

Tom Peters/03/23/19

*The Excellence Dividend*  
**Nine Observations**

# 1. *In Search of Excellence* in Six Words

My first book, *In Search of Excellence* can be summarized in six words:

***Hard is soft. Soft is hard.***

My next fifteen books can be summarized in six words:

***Hard is soft. Soft is hard.***

My eighteenth book, just out, *The Excellence Dividend*, can be summarized in six words:

***Hard is soft. Soft is hard.***

The translation is simple, though the execution is apparently not so simple, or perhaps more people would have bought in:

“Hard” (the plans, the numbers, the org charts) is “soft.” Plans are more often than not fantasies, numbers are readily manipulated—case in point, super-“quants,” ratings-agency geniuses, and others of their ilk cleverly packaged and gave high safety scores to “derivatives” (and derivatives of derivatives and ...) consisting of valueless mortgages—thus spurring the multi-trillion-dollar financial crash of 2007-2008++. And org charts: in practice, they have little to do with how things actually get done.

“Soft” (people, relationships, organization culture) is “hard.” You get things done, for example, on the basis of your patiently developed network of relationships. You imbed a captivating and effective culture by living and reinforcing “the way we do things around here” day after day after day, in fact, hour after hour after hour—forever. And the focus on people? Here’s the thing, an organization is nothing more and nothing less than “people (our folks) serving people (our customers and communities).” And for the leader, who is fulltime in the people business, it’s all about “people (leaders) serving people (our folks) serving people (customers and communities).”

## #2 SOFT IS HARD

### GOOGLE GETS A (B-I-G) (SOFT) SURPRISE+

I can honestly say that this staggered me. It is, of course, what I have been saying/screaming for a long long (long) time. But to see it with the authority of a Google “Big Data” analysis behind it is, yes, staggering. To wit:

**“Project Oxygen [data from founding in 1998 to 2013] shocked everyone by concluding that, among the eight most important qualities of Google’s top employees, STEM [Science, Technology, Engineering, and Mathematics] expertise comes in dead last. The seven top characteristics of success at Google are all soft skills: being a good coach; communicating and listening well; possessing insights into others (including others’ different values and points of view); having empathy toward and being supportive of one’s colleagues; being a good critical thinker and problem solver; and being able to make connections across complex ideas. Those traits sound more like what one gains as an English or theater major than as a programmer. ...**

**“Project Aristotle [2017] further supports the importance of soft skills even in high-tech environments. Project Aristotle analyzes data on inventive and productive teams. Google takes pride in its A-teams, assembled with top scientists, each with the most specialized knowledge and able to throw down one cutting-edge idea after another. Its data analysis revealed, however, that the company’s most important and productive ideas come from B-teams comprised of employees that don’t always have to be the smartest people in the room. Project Aristotle shows that that the best teams at Google exhibit a range of soft skills: equality, generosity, curiosity toward the ideas of your teammates, empathy and emotional intelligence. And topping the list: emotional safety. No bullying. ...**

More: “[Tech] billionaire venture capitalist and ‘Shark Tank’ TV personality Mark Cuban looks for philosophy majors when he’s investing in sharks most likely to succeed.”

Source: Valerie Strauss, “The surprising thing Google learned about its employees—and what it means for today’s students” (*Washington Post*, 20 December 2017)

## THE LONG-TERM IMPACT OF LIBERAL ARTS STUDIES

More, not from Google, but courtesy perhaps the most important management thinker of the last several decades, Henry Mintzberg.

**AT GRADUATION:** Business and professional degree holders in general (MBAs, engineers, lawyers, etc.) have higher interview and hire rates, and higher starting salaries, than new liberal arts grads.

**YEAR 20:** Liberal arts grads have risen farther than their biz-professional degree holder peers. At one giant tech firm, 43 percent of liberal arts grads had made it to upper-middle management compared to 32 percent of engineering grads. At one giant financial services firm, 60 percent of the worst managers, according to company evaluations, had MBAs, while 60 percent of the best had only BAs.

Source: Henry Mintzberg, *Managers Not MBAs: A Hard Look at the Soft Practice of Managing and Management Development*

AND:

At a seminar in 1999, the moderator asked Peter Drucker, generally considered the father of modern management thinking, what he thought was his “most important contribution” to the field of management. Drucker replied,

**“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.”**

(I think that is no less than a staggering pronouncement. Typical MBA programs focus on quantitative analytics—which is what their clients (students) want. The “soft stuff”—people practices, organizational arrangements—are typically seen by those students as an annoying distraction from the main event. In recent years, consistent with Drucker’s view, I have focused on shifting the MBA from **Master of Business Administration** to **Master of Business Arts**. I can claim great success, but in several instances I have at least ignited some soul searching on the part of B.school deans and faculties.)

### 3. WHAT REALLY MATTERS: THE WISDOM OF SEVEN MASTERS

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

—Richard Branson (In 2016, I produced a 17-chapter, heavily annotated 4,096-slide compendium I called THE WORKS: 1966-2016. This Bransonism earned pride of place, #1 among those 4,096.)

***“Business has the responsibility to increase the sum of human well-being.”***—Mihaly Csikszentmihalyi, *Good Business*

***“Business was originated to produce happiness, not pile up millions”***—B.C. Forbes, September 1917, first issue of *Forbes*

***“I worry that business leaders are more interested in material gain than they are in having the patience to build up a strong organization, and a strong organization starts with caring for their people.”***—John Wooden

***“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

## ***ENOUGH*/JOHN BOGLE**

(Chapter Titles)

**“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”**

The late Jack Bogle’s passion shines through on every page of the book *ENOUGH*. The founder of the world’s largest investment firm (\$5 trillion under management in early 2018), and father of Index funds, says that there is indeed—or damn ell ought to be—more to life than shareholder value!

**LEAD CASE STUDY**  
***THE EXCELLENCE DIVIDEND***

**THE COMMERCE BANK/METRO BANK MANTRA**

***“Are you going to cost cut your way to prosperity? Or are you going to spend your way to prosperity?”***

***“Over-invest in our people, over-invest in our facilities.”***

***“Cost cutting is a death spiral. Our whole story is growing revenue.”***

## 4. EXCELLENCE = SHORT-TERMISM!

EXCELLENCE is not a “long-term” “aspiration.”

EXCELLENCE is the ultimate short-term strategy.

EXCELLENCE is ... THE NEXT 5 MINUTES.\*

(\*Or NOT.)

EXCELLENCE is your next conversation.

Or not.

EXCELLENCE is your next meeting.

Or not.

EXCELLENCE is shutting up and listening—really listening.

Or not.

EXCELLENCE is your next customer contact.

Or not.

EXCELLENCE is saying “Thank you” for something “small.”

Or not.

EXCELLENCE is the next time you shoulder responsibility and apologize.

Or not.

EXCELLENCE is pulling out all the stops at warp speed to respond a screw-up.

Or not.

EXCELLENCE is the flowers you brought to work today.

Or not.

EXCELLENCE is lending a hand to an “outsider” who’s fallen behind schedule.

Or not.

EXCELLENCE is bothering to learn the way folks in finance (or IS or HR) think.

Or not.

EXCELLENCE is waaay “over”-preparing for a 3-minute presentation.

Or not.

EXCELLENCE is turning “insignificant” tasks into models of ... EXCELLENCE.

Or not.

Excellence is conventionally-in fact, almost without fail—seen as a long-term aspiration. I disagree. Vehemently disagree. Excellence is not a destination at which you arrive on a glorious sunny day after years of brutally hard work. .

Excellence is a way of life that sustains us and inspires us day in and day out. There is no “long term.” There is only the way we act when we step out into the corridor after a meeting—or, yes, the quality of your next 4-line email.



## **5. *THE EXCELLENCE DIVIDEND* TWITTERIZED**

*The Excellence Dividend* <280 characters:

**Best way to deal with tech  
onslaught is tech as support tool  
(rather than supplant tool),  
Extreme Humanization of  
products/services, fanaticism about  
every employee's growth (& your  
own), and no less than Excellence,  
ever, especially in "small" acts ("the  
next five minutes").**

## *The Excellence Dividend: THE EIGHTEEN “NUMBER ONES”*

- \*Investment #1: **TRAINING** (“Radical personal development” for all = Moral Responsibility = Immeasurable longterm strategic-differentiation opportunity = \$\$\$\$ 10X more important in the Age of AI.)
- \*Asset #1: **PORTFOLIO OF FIRST-LINE MANAGERS** (Key #1 to employee productivity/retention/product-service quality/customer fan-hood. Selection/training/mentoring of 1<sup>st</sup>-line chiefs a strategic priority.)
- \*Core Value #1: **LISTENING EXCELLENCE!!!** (“Fierce listening”/“Aggressive listening” to staff, outsiders. Note: Effective listening is time-consuming/exhausting! Effective listening is train-able!) (Branson: Listening is Leadership Key #1.)
- \*Obsession #1: **EXECUTION/“THE LAST 95%”** (Omar Bradley: “Amateurs talk about strategy. Professionals talk about logistics.” Fred Malek: “Execution *is* strategy.” Conrad Hilton Secret #1: “Don’t forget to tuck the shower curtain into the bathtub.”)
- \*Job #1: **ESTABLISHING/MAINTAINING “60/60/24/7/365” A CULTURE OF EXCELLENCE-BY-PUTTING-PEOPLE-REALLY-FIRST** (Plausible/Profitable/Ennobling: No less than a “joyful” workplace!!!!/FYI: “PEOPLE [REALLY] FIRST” = CUSTOMERS FIRST = \$\$\$\$ = SOCIETAL CONTRIBUTION.) (Branson/“Business has to give people enriching rewarding lives, or it’s not worth doing.” DeJulius/“Your customers will never be happier than your employees.”)
- \*Calling #1: **LEADING IS A HUMAN-POTENTIAL-MAXIMIZATION ACTIVITY—THERE IS NO HIGHER CALLING.** Any leader absolutely has the opportunity to dramatically affect the lives of thousands—far more than any surgeon.
- \*Value-Added Strategy #1: **DESIGN EXCELLENCE/RADICAL HUMANIZATION** (Apple: “Steve and Jony spent hours discussing corners.” Review of MINI Cooper S: “No vehicle in recent memory has provoked more smiles.”/A jillion little touches: E.g., dog biscuits, scintillating branches, wonderfully welcoming staff at Metro Bank. E.g., human kindness in healthcare delivery promotes healing/DesignX and RadHumanization by and large beyond the foreseeable reach of AI) (And a great-legacy.)
- \*Success Credo #1: **“ARE YOU GOING TO COST CUT YOUR WAY TO PROSPERITY? OR ARE YOU GOING TO SPEND YOUR WAY TO PROSPERITY?” “OVER-INVEST IN OUR PEOPLE, OVER-INVEST IN OUR FACILITIES.” “COST CUTTING IS A DEATH SPIRAL. OUR WHOLE STORY IS GROWING REVENUE.”** (Metro Bank/Commerce Bank mantra/contrarian consumer banking mega-success USA/UK.)
- \*Organization Effectiveness/\$\$\$\$ Payoff #1: **WOMEN BUY EVERYTHING** (Consumer/ Commercial) **WOMEN HAVE ALLTHE MONEY** (Another \$22 trillion wealth transfer to women next 5 years) **WOMEN ARE BETTER LEADERS** (Solid research on this: E.g., F>M 12 of 16 key leadership traits per *Harvard Business Review*/50-50 MF Boards = Plus 58% profitability per McKinsey. SO WHAT’S YOUR LEADERSHIP TEAM AND PRODUCT DEVELOPMENT TEAM F-M COMPOSITION????)
- \*Missed Opportunity #1: **OLDIES/RICH, MEGA-NUMEROUS, IGNORED—PLENTY OF TIME LEFT** (“People at 50 have more than half their adult life ahead of them”—e.g., Americans buy 13 cars in a lifetime, 7 after age 50. Household net worth 65 plus 47X > 35 minus. “Marketers attempts at reaching those over 50 have been miserably unsuccessful.”)
- \*Economic Cornerstone #1: **SMEs RULE/“BE THE BEST, IT’S THE ONLY MARKET THAT’S NOT CROWDED”** (SMEs/Small and Medium-size Enterprises create the jobs, employ almost all of us, are the prime innovators—every economy’s backbone. Monsters cut costs, dump people over the side, underperform the market.)
- \*Innovation Strategy #1: **WTTMSW/WHOEVER TRIES THE MOST STUFF WINS Extended: WTTMS(ASTMSTF)W/WHOEVER TRIES THE MOST STUFF (AND SCREWS THE MOST STUFF UP THE FASTEST) WINS** (Innovation guaranteed!!!/But requires supportive culture: “Try it. NOW.” “Fail Forward. Fast.” “Reward excellent failures. Punish mediocre successes.” Wayne Gretzky: “You miss 100% of the shots you never take.”)
- \*Personal Habit #1: **READ. READ. READ. READ. READ.** (Investor superstar: Not reading enough = CEO Deficit #1.)
- \*Time Management Must #1: **SLOW DOWN** (All the important things—relationship building and maintenance, culture maintenance, aggressive listening, Excellence—take time, lots of.)
- \*Making Things Happen Dictate #1: **LUNCH!!!** (The “Sacred 225 At Bats” = 225 Lunch Opportunities/Year = 225 Golden-Never-to-Be-Repeated Opportunities to meet new people, learn new things, establish and cement relationships up/down the organization and way beyond. LUNCH = NETWORKING OPPORTUNITY #1. Do NOT waste a single lunch opportunity/Keep score!)
- \*Daily Activity #1: **MBWA/MANAGING BY WANDERING AROUND** (Daily. Daily = EVERY DAY. No excuses. Ever./And: If you don’t LOVE doing regular MBWA, choose another career!!!)
- \*Commandment #1: **EXCELLENCE IS THE NEXT FIVE MINUTES** (Excellence = ULTIMATE SHORT-TERM STRATEGY = Next email/Chance hallway meeting/Saying “Thank you” for something small/Lending a helping hand for a half-hour when you’re busy ...)
- \*Axiom #1: **HARD (NUMBERS, PLANS, ORG CHARTS) IS SOFT. SOFT (RELATIONSHIPS, CULTURE, LISTENING, EXCELLENCE) IS HARD.** Sustaining winners: THE MIS-NAMED “SOFT STUFF” COMES F-I-R-S-T!!!!

## 7. THE “SOFT STUFF/ SMALL>>BIG

*“Courtesies of a small and trivial character are the ones which strike deepest in the grateful and appreciating heart.”—Henry Clay (epigraph to my 2010 book, *The Little Big Things*)*

*“Let’s not forget that small emotions are the great captains of our lives.”—Vincent Van Gogh*

*“Personal relationships are the fertile soil from which all advancement, all success, all achievement in real life grow.”—Ben Stein*

*“The capacity to develop close and enduring relationships is the mark of a leader. Unfortunately, many leaders of major companies believe their job is to create the strategy, organization structure, and organizational processes—then they just delegate the work to be done, remaining aloof from the people doing the work.”—Bill George, former chairman, Medtronic*

## 8. Beyond AI: A Winning Strategy

# Extreme Humanization Radical Humanization

### Epigraph/*The Excellence Dividend*

#### EXCELLENCE: THE TRIUMPH OF HUMANITY\*

“Janet Dugan, a healthcare architect, took inspiration from her recent experience having an MRI (Magnetic Resonance Image) scan. While she was lying still and waiting, she noticed a small mirror that had been placed below the head support piece. It was angled so that she could see through the barrel to the radiology technician and make eye contact with him. ‘What a small thing,’ she told me. ‘And yet what a difference it made. I felt less alone. I was connected to another person at the very moment I needed support. And even though I’m not claustrophobic, it calmed me some to be able to see out of the barrel ... I [saw] that the technician was friendly and that the nurse went out of her way to make me laugh. ... I firmly believe in the power of design to contribute to the healing process—that architecture can shape events and transform lives. But that day, in that experience, the thing that really gave me comfort was a tiny mirror about as big as a Band-Aid.”

—Tim Leberecht, *The Business Romantic: Give Everything, Quantify Nothing, and Create Something Greater Than Yourself*

(\*I now—post publication of *The Excellence Dividend*—call the likes of the tiny mirror Extreme Humanization/Radical Humanization. I dearly wish those terms had come to mind a year ago! [I’m hunting for a way to use my two domain dames: ExtremeHumanization.com, Radical Humanization.com.] (Hypothesis: It will be a long time before AI can imagine the power of a tiny mirror! [I think?? And you??])

## 9. THE EXCELLENCE DIVIDEND/ONE PAGE/THE 25 RULES

1. The “all-important last 95 percent”: EXECUTION!!!! (“Execution is the job of the business leader.”/“Amateurs talk about strategy. Professionals talk about logistics.”)
2. Giants (inevitably) implode. SMEs MATTER MOST. SMEs = #1 job creators! SMEs = #1 innovators! SME winners: “Be the BEST. It’s the ONLY market that’s NOT crowded.”
3. People (REALLY) First: Branson/“Business has to give people enriching, rewarding lives or it’s not worth doing.” (“Your customers will never be happier than your employees.”)
4. Herb Kelleher on Hiring/THE RIGHT STUFF: “We look for listening, caring, smiling, saying ‘Thank you,’ being warm.” (Pharmaceuticals CEO: “We only hire nice people.”)
5. TRAINING = INVESTMENT #1 (Most bosses see training as an expense: STUPID!)
6. Full cadre of 1<sup>st</sup>-Line bosses = ASSET #1. (“The sergeants run the Army!”)
7. WOMEN ARE THE BEST LEADERS!! (“Research [McKinsey] suggests that to succeed, start by promoting women.” McKinsey: Balanced gender Boards: +56% operating profits.)
8. Innovation = NUMBERS game/WTTMSW: Whoever Tries The Most Stuff Wins.
9. FAIL FORWARD FAST: “CELEBRATE” failure/Bezos. PROMOTE for failure/Bloomberg “Reward excellent failures. Punish mediocre successes.” (WTTMSASTMSUTFW/Whoever Tries The Most Stuff And Screws The Most Stuff Up The Fastest Wins.)
10. DIVERSITY (on any and every dimension!!) = 2018 Strategic Innovation Imperative!! (ESPECIALLY AT THE BOARD LEVEL—where it is typically [very] AWOL.)

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THE [Wildly successful, “Get ’em in the branches”] COMMERCE/METRO BANK MANTRA  
*“Are you going to cost cut your way to prosperity? Or are you going to spend your way to prosperity?” “Over-invest in our people, over-invest in our facilities.” “Cost cutting is a death spiral. Our whole story is growing revenue.”*

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11. Tech tsunami/MORAL Imperative #1: DEVELOP PEOPLE (ENABLE RADICAL PROFESSIONAL/PERSONAL GROWTH = Requirement. Lack thereof = Firing offense!)
12. DESIGN: Value-added Attribute #1. Applies to one and all. Beyond beautiful/ functional: CREATES POWERFUL/LASTING EMOTIONAL CONNECTION.)
13. It helps to be helpful—KEEP ADDING SERVICES!! (UPS becomes United Problem Solvers [service mark]. Package tossing to comprehensive client logistics-systems oversight.)
14. Focus on “TGRs”/Things Gone RIGHT. LITTLE>>BIG. LITTLE TOUCHES LINGER IN THE MIND/HEART/MOST IMPORTANT DIFFERENTIATORS!!! (“Courtesies of a small and trivial character are the ones which strike deepest in the grateful and appreciating heart.”/Henry Clay)
15. EXTREME HUMANIZATION/RADICAL HUMANIZATION: The best way to avoid the grip of encroaching AI is to humanize!
16. Go after the two GIANT and WILDLY UNDERSERVED markets: WOMEN/Women buy EVERYTHING/\$22 trillion more assets to women/next 5 years. OLDIES. Oldies have ALL the money/NET WORTH 65+ ers is 47X <35.
17. SOCIAL BUSINESS = EVERYONE’S BUSINESS. (A wildly successful financial services CEO: “I’d rather trade tweets with one customer than buy a Super Bowl ad.”)
18. Ed Schein’s Golden Rule: CULTURE EATS STRATEGY FOR BREAKFAST. (Culture Development & Maintenance is CEO Job #1. [60/60/24/7/365.]
19. Tom’s Golden Rule I: MBWA/Managing By Wandering Around. EVERYDAMNDAY.
20. Tom’s Golden Rule II/Circa/EVERYTHING ALWAYS DEPENDS ON THE QUALITY OF RELATIONSHIPS! Relationship development/nurturing takes time!!! (“HARD—NUMBERS, PLANS—IS SOFT. SOFT—RELATIONSHIPS, CULTURE—IS HARD.”)
21. Dov Frohman’s Golden Rule: Leaders/50% UNSCHEDULED TIME.
22. Doug Conant’s Golden Rule: 10 years/30,000 handwritten “THANK YOU” notes. And you?
23. ACKNOWLEDGEMENT! “The deepest principle in human nature is the craving to be appreciated.”/William James. Leader/Four most important words: “WHAT DO YOU THINK?”
24. L-I-S-T-E-N-I-N-G (“Fierce listening”/“Aggressive listening”) AS CORE VALUE #1. (Dean Rusk/“The best way to persuade someone is with your ears.”)
25. EXCELLENCE is not an “aspiration” or a “hill to climb.” EXCELLENCE IS THE NEXT 5 MINUTES. (Or nothing at all.) (E.g. EXCELLENCE is the next email—believe it!)