optimistic-idealistic statement of enterprise-at-its-best is extracted from a presentation I gave in, of all places, Novosibirsk, Siberia. (See the photo above.) Is this the likely state of affairs in Siberia or, for that matter, on your or my chunk of turf? Probably not. But, wherever it may be there or in your place, I must ask relative to this statement ...

WHY NOT?

Consider: If the above is “too much” for you, I’d urge you to imagine the opposite of each of the descriptor words. Will you accept a joy-LESS, UN-emotional, NON-vital, excellence-FREE (etc.) State of the Enterprise? I’d hope not.

Imagine looking back **2 years from**
now on your prior 5 years: **What**
will you be able to
say (in exacting
detail!!) about your
... PEOPLE
DEVELOPMENT
SCORECARD?*

*I beg of you, please believe me. It is the “people development stuff” you will remember most—and assess yourself on most—when you look back, at, like me, age 71, on your career as a leader. E.g., *“I gave Ellen Smith the boost at the right moment that launched her magnificent career.”* One hopes to have a rather lengthy list of “Ellen Smiths.”

Training = Investment #1

In the Army, 3-star generals worry/ obsess about training. Yet in most businesses, the top training post is a “ho hum” mid-level staff slot.

Training.

Investment

Priority #1.*

Damn it.

(If Not, Why

Not?)

*Training should be an official part of the **R&D** budget/a capital expense.

Queries

Is your CTO/Chief Training Officer your top paid “C-level” job (other than CEO/COO)?

If not, why not?

Are your top trainers paid as much as your top marketers?

If not, why not?

Are your training courses so good they make you giggle?

If not, why not?

**Randomly accost an
employee (right now 

*If not, why not?***

Sunday/NFL game day (as this was written): “Players are our most important asset.” “No shit, Sherlock.” Football is a competitive BUSINESS.

If “people first” is obvious for them, why not you?

Study/inhale Matthew Kelly’s book *The Dream Manager*. It’s about a fictional sanitary services company. But it’s not fictional. I met the company’s CEO.

If them, why not you?

Check out a Marine E-6 (senior sergeant): Ask him/her about training and development objectives, and the intensity of the approach thereto.

If him, why not you?

Want to understand training in a super high-tech “business”? Talk to the commanding officer (effectively CTO) of a “boomer”/U.S. Navy nuclear sub patrolling the sea with nuclear-armed missiles on board.

If them, why not you?

*Is your **CTO/Chief Training Officer** your top paid “C-level” job (other than CEO/COO)?*

Are your top trainers paid/cherished as much as your top marketers/engineers?

Gamblin' Man

Bet #1: >> 5 of 10 CEOs see training as expense rather than investment.

Bet #2: >> 5 of 10 CEOs see training as defense rather than offense.

Bet #3: >>> 5 of 10 CEOs see training as “necessary evil” rather than “strategic opportunity.”

**Bet #4: >> 8 of 10
CEOs, in 45-min
“tour d’horizon” of
their biz, would
NOT mention
training. * ****

***If you had *any* idea at all how much this pisses me off ...**

**** I have used this as a slide dozens of time; few if any audience members—in country after country—will take me up on the bet.**

(It often seems to me that the attitude toward training is, “another damn cost item,” or “How bloody much do we have to do?” On the receiving end, given the half-assed attention to the product (the training itself), the attitude is, “How much of this shit do we have to go through?” Instead I imagine—and I think everyone should imagine—training as ...

**THE
COOLEST THING EVER.**

The matchless opportunity to help people grow—and to help our organization achieve Excellence, which in turn can be translated into Ecstatic Customers—and, then, Ecstatic Shareholders. This whole topic, as ordinarily approached ...

***DISTRESSES ME OFF SOOOOOO
MUCH I QUAKE & SHAKE.)***

**What is the best
reason to go bananas
over training?**

GREED.

(It pays off.)

The Mauritius Doctrine

On 16 April 2014, I spoke to 1,300 SME chiefs in Mauritius at a conference organized by The National Productivity and Competitiveness Council, and that included the Vice Prime Minister. I upped the stridency of my tone relative *not* to government actions—but relative to business’ *obligation* to develop its work force. Moreover, I asserted this was as true for a 6-person business as for a 6,000-person outfit. Yes ... wee companies can (and ought) become “training/development maniacs.”

Honing my new/uncompromising message: Especially in uncertain times which are sapping global employment security, it is the ... foremost moral responsibility ... of businesses to abet the radical development of their employees.

National productivity improvement is less about a few giants than about incremental efforts by the great mass of small businesses.

My training (& development) message in general is radical. ***But the truly radical notion is that “training & development maniacs” applies to the FIVE-person enterprise as much as it does to the giant.***

Training #1: Bottom Line

NOBODY gets off the hook! *“Training & Development Maniac”* applies as much to the leader of the **4-person** business as to the chief of the **44,444-person** business.

Where the (Moral/Leadership) Rubber Meets the Road

If the regimental commander lost most of his 2nd lieutenants and 1st lieutenants and captains and majors, it would be a tragedy. *If he lost his sergeants it would be a catastrophe.* The Army and the Navy are fully aware that success on the battlefield is dependent to an overwhelming degree on its Sergeants and Chief Petty Officers. Does industry have the same awareness?

Re the argument here: While the men and women “at the top” are responsible for setting the moral tone/corporate culture, the vast majority of employees work for a first-line supervisor. Hence the transmission of—and the “walking of the talk” that matters—is set by the full cadre of 1st-line chiefs. Companies tend to take these jobs “seriously.” But such seriousness almost invariably falls miles and miles—and more miles—short of using this set of individuals as the singularly important transmitters of the corporate culture.

Hence the “moral duty” discussed in this piece is executed—first and foremost—by 1st-line chiefs.

Act accordingly!* (*I have argued elsewhere that the full cadre of 1st-line chiefs is no less than ... Enterprise Asset #1.)

*Is there ONE
“secret” to
productivity and
becoming a
“company worth
working for”?*

*YES! The Quality
of your Full Cadre of
... 1st-line Leaders.*

**Great Recession Indictment:
The Moral (Managerial) Deficit Writ Large**

*“Managers have lost dignity over the past decade in the face of wide spread institutional breakdown of trust and self-policing in business. **To regain society’s trust, we believe that business leaders must embrace a way of looking at their role that goes beyond their responsibility to the shareholders to include a civic and personal commitment to their duty as institutional custodians. In other words, it is time that management became a profession.**”*

—Rakesh Khurana & Nitin Nohria, “It’s Time To Make Management a True Profession,” *Harvard Business Review*/10.08 (FYI: Nitin Nohria is now the dean of the Harvard Business School. One wishes him well in taking on this issue.)

Too Much “Success,” Not Enough Character

- “Too Much Cost,
Not Enough Value”*
- “Too Much Speculation,
Not Enough Investment”*
- “Too Much Complexity,
Not Enough Simplicity”*
- “Too Much Counting,
Not Enough Trust”*
- “Too Much Business Conduct,
Not Enough Professional Conduct”*
- “Too Much Salesmanship,
Not Enough Stewardship”*
- “Too Much Focus on Things,
Not Enough Focus on Commitment”*
- “Too Many Twenty-first Century Values,
Not Enough Eighteenth-Century Values”*
- “Too Much ‘Success,’
Not Enough Character”*

Source: Chapter titles, John Bogle, *Enough. The Measures of Money, Business, and Life* (Bogle is founder of the financial services giant, Vanguard Group.)
(NB: I had the honor of writing the Foreword to the paperback edition of this magisterial book.)

Maximize Shareholder Value? Sez Who?*

“The notion that corporate law requires directors, executives, and employees to maximize shareholder wealth simply isn’t true. There is no solid legal support for the claim that directors and executives in U.S. public corporations have an enforceable legal duty to maximize shareholder wealth. The idea is fable.” —Lynn Stout, *The Shareholder Value Myth: How Putting Shareholders First Harms Investors, Corporations, and the Public**

“[A corporation] can be formed to conduct or promote any lawful business or purpose.” —from Delaware corporate code (no mandate for shareholder primacy), per Lynn Stout, *The Shareholder Value Myth: How Putting Shareholders First Harms Investors, Corporations, and the Public*

****Cornell law professor Lynn Stout’s brilliant and well received book is a breath of fresh air—and a pillar of support for the overarching theme of this essay. Shareholders may indeed demand maximized value, but the demand per se has no legal standing. The Board that can induce shareholders to take a different view is operating fully within its legal rights.***

*“Courts uniformly refuse to actually impose sanctions on directors or executives for failing to pursue one purpose over another. **In particular, courts refuse to hold directors of public corporations legally accountable for failing to maximize shareholder wealth.**”*

—Lynn Stout, *The Shareholder Value Myth*

“From a legal perspective, shareholders do not, and cannot, own corporations. Corporations are independent legal entities that own themselves, just as human beings own themselves. ... Shareholders own shares of stock. A share of stock is simply a contract between the shareholder and the corporation, a contract that gives the shareholder very limited rights under limited circumstances. In this sense, stockholders are no different from bondholders, suppliers, and employees. All have contractual relationships with the corporate entity. None ‘owns’ the company itself.”—Lynn Stout, *The Shareholder Value Myth: How Putting Shareholders First Harms Investors, Corporations, and the Public*

*“On the face of it,
shareholder value is the
dumbest idea in the world.
Shareholder value is a result,
not a strategy. ... Your main
concerns are your employees,
your customers, and your
products.”*

—Jack Welch (Yes ... **THAT Jack Welch** ...
long-time primo vociferous/raging promoter of shareholder primacy, from the
Financial Times, 0313.09/p. 1.)

“SERVICE” ... is the most beautiful word:

*Organizations
exist to serve.
PERIOD.*

*Leaders live to
serve.
PERIOD. **

***Leaders first serve the members of the organization—the principal argument of this essay. That service in turn maximizes the enterprise’s contribution to society and stakeholders of all flavors.**

Hard is soft!

Soft is hard!

NOTE ONE: People. Customers. Values. Corporate “culture.” Some—most?—call such “variables” “soft.” Instead they say with a near sneer: “*Show me the numbers and the plans!*”

Surely there is room (and need!) for the numbers and a plan. But *they* are the real “soft stuff”—malleable and manipulable. (As we saw time and again during the Great Recession.)

The truly “hard stuff” cannot be faked or exaggerated: The relationships with our customers and our own people and our communities. The spirit and grit of the enterprise. Integrity. A willingness to laugh at good tries that go awry—the heart of innovation success. And so on.

“Hard” is soft. “Soft” is hard.

In Search of EXCELLENCE ... in just **SIX** words!

(And, in my opinion, the epitome of “first things first”—more or less then, now, and tomorrow.)

NOTE TWO: Rich Karlgaard is publisher of *Forbes* magazine—and a Silicon Valley stalwart. He recently addressed this issue in “The Valley” in a brilliant book, *The Soft Edge*. I wrote the Foreword to that book—and have included it here as **APPENDIX TWO**.

TJP on twitter, tweetstream on business “metrics”:

**“Best
‘metric’?”**

***‘It is the
morally right
thing to do.’”***

You/Me: THE WORK MATTERS

The Moral Bedrock of Business, Individual Version: Good Behavior More Important than Ever in ... “Brand You World”

In 1999 I wrote a three-book package we called “The Work Matters” series. Namely: *The Wow Project 50, The Brand You 50, The Professional Service Firm 50*. The idea was that the age of white collar security was ending—as we have seen with a vengeance in the last few years and which, in 2014, is still in its earlier stages. While I over-estimated, back in May 2000 in a *Time* magazine cover story, I wrote, “*I believe that ninety percent of white-collar jobs in the U.S. will be either destroyed or altered beyond recognition in the next 10 to 15 years.*”

The survival strategy becomes resilience and self-reliance. Or does it? Resilience in the face of generic craziness? Absolutely. As to the self-reliance, yes and no. Yes, you are in charge of directing your career in Brand You World. But your network becomes more important than ever, not less. Albeit its axis shifts close to 90 degrees. In place of “sucking up” is “sucking sideways.” That is’ you will get your next job more through your network of peers than through A formal hierarchy.

Relative to the topic of this essay—Moral Bedrock—your integrity and reliability and ability to constantly grow will be far more important than in days past.

(Any number of people were critical of the Brand You idea because they saw it as a call to engage in noisy self-marketing. Nothing could be further from the truth. To make it as an independent professional calls for more teamwork than ever—you are as good or bad as your extended network—and the growth and relevance of your skillset. While you no longer have the purported lifelong protection that came from keeping your mouth shut in a giant bureaucracy, you in fact must, to succeed, be more of an engaged community worker than ever before.)

The story unfolds like this ...

Globalization1.0: *Countries* globalizing (1492-1800)
Globalization2.0: *Companies* globalizing (1800-2000)
Globalization3.0 (2000+): *Individuals*
collaborating & competing globally

Source: Tom Friedman/*The World Is Flat*

A professional ...

- *ability to work unsupervised**
- *ability to certify the completion of a job**
- *ability to behave with integrity at all times**

Source: Subroto Bagchi, *The Professional: Defining the New Standard of Excellence at Work*

In the new individual-centric world order, or the Brand You World, many or even most will become de facto or de jure independent ... PROFESSIONALS. One-person ... PROFESSIONAL SERVICES FIRMS. Their “brand” will be primarily their skills, their skill-enhancement program, their network, and, most of all, their moral center/integrity. While this has obviously always been important, now it takes on a much enhanced role in defining us.

Personal Brand Equity Per Annum DEPRECIATION

15%?,
25%?
???

Therefore/NOT OPTIONAL/ “Investment Strategy”: **F.R.I.P./**

FORMAL Renewal
Investment Plan

“Worthy” Ambition vs. “Mere” Ambition per MILTON

“The difference is well illustrated by the contrast between the person who says he ‘wishes to be a writer’ and the person who says he ‘wishes to write.’ The former desires to be pointed out at cocktail parties, the latter is prepared for the long, solitary hours at a desk; the former desires a status, the latter a process; the former desires to be, the latter to do.”

—A.C. Grayling, *The Meaning of Things: Applying Philosophy to Life*

What we do matters to us. Work may not be the most important thing in our lives or the only thing. We may work because we must, but we still want to love, to feel pride in, to respect ourselves for what we do and to make a difference.”

—Sara Ann Friedman, *Work*

Matters: Women Talk About Their Jobs and Their Lives

“This is the true joy of Life, the being used for a purpose recognized by yourself as a mighty one ... the being a force of Nature instead of a feverish, selfish little clod of ailments and grievances complaining that the world will not devote itself to making you happy.”

—G.B. Shaw, *Man and Superman*

**The master in the art of living
Makes little distinction between
his work and his play.
He hardly knows which is which.
He simply pursues his vision
of **EXCELLENCE** in whatever he does.
Leaving others to decide whether
he is working or playing.
To him he is always doing both.**

Source: Zen Buddhist Text

THE PROFESSIONAL

SKILL

Skill Development Program (formal)

CURIOSITY

Insatiable appetite for learning

NETWORK (emphasis

horizontal/peers/clients rather than vertical/bosses) Network Development Program (formal)

EXECUTION (fanaticism)

WOW (enthusiasm, innovativeness)

Unwavering Commitment to

EXCELLENCE

Demonstrated and unquestionable

MORAL BEDROCK (ooze integrity)

Individual Standard:
EXCELLENCE

Excellence is **NOT** an
institutional choice.

Excellence **IS** a personal choice.
Or not.

Excellence is **NOT** a “goal.”

Excellence **IS** a way of life.
Or not.

Excellence is **NOT** an
“aspiration.”

Excellence **IS** the next 5 minutes.
Or not.

ADDENDUM: PRACTICALITIES

People & Profits*

(*This “People Stuff” Pays!)

From Twitter/David Spellman: *“Customers will only love a company that loves its employees.”*

BCMac: *“My corollary is, ‘How we treat one another is ultimately how we treat the clients.’”*

Vala Afshar: *“I’ve always said ‘You can’t remain a great company on the outside if you aren’t one on the inside.’”*

*“People
Stuff”
Pays!*

B(I) > B(O)

Translation: “Brand Inside” (the skills and attitude of our folks) is more important over the long haul than “Brand Outside” (e.g., the size of the marketing budget).

“You have to treat your employees like customers.”

—Herb Kelleher, upon being asked his “secret to success”

“When I hire someone, that’s when I go to work for them.”

—John DiJulius, *What’s the Secret to Providing a World-class Customer Experience*

“Employees who don’t feel significant rarely make significant contributions.”

—Mark Sanborn

Rocket Science. NOT.

*“If you want
staff to give
great service,
give great
service to
staff.”*

—Ari Weinzweig, Zingerman’s

**Source: *Small Giants: Companies That Choose to Be Great Instead of Big*,
Bo Burlingham**

“An organization can only become the-best-version-of-itself to the extent that the people who drive that organization are striving to become better-versions-of-themselves.” *“A company’s purpose is to become the-best-version-of-itself. The question is: What is an employee’s purpose? Most would say, ‘to help the company achieve its purpose’—but they would be wrong. That is certainly part of the employee’s role, but an employee’s primary purpose is to become the-best-version-of-himself or –herself. ...*

“When a company forgets that it exists to serve customers, it quickly goes out of business. Our employees are our first customers, and our most important customers.”

—Matthew Kelly, *The Dream Manager* (Kelly’s book is written as a parable. However it is directly based upon a cleaning services company—I met the CEO.

Which is to say—**once more**—that “this stuff” is not just the provenance of the likes of Google and Apple.)

“The path to a hostmanship culture paradoxically does not go through the guest. In fact it wouldn’t be totally wrong to say that the guest has nothing to do with it. True hostmanship leaders focus on their employees. What drives exceptionalism is finding the right people and getting them to love their work and see it as a passion. ... The guest comes into the picture only when you are ready

to ask, ‘Would you prefer to stay at a hotel where the staff love their work or where management has made customers its highest priority?’”

“We went through the hotel and made a ... ‘consideration renovation.’ Instead of redoing bathrooms, dining rooms, and guest rooms, we gave employees new uniforms, bought flowers and fruit, and changed colors. Our focus was totally on the staff. They were the ones we wanted to make happy. We wanted them to wake up every morning excited about a new day at work.”

—Jan Gunnarsson and Olle Blohm, *Hostmanship: The Art of Making People Feel Welcome* (Hostmanship is not about hotels—it is a generic management approach. However, the authors purchased a hotel, declaring it to be the toughest environment imaginable to test and demonstrate their approach.)

**PAUSE. This is (I believe) a
PROFOUND
question:**

*“Would you prefer to stay at a hotel
... where the staff love their work or
where management has made
customers its highest priority?”*

**Please ponder this,
examine it with
colleagues, etc.
PLEASE!**

*“Some of our people spend their entire working lives in our agency. **We do our damndest to make it a happy experience.** I put this first ... believing that superior service to our clients, and profits for our stockholders, depend on it.”*

—David Ogilvy, on Ogilvy & Mather’s corporate culture

“It may sound radical, unconventional, and bordering on being a crazy business

idea. *However— as*

ridiculous as it

sounds—joy is the

core belief of our

workplace. Joy is the reason

my company, Menlo Innovations, a

customer software design and

development firm in Ann Arbor, exists. It

defines what we do and how we do it. It is

the single shared belief of our entire

team.”
—Richard Sheridan, *Joy, Inc.: How We Built a
Workplace People Love*

Tautology?

Happy (employee) **Experience**

Joy (in the workplace)

Happy Customers

Repeat Business

Growth

Profitability

Q.E.D.

*“Contrary to conventional corporate thinking, treating retail workers much better may make everyone (including their employers) much richer.”** *** ***

***Duh!**

****Cited in particular, “The Good Jobs Strategy,” by M.I.T. professor Zeynep Ton.**

***e.g.: The following **RETAILERS** (often the dregs as employers) are among those on the 100 Best Companies to Work For in America (*Fortune*) list ...

Wegmans (was **#1**
in USA)

Container

Store (was **#1** in USA)

Whole Foods

Costco

Publix

Darden Restaurants

Build-A-Bear Workshops

Starbucks

(Note: WEGMANS #1 ... *not* Google.
CONTAINER STORE #1 ... *not* Genentech.)

*“In a world where customers wake up every morning asking, ‘What’s new, what’s different, what’s amazing?’ ... **SUCCESS** depends on a company’s ability to unleash initiative, imagination and passion of employees at all levels —and this can only happen if all those folks are connected heart and soul to their work [their ‘calling’], their company and their mission.”*

—John Mackey and Raj Sisoda, *Liberating the Heroic Spirit of Business*

(Mackey is the founder and CEO of **Whole Foods**)

***EMPLOYEES FIRST,
CUSTOMERS SECOND:
Turning Conventional
Management Upside Down***

—by Vineet Nayar/CEO/HCL Technologies*

***The Customer Comes
Second: Put Your People
First and Watch 'Em
Kick Butt***

—by Hal Rosenbluth (former CEO,
Rosenbluth International) and Diane McFerrin Peters*

*Two superb books. Two superb leaders. Two superb companies.

WPP: Our Mission* ** ***

***TO DEVELOP AND
MANAGE TALENT;
TO APPLY THAT TALENT
THROUGHOUT THE
WORLD;
FOR THE BENEFIT OF
CLIENTS;
TO DO SO IN
PARTNERSHIP;
TO DO SO WITH PROFIT.***

*WPP is a giant London-based marketing services company.

**I typically cringe at such “values statements”—this one, however, works (BIG TIME) for me.

***STARTS with/emerges from TALENT. **Profit is
IMPERATIVE but ... DERIVATIVE!**

7+ Steps to Sustaining Success*

You take care of the people.

The people take care of the service.

The service takes care of the customer.

The customer takes care of the profit.

*The profit takes care of the
re-investment.*

*The re-investment takes care of the
re-invention.*

*The re-invention takes care of
the future.*

*(And at every step the only measure is
EXCELLENCE.)*

*To underscore the obvious, it all starts with: **“You ...**
take care of the people!

Moral Bedrock: The/Your REAL “Bottom Line”

“In a way, the world is a great liar.

“It shows you it worships and admires money, but at the end of the day it doesn’t. It says it adores fame and celebrity, but it doesn’t, not really. The world admires, and wants to hold on to, and not lose, goodness. It admires virtue. At the end it gives its greatest tributes to generosity, honesty, courage, mercy, talents well used, talents that, brought into the world, make it better. That’s what it really admires. That’s what we talk about in eulogies, because that’s what’s important. We don’t say, ‘The thing about Joe was he was rich!’

“We say, if we can ...

‘The thing about Joe was he took good care of people.’”

—Peggy Noonan, “A Life’s Lesson,” on the astounding response to the passing of Tim Russert, the *Wall Street Journal*, June 21–22, 2008

(Note: Also see **Appendix THREE**/The Memories That Matter)

Appendix ONE

People (REALLY) First:

15 Point Human Capital Development Manifesto

“Reframing Capitalism”: A 15-Point Human Capital Development Manifesto/HCDM at the Enterprise & National Government Level

Tom Peters

14 June 2012

World Strategy Forum

The New Rules: Reframing Capitalism

Seoul, Korea

“Reframing Capitalism”: A 15-Point Human Capital Development Manifesto/HCDM at the Enterprise and National Government Level

“In some sense you can argue that the science fiction scenario is already starting to happen. The computers are in control. We just live in their world.”—Danny Hillis

“Human creativity is the ultimate economic resource.”—Richard Florida

“Every child is born an artist. The trick is to remain an artist.”—Picasso

“Knowledge becomes obsolete incredibly fast. The continuing professional education of adults is the No. 1 industry in the next 30 years.”—Peter Drucker

“If you want staff to give great service, give great service to staff.”—Ari Weinzweig

In mid-June 2012 I spoke at a major event in Seoul, Korea, World Strategy Forum/ The New Rules: Reframing Capitalism. Predictably the discussion focused on global financial infrastructure. To ignore that would have been insanity. On the other hand, I believe that employment/unemployment is even more affected by the changing nature of work—and the wildly accelerating effectiveness of technology, such as artificial intelligence, in encompassing activities that employ tens of millions of people, especially in the OECD nations. I believe this is, in the mid- to long-term, our #1 problem—and #1 opportunity. Confronting the nature and extent of future employment is required for reasons of economic survival and growth—and for reasons of social and political stability. Having created here in a single paragraph the oceanic basis for what follows, I must admit that it was a mundane question (Question #1) in an interview before my speech that triggered this “manifesto.” Namely: “Dr. Peters, how would you define the perhaps changing nature of corporate social responsibility in these uncertain times?” Herewith, in effect my response—which, quite honestly, came as a surprise to me:

1. “Corporate social responsibility” starts at home—i.e., inside the enterprise!

MAXIMIZING GDD/Gross Domestic Development of the workforce is the primary source of mid-term and beyond growth and profitability—and maximizes national productivity and wealth. (The profitability axiom: If you want to serve the customer with uniform Excellence, then you must FIRST effectively and faithfully serve those who serve the customer—i.e. our employees, via maximizing tools and professional development.)

2. Regardless of the transient external situation, development of “human capital” is *always* the #1 priority. This is true in general, in particular in difficult times which demand resilience—and uniquely true in this age in which IMAGINATIVE brainwork is *de facto* the only plausible survival strategy for higher wage nations. (Generic “brainwork,” traditional and dominant “white-collar” activities, is increasingly being performed by exponentially enhanced artificial intelligence.)

3. Three-star generals and admirals (and symphony conductors and sports coaches and police chiefs and fire chiefs) OBSESS about training. Why is it an almost dead certainty that in a random 30-minute interview you are unlikely to hear a CEO touch upon this topic? (I would hazard a guess that most CEOs see IT investments as a “strategic necessity,” but see training expenses as “a necessary evil.”)

4. Proposition/axiom: The CTO/Chief TRAINING Officer is arguably the #1 staff job in the enterprise, at least on a par with, say, the CFO or CIO or head of R&D. (Again, external circumstances—see immediately above—are forcing our hand.)

5. The training budget takes precedence over the capital budget. PERIOD. It’s easier and more satisfying to get your picture taken next to a new machine. But how do you get a photo of a new and much improved attitude in a key distribution center? The catch: The odds are 25:1 that the new attitude will add more to the bottom line than will the glorious state-of-the-art machine.

In the 3rd quarter of 2011 manufacturing output went up 4.7 percent—one heck of an accomplishment. But there was a catch, and a big one. Gross hours worked in manufacturing went down 0.6 percent. Such ratios are becoming commonplace—and in services as much or more than in manufacturing. As we automate damn near everything and as that trend accelerates (been in an auto plant lately—where are the people?), output is dramatically outstripping labor usage. Great for productivity, borderline terrifying for workers. This “manifesto” is written with such numbers in mind—not only does that not mean that it’s neo-Luddite, but in fact the opposite. Timid strategies will not address the employment issue. Education and job content must be turned upside down—in short order.

6. Human capital development should routinely sit atop any agenda or document associated with enterprise strategy. Most any initiative you undertake should formally address implications for and contributions to human capital asset development.

7. Every individual on the payroll should have a benchmarked professional growth strategy. Every leader at every level should be evaluated in no small measure on the collective effectiveness of individual growth strategies—that is, each individual’s absolute growth is of direct relevance to every leader’s assessed performance.

8. Given that we ceaselessly lament the “leadership deficit,” it is imperative, and just plain vanilla common sense, that we maximize the rate of development of women leaders at every level—little if anything has a higher priority. (It is an outrage that this has not been the case until now—and is still not the case in far too many institutions.) (And, while there are no guarantees, women are more likely dispositionally to take a shine to the imperative of maximizing human asset development.)

9. Maximum utilization of and continued development of “older workers” (to age 70—or even beyond?) is a source of immense organizational and national growth and wealth. The rapidly aging population, with oldies far more healthy and vital than ever, ought to be an opportunity rather than a pain-in-the-butt to deal with.

I was intimidated by the conference title “Reframing capitalism”—and the fact that a passel of Nobel laureates in economics would be addressing the issue. Then it occurred to me that the mid- to long-term “reframing” was more about recasting the nature of work/jobs in, for example, the face of 2020’s artificial intelligence than about whether the Spanish bailout is \$100 billion or \$400 billion—as nontrivial as the latter is. I.e., what the hell will the world’s four billion or so workers be doing, say, 10 years from now? I’m not sure that sophisticated econometric analyses will be all that helpful in determining an answer.

10. The practical key to all human asset development activities is the 1st-line manager. (“Sergeants run the Army” is an accurate, commonplace observation—supported by immense development resources.) Hence development of the full cadre of 1st-line managers is an urgent—and invariably underplayed—strategic imperative. Arguably, the collective quality and development trajectory of 1st-line leaders is an organization’s #1 human asset development priority. (Consistent with all the above, the 1st-line leader’s skill at “people development” is her or his top priority—for which she or he must be rigorously and continually trained.)

11. The national education infrastructure—from kindergarten through continuing adult education—may well be National Priority #1. Moreover, the educational infrastructure must be altered radically to underpin support for the creative jobs that will be more or less the sole basis of future employment and national growth and wealth creation.

12. Associated with the accelerated priority of the national education infrastructure is a dramatically enhanced and appreciated and compensated role for our teachers—this status enhancement must necessarily be accompanied by rigorous accountability. There is no doubt that “teaching” (instilling) insatiable curiosity, say, which is the #1 attribute of a creative person, is no easy task; however, there is no way that it can be ducked if one looks at future definitions of employability.

13. The majority of us work in small enterprises; hence national growth objectives based upon human capital development MUST necessarily extend “downward” to even 1-person enterprises. Collective productivity improvement through human capital development among small businesses has an unimaginably large—and undervalued—payoff. While many small businesses appreciate the notion, they are unprepared to take the steps necessary to engage their, say, dozen employees in seeking quantum leaps in creative work content and productivity improvements.

14. Needless to say, the activities imagined here will only be possible if abetted by a peerless National Information and Communication Infrastructure. Indeed, the work referred to here is being done—and the need is appreciated and reasonably well funded. The effort must not falter; the new information-based tools and accompanying infrastructure are the coin of the realm.

15. Associated with the above is a RADICAL reorientation of leadership education and development—throughout the enterprise/education/continuing education establishment. (E.g., Among other things, the MBA and executive education will require open-heart surgery—aimed at shifting focus from finance and marketing to human resource development.) To deal with the most likely future employment scenarios, leaders will need to be masters of the liberal arts—said arts are, again, the determinant of responding to the emerging world.

The agenda implied by the above “manifesto” is bold—and its moorings are a long way from where we are today. But this or something rather like it falls into a category labeled—not optional.

Appendix TWO

Foreword to Rich Karlgaard's ...

The Soft Edge

Bob Waterman and I were hardnosed guys. Both McKinsey consultants. Both engineers (Bob, mining, me, civil). Both Stanford MBAs. Life for us began and ended with beady-eyed analysis. We also had a McKinsey-ite's view of corporate America. Among other things, we worked in The Firm's San Francisco office, on the 48th floor of what was then the Bank of America's headquarters. A couple of floors above us were the palatial offices of the bank's CEO. Oaken doors, as I recall, that reached into the city's fabled fog. The chief was protected from humanity by a phalanx of underlings in Saville Row attire.

Nonetheless, we found ourselves one afternoon in 1977 driving 30 miles down U.S. 101, turning on to Page Mill Road, and turning into another corporate headquarters. That of Hewlett-Packard. HP had just crossed the \$1B revenue threshold at the time. We had an appointment, gained without the least bit of bureaucratic fol-de-rol, with HP president John Young. Upon arriving, John trotted out to greet us and ushered us to his office. Or is that the wrong word? It was in fact a half-walled cubicle, about 10 feet by 10 feet, that he shared with a secretary.

Hmmmm.

A half hour later, lightning struck. Mr. Young introduced us to what became a life-altering idea. Within the scope of the fabled "HP Way," it was a notion fondly called

"MBWA." Or Managing By Wandering Around. Getting the hell out of the office, hanging out with the engineers or purchasing guys or whomever, exchanging ideas, taking the pulse of the enterprise where the work was actually done.

Now jump ahead five years. Bob and I have written a book titled *In Search of Excellence*, and though it was the early days after publication, a lot of folks seemed to be buying it. We were in New York, heading for an early morning Bryant Gumbel interview on the Today Show. In the so-called Green Room, Bob looked at me with a wry smile and said, "Okay, who gets to say 'MBWA' on national TV?" He was my senior and I demurred.

After five years and hundreds of speeches and dozens of book drafts, Managing By Wandering Around had become a metaphor for all that was wrong—and all that could be right—concerning American management. We called it part of the "soft stuff." It stood for being in touch with your customers, in touch with your employees in even a big firm. It stood for high-speed innovation fueled by a willingness, without muss and fuss and infinite approvals, to cobble together a quick prototype and get everybody and her or his brother talking about it and playing with it at a fast clip. It was along long way from those mighty BofA oaken doors and assistants to assistants who still resided two floors above us in our San Francisco digs.

We were still engineers. (And proud of it.) And we still analyzed the hell out of any data we could unearth. (And were proud of that, too.) But now—thanks to HP and 3M and Johnson & Johnson and about 40 others of their ilk—we had a fuller picture of sustaining (more or less—nothing is forever) excellent performance. *Yes, the “hard stuff” damn well mattered. But it turned out, to horridly mix a metaphor, that the “bedrock of excellence” was that “soft stuff.” The values around engaging 100% of our staff’s effort and imagination, of intimately hooking up with and co-inventing with our customers, trying cool stuff in a flash without a thousand pre-clearances and shrugging of the inevitable screwups and getting on with the next try post haste.*

The times in the USA were tough in that 1977-1982 period when we were doing our research and writing. The Japanese were embarrassing us in the auto market with cars that worked, messing up our already sagging trade balance and, more important, messing with our morale—our Big 3 auto companies were, well, recall the immortal words of GM chief “Engine Charlie” Wilson, “As goes GM so goes America.” Whoops.

We’d lost the quality war in cars as the purebred analysts had reduced all of enterprise to numbers, that is bloodless abstractions, and led us into a frightening cul-de-sac. Likewise, starting a bit earlier, Robert McNamara’s numbers-drenched systems analysis had delivered 58,000 names to be etched on a wall in Washington D.C. and a numbing collage of tail-between-legs departure photos from the roof of the U.S. embassy in Saigon.

Bob and I had effectively waded into that quagmire, with our slide rules in hand (yes, slide rules, or primitive TI/HP calculators) and discovered things we hadn’t expected and that messed with our pre-conceptions. We had found the real and figurative likes of MBWA, or, rather, a heartening, humanist, non-abstract model of excellence at home—just as the best-selling management books (*Theory Z*, *The Art of Japanese Management*) were urging us to copy the Japanese approach before it was too late.

The ideas and stories from *In Search of Excellence* were hardly “the answer,” but we did help nudge a new model of enterprise management toward the forefront.

But times change—or do they? To be sure, the HP Way became tarnished, perhaps even unrecognizable, at an apparently rudderless Hewlett-Packard, circa 2013. And, as illustrated by the Enron-Worldcom and then sub-prime fiascos, the reality-free, numbers obsessed, models-r-us gang again ascended to the top of the economic pyramid and again caused unimaginable damage.

Time for a reset?

I think it is high time for a reset, and that brings me to the delightful task of cheering on the birth of a new and necessary revolution heralded by Rich Karlgaard's magisterial *The Soft Edge*. As publisher of *Forbes*, Rich, not unlike Bob Waterman and I, brings impeccable analytical and hard economics credentials to his task. And also like Bob and I, or even more so, in *The Soft Edge* he hardly runs away from the analytical side of things.

Rich offers and effectively defends a balanced triangle of forces: "Hard Edge" (the systems and processes that guide complex execution tasks). "Strategic Base" (you stumble and tumble fast if you don't have a clear strategic direction). And, his focus in this book, "Soft Edge" (oft ignored or underplayed, it provides humanism and resilience in a mindbogglingly nutty world).

Let me précis the argument here in the author's words:

"I believe the business world is at a crossroads, where hard-edged people are dominating the narrative and discussion. ... The battle for attention and money boiling inside most companies and among most managers is that between the hard and soft edges. ...

"Far too many companies invest too little time and money in their soft-edge excellence. ... The three main reasons for this mistake are:

"1. The hard edge is easier to quantify. ...

"2. Successful hard-edge investment provides a faster return on investment. ...

"3. CEOs, CFO, chief operating officers, boards of directors, and shareholders speak the language of finance. ...

“Let me now make the case for investing time and money in your company’s soft edge:

“1. Soft-edge strength leads to greater brand recognition, higher profit margins, ... [It] is the ticket out of Commodityville.

“2. Companies strong in the soft edge are better prepared to survive a big strategic mistake or cataclysmic disruption ...

“3. Hard-edge strength is absolutely necessary to compete, but it provides a fleeting advantage.”

The heart of the book, not unlike the “eight basics” form the heart of *In Search of Excellence*, consists of chapters which examine in colorful and instructive detail the principal components of the Soft Edge:

***Trust**

***Teams**

***Taste**

***Smarts**

***Story**

While discussing the basic element labeled “taste” (which clearly underpins the likes of Apple’s mind-warping success), Rich Karlgaard offers an example that pulled the entire book together for me. Though the author lives and plies his trade at the epicenter of Silicon Valley, he purposefully reached out to every corner of the economy. Consider this telling remark by Robert Egger, the chief designer of Specialized Bicycles. Egger calls “taste” the “elusive sweet spot between data truth and human truth. ... If you don’t have an emotionally engaging design, no one will care.” The “hard edge” and “strategic base” are indeed in order—but they amount to little more than a piffle without the more or less sustainable differentiation contributed by the “soft edge.”

I must admit, in the softest of language, that I nothing less than love this book. I have been

fighting the “soft edge war” since 1977—that is, **37** bloody years. It is in fact a

“war” that cannot be “won.” I fervently and unstintingly believe in balance (c.f., Karlgaard’s triangle of forces). But I also believe that the default position will always favor the strategic base and the hard edge, and that the soft edge, without constant vigilance, will always be doomed to the short (often very short) end of the resource and time-and-attention stick. And yet, as is demonstrated here so brilliantly, in general and perhaps today more than ever, only a robust and passionately maintained commitment to a vibrant soft edge will up the odds of sustaining success and, yes, excellence, in these days of accelerating change.

In short, ignore the argument in this marvelous book at your peril.

Appendix THREE

The Memories That Matter

“I shall tell you a great secret, my friend. Do not wait for the last judgment; it takes place every day.” —Albert Camus

In a month, as I write, I’ll be 68. No matter how hard one tries to be forward focused, at that age there is a frequent urge to “sum things up.” As one does look back, there is a certain class of memories that stand out. I know my own story—and I’ve talked to many others. When you look back at “what really matters”—it’s rarely “the numbers.” Make no mistake, as you soldier on your tiny or huge enterprise must be profitable to survive. Wanna do great things? Well, check the “cash flow” statement first. True, but still “the summing up statement” is far more about the basics of human behavior and character than about the angle of incline of a market share graph. What follows is, then, in a fashion, “the memories that matter”—or will matter. Why point this out? Because to get the tally right on this one at age 68, the sorts of things enumerated here must have been “top of mind” throughout your career—i.e., today, tomorrow, this week, this month, this year.

The “memories that matter”/that *will* matter:

The people you developed who went on to stellar accomplishments inside or outside the company. (A reputation as “a peerless people developer.”)

The (no more than) two or three people you developed who went on to *create* stellar institutions of their own.

The longshots (people with “a certain something”) you bet on who surprised themselves—and your peers.

Selection of General Officers in the Indian (or Any Other) Army

It occurred during a seminar in Mumbai. I was having an exchange with a senior general officer in the Indian Army. In particular, we were talking about promotions to senior rank. I said that I thought the principal criterion was not “excellence at concocting strategy” or the like. Instead, I suggested that the “one question”/the first and most important query of candidates for a senior promotion:

“In the last year (or 3 years, duration of current job), name the ... three people ... whose growth you’ve most contributed to. Please explain where they were at the beginning of the year, where they are today, and where they are heading in the next 12 months. Please explain ... in painstaking detail ... your development strategy in each case. Please tell me your biggest development disappointment—looking back, could you or would you have done anything differently? Please tell me about your greatest development triumph—and disaster—in the last five years. What are the ‘three big things’ you’ve learned about helping people grow along the way?”

“Bottom line”/Accomplishment #1 = *The people we develop who execute and carry the torch for the things we care about—and then take the organization up, up and far beyond what we or they had imagined possible.*

The sort of/character of people you hired in general. (And the bad apples you chucked out despite some stellar traits.)

The people of all stripes who 5/10/20 years later say “You made a difference in my life,” “Your belief in me changed everything.”

A handful of projects (a half dozen at most) you doggedly pursued that still make you smile and which fundamentally changed the way things are done inside or outside the company/industry.

The supercharged camaraderie of a handful of Great Teams aiming to “change the world.”

Belly laughs at some of the stupid-insane things you and your mates tried.

Less than a closet full of “I should have ...”

A frighteningly consistent record of having invariably said, ***“Go for it!”***

Not intervening in the face of considerable loss—*recognizing that to develop top talent means tolerating failures and allowing the person who screwed up to work her or his own way through and out of a self-created mess.*

A stoic unwillingness to badmouth others—even in private.

Dealing with one or more crises with particular/memorable aplomb.

Demanding ... **CIVILITY** ... regardless of circumstances.

Turning around one or two or so truly dreadful situations—and watching almost everyone involved rise to the occasion (often to their own surprise) and acquire a renewed sense of purpose in the process.

Leaving something behind of demonstrable-lasting worth. (On short as well as long assignments.)

“Unremarkable” Except For ...

I was talking with a friend about another friend. We marveled at his results—frankly, he wasn’t a very impressive fellow in the traditional “boss-like” sense. But then my friend said, “You know, I’ve seen him working with people. He has what you’ve got to call a ‘magic touch.’ His quiet dialogues seem to leave the other person energized and confident.”

Impressive in conventional terms?

Perhaps not.

Impressive/awesome at “people development”?

Absolutely!

And that, in the end is the “name of the Great Results Game.”

“Bottom line”: **“Unremarkable” *except for* RESULTS. A superb people developer—her/his folks invariably amazed at what they’ve been able to accomplish.**

Having almost always (99% of the time) put “Quality” and “Excellence” ahead of “Quantity.” (At times an unpopular approach.)

A few “critical” instances where you stopped short and could have “done more”—but to have done so would have compromised your and your team’s character and integrity.

A sense of time well and honorably spent.

The expression of “simple” human kindness and consideration—no matter how harried you may be/may have been.

Understood that your demeanor/expression of character always sets the tone—especially in difficult situations.

Have never (rarely) let your external expression of enthusiasm/determination flag—the rougher the times, the more your expressed energy and bedrock optimism and sense of humor shows.

The respect of your peers.

A stoic unwillingness to badmouth others—even in private.

An invariant creed: When something goes amiss, “The buck stops with me;” when something goes right, “It was their doing, not mine.”

A Mandela-like “naïve” belief that others *will* rise to the occasion if given the opportunity.

An abiding appreciation that “tough times make the woman/man.” Expressions of character—and the moment seized—when the yogurt hits the fan and others slink into their closets or exhibit a nasty streak is the Ultimate Performance Measure.

A reputation for eschewing the “trappings of power.” (Strong self-management of tendencies toward arrogance or dismissiveness.)

Intense, even “driven” ... but not to the point of being careless of others in the process of forging ahead.

“Life is not a journey to the grave with the intention of arriving safely in one pretty and well preserved piece, but to skid across the line broadside, thoroughly used up, worn out, leaking oil, shouting ‘GERONIMO!’ ” —Bill McKenna, professional motorcycle racer

Willing time and again to be surprised by ways of doing things that are inconsistent with your “certain hypotheses.”

Humility in the face of others, at every level, who know more than you about “the way things *really* are.”

Having bitten your tongue on a thousand occasions—and *listened*, really really *listened*. (And been constantly delighted when, as a result, you *invariably* learned something new and *invariably* increased your connection with the speaker.)

Unalloyed pleasure in being informed of the fallaciousness of your beliefs by someone 15 years your junior and several rungs below you on the hierarchical ladder.

Selflessness. (A sterling reputation as “a guy always willing to help out with alacrity despite personal cost and with no desire whatsoever to get “points” for your effort..”)

As thoughtful and respectful, or more so, toward thine “enemies” as toward friends and supporters

Always and relentlessly put at the top of your list/any list being first and foremost ...

“of service” ... to your internal and external constituents.
(Employees/Peers/Customers/Vendors/Community.)

Treated the term “servant leadership” as wholly writ. (And “preached” “servant leadership” to others—new “non-managerial” hire, age 18, or old pro, age 48.)

Created the sort of workplaces you’d like your kids to inhabit. (Explicitly conscious of this “Would I want my kids to work here?” litmus test.)

A “certifiable” “nut” about quality and safety and integrity. (More or less regardless of any costs.)

A notable few circumstances where you resigned rather than compromise your bedrock beliefs.

Perfectionism just short of the paralyzing variety.

A self- and relentlessly enforced group-standard of “EXCELLENCE-in-all-we-do”/“EXCELLENCE in our behavior toward one another.”

Bon chance!

Remember: today, tomorrow, this week, this month ...

Tom Peters/0923.11A

TRAINING

Investment #1

Tom Peters

04 September 2014

NOTE: The material herein is NOT under copyright. My goal is grand theft—by you the reader. I hope you will find some of the contents of value, and will therefore extract and utilize what you will, directly or indirectly, with or without attribution.

(Yes, it does. “*Hey, this looks a lot like a PowerPoint presentation,*” you say. “*Yes it does,*” I reply shamelessly. PowerPoint is my medium. Pretty much everything I do resembles PowerPoint—I think and dream in PowerPoint. So consider this doc as a Word translation from PowerPoint. Why? Because it’s, as I said ... **WHAT I DO**. Furthermore, my company logo, two years in the making, is a bright red exclamation mark **!** [That’s it. No words, no music, just that **RED** exclam.] I once wrote “*Technicolor times call for Technicolor solutions.*” And I stand by that. So there you have it ... a PowerPoint translated into Word studded with **!!!!!** Please do enjoy. These are indeed ... **TECHNICOLOR TIMES.**)

My Training ... **Obsession**

Consider ...

6-2-3*

*It takes Jerry Seinfeld **SIX MONTHS**
to develop **TWO–THREE MINUTES**
of new material.

(Source: Documentary, *Comedian*)

1-1*

*Winston Churchill's rule of thumb: **1** hour of preparation
for **1** minute of a speech.

*“The only thing you
have power over is to
get good at what you
do. That’s all
there is; there
ain’t no
more!”*

—Sally Field

Basketball coach John Wooden, perhaps the best coach of anything, ever:

*“I was never
much of a
game coach,
but I was a
pretty good
practice
coach.”*

Hall of fame football coach Bill Walsh on prep:

*“The score
takes care of
itself.”*

In the Army, 3-star generals worry about training. In most businesses, the top training post is a “ho hum” mid-level staff slot.

**(The Seinfeld-Churchill numbers make perfect sense to me.
Two consummate pros—for whom preparation is Activity #1.
For whom preparation is a consuming passion.**

The Sally Field quote holds almost Biblical significance for me.

**And the Wooden-Walsh quotes are, well, peerless sentiments
from peerless coaches-leaders.**

The Army statement? A truism. PERIOD.

The arts. (Theater, ballet, etc.)

Sports.

Pilots.

Police & Fire.

The military.

Docs.

What's missing?

By and large: Business and “normal” jobs in general.

Soooooooo)

I just scored Birthday #71. I am more determined than ever to shout/scream about CEOs (and other bosses at all levels) finally “Putting People First”—as their mission statements say, but which is contradicted by their actions. As tech change accelerates, this becomes more important with each passing day.

At an event in Milan (11/05), I passed out one item to the several thousand

attendees. I labeled it my “**#1** Belief.” To wit:

Your principal moral obligation as a leader is to develop—day by day—the skillset, “soft” and “hard,” of every one of the people in your charge (temporary as well as semi-permanent (*there is no “permanent” circa 2014) to the maximum extent of your abilities. The good news: This is also the #1 mid- to long-term ... profit maximization strategy!*

I understand full well the complexities of a full-blown development process. But I insist in this essay on paring it down—to the Seinfeld-Churchill-Field--Wooden-Walsh bedrock. Namely, “down and dirty” ... TRAINING.

“The root of our problem is not that we’re in a Great Recession or a Great Stagnation, but rather that we are in the early throes of a

Great

Restructuring.

Our technologies are racing ahead, but our skills and organizations are lagging behind.”

—Erik Brynjolfsson and Andrew McAfee *Race Against The Machine*

“For most of the nineteenth and twentieth centuries, employment usually rebounded after each recession, but since the 1990s employment didn’t recover briskly after recessions. It’s not coincidence that as the computerization of the economy advanced, post-recession hiring patterns changed.”

—Erik Brynjolfsson and Andrew McAfee *The Second Machine Age**

*Training pays off. But beyond that, it is a (professional) life and death issue for every worker circa 2014.

*“The median
worker is
losing the
race against
the machine.”*

—Erik Brynjolfsson and Andrew McAfee, *Race Against The Machine*

So (salvation, as it were, of the employability sort, through) ...

TRAINING

TRAINING

TRAINING

TRAINING

TRAINING

TRAINING

And ... *MORE*
TRAINING

Training Queries:

*If not,
why not?*

*Is your CTO/Chief
Training Officer your
top paid “C-level”
job (other than
CEO/COO)?*

If not, why not?

*Are your top trainers
paid/cherished as
much as your top
marketers/engineers?*

If not, why not?

(Most companies don't even have a Chief Training Officer.

Dumb.

Pathetic.

*Contemptible.**

AND ... a crippling blow to profit maximization.)

*I wish my language weren't so coarse. But I am so so so so wound up on this topic.

*Are your
training
courses so
good they
make you
tingle?*

If not, why not?

(Someone at a seminar challenged me on this. Said it was unrealistic and, by the way, what does “tingle” mean. I pointed to my sophomore year in college. For us engineers, including civil engineers like me, an introductory chemistry course was required. Most of us looked forward to it as the equivalent of a 4-month long root canal. We had two well known professors, Michell Sienko and Robert Plane. They were scholars of the first order and simultaneously entertainers of the first order. Bottom line: By the end of the course, probably half of us [among hundreds] wanted to be chemistry majors. Ten years later the same sort of lightning struck courtesy an econ prof, Keith Lumsden, at the Stanford business school. That is, there are great teachers and great courses—and I do not understand why the corporate world can’t develop or recruit the Sienkos and Planes and Lumsdens. Billions are at stake—and great “profs” concocting great courses could do wonders to, say, recruitment and retention and productivity. As to “tingle,” I’m looking for something beyond “very good;” I’d accept for “earthshaking” or “mind blowing” or, for sure ...

“supercalifragilisticexpialidocious.”)

Demo. Demo. **Demo.** NOW.

“*We don’t have the budget* [to create a great training course].”

No.

No.

No.

No.

You can ... **always** ... find
(scrounge) enough \$\$\$\$\$\$ to launch a ...
partial demo. Right now.*

*Impetus: Discussion with a senior HR exec. I had been ranting about the need to create training courses that were so good they made you “jump up and down with joy.” He said ’twas a great idea—but he’d never get the budget. Well, truth be known, I flew into a rage: “*Of course you can’t get it—and, furthermore, you don’t deserve it. You need to prove your case first. And the best (only?) way to do that is to scrounge a few bucks, find a soulmate somewhere in the organization, and conjure up a demo of some bit of your ideal course. Work on improving it, gather a passel of supporters, and aim for no less than ‘brehtaking.’ With a few demos and a few raving fans in tow, then you can begin to sell your idea up to the powers that be.*”

No demo.
No sale.

Randomly stop an employee in the hall:

***Can she/he describe
her/his development
plan for the next 12
months?***

If not, why not?*

***And if the answer is “No” ... her or his boss should be sternly reprimanded ASAP. (I would say “fired”—but you might accuse me of over-the-top-ism.)**

Sunday/NFL game day (as this was written): “Players are our most important asset.” “No shit, Sherlock.” Football is a competitive BUSINESS.

If “people first” is obvious for them, why not you?

Study/inhale Matthew Kelly’s book *The Dream Manager*. It’s about a fictional sanitary services company. But it’s not fictional. I met the company’s CEO.

If them, why not you?

Check out a U.S. Marine E-6 (senior sergeant): Ask him/her about training and development objectives, and the intensity of the approach thereto.

If him, why not you?

Want to understand training in a super high-tech business? Talk to the commanding officer (effectively **CTO**) of a “boomer”/U.S. Navy nuclear sub patrolling the sea with nuclear-armed missiles on board.

If them, why not you?

Gamblin' Man

Bet #1: >> 5 of 10 CEOs see training as expense rather than investment.

Bet #2: >> 5 of 10 CEOs see training as defense rather than offense.

Bet #3: >> 5 of 10 CEOs see training as “necessary evil” rather than “strategic opportunity.”

**Bet #4: >> 8 of 10 CEOs,
in 45-min “tour
d’horizon” of their
biz, would NOT
mention training.***

***If you had *any* idea at all how much this pisses me off ...**

Rick Taylor/twitter: *“It’s been 12 years since I’ve been offered training in anything. Corporations see it as an expense not investment.”*

Shit hits the fan, Great Recession:

Container Store

boosts

front-line sales training.

RARE!!

(FYI: A few years ago, Container Store ranked #1 on the list of “Best Companies to Work for in America.”)

Training =

Investment #1*

***Training should be classified as an element of ...**

R&D.

**What is the best
reason to go bananas
over training?**

GREED.

(It pays off.)

The Mauritius Doctrine

On 16 April 2014, I spoke to 1,300 SME chiefs in Mauritius at a conference organized by The National Productivity and Competitiveness Council, and that included the Vice Prime Minister. I upped the stridency of my tone relative *not* to government actions—but relative to business’ *obligation* to develop its work force. Moreover, I asserted this was as true for a 6-person business as for a 6,000-person outfit. Yes ... wee companies can (and ought) become “training/development maniacs.”

Honing my new/uncompromising message: Especially in uncertain times which are sapping global employment security, it is the ... foremost moral responsibility ... of businesses to abet the radical development of their employees.

National productivity improvement is less about a few giants than about incremental efforts by the great mass of small businesses.

My training (& development) message in general is radical. ***But the truly radical notion is that “training & development maniacs” applies to the FIVE-person enterprise as much as it does to the giant.***

Training #1: Bottom Line

NOBODY gets off
the hook! *“Training
(& Development)
Maniac”* applies as
much to the leader
of the **4-person**
business as to the
chief of the **44,444-**
person business.

ADDENDUM: Training Is Not a “Do To”:

The-Prep-Is-The-Thing!

The Sochi Olympics (on as I wrote this) should remind us that extensive

training is **NOT** something bosses “do to” people.

Training = Success.

Junior/senior. Age 17 (young Olympian) or 71 (me).

(My take: In many [most?] organizations training is treated as de facto penalty administered “to” rather than a ... **magnificent growth opportunity.**)

You do **NOT** achieve mastery during the game or the

speech or the concert. **Mastery is achieved (only) in the (invisible) preparation stage.**

*(It often seems to me that the attitude toward training is, “another damn cost item,” or “How bloody much do we have to do?” On the receiving end, given the half-assed attention to the product (the training itself), the attitude is, “How much of this shit do we have to go through?” Instead I imagine—and I think everyone should imagine—training as ... **THE COOLEST THING EVER**. The matchless opportunity to help people grow—and to help our organization achieve Excellence, which in turn can be translated into Ecstatic Customers—and, then, Ecstatic Shareholders. This whole topic, as ordinarily approached ... **PISSES ME OFF SOOOOOO MUCH I QUAKE & SHAKE.**)*

If there is no **joy** and

exhilaration

in preparing, success odds are ... **Z-E-R-O.**

**Training should be
the highlight. Event,
an afterthought.** (Event is
basically decided before you step in the field/stage.)

For me, the pleasure is in increasing, at **1A.M.** before a 9 A.M. speech, the font size of a single word I've decided to emphasize on PowerPoint slide #39.

**My speech is effectively
over before I step on stage.**

Trevor Gay: Would rather hear ***“You clearly
prepared for that”*** than ***“That
was great!”***

Any idiot can be “psyched” & “up” when he steps on the field on

game day. **Key is being “psyched” &**

“up” & 1st on the practice
field.

*“The only thing you
have power over is to
get good at what you
do. That’s all there
is; there ain’t no
more!”* —Sally Field*

*Yes, a r-e-a-p-e-a-t. Very purposefully.

Twitter comment by org development group: *“We can help by integrating learning into work and ditching the term ‘training.’”*

NO! NO! NO!

NO cover-ups!

Training: **WONDERFUL** thing!

Training: **WONDERFUL** word!

Make it so **GREAT** people **BEG** for it!

I **LOVE** to train.

I **LOVE** to improve. (Age 71.)

Prompted by a Twitter exchange on optimism:

**I simply don't understand
optimism. I only "get"
preparedness and de facto
psychotic relentlessness.**

***“Yo, I'm an optimist.
Gonna happen.”***

***“Yo, I'm a shit-happens-
OCD-preparationist.”***

Take your pick?!

*“training,
TRAINING
and M-O-R-E
T-R-A-I-N-I-N-G”*

—CINCPAC Nimitz to CNO King/1943 (punctuation Nimitz’s)
(U.S.Navy under-prepared after Pearl Harbor. The fix? T-R-A-I-N-I-N-G.)

**The 34 BFOs:
This Is the (OBVIOUS)
Stuff I Care About.
This Is the (OBVIOUS)
Stuff, the Absence of
Which Sends Me Into a ...
BLIND RAGE.**

**Tom Peters
16 May 2014**

Note: In 1985, I gave a 2-day seminar to YPO members in Manhattan. As we moved to close, I asked for feedback. Early on, a chap by the name of Manny Garcia got up to speak—Manny, who became a pal, was one of Burger King’s top franchisees. He began, “I really didn’t hear anything new in the two days”—you could have heard my sharp intake of breath from the back row. He continued, “I’d add that this was probably the best seminar I’ve attended in my many years

in business.” Huh? “I’d call it a **‘BLINDING FLASH OF THE OBVIOUS.’** We KNOW all these things—but time and again we fail to relentlessly practice them.” In retrospect, I consider Manny’s feedback to be the best I’ve ever gotten.

There will be ... **GUARANTEED** ... nothing new in the pages ahead. We know putting people **REALLY** first translates into mid- to long-term growth and maximized profitability. **SO WHY DON’T WE DO IT?** We know ... **GREAT TRAINING** ... pays for itself 100 times over—in business just much as in sports and the arts. **SO WHY DON’T WE DO IT?** We know a simple “**THANK YOU**” is the greatest of all motivators. **SO WHY DON’T WE DO IT?** And on—and on—it goes.

Frankly, I am in a rotten mood. If I was preaching rocket science, and people didn’t “get it,” that’d be one thing. But each of the 27 points in this brief introductory section and each of the 71 items in the main body amount to, beyond doubt, a ... **BLINDING FLASH OF THE OBVIOUS.**

Damn it! Let’s get a move on!
It is indeed obvious!

**34 BFOs/“Blinding Flashes of the OBVIOUS”
Anybody Listening???????????**

BFO #1: If you (RELIGIOUSLY) help people—EVERY SINGLE PERSON, JUNIOR OR SENIOR, LIFER OR TEMP—grow and reach/exceed their perceived potential, then they in turn will bust their individual and collective butts to create great experiences for Clients—and the “bottom line” will get fatter and fatter and fatter. (ANYBODY LISTENING?) (PEOPLE FIRST = MAXIMIZED PROFITABILITY. PERIOD.) (ANYBODY LISTENING?) (FYI: “*People FIRST*” message is 10X more urgent than ever in the high-engagement “AGE OF SOCIAL BUSINESS.”)

**BFO 2: ENABLING “ALL HANDS”
GROWTH IS LEADER DUTY #1.** (And
ALL good things flow therefrom.)

**BFO 3: The “CTO”/Chief Training
Officer should (MUST!) be on a par with
the CFO/CMO.**

Training = Investment #1.

(8 of 10 CEOs see training as an “expense,” not an investment/prime asset booster.) (“*Our training courses are so good they make me want to giggle.*” “*Our trainers are on the same pay scale as our engineers.*”) (In a 45-minute “tour d’horizon” of the enterprise: GUARANTEE 9 of 10 CEOs* (*10 of 10?) wouldn’t once mention training. THAT = DISGRACE.)

BFO 4: OUT-READ ’EM. AGE 17.

AGE 77. 2014: READ & GROW ... or wilt.

(One financial services superstar pegs CEO prob. #1: “They don’t read enough.”) STUDENTHOOD (OBSESSION THEREWITH) (for ALL of us) FOR LIFE!

**BFO 5: Organizations exist for ONE
reason ... TO BE OF SERVICE.**

PERIOD. (And effective leaders in turn are ...
SERVANT LEADERS. PERIOD.)

BFO 6: The ... **HEART OF THE MATTER** (e.g., productivity, quality, service) ... is the typically under-attended ... **FIRST-LINE BOSS**. (Your FULL CADRE of first-line bosses is arguably a ... **“TOP 3” ASSET**.)

BFO 7: **WTTMSW**. (Whoever Tries The Most Stuff Wins.) **WTTMSASTMSUTFW**. (Whoever Tries The Most Stuff And Screws The Most Stuff Up The Fastest Wins.)

READY. FIRE. AIM.

Practical translation #1: Winning through the discipline of **QUICK PROTOTYPES**. Winners: **“RELENTLESS EXPERIMENTATION.”**

“A Bias for Action”: #1 Success Requisite in 1982.

“A Bias for Action”: #1 Success Requisite in 2014.

BFO 8: “Fail faster. Succeed sooner.”

“FAIL. FORWARD. FAST.”

“Fail. Fail again. Fail better.”

“REWARD excellent failures. PUNISH mediocre successes.”

Book/Farson: *Whoever Makes The Most Mistakes Wins.*

We do NOT “accept”/“tolerate” failures.

WE CELEBRATE FAILURES.

BFO 9: Enabling change: It's **NOT NOT NOT** about “vanquishing (ignorant) foes.” **It's ALL ALL ALL** about recruiting and nurturing ...
ALLIES.

BFO 10: The Gospel of **“SMALL WINS.”**
You and your Allies cobble together a skein of successful trials (“small wins”); momentum around this portfolio of demos more important than any high-investment Big Victory.
(ALLIES + SMALL WINS + MOMENTUM = UNSTOPPABLE.)

BFO 11: Year = 220 lunches. WASTE NOT ONE. Cross-functional SNAFUs are the #1 problem for most orgs. Software ... **WILL NOT ...** fix it. **ONLY ...** “Social Stuff” works—e.g., makin’ pals in other functions; lunch = Strategy #1.

Goal: **XFX**/Cross-Functional Excellence ... or die trying.

BFO 12:
Excellence is NOT an “aspiration.”
Excellence IS the next 5 minutes.
(Or not.)

BFO 13: *In Search of Excellence* theme song:

“Hard is soft. Soft is Hard.”

(E.g., Numbers are the “soft stuff”—witness the crash. Solid relationships/integrity/trust/teamwork = True “hard stuff.”)

Strategy is important.

Systems are important.

CULTURE is ... MORE IMPORTANT.

(Serious change = Tackling the culture. PERIOD.)

(Even “Mr. Analysis,” in his autobiography, Lou Gerstner, IBM turnaround CEO, reluctantly acknowledged culture’s unequivocal primacy in the big-change-game.)

BFO 14: We Are What We Eat =

WE ARE/BECOME WHO WE

HANG OUT WITH. (“Hang out with ‘cool’

and thou shalt become more cool. Hang out with ‘dull’

and thou shalt become more dull.”) RELIGIOUSLY/

CONSCIOUSLY MANAGE “HANG OUT.”

EVERY “hang out decision” (employees/customers/

vendors/consultants/lunch mates/board composition/locale/etc.) **is a**

... STRATEGIC INNOVATION

DECISION. (Diversity [ON ANY DIMENSION YOU

CAN NAME] is an imperative in confusing times.)

(Hire for ... **CURIOSITY.** EXPLICITLY.)

BFO 15: 2011: Apple's market cap surpasses

ExxonMobil's. Why? D-E-S-I-G-N. Are YOU

obsessed by ... DESIGN?

(In EVERY nook and EVERY cranny of EVERY tiny or humongous enterprise—and in your own professional affairs.) (DESIGN is an instinctive STATE OF MIND as well as a set of practices.)

(Less than EXCELLENCE in functionality = Unacceptable.)

(Less than SUPER-COOL in aesthetics = Unacceptable.)

BFO 16: LBT/TGR

MULTIPLIER POWER.

Ceaselessly seek the LBTs/Little BIG Things.

“Small stuff” ... BIG Impact: Walmart increases (mere) shopping basket size, small appliance sales up 50%. Reducing TGWs/Things Gone Wrong is invaluable. BUT ... put at least as much effort into remorselessly accumulating

TGRs/THINGS GONE RIGHT.

(E.g. Disney's OBSESSION with memorable Starts & Finishes courtesy ... PARKING LOT EXCELLENCE.)

BFO 17:

WOMEN BUY EVERYTHING.

**WOMEN ARE THE MOST
EFFECTIVE LEADERS.**

**WOMEN ARE THE MOST
SUCCESSFUL INVESTORS.**

(Does your organization ... UNMISTAKABLY ...
reflect that from stem to stern?)

“This will be the women’s century.”

—Dilma Rousseff, president of Brazil, opening address to U.N.
General Assembly/first woman to keynote the opening session)

BFO 18: KEEP ADDING VALUE.

Big Blue: **IBM** to **iBM**: From Machine dominance to
Business Services dominance.

Big Brown: **UPS** to **UPS**: From delivering Parcels to
managing Logistics Systems.

(“Transactional customer SATISFACTION” to “Systemic
customer **SOLUTIONS.**”)

(EVERYONE’s game. Tiny. Giant. EVERY industry.)

BFO 19: Forget B-I-G. (100% of biggies UNDER-perform long-term.) Instead build national wealth around ...

“MITTELSTAND” companies—

**MIDSIZE SUPERSTAR NICHE/
MICRO-NICHE DOMINATORS**

—in ANY category you can name. (C.f., Germany’s Mittelstand worldbeaters—#1 global exporter for years.)

(Battle cry: **“BE THE BEST. IT’S THE ONLY MARKET THAT’S NOT CROWDED.”** WHY ELSE BOTHER?)

(FYI: ANYTHING/EVERYTHING is subject to MIND-BOGGLING ADDED-VALUE/DIFFERENTIATION.

(BANISH the word ... “commodity.”)

BFO 20: The problem is RARELY the problem. The lackluster RESPONSE to the problem is invariably the real problem. Answer? Slavishly adhere to these two response

commandments: **LIGHTNING-FAST**

RESPONSE OVERKILL.

UNEQUIVOCAL QUICK-TIME

APOLOGY.

BFO 21: What do people (most) desire—including thee and me? **ACKNOWLEDGEMENT.**

So: Show your appreciation ... **BIG TIME/ALL THE TIME.**
(Track it ... **RELIGIOUSLY!**) (“Acknowledgement” is ...
THE MOST POWERFUL WORD IN THE LEADER’S VOCABULARY.)

BFO 22: The two most powerful words in the English language are?

No contest: **“THANK YOU.”**
(**ACT ACCORDINGLY—e.g., OBSESSIVELY.**)

BFO 23: Have you done your **MBWA**/
Managing By Wandering Around ... **TODAY?** If not, why not? (Hint: There are ... **ZERO ACCEPTABLE EXCUSES.**)

BFO 24: Your **CALENDAR** knows your **TRUE** priorities. Do **YOU**?

You ... ARE ... your calendar.
Your calendar ... NEVER LIES.

(Drucker: Best bosses do **ONE** thing at a time.)

BFO 25: What is the individual's/organization's #1 enduring strategic asset? Easy: **ASSET #1 = INDIVIDUAL AND COLLECTIVE EXCELLENCE AT ... L-I-S-T-E-N-I-N-G.**

(Listening can be ... TAUGHT. Listening PER SE is a ... PROFESSION. Are YOU a “stellar professional listener”? THINK ABOUT IT. **PLEASE.**)

BFO 26:

Leadership is **NOT** about abstractions.

Leadership **IS** about ... mastering discreet skills.

E.g.:

“Aggressive ‘professional’ listener.”

Meetings as leadership opportunity #1.

Expert at “helping.” (Helping “*professional.*”)

Fanatic about training.

Master of appreciation/acknowledgement.

Effective at apology.

Creating a culture of automatic helpfulness by all to all.

Master of hiring. (Hiring “*professional.*”)

Master of evaluating people.

Student of decision-making/devastating impact of irrational aspects thereof.

Creating a no-nonsense execution culture.

Meticulous about employee development/100% of staff.

Student of the power of “d”iversity (all flavors of difference).

Making team-building excellence everyone’s daily priority.

Understanding the value of matchless first-line management.

BFO 27: Aim to make EVERY internal and external experience (PRODUCT/ SERVICE/SYSTEM/EMPLOYEE INTERACTION/CUSTOMER INTERACTION/

COMMUNITY INTERACTION) a ... **WOW!**

(WOW = WOW. USE THE

“W-WORD” PER SE!) (E.g., Do 4 out of

your Top 5 projects score 8 or above on a 10-point “WOW

Scale”? If not, get on it:

NOW.

TODAY.

WITHIN THE HOUR.)

BFO 28: EVERY DAY PROVIDES

A DOZEN (LITERALLY) **LEADERSHIP**

OPPORTUNITIES FOR EVERY

ONE OF US. (Every = EVERY. From the most

junior—and even the 3-day temp—to the Big Dudes.)

GRAB AT LEAST ONE.

BFO 29: Circa 2014+: You (me/all of us) totally misunderstand overall econ context if you choose not to

start today on ... **RPD/Radical Personal**

Development.

BFO 30: White collar work is by and large ticketed to fall prey to artificial intelligence/eye-popping algorithms as well as globalization. Stand there and take it on the chin?

NO.

My answer (1999 book, *The Professional Service Firm 50*):

CONVERT EVERY “DEPARTMENT”/ “UNIT” [and yourself] INTO A FULL-FLEDGED ... “PSF”/PROFESSIONAL SERVICE FIRM ... WHOLLY DEDICATED TO EXCELLENCE & WOW & ADDING SKYSCRAPING VALUE TO THEIR CUSTOMERS’ [usually internal customers] ACTIVITIES.

Why not?

There is no good reason not to proceed within the fortnight!

(FYI: Added **[BIG]** benefit: The Collection of “PSFs” is the key to overall organizational Value Added-Differentiation.)

BFO 31: CIVILITY WORKS. CIVILITY PAYS.

E.g.: **K = R = P.**

Kindness = Repeat business = Profit.

(ONE MORE TIME: “Kindness” is **N-O-T** “Soft.”)

**BFO 32: Most of us/most organizations discount ...
INTROVERTS. THAT IS A ... FIRST-
ORDER STRATEGIC BLUNDER.** (Please
read Susan Cain’s book *QUIET*. It was a no-bull lifechanger
for me.)

BFO 33: Listen (HARD) to my old D.C. boss, Fred Malek:

**“EXECUTION IS
STRATEGY.”**

(Herb Kelleher/Southwest: “*We have a ‘strategic plan.’ DOING THINGS.*”) (Jack Welch/GE: “*In real life, strategy is actually very straightforward. Pick a general direction ... AND IMPLEMENT LIKE HELL.*”) (Charles Munger, Berkshire Hathaway “*Costco figured out the big, simple things and executed with total fanaticism.*”)

Execution: That all-important ... **“LAST 99
PERCENT.”**

BFO 34: The Works

SEGEW 2014:

SERVICE-ENGAGEMENT-GROWTH-EXCELLENCE-WOW

Employees as 1st customers

Acknowledgement & Respect

Commitment to Personal Growth & Training-to-Die-For

Engagement

Work Worth Doing

Peerless 1st-line Leadership Cadre Committed to Employee Growth

MBWA Obsession

Seamless Cross-functional Excellence

360-degree “Social” Engagement Inside & Outside the Firm

Co-creation of Everything

**A Moral Service Ethos (Each other/Vendors/Customers/Customers’
Customers/Communities)**

An Ethos of Helping (“On the Bus” or “Off the Bus”)

**Scintillating Design—Aesthetics & Functionality—Pervades Every
Aspect of the Business (Inside & Outside)**

Provision of Extraordinary Customer (& Employee) Experiences

Obsession With TGRs/Things Gone Right

Matchless Quality

**“Services Added”/Extended-Integrated-Partnered Solutions to Broad
Customer Needs**

Relentless Experimentation (“Bias for Action”/Instant Prototyping/

**Celebration of “Excellent Failures”/Transparency/Pursuit of
“Multipliers”)**

JOY! (In All We Do)

GROWTH! (In All We Do)

WOW! (In All We Do)

EXCELLENCE! (In All We Do)

Tom Peters/16 May 2014

Systems Have Their Place: SECOND Place

Tom Peters

01 March 2014

“If I could have chosen not to tackle the IBM culture head-on, I probably wouldn’t have. My bias coming in was toward strategy, analysis and measurement. In comparison, changing the attitude and behaviors of hundreds of thousands of people is very, very hard. [Yet] I came to see in my time at IBM that culture isn’t just one aspect of the game—it is the game.”

—Lou Gerstner, former chairman, IBM

Foreword

There is no doubt whatsoever about the importance of systems—even in a 1-person business. For most of us, the "to do" list—a system if ever there were one—is an imperative aid to making it through the day. On the other hand, there is an other hand. That "to do" list is utterly worthless without the will and discipline to follow up with execution—i.e., actually doing the "to dos." And if that execution and doing involves others' help, as it usually does, then our attitude will differentiate between success and failure.

Fact is, we could get by without the system—the "to do" list per se. But we could not get by or get anything done without the "culture"—the discipline to follow up and attitude required to effectively work with others.

*Hence, the title of this paper: "**Systems Have Their Place: SECOND Place.**" Herein are 10 cases—from the U.S. Air Force to Mayo Clinic to Toyota—in which systems, though of the utmost importance, were toothless without the "right" "organizational culture" to abet and sustain performance excellence.*

Systems Have Their Place: SECOND Place

“With ISO 9000 [quality standards] you can still have terrible products. You can certify a manufacturer that makes life jackets from concrete, as long as those jackets are made according to the documented procedures and the company provides next of kin with instructions on how to complain about defects. That’s absurd.”—Richard Buetow, Motorola

“If I could have chosen not to tackle the IBM culture head-on, I probably wouldn’t have. My bias coming in was toward strategy, analysis and measurement. In comparison, changing the attitude and behaviors of hundreds of thousands of people is very, very hard. [Yet] I came to see in my time at IBM that culture isn’t just one aspect of the game—it is the game.”—Lou Gerstner, former chairman, IBM

The research that eventually resulted in the publication of *In Search of Excellence* began in 1977. The story is rather long, but the bottom line is that American business was under frontal, and successful, assault, mainly from quality-obsessed Japanese enterprise. The problem, in my and my colleagues’ view, was largely one of misdirected priorities—namely, American managers’ overwhelming emphasis on business strategy and “the numbers first and foremost”—at the expense of people and quality and execution. Eventually, my partner Bob Waterman and I locked onto a group of American companies (subsequently labeled “the excellent companies”) that were mostly “doing it right,” also in the face of stiff competition, and had never lost their focus on what we labeled “the basics.” Our shorthand for the research results was captured in six words: “Hard is soft. Soft is hard.”

Hard is soft: The typical base of “modern management” is mechanical—emphasizing numbers and systems. Yet there is nothing easier than fudging the numbers (look at the likes of Enron and Lehman Brothers); and, alas, most systems quickly become hothouses for exponentially increasing and inevitably debilitating bureaucracy. That is, these “hard” ideas, the bread and butter of MBA programs and consultancies, are anything but “hard,” inviolable truths. Both numbers and systems are, to be sure, unquestionably imperative for running the small business as well as the giant—but they are not the bedrock.

Note: This paper indirectly stems from the current American presidential primaries. Two candidates suggested that the Department of Defense’s wasteful ways could be curbed by ordering the adoption of “6-sigma management.” Having put in two years of Pentagon duty as a naval officer (1969-1970), I was struck by the hilarity of such a notion; I’d observed the “adoption” of miracle systems before in the DOD (PPBS/Program Planning and Budgeting System, the brainchild of Robert McNamara), and watched their inevitable byproducts—*more* bureaucracy and *more* waste.. Moreover, ideas like this, and the issues associated therewith, are near the heart of my last 35 years of professional work. Hence, with some outside urging, and with no political axe to grind on this score, I prepared this brief paper.

“With ISO 9000 [quality standards] you can still have terrible products. You can certify a manufacturer that makes life jackets from concrete, as long as those jackets are made according to the documented procedures and the company provides next of kin with instructions on how to complain about defects. That’s absurd.” —Richard Buetow, Motorola

Soft is hard: We *did* discover bedrock. It came in the form of deep-seated respect for the work force; managers who were out of their offices and engaged where the work was done (“MBWA,” or Managing By Wandering Around, as Hewlett-Packard called it); an abiding emphasis on trying it (whatever “it”!) rather than talking it to death and then accepting the failures that accompany “a bias for action” as we labeled this phenomenon; keeping constantly and intimately in touch with customers; and “managing” via a small set of inviolable core values. These “soft” ideas, largely AWOL on the American management scene circa 1980, were in fact the “hard” infrastructure of excellence.

Paralleling our work, the quality “movement” took off, and enough “quality gurus” sprouted to fill a sizeable sports stadium. Without a shadow of doubt, the newfound emphasis on quality produced a raft of scintillating success stories—some of which produced extraordinary growth in profitability and market share. Yet a closer look reveals that for every quality program success there were scores of misfires—programs, often absorbing vast amounts of time and sums of money, that produced little or nothing in the way of better quality or improved financial results, and in some situations made a slumping organization even more sluggish.

Though it’s foolhardy to make such an assertion, in my view there was a singular reason for the mixed bag of results; and it was predictable from our excellence research—too much reliance on the apparently “hard” procedures of, say, six-sigma programs and not enough attention to those underlying, apparently “soft” attributes such as the respect for and engagement of the workforce and a personal commitment to excellence.

To support my point, I’ll offer up ten case studies (more accurately, snapshots) of quality programs, often in incredibly resistant environments, that did produce remarkable results. It turns out that they have two principal elements in common:

- * Passionate *local* leadership
- * A bedrock *corporate culture* that supports (or comes to support) an ethos of superior, quality work, courtesy of an engaged and respected and appreciated workforce—and, indeed, an unwavering moment-to-moment commitment to no less than excellence.

(There is an eleventh case study, which focuses on failure—that is, the at least short-term demolition of a culture of quality that had previously consistently produced earth-shattering results.)

Herewith the cases:

Case #1/United States Air Force Tactical Air Command/GEN Bill Creech/“Drive bys”

Case #2/Milliken & Company/CEO Roger Milliken/the 45-minute grilling

Case #3/Johns Hopkins/Dr. Peter Pronovost/The roots of checklist power

Case #4/Commerce Bank/CEO Vernon Hill/The RED button commitment

Case #5/Veterans Administration/Abrogating the “culture of hiding”

Case #6/Mayo Clinic/Dr. William Mayo/Teamwork makes me “100 times better”

Case #7/IBM/CEO Lou Gerstner flummoxed by ingrained beliefs

Peters & Waterman 1977-present:

“Hard” is soft!
“Soft” is hard!

Source: *In Search of Excellence: Lessons from America's Best-run Companies*/October 1982 (NB: Research reported at forbes.com demonstrated that the companies in this book outperformed the stock market, 1982-2002, by a wide margin.)

Case #8/Germany's Mittelstand/excellence-in-the-genes
Case #9/Department of Defense/DASD Bob Stone/tracking down the extant
"Model Installation" superstars
Case #10/Matthew Kelly/Housekeepers' dreams
Case #11/Toyota/Growth or bust

Case #1/United States Air Force Tactical Air Command

You've doubtless seen or heard of "flyovers"—the U.S. Air Force Thunderbirds or the Navy's Blue Angels honoring some significant event with their spectacular aerobatics. But how about the "Drive by"?

General Bill Creech was the 4-star general who commanded the USAF's Tactical Air Command. He was a nut about improving the quality of everything—and wildly successful at doing just that. (He increased battle-readiness dramatically—and in the process also saved a bushel of money.) Sure, there were new systems and procedures. But they were, in fact, the least of it. For example, Creech figured that the key to quality was not the already super-motivated high-visibility USAF pilots, but, rather, the supporting cast of thousands upon thousands who stood behind them such as the brilliantly trained mechanics and technicians and logisticians. Like most supporting casts, these folks were effectively invisible, defining "un-sung" in its literal meaning. Creech moved heaven and earth to change all that. Among other things, at TAC's Langley VA headquarters, he had regular "Drive bys." The mechanics and others would polish their gear and spit shine their shoes and vehicles and, with families and friends and the brass in attendance, hold a celebratory event in which the supporting staff and equipment would parade "full dress" around the base grounds. There were a hundred things like this, quintessential "soft stuff" that added up to a matchless, "all hands" enthusiasm for and commitment to quality work—with no less than staggering results. Moreover, Creech painstakingly developed a cadre of acolytes, generals who subsequently infused this ethos into other commands.

While the new systems that supported the quality program were imperative, it was the new "culture" of all-hands engagement, quality-or-bust as only acceptable outcome, and General Creech's passionate, dogged personal engagement that made the difference.

(NB/Small world: Oddly enough, as I was writing this I ran into, on a hike in New Zealand, a retired USAF pilot. Unbidden, he got to talking about the F-16 rides he'd given to low-ranking airmen who'd performed their supporting work notably well. "*I really took those rides seriously, Tom, as seriously as a combat-training sortie,*" he said. "*We were really trying to honor the amazing work these guys were doing that kept us flying.*" At the time of his comment, he had no idea that I'd ever heard of General Creech or, for that matter, TAC!)

(NB: In this paper, I chose to use interchangeably the likes of "Six-Sigma," TQM/"Total Quality Management," "Deming Principles," Crosby's "Do It Right the First Time," and General Creech's own "Six Pillars." As a result, many readers will doubtless scream bloody murder. But my point is simple: Coherent approaches *are* vitally important! But it really doesn't matter much which one, among the tested ones, you choose—as long as the culture is "right" and the passionate-determined leadership is in place.)

Case #2/Milliken & Company

I met Bill Creech and Roger Milliken at about the same time, in the mid-80s. Roger ran Milliken & Co., the textile giant performing brilliantly against all odds in an industry under crippling assault. In dedicating my 1987 book *Thriving on Chaos* to him, I labeled Milliken & Co.'s commitment to quality the best I'd ever seen. There was indeed a "quality guru" (Phil Crosby as I recall) and new systems had been installed, damn good ones. But make no mistake, the "culture of quality" and war on de-motivating bureaucratic roadblocks that Roger Milliken installed and oversaw with unrelenting (the word was invented to describe Roger) determination made all the difference.

Consider one small, but typical example. When, say, a plant manager from afar arrived at the airport nearest to corporate headquarters, he would invariably be met by "Mr. Milliken," as the boss was called by all except his brothers, and a 45-minute ride would ensue—just the two of them and the driver. The plant manager knew what was coming—a non-stop grilling by Mr. M. on one and only one topic, progress since the last grilling on the quality program and environment thereof. It was a good idea in terms of your future welfare to have something—*45 minutes of significant somethings!*—to say on the way to Spartanburg, SC.

And now consider one *big* example. Milliken was very formal ("Mr. M) and rank-conscious to a fault. Yet when Roger decided to create the role of company president, he passed over all the long-in-line and faithfully serving top candidates and selected Tom Malone for the highly visible new slot. Malone had run a small unit—but had become ardent cheerleader-in-chief for the most successful implementation of the quality strategy and ethos in the multi-billion dollar company. The signal Tom's "deep dip" promotion sent? Very loud and very clear: Get aboard the quality culture train ... or else.

Quality guru? Yes, Milliken had one. Supporting systems? Yes, good ones! But the defining difference was sustained and unwavering leadership from the top and the development of a quality culture in the face of the industry's abiding "culture," which was, in effect, exclusively focused on competing through cost cutting.

Case #3/Johns Hopkins

Patient safety is a hot topic, as it well should be—depending on how you add up the stats, American hospitals alone kill 100K to perhaps even 500K of us per year via largely unforced errors. Near the head of the parade of crusaders for change is Johns Hopkins' Dr. Peter Pronovost, appropriately called the father of the widely touted use of "checklists" in hospitals—and said by one high and mighty source to have saved more lives than any other doctor in America over the last decade! Used appropriately, and they very slowly but somewhat surely are coming to be, checklists *can* result in mind-boggling reductions in errors—e.g., 80% or 90% or even more in places of consequence.

The key phrase, however, is "*used appropriately.*" In his book (with Eric Vohr) *Safe Patients, Smart Hospitals*, Dr. Pronovost takes us through the trials and enormous tribulations of "getting checklists right"—i.e., unleashing the full potential of this "obvious" and "simple" tool, initially at a renowned institution (Hopkins) where the traditional medical hierarchy was deeply entrenched. The key, as is invariably the case in such circumstances, was tackling and then, over time, dramatically altering "institutional culture." For one example among dozens, or hundreds, nurses must be permitted—*required!*—to immediately intervene with docs who skip a checklist step. Talk about 20-megaton "culture change" in an environment where all too many (alas, most) M.D.s treat the likes of nurses with blatant disrespect (alas, "blatant" is the appropriate adjective)!

Taking a somewhat closer look, we find that Peter Pronovost's work was to a large extent triggered by the un-necessary loss of a child, Josie King, at Johns Hopkins Hospital. (The event triggered many things at Hopkins as well as elsewhere and is chronicled in *Josie's Story: A Mother's Inspiring Crusade to Make Medical Care Safe*, by the deceased child's

"When I was in medical school, I spent hundreds of hours looking into a microscope—a skill I never needed to know or ever use. Yet I didn't have a single class that taught me communication or teamwork skills—something I need every day I walk into the hospital." —Dr. Peter Pronovost

now-crusading mother, Sorrel King.) In his own book, Dr. Pronovost discusses Josie's care, or lack thereof, at a critical moment in the context of a wrongheaded "corporate culture":

“The nurses said they tried to voice their concerns up the chain of command—but no action was taken. The way communication was organized at Hopkins, as it is at most hospitals, did not make this easy. Nurses would have to talk to residents, who then passed the message on to chief residents or fellows, who would then talk to the attending surgeons. It is common for the opinion of lower levels of the hierarchy to be discounted and often ignored by higher-ups. ... If someone jumps rank or seeks approval from another surgeon outside of the chain or in any way circumvents this hierarchy, the penalty is often public humiliation and reprimand.”

Wow—and, sadly, no surprise whatsoever.

Dr. Pronovost examined the roots of such death-dealing behavior, as reflected in his own training regimen, "When I was in medical school, I spent hundreds of hours looking into a microscope—a skill I never needed to know or ever use. Yet I didn't have a single class that taught me communication or teamwork skills—something I need every day I walk into the hospital." Indeed it is precisely the likes of a rare "culture of teamwork," or the characteristic absence thereof, that makes the apparently straightforward implementation of the "simple" checklist rise or fall—and accounts for the majority of those 100K+ unnecessary hospital deaths due to preventable errors.

The importance of the “system,” that is the checklist per se, is irrefutable! Usefulness of the checklist without culture change, however, was/is marginal or zero or even a step back. (That is, done wrong the checklist becomes another mandated bureaucratic annoyance—which may well worsen rather than improve the already lousy co-ordination among key actors such as doctors and nurses.)

Case #4/Commerce Bank

Commerce Bank (now part of TD Bank) created a revolution of sorts in East Coast consumer banking by creating an atmosphere that welcomed customers at a time when most banks seemed to be going out of their way to alienate their retail clientele. In this “case-lette” I’ll focus on one tiny part of one customer-friendly system. Founder Vernon Hill (with Bob Andelman), in *Fans! Not customers. How Commerce Bank Created a Super-growth Business in a No-growth Industry*, explains: “Every computer at

Commerce Bank has a special **RED KEY** on it that says, ‘Found something stupid that we are doing that interferes with our ability to service the customer? Tell us about it, and if we agree, we will give you \$50.’”

It’s a “system,” sure, but it’s 95% a transparent “culture-enhancement device”—the focus is on attitude far more than process. That is, the message is, “For God’s sake, we beg each and every one of you to please help improve the quality of the customer experience!”

Case #5/Veterans Administration

Surprising many, Veterans Administration hospitals again and again rank at the top of every list on patient safety/quality of care evaluations. One key reason is the success of the VA staff at developing an understanding of the nature and source of medical errors. That sounds obvious, but as things are, the health care system in general seems perversely designed to keep people (docs, etc) from admitting and thence analyzing errors. The VA’s Ken Kizer calls it a “*culture of cover-up that pervades healthcare.*” It contrasts sharply with the airline industry. “When a plane crashes,” says James Bagian, M.D. and former astronaut, now working with the VA, “they ask, ‘What happened?’ In medicine they ask: ‘Whose fault was it?’” The latter, of course, is a perfect device for insuring silence.

The VA frontally attacked this pervasive and deadly “culture of cover-up”—and replaced it with a “culture” based on learning from errors. The new idea, as brilliantly reported in Phillip Longman’s *Best Care Anywhere: Why VA Healthcare Is Better Than Yours*, was “looking for solutions, not seeking to fix blame on individuals except in the most egregious cases.” The good (incredible!) news was that as the culture change around admitting errors/learning from errors was established, *and* as the process came to be seen as trustworthy, there was a resulting ***thirty-fold increase*** in the number of medical mistakes and adverse events that got reported to the “Patient Safety Event Registry.” And the exponentially greater understanding of the source and nature of errors led in turn to procedural and cultural alterations that make the VA the shining example it has become.

Once more the story is indeed one of a spectacularly useful “system” ... enabled, however, courtesy mind-boggling, “genetic”-level culture change which in turn was enabled by a grassroots-led, passionately pursued (for over a decade) revolution.

Success Key #1: Directly confronting and excising the deeply entrenched *“culture of coverup”*** that pervades medical practice at all levels—and replacing it with a “culture of learning.”**

Case #6/Mayo Clinic

Dr. Pronovost may not have had any team training, but there are a few examples of healthcare organizations that “got it right from the start.” One of the two core values instilled by Dr. William Mayo (Mayo Clinic) in 1910 was, effectively, practicing team medicine. (Designing the practice around the patient, or “patient-centered care” as some call its rare manifestation today, was the other core value.)

The potency of Mayo’s team-based culture? Consider this from Dr. Nina Schwenk, a Mayo newcomer: *“I am hundreds of times better here [than in my prior hospital assignment] because of the support system. It’s like you are working in an organism; you are not a single cell when you are out there practicing.”* (Yes, that’s not a misprint: “hundreds of times better.”) Such a culture lends itself to the safer and more effective practice of medicine, for which Mayo may have few if any worldwide peers.

Again: To be sure there are numerous formal systems at Mayo, but the healthful elixir that matters is a peerless culture of co-operation—that dates back to William Mayo’s inspired leadership a century ago.

(NB: The Mayo examples come from Leonard Berry and Kent Seltman’s superb *Management Lessons from Mayo Clinic*. In fact I cannot resist one more jaw-dropping “cultural” commentary from Berry and Seltman. It typically boggles the mind of healthcare professionals in my seminars, who are used to the strict separation of disciplines and hierarchies of authority and power in their own institutions. To wit: *“A Mayo surgeon recalled an incident that occurred shortly after he had joined the Mayo surgical staff. He was seeing patients in the Clinic one afternoon when he received a call from one of the most experienced and renowned surgeons on the Mayo Clinic staff. The senior surgeon stated over the phone that that he was in the operating room performing a complex procedure. He explained the findings and asked his junior colleague whether or not what he, the senior was planning seemed appropriate. The junior surgeon was dumbfounded that that he would receive a call like this. Nonetheless, a few minutes of discussion ensued, a decision was made, and the senior surgeon proceeded with the operation. ... A major consequence was that the junior surgeon learned the importance of inter-operative consultation for the patient’s benefit even among surgeons with many years of surgical experience.”* Berry and Seltman also report, another jawdropper, that a senior Mayo oversight team more or less routinely disciplines, or even releases, doctors, regardless of technical reputation, who repeatedly fail to practice team medicine.)

(NB: And one more, per my lights, blockbuster: The authors report that in the course of a typical Mayo hiring interview, the candidate is asked to describe a successful project she or he led. The interviewers make careful note of the frequency with which the

“We”

candidate uses

rather than “I” to describe her or his

team’s activities!)

*I am ... **hundreds**
of times ... better here
[than in my prior hospital
assignment] because of the support
system. It’s like you are working in
an organism; you are not a single
cell when you are out there
practicing.”* —Dr. Nina Schwenk, Mayo Clinic

Case #7/IBM

I first met Lou Gerstner when I was at McKinsey & Co. in the late '70s. The phrase “tough as nails” was invented for the likes of Lou. Only GE’s Jack Welch, among CEOs I’ve met, including generals who ran their nation’s armed forces, is in the same league. Gerstner was also the quintessential McKinsey proponent of “Gimme the facts, period.” He was, in short, an analyst’s analyst—and a superb one at that. My work on organization effectiveness was in its infancy, and though mandated by the Firm’s managing director (de facto CEO), Gerstner thought it was, well, crap. Too “soft” by an order of magnitude!

Time passed, I co-wrote a book about excellence with Bob Waterman (our motto, recall, was “Hard is soft. Soft is hard.”), and Gerstner after a couple of very successful stops-at-the-top, such as American Express, was called in as CEO to save (or dismantle) a staggering IBM. His success was mindboggling, and like so many CEOs in those days, he wrote about it after the fact; i.e., *Who Says Elephants Can’t Dance*. No surprise, I was completely taken by a paragraph that appeared in the introduction:

“If I could have chosen not to tackle the IBM culture head-on, I probably wouldn’t have. My bias coming in was toward strategy, analysis and measurement. In comparison, changing the attitude and behaviors of hundreds of thousands of people is very, very hard. [Yet] I came to see in my time at IBM that culture isn’t just one aspect of the game—it is the game.”

Gerstner extolling the utter inescapable necessity of whole sale culture change? You could indeed have knocked me over with the proverbial feather! Though not directly on the topic of quality, this is in many ways the crowning example in this brief set. Did Gerstner forget about the analytics during his decade-long sojourn at IBM? You gotta be kidding! His love affair with the “hard facts” was never far from the surface. And yet, he faced the hardest of all facts, namely that “soft” really is “hard.” That without tackling the bedrock (hard, eh?) culture issues, a dramatic shift in corporate performance, even survival, was not possible. Lou also came to appreciate that to make such a change he absolutely needed voluntary buy in, not merely a mandate from the top, “In the end,” he said in his book, “management doesn’t change culture. Management invites the workforce itself to change the culture.”

Lou Gerstner?

“Invite”?

Wow!

“Yet I came to see in my time at IBM that culture isn’t just one aspect of the game — it IS the game.” —Lou Gerstner

Case #8/Germany's Mighty "Mittelstand"

Germany's extraordinary economic performance, particularly as high-end manufactured products exporter, is not by and large built on the backs of a few giant institutions such as Siemens or Daimler Benz. Instead the acknowledged bedrock is a stellar set of middle-sized firms—the so-called *Mittelstand*. I studied them closely and even did a PBS television special featuring several Mittelstand firms—it was more or less their first American “public” exposure.

The world of “management thinking,” at the time of my Mittelstand research, in about 1990, was as always awash in buzzphrases—none more commonplace than “empowerment.” Yet as I toured these wildly successful German firms, the spearcarriers for the nation's export excellence, I never once heard “empowerment” (in English or its German equivalent) or “continuous improvement” or their ilk. *Never = Never*. Over time I came to appreciate what I think is the key success factor—and my work over the last 20 years has reinforced that notion. In a word (or words) ... *respect/mutual appreciation*. Superior quality is more or less instinctive in German enterprise; and beneath that “instinctive,” it is a byproduct to a significant degree of the ubiquity of the apprenticeship education and development process. *That process provides a common background and cultural appreciation of superior workmanship among junior and senior workers and their junior and senior bosses—all the way to the CEO*. I observed any number of unstaged exchanges between the CEO-owner (boss of a billion dollar firm) and a 19-year-old line employee that could only be labeled as conversations among colleagues. (Most of us, to put it mildly, think of Germans as rigid and hierarchical—I was taken aback, I'll be the first to admit.) That is, there is widespread respect for and appreciation of craftsmanship and quality work and the initiative required to make it all work—and hence no need for the big boss to call in pricey HR consultants and launch an “empowerment initiative.” Could it be so simple? Of course not! On the other hand, the commonality of my experience throughout visits to a half-dozen companies, ranging from toymakers (Playmobil) to machine-tool manufacturers (Trumpf), I believe strongly supports the argument presented here.

I am hardly saying that systems and measures are not a big part of life in a Mittelstand firm. I am suggesting that they play a supporting role to an incredibly powerful and remarkably widespread national culture of quality work and

self-managed employee on-the-job performance, commitment, accountability, and growth. “Empowerment” consultants need not apply. (I’d also add that virtually all the workforce is unionized—a stereotypical image of union workers focused on “gettin’ the day behind them” is distinctly the wrong image.)

Case #9/Department of Defense Model Installations

Bob Stone was the director of Vice President Al Gore’s mostly invisible and surprisingly effective “re-inventing government” program. His approach at the White House was developed a decade before. When I first met Bob, he was Deputy Assistant Secretary of Defense for Installations, in effect responsible for the status and development of all of our military facilities. He re-defined his DOD task as a headlong effort to achieve nothing short of global excellence. His approach fascinated me—he turned his back on “programs” and “systems,” though he is as much a conservative “systems guy” as anyone I’ve met. In short, he knew from long and frustrating experience that “clever” new systems and programs launched with promises of “transformation” were invariably dead ends in government—that is, their main “products” were increased bureaucracy and constant gaming.

Stone’s extraordinarily effective approach was built around a set of what he labeled “Model Installations.” Given the size of the defense facilities establishment, he figured that there were mavericks out there already doing it right, in fact very right, despite a gazillion bureaucratic impediments; hence, rather than have “brilliant” staff analysts invent “improvement programs,” he cited and publicly honored some small number of stalwart bases as “Model Installations.” He “invited” (shades of Gerstner at IBM) others to learn from the stars’ approaches—which had invariably produced results that put their peers to shame. Stone succinctly captured the notion this way: “Some people look for things that went wrong and try to fix them. I look for things that went right, and try to build off them.” And build off them he did!

(Along the way, Stone *did* attend to the systems per se—and took gargantuan steps to de-bureaucratize them. For example, the principal DOD facilities management guidance document was reduced from 450 pages to eight pages! Stone told me he had wanted to produce the 8-page version in a pocket-size format—however higher-level DOD guidance, beyond his remit, would not permit official documents being printed and distributed in such a revolutionary format. Ah...)

“Some people look for things that went wrong and try to fix them. I look for things that went right, and try to build off them.” —Bob Stone

Once more, I'm not, to put it mildly, describing an environment short on systems and procedures and measures—but I am describing a context in which local leadership (the model-installation commanders) and a carefully nurtured culture of mutual respect and appreciation of excellence are the dominant drivers of success.

Case #10/Housekeepers' Dreams

The single staff person who has the most face-to-face interaction with the hotel guest is the housekeeper you cross paths with in the corridor and who is responsible for “the little things” in your room that are not in the least bit “little.” We guests all know intellectually we’re sleeping in a room where a thousand others have slept or expressed unattractive habits, but we don’t want to be reminded by the work of a sloppy housekeeper. All that said, the housekeeper is typically the most lightly regarded member of staff—hence, among other things, high turnover and anything but a commitment to service and guest experience excellence. Maybe it’s the residual engineer/MBA in me, but I shy away from books with titles like *The Dream Manager*. But killing idle time in an airport will cause all sorts of odd behavior. Which is to say I aimlessly picked up Matthew Kelly’s *The Dream Manager* in the Atlanta airport—and was instantly hooked. Though written in parable form (I have trouble with that, too), it is the story of a real and outstanding (growth, profits, customer loyalty) cleaning services company—that is, a collection of thousands of de facto housekeepers! (The company chose to remain anonymous—imaging it would be seen by employees as exploitative; I was later thrilled to meet the CEO of the very real firm.)

Kelly, or, rather, the company’s leaders, made an obvious assertion (after the fact—I admit to being bowled over by the obvious time and again) that everyone—yes, including housekeepers!—has dreams. That housekeeper from God knows where is likely a single mom with two kids and three jobs who imagines another more satisfying life if only, say, she could get a community college certificate in business administration or hospitality. Though the CC certificate will not directly make her a better cleaner, it will make her a more fulfilled person—which will indeed doubtless make her a better housekeeper. (It does indeed work!) Given all this, then, the manager’s first job becomes explicitly helping front line folks achieve their dreams—hence, a “dream manager.”

Kelly brilliantly describes the guiding corporate philosophy:

“An organization can only become the-best-version-of-itself to the extent that the people who drive that organization are striving to become better-versions-of-themselves. The question, then, is: What is an employee’s purpose? Most would say, ‘to help the company achieve its purpose’—but they would be wrong. That is certainly part of the employee’s role, but an employee’s primary purpose is to become the-best-version-of-himself or –herself. ... When a company forgets that it exists to serve customers, it quickly goes out of business. Our employees are our first customers, and our most important customers.”

Perhaps you’d say, as I did at first (yes, even me, Mr. “Soft is hard”), that “dream manager” is a bit over the top. Yet it works—and has produced bottom line excellence and service excellence for years. And once more, as I talked with Kelly and then the company founder, I discovered that, of course, there are procedure manuals and time-tested systems—damn good ones, in fact. But it’s not those manuals that have produced the exceptional results—it’s a clutch of “mere” housekeepers pursuing their dreams and becoming more effective and fulfilled human beings.

*“We all have
dreams.”* —Matthew Kelly

*“We are ladies and
gentlemen serving
ladies and
gentlemen.”*

—from the Ritz Carlton Credo

NB: The Ritz Carlton hotels, under the inspired leadership of Horst Schulze, set a standard for hotel service quality. The organization's "credo": ***"We are ladies and gentlemen serving ladies and gentlemen."*** Sound mundane? Well, it's not. Perhaps the large majority of the front-line staff who almost singlehandedly shape the customer experience—housekeepers redux—have been treated like anything but "ladies and gentlemen." A single word ("lady" or "gentleman") does not excellence make—but it sure as hell helps! As to the idea (I'd say *profound* idea) of employees as "customers," the remarkable Herb Kelleher, Southwest Airlines founder and longtime CEO, always insisted that there was a single primary underpinning for his company's excellence in a brutally competitive environment: *"You have to treat your employees like customers."* Related favorites of mine: From health and beauty-salon chain founder John DiJulius: *"When I hire someone, that's when I go to work for them."* And Arie Weinsweig, founder of the world renowned food emporium Zingerman's: *"If you want staff to give great service, give great service to staff."* (NB: At the Ritz-Carlton, those housekeepers are permitted to spend \$1,000+ to fix a guest problem—without the approval of "management." A lot of middle-managers are not allowed that much leeway!)

Case #11/Toyota

Toyota's systems have long been the envy of the world—ensuring quality matched by none. Or so was the case for several decades. In the last few years, alas, Toyota has become a poster child for quality problems, some of which are purported to have resulted in fatalities. While it's admittedly absurd to pin a problem of this magnitude on a single variable, it seems almost certainly to be more or less the case in this instance.

Closing in on a then-stumbling GM, Toyota pulled out all the stops in a rush to become the world's largest car company in terms of sales. While the objective was achieved, it seems to have come at the expense of a proud culture of quality and excellence, which was effectively replaced by a culture of more along the lines of "growth-at-all-costs."

As a result of the ensuing quality mis-steps, which clearly dented customers' faith in the product, top leadership was revamped, apologies were made by the Toyoda family, and new family leadership was installed at the top—the results, happily, are promising.

When we speak of Japan's enterprise success, particularly in the quality and continuous improvement arena, we talk often of systems—"CI"/continuous improvement or "lean production" or the "Deming Principles." Dr. Deming's approach did work miracles in Japan, but the lessons extracted therefrom were misleading. Deming may have had a scheme, but it was based almost entirely on an enabling "corporate culture" of employee commitment to quality; moreover, in Japan, the existing national culture and approach to work were tailor-made for implementing Deming's prescriptions. Of course, as suggested in this brief example from Toyota, even the most effective of corporate cultures can be torpedoed, at least in the short term.

The most effective cultures imaginable—e.g., Toyota's—can slip, slip badly, and slip astonishingly quickly. Sustaining a culture of quality and excellence is a daily affair. And a conscious daily affair! Leaders at all levels must explicitly assess their daily performance to gauge the degree to which they have stayed true (or not) to the cultural imperatives of an organization devoted to matchless quality and an invariant standard of excellence.

Systems Have Their Place: **SECOND** Place

These eleven case studies capture the lion's share of the organizational universe. E.g.: the public as well as the private sector. Our fastest growing "industry," healthcare, as well as the poster child for embattled industries, textiles. Non-USA entities—Toyota and the German Mittelstand—as well as American institutions. The life of USAF pilots—and the life of hotel housekeepers. The stories are, obviously, intentionally repetitive. They effectively make the same point again and again: Systems and procedures are necessary but no where nearly sufficient. In fact, in the absence of fired up local leadership and a supportive organizational culture that starts with respect for the contribution of every employee, elaborate systems can readily become additional bureaucratic drag.

To an extent, this discussion is pessimistic. There are no miracle cures. There are no clever systems that will in and of themselves carry the day. If you don't have an effective culture taking the lead, you are pretty much doomed to marginal improvement, or, God help you, steps back by merely installing a system, no matter how ingenious or how highly touted it may be.

*In the end: **Hard is soft.***

***Soft is hard.** The traditionally viewed "soft" variables such as "institutional culture" and "inspired leadership" are the principal keys to success—or failure.*

Closing notes:

(1) While I have consistently indicated to the contrary, one might assume that I am giving systems short shrift. To be sure, I am emphasizing the incompleteness—and often problematic nature—of a strategy that envisions superior systems as a be all and end all. But, trained as I am, first and foremost, as an engineer, I am hardly indisposed to superior systems—organizations do indeed need to be organized, and systems are the scaffolding for effectively organized affairs. In fact, an approach to doing business that brushed off systems and effectively stopped with a culture that was, say, highly supportive of staff would also by and large be dysfunctional. In short, one needs both superb systems *and* a culture that unmistakably “puts people first” in pursuit of quality and overall excellence. The purpose of and impetus for this paper is, then, primarily is to act as a corrective to the traditional approach that, so often, emphasizes systems and de-emphasizes—or ignores!—the sort of organizational cultures described briefly in the cases above.

(2) A related point, a source of continued irritation to me: I am *not* talking about “balance”—a word I dislike! That is, the cases above are do not “balance” culture and systems—they are, de facto, cases of, if you will, “double excellence.” The systems at, say, TAC are superb—*and* the TAC culture instilled by General Creech is appropriate to maximizing the value of those systems and, hence, producing overall excellence and superior results.

**Culture first, systems imperative-but-second ...
but for sustaining excellence in quality and
productivity and performance excellence,**

you’ve gotta do both with panache 

**PUTTING
PEOPLE
(REALLY)
FIRST!**

Tom Peters

13 May 2014

NOTE: The material herein is NOT under copyright. My goal is grand theft—by you the reader. I hope you will find some of the contents of value, and will therefore extract and utilize what you will, directly or indirectly, with or without attribution.

Reader's Guide

Yes, it does. “*Hey, this looks a lot like a PowerPoint presentation,*” you say. “*Yes it does,*” I reply shamelessly.

PowerPoint is my medium. Pretty much everything I do resembles PowerPoint—I think and dream in PowerPoint. So consider this doc as a Word translation from PowerPoint. Why? Because it's, as I said ... WHAT I DO.

Furthermore, my company logo, two years in the making, is a



bright red exclamation mark  (That's it. No words, no

music, just that RED exclam.) I once wrote, “*Technicolor times call for Technicolor solutions.*” And I stand by that. So there you have it ... a PowerPoint translated into Word studded with



Please do enjoy. These are indeed ...

**TECH-NI-COL-OR
TIMES.**

PART I

People **(REALLY)** First

EXCELLENT
customer experience
depends ... *entirely* ... on
EXCELLENT
employee experience!

If you want to **WOW** your
customers, **FIRST**
you must **WOW** those who
WOW the customers!

***(PLEASE.
PLEASE.
PLEASE.
RE-READ
THE PRIOR
PAGE. AND
REFLECT.)***

David Spellman: *“Customers will only love a company that loves its employees.”*

BCMac: *“My corollary is, ‘How we treat one another is ultimately how we treat the clients.’”*

Mark Sanborn: *“Employees who don’t feel significant rarely make significant contributions.”*

Vala Afshar: *“I’ve always said ‘You can’t remain a great company on the outside if you aren’t one on the inside.’”*

(PLEASE.

PLEASE.

PLEASE.

*Tell me why
this is so f-ing
hard to
understand?)*

“Business has to give people enriching, rewarding lives ... or it’s simply not worth doing.” —Richard Branson (FYI: my **#1** favorite quote)

“You have to treat your employees like customers.”
—Herb Kelleher, upon being asked his “secret to success”

“If you want staff to give great service, give great service to staff.” —Ari Weinzwieg, Zingerman’s

*“When I hire
someone,
that’s when I
go to work for
them.”*

—John DiJulius, *What’s the Secret to*

Providing a World-class Customer Experience

“An organization can only become the-best-version-of-itself to the extent that the people who drive that organization are striving to become better-versions-of-themselves.” *“A company’s purpose is to become the-best-version-of-itself. The question is: What is an employee’s purpose? Most would say, ‘to help the company achieve its purpose’—but they would be wrong. That is certainly part of the employee’s role, but an employee’s primary purpose is to become the-best-version-of-himself or –herself. ...*

“When a company forgets that it exists to serve customers, it quickly goes out of business. Our employees are our first customers, and our most important customers.”

—Matthew Kelly, The Dream Manager

“The path to a hostmanship culture paradoxically does not go through the guest. In fact it wouldn’t be totally wrong to say that the guest has nothing to do with it. True hostmanship leaders focus on their employees. What drives exceptionalism is finding the right people and getting them to love their work and see it as a passion. ... The guest comes into the picture only when you are ready

to ask, ‘Would you prefer to stay at a hotel where the staff love their work or where management has made customers its highest priority?’”

*“We went through the hotel and made a ... ‘consideration renovation.’ Instead of redoing bathrooms, dining rooms, and guest rooms, we gave employees new uniforms, bought flowers and fruit, and changed colors. Our focus was totally on the staff. They were the ones we wanted to make happy. We wanted them to wake up every morning excited about a new day at work.”—Jan Gunnarsson and Olle Blohm, *Hostmanship: The Art of Making People Feel Welcome*.*

**HALT. This is a
PROFOUND
question:**

*“Would you prefer to stay at a hotel
... where the staff love their work or
where management has made
customers its highest priority?”*

**Please ponder this,
examine it with
colleagues, etc.
PLEASE!**

“We are a ‘Life Success’ Company.”

—Dave Liniger, founder, RE/MAX (*“The organization would ultimately win not because it gave agents more money, but because it gave them a chance for better lives.”*)—Phil Harkins & Keith Hollihan, *Everybody Wins*, the story of RE/MAX)

“Some of our people spend their entire working lives in our agency. We do our damndest to make it a happy experience. I put this first, believing that superior service to our clients, and profits for our stockholders, depend on it.”

—David Ogilvy, on Ogilvy & Mather’s corporate culture

“The greatest satisfaction for management has come not from the financial growth of Camellia itself, but rather from having participated in the vast improvement in the living and working conditions of its employees, resulting from the investment of many tens of millions of pounds into the tea gardens’ infrastructure of roads, factories, hospitals, employees’ housing and amenities. ... Within the Camellia Group there is a strong aesthetic dimension, an intention that it should comprise companies and assets of the highest quality, operating from inspiring offices and manufacturing in state of the art facilities. ...

Above all, there is a deep concern for the welfare of each employee. This arises not only from a sense of humanity, but also from the conviction that the loyalty of a secure and enthusiastic employee will in the long-term prove to be an invaluable company asset.”

—*Camellia: A Very Different Company* (Camellia—the Latin word for tea—is based in London. While the firm includes manufacturing companies, distribution activities and a financial services arm among other assets, it sprung from the tea business—and is today the world’s second largest private tea producer. The company has revenues of approximately \$600M and after-tax earnings of approximately \$100M; that is, the tea business can be an extraordinarily good commercial venture. In the book titled above, Camellia’s leadership attributes that effectiveness directly to employee and community development.)

“No matter what the situation, [the great manager’s] first response is always to think about the individual concerned and how things can be arranged to help that individual experience success.”

—Marcus Buckingham, *The One Thing You Need to Know*

“The key difference between checkers and chess is that in checkers the pieces all move the same way, whereas in chess all the pieces move differently. ... Discover what is unique about each person and capitalize on it.”—Marcus Buckingham

“I can’t tell you how many times we passed up hotshots for guys we thought were better people and watched our guys do a lot better than the big names, not just in the classroom, but on the field—and, naturally, after they graduated, too. Again and again, the blue chips faded out, and our little up-and-comers clawed their way to all-conference and All-America teams.”—Coach Bo Schembechler (& John Bacon), “Recruit for Character,” *Bo’s Lasting Lessons*

*“The one piece of advice which will contribute to making you a better leader, will provide you with greater happiness, and will advance your career more than any other advice ... and it doesn’t call for a special personality or any certain chemistry ... and anyone can do it, and it’s this: **You must care.**”*

—LTGEN Melvin Zais

“We are ladies and gentlemen serving ladies and gentlemen.”—Ritz-Carlton Credo (In the hotel business, members of front line staff have historically been treated more like cannon fodder than “ladies and gentlemen”:—e.g., turnover >> 100% per annum.)

“The role of the Director is to create a space where the actors and actresses can become more than they’ve ever been before, more than they’ve dreamed of being.”

—Robert Altman, Oscar acceptance speech

“Groups become great only when everyone in them, leaders and members alike, is free to do his or her absolute best. ... The best thing a leader can do for a Great Group is to allow its members to discover their greatness.”

—Warren Bennis and Patricia Ward Biederman, *Organizing Genius*

“I have always believed that the purpose of the corporation is to be a blessing to the employees.”

—Boyd Clarke, former CEO, The Tom Peters Company

“To be an effective leader, you have to first have a desire and a commitment to helping people.”

—Harry Rhoads, Co-founder and CEO, Washington Speakers Bureau

***EMPLOYEES FIRST,
CUSTOMERS SECOND:
Turning Conventional
Management Upside Down***

—by Vineet Nayar/CEO/HCL Technologies

***The Customer Comes
Second: Put Your People
First and Watch 'Em
Kick Butt***

—by Hal Rosenbluth (former CEO,
Rosenbluth International) and Diane McFerrin Peters

From the *New York Times*/01.05.14, courtesy Adam Davidson, *Planet Money*/NPR:

*“Contrary to conventional corporate thinking, treating retail workers much better may make everyone (including their employers) much richer.”** ***

***Duh!**

**Cited in particular, “The Good Jobs Strategy,” by M.I.T. professor Zeynep Ton.

***e.g.: The following **RETAILERS** are among those on the 100 Best Companies to Work For In America (*Fortune*) list ...

Wegmans (was **#1**
in USA)

Container

Store (was **#1** in USA)

Whole Foods

Costco

Publix

Darden Restaurants

Build-A-Bear Workshops

Starbucks

*“In a world where customers wake up every morning asking, ‘What’s new, what’s different, what’s amazing?’ ... **SUCCESS** depends on a company’s ability to unleash initiative, imagination and passion of employees at all levels —and this can only happen if all those folks are connected heart and soul to their work [their ‘calling’], their company and their mission.”*

—John Mackey and Raj Sisoda, *Liberating the Heroic Spirit of Business*
(Mackey is the founder and CEO of **Whole Foods**)

Oath of Office: Managers/Servant Leaders

Our goal is to serve our customers brilliantly and profitably over the long haul.

Serving our customers brilliantly and profitably over the long haul is a product of brilliantly serving, over the long haul, the people who serve the customer.

Hence, our job as leaders—the alpha and the omega and everything in between—is abetting the sustained growth and success and engagement and enthusiasm and commitment to Excellence of those, one at a time, who directly or indirectly serve the ultimate customer.

We—leaders of every stripe—are in the “Human Growth and Development and Success and Aspiration to Excellence business.”

“We” (leaders) only grow when “they” (each and every one of our colleagues) are growing.

“We” (leaders) only succeed when “they” (each and every one of our colleagues) are succeeding.

“We” (leaders) only energetically march toward Excellence when “they” (each and every one of our colleagues) are energetically marching toward Excellence.

Period.

TJP/TIB* #1: *Your principal moral obligation as a leader is to develop the skillset, “soft” and “hard,” of every one of the people in your charge (temporary as well as semi-permanent) to the maximum extent of your abilities. The good news: This is also the #1 mid- to long-term ... profit maximization strategy!*

*This I Believe (The “TIB List” idea courtesy architect Bill Caudill.)

Imagine looking back **5 years** from now on the prior

5 years: **What will you be**

able to say (*in exacting detail*)

about your ...

PEOPLE

DEVELOPMENT

SCORECARD?*

*It's the "people development stuff" you'll remember most—and assess yourself on most—when you look back, at age 70, on your career as a leader: "I gave Ellen Smith the boost that launched her magnificent career." (Etc.)

FYI:

**Your LEGACY
= TWO Promotion
Decisions/Year* ****

***On average, a senior manager makes two important promotion decisions/year.**

****A top promotion decision, given its lasting impact, deserves as much care as an acquisition decision!**

(They are, de facto, the same thing.)

Excellent organizations: **CATHEDRALS IN WHICH THE FULL AND AWESOME POWER OF THE IMAGINATION AND SPIRIT AND NATIVE ENTREPRENEURIAL FLAIR OF DIVERSE INDIVIDUALS IS UNLEASHED IN PASSIONATE PURSUIT OF ... EXCELLENCE.**

“I start with the premise that the function of leadership is to produce more leaders, not more followers.”

—Ralph Nader

WPP: Our Mission*

***TO DEVELOP AND MANAGE TALENT;
TO APPLY THAT TALENT,
THROUGHOUT THE WORLD,
FOR THE BENEFIT OF CLIENTS;
TO DO SO IN PARTNERSHIP;
TO DO SO WITH PROFIT.***

*STARTS with/emerges from TALENT. Profit is important but ...

DERIVATIVE!

7 Steps to Sustaining Success*

You take care of the people.

The people take care of the service.

The service takes care of the customer.

The customer takes care of the profit.

*The profit takes care of the
re-investment.*

*The re-investment takes care of the
re-invention.*

*The re-invention takes care of
the future.*

*(And at every step the only measure is
EXCELLENCE.)*

*To underscore the obvious, it all starts with: **“You ...**
take care of the people!

*“In a world where customers wake up every morning asking, ‘What’s new, what’s different, what’s amazing?’ success depends on a company’s ability to unleash initiative, imagination, and passion of employees at all levels—and this can only happen if all those folks are connected heart and soul to their work [their ‘calling’], their company and their mission.”—John Mackey and Raj Sisoda, *Conscious Capitalism: Liberating the Heroic Spirit of Business**

“Leadership is a gift. It’s given by those who follow. You have to be worthy of it.”—General Mark Welsh, Commander, U.S. Air Forces Europe

ORGANIZATIONS EXIST TO SERVE.

PERIOD.

LEADERS LIVE TO SERVE.

PERIOD.

**Addendum/People (REALLY) First:
15 Point Human Capital Development Manifesto**

**“Reframing Capitalism”:
A 15-Point Human
Capital Development
Manifesto/HCDM
at the Enterprise &
National Government Level**

**Tom Peters
14 June 2012
World Strategy Forum
The New Rules: Reframing Capitalism
Seoul, Korea**

“Reframing Capitalism”: A 15-Point Human Capital Development Manifesto/HCDM at the Enterprise and National Government Level

“In some sense you can argue that the science fiction scenario is already starting to happen. The computers are in control. We just live in their world.”—Danny Hillis

“Human creativity is the ultimate economic resource.”—Richard Florida

“Every child is born an artist. The trick is to remain an artist.”—Picasso

“Knowledge becomes obsolete incredibly fast. The continuing professional education of adults is the No. 1 industry in the next 30 years.”—Peter Drucker

“If you want staff to give great service, give great service to staff.”—Ari Weinzweig

In mid-June 2012 I spoke at a major event in Seoul, Korea, World Strategy Forum/ The New Rules: Reframing Capitalism. Predictably the discussion focused on global financial infrastructure. To ignore that would have been insanity. On the other hand, I believe that employment/unemployment is even more affected by the changing nature of work—and the wildly accelerating effectiveness of technology, such as artificial intelligence, in encompassing activities that employ tens of millions of people, especially in the OECD nations. I believe this is, in the mid- to long-term, our #1 problem—and #1 opportunity. Confronting the nature and extent of future employment is required for reasons of economic survival and growth—and for reasons of social and political stability. Having created here in a single paragraph the oceanic basis for what follows, I must admit that it was a mundane question (Question #1) in an interview before my speech that triggered this “manifesto.” Namely: “Dr. Peters, how would you define the perhaps changing nature of corporate social responsibility in these uncertain times?” Herewith, in effect my response—which, quite honestly, came as a surprise to me:

1. “Corporate social responsibility” starts at home—i.e., inside the enterprise!

MAXIMIZING GDD/Gross Domestic Development of the workforce is the primary source of mid-term and beyond growth and profitability—and maximizes national productivity and wealth. (The profitability axiom: If you want to serve the customer with uniform Excellence, then you must FIRST effectively and faithfully serve those who serve the customer—i.e. our employees, via maximizing tools and professional development.)

2. Regardless of the transient external situation, development of “human capital” is always the #1 priority. This is true in general, in particular in difficult times which demand resilience—and uniquely true in this age in which IMAGINATIVE brainwork is *de facto* the only plausible survival strategy for higher wage nations. (Generic “brainwork,” traditional and dominant “white-collar activities, is increasingly being performed by exponentially enhanced artificial intelligence. Please see Appendix ONE.)

3. Three-star generals and admirals (and symphony conductors and sports coaches and police chiefs and fire chiefs) OBSESS about training. Why is it an almost dead certainty that in a random 30-minute interview you are unlikely to hear a CEO touch upon this topic? (I would hazard a guess that most CEOs see IT investments as a “strategic necessity,” but see training expenses as “a necessary evil.”)

4. Proposition/axiom: The CTO/Chief TRAINING Officer is arguably the #1 staff job in the enterprise, at least on a par with, say, the CFO or CIO or head of R&D. (Again, external circumstances—see immediately above—are forcing our hand.)

5. The training budget takes precedence over the capital budget. PERIOD. It’s easier and more satisfying to get your picture taken next to a new machine. But how do you get a photo of a new and much improved attitude in a key distribution center? The catch: The odds are 25:1 that the new attitude will add more to the bottom line than will the glorious state-of-the-art machine.

In the 3rd quarter of 2011 manufacturing output went up 4.7 percent—one heck of an accomplishment. But there was a catch, and a big one. Gross hours worked in manufacturing went down 0.6 percent. Such ratios are becoming commonplace—and in services as much or more than in manufacturing. As we automate damn near everything and as that trend accelerates (been in an auto plant lately—where are the people?), output is dramatically outstripping labor usage. Great for productivity, borderline terrifying for workers. This “manifesto” is written with such numbers in mind—not only does that not mean that it’s neo-Luddite, but in fact the opposite. Timid strategies will not address the employment issue. Education and job content must be turned upside down—in short order.

6. Human capital development should routinely sit atop any agenda or document associated with enterprise strategy. Most any initiative you undertake should formally address implications for and contributions to human capital asset development.

7. Every individual on the payroll should have a benchmarked professional growth strategy. Every leader at every level should be evaluated in no small measure on the

collective effectiveness of individual growth strategies—that is, each individual’s absolute growth is of direct relevance to every leader’s assessed performance.

8. Given that we ceaselessly lament the “leadership deficit,” it is imperative, and just plain vanilla common sense, that we maximize the rate of development of women leaders at every level—little if anything has a higher priority. (It is an outrage that this has not been the case until now—and is still not the case in far too many institutions.) (And, while there are no guarantees, women are more likely dispositionally to take a shine to the imperative of maximizing human asset development.)

9. Maximum utilization of and continued development of “older workers” (to age 70—or even beyond?) is a source of immense organizational and national growth and wealth. The rapidly aging population, with oldies far more healthy and vital than ever, ought to be an opportunity rather than a pain-in-the-butt to deal with.

I was intimidated by the conference title “Reframing capitalism”—and the fact that a passel of Nobel laureates in economics would be addressing the issue. Then it occurred to me that the mid- to long-term “reframing” was more about recasting the nature of work/jobs in, for example, the face of 2020’s artificial intelligence than about whether the Spanish bailout is \$100 billion or \$400 billion—as nontrivial as the latter is. I.e., what the hell will the world’s four billion or so workers be doing, say, 10 years from now? I’m not sure that sophisticated econometric analyses will be all that helpful in determining an answer.

10. The practical key to all human asset development activities is the 1st-line manager. (“Sergeants run the Army” is an accurate, commonplace observation—supported by immense development resources.) Hence development of the full cadre of 1st-line managers is an urgent—and invariably underplayed—strategic imperative. Arguably, the collective quality and development trajectory of 1st-line leaders is an organization’s #1 human asset development priority. (Consistent with all the above, the 1st-line leader’s skill at “people development” is her or his top priority—for which she or he must be rigorously and continually trained.)

11. The national education infrastructure—from kindergarten through continuing adult education—may well be National Priority #1. Moreover, the educational infrastructure must be altered radically to underpin support for the creative jobs that will be more or less the sole basis of future employment and national growth and wealth creation.

12. Associated with the accelerated priority of the national education infrastructure is a dramatically enhanced and appreciated and compensated role for our teachers—this status enhancement must necessarily be accompanied by rigorous accountability. There is no doubt that “teaching” (instilling) insatiable curiosity, say, which is the #1 attribute of a creative person, is no easy task; however, there is no way that it can be ducked if one looks at future definitions of employability.

13. The majority of us work in small enterprises; hence national growth objectives based upon human capital development MUST necessarily extend “downward” to even 1-person enterprises. Collective productivity improvement through human capital development among small businesses has an unimaginably large—and undervalued—payoff. While many small businesses appreciate the notion, they are unprepared to take the steps necessary to engage their, say, dozen employees in seeking quantum leaps in creative work content and productivity improvements.

14. Needless to say, the activities imagined here will only be possible if abetted by a peerless National Information and Communication Infrastructure. Indeed, the work referred to here is being done—and the need is appreciated and reasonably well funded. The effort must not falter; the new information-based tools and accompanying infrastructure are the coin of the realm.

15. Associated with the above is a RADICAL reorientation of leadership education and development—throughout the enterprise/education/continuing education establishment. (E.g., Among other things, the MBA and executive education will require open-heart surgery—aimed at shifting focus from finance and marketing to human resource development.) To deal with the most likely future employment scenarios, leaders will need to be masters of the liberal arts—said arts are, again, the determinant of responding to the emerging world.

The agenda implied by the above “manifesto” is bold—and its moorings are a long way from where we are today. But this or something rather like it falls into a category labeled—not optional.

Addendum: The Mauritius Doctrine

On 16 April 2014, I spoke to 1,300 SME chiefs in Mauritius at a conference organized by The National Productivity and Competitiveness Council, and that included the Vice Prime Minister. I upped the stridency of my tone relative *not* to government actions—but relative to business’s *obligation* to develop its work force. Moreover, I asserted this was as true for a 6-person business as for a 6,000-person outfit. Yes ... wee companies can (and ought to) become “training/development maniacs.”

Honing my new/uncompromising message: **Especially in uncertain times which are sapping global employment security, it is the ... foremost moral responsibility ... of businesses to abet the radical development of their employees.**

National productivity improvement is less about a few giants than about incremental efforts by the great mass of small businesses.

My training (and development) message in general is radical. **But the truly radical notion is that “training and development maniacs” applies to the 5-person enterprise as much as it does to the giant.**

PART II

My Training/Development ... **Obsession**

I just scored Birthday #71. I am more determined than ever to shout/scream about CEOs (and other bosses at all levels) finally “Putting People First”—as their mission statements say, but which is contradicted by their actions. As tech change accelerates, this becomes more important with each passing day.

At an event in Milan (11/05), I passed out one item to the several thousand

attendees. I labeled it my “**#1** Belief.” To wit:

Your principal moral obligation as a leader is to develop the skillset, “soft” and “hard,” of every one of the people in your charge (temporary as well as semi-permanent) to the maximum extent of your abilities. The good news: This is also the #1 mid- to long-term ... profit maximization strategy!

Related to the statement-of-principle above, I fired off (right term) on Sunday (11/03) a series of tweets on training. Herewith:

Is your CTO/Chief Training Officer your top paid “C-level” job (other than CEO/COO)?

If not, why not?

Are your top trainers paid as much as your top marketers?

If not, why not?

**Are your training courses
so good they make you
giggle?**

If not, why not?

**Randomly stop an employee in the
hall: Can she/he describe her/his
development plan for the next 12
months?**

If not, why not?

Sunday/NFL game day (as this was written): “Players are our most important asset.” “No shit, Sherlock.” Football is a competitive BUSINESS.

If “people first” is obvious for them, why not you?

Study/inhale Matthew Kelly's book *The Dream Manager*. It's about a fictional sanitary services company. But it's not fictional. I met the company's CEO.

If them, why not you?

Check out a Marine E-6 (senior sergeant): Ask him/her about training and development objectives, and the intensity of the approach thereto.

If him, why not you?

Want to understand training in a super high-tech business? Talk to the commanding officer (effectively CTO) of a "boomer"/U.S. Navy nuclear sub patrolling the sea with nuclear-armed missiles on board.

If them, why not you?

*Is your **CTO/Chief Training Officer** your top paid “C-level” job (other than CEO/COO)?*

Are your top trainers paid/cherished as much as your top marketers/engineers?

(I would guess that most CEOs see IT investments as a “strategic necessity,” but see training expenses as “a necessary evil.”—TP)

(“In a connected economy, an employee investment is also a company brand investment.”—Vala Afshar)

Addendum: Training Is **Not** a “Do To”:

The-Prep-Is-**The-Thing!**

The Sochi Olympics should remind us that extensive training is

not something bosses “do to” people.

Training = Success.

Junior/senior. Age 17 (young Olympian) or 71 (me).

(My take: In many [most?] organizations training is treated as de facto penalty administered “to” rather than a ... **magnificent growth opportunity.**)

You do **not** achieve mastery during the game or the

speech or the concert. **Mastery is achieved (only) in the (invisible) preparation stage.**

*(It often seems to me that the attitude toward training is, “another damn cost item,” or “How bloody much do we have to do?” On the receiving end, given the half-assed attention to the product (the training itself), the attitude is, “How much of this shit do we have to go through?” Instead I imagine—and I think everyone should imagine—training as ... **THE COOLEST***

THING EVER. *The matchless opportunity to help people grow—and to help our organization achieve Excellence, which in turn can be translated into Ecstatic Customers—and, then, Ecstatic Shareholders. This whole topic, as ordinarily approached ... PISSES ME OFF SOOOOOO MUCH I QUAKE & SHAKE.)*

If there is no **joy** and
exhilaration

in preparing, success odds ... **Z-E-R-O.**

**Training should be
the highlight. Event
an afterthought.** (Event is
basically decided before you step in the field/stage.)

Hall of fame football coach Bill Walsh on prep: *“The score takes care of itself.”*

Basketball coach John Wooden, perhaps the best coach of anything, ever:

“I was never much of a game coach, but I was a pretty good practice coach.”

Training
tippy top mgt
job: military,
cops, firemen,
arts. Corps:

mid-level middle mgr.

For me, the pleasure is in increasing, at **1A.M.** before a 9 A.M. speech, the font size of a single word I've decided to emphasize on PowerPoint slide #39.

**My speech is effectively
over before I step on stage.**

Trevor Gay: Would rather hear ***“You clearly prepared for that”*** than ***“That was great!”***

Any idiot can be “psyched” & “up” when he steps on the field on

game day. **Key is being “psyched” &**

“up” & 1st on the practice field.

Twitter comment by org development group: *“We can help by integrating learning into work and ditching the term ‘training.’”*

NO! NO! NO!

NO cover-ups!

Training: **WONDERFUL** thing!

Training: **WONDERFUL** word!

Make it so **GREAT** people **BEG** for it!

I **LOVE** to train.

I **LOVE** to improve. (Age 71.)

6-2-3

***It takes Jerry Seinfeld SIX MONTHS
to develop TWO–THREE MINUTES
of new material.**

(Source: Documentary, *Comedian*)

Gamblin' Man

**Bet #1: >> 5 of 10 CEOs see
training as expense rather
than investment.**

Bet #2: >> 5 of 10 CEOs see training as defense rather than offense.

Bet #3: >> 5 of 10 CEOs see training as “necessary evil” rather than “strategic opportunity.”

Bet #4: >> 8 of 10 CEOs, in 45-min “tour

d'horizon" of their
biz, would NOT
mention training.*

*If you had *any* idea at all how much this pisses me off ...

Rick Taylor: *"It's been 12 years
since I've been offered
training in anything."*

*Corporations see it as an
expense not investment.”*

Shit hits the fan, Great Recession:

Container Store

boosts

front-line sales training.

RARE!!

PART III: Leadership2014: Job #1

“Employee development” is decidedly **NOT** an HR term; it is a reason for being, along with service to one’s customers:

Your principal moral obligation as a leader is to develop the skillset, “soft” and “hard,” of every one of the people in your charge (temporary as well as semi-permanent) to the maximum extent of your abilities. The good news: This is also the #1 mid- to long-term ... profit maximization strategy!

Developing People: The Memories That Matter

“I shall tell you a great secret, my friend. Do not wait for the last judgment; it takes place every day.”—Albert Camus

In a month, as I write, I'll be 68. No matter how hard one tries to be forward focused, at that age there is a frequent urge to “sum things up.” As one does look back, there is a certain class of memories that stand out. I know my own story—and I've talked to many others. When you look back at “what really matters”—it's rarely “the numbers.” Make no mistake, as you soldier on your tiny or huge enterprise must be profitable to

survive. Wanna do great things? Well, check the “cash flow” statement first. True, but still “the summing up statement” is far more about the basics of human behavior and character than about the angle of incline of a market share graph. What follows is, then, in a fashion, “the memories that matter”—or will matter. Why point this out? Because to get the tally right on this one at age 68, the sorts of things enumerated here must have been “top of mind” throughout your career—i.e., today, tomorrow, this week, this month, this year.

The “memories that matter”/that *will* matter:

The people you developed who went on to stellar accomplishments inside or outside the company. (A reputation as “a peerless people developer.”)

The (no more than) two or three people you developed who went on to *create* stellar institutions of their own.

The longshots (people with “a certain something”) you bet on who surprised themselves—and your peers.

Selection of General Officers in the Indian (or Any Other) Army

It occurred during a seminar in Mumbai. I was having an exchange with a senior general officer in the Indian Army. In particular, we were talking about promotions to senior rank. I said that I thought the principal criterion was not “excellence at concocting strategy” or the like. Instead, I suggested that the “one question”/the first and most important query of candidates for a senior promotion:

“In the last year (or 3 years, duration of current job], name the ... three people ... whose growth you’ve most contributed to. Please explain where they were at the beginning of the year, where they are today, and where they are heading in the next 12 months. Please explain ... in painstaking detail ... your development strategy in each case. Please tell me your biggest development disappointment—looking back, could you or would you have done anything differently? Please tell me about your greatest development triumph—and disaster—in the last five years. What are the ‘three big things’ you’ve learned about helping people grow along the way?”

“Bottom line”/Accomplishment #1 = *The people we develop who execute and carry the torch for the things we care about—and then take the organization up, up and far beyond what we or they had imagined possible.*

The sort of/character of people you hired in general. (And the bad apples you chucked out despite some stellar traits.)

The people of all stripes who 5/10/20 years later say, “You made a difference in my life,” “Your belief in me changed everything.”

A handful of projects (a half dozen at most) you doggedly pursued that still make you smile and which fundamentally changed the way things are done inside or outside the company/industry.

The supercharged camaraderie of a handful of Great Teams aiming to “change the world.”

Belly laughs at some of the stupid-insane things you and your mates tried.

Less than a closet full of “I should have ...”

A frighteningly consistent record of having invariably said, ***“Go for it!”***

Not intervening in the face of considerable loss—*recognizing that to develop top talent means tolerating failures and allowing the person who screwed up to work her or his own way through and out of a self-created mess.*

A stoic unwillingness to badmouth others—even in private.

Dealing with one or more crises with particular/memorable aplomb.

Demanding ... **CIVILITY** ... regardless of circumstances.

Turning around one or two or so truly dreadful situations—and watching almost everyone involved rise to the occasion (often to their own surprise) and acquire a renewed sense of purpose in the process.

Leaving something behind of demonstrable-lasting worth. (On short as well as long assignments.)

“Unremarkable” Except For ...

I was talking with a friend about another friend. We marveled at his results—frankly, he wasn't a very impressive fellow in the traditional “boss-like” sense. But then my friend said, *“You know, I've seen him working with people. He has what you've got to call a ‘magic touch.’ His quiet dialogues seem to leave the other person energized and confident.”*

Impressive in conventional terms?

Perhaps not.

Impressive/awesome at “people development”?

Absolutely!

And that, in the end is the “name of the Great Results Game.”

“Bottom line”: **“Unremarkable”**
except for RESULTS. A
superb people developer—

her/his folks invariably amazed at what they've been able to accomplish.

Having almost always (99% of the time) put “Quality” and “Excellence” ahead of “Quantity.” (At times an unpopular approach.)

A few “critical” instances where you stopped short and could have “done more”—but to have done so would have compromised your and your team’s character and integrity.

A sense of time well and honorably spent.

The expression of “simple” human kindness and consideration—no matter how harried you may be/may have been.

Understood that your demeanor/expression of character always sets the tone—especially in difficult situations.

Have never (rarely) let your external expression of enthusiasm/determination flag—the rougher the times, the more your expressed energy and bedrock optimism and sense of humor shows.

The respect of your peers.

A stoic unwillingness to badmouth others—even in private.

*An invariant creed: When something goes amiss,
“The buck stops with me,” when something goes
right, “It was their doing, not mine.”*

A Mandela-like “naïve” belief that others *will* rise to the occasion if given the opportunity.

An abiding appreciation that “tough times make the woman/man.” Expressions of character—and the moment seized—when the yogurt hits the fan and others slink into their closets or exhibit a nasty streak is the Ultimate Performance Measure.

A reputation for eschewing the “trappings of power.” (Strong self-management of tendencies toward arrogance or dismissiveness.)

Intense, even “driven” ... but not to the point of being careless of others in the process of forging ahead.

“Life is not a journey to the grave with the intention of arriving safely in one pretty and well preserved piece, but to skid across the line broadside, thoroughly used up, worn out, leaking oil, shouting ‘GERONIMO!’”—Bill McKenna, professional motorcycle racer

Willing time and again to be surprised by ways of doing things that are inconsistent with your “certain hypotheses.”

Humility in the face of others, at every level, who know more than you about “the way things *really* are.”

Having bitten your tongue on a thousand occasions—and *listened*, really really *listened*. (And been constantly delighted when, as a result, you *invariably* learned something new and *invariably* increased your connection with the speaker.)

Unalloyed pleasure in being informed of the fallacy of your beliefs by someone 15 years your junior and several rungs below you on the hierarchical ladder.

Selflessness. (A sterling reputation as “a guy always willing to help out with alacrity despite personal cost and with no desire whatsoever to get “points” for your effort.”)

As thoughtful and respectful, or more so, toward thine “enemies” as toward friends and supporters.

Always and relentlessly put at the top of your list/any list being first and foremost ...

“of service”

... to your internal and external constituents. (Employees/Peers/Customers/Vendors/Community.)

Treated the term “servant leadership” as wholly writ. (And “preached” “servant leadership” to others—new “non-managerial” hire, age 18, or old pro, age 48.)

Created the sort of workplaces you’d like your kids to inhabit. (Explicitly conscious of this “Would I want my kids to work here?” litmus test.)

A “certifiable” “nut” about quality and safety and integrity. (More or less regardless of any costs.)

A notable few circumstances where you resigned rather than compromise your bedrock beliefs.

Perfectionism just short of the paralyzing variety.

***A self- and relentlessly enforced group-standard of
“EXCELLENCE-in-all-we-do”/“EXCELLENCE
in our behavior toward one another.”***

Bon chance!

Remember: today, tomorrow, this week, this month ...

“In a way, the world is a great liar.

“It shows you it worships and admires money, but at the end of the day it doesn’t. It says it adores fame and celebrity, but it doesn’t, not really. The world admires, and wants to hold on to, and not lose, goodness. It admires virtue. At the end it gives its greatest tributes to generosity, honesty, courage, mercy, talents well used, talents that, brought into the world, make it better. That’s what it really admires. That’s what we talk about in eulogies, because that’s what’s important. We don’t say, ‘The thing about Joe was he was rich!’

“We say, if we can ...

‘The thing about Joe was he took good care of people.’”

—Peggy Noonan, “A Life’s Lesson,” on the astounding response to the passing of Tim Russert, the *Wall Street Journal*, June 21–22, 2008

Time to Revamp Leadership Training?! Start With a Quick Self-Assessment Test

Leaders should develop a vision for their enterprise, or the part thereof for which they are responsible.

Fine.

Leaders should get people excited about their work.

Fine.

Leaders should be masterful problem solvers.

Fine.

Leaders should have the highest integrity.

Fine.

Yes, all fine.

But, I contend, that's not close to being enough. In fact, I'd go so far as to say that those items, collectively, miss the boat. In fact, they're not even at the right dock.

What do leaders ... **DO?**

First and foremost they assemble and then develop a topflight team of people.

Here's the way I like to put it, which I label "Seven Steps to Sustaining Success":

You take care of the people.

The people take care of the service.

The service takes care of the customer.

The customer takes care of the profit.

The profit takes care of the re-investment.

The re-investment takes care of the re-invention.

The re-invention takes care of the future.

(And at every step the only measure is EXCELLENCE.)

The obvious point: Developing people comes first. It is the "That without which there is nothing ..."

The leader's job?

Leaders “do” people.*

(*I have a slide that says: Leaders do people. PERIOD.)

I'd been doing some serious thinking (re-thinking) about leadership when I came across *Practice Perfect: 42 Rules for Getting Better at Getting Better*, by Doug Lemov, Erica Woolway, and Katie Yezzi. It changed my life. I'm not actually sure about that, but I'm sure that it made me change my perspective. (I'd strongly urge you to read the book.)

In short, in excruciating detail, the authors make the case for directing almost all training toward the bits—not the whole. Integration must take place—but integrative training is actually wasted or even counterproductive if the pieces have not been mastered. I was already starting to head down this path, but *Practice Perfect* iced the argument.

So the story here will be simple in outline—challenging as all get out in implementation. I'm arguing—not exactly original—that leading, like football or music or theater, can be largely broken down into activities. And until those activities are trained in and practiced and more or less mastered, it's premature to deal with the high falutin' stuff like vision and values and energy and enthusiasm. (Vitaly important as these characteristics are!)

As you wade into what follows (if you choose to do so), I want to make one point clear. *Every* item below can be subject to study *and* training *and* practice *and* evaluation—e.g., re item #1, I don't want you to “get better” at listening. I want you to:

Study listening—book or video learning or some such.

Subject yourself to intense training in listening.

Practice listening ceaselessly—with effective feedback.

Then practice some more. Then take refresher training with some degree of regularity.

(Slippage for bosses, assuming they get there in the first place, is the norm, not the exception.)

The goal: Become a full-fledged “professional listener.”

Hey, God alone knows how many hours you spent learning accounting and finance, marketing, etc. I want you to direct the same abundant energy on becoming, yes, a notable professional listener.

To get at this topic in short form, I'd ask you to take a quiz and to score yourself on a scale of 10, where 1 is awful and 10 is masterful. What follows are the essence-of-leadership activities (or a rough stab at them) I'd like you to self-evaluate:

_____ I am what some call an “aggressive listener,” giving, without fail, intense, undivided attention to the speaker and very rarely interrupting; I am a visibly aggressive listener, attempting to be an implacable role model for aggressive listening.

_____ Listening is Item #1 in our set of Core Cultural Values.

_____ *I believe in “aggressive listening” so much that it is part of everyone’s evaluation and everyone must take annual refresher training in aggressive listening per se.*

_____ I am a full-fledged student of listening, aiming for the same level of “professional excellence” that I’d aim for in a specialty like marketing or finance.

_____ I am exceedingly meticulous about the exact construction of the questions I ask, always mannerly, always probing, always giving the person questioned space/time to formulate a thoughtful answer; my follow-up is not “soft” but is “supportive” to a fault. The questioning process is near the heart of effective leadership practice and I approach it with the gravity it deserves.

_____ I understand the complexity of and the power of excellent questioning skill. I am a formal student of the art and science of asking questions.

_____ I view meetings, which absorb an extraordinary amount of my time (and which always will), to be, by definition, my premier leadership opportunity; I do intense preparation for the most brief of meetings, and make it clear, beginning with body language, that I view the/any meeting as an opportunity, not an annoyance or distraction. I understand if I give off “another-damn-meeting” vibes, I will infect every participant in a flash.

_____ In meetings and every other interaction, I make it clear that we are all part of a civil society; vigorous debate is essential, but good manners, regardless of the passion for a particular position, matter a great deal.

_____ “Helping” sounds innocent/obvious, but it’s anything but; giving help must be meticulously tailored to each individual and her/his momentary circumstance. I have studied in depth the complex process of helping per se and I am able to help in a way that is useful and psychologically sound.

— Conversations—obviously—are the meat & potatoes, the hors d’oeuvres, main course & dessert of life. I have studied the science of conversations per se, learning and practicing the tools associated with making every communication/conversation count.

— *I believe in the Iron Law of Communication: Regardless of circumstances, if there is a miscommunication ... it’s my fault.*

— I believe in effective & extensive training with passion to the point of fanaticism. The quality of each of our training courses is routinely “breathtaking.” (And is evaluated remorselessly.) Our Chief Training Officer receives compensation and acknowledgement on a par with, say, the CFO; line trainers are chosen with the same care and rigor one would apply to hiring a research scientist.

— Appreciation and acknowledgement may be the most powerful forces in the universe, and I go out of my way hour by hour to connect with everyone I so much as pass in a corridor, and make them feel, by, at the very least, eye contact, that I “get” their importance to our enterprise. I have ...

studied ... appreciation/acknowledgement per se and understand analytically its stunning power.

— “Thank you”; I thank people for their contributions—small even more than large. Though “thank you” fits under acknowledgement, the TY words per se are “power words,” and I keep at least casual track of my daily “Thank you” score.

— “I’m sorry”: Effective apology, as research as well as common sense demonstrates, transforms (“transform,” strong but appropriate word) customer relationships and relationships among peers; I go out of my way to take rapid and visible responsibility for and the initiative in addressing the slightest of real or perceived screw-ups. Moreover, I have instilled recognition of the astounding power of this “tactic” throughout our group/workforce.

— I am always on the prowl for people who, unbidden, are routinely helpful to others, who will drop their own precious task in a flash to give a helping hand to someone who needs a hand at a critical moment. I make it clear that mutual helpfulness is a core “cultural” trait, which will be routinely acknowledged and formally taken into account in all evaluations.

I believe in effective & extensive training with passion to the point of fanaticism. The quality of each of our training courses is routinely “breathtaking.” (And is evaluated remorselessly.) Our Chief Training Officer receives compensation and acknowledgement on a par with, say, the CFO; line trainers are chosen with the same care and rigor one would apply to hiring a research scientist.

____ Presentation excellence. Those of us who do not do manual work “listen” and “talk” for a living; together, talking and listening constitute our profession as leaders. Intense “professional” training in both is imperative—there is nothing in the least automatic about these skills. I visibly support and require presentation training and development; and practice ceaselessly to improve my own presentation skills.

____ Body language is said to account for as much as 90% of our communication effectiveness. I am a student of body language, a relentless self-observer, and assiduous in turning body language per se into a primary trait of effective leadership.

____ *Many say that hiring is the most important task in the organization. Assuming that’s more or less true, I can call myself and 100% of my leader peers true “hiring professionals,” avid students and practitioners of hiring excellence.*

____ There is perhaps no more complex task than developing and executing an evaluation process that is a major/“Top 5” strength for our entire leadership population. (GE, incredibly, calls the evaluation process associated with its manager population the corporation’s #1 strength.) I have schooled myself in the intricacies of the evaluation process, instituted formal training in evaluation, and designed the evaluation process with the same care I would assign to, say, design of the budgetary process. All leaders are strictly evaluated on the quality of their evaluation practice.

____ I acknowledge that time is my only resource—and manage accordingly. I evaluate in exacting detail my time allocation to insure that it visibly matches my espoused priorities. I evaluate daily, weekly, monthly with dispassionate rigor.

____ In managing my time, I keep a substantial amount of my calendar open (25%+) in order to deal with the vagaries of the leadership job. I guard with zeal against the sin of chronic over-scheduling.

____ I am expert at and an avid practitioner of MBWA/Managing By Wandering Around—the key to staying in touch and modeling core values and informally engaging employees. “Obsessive” MBWA effectively surpasses other priorities. I am thoughtful, not haphazard, in my approach to MBWA.

_____ Am I an avid student of the process of influencing others per se—or do I trust my instincts since I’ve “been around”? There is a massive amount of research on this topic, and influencing per se should be considered a discreet skill to be studied and practiced and mastered.

_____ I have painstakingly made myself expert in understanding the complexity of the decision-making process. I am vividly aware of the (enormous!) biases that seep into the decision-making process, and work formally to address or reduce those biases—and instill this understanding and “studenthood” into 100% of the management corps.

_____ I am a brilliantly schooled and practiced student of negotiation. All jobs include at least informal daily negotiation, and negotiating skills are an implicit part of daily affairs. Training, of various degrees of intensity, is required of every manager.

_____ Do I talk ceaselessly about the importance of execution, but assume that since it is an obvious priority it does not have to be a subject of directed study? This is especially the case for young/first-time managers. Hence, the conscious management of the execution process per se is a topic of study and practice.

_____ *Do 100% of our employees have specific development plans/programs carefully designed and precisely tailored for them and on which they—and especially their managers!—are rigorously evaluated? Can any employee one stops in the hall talk cogently about her/his personal professional development plan and her/his progress thereon (and the degree to which she/he has been aided by her/his manager)? Is individual and collective and directly managed employee growth a part of our core value set?*

_____ I am excruciatingly aware of the “d”iversity of my/our team. (I call it “lower case ‘d’iversity”—not the gender/race variety, but diversity on every-damn-dimension-imaginable.) I actively ensure, for example, that every team features an exciting mix of backgrounds that enhances the likelihood of their following interesting/creative paths to developing and executing projects of every shape and size.

_____ I am fully aware through study and analysis of the power/staggering value of gender-balance from top to bottom in our organization and relative to everything we do. I have a priority strategic program for addressing this issue/preeminent opportunity.

_____ Every leader/manager is exceedingly well trained in teambuilding per se. Every manager is assessed on her/his teambuilding skills and results. Attention to teambuilding per se is on the daily agenda of every one of our leaders.

_____ I fully understand that perhaps the most important asset—and determinant of our success on so many dimensions—is the full cadre of first-line leaders. We, for example, have the most extensive and effective first-line manager/leader selection and training and development programs in our industry, so good that they make one **“gasp”!**

_____ Everyone in the organization (100%!) is trained in “business”—that is, the way a business works, including the financial aspects thereof, so that he or she can have at least a rudimentary grasp of our overall place in the world.

So: How did you do on this assessment exam?

Perhaps not all that well. While nirvana is not likely, at the very least, heightened awareness may—I dearly hope—lead you to examine your own affairs and the development of leaders throughout your organization.

I will stand by my assertion that these are the things leaders actually do—minute by minute, day after day.

I will also stand ramrod straight by my assertion that each and every one of these attributes can be rigorously studied and practiced and mastered—that not a one is “instinctive.”

The elements again, in summary form ...

“Aggressive ‘professional’ listener.”
Expert at questioning. (Questioning

“professional.”)

Meetings as leadership opportunity #1.
Creating a “civil society.”

Expert at “helping.” (Helping **“professional.”)**

Expert at holding productive conversations.
Fanatic about clear communications.
Fanatic about training.
Master of appreciation/acknowledgement.
Effective at apology.
Creating a culture of automatic helpfulness by all to all.
Presentation excellence.
Conscious master of body language.

Master of hiring. (Hiring **“professional.”)**

Master of evaluating people.
Time manager par excellence.
Avid practitioner of MBWA/Managing By Wandering Around.
Avid student of the process of influencing others per se.
Student of decision-making and devastating impact of irrational aspects thereof.
Brilliantly schooled student of negotiation.
Creating a no-nonsense execution culture.
Meticulous about employee development/100% of staff.
Student of the power of “d”iversity (all flavors of difference).
Aggressive in pursuing gender balance.
Making team-building excellence everyone’s daily priority.
Understanding value of matchless 1st-line management.
Instilling “business sense” in one and all.

Have at it!

Joy! **(Why Not?)**

FUN. JOY. WORK. *If you think the three are incompatible and you are a leader, I'd beg you to take a hike. (Seriously.)*

Is your team having
FUN today?

If not, it's 100% your (leader's)

fault. Soooooo?

With the likes of the fun-joy-work quote, I'm NOT trying to inspire you!! I'm simply asking you to think about it and perhaps talk about it.

Anon. (name withheld by me): "Our IT reorg the last 3 years hasn't been fun ... and many key people have left/leaving. *The leader has stopped asking that question.*"

Fun is wholly unrelated to “funny.” To, I hope, state the obvious. And “fun” is hardly antithetical to “serious”—in fact, they are handmaidens.* (Doesn’t get much better than “serious fun.”) And it doesn’t mean that some bad days don’t simply

suck. *Instead, “deep fun” is about enjoying our teammates’ company—sharing in their successes and screw-ups; dropping what we’re doing, even when we’re on deadline, to help a teammate in a bind; seeking to change the game with our current project, even if it’s a wee project; etc.; etc.*

(*“You can’t be a serious innovator unless and until you are ready, willing, and able to seriously

play. **‘Serious play’** is not an oxymoron; it is the essence of innovation.”—Michael Schrage, *Serious Play: How the World’s Best Companies Stimulate to Innovate*)

FUN.

JOY.

WORK.

(Plausible.)

(Compatible.)

(Effective.)

(TODAY.)

“It may sound radical, unconventional, and bordering on being a crazy business

idea. *However— as*

ridiculous as it

sounds—joy is the

core belief of our

workplace. Joy is the reason

my company, Menlo Innovations, a

customer software design and

development firm in Ann Arbor, exists. It

defines what we do and how we do it. It is the single shared belief of our entire team.”

—Richard Sheridan,

Joy, Inc.: How We Built a Workplace People Love

Best or Bust: **1st-Line Leadership**

The Heart of EXCELLENCE

Is there a “secret” to productivity and employee satisfaction? Yes! The quality of your cadre of 1st-line managers.

How do I know 1st-line managers singly/collectively are major assets?

Simple: **Ask a general or an admiral about the importance of their cadres of sergeants or chief petty officers.**

“In great armies, the job of generals is to back up their sergeants.”—COL Tom Wilhelm, from Robert Kaplan, “The Man Who Would Be Khan,” the *Atlantic*

Are you clear that a 1st-line boss is a full-fledged

LEADER? (NEVER use any other term.)

Many take 1st-line bosses “seriously.” I urge you to take the cadre thereof **INSANELY** seriously.

“People leave managers not companies.” —Dave Wheeler*

(*Among others, Wheeler’s assertion re ... **1ST-LINE LEADERSHIP** ... is supported by Buckingham & Coffman’s masterwork, *First, Break All the Rules: What the World’s Greatest Managers Do Differently.*)

(If the regimental commander lost most of his 2nd lieutenants and 1st lieutenants and captains and majors,

it would be a tragedy. *If he*

lost his

sergeants it

would be a

catastrophe.

The Army and the Navy are fully aware that success on the battlefield is dependent to an overwhelming degree on its Sergeants and Chief Petty Officers. Does industry have the same awareness?) (FYI: I was in the U.S. Navy for four years. This is *not* speculation.)

*“In great
armies, the
job of
generals is to
back up their
sergeants.”*

—COL Tom Wilhelm (the *Atlantic* via Robert Kaplan)

10 Questions Concerning Your First-line Supervisors

1. Are you, Big Boss, a ... *formal student* ... of first-line supervisor behavioral excellence? (*Yes, this sort of thing can be formally studied.)
2. Do you absolutely understand and act upon the fact that the first-line boss is the ... **KEY LEADERSHIP ROLE** ... in the organization? Technical mastery is important—but secondary.
3. Does HR single out first-line supervisors individually and collectively for tracking purposes and special/“over the top” developmental attention?
4. Do you spend gobs and gobs (and then more and more gobs and gobs) of time ... *selecting* ... the first-line supervisors? Are your selection criteria consistent with the enormity of the impact that first-line bosses will subsequently have?
5. Do you have the ... **ABSOLUTE BEST TRAINING & CONTINUING DEVELOPMENT PROGRAMS IN THE INDUSTRY** (or some subset thereof) ... for first-line supervisors?
6. Do you formally and rigorously ... **MENTOR** ... first-line supervisors?
7. Are you willing, pain notwithstanding, to ... leave a first-line supervisor slot open ... until you can fill the slot with somebody spectacular? (And are you willing to use some word like ... “*spectacular*” ... in judging applicants for the job?)
8. ***Is it possible that ... PROMOTION DECISIONS ... for first-line supervisors are as, or even more, important than promotion decisions for the likes of VP slots?*** (Hint: Yes.)
9. Do you consider and evaluate the quality of your ... *full set*/**CADRE** ... of first-line supervisors?
10. Are your first-line supervisors accorded the respect that the power of their position merits?

*Is there ONE
“secret” to
productivity and
employee
satisfaction?*

YES!

*The Quality of your
Full Cadre of ...
1st-line Leaders.*

Suggested addition to your Statement of Core Values:

“*We are obsessed with developing a cadre of first-line managers that is second to none—we understand that this cadre per se is arguably one of our top two or three most important ...*

‘*STRATEGIC ASSETS.*’”

*(In no way am I suggesting in this section that organizations are not “serious about” 1st-line leadership! I am suggesting, however, that most are **far far** from being as serious as they ought to be—given the enormous impact*

of the total cadre of 1st-line leadership “assets.”)

Selecting That (**SUPERSTAR**) 1st-line Leader

Promotion Decisions: *“life
and death
decisions.”*

*“A man should never be
promoted to a managerial position if*

his vision focuses on people's weaknesses rather than on their strengths."

Source: Peter Drucker, *The Practice of Management*

PART IV: The **(Awesome)** Power of ... **Acknowledgement**

“The deepest principle in human nature is the craving to be appreciated.”—William James

“The two most powerful things in existence: a kind word and a thoughtful gesture.”—Ken Langone

“Good leaders make people feel that they’re at the very heart of things, not at the periphery.”—Warren Bennis

“Leadership is about how you make people feel—about you, about the project or work you’re doing together, and especially about themselves.”—Betsy Myers, *Take the Lead: Motivate, Inspire, and Bring Out the Best in Yourself and Everyone Around You*

“The philosopher Isaiah Berlin remarked that Churchill ‘idealized’ his countrymen ‘with such intensity that in the end they approached his ideal and began to see themselves as he saw them.’”—Robert Kaplan, *Warrior Politics: Why Leadership Demands a Pagan Ethos*

*“Employees who
don’t feel significant
rarely make
significant
contributions.”*

—Mark Sanborn

Night and Day: Yes, **AND** ...

“Yes, *but* ...”

(= “Thanks for the comment ... and, ahem, here is what’s **WRONG** with it ...” = **MIXED MESSAGE/NEGATIVE**.)

“Yes, **and** ...”

(= “That was an absolutely first-rate comment, **AND** perhaps **WE** could even make it better ...” = **POSITIVE**.)

FYI: This is (TRULY) a **BIG DEAL.**

The **(Awesome)** Power of Acknowledgement:
NOTEBOOK Power

Whenever you are interviewing or meeting with someone ... carry **(without fail)** a notebook.

Take notes.

To be sure, you'll doubtless hear something worth recording. But, mainly **(without fail)** you will gain the enduring respect of the person you are interacting with.

Why?

By recording their ideas you are saying, in effect, ***“I think you have something to say worthy of recording and I wish to capture it for eternity.”***

Always carry the notebook. Take copious notes. Record info. AND: It's the ultimate form of flattery/acknowledgement/respect.

Joel Heffner/**Creativity Kit: Field Notes
Notebook + Pencil**

Stefan Stern: *“The bosses who don't take notes may also be the ones who say ‘Got it!’ too quickly when in truth they aren't really listening.”*

Sachin Shah: *“I got our EO's asst to take notes in her meetings so she could listen. She estimated \$50k gain in her productivity.”*

Note to bosses: ***In your last conversation with an employee, how many pages of notes did you take?***

(Query to bosses: *In your last conversation with an employee, did you listen (at least) ...*

75% *of the time?)*

PART V: Listening Is **Job #1** / Make 2014 ...

The “Year of the Ear”

I’LL BROOK NO RETORT: REALLY: Nothing but nothing but nothing (but nothing) is more important than listening! To wit:

Listening is ...

(And when you read “listening,” please substitute “*OBSESSION* with listening.”)

Listening is ... the ultimate mark of ***Respect***.

Listening is ... the heart and soul of ***Engagement***.

Listening is ... the heart and soul of ***Kindness***.

Listening is ... the heart and soul of ***Thoughtfulness***.

Listening is ... the basis for true ***Collaboration***.

Listening is ... the basis for true ***Partnership***.

Listening is ... a ***Team Sport***.

Listening is ... a ***Developable Individual “Professional” Skill***.*

(*Though women are instinctively *far* better at it than men.)

Listening is ... the basis for ***Community***.

Listening is ... the bedrock of ***Joint Ventures that work***.

Listening is ... the bedrock of ***Joint Ventures that last***.

Listening is ... the core of ***effective Cross-functional Communication***.*

(*Which is in turn Attribute #1 of organizational effectiveness.**)

(**I know, I keep repeating this—only because “Attribute #1” is no exaggeration.)

Listening is ... the engine of ***superior EXECUTION***.

Listening is ... the key to ***making the Sale***.

Listening is ... the key to ***Keeping the Customer’s Business***.

Listening is ... the engine of ***Network development***.

Listening is ... the engine of ***Network maintenance***.

Listening is ... the engine of ***Network expansion***.

Listening is ... ***Learning***.

Listening is ... the ***sine qua non of Renewal***.

FYI: Harvard Med School doc Jerome Groopman, in his book *How Doctors Think*, tells us that the patient is the doctor's best source of evidence about the patient's problem. Then, citing hard-nosed research, Groopman asks, “*On average, how long does the patient speak before the doc interrupts?*”

Answer?

**“18 ...
seconds.”**

“Our work, our relationships, and, in fact, our very lives succeed or fail gradually, then suddenly—one conversation at a time.”

Source: Susan Scott, *Fierce Conversations: Achieving Success at Work and in Life, One Conversation at a Time*

Listening is ... the *sine qua non* of Creativity.
Listening is ... the *sine qua non* of Innovation.
Listening is ... the core of *taking Diverse opinions aboard*.
Listening is ... *Strategy*.
Listening is ... *Source #1 of “Value-added.”*

Listening is ... ***Differentiator #1.***

Listening is ... ***Profitable.****

(*The “R.O.I.” from listening is higher than from any other single activity.)
Listening underpins ... *Commitment to EXCELLENCE.*

Do you agree with the above?
(Frankly, that’s a set-up question. How could you *not* agree?)
(I hope.)

If you agree, shouldn’t listening be ... *a Core Value?*
If you agree, shouldn’t listening be ... *perhaps Core Value #1?**
(* “We are Effective Listeners—we treat Listening EXCELLENCE as the Centerpiece of our Commitment to Respect and Engagement and Community and Growth”—or some such.)
If you agree, shouldn’t listening be ... *a Core Competence?*
If you agree, shouldn’t listening be ... *Core Competence #1?*

Shouldn’t listening be ... Core Competence #1?

If you agree, shouldn’t listening be ... *an explicit “agenda item” at every Meeting?*
If you agree, shouldn’t listening be ... *our Strategy—per se? (Listening = Strategy.)*
If you agree, shouldn’t listening be ... *the #1 skill we look for in Hiring (for every job)?*
If you agree, shouldn’t listening be ... *the #1 attribute we examine in our Evaluations?*
If you agree, shouldn’t listening be ... *the #1 skill we look for in Promotion decisions?*
If you agree, shouldn’t listening be ... *the #1 Training priority at every stage of everyone’s career—from Day #1 to Day LAST?*

If you agree, what are you going to do about it ... *at your* **NEXT meeting?**

If you agree, what are you going to do about it ... *by the end of the* **DAY?**

If you agree, what are you going to do about it ... *in the next* **30 DAYS?**

If you agree, what are you going to do about it ... *in the next* **12 MONTHS?**

If you agree, what are you going to do about it ... *in the next ...*

30 MINUTES?

“It’s amazing how this seemingly small thing—simply paying fierce attention to another, really asking, really listening, even during a brief conversation—can evoke such a wholehearted response.”

—Susan Scott, *Fierce Conversations: Achieving Success at Work and in Life One Conversation at a Time*

“Let Silence Do the Heavy Lifting”

—chapter title from Susan Scott, *Fierce Conversations: Achieving Success at Work and in Life One Conversation at a Time*

“There is a profound difference between having a title ... and being someone to whom people commit at the deepest level. If we wish to accomplish great things in our organizations, we must come to terms with a basic human need: a universal longing to be known.”

—Susan Scott, “Be Here, Be Prepared to Be Nowhere Else,” chapter title, *Fierce Conversations: Achieving Success at Work and in Life One Conversation at a Time*

“It was much later that I realized Dad’s secret. He gained respect by giving it. He talked and listened to the fourth-grade kids in Spring Valley who shined shoes the same way he talked and listened to a bishop or a college president.

*He was seriously
interested in who you
were and what you
had to say.”*

*—Sara Lawrence-Lightfoot, *Respect**

“My education in leadership began in Washington when I was an assistant to Defense Secretary William Perry. He was universally loved and admired by heads of state ... and our own and allied troops. *A lot of that was because of the way he listened. Each person who talked to him had his complete, undivided attention. Everyone blossomed in his presence, because he was so respectful, and I realized I wanted to affect people the same way.*

“Perry became my role model but that was not enough. Something bigger had to happen, and it did .It was painful to realize how often I just pretended to hear people. *How many times had I barely glanced up from my work when a subordinate came into my office? I wasn't paying attention; I was marking time until it was my turn to give orders.* That revelation led me to a new personal goal. I vowed to treat every encounter with every person on Benfold [Abrashoff was the Captain] as the most important thing at that moment. It wasn't easy, but my crew's enthusiasm and ideas kept me going.

“It didn't take me long to realize that my young crew was smart, talented and full of good ideas that usually came to nothing because no one in charge had ever listened to them. ... I decided that my job was to listen aggressively ...”

—Mike Abrashoff, *It's Your Ship: Management Techniques from the Best Damn Ship in the Navy*

Suggested addition to your statement of Core

Values: *“We are Effective
Listeners—we treat
Listening
EXCELLENCE as
the Centerpiece of
our Commitment to
Respect and
Engagement and
Community and
Growth.”*

Mikael Pawlo/tweet: *“Nothing beats eye-to-eye or ear-to-ear. Asking questions and listening with a smile is raw power.”*

TP: Amen.

*“The best way
to persuade
someone is
with your
ears, by
listening to
them.”*

—Dean Rusk

*“If you don’t listen,
you don’t sell
anything.”*

—Carolyn Marland, former CEO, Guardian Group

8 of 10 sales presentations fail

50% failed sales

presentations: talking

“at” before

listening!

Source: Susan Scott, “Let Silence Do the Heavy Listening,” chapter title, *Fierce Conversations: Achieving Success at Work and in Life, One Conversation at a Time*

The Good Listener's Rules ...

Exists totally for the given conversation. *There is nothing else on earth of importance for those 45 minutes.*

To co-opt a great book*: *fierce attentiveness.*
(Susan Scott, *Fierce Conversations*)

Keep your f-ing mouth shut.

Gives the other person time to stumble toward clarity without interruption.

NEVER finishes the other person's sentence.

Becomes invisible; make the other person the centerpiece.

Does not **EVER** take a call, even from your boss.

Takes (extensive) notes.

Calls (emails) a couple of hours later to thank the other for their time.

Calls the next day with a couple of follow-up queries.

Leaves it mostly open-ended; does not conclude with your view of the world.

Doesn't pontificate for even 17 seconds!

Tom Asacker: *“It doesn't matter what people think about you. Rather, how you make them feel about themselves in your presence.”*

TP: Stunningly well said.

Manager, from Twitter: *“I always write ‘LISTEN’ on the*

*back of my hand
before a meeting.”*

*“EVERYONE has a
story to tell, if only
you have the patience
to wait for it and not
get in the way of it.”*

—Charles McCarry, *Christopher's Ghosts*

Listening-as-PROFESSION

I consider bosses of units > 25 employees with no substantial ... **FORMAL LISTENING TRAINING** ... to be guilty of dereliction of duty.

Tim Baker: *“Simply put, I think many people underestimate the effort proper listening requires.”*

If you ain’t exhausted (after a serious conversation), **then you weren’t really listening.** (That is not a throwaway line.)

***Really* listening is literally the most exhausting activity I know—that includes vigorous physical activities.**

Saurabh Gupta: *“Not only effort but **concentration** as well.”*

John Morrison: *“It’s not ‘listening’; it’s **‘absorbing’** ...”*

TP: *[Listening is] a lotta stuff. “Acknowledging” is a good part of the definition, too.*

Trevor Gay: “I’ve a friend-mental health counselor; if he sees 3 patients a day he is exhausted & it’s TOO BUSY.”

David Spellman: *“I taught a management class yesterday on 5 levels of listening: Ignoring, Pretending, Selective, Attentive, and Empathic. KEY skill set.”*

TP: **Bravo!**

Cary Cooper: “A few years ago I coauthored a book titled *Shut Up & Listen!*”

TP: **Bravo!**

House of Faith (Twitter I.D.): *“Listening is a lost art today. The ability to ‘talk over’ another is prized. Loose lips still sink ships!”*

Tim Baker: “*There are those who listen and there are those who are just waiting to talk (again) (and again).*”

Preparing retort while another talking = **Anti-listening.**

McKinsey (in my time): ZERO interest in topic per se, 100% prepping to demo intellectual horsepower w/ clever retort.

Susan Cain addresses this brilliantly in her book *Quiet*. (Alas, research clearly indicates we evaluate the “talk over” types as smarter. More fools us!)

Then there’s my motto: **100%** of
communication failures are ... my fault. (It is up as communicator to me to figure out how to be effective in communicating with any given person in the immediate context of the exchange—e.g., they’re having a bad day, good day, etc.)

FYI, if you do public speaking, listening to your audience still skill #1. Bet I make **200** adjustments in a 1-hour speech based on what I “hear.”

Rich McDonald: “DITTO! It’s why I don't memorize ANY scientific presentations;
I listen to audience’s words ... *& ‘listen’ to their
eyes/grunts/hand gestures/posture.*”

Key word (re listening):

PRACTICE!

Effective listening is a ...

PROFESSION!

It’s no different than neurosurgery or particle physics. Study and practice and refresh accordingly.

Professional Skill #1 for every leader is ...

LISTENING!

**(I AM DEADLY SERIOUS ABOUT THIS.
NOT AN APPROXIMATION.)**

B.School: 3 finance courses, 3 accounting courses, 3 marketing courses,

ZERO listening courses.

IMPEACH the Dean/s!

No listening course at your b.school?

Demand a full tuition refund with

*interest plus a letter of apology
signed by the dean.*

Cary Cooper: “When have managers ever been trained to be on ‘receive’ rather than ‘transmit’? Our B.Schools don’t teach it, neither do exec programs!”

Edward Nevraumont: “Forget a course on listening, why not start with a class? Most B.Schools throw their hands in the air on Leadership in general.”

**All generals, admirals, and
CEOs should attend a
listening refresher course
annually!**

(Margot Durkin: “And school principals, too!”)

Chris Oestereich: *“The ‘soft’ skills are anything but!”*

EVERY boss needs a ... **NBB/**
No Bullshit Buddy ...
to give him/her* regular feedback on listening
behavior. (*FYI: Evidence and anecdote both crystal

clear: **WOMEN** are, indeed, better
listeners—and, yes, more often than not better
leaders—than men.)

Trevor Gay: “I once had a boss who regularly

asked me; *‘Have you*

*given your
team a good
listening to
lately? ””*

(Last word: A key reason *In Search of Excellence* was successful: **Bob Waterman was/is a peerless listener!**)

More: **(Hard-Nosed)** Musings on Listening

Bosses: Get your shit together.

**See if you can go ... 90
consecutive minutes ...
without interrupting
anyone.**

Re the truly important stuff (communication related), you must have a trusted no-bullshit buddy who will give you straight feedback.

Listening is primarily about a focused emotional commitment to the speaker.

**Bosses: Listening attentively is
the most potent motivator
ever invented!**

Venkata Krishnan: “Realize that focus, especially on phone calls, increases substantially when I remove my glasses! Truly spectacular!”

**Bosses: Listening is selfish.
You learn stuff.**

**Bosses: If you hear yourself say,
“*We’ve tried that and ...*,” **RUN**
back to your office, close the door,
and bang head against the wall 5
times.**

**Bosses: It’s 2014. Go high-tech! Write
on the back of your hand:**

“Shut up.”

Bosses: Need a vibrator app that will go off in your pocket when you talk more than 2 minutes straight. (Name it “Ego suppressor.”)

Himay Zepeda: “Also, should go off whenever ‘I’ is used in a sentence more than once.”

David Locke: “A boss that has a lot to say obviously didn’t hire his staff well.”

Jeff Reynolds: “Active listening = Committed to giving a shit.”

Listening: Beware the “snappy” “clever” reply. Shut up and wait for/respect sloppy answers that result from thinking before one speaks.

Tim Fargo: “If you do not know how to ask the right question, you discover nothing.”—W. Edwards Deming

BUT: Best question is [often] no question. Silence is best “question.” People will proffer interesting truths if given breathing room.

Tim Fargo: “With apologies to Roosevelt: **Be sincere, be concise, be quiet.**”

Tim Fargo: “How does the [boss’s] conversation [with a front-liner] get initiated?”

Boss to front line person/vibes: “I am so f-ing tired of hanging out w/ overstuffed egos. Please help me understand what’s REALLY going on.”

You will never get anywhere with “listening” until your body language screams: “I am so thoroughly delighted to be here with you.”

Most important ingredient is body language that communicates you think it’s great that X is here with you.

Listener’s body language toward other person:

**“I HAVE
NOTHING**

**ELSE IN THE
WORLD TO DO
RIGHT NOW
EXCEPT BE HERE
WITH YOU.”**

It occurs to me that listening might be enhanced if you didn't wear a watch?

It is axiomatic that you CANNOT listen effectively if there is ANY computer screen or other device to which your eyes might stray.

There is no form of torture that is unmerited for a boss who constantly looks at his watch.

Definition of a shitty listener: A boss who is as much as ... 30 seconds late ... to a meeting.

PART VI: Quiet, Please

Bring on the **INTROVERTS**

“We live with a value system that I call the Extrovert Ideal—the omnipresent belief that the ideal self is gregarious, alpha, and comfortable in the spotlight. The archetypal extrovert prefers action to contemplation, risk-taking to heed-taking, certainty to doubt. ... We think that we value individuality, but all too often we admire one type of individual ... Introversion is now a second-class personality trait. ... The Extrovert Ideal has been documented in many studies. Talkative people, for example, are rated as smarter, better looking, more interesting, and more desirable as friends. Velocity of speech counts as well as volume: We rank fast talkers as more

competent and likeable than slow ones. *But we make a grave mistake to embrace the Extrovert Ideal so unthinkingly.* ... As the science journalist Winifred

Gallagher writes, ‘The glory of the disposition that stops to consider stimuli rather than rushing to engage with them is its long association with intellectual and artistic achievement. Neither E = mc squared or Paradise Lost was dashed off by a party animal.’ Even in less obviously introverted occupations, like finance, politics, and activism, some of the greatest leaps forward were made by introverts ... figures like Eleanor Roosevelt, Warren Buffett and Gandhi achieved what they did not in spite of but because of their introversion.”

—Susan Cain, *Quiet: The Power of Introverts in a World That Can't Stop Talking*

“If you are a manager, remember that one third to one half of your workforce is probably introverted, whether they appear that way or not.

Think twice about how you design your organization’s office space. Don’t expect introverts to get jazzed up about open office plans or, for that matter, lunchtime birthday parties or teambuilding retreats. Make the most of introverts’ strengths—these are the people who can help you think deeply, strategize, solve complex problems, and spot canaries in your coal mine.

“Also remember the dangers of the new groupthink. If it’s creativity you’re after, ask your employees to solve problems alone before sharing

their ideas ... *Don’t mistake*

assertiveness or elegance for good ideas.

If you have a proactive workforce (and I hope you do), remember that they may perform better under an introverted leader than under an extroverted or charismatic one.”

—Susan Cain, *Quiet: The Power of Introverts in a World That Can’t Stop Talking*

“The next time you see a person with a composed face and a soft voice, remember that inside her mind she might be solving an equation, composing a sonnet, designing a hat. She might, that is, be deploying the power of quiet.”

—Susan Cain, *Quiet: The Power of Introverts in a World That Can't Stop Talking*

(FYI: The book **QUIET** literally
changed my life—and has made me a frothing
crusader. I am guilty of extrovert-love. Extrovert-
love more or less means ... **you are**
ignoring (the stupendous power of) **half**
the population. That is fact ...
and not an approximation.)

PART VI: Education RE-BOOT:

Full SteA**m Ahead!**

Science

Technology

Engineering

Mathematics

Science

Technology

Engineering

Arts

Mathematics

“Human creativity is the ultimate economic resource.”

—Richard Florida

“Every child is born an artist. The trick is to remain an artist.”

—Picasso

“Creativity can no longer be treated as an elective.”

—John Maeda

It is commonplace when discussing education (frequently described as the imperative—though unrealized—National Priority #1) to obsess on math proficiency and, more broadly, STEM (Science Technology Engineering Mathematics). STEM is no doubt significant to a landscape being transformed by technology. Yet I vehemently favor the formulation labeled

*STE**A**M. (President John Maeda of RISD/Rhode Island School of Design coined the new flavor.) The “A” that’s added to STEM is for the Arts. “The arts” are not merely about being “well rounded” or some such; they are to some extent “what’s left” as AI/robotics vacuum up traditional high-end “knowledge work” occupations. Consider the world’s most valuable company—Apple. While its “T” and “E” (tech/engineering) are exceptional, it is the “A” that has made all the difference—or, rather, the A ingeniously blended with S, T, E, and M.*

“Microsoft never had the humanities or liberal arts in its DNA.”—Steve Jobs

The (partial) logic behind adding an “A” to STEM:

“I believe that ninety percent of white-collar/“knowledge-work” jobs (which are 80 percent of all jobs) in the U.S. will be either destroyed or altered beyond recognition in the next 10 to 15 years.”

—Cover story/*Time*/22 May 2000/Tom Peters

The **(VERY)** Best and **(VERY)** Brightest

*The very best and the very
brightest and the most
energetic and enthusiastic
and entrepreneurial and
tech-savvy of our university
graduates must—**must,**
not should—be
lured into teaching!*

Finding and educating these new-criteria teachers requires a revolution in both content and the incentive structure needed to attract the best of the best—*and to induce them to experiment boldly once aboard the education train.*

In my opinion, the impact of the new technologies is such that we need a very young teacher corps—one that has the demographics and restless mindset of Facebook or Twitter or Google new-hires.

*(I had no intention of writing anything like this [a short 2013 paper], but as I wrote I found myself almost pounding the keyboard into mush. Like it or not, complex problems call for complex solutions. Yet I am coming to see the “simple” solution of **BBFs/Best & Brightest & Feistiests**, as I am now calling them, becoming the base for a transformed teacher corps as a national necessity on a par with national security; in fact, obviously, it is an issue of national security.)*

Education Manifesto 2014*

(*Good news from a competitiveness standpoint: Nobody's got it right. **YET.**)

RADICAL curricular revision imperative.*

(*STEM/STEAM./Creativity & Entrepreneurialism must be encouraged rather than suppressed.)

RADICAL digital strategy.*

(*There is ... NO WAY TO OVERDO THIS.***) (**Re-read: NO WAY.***)
(***Good news: Kids are doing this on their own.)

REVOLUTIONARY new approach to teacher recruitment/development.* (*BEST of the BEST [for a few years] ... or else.)

RADICAL re-assessment of tertiary education—e.g., “MOOC-ization.”* (*Four-year residential degree not centerpiece.)

RADICAL re-assessment business ed.

RADICAL role re-assessment by corporations.*
(*CORPORATIONS TAKE THE LEAD ON EDUCATION ... or else.)

FYI: I make no apology for nor do I think it is hyperbole to repeatedly use the word

“RADICAL.” **Less than RADICAL**
... “not optional.”

Tertiary Education, “Soft Stuff,” Liberal Arts

A pox on fools who dismiss the power of college degree, circa 2014, as “so yesterday.” E.g., age 25-32, difference annual income, degree vs no degree: \$17,500.

Nick Smit: “I agree Dr Tom. I’m however in favor of radically different approach to tertiary learning that keeps depth of learning substance.”

I agree [re re-design] 100%. I am, among other things, a RMOOC/Radical MOOC-ist. BUT ... for now, regardless, basic point re income/job type advantages holds.

AND ... bigger practical point is ...

post-tertiary ed ... i.e., **RADICAL**
commitment to lifelong learning!

Nick Smit: “Degrees should be licensed for 5 yrs. Then re-cert. Booyaaah. Always evolving learning.”

David Spellman: “All best wishes and thanks to tom_peters: you should see the faces of my college students light up when they first hear of MBWA.”

**At “elite” schools they yawn at such “soft bullshit.”
(Now there’s a blast of cynicism.)**

David Spellman: “I was a CEO for 6 years and did MBWA, on all 3 shifts, on all 7 days. ‘Soft bullshit’ was why my tenure was a roaring success.”

Amen, brother: I've spent the last 35 years of my life on selling the power of ... "soft bullshit"!

Todd Hall: "How does MBWA work in a virtual organization?"

Long answer required. One part, as leader, is many many frequent flyer miles!

If you believe application of Big Data to HR is "the breakthrough we've long awaited," you are a sick puppy.

Big Data is invaluable in general—and to HR. Problem occurs when it gravitates invisibly from "useful" to "Gospel"—which, alas, is almost inevitable.

Two "C-level" jobs across the hall from one another: Chief Big Data Officer. Chief Big Data Cold Water Thrower Officer. Equal authority.

Clever Trout (Twitter I.D.): "There should be no argument that HR needs to modernize, and using 'data' (big or small) can be helpful."

"Helpful," by all means. But dictatorial is a different kettle of fish.

Re power of "soft stuff": Creating fabulous customer-employee experiences is invaluable. The well-kept secret: 10% big investments, 90% cumulative "little" gestures. (Also note that superb employee experience takes precedence over customer experience. 2nd doesn't stick unless 1st is rock solid.)

Chris Kernaghan: “I can agree; I was bowled over by a nice note from housekeeping who saw our wedding anniversary cards in our room.”

Tim Fargo: “Do you think alternate ‘internship’ idea is viable? If not, why not?”

Tim Fargo: “There’s built-in bias in those [post-college] income numbers & past performance; no guarantees for future.”

No guarantees in life. But [degree] is hell of a start off the blocks. Forget #s per se. Salary numbers are doubtless decent surrogate for job quality.

Lots of alternatives. But for now, if parent, facts is facts--& I’ll stretch myself to the max to support my kid’s college DEGREE.

Emmanuel McDaniel: “I have to agree with Tim [Fargo]. In an age where ‘good enough to pass’ has become the norm, degrees don’t impress me.”

With respect, don’t care if you’re impressed. Big Data say \$25K vs \$17K, which signifies better job/start.

Tim Fargo: “The current system is quickly becoming questionable ROI. Love idea of biz giving top HS students internships. Break the cycle.”

Dan Purdy: “Don’t be fooled by outliers like yourself Emmanuel. You are 6 sigma; tail of the normal curve & not mean.”

Dan Purdy: “It’s not just salary. Real show stopper = 3.8% unemployment rate for college grads vs 12.2% without.”

AND: 3.8% college grad unemployment is effectively zero when you take into account average “normal times” share of people between jobs.

If I am a parent, I will **BEG** the kid to get the degree—circa 2014. I’m playin’ the stats, Tim.

Still, at age 71, & pretty secure, I luv luv luv my 2 scraps os paper with “Cornell” at the top & my other 2 with “Stanford” at the top. The credentials per se are still valuable!

**To be perfectly honest, I think the
“there’s little value in a degree”
stuff is elitist bullshit.**

Emmanuel McDaniel: “That being said, medical, law, and engineering degrees still truly valuable. Too many Lib Arts majors at McDonald’s.”

***If God loves me, I’ll never
again hear/read “There are
too many liberal arts
majors.” Nauseates me.***

Stanford's president, an engineer, is moving heaven and earth to revitalize liberal arts. I pray he succeeds.

*Liberal arts/
humanities: What it
means to be civilized.
Humanity's bedrock.
Long live the B.A.*

In an age where algorithms will do a lot of the quant stuff, there's a decent chance there will be a jump in value of liberal arts.

Tim Fargo: "For certain careers, the degree is pretty much essential. But there is an implied promise in a degree which is a lie for many."

Cary Cooper: "Science & tech are useless without social science Behavior change is fundamental 2 get ppl 2 accept sci/tech innovation."

Nick Smit: "I believe MBA BBA Commerce degrees must have subjects like sociology/psychology/geography."

Peter Drucker's response to "most important contribution": *"I focused this discipline on people and power; on values, structure, and constitution; and above all, on responsibilities—**that is, I focused the Discipline of Management on management as a truly liberal art.**"* (18 January 1999)

Kevin Meyer: "Some of my best and broadest thinking (and best speaking) tech managers got their start with a liberal arts degree."

Beyond the starting gate, future success in today's/tomorrow's world demands ...

OBSESSED- STUDENT- FOR-LIFE!

Please remember in “destroy everything” frenzy, you mess w/ societal bedrock. “The academy” goes back to Greeks; upon it rests civilization.

Bhoopalan Padua: “Great! However just don’t stop with only Western Universalism. Look deep at Dharmic and other Eastern paradigms and cultures.”

Amen and [VERY] well said!

“Mr Gandhi, what do you think of Western civilization?” Mr Gandhi: “I think it would be a very good idea.”

Dan Farfan: “IMO, my field, Computer Science, needs an infusion of philosophy to enable a new level to be reached.” :-)

John Grinnell: “So pointed, yet “civics” (short for civilization) is the first to go along with art and PE. W/o civilization science and math??”

Max McKeown: **“Life is more than survival, past which point, soft, social, questioning, and beautiful matter.”**

Developing Countries: EDUCATING GIRLS

“Investment in girls’ education may well be the highest-return investment available in the developing world.”

—Larry Summers (as chief economist at the World Bank)

“There are countless reasons rescuing girls is the right thing to do. It’s also the smart thing to do. Consider the virtuous circle: An extra year of primary school boosts girls’ eventual wages by 10-20%. An extra year of secondary school adds 15-25%. Girls who stay in school for seven or more years marry four years later and have two fewer children than girls who drop out. Fewer dependents per worker allows for greater economic growth. ... When girls and women earn income, they re-invest 90% in their families. They buy books, medicine, bed nets. For men the figure is more like 30-40%. ‘Investment in girls’ education may well be the highest-return investment available in the developing world,’ Larry Summers wrote when he was chief economist at the World Bank. The benefits are so obvious, you wonder why we haven’t paid attention. Less than two cents of every development dollar goes to girls—and that is a victory compared to a few years ago when it was something like one-half cent. Roughly 9 of 10 youth programs are aimed at boys. ...”

—Nancy Gibbs, “The Best Investment: If you really want to fight poverty, fuel growth and combat extremism, try girl power,” *TIME* (0214.2011)

*“Progress is
achieved
through
women.”*

—Bernard Kouchner,

founder, Doctors Without Borders (and French foreign minister)

Reading “suggestion” (as in I **beg** you):

Half the Sky: Turning Oppression into Opportunity for Women Worldwide

—Nicholas Kristof and Sheryl WuDunn

“The global statistics on the abuse of girls are numbing. It appears that more girls have been killed in the last fifty years, precisely because they were girls, than men were killed in all the battles of the twentieth century. More girls are killed in this routine ‘gendercide’ in any one decade than people were slaughtered in all the genocides of the twentieth century.

—Nicholas Kristof and Sheryl WuDunn, *Half the Sky: Turning Oppression into Opportunity for Women Worldwide*

“In the 19th century, the central moral challenge was slavery. In the twentieth century, it was the battle against totalitarianism.

***We believe that in this century the
paramount moral challenge will be
the struggle for gender equality
around the world.”***

—Nicholas Kristof and Sheryl WuDunn, *Half the Sky: Turning Oppression into Opportunity for Women Worldwide*

#1 Then/1982

#1 Now/2014

**A BIAS
FOR
ACTION!**

Tom Peters

16 October 2014

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The **ONLY** Thing I've Learned
(**NO** Bull!)

1/48*

*The One & Only one thing I've learned "for sure" since 1966—48 years.

In Search of Excellence/1982

The Bedrock “Eight Basics”

1. **A Bias for Action**
2. **Close to the Customer**
3. **Autonomy and Entrepreneurship**
4. **Productivity through People**
5. **Hands On, Value-Driven**
6. **Stick to the Knitting**
7. **Simple Form, Lean Staff**
8. **Simultaneous Loose-Tight Properties**

A Bias for Action, 1966-2014

Let me not weary you with a long tale of the work that led to *In Search of Excellence*. I will simply say that the research was done and the writing had been outlined. It included, as centerpiece, eight chapters that were the heart of the matter—the “Eight Basics of Excellence.” Well, of course, something had to come first. “People as asset #1”? “Getting close and then closer to the customer”? “Internal entrepreneurship”? Great candidates all! But we (my co-author Bob Waterman and I) chose—without any hesitation—another that we labeled

“A Bias for Action.” In our travels, we had concluded that big business’s # 1 problem was, to use our shorthand, **“Too much talk, too little do.”** As the norm, companies were weighed down with bureaucracy to the sinking point. (Indeed, some did sink.) But the companies we most admired—3M was a classic example—were inclined to generate an idea, test it in a flash, correct it in a flash, again and again, and then again, until it was discarded or became the basis for something new. Something had to be #1. And that characteristic, that “shut up and do now” bias for action was it.

That was some time in 1980, two years before the book was published. And here it is 2014. Fully thirty-four years later. And I *still* have not changed my mind. A lot has changed to say the least, but now, more than ever, those who get an inkling and try it in a flash and fix it in a flash are still the pick of the litter. From Google or Facebook to GE and the stores on main street in your town.

As I look back, 1966 was actually the personal launch of this paramount idea for me. After college, I went into the U.S. Navy—they’d paid my way through school. And, skipping steps, became an officer in a Seabee battalion. (Seabees stand for C.B., construction battalions—combat engineering units that by and large support U.S. Marine Corps ground units.) The motto of the “Bees,” from the start in 1942, was **“Can do.”** Or: Stop the talk, begin the “do”—put the plan to the side, grab the hammer, grab the nails, and start pounding. The Seabees “Can do” was embedded in a history dating to World War II in the Pacific and the critical battle for Guadalcanal. And 24 years later I was living the legend in Danang, Vietnam. My “CO”/Commanding Officer epitomized “Can do.” And, in retrospect, directly anticipated “A Bias For Action.” I heard “Shut up and get in the field and do it—barriers are 100% irrelevant” so many times that my brain ached.

And, to essentially repeat, 48 years later, my beliefs haven’t changed one bit—except to get stronger with the passage of time. Heavens knows, in 2014 “a bias for action” has become the “Age for Action”—as everything moves/accelerates faster and faster.

1/48: Action Rules! The 1 Thing (Only) I've Learned (For Sure) in 48 Years!

A Bias for Action. (No. 1/"Basics of Excellence"/*In Search of Excellence*/1982)

**Ready.
Fire.
Aim.**

(H. Ross Perot on EDS; as compared to GM's "Ready. Aim. Aim. Aim. Aim. Aim. ...")

Just do it! (Nike)

Move fast, break things. (Facebook)

Experiment fearlessly. (Trait #1/Great innovator companies/*Bloomberg Businessweek*)

Relentless trial and error. (Corporate Survival Trait #1 in crazy times/*Wall Street Journal*)

"You miss 100% of the shots you never take." (Wayne Gretzky)

"Fail. Forward. Fast." (Tech exec/Philadelphia)

CAN YOUR BUSINESS FAIL FAST ENOUGH TO SUCCEED? (*Economist* conf. title)

"Fail faster, succeed sooner." (David Kelley/IDEO)

**No matter.
Try again.
Fail again.
Fail better.**

(Samuel Beckett)

"Reward excellent failures. Punish mediocre successes." (Phil Daniels/Australian businessman)

Whoever Makes the Most Mistakes Wins. (Richard Farson/book title)

"The Silicon Valley of today is built less atop the spires of earlier triumphs than upon the rubble of earlier debacles." (Paul Saffo/tech futurist/Palo Alto)

“The secret of fast progress is *inefficiency*: fast/furious/numerous failures.” (K. Kelly)

S.A.V./Screw Around Vigorously (TP: only possible success strategy for crazy times)

Demo or die. (MIT Media Lab credo)

“Don’t ‘plan.’ Do stuff.” (David Kelley/IDEO)

“Effective prototyping may be the most valuable core competence an innovative organization can hope to have.”/“Minimize ‘mean time to prototype.’” (M. Schrage/MIT)

“This is so simple it sounds stupid. You only find oil if you drill wells.” (J. Masters/wildcatter)

“We have a ‘strategic plan.’ It’s called ‘doing things.’” (Herb Kelleher/Southwest Airlines)

“Can do!” (Motto/U.S. Navy Seabees/My starting point in 1966 in Vietnam)

“Execution *is* strategy.” (Fred Malek)

WD40 (Water Displacement, 40 tries to get it right.)

**BLAME NO ONE.
EXPECT NOTHING.
DO SOMETHING.**

(NFL coach Bill Parcells/locker-room poster)

“Quality is a probabilistic function of quantity.” (M. Gladwell/“Creation Myth”/re J.S. Bach)

“Ever notice that ‘*What the hell*’ is always the right decision?” (Anon. screenwriter)

“I think it is very important for you to do two things: act on your temporary conviction as if it was a real conviction; and when you realize that you are wrong, correct course very quickly.” (Andy Grove)

“Active mutators in placid times tend to die off. They are selected against. Reluctant mutators in quickly changing times are also selected against.” (Carl Sagan & Ann Druyan, *Shadows of Forgotten Ancestors*)

“If things seem under control, you’re just not going fast enough.” (Mario Andretti)

The most successful people are those who are good at plan B.” (James Yorke, mathematician)

“I’m not comfortable unless I’m uncomfortable.” (Jay Chiat)

“If it works, it’s obsolete.” (Marshall McLuhan)

“The only way to whip an army is to go out and fight it.” (Ulysses S. Grant)

“The genius of Grant’s command style lay in its simplicity. Grant never burdened his division commanders with excessive detail. ... no elaborate staff conferences, no written orders prescribing deployment. ... Grant recognized the battlefield was in flux. By not specifying movements in detail, he left his subordinate commanders free to exploit whatever opportunities developed.”—Jean Edward Smith, *GRANT*

“Execution is the job of the business leader.” (Larry Bossidy)

*Do right and damn the odds.
Stagnation is the curse of life.
The best is the cheapest.
Emotion can sway the world.
Mad things come off.
Haste in all things.
Any fool can obey orders.
History is a record of exploded ideas.
Life is phrases.*

First Sea Lord Admiral John Fisher

W.T.T.M.S.W. /Whoever Tries The Most Stuff Wins.

WTTMSASTMSUW/ Whoever Tries The Most Stuff **And Screws The Most Stuff Up** Wins.

WTTMSASTMSU**T**FW/Whoever Tries The Most Stuff And Screws The Most Stuff Up

The Fastest Wins.

**“Ready.
Fire.
Aim.”**

H. Ross Perot/EDS founder, former GM board member *“The first EDSer to see a snake kills it. At GM, the first thing you do is organize a committee on snakes. Then you bring in a consultant who knows a lot about snakes. Third thing you do is talk about it for a year.”*

*“We made mistakes, of course. Most of them were omissions we didn’t think of when we initially wrote the software. We fixed them by doing it over and over, again and again. We do the same today. While our competitors are still sucking their thumbs trying to make the design perfect, we’re already on **prototype version #5**. By the time our rivals are ready with wires and screws, we are on **version #10**. It gets back to planning versus acting:*

***We act from
day one;
others plan
how to plan—
for months.”***

—Bloomberg by Bloomberg

*“The difference between ... **Bach** ... and his forgotten peers isn’t necessarily that he had a better ratio of hits to misses. The difference is that the mediocre might have a dozen ideas, while Bach, in his lifetime, created more than a thousand full-fledged musical compositions. A genius is a genius, psychologist Paul Simonton maintains, because he can put together such a staggering number of insights, ideas, theories, random observations, and unexpected connections that he almost inevitably ends*

up with something great. ‘Quality,’ *Simonton*

writes, ‘is a probabilistic function of quantity.’”

—Malcolm Gladwell, “Creation Myth,” *New Yorker*, 0516.11

*“When assessing candidates, the first thing I looked for was energy and enthusiasm for ... **execution.**”*

Does she talk about the thrill of getting things done, the obstacles overcome, the role her people played—or does she keep wandering back to strategy or philosophy?”

—Larry Bossidy, from *Execution: The Discipline of Getting Things Done*

**A man approached J.P. Morgan, held up an envelope, and said,
“Sir, in my hand I hold a guaranteed formula for success, which
I will gladly sell you for \$25,000.”**

**“Sir,” J.P. Morgan replied, “I do not know what is in the envelope,
however if you show me, and I like it, I give you my word as a gentleman
that I will pay you what you ask.”**

**The man agreed to the terms, and handed over the envelope.
J.P. Morgan opened it, and extracted a single sheet of paper.
He gave it one look, a mere glance, then handed the piece of paper back
to the gent.**

**And paid him the
agreed-upon \$25,000 ...**

The formula:

- 1. *Every morning, write a
list of the things that
need to be done that day.***

2. Do them.



“Can do!”

—Motto/U.S. Navy Seabees
(My starting point in 1966 in Vietnam/48 years ago)

*“Screw it.
Just do it.”*

—Richard Branson

I want to be a Photographer

Take a ton of photos. Start a photo blog. Organize an art show for your best work. Make stuff.

I want to be a Writer

Write a ton of pieces. Establish a voice on social media. Start a blog. Write guest posts for friends. Make stuff.

***Talk is cheap.
Just make stuff.***

—Reid Shilperoot, brand strategist, on the one piece of advice that has helped him overcome creative blocks

*“Ever notice
that ‘What the
hell’ is always
the right decision?”*

—Anon. screenwriter

*“We have a
‘strategic
plan.’ It’s
called ‘doing
things.’”*

—Herb Kelleher/Southwest Airlines

*“You miss
100% of the
shots you
never take.”*

—Wayne Gretzky

**BLAME NO ONE.
EXPECT NOTHING.
DO SOMETHING.**

—NFL coach **Bill Parcells**
(locker-room poster)

*“Intelligent people
can always come up
with intelligent
reasons ... to do
nothing.”* —Scott Simon

*“Thinking is the enemy of
creativity. It’s self-conscious
and anything self-conscious
is lousy. You simply must ...
do things.”* —Ray Bradbury

Demo or die.

—MIT Media Lab credo

*“Effective
prototyping may be
the most valuable
core competence an
innovative
organization can
hope to have.”*

—Michael Schrage

You can't be a serious innovator unless and until you are ready, willing and able to seriously play. 'Serious play' is not an oxymoron; it is the essence of innovation."

—Michael Schrage, *Serious Play*

“The way to make a better aircraft wasn’t to sit around perfecting a design, it was to get something up in the air and see what happens, then try to fix whatever goes wrong.”

“Instead of trying to figure out the best way to do something and sticking to it, just try out an approach and keep fixing it.”

—Eric Abrahamson & David Freedman, Chapter 8, “Messy Leadership,” from *A Perfect Mess: The Hidden Benefits of Disorder* (On Burt Rutan, perhaps the world’s best aircraft designer and developer.)

*“Don’t ‘plan.’
Do stuff.”*

—David Kelley/IDEO

*“Fail faster,
succeed
sooner.”*

—David Kelley/IDEO

**Act fast.
Fail fast.
Correct fast.
Make bigger and
more interesting
mistakes.
All of life is an
experiment.**

—TP

Tim Fargo/twitter: *“Fire up the laboratory of your life.”*

*“Stay
Hungry.
Stay
Foolish.”*

—Stewart Brand (Generally attributed to Steve Jobs)

***“Learn not to
be careful.”***

**—Photographer Diane Arbus to her students (Careful = Glued
to the sidelines, from Harriet Rubin in *The Princessa*)**

*“No matter.
Try again.
Fail again.
Fail better.”*

—Samuel Beckett

*“A man's errors
are his portals of
discovery.”*

—James Joyce

Ideas Economy: **CAN
YOUR
BUSINESS
FAIL FAST
ENOUGH
TO
SUCCEED?**

Source: [ad/Economist Conference/0328.13/Berkeley CA](https://www.economist.com/ad/conference/2013-03-28/berkeley-ca) (caps used by *Economist*)

Reward
excellent failures.
Punish
mediocre successes.”

—Phil Daniels/Australian businessman/
the “six words that have underpinned my success”

*“I’m not comfortable
unless I’m
uncomfortable.”*

—Jay Chiat

*“If it works, it’s
obsolete.”* —Marshall McLuhan

*“Execution is
strategy.”*

—Fred Malek

*“Execution is
the job of the
business
leader.”*

—Larry Bossidy

*“Amateurs
talk about
strategy.
Professionals
talk about
logistics.”*

—General Omar Bradley

Conrad Hilton, at a gala celebrating his career, was called to the podium and asked, *“What were the most important lessons you learned in your long and distinguished career?”*

His answer (**in full!**) ...

*“Remember to tuck the shower curtain inside the bathtub.”**

*You get 'em in the door with “location, location, location.” You keep 'em coming back with the tucked in shower curtain. (NB: Profit rarely comes from visit/transaction #1; it is a byproduct of coming back/transaction #2, #3, #4 ... #44.)

(FYI: I usually start **ALL** my presentations with Mr. Hilton and the shower curtain—and the abiding centrality of execution.)

*“In real life, strategy
is actually very
straightforward. Pick
a general direction
... and
implement
like hell.”*

—Jack Welch

*“Costco figured out
the big, simple things
... and
executed with
total
fanaticism.”*

—Charles Munger, Berkshire Hathaway

*Do right and damn the odds.
Stagnation is the curse of life.
The best is the cheapest.
Emotion can sway the world.
Mad things come off.
Haste in all things.
Any fool can obey orders.
History is a record of exploded ideas.
Life is phrases.*

—First Sea Lord Admiral John Fisher

1/48* : WTTMSW

Whoever

Tries

The

Most

Stuff

Wins.

***TP/1966-2014**

And: WTTMS**ASTMSUTFW**

Whoever

Tries

The

Most

Stuff

(And

Screws

The

Most

Stuff

Up)

(The

Fastest)

Wins

(WTTMSW Writ **VERY** Large:
*Trial and error, many many many trials
and many many many errors very very very
rapidly will be the rule—think dotcom
boom and bust and, in fact, the incredibly
valuable residual in terms of
entrepreneurial training and ideas
surfaced and approaches rejected.
Tolerance for rapid learning—and
unlearning—will be a, perhaps **THE**,
most valued skill. FYI: “Gamers”
instinctively “get” this—lots of trials, lots
of errors as fast as possible—in ways their
error-avoiding elders can only imagine;
hence, for this reason among many, “the
revolution” is/will be to a very significant
degree be led by youth.)*

*“The ecosystem used to funnel lots of talented people into a few clear winners. **Now it’s funneling lots of talented people into lots of experiments.”***

—Tyler Willis, business developer, to Nathan Heller in “Bay Watched: How San Francisco’s New Entrepreneurial Culture Is Changing the Country,” the *New Yorker*, 10/14/2013

Do (RELENTLESSLY) or ... DIE*

(*Literally. Individual. Company. **Nation.**)

***“Experiment
fearlessly”*** —*BusinessWeek:*

“Type A Organization Strategies: How to Hit a Moving Target”:

TACTIC #1

***“Relentless
trial and
error”*** —*Wall Street Journal:*

CORNERSTONE of effective approach to “rebalancing” company portfolios in the face of changing and uncertain global economic conditions.

Optimism, Pessimism, Curiosity, Experimentation

I just rediscovered John Kay's masterful book, *Obliquity: Why Our Goals Are Best Achieved Indirectly*. There's no idea I hold more dear.

John Kay/*Obliquity*: No fan of optimism. Optimists are bound to be disappointed until broken. (POW studies.) (FYI: I agree.)

John Kay/*Obliquity*: **#1 leader sin is thinking you know more than you actually do. Life is about discovery, not certainty.**

Kay: Overconfidence is Sin #1. Sin #2: See Sin #1.

From Hamlet: **By indirection direction find.**

Ross Perot: Ready. Fire. Aim.

Act your way into thinking [*invariably*] beats think your way into acting. (Source: me.)

“Tell the truth, but tell it slant. Success in circuit lies.”/Emily Dickinson (Source: *Obliquity*, by John Kay)

Vala Afshar: “Strong leaders adopt a beginner’s mindset—open, curious, free of prejudice and hungry to explore.”

Per John Kay/*Obliquity*:

**Overconfidence is
Sin #1.**

Sin #2: See Sin #1.

Comment: “If not optimism, then what?”

If not optimism, what: Belief in the joy of the next experiment.

If not optimism, what: A bubbling openness to ...

**Remorseless
Experimentation.**

If not optimism, what: To me optimism is a lightweight’s disease. I favor avid support for EEM ...

**Extreme
Experimentation
Mindset.**

If not optimism, what: **I am an unabashed pessimist ...**

**but I am driven to
the point of clinical
madness to ...
keep on exploring.**

If not optimism, what: **Curiosity!**

Vanity Fair: What is your greatest strength? **Mike Bloomberg:**

Curiosity.

(From Vala Afshar: “I have no special talent. I am only passionately curious.”—Albert Einstein)

Optimist: It'll work next time. Samuel Beckett: "Fail. Fail again. Fail better." (Tech exec: "Fail. Forward. Fast.")

Optimist: I just know it'll work out. Realist: **Get off your ass and try something else.**

Optimist: Donald Rumsfeld. Realist/borderline pessimist: Dwight David Eisenhower.

Ironclad goals are maximum security prisons. Success invariably translates into ending up someplace wildly different from where you'd imagined.

Mikael Pawlo: "It is easy to be described as a cynic, pessimist or just a plain bore—but never let the optimists get to you!"

Anne Perschel: "Optimist—glass is 1/2 full. Pessimist—glass is 1/2 empty. Realist—drinks what's in the glass while the other 2 debate."

Thriving Amidst Uncertainty: The Power of Decentralization—a De Facto “Bias For Action”

“Rose gardeners face a choice every spring. The long-term fate of a rose garden depends on this decision. If you want to have the largest and most glorious roses of the neighborhood, you will prune hard. This represents a policy of low tolerance and tight control. You force the plant to make the maximum use of its available resources, by putting them into the the rose’s ‘core business.’ Pruning hard is a dangerous policy in an unpredictable environment. Thus, if you are in a spot where you know nature may play tricks on you, you may opt for a policy of high tolerance. You will never have the biggest roses, but you have a much-enhanced chance of having roses every year. You will achieve a gradual renewal of the plant. In short, tolerant pruning achieves two ends: (1) It makes it easier to cope with unexpected environmental changes. (2) It leads to a continuous restructuring of the plant. The policy of tolerance admittedly wastes resources—the extra buds drain away nutrients from the main stem. But in an unpredictable environment, this policy of tolerance makes the rose healthier in the long run.”

—Arie De Geus, *The Living Company* (De Geus is best known as the developer of “scenario planning” at Royal Dutch Shell)

*This is yet another flavor of “a bias for action.” Decentralization—at its best and most powerful—is about multiple independent tries. A big company becomes a de facto collection of small-ish companies. While one may face a lousy market, another will be blessed with unexpected growth opportunities. In practice, it’s not so simple. There is in particular a tendency to have units run by very similar people with very similar approaches—this destroys the variety decentralization was explicitly designed to counteract.

Creating a “Try it. NOW.” Culture

This emerged from a speech to the American Hospital Association in 2010. To deal with the humongous issue of patient safety ... I suggested the entire institution ought to be turned into an energetic “*patient safety learning lab.*” Slightly edited, here is my list of characteristics of such a lab. (The application, I believe, is universal—albeit on a different scale depending on organization size.)

Attributes of a “Try It. NOW.” Culture

“Experiment fearlessly” (*BusWeek/Innovators’ #1 attribute*)

It’s all about attitude!

One Big Innovation Lab!

Accessible micro-experiment budget!

Hyper-quick approval process!

Hyper-quick prototyping! (Measure “mean time from idea to prototype”)

Mini-project teams born in a flash!

Do “everything at once”/“Let 1,000 flowers bloom”

No “bad ideas” except inaction

Transparency/Publish everything

“Get it right the 79th time”

Reward clever/excellent failures

**Celebrate constantly!/
Wee rewards!/
Recognition!/
“Mad scientist club”!**

Master “nudgery” (Little BIG Things)

Encourage/Reward cross-functional excellence (A special category!)

**Unlimited “best practices” travel budget!/
“Visit Excellence”!/
365**

Steal excellence from everywhere!

LEARN from best practices/But allow 100% variation
Coalition of Fearless Experimenters

Crowdsource EVERYTHING!

Social networking with peers

100% participation!

100% leaders on board

100% customer-vendor participation

Process ideas from all

Measure but don't stifle!

Training in process improvement for 100%

Training in prototyping for 100%

Training for 100% in engaging teammates

Training in listening for 100%

Training micro-team leadership for 100%

MBWA/"You must be the change you wish to see in the world"

Action, Experimentation, Surprise, Transformation, Excellence, and a Life's Work Courtesy ... the Magic of Spontaneous Discovery

"How often I found where I should be going only by setting out for somewhere else." — Buckminster Fuller

"By indirection direction find."—Hamlet, II. I

"To be playful is to allow for unlimited possibility."—James Carse

"No one rises so high as he who knows not where he is going."
—Oliver Cromwell

"What are [aircraft designer Burt] Rutan's management rules? He insists he doesn't have any. 'I don't like rules,' he says. 'Things are so easy to change if you don't write them down.' Rutan feels good management works in much the same way good aircraft design does: Instead of trying to figure out the best way to do something and sticking to it, just try out an approach and keep fixing it."—Eric Abrahamson & David Freedman, Chapter 8, "Messy Leadership," from *A Perfect Mess: The Hidden Benefits of Disorder*

"This is so simple it sounds stupid, but it is amazing how few oil people really understand that you only find oil if you drill wells. You may think you're finding it when you're drawing maps and studying logs, but you have to drill."—John Masters, *The Hunters*, by John Masters (Masters is a wildly successful Canadian Oil & Gas wildcatter.)

"Thinking is the enemy of creativity. It's self-conscious and anything self-

*conscious is lousy. You simply must **DO** things."* —Ray Bradbury

**The summer of 2009 was the summer of brush clearing.
And, it turned out, much more.
Much, much more.**

It started as simple task to be checked of the “to do” list. After a day or two, scratches from head to toe, and enjoyment, I set myself a goal of clearing a little space to get a better view of one of our farm ponds. That revealed something else ... to my surprise.

At a casual dinner, I sat next to a landscaper, and we got to talking about our farm and my skills with hand clippers, hand saw, etc. In particular, she suggested that I do some clearing around a few of our big boulders. Intrigued, I set about clearing, on our main trail, around a couple of said boulders. I was again amazed at the result.

That in turn led to attacking some dense brush and brambles around some barely visible rocks that had always intrigued me—which led to “finding,” in effect, a great place for a more or less “Zen garden,” as we’ve taken to calling it.

**Which led to ... more and more.
And more.**

(Especially a rock wall, a hundred or so yards long, that is a massive wonder—next year I’ll move up the hill behind it—I can already begin to imagine what I’ll discover, though my hunch will be mostly “wrong,” and end up leading me somewhere else.)

To make a long story short:

I now have a new hobby, and maybe, ye gads, my life’s work for years to come. This winter I’ll do a little, but I also plan to read up on outdoor spaces, Zen gardens, etc; visit some rock gardens—spaces close by or amidst my travels; and, indeed, concoct a more or less plan (rough sketches) for next spring’s activities—though I’m sure that what I do will move forward mostly by what I discover as I move forward. (what discovers itself may actually be a better way to put it—there’s a “hidden hand” here.) As I’m beginning to see it, this is at least a 10-year project—maybe even a multi-generation project.

I proceeded by trial and error and instinct, and each experiment led to/suggested another experiment (or 2 or 10) and to a greater understanding of potential—the “plan,” though there was none, made itself. And it was far, far better (more ambitious, more interesting, more satisfying) than I would have imagined. In fact, the result to date bears little or no relationship to what I was thinking about at the start—a trivial self-designed chore may become the engine of my next decade; the “brushcutting project” is now leading my wife and I to view our entire property, and what it might represent, in a new light.

I suspect that your interest in my brushcutting may be modest at best. The point here, obviously, is much more general:

JGG.

(Just Get Going.)

F.A. Hayek called effective capitalism a “spontaneous discovery process.” On a not-so-grand scale that’s (precisely) the point here:

SPONTANEOUS DISCOVERY.

There was no grand plan.

There was no plan at all.

The starting point was ... STARTING ... a boring task requiring not a smidgeon of imagination—with about a week's duration.

The doing per se wiggled itself into something totally different than anything I imagined or—more important—ANYTHING I COULD HAVE IMAGINED AT THE START.

My reading of the history of innovation suggests to me that this process-that-is-really-not-a-process is in fact the mainstay of effective discovery.

(FYI: I got a pacemaker for Christmas several years ago; the #1 no-no is using a chain saw. (The magnetic field is fearsome.) Taking that warning a step farther, I decided to do this project entirely with hand tools. Of course that means more exercise—a good thing. *But the “great wonder”—again, totally unexpected—is that the resultant slowness and quiet is the de facto engine of my entire spontaneous discovery process.*)

(FYI II: This was first drafted almost five years ago. Status report 2014: The obsession continues. The experiments continue. The spontaneous discoveries continue. The surprise continues. The snow melt is on as I speak. So out I go!)

Action/The Ultimate Truth-teller: **TIME!**

Your calendar never lies.

Your calendar always

knows.

(Do you?????)

The way we spend our time
is our priorities.

The way we spend our time
is our “strategy.”

The way we spend our time
is what we (really) care
about.

The way we spend our time
is what we “are.”

Your calendar
NEVER lies.

PERIOD.

The Rule of **50** & the Power of Daydreams

*“Most managers spend a great deal of time thinking about what they plan to do, but relatively little time thinking about what they plan ... **not to do.*** As a result, they

become so caught up ... in fighting the fires of the moment that they cannot really attend to the long-term threats and risks facing the organization. So the first soft skill of leadership the hard way is to cultivate the perspective of Marcus Aurelius:

avoid busyness, free up your time, stay focused on what really matters. *Let me put it bluntly: every leader should routinely keep a substantial portion of his or her time—I would say as much as*

50 percent—*unscheduled. ... Only*

when you have substantial ‘slop’ in your schedule—unscheduled time—will you have the space to reflect on what you are doing, learn from experience, and recover from your inevitable mistakes. Leaders without such

free time end up tackling issues only when there is an immediate or visible problem. Managers’ typical response to my argument about free time is, ‘That’s all well and good, but there are things I have to do.’ Yet we waste so much time in unproductive activity—it takes an enormous effort on the part of the leader to keep free time for the truly important things.”

“The Discipline of Daydreaming”: “Nearly every major decision of my business career was, to some degree, the result of daydreaming. ... To be sure, in every case I had to collect a lot of data, do detailed analysis, and make a data-based argument to convince superiors, colleagues and business partners. But that all came later.

*In the beginning, there was
the ... daydream.*

By daydreaming, I mean loose, unstructured thinking with no particular goal in mind. ... In fact, I think daydreaming is a distinctive mode of cognition especially well suited to the complex, ‘fuzzy’ problems that characterize a more turbulent business environment. ... Daydreaming is an effective way of coping with complexity. When a problem has a high degree of complexity, the level of detail can be overwhelming. The more one focuses on the details, the more one risks being lost

in them. ... *Every child knows how
to daydream. But many,
perhaps most, lose the
capacity as they grow up.
...”*

Source: Dov Frohman (& Robert Howard), *Leadership The Hard Way: Why Leadership Can't Be Taught—And How You Can Learn It Anyway* (Chapter 5, “The Soft Skills of Hard Leadership”)

(Repeat: **50%**
unscheduled.)

Calendar: **The RULE OF ONE**

*“If there is any One
‘secret’ to effectiveness, it is
concentration. Effective
executives do first things
first ... and they do
One thing at a time.”**

—Peter Drucker*

***STRONG language—from the master!**

Calendar Query **#1**

*(Precisely)
how are you
going to make
the next 15
minutes
matter?*

Action: The **WOW-ification** Imperative*

(*Okay. It's an ugly word. But this is *my* screed—and it works for me. You suit yourself. Many in the Twitter Gang approved—a few groaned.)

Innovation Index: *How many of your “Top Five Projects” score 8 or higher (out of 10) on a “Weird”/“Profound”/“WOW”/“Game-changer” Scale?*

WOW-ification Index: *Move every project (definition) that scores 6 or less 2 notches up on the “WOW-ification Scale” within the next two weeks. If your principal current project scores six or less, bring it up one (or two!) notches by noon on Monday. *** (**This tweet was written on a Sunday.)

**MORE.
WOW.
NOW.***

***Sorry, couldn't resist.**

WOW-ish Words ...
Shamelessly Uttered By “Real People”*

Zappos’ 10 Corporate Values

“WOW!”

Deliver

through service.

Embrace and drive change.

Create fun and a little weirdness.

Be adventurous, creative, and open-minded.

Pursue growth and learning.

Build open and honest relationships with communication.

Build a positive team and family spirit.

Do more with less.

Be passionate and determined.

Be humble.

Wanted by Ogilvy & Mather International:

Trumpeter Swans

—David Ogilvy

*Is this a “Tom thing?” as some of my friends gently put it when the word “WOW” appears again in my writing. Is it an “American thing?” Sure. BUT—in this section, if you pay close attention, you’ll observe that the overwhelming majority of the authors were **NOT** American.

*“Insanely
great”* —Steve Jobs

*“Radically
thrilling”* —BMW

“Astonish me!” —Sergei Diaghlev

“Build something great!”

—Hiroshi Yamauchi/CEO Nintendo, to a game designer

“Make it immortal!”

—David Ogilvy, to an ad copywriter

“You know a design is good when you want to lick it.” —Steve Jobs

“Every project we undertake starts with the same question: ‘How can we do what has never been done before?’”

—Stuart Hornery, Lend Lease

“Let us create such a building that future generations will take us for lunatics.” —the church hierarchs at Seville

You can’t behave in a calm, rational manner. You’ve got to be out there on the lunatic fringe.” —Jack Welch

“We are crazy. We should do something when people say it is ‘crazy.’ If people say something is ‘good,’ it means someone else is already doing it.”

—Hajime Mitarai, former CEO, Canon

“We all agree your theory is crazy. The question, which divides us, is whether it is crazy enough.”

—Niels Bohr, to Wolfgang Pauli

*“There’s no use trying,’ said Alice. ‘One cannot believe impossible things.’ ‘I daresay you haven’t had much practice,’ said the Queen. ‘When I was your age, I always did it for half an hour a day. **Why, sometimes I’ve believed as many as six impossible things before breakfast.’”***

—Lewis Carroll

Kevin Roberts' Credo

1. *Ready. Fire! Aim.*
2. *If it ain't broke ... Break it!*
3. *Hire crazies.*
4. *Ask dumb questions.*
5. *Pursue failure.*
6. *Lead, follow ... or get out of the way!*
7. *Spread confusion.*
8. *Ditch your office.*
9. *Read odd stuff.*
10. ***Avoid moderation!***

*“You can't behave in a calm, rational manner.
You've got to be out there on the lunatic fringe.”*

—Jack Welch

***“I WANT TO BE
THOROUGHLY USED UP
WHEN I DIE.*** ... *Life is no 'brief candle' to me. It is a*

sort of splendid torch which I have got hold of for the moment, and I want to make it burn as brightly as possible before handing it on to future generations.”

—George Bernard Shaw

*“If you ask me what I have come to do in this world,
I who am an artist, I will reply: ‘I am here
to live my life out loud.’”*

—Émile Zola

*“If I had any epitaph that I would rather have more
than any other, it would be to say that I had ...
disturbed the sleep of my
generation.”* —Adlai Stevenson

“

*Life is not a journey to the grave with the intention of arriving safely in one pretty
and well preserved piece, but to skid across the line broadside, thoroughly used up,
worn out, leaking oil, shouting*

‘GERONIMO!’”

—Bill McKenna, professional motorcycle racer



Source: This (!) is the logo of the Tom Peters Company. It took us ... **TWO YEARS** ... to design it. (I love it!) (Kudos to my colleague ... Ken Silvia.)

In Search of Excellence/1982

The Bedrock “Eight Basics”

1. **A Bias for Action**
2. **Close to the Customer**
3. **Autonomy and Entrepreneurship**
4. **Productivity through People**
5. **Hands On, Value-Driven**
6. **Stick to the Knitting**
7. **Simple Form, Lean Staff**
8. **Simultaneous Loose-Tight Properties**