

Tom Peters' Manifestos 2002: The BRAWL WITH NO RULES Series

Talent!

How to find it. How to keep it.

Tom Peters

Copyright material for electronic edition:

Talent! How to Find It. How to Keep It. Copyright © 2001 by Excel/A California Partnership.

This edition published by Tom Peters Company Press. For information, address SelectBooks, Inc., New York, New York.

All rights reserved. Published in the United States of America. No part of this book may be used or reproduced in any manner whatsoever without the written permission of the publisher.

First Edition

ISBN 1-59079-008-1

For more of Tom's ideas, visit www.tompeters.com.

To bring Tom's ideas into your organization, visit www.tompeters.com/tpc/index.php.

“We are in a brawl with no rules.”

– Paul Allaire, former CEO, Xerox

MANIFESTO. The word suggests a pointed view. (Rodale’s *Synonym Finder*: Manifesto ... Proclamation. Declaration. Pronunciamento. Broadcast. Airing. Broadside.) And “Pointed View” is precisely the idea of this series of “booklets” – in what we call **The BRAWL WITH NO RULES Series**. Each booklet is an expanded chapter of my cornerstone day-long seminars. But I have chosen these topics for two particular reasons. First, I think they (1) are important and (2) present enormous opportunities and (3) are grossly neglected by most organizations. Second, I have a Radical Point of View about each one; you will find no half-way suggestions here!

Talent!

“When land was the productive asset,” write Stan Davis and Christopher Meyer in *futureWEALTH*, “nations battled over it. The same is happening now for talented people.”

Amen!

Microsoft. Cisco Systems. Intel. Yes ... and the Marriott Hotels and Joe and Joan’s Chevrolet in God-knows-where. Talent has, indeed, become *the* productive asset. To be sure, as I write, we have a rather substantial case of the economic wobbles. But that’s short-term. Believe it.

The changes that confront us will mean white water for enterprises – both public and private – for decades upon decades to come. Between the information revolution and the biotech revolution, everything we do and the way we do it will be reinvented ... in the next 25 or 30 years. And those who reap the benefits will be the Head Cases. That is, the ... **TALENT MASTERS.**

Hey, even the Germans get it! The nation hasn’t been exceptionally kind to immigrants. (Now there’s an understatement.) But recently, Chancellor Gerhard Schroeder announced a new immigration policy that will, at least, be kind to technically-skilled applicants. “The market is being divided up right now,” Schroeder said upon announcing the new policy. “We’re in a tough competition [with the United States and the United Kingdom] for the best brains.” That’s indeed what it is. For the nation of Germany. For the nation called America. And for Joe and Joan’s Chevrolet.

“People are our most important asset.” You’ve read it a hundred times. Make that a thousand. It’s the boilerplate at the beginning of almost every annual report.

And it’s mostly BULLSHIT. Subject of lip service, to be sure, and believed at some level ... but not the Essence of How We Live and Why We Are Here. Not the Essence of ... **HOW LEADERSHIP SPENDS ITS TIME.**

TALENT.

TALENT. I love that word. I love it because of the images it immediately brings to mind. Yo-Yo Ma playing the cello. Pavarotti. And Gene Hackman. And Helen Hunt.

Randy Johnson throwing baseballs. Michelle Kwan on skates. Michael Jordan parting the waters ... and making that famous last shot that won the sixth Bulls’ championship.

Tiger Woods.

The head doorman at the Four Seasons Hotel in Boston. The fabulous guy at, of all places, the International Arrivals Hall at the Newark International Airport ... who sings us tired and weary 6 a.m. arrivals toward the baggage claim area.

Talent. What a word! I hated the term “personnel.” And we’ve pretty much deep-sixed it. We’ve added something just as bad, and I was one of the champions for doing so. “Associate.” Question: *What the hell does that mean?* Maybe it means I’m-not-quite-the-cog-in-the-wheel-I-was-when-I-was-“personnel.” But it’s a long way from being ... ta-da ... TALENT.

When I’m doing a TV interview, and arrive the prescribed half hour early, I am invariably shepherded into the Green Room. Often as not, there’s a sign over it that says ... **Talent**. Just walking under that sign makes me about six inches taller. And wouldn’t you ... oh, dear, wouldn’t you ... love to, as a full-scale participant, be walking through the **Players Entrance** to Camden Yards ballpark in Baltimore. Or better yet, Fenway Park in Boston. (Well, those examples at least hold if you’re a guy. More on that later. Don’t worry, guys don’t get off easy in this essay.)

My old McKinsey & Co. friend, Ed Michaels, is heading an enormous project for The Firm. (Oh yes, we – even alums who were fired, like me – always capitalize the “T” and “F.” Mortal sin not to.) Title of Michaels’ project: *War for Talent*. Michaels says that nothing is more important.

(Amen.) But he is abashed at the degree to which firms give that lip service to **The Big T** ... and damn little more. At one point he calls it “the silent battle field.” “Fifty percent of middle managers in big corporations,” Michaels writes, “report a ‘moderate to high’ chance they’ll change companies within three years.” And yet most companies, he adds, don’t know how many 25- to 40-year-olds they’re losing, and have no special retention programs.

Pitiful. But perhaps less pitiful than what went on in Detroit. That is, after Daimler “merged” with Chrysler. “The Chrysler that Daimler bought is dead,” said *Forbes* in October 2000. “The recent resignation of Thomas Gale, the great Chrysler designer, brings that home as nothing else could. This was the mistake Juergen Schrempp made when he bought Chrysler. He didn’t realize it was the people who counted, not the factories, which were old, or the sales and profits, which can come and go. The people and the leadership are the heart and spirit of the Detroit automaker, and when they go, all that is left are old factories and problems.”

Oh, so sad. Oh, so true.

The Talent Ten

There’s a talent shortage. OR IS THERE? I frankly don’t believe there is. At the local McDonald’s. At the local Marriott. Or at Cisco Systems. *What I do believe is: There is a dire talent shortage ... unless ... you are a GPTW ... **Great Place To Work**.*

And that’s exactly what I want to deal with.

How? I call it ... The Talent Ten. Ten ideas, or approaches, or strategies ... to vault the “people issue” (renamed The Talent Issue ... right?) from soaring rhetoric that is little more than lip service to ... Hard Strategic Reality. The sort of Hard Strategic Reality that might ... just might ... lead you to accumulating a *Talent Pool to Die For*.

The Talent Ten in short:

Obsession!
Greatness!
Performance!
Pay!
Youth!
Diversity!
Women!
Weird!
Opportunity!
Genius!

**1. Obsession. P.O.T.
(Pursuit of Talent) =
All Consuming.**

No chief executive officer garnered as much attention as GE's Jack Welch over the past 20 years. And now he's retired. Welch announced his retirement plans recently. Run another company? Not on your life, he says. Instead he's going to become a coach. And a particular kind of coach. He's going to work with Chief Executive Officers on ... ah ... developing Talent.

Welch is brilliant. Welch is tough. He's a superb analyst. A brilliant strategist. No doubt about any of that. But that's not the GE Secret. The company has no "vision" ... how could you when you own the hodgepodge of assets GE owns. (And "Bring good things to life" ... GE's long-time slogan ... sure ain't Vision.) But there is something else. Mr. Michaels of McKinsey calls GE a Talent Machine. And indeed, that's exactly what it is.

Just like ... the New York Yankees. The Oakland Raiders. The Los Angeles Lakers. The Metropolitan Opera of New York. The Boston Philharmonic. And DreamWorks Studios.

Frankly, when I think about talent, I don't think about Mr. Welch, as much as I admire him. I think about ... Bill Walsh, who recently stepped down as President and General Manager of the San Francisco 49ers. I've known him for well over a decade. And he represents exactly what I'm writing about in this essay. He – and, to be sure, his other 29 NFL General Manager counterparts – are Talent Freaks.

Think "General Manager" of an NFL or NHL or NBA team-franchise and you think ... talent. TALENT. Pro football General Managers live, sleep, eat, and breathe ... 25 hours a day, 53 weeks a year ... nothing other than the acquisition and development of the best 48-player active duty roster imaginable.

Right?

And: **WHY SHOULDN'T IT BE THAT WAY ... EXACTLY THAT WAY ... FOR THE MANAGER-LEADER OF A 48-PERSON FINANCE DEPARTMENT?**

There are many pieces to this puzzle – I've identified 10 in this short essay – but there is one piece without which there are no others. **Obsession.** And people (“bosses”) who are “obsessed with” Talent. My old pal Warren Bennis, and Patricia Ward Biederman, wrote a fantastic book a couple of years ago ... called *Organizing Genius*. The focus was on what they call Great Groups. Those Great Groups ranged from Walt Disney's first animation lab to the Manhattan Project. Bennis and Biederman discovered that the person in charge had one attribute ... above all others. “The leaders of Great Groups,” they wrote, “love talent and know where to find it. They revel in the talent of others.” One of the organizations they profiled was the amazingly productive Palo Alto Research Center (PARC) that belonged to the Xerox Corporation. (One of the few things Xerox has done right.) The founding leader was a fellow by the name of Bob Taylor. One of Taylor's colleagues described him as a “**connoisseur of talent.**” And when I focus on that, I think of another computer science lab. And the guy who runs it. He's known to be prickly. And, frankly, I'm not exactly in love with him. I was venting to a friend who knows him well. And my friend replied, “I agree. But you've got to hand one thing to him. Nobody, but nobody, is as good at attracting ... and keeping ... Extraordinary Talent.” Wow! What an Endorsement!

About 20 years ago, we went after the “quality thing” with a vengeance. We made enormous headway. Was it Dr. Deming's Sacred Fourteen Principles? Well, they amounted to a good framework. But it wasn't Dr. Deming. It was something else. And that “simple” (impossible) something else: ***We put quality at the tip-top of the agenda. Every agenda.*** Sit down with a cross-section of 15 managers in 1975, and quality would have hardly come up. Sit down with that same group 10 years later ... and half the discussion would have been on the topic of quality. That is, the most important trait associated with mastery ... of any-damn-thing ... is Practice. Or ... Time Spent. In the case of quality, thousands ... upon thousands ... upon thousands ... of reasonably talented managers started expending 25%, 50%, 75% of their effort on one thing ... quality. And that **Brute Force ... Time Spent ... and Attention ...** and in many cases **Passion ...** led to remarkable improvement.

So if you're looking for a first step ... in “Winning the Great War for Talent” ... there is a clear one: **PUT IT AT THE TOP OF THE AGENDA. KEEP IT THERE. SPEND – AS WELCH DOES AT GE – 70% OF YOUR TIME ON IT. PERHAPS 90%. (OR MORE?)**

Time counts. Obsession counts. Without it there is nothing. “War for Talent” is just another B.S. moniker.

Something else, I'm afraid, counts too. And this one is a little bit more elusive ... though we can damn well look for it. There are ... ***People Who Need People.*** That is, there are ***People People.*** And ... then ... there are those who are not. I'm into what I do. Thinking about management.

Writing about it. Talking about it. The analytics are the thing. And the presentation thereof. To tell the truth – and I’m loath to – I’m not a people person. I could not call myself, by any stretch of the imagination, a “Connoisseur of Talent.” That’s not what I do. That’s not my thing. My only degree of wisdom, in “running” my own company, is that I realize it. And don’t try to fake it.

There are People People. And those that aren’t. Far too often, we promote the mechanic into a leadership position because he/she was the best mechanic (accountant, salesperson, trainer). Not because he/she was the best “people person.” And yet leadership is all about ... **People Who Need People.**

Like Mr. Welch at GE. And Mr. Walsh of the San Francisco 49ers.

The Talent Obsession. Cisco Systems is a winner. Current bumps in the road notwithstanding. Cisco Systems “gets” talent. Cisco Systems is an acquirer. It’s grown by acquisition. It doesn’t have a “core technological competence.” But it does have a Core Competence to Die For. The ability to acquire young companies ... and hold on to their Top Talent. “Our ideal acquisition,” said CEO John Chambers, “is a small start-up that has a great technology product on the drawing board that is going to come out in six to 12 months. We buy the engineers and the next-generation product.” Do they ever! Stock options were a help, to be sure, and they don’t look quite so luscious right now. But there is a much deeper process that Cisco uses to hold on to these people. It allows them to expand their horizons and explore their full potential after arriving at Cisco ... rather than become squashed by a big, bureaucratic system. Art Reidel runs a moderate-sized software start-up that supports the biotech industry. Though a small company, Pharsight has already made a handful of acquisitions. Reidel explains the process: “We chose not to do a discounted cash-flow analysis of their future earnings. We wanted their talent and their intellectual property.”

Amen.

Pursuit of Talent. It’s either an obsession. Or you’re not serious. And when it becomes an obsession, it becomes the thing ... **THAT YOU SPEND VIRTUALLY ALL OF YOUR TIME ON.** “In most companies the Talent review process is a farce,” writes Ed Michaels. “At GE, Jack Welch and his two top HR people visit each division for a day. They review the top 20 to 50 people by name. They talk about Talent Pool strengthening issues. The Talent Review Process is a contact sport. It has the intensity and the importance of the budget process at most companies.”

If talent is your game, then talent is your game. Period.

2. Greatness: Only the Best!

If you are a Gen-u-ine Connoisseur of Talent ... you won’t settle for anything less than the best. In telemarketing. Finance. Or on your NHL roster. You will leave a job open – and, indeed, stress out some others in the process – before you will fill a slot with a mediocrity. A managerial job. Or a telemarketing job. “Great Talent Pools” are not particularly kind to those who can’t

pass the muster. So do your Great Talent Pool a favor. Stress them out a little bit, but don't surround them with mediocrities chosen to "fill the chair."

BEST!

BEST = BEST. Period.

It's a big word. BEST. But it's one that can – and should – be used when the issue is The Great War for Talent.

A handful of years ago, Home Depot decided to shoot for the moon. To grow the \$20 billion corporation to \$100 billion. In a rocky economy, they're having some hiccups, but they've made it to about \$45B. Not exactly bad.

To make the Great Leap Forward, Home Depot concocted seven significant new growth initiatives. And then-CEO Arthur Blank laid down the law. Each of those initiatives would be headed by the ... **BEST PERSON IN THE WORLD.**

I love that. It suggests that there's not much of an issue. BEST. PERIOD.

For example, one of the seven initiatives was a major international expansion. Home Depot pursued the best. They ended up bringing in the COO of IKEA to head it up. Is he the best in the world? Who knows? But he sure is a damn good approximation!

You're not the Big Boss at Home Depot. But that, I contend, in no way, shape or form keeps you from "going for it" ... from pursuing a dogged BIW (Best in World) attitude.

Hey, you're the (little) boss. You want to leave a legacy behind. Completed projects. Transformation of your 62-person IS department or your 217-person telemarketing department ... or your 97-person distribution center. Your legacy, my friends, is one and only one thing: the TALENT that you find, develop or bring in to get the job done. Boss of a 7-person unit? You're in the Talent Business. And if you go for less than the best ... you are an Idiot.

Right? (Think about it. Please.)

3. Performance: Up or Out!

Labor Day 2000. My mother-in-law's 75th birthday. She said she had but a handful of Big Wishes. One of them: to attend a game at Boston's fabled Fenway Park. So my brother-in-law took her, and my wife and I tagged along.

We got lucky. Pedro Martinez was pitching for the Red Sox. He did his usual. Made utter fools out of nine talented athletes on the other team. Whew.

For me it was a g-r-e-a-t day. I learned something. PEDRO MARTINEZ IS A BETTER BASEBALL PITCHER THAN I AM.

Not much of an insight, you say. But I disagree. Fact: **SOME PEOPLE ARE BETTER THAN OTHER PEOPLE. SOME PEOPLE ARE A HELL OF A LOT BETTER THAN OTHER PEOPLE.**

That's what I learned. Or at least was reminded of. And it's a, if not the, key to the Talent Thing.

I've been around. Consulted to every damn industry you can name. Did a little work, years ago, with the Limited Stores. They are a pretty formulaic retailer. Not a whole lot of room for experimentation in one of their little shops. And yet I discovered that the top Limited Stores managers out-performed the (very solid) center of the herd by a factor of ... four or five or six ... or more. That is, there is such a thing as a "gifted" store manager. Bob Small is the President of the Fairmont Hotels. I met him when he was but a boy. When he was heading up Marriott's Palm Springs Resort. He was a winner. He was a **Talent**. To my mind, as much as Pedro Martinez.

That is, he was a **H**elluva **H**otel **M**anager.

Gifted hotel managers? YOU BET.

My pal Michaels gets into this. Big Time. "We believe companies can increase their market capitalization 50% in three years," he writes. "Steve Macadam at [the forest products company] Georgia-Pacific changed 20 of his 40 box plant managers to put more talented, higher paid managers in charge. He increased profitability from 20 million dollars to 80 million dollars in one year."

Wow! When a new honcho comes in, and a new "corporate culture" is pursued, does that mean that all of the old gang has to be dumped? Of course not. But, often as not, that New Outsider comes into a company that had let things drift. Where promotions, though not on paper, were mostly based on seniority or friend-of-a-friend sorts of things. While the percentage is not always "20 out of 40" ... often the number is pretty high.

When a new head coach is named in the National Football League, it's rare that he holds on to more than one or two of the 10 or 12 assistant coaches that the team had before. He has a new philosophy. He brings a new air of performance. He brings the promise of freshness of perspective. And he needs new talent – in the coaching ranks, as well as in the player ranks – to pull it off.

Is "up or out" brutal? To some extent, I suppose it is. It is to that 26-year-veteran, who has not been held to a Serious Performance Standard for the last 15 years of his career. On the other hand, Talent – I've observed – likes hanging out with Talent. Talented people love to be pressed. The Tiger Woodses of the world love to play against ... The Best. (Mr. Woods wouldn't much enjoy an afternoon with me.) And I think this is just as true for a Flight Crew at Southwest Airlines. They "get off on" the energy and vitality and spirit and spunk of their colleagues. And they would be readily "turned off by" the absence of such energy and spunk and spirit and vitality ... so notoriously pervasive at most other "major" airlines.

To be sure, all of this puts extreme pressure ... in the New Economy ... on virtually everybody to have a Reason for Being. (We address this in our book, *The Brand You50*.) "If there is nothing very special about your work," writes Michael Goldhaber in *Wired*, "no matter how hard you

apply yourself, you won't get noticed, and that increasingly means you won't get paid much either." In the New World Order, where software will be taking over the rote work in professional departments, one will not survive with the moniker "Desk #28" in the purchasing department ... on the 29th floor ... of the Tall Tower of Miami or Milan. One will either display distinction ... or become road kill. As the economy softened in early 2001, *USA Today* commented on this. A headline read: "New Economy Changes How Firms Treat Layoffs." The *USA Today* writer suggested that, in the past, white collar layoffs had typically followed the LIFO routine ... last in, first out. But the New World Order was leading to something new: The most talented were surviving regardless of seniority, and the least talented were being dumped.

(Whoops!)

4. It's a seller's market: Fork over!

"Technically savvy and innovative people," Peter Drucker told *Business 2.0* in August 2000, "have become unbelievably expensive." "We value engineers like professional athletes," says Jerry Yang, co-founder of Yahoo. "We value great people at 10 times an average person in their function." "Top performing companies," writes Ed Michaels, "are two to four times more likely than the rest to pay what it takes to prevent losing top performers."

Do I think pay is the answer to all of life's issues ... at least when it comes to the Great War for Talent? ABSOLUTELY NOT!

I believe that the *sine qua non* is ... OPPORTUNITY. That is, the chance to shine ... quickly.

On the other hand ... if one is given a Great Opportunity ... and one Responds with Vigor ... then one should be Rewarded Accordingly. No?

Our friend Mr. Michaels provides an excellent example, an update from Steve Macadam (discussed above) at Georgia-Pacific. Pre-Macadam, a typical box plant manager ("average") would produce one million bottom-line-dollars. The base pay was \$110,000. And the bonus potential was about \$60,000. On the other hand, a top plant manager can produce three or four million bottom-line-dollars per year. Macadam upped the ante. The base was raised from \$110,000 to \$135,000; and the bonus potential went from \$60,000 to \$90,000.

The math is stunning. Macadam raised the pay package by about 50,000 bucks, and got, almost routinely, two to three million dollars in bottom-line return. Not exactly a bad ROI!

If there's one thing that pisses me off, it's ...

It's bosses who complain about "high turnover" in the housekeeping department ... and then when I ask what the base pay is ... he/she tells me it's minimum wage plus 75 "generous" cents.

(“It’s not rocket science, Tom.”) Well, it is “rocket science” (housekeeping, that is) and ... Screw Them. I’m not saying that every housekeeper has to be paid \$100,000 a year. I am saying that housekeepers in hotels have more guest contact than any other set of human beings. They are, therefore, invaluable. And if they are “invaluable” ... and if “high turnover” is a problem ... well ... PAY ’EM! If not \$100,000 a year, at least start them at \$17.50 an hour.

Incidentally (not so incidentally), when you raise that base from \$8.50 or \$9.50 to \$17 an hour, something else happens. You attract an entirely different pool of applicants. For better or for worse, there’s an “applicant pool” for \$8.50 jobs. And another quite different applicant pool for \$17.50 jobs. Trust me.

There’s a famous old saw in management, and I mostly subscribe to it. It goes this way: What gets measured gets done. But I want to change that slightly, for the sake of this part of our discussion.

To wit: ***What gets measured gets done. What gets paid for gets done more. What gets paid a lot for gets done a lot more.***

Again: right?

5. Youth: Grovel before the young!

NASDAQ in the tank! Even Cisco Systems laying off people!

It’s over! Hooray! We can get back to normal! The “Internet Age” is done!

Well ... **BULLSHIT.**

The new technologies are not out of their diapers. They *will* change *everything*. Will there be bumps along the road? Oh yes! Bumps! Potholes! Ruts! Chasms! You name it. But ... in the end ... and the end is not very far away ... the Internet will change everything. EVERYTHING. In fact, one can see a parade of technology revolutions across the horizon ... for years and years to come ... for decades and decades to come ... that will change ... EVERYTHING.

And who will be leading this parade? The 50-year-olds? **Not hardly.** Try the teenagers!

“Why focus on these late teens and twenty-somethings?” *The Economist* wrote in December 2000. “Because they are the first young who are both in a position to change the world, and they’re actually doing so. For the first time in history, children are more comfortable, knowledgeable and literate than their parents about an innovation central to society. The Internet has triggered the first industrial revolution in history to be led by the young.” Innovation guru Michael Schrage calls “all this” the Age of Ageism: “The real innovator’s dilemma isn’t the threat of ‘disruptive technologies’; it’s the relentless rise of the quasi-adolescents who wield

them.” Or take this cover story from *The New York Times Magazine* in June 2000. Headline: “The Triumph of the Brainiac: In today’s biotech, dot-com world, nerds rule, and it all starts in high school.”

I’m 58. Should all 58-year-olds be sent out to sea?

Probably not. Although I think I should say, “not clear.” I will say, and I do say routinely: THIS IS A YOUNG PERSON’S CRUSADE. BELIEVE IT. I am curious. But the most curious person I know is 34 years older than I am. Namely, my mom. Age 92. So I believe that we “old farts” can be curious as the dickens.

But that’s not the point. There *is* something that I *cannot* be. ***Naïve!*** Years ago, the great physicist Richard Feynman said that it was no coincidence that virtually all major discoveries in physics were made by those under the age of 25. When you’re under 25, he adduced ... *you don’t know what you don’t know.*

And that’s *exactly* the point. I can *explain* the way Dell Computer does things. Ten years after the fact. But I don’t “get” – in the genetic sense almost – the new technologies the way Michael Dell does. Or Jerry Yang at Yahoo. Or Marc Andreessen when, as a college student at the University of Illinois, he invented the first browser ... Mosaic, which became Netscape. Which changed the world.

Moreover, these young people – call them Tot Talent – understand that they *are* the Rulers of the New World. “Talented people are less likely to wait their turn,” says Ed Michaels of McKinsey. “We used to view young people as trainees; now they are authorities. Arguably this is the first time the older generation can – and must – leverage the younger generation very early in their careers.”

Michaels went on to present a list of Gen-X “demands”: Love the challenge. Want responsibility early. Crave freedom, independence, and control. Are obsessed with building their Human Capital. Value more than work. See a very compressed career timeline.

Maybe not for you (dear young reader), but certainly for me ... this ain’t your/my father’s world! And, I say ... Bravo! It’s the Age of Intellectual Capital. It’s the Age of Curiosity Rewarded. (Rather than ... Compliance Rewarded.) We need people who ... from the get-go ... will talk back! Who are determined to get ahead ... fast. Who are determined to change the world. Who are determined, in fact, to stick the shiv between our aging & brittle ribs! Bless them! May these youthful revolutionaries overturn us with great rapidity! (And provide us with coupons to clip in our dotage.)

6. Diversity: Mess rules!

I am a diversity fanatic. Does that mean I am an Affirmative Action fanatic? (None of your business.) What it does mean is that I’m a New Economy Fanatic; thence, a Creativity Fanatic. Thence, an Intellectual Capital fanatic.

And if you buy the New Economy “act” ... and the creativity act ... and the Intellectual Capital “act” ... then you ... MUST ... buy ... one hundred percent ... The Diversity Act.

It’s really quite simple. Creativity and Great Leaps Forward come from ... MESS. That is, all kinds of people providing all kinds of ideas ... that crazily bounce against one another ... and cause a lot of chaos ... and occasionally cause a Great Idea to emerge which ... Changes the World.

It really is that simple.

“Where do good new ideas come from?” asks highly regarded MIT Media Lab head, Nicholas Negroponte. “That’s simple! From differences. Creativity comes from unlikely juxtapositions. The best way to maximize difference is to mix ages, cultures and disciplines.”

Could it be that “simple”?

YES.

Diversity means lots of things. For example ... BIG THINGS. Senior *Wall Street Journal* writer, G. Pascal Zachary, penned a magnificent book ... *The Global Me: New Cosmopolitans and the Competitive Edge*. “Diversity defines the health and wealth of nations in a new century,” Zachary writes. “Mighty is the mongrel. The hybrid is hip. The impure, the mélange, the adulterated, the blemished, the rough, the black-and-blue, the mix-and-match – these people are inheriting the earth. Mixing is the new norm. Mixing trumps isolation. It spawns creativity, nourishes the human spirit, spurs economic growth and empowers nations.”

Talk about strong language! But he’s just warming up: “Capitalism and the conditions for creating wealth have changed in ways that play to the strengths of hybrid individuals, organizations and nations. And those that wish to profit from changing economic conditions must view hybridity as their first and best option. This bold claim warrants an explanation. The ability to apply knowledge to new situations is the most valued currency in today’s economy. Highly creative people are misfits on some level. They tend to question accepted views and consider contradictory ones. Their appreciation defines the mongrel mentality. Strangers instinctively question things that natives take for granted. Many things strike them as odd or stupid.”

I live on a farm in Vermont. I love Vermont. My business has been headquartered in Palo Alto, California, for nearly 20 years. Despite my physical “residence” in Vermont, I keep my voting residence (along with my business) in California. (And pay more taxes as a result.) I do so, mainly, because of one thing. The new census data came out. The most homogeneous state in the union? Sad to say, Vermont. Still about 98% white. In California? Oh, California! The most bloody God-awful mess you’ve ever seen!

Southern California, the L.A. Basin area, was declared down and out a decade ago. Cold war over. Capital spending for defense dried up overnight. And California had an unfair share thereof. But then something happened. The L.A. Basin, more than 15 million people strong, is now arguably the most energetic economy in the United States. And perhaps among developed nations. The secret? One thing, I’d say: Mess. Cambodian entrepreneurs. Vietnamese

entrepreneurs. Indian entrepreneurs. Pakistani entrepreneurs. African-American entrepreneurs. Korean entrepreneurs. One of my friends, an analyst in the L.A. Basin, goes so far as to claim that there are more British entrepreneurs in Southern California than there are in ... Britain. Well, I'm not entirely sure about that, but his point is valid. The point: ***The Mess Is the Message.***

Or: ***Diversity Rules!***

Diversity means the big-deal stuff described above. And more. It means, I believe ... “a poet in every accounting department.” Well, let's look at that through the lens of Harvard Education Professor Howard Gardner. Based on three decades of research, he developed the idea of M.I., or Multiple Intelligences. He says there are at least seven formal varieties of intelligence: *logical-mathematical, linguistic, spatial, musical, kinesthetic, interpersonal, intrapersonal*. Each has exceptional value in terms of framing the world. And yet there's a problem: Virtually all of our educational systems, and our company hiring and promotion systems, focus on the “logical-mathematical” variety of intelligence, perhaps a little bit on the linguistic. We thus end up discarding – no bull – five out of seven major flavors of human intelligence.

My favorite guy in Silicon Valley is Steve Jobs. Perhaps he's not quite the businessman Bill Gates is, but he's the one who really had **The Vision** (and don't forget to capitalize that “V”!) This Whole Big Thing is ... Steve's Idea. Time and again, he has turned out incredible products. There are many reasons, I'm sure. But a big one is that he has always loaded his product-development teams with all kinds of Seriously Cool People from Seriously Cool – and Seriously Weird – Places. “Expose yourself to the best things humans have done,” he wrote at one point, “and then try to bring those things into what you're doing.” This was his explanation for why he stacked his teams with artists, actors, poets, musicians ... and any other intriguing kind of “weirdo”/creative ... who looked at the world in a different way.

Diversity. Mess. I wrote a book a few years ago called *Crazy Times Call For Crazy Organizations*. I wouldn't have written it 30 years previously. In the late '50s, I would have written *Dull Times Call for Dull Organizations*. But these *are* crazy times. *Messy* times.

Messy! What a wonderful word!

So how about this: *Messy Times Call for Messy Organizations*. Or: ***Diversity rules!***

7. Women: Born to lead!

“Tomorrow belongs to women.” That's the word according to Helen Fisher in *The First Sex: The Natural Talents of Women and How They Are Changing the World*. *Business Week* uses almost as much hyperbole. A *Special Report* in November 2000 started this

way: “AS LEADERS, WOMEN RULE: New Studies find that female managers outshine their male counterparts in almost every measure.” “It’s time for U.S. organizations to act,” writes Judy B. Rosener in *America’s Competitive Secret*. “No other country in the world has a comparable supply of professional women waiting to be called into action. This is America’s competitive secret.”

There *is* a War for Talent. (And, indeed, remember to capitalize the “W” and “T.”) Great Talent is in short supply. So where do we look? All sorts of odd nooks and crannies. Amen. And then ... at the **Majority Group** ... which is still hopelessly under-utilized. Namely, women.

I don’t do political correctness. This isn’t about political correctness to me. Not about Affirmative Action. (Any more than my prior plea for diversity was.) It’s about talent. (And Dialing for \$\$\$\$\$.) Moreover, talent whose distinguishing scars and marks match the New Needs of the New Economy.

I’ve written about this before, and you might want to look at our booklet in this series, *Women Roar*. The basic logic goes like this. The major “rules” of the New Economy: Shout goodbye to “command and control”! Shout goodbye to hierarchy! Shout goodbye to “knowing one’s place”! (Or, in summary: Shout goodbye to guys!)

Well, it’s really not quite that dogmatic. But there is a set of attributes, more commonly pronounced in women than men, which match – exactly – the New Economy’s needs. For example: improv skills. Women have them. Men don’t. (Period.) Women focus more on relationships and are less rank-conscious. Women are more self-determined and more trust-sensitive. They appreciate and depend upon their intuition more than men. They are more naturally focused on empowerment. Or at least that’s my short list.

Helen Fisher, in *The First Sex*, puts it this way: “Women have many exceptional faculties bred in deep history: a talent with words; a capacity to read non-verbal cues; emotional sensitivity; empathy; patience; an ability to do and think several things simultaneously; a penchant for long-term planning; a gift for networking and negotiating; and a preference for cooperating, reaching consensus, and leading via egalitarian teams.” Helen Fisher’s list and mine are about the same. So is Judy Rosener’s. Women’s leadership strengths, per JR: “link rather than rank workers; favor interactive-collaborative leadership styles; sustain fruitful collaboration; comfortable with sharing information; see redistribution of power as victory, not surrender; readily accept ambiguity; honor intuition as well as pure ‘rationality’; inherently flexible; appreciate cultural diversity.”

I could beat this horse to death. In my seminars I do just that. I even go so far as to quote organizational guru Phil Slater, whose several decades of work I admire deeply. I listened to a speech Slater gave last year. Here is the one sentence I copied out and turned into a slide:

“Boys are trained in a way that will make them irrelevant.”

I don’t believe that. (Entirely, at any rate.) But I do believe something else. After I’ve beaten the hell out of men in my seminars, I show a slide: DO ANY OF YOU SUFFER FROM TOO MUCH TALENT?

Of course they/you/we/me don't. None of us do. There is, after all, a **G**reat **W**ar for **T**alent going on. And in my view, sharpened over four years of detailed studies, the number one answer to our Talent Shortage is ... WOMEN.

“They” (women) have ... come a long way, baby. But have a long way to go. Women constitute four percent of top management in U.S. firms, three percent in Great Britain, two percent in the European Union as a whole, and less than one percent in Japan.

That's stupid!

Dealing with all this is not easy. Few have tried it ... wholeheartedly. One organization that has is Deloitte & Touche Consulting. Their big boss, Douglas McCracken, wrote about it brilliantly in the *Harvard Business Review* in November-December 2000. His title: “Winning the Talent War for Women: Sometimes It Takes a Revolution.” Deloitte was onto the “women's thing.” Looking hard for them. Hiring them. Giving them good marks in their early years.

And then they left.

Ah, the Baby Problem strikes.

Or did it?

“Deloitte was doing a great job of hiring high-performing women,” McCracken writes. “In fact, women often earned higher performance ratings than men in their first years with the firm. Yet the percentage of women decreased with each step up the career ladder. Most women weren't leaving to raise families; they had weighed their options in Deloitte's male-dominated culture and found them wanting. Many, dissatisfied with a culture they perceived as endemic to professional service firms, switched professions.”

Wow! And ... Yikes!

Deloitte “Did a Deloitte” on Deloitte. They carefully examined what was up. And what they found was assumption after assumption ... after assumption ... that inadvertently blocked women's performance. For example, per McCracken: “The process of assigning plum accounts was largely unexamined. Male partners made assumptions: ‘I wouldn't put her on that kind of company because it's a tough manufacturing environment.’ ‘That client is difficult to deal with.’ ‘Travel puts too much pressure on women.’”

Deloitte studied itself. (Bravo.) Listened to itself. (Bravo.) And went to work. The world has not been transformed overnight, but Deloitte has decided that there is no more significant strategic activity than moving women ... in high numbers ... into the top ranks of the organization. And, indeed, it did take something close, at least, to a Revolution.

A **Revolution** is needed. Not for reasons of “social good.” (Perhaps that's an outcome too, but that's not my shtick.) A Revolution is needed because we face a ... Dire Talent Shortage. And, arguably, the Best Answer is ... sitting right under our noses.

Namely ... **WOMEN!**

8. Weird: The Cracked Ones Let in the Light!

People say to me, “Hey, Tom, how do we keep up, how do we stay innovative?” That *should* be a tough question. The very toughest. But I don’t think it is. I have a pat answer: “*Take Somebody Seriously Weird to lunch today.*” Go to lunch with the same old folks, and you’ll hear the same old stuff. (Even if they’re great folks.) Go to lunch with “Weird” – or Seriously Weird – and you may come back a Little Bit Weirder, too. I’ve written a whole booklet on this topic, a tribute to what I call the High Standard Deviation Enterprise. There is a “secret” to innovation. And that secret is ... *Surround Yourself With Weird. Weird employees. Weird customers. Weird suppliers. Weird competitors.* You name it. Hang with weird ... and you will be energized ... and become a little more weird yourself.

Which brings us to the title of this section. I stole it! It came from a bumper sticker ... on a psychiatrist’s car ... in Northern California: “*The Cracked Ones Let in the Light!*”

This is simple. So obvious. And so honored in the breach in most of our corporations.

Fortune magazine ran the results of a poll on the most admired corporations in the world. They contrasted those to the “also rans” ... those that didn’t make the list. The also rans shared four traits in common: “minimize risk,” “respect the chain of command,” “support the boss,” “make budget.” One hell of a crappy way to live!

Think about it. Minimize risks. Support the chain of command. Respect the boss. Make budget. That doesn’t describe anybody – **d’ya hear, nobody** – who made it into the history books. Steinem. Picasso. King. De Gaulle. Churchill. Newton. Einstein.

They – and everybody else who makes it into the history books – did just the opposite. They *never* supported the chain of command. (They *hated* it.) They *never* supported the bosses. (They *hated* ’em.) As to budgets, who the hell knows.

That is, those that make it into the history books are ... disrespectful ... passionate about an idea that flies directly in the face of what the hierarchy believes in today.

Freaks rule! Freaks change the world!

This idea works for the ages. But let’s forget the ages, and focus on today. Xerox CEO Paul Allaire said, “We are in a brawl with no rules.” If we’re in a brawl with no rules ... then we need to reinvent ... everything. Desperately. Immediately.

Which means we need ... desperately ... **The Strange Ones.** “Our business,” the great ad man, David Ogilvy, wrote at one point, “needs a massive transfusion of talent. And talent, I

believe, is most likely to be found among non-conformists, dissenters and rebels.” Ogilvy was an ad man. And so you say, “Well, he’s talking about the ‘creatives’ at an ad agency.” Perhaps he was. But I don’t think that makes a damn bit of difference. In the World of the New Organization embedded in the New Economy we need to change ... EVERYTHING. Training begs for a revolution. HR in general begs for a revolution. Finance begs for a revolution. Logistics begs for a revolution. Purchasing begs for a revolution. Engineering begs for a revolution. That is, we ... desperately ... need those ***non-conformists, dissenters, and rebels*** ... at least as much in HR (in Pursuit of Talent) and Purchasing (in Pursuit of eCommerce) as in advertising or new product development.

The year is 2001. Talent rules. Weird, quirky talent rules. Period.

There’s a Starting Tip relative to finding this “quirky” talent. Quit looking under the lamp post where you’ve always looked before. Hiring from the same-three-damn-schools you’ve always hired from before. Look for the freaks! Hire weird! Or as I sometimes like to put it: *Never hire anyone without an aberration in their background.*

Years ago I was recruiting for a Public Policy program at the Business School at Stanford University. I went through several hundred applications. Did a quick first pass. Found only one dude that I fell ... desperately ... in love with. He was a guy who had organized a team that ended up making it into the *Guinness Book of World Records*. They had baked a one-*ton* cookie. Imagine that! (Damn hard to imagine.) But I wanted this person, because he had done something Weird and Wacky in his past. Yes, his grade-point average was more than acceptable. Et cetera. Et cetera. But he also had that ... “*wacky-weird factor.*” And I figured, if you’ve done Wacky-Weird in the past ... well, then, the odds go way-way-way up that you’ll do “it” in the future.

Take somebody weird to lunch. Make sure that the applicant pool for the next job in “accounting” includes some ... Seriously Weird Dudes.

And so on.

9. Opportunity: Make it an Adventure!

Gary Hamel, in my opinion, is our leading business strategist. In an article in *Fortune Magazine* in mid-2000 he provided his rules for reinventing a company. At the top of the list: “**Create a cause, not a business.**” His favorite example: Charles Schwab. Joe Nocera is a tough-minded journalist. He wrote a piece in the first issue of *eCompany* on Schwab co-CEO David Pottruck, and said: “The successful company has to create an environment that imbues its employees with a sense of passion.”

