

**“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 Weinzwieg

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.)

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

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.

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

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.)

*“Human creativity
is the ultimate
economic resource.”*

—Richard Florida

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

—Picasso

- 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.

“Unless mankind redesigns itself by changing our DNA through altering our genetic makeup, computer-generated robots will take over the world.” —Stephen Hawking

“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

Appendix ONE”: “Re-inventing Work,” 1999-2012

In 1999 I published a three-book series called “Re-inventing Work.” Namely:

The Brand You50: Fifty Ways to Transform Yourself from an “Employee” into a Brand That Shouts Distinction, Commitment, and Passion!

The Project50: Fifty Ways to Transform Every “Task” into a Project That Matters!

The Professional Service50: Fifty Ways to Transform Your “Department” into a Professional Service Firm Whose Trademarks Are Passion and Innovation!

A year later, in 2000, I authored the 22 May *Time* cover story “What Will We Do for Work?” It began,

“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 three causes I enumerated were “destructive” (game-changing) competition, technology/artificial intelligence, and outsourcing.

The point is not to chortle that I got it right, but to suggest that this change has been in the making for a while. (I guess it was underway when IBM installed back-office software in my dad’s finance office at the Baltimore Gas & Electric Company in the early 1960s—he saw the subsequent jobs alteration as “catastrophic.”) However, in the last few years the rate of change has been such that a tipping point has clearly been reached. The 1999 book series was meant to say, “Change big time” or be sidelined or, frankly, obliterated professionally—and the change the three books encompassed was in the direction of producing creative work that would transform the individual’s professional life and the path to value-added-via-creative-services that appeared to be the only one available to the surviving enterprise.

The nature of work (remember the series title was “Re-inventing Work”) will be altered beyond recognition; and the nature of the “company” under whose aegis the new work will be coordinated and delivered will be altered beyond recognition.

This revolution-in-progress, the vague outlines of which could be imagined in 1999, is now unmistakably upon us—and the time-left-to-execute an about face is limited, very limited. The wise individual (“brand you”) will be hard at it with or without enterprise or societal support—but this paper argues that the enterprise itself should embrace the change (no option) and do so from the perspective of full-bore commitment to “human asset” “upgrading/transformation.”

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. (22 May 2000)