

Excellence NOW

**Tom Peters/17 November 2012/Moscow
(slides @ tompeters.com/excellencenow.com)**

Excellence. Always.

**If not Excellence,
what?**

**If not Excellence
now, when?**

Novosibirsk 2006/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.**

**Employees, Customers, Suppliers, Communities, Owners, Temporary partners

Sydney 2007/1st Drucker Commemorative Conference

**Organizations exist to
serve. Period.**

**Leaders live to
serve. Period.**

1/4096 @ excellencenow.com

“Business has to give people enriching,

rewarding lives ... or it's

simply not

worth doing.”

—Richard Branson

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.)

ONE



Little =

BIG



7X.

7:30A-8:00P.

F12A.

7:30AM = 7:15AM.

8:00PM = 8:15PM.

#5

It BEGINS

(and ENDS)

in the ...

Parking

lot*

***Disney**



Don't like it?
Don't pay.

Source: Granite Rock Co.

Red light flashes=

-10%



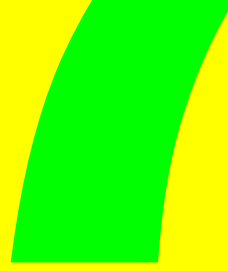
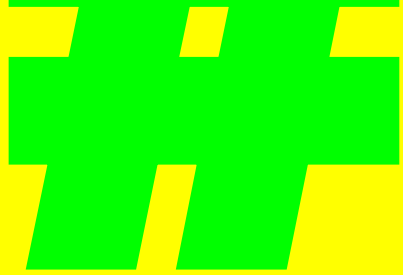
National "Brand" / 2-cent candy

#0

Conveyance: Kingfisher Air

Location: Approach to New Delhi

***"May I clean
your glasses,
sir?"***



Compression

Hose = 10,000

#0

30 *minutes* = 1%

\$25M / \$20M / \$200K

#9

2X

Source: Container Store/increase average sale per shopper

#110

Bag sizes = New markets:

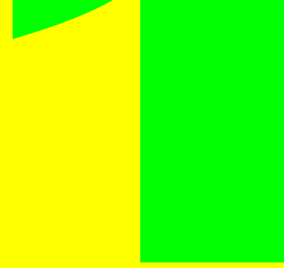
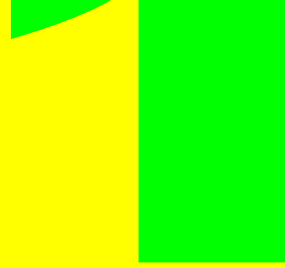
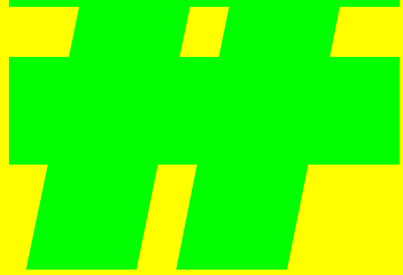
\$ B

Source: PepsiCo

Big carts =

1.5X

Source: Wal*Mart



<TGW

and ...

>TGR

[Things Gone **WRONG**-Things Gone **RIGHT**]

**Customers describing their
service experience as**

“superior”: **8%**

**Companies describing
the service experience they
provide as**

“superior”: **80%**

—Source: Bain & Company survey of 362 companies, reported in John DiJulius,
What's the Secret to Providing a World-class Customer Experience?

***“Experiences
are as distinct
from services as
services are from
goods.”***

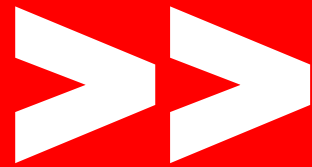
—Joe Pine & Jim Gilmore,

***The Experience Economy: Work Is Theatre &
Every Business a Stage***

**“Perception
is all
there is”**

Comeback

[big, quick response]



Perfection

Acquire vs maintain*:

5X

***Recession goal: Higher "market share" *current* customers**

CXO*

***Chief eXperience Officer**

#12

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 ...

“Remember
to tuck the
shower curtain
inside the
bathhtub.”

**You get 'em in the
door with “location,
location, location”—and
a terrific architect. You
keep 'em coming back
with the tucked in
shower curtain!***

***Profit rarely comes from transaction #1;
it is a byproduct of transaction #2, #3, #4 ...**

***“Execution
strategy.”***



—Fred Malek

Sports: ***You beat
yourself!***

**“Execution is
the job of the
business
leader.”**

—Larry Bossidy & Ram

Charan/ Execution: The Discipline of Getting Things Done

#15

- (1) Amenable to rapid experimentation/
failure “free” (PR, \$\$)**
- (2) Quick to implement/
Quick to Roll out**
- (3) Inexpensive to
implement/Roll out**
- (4) Huge multiplier**
- (5) An “Attitude”**

- (1) Half-day/25 ideas**
- (2) One week/5 experiments**
- (3) One month/Select best 2**
- (4) 60-90 days/Roll out**

Little =

BIG

TWO

**FIVE “First
things Before
First Things ...”**

#1

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 extraordinary degree on its Sergeants and Chief Petty Officers.

Does industry have the same awareness?

#1

cause of

employee

Dis-satisfaction?

***"People leave
managers not
companies."***

—Dave Wheeler

Suggested addition to your statement of Core Values: *"We are obsessed with developing a cadre of 1st 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.'"*

#2

XFX = #1 *

***Cross-Functional eXcellence**

**Never
waste a
lunch!**

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

% XF

lunches*

*** Measure! Monthly! Part of
evaluation! [The PAs Club.]**

XFX: *Social*
*accelerators ... **

***See “LONG” version of presentation
at tompeters.com for more**

XFX/Typical Social Accelerators

- 1. EVERYONE's [more or less] JOB #1: Make friends in other functions! (Purposefully. Consistently. Measurably.)**
- 2. "Do lunch" with people in other functions!! Frequently!! (Minimum 10% to 25% for everyone? Measured.)**
- 3. Ask peers in other functions for references so you can become conversant in their world. (It's one helluva sign of ... GIVE-A-DAMN-ism.)**
- 4. Religiously invite counterparts in other functions to your team meetings. Ask them to present "cool stuff" from "their world" to your group. (Useful. Mark of respect.)**
- 5. *PROACTIVELY SEEK EXAMPLES OF "TINY" ACTS OF "XFX" TO ACKNOWLEDGE—PRIVATELY AND PUBLICALLY. (Bosses: ONCE A DAY ... make a short call or visit or send an email of "Thanks" for some sort of XFX gesture by your folks and some other function's folks.)***
- 6. Present counterparts in other functions awards for service to your group. Tiny awards at least weekly; and an "Annual All-Star Supporters [from other groups] Banquet" modeled after superstar salesperson banquets.**

XFX/: Typical Social Accelerators

16. Formal evaluations. Everyone, starting with the receptionist, should have a significant XF rating component in their evaluation. (The “XFX Performance” should be among the Top 3 items in all managers’ evaluations.)

17. *Every functional unit should have strict and extensive measures of “customer satisfaction” based on evaluations from other functions of its usefulness and effectiveness and value-added to the enterprise as a whole.*

18. Demand XF experience for, especially, senior jobs. For example, the U.S. military requires all would-be generals and admirals to have served a full tour in a job whose only goals were cross-functional achievements.

19. “Deep dip.” Dive three levels down in the organization to fill a senior role with some one who has been noticeably pro-active on adding value via excellent cross-functional integration.

20. XFX is ... PERSONAL ... as well as about organizational effectiveness. PFX [Personal XFX] is arguably the #1 Accelerant to personal success—in terms of organizational career, freelancer/Brand You, or as entrepreneur.

21. *Excellence!* There is a “State of XF Excellence” per se. Talk it up constantly. Pursue it. Aspire to nothing less.

"I am hundreds of times better here [than in my prior hospital assignment] because of the support system. It's like you were working in an organism; you are not a single cell when you are out there practicing."

—quote from Dr. Nina Schwenk, in Chapter 3, "Practicing Team Medicine," from Leonard Berry & Kent Seltman, from *Management Lessons From Mayo Clinic*

WOW!!

Observed closely: The use of “I”

or “we” during a
job interview.

Source: Leonard Berry & Kent Seltman, chapter 6, “Hiring for Values,”
Management Lessons From Mayo Clinic

#3

In the Army, 3-star generals worry about training. In most businesses, it's a “ho hum” mid-level staff function.

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

- (1) Training merits
“C-level” status!**
- (2) Top trainers should
be *paid a king’s
ransom*—and be of
the same caliber as
top marketers or
researchers.**

**No company ever
expended too much
thought/effort/ \$\$\$\$
on training!***

***ESPECIALLY ... small company**

Q3 2011/BLS

+3.1/Non-farm productivity growth

+3.8/Non-farm output

+0.6/Non-farm hours worked

+5.4/Manufacturing productivity

+4.7/Manufacturing output

-0.6/Manufacturing hours worked

"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 many of our skills and organizations are lagging behind."

Source: *Race AGAINST the Machine*, Erik Brynjolfsson and Andrew McAfee

**Legal industry/Pattern
Recognition/Discovery
(e-discovery algorithms):**

500 lawyers to ...

ONE

Source: *Race AGAINST the Machine*, Erik Brynjolfsson and Andrew McAfee

***"A bureaucrat is
an expensive
microchip."***

—Dan Sullivan, consultant and executive coach

China **too** / Foxconn:

1,000,000

robots in next

3 years

Source: *Race AGAINST the Machine*, Erik Brynjolfsson and Andrew McAfee

A 15-Point Human Capital Asset Development Manifesto

**World Strategy Forum
The New Rules: Reframing Capitalism
Seoul, Korea
Tom Peters/0615.12**

A 15-Point Human Capital Development Manifesto

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. (Re profitability: 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.)

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 fun to get you 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? But 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.*

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.

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

11. *The national education infrastructure—from kindergarten to 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.*

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

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

SMEs To The Rescue!

"We are in no danger of running out of new combinations to try. Even if technology froze today, we have more possible ways of configuring the different applications, machines, tasks, and distribution channels to create new processes and products than we could ever exhaust."

Source: *Race AGAINST the Machine*, Erik Brynjolfsson and Andrew McAfee

13. The great 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 underappreciated—payoff. While many small business appreciate the notion, they are unprepared to take the steps necessary to engage their, say, dozen employees in seeking productivity improvements.

#4

***“The doctor
interrupts
after ...”****

Source: Jerome Groopman, *How Doctors Think

18



18 ...

SECONDS!

[An *obsession* with] 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 Skill.*** (*Though women are *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 grow.**

Listening is ... the core of **effective Cross-functional Communication*** (*Which is in turn Attribute #1 of organizational effectiveness.)

[cont.]

Listen = “Profession” =
Study = Practice =
Evaluation = Enterprise
Value

Is there a full-bore training course in "Listening" for

100% of employees,

CEO to receptionists? If

not, there ought to be!

#5

***Complain all you
want, but
meetings
are what you
[boss] do!***

***Meetings = #1
leadership
opportunity***

Meeting: Every meeting that
does not stir the imagination
and curiosity of attendees and
increase bonding and
co-operation and engagement
and sense of worth and
motivate rapid action and
enhance enthusiasm is a
permanently lost opportunity.

THREE

Innovation's BIG THREE

#1

1/46

Lesson46:

WTTMTW

**Whoever
Tries
The
Most
Things
Wins**

“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

“What are 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***

***“Experiment
fearlessly”***

Source: *BusinessWeek*, “Type A Organization Strategies: How to Hit a Moving Target”—Tactic #1

***“Relentless trial
and error”***

Source: *Wall Street Journal*, cornerstone of effective approach to “rebalancing” company portfolios in the face of changing and uncertain global economic conditions (11.08.10)

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**

***“Fail.
Forward.
Fast.”***

High Tech CEO, Pennsylvania

“Reward

excellent failures.

Punish *mediocre*

successes.”

—Phil Daniels, Sydney exec

***"The secret of fast
progress is
inefficiency, fast
and furious and
numerous failures."***

—Kevin Kelly

***“It is not enough to
‘tolerate’
failure—you must
‘celebrate’
failure.”***

—Richard Farson (Whoever Makes the

Most Mistakes Wins)

Better yet:

WTTMT AMTMMTFW

**Whoever
Tries
The
Most
Things
And
Makes
The
Most
Mistakes
The
Fastest
Wins**

1/4096

“You miss

100% ***of***

***the shots you
never take.”***

—Wayne Gretzky

A bias for action.

(No. 1 "Attribute of Excellence" from *In Search of Excellence*.)

Ready. Fire. Aim.

(H. Ross Perot/EDS. Vs GM: Ready. Aim. Aim. Aim. Aim. Aim. ...)

Just do it!

(Nike.)

Move fast, break things.

(Facebook.)

Experiment fearlessly.

Relentless trial and error.

You miss 100% of the shots you never take.

(Wayne Gretzky.)

Fail. Forward. Fast.

Fail faster, succeed sooner.

(IDEO.)

Reward excellent failures. Punish mediocre successes.

S.A.V.

(Screw Around Vigorously)

Demo or die.

You only find oil if you drill wells.

WD40

(Water Displacement, 40 Tries.)

Ever notice that "What the hell" is always the right decision?

WTTMSW

(Whoever Tries The Most Stuff Wins.)

WTTMSASTMSUTFW

(Whoever Tries The Most Stuff And Screws The Most Stuff Up The Fastest Wins.)

#2

**We Are What
We Eat/We Are
the Company
We Keep**

**The “We are what we eat”/
“We are who we associate with”**

Axiom: At its core, every (!!!)
relationship-partnership decision
(employee, vendor, customer, etc,
etc) is a strategic decision about:

**“Innovate,
Yes’ or No’”**

Measure “Strangeness”/Portfolio Quality

Staff

Consultants

Vendors

Out-sourcing Partners (#, Quality)

Innovation Alliance Partners

Customers

Competitors (who we “benchmark” against)

Strategic Initiatives

Product Portfolio (LineEx v. Leap)

IS/IT Projects

HQ Location

Lunch Mates

Language

Board

“[CEO A.G.] Lafley has shifted **P&G's** focus on inventing all its own products to developing ...

others'
inventions at
least half the
time ■ One successful

example, Mr. Clean Magic Eraser, based on a product found in an Osaka market.” —**Fortune**

**“Don’t
benchmark,
futuremark!”**

**Impetus: “The future is already here; it’s just
not evenly distributed” —William Gibson**

**“Don’t
benchmark,
Other mark!”**

**We are the
company
we keep!**

Manage it!

**“The Bottleneck ... Is at
the Top of the Bottle. Where are
you likely to find people with the least
diversity of experience, the largest
investment in the past,
and the greatest reverence for
industry dogma ...**

At the top!”

— Gary Hamel/Harvard Business Review

Diversity ... per se
... is a key ...
maybe the key ...
to effective and
innovative
decision making.

"Who's the most interesting person you've met in the last 90 days? How do I get in touch with them?"

—Fred Smith

Co-creation ...

BUILD IT WITH THEM
TO BOOST GROWTH,
PRODUCTIVITY, AND PROFITS

The Power of Co-Creation



VENKAT RAMASWAMY
AND FRANCIS GOUILLART

**“The Billion-man
Research Team:
Companies offering
work to online
communities are
reaping the benefits of
‘crowdsourcing.’”**

—Headline, *FT*

Forgetting >>
Learning

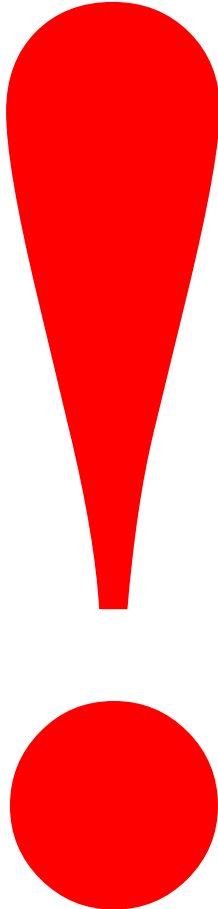
Forget > "Learn"

***"The problem is never
how to get new,
innovative thoughts
into your mind, but
how to get the old
ones out."***

—Dee Hock

#3

Wow



“Insanely Great”

Steve Jobs

“Radically thrilling”

BMW

Zappos 10 Corporate Values

“WOW!”

Deliver “WOW!” 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.

Source: *Delivering Happiness*, Tony Hsieh, CEO, Zappos.com

14,000

20,000

30

14,000/eBay
20,000/Amazon
30/Craigslist

Every project: *Where's
your "Craig's List*

[WOW!]

option"?

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!***

*"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, Canon

FOUR

FOUR
Key Market
Strategies

#1

Design WINS!

APPLE market

cap > ExxonMobil*

***August 2011**

“Design is
treated like a
religion at
BMW.” —*Fortune*

*"We don't have a good language to talk about this kind of thing. In most people's vocabularies, design means veneer. ... But to me, nothing could be further from the meaning of design. **Design is the fundamental soul of a man-made creation.**"*

—Steve Jobs

***“Design is everything.
Everything is design.”***

“We are all designers.”

***Inspiration: The Power of Design: A Force for
Transforming Everything, Richard Farson***

***"Only one company
can be the cheapest.
All others must use
design."***

—Rodney Fitch, Fitch & Co.

Source: *Insights*, definitions of design, the Design Council [UK]

Suit/Asda/**\$50**

Suit/M&S/**10X**

Suit/Savile Road bespoke/**10X**

iPhone/**\$700**

iPhone/“assembled in China”/**\$20**

c D o*

***Chief Design Officer**

Hypothesis: Men

cannot

design for women's

needs !!!???

#2

"I speak to you with a feminine voice. It's the voice of democracy, of equality. I am certain, ladies and gentlemen, that this will be the woman's century. In the Portuguese language, words such as life, soul, and hope are of the feminine gender, as are other words like courage and sincerity."

**—President *Dilma Rousseff* of Brazil,
1st woman to keynote the United Nations General Assembly**

**“Forget China, India
and the Internet:
Economic Growth Is
Driven by
Women.”**

Source: Headline, *Economist*

"Women are
THE majority
market"

—Fara Warner/*The Power of the Purse*

W > 2X (C + I)*

*“Women now drive the global economy. Globally, they control about \$20 trillion in consumer spending, and that figure could climb as high as

\$28 trillion in the next five

years. Their \$13 trillion in total yearly earnings could reach \$18

trillion in the same period. In aggregate, women represent a growth market bigger than China and India combined—more than twice as big in fact. Given those numbers, it would be foolish to ignore or underestimate the female consumer. And yet many companies do just that—even ones that are confident that they have a winning strategy when it comes to women. Consider Dell’s ...”

Source: Michael Silverstein and Kate Sayre, “The Female Economy,” HBR, 09.09

2.6 vs.

21

“AS
LEADERS,
WOMEN

RULE: ***New Studies find that
female managers outshine their male
counterparts in almost every measure”***

TITLE/ Special Report/ BusinessWeek

#3

*"I am often asked by would-be entrepreneurs seeking escape from life within huge corporate structures, **How do I build a small firm for myself?**' The answer seems obvious ...*

“I am often asked by would-be entrepreneurs seeking escape from life within huge corporate structures, ‘How do I build a small firm

*for myself?’ The answer seems obvious: **Buy a***

very large

one and just

wait.”

—Paul Ormerod, *Why Most Things Fail:*

Evolution, Extinction and Economics

*"Mr. Foster and his McKinsey colleagues collected detailed performance data stretching back **40** years for **1,000** U.S. companies.*

*They found that **NONE**
of the long-term survivors managed to outperform the market. Worse, the longer companies had been in the database, the worse they did."*

—Financial Times

"Data drawn from the real world attest to a fact that is beyond our control: Everything in existence tends to deteriorate."

—Norberto Odebrecht, *Education Through Work*

Mittelstand



- * **“agile creatures darting between the legs of the multinational monsters”** *(Bloomberg BusinessWeek, 10.10)*

Retail SUPERSTARS

Retail Superstars: Inside the 25 Best Independent Stores in America

GEORGE WHALIN

—by George Whalin



Jungle Jim's International Market, Fairfield, Ohio: “An
adventure in ‘shoppertainment,’ as Jungle
Jim’s call it, begins in the parking lot and goes on to
1,600 cheeses and, yes, 1,400 varieties of hot
sauce —not to mention **12,000 wines**
priced from \$8 to \$8,000 a bottle;
all this is brought to you by **4,000 vendors.**
Customers come from every corner of the globe.”

Source: George Whalin, *Retail Superstars*

***"Be the best.
It's the only
market that's
not crowded."***

**From: *Retail Superstars: Inside the 25 Best
Independent Stores in America*, George Whalin**

"We are in no danger of running out of new combinations to try. Even if technology froze today, we have more possible ways of configuring the different applications, machines, tasks, and distribution channels to create new processes and products than we could ever exhaust."

Source: *Race AGAINST the Machine*, Erik Brynjolfsson and Andrew McAfee

#4

Huge: Customer
“Satisfaction with
product/Service”

versus Customer

“Success”

IBM

to

I B M

Planetary Rainmaker-in-Chief!

***"[CEO Sam] Palmisano's strategy is to expand tech's borders by pushing users—and entire industries—toward radically different business models. The payoff for IBM would be access to an ocean of revenue—Palmisano estimates it at \$500 billion a year—that technology companies have never been able to touch."* —Fortune**

UPS

“THE GIANT STALKING BIG OIL: How

Schlumberger is

Rewriting the Rules of the Energy Game.”: “IPM [Integrated Project Management] strays from [Schlumberger’s] traditional role as a service provider and moves deeper into areas once dominated by the majors.”

Source: *BusinessWeek* cover story, January 2008

IPM's Chief: *"We'll do just about anything an oilfield owner would want, from drilling to production."*

MasterCard Advisors

IDEO

Product Design
Product Design Training
Innovation Training

**" 'Results' are measured
by the SUCCESS of
all those who have
purchased your product
or service"** —Jan Gunnarsson &
Olle Blohm, *The Welcoming Leader*

FIVE

People First!

People Second!

People Third!

People Fourth!

People Fifth! Peo

1/4096

“Business has to give people enriching,

rewarding lives ... or it's

simply not

worth doing.”

—Richard Branson

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

Source: Joe Nocera, *NYT*, "Parting Words of an Airline Pioneer," on the occasion of Herb Kelleher's retirement after 37 years at Southwest Airlines (*SWA's pilots union took out a full-page ad in USA Today thanking HK for all he had done*) ; across the way in Dallas, American Airlines' pilots were *picketing* AA's Annual Meeting)

***"If you want staff to
give great service,
give great service to
staff."***

—Ari Weinzweig, 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"

"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.*

“ ... 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?’*”

Brand =

Talent.

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

... no less than **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.**

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.

*"The leaders of Great
Groups ... **love talent**
... and know where to find
it. They ... **revel in** ...
the talent of
others."*

—Warren Bennis & Patricia Ward Biederman,

Organizing Genius

Les Wexner: From sweaters to people!*

***Limited Brands founder Les Wexner queried on astounding long-term success—said, in effect, it happened because he got as excited about developing people as he had been about predicting fashion trends in his early years**

**TWO Per
Year!**

2/year =

legacy.*

***Exec promotion = Acquisition**

Promotion Decisions

***“life and
death
decisions”***

Source: Peter Drucker, *The Practice of Management*

“The **ONE** Question”: “In the last year [3 years, 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?”

Difference #1

People are not
“Standardized.”
Their evaluations
should not be
standardized. Ever.

Standardized Evaluations?

Sports?*

Arts?*

***“Pure” talent-driven enterprises**

***Evaluating people =
#1 differentiator***

Source: Jack Welch/Jeff Immelt on GE's #1

strategic skill (!!!!)

70 cents

"Development can help great people be even better—but if I had a dollar to spend, I'd spend 70 cents getting the right person in the door."

—Paul Russell, Director, Leadership and Development, Google

“In short, hiring is the
most important
aspect of business
and yet remains woefully
misunderstood.”

Source: *Wall Street Journal*, 10.29.08,
review of **Who: The A Method for Hiring,**
Geoff Smart and Randy Street

15%

TP: *How to
throw \$500,000
into
the sea in one
easy lesson!!*”

< CAPEX

> People!*

***15%?**

ROK

Source: Container Store/Goal: increase average sale per shopper

**The Sky Is
the Limit!**

**No company ever
Expended too
much thought/
effort/ \$\$\$\$ on
training!**

**The Sky Is
the Limit!**

Wegmans

***Luiza Helena,
Magazine Luiza***

4 Words!

**"The four most
important
words in any
organization are ...**

The four most important words in any organization

are ... **“What do
you
think?”**

Source: courtesy Dave Wheeler, posted at tompeters.com

8 Words!

12 Words!

Change the World With EIGHT Words

What do you think?*

How can I help?***

***Dave Wheeler: "What are the four most important words in the boss' lexicon?"**

****Boss as CHRO/Chief Hurdle Removal Officer**

Change the World With TWELVE Words

What do you think?*

How can I help?***

What have you learned?***

***Dave Wheeler: “What are the four most important words in the boss’ lexicon?”**

****Boss as CHRO/Chief Hurdle Removal Officer**

*****What [new thing] have you learned [in the last 24 hours]?**

Some Help With Helping ...

Help works when the recipient subsequently feels smarter—not dumber.

Regularly help too soon—and you will set up expectation of inaction until your "help" is provided.

Help poorly conveyed spawns powerlessness and resentment in recipient.

Helping requires a sniper's rifle or surgeon's scalpel—not a shotgun or machete.

Helping strategies vary [significantly] from individual to individual—leave the "cookie cutter" at home.

***Effectively "helping" may
be the most difficult
leadership task of all!***

"Help" is only truly successful when the recipient says, and believes: "I did it myself!"

Near truism: Nobody wants help. But we would all liked to have received help.

*Guitarist Robert Fripp: "Don't be helpful. Be available.
Helpful people are a nuisance."*

**The Memories
That Matter.**

The Memories That Matter

The people you developed who went on to stellar accomplishments inside or outside the company.

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

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

The people of all stripes who 2/5/10/20 years later say “*You made a difference in my life,*” “*Your belief in me changed everything.*”

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

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.”

The Memories That Matter

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.”

**The Age of
“Brand You”!**

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*

“If there is nothing very special about your work ... no matter how hard you apply yourself you won’t get noticed, and that increasingly means you won’t get paid much either.”

—Michael Goldhaber, *Wired*

Tom
Peters

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

the brand
you
50

FIFTY WAYS TO TRANSFORM YOURSELF
FROM AN "EMPLOYEE" INTO A BRAND THAT
SHOUTS DISTINCTION, COMMITMENT, AND PASSION!

"The illiterate of the 21st Century will not be those who cannot read or write, but those who cannot learn, unlearn and relearn."

—Alvin Toffler

SIX

Leading

25

MBWA

Managing By Wandering Around/HP

**You = Your
calendar***

***The calendar never lies.**

Your calendar knows
Precisely what you
really care about.

Do you ? ? ? ?

Don't >

Do *

*** "Don'ting" must be systematic > WILLPOWER**

"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

50% (!)

Un-scheduled.

"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.**"*

—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")

***“It’s always
showtime.”***

—

**“You must BE
the change you
wish to see in the
world.”**

Gandhi

**“It’s always
showtime.”**

—David D’Alessandro, *Career Warfare*

“Nothing is so contagious as enthusiasm.”

—Samuel Taylor Coleridge

"The leader must have infectious optimism. ... The final test of a leader is the feeling you have when you leave his presence after a conference. Have you a feeling of uplift and confidence?"

—Field Marshall Bernard Montgomery

Me first!

***"Everyone thinks
of changing the
world, but no one
thinks of changing
himself."*** —Tolstoy

***"Being aware of
yourself and how you
affect everyone around
you is what
distinguishes a superior
leader."*** —Edie Seashore (**Strategy +
Business #45**)

“How can a high-level leader like _____ be so out of touch with the truth about himself? It’s more common than you would imagine. In fact, the higher up the ladder a leader climbs, the less accurate his self-assessment is likely to be. The problem is an acute lack of feedback [especially on people issues].”

—Daniel Goleman (et al.), *The New Leaders*

**The “Have
you ...” 50**

**“Mapping your
competitive
position”**

or see

**1. Have you in the
last 10 days ...
visited a customer?**

**2. Have you called a
customer ... TODAY ?**

1. **Have you ... in the last 10 days ... visited a customer?**

2. **Have you called a customer ... TODAY?**

3. Have you in the last 60-90 days ... had a seminar in which several folks from the customer's operation (different levels, different functions, different divisions) interacted, via facilitator, with various of your folks?

4. **Have you thanked a front-line employee for a small act of helpfulness ... in the last three days?**

5. Have you thanked a front-line employee for a small act of helpfulness ... **in the last three hours?**

6. Have you thanked a front-line employee for carrying around a great *attitude* ... today?

7. Have you in the last week recognized—publicly—one of your folks for a small act of *cross-functional co-operation*?

8. Have you in the last week recognized—publicly—one of “their” folks (another function) for a small act of cross-functional co-operation?

9. Have you invited in the last month a leader of *another function* to your weekly team priorities meeting?

10. Have you personally in the last week-month called-visited an internal or external customer to *sort out, inquire, or apologize* for some little or big thing that went awry? (No reason for doing so? If true—in your mind—then you're more out of touch than I dared imagine.)

K = R = P

***“Courtesies of a small
and trivial character are
the ones which strike
deepest in the grateful
and appreciating heart.”***

**—Henry Clay,
American Statesman (1777-1852)**

***"Let's not forget
that small
emotions are the
great captains of
our lives."*** —Van Gogh

Kindness =
Repeat Business =
Profit.

K = R = P/Kindness = Repeat business = Profit

Kindness:

Kind.

Thoughtful.

Decent.

Caring.

Attentive.

Engaged.

Listens well/obsessively.

Appreciative.

Open.

Visible.

Honest.

Responsive.

On time all the time.

Apologizes with dispatch for screw-ups.

“Over”-reacts to screw-ups of any magnitude.

“Professional” in all dealings.

Optimistic.

Understands that kindness to staff breeds kindness to others/outside.

Applies throughout the “supply chain.”

Applies to 100% of customer’s staff.

Explicit part of values statement.

Basis for evaluation of 100% of our staff.

**Press Ganey Assoc: 139,380 former
patients from 225 hospitals:**

none

of THE top 15 factors

***determining Patient Satisfaction
referred to patient's health outcome.***

***Instead: directly related to Staff
Interaction; directly correlated with
Employee Satisfaction***

Source: *Putting Patients First*, Susan Frampton, Laura Gilpin, Patrick Charmel

“There is a misconception that supportive interactions require more staff or more time and are therefore more costly. Although labor costs are a substantial part of any hospital budget, the interactions themselves add nothing to the budget.

Kindness is

free.

Listening to patients or answering

their questions costs nothing. It can be argued that negative interactions—alienating patients, being non-responsive to their needs or limiting their sense of control—can be very costly. ... Angry, frustrated or frightened patients may be combative, withdrawn and less cooperative—requiring far more time than it would have taken to interact with them initially in a positive way.”

Source: *Putting Patients First*, Susan Frampton, Laura Gilpin, Patrick Charmel (Griffin Hospital/Derby CT; Plantree Alliance)

**Acknowledgement/
Appreciation/
“Thank you!”**

***“The deepest principal
in human nature is the
craving* to be
appreciated.”***

—William James

***“Craving,” not “wish” or “desire” or
“longing”/Dale Carnegie, *How to Win
Friends and Influence People* (“The BIG
Secret of Dealing With People”)**

***"The deepest urge
in human nature
is the desire to be
important."*** —John Dewey

**(In Dale Carnegie, *How to Win Friends and Influence People*
("The BIG Secret of Dealing With People"))**

**“Acknowledge” ...
perhaps the most
powerful word (and
idea) in the English
language—and
manager’s tool kit!**

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

—Mark Sanborn

**Responsiveness/
Apology/
“I’m sorry!”**

"I regard apologizing as the most magical, healing, restorative gesture human beings can make. It is the centerpiece of my work with executives who want to get better."

—Marshall Goldsmith, *What Got You Here Won't Get You There: How Successful People Become Even More Successful.*

**Relationships (of all varieties): THERE
ONCE WAS A TIME WHEN A
THREE-MINUTE
PHONE CALL
WOULD HAVE AVOIDED
SETTING OFF THE DOWNWARD
SPIRAL THAT RESULTED IN A
COMPLETE RUPTURE.***

***divorce, loss of a BILLION \$\$\$ aircraft sale, etc., etc.**

**THE PROBLEM IS
RARELY/NEVER THE
PROBLEM. THE
RESPONSE TO
THE PROBLEM INVARIABLY
ENDS UP BEING THE REAL
PROBLEM.***

***PERCEPTION IS ALL THERE IS!**

With a new and forthcoming policy on apologies ... Toro, the lawn mower folks, reduced the average cost of settling a claim from \$115,000 in 1991 to \$35,000 in 2008 ... and the company hasn't been to trial in the last 15 years!

SEVEN

**Excellence/
Aspiration/
Service/
Immoderation**

**1982-2012:
EXCELLENCE 30**

Excellence1982: 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”

“Breakthrough” 82*

People!

Customers!

Action!

Values!

****In Search of Excellence***

In Search of
EXCELLENCE
Lessons from
Best Run Companies

Hard is Soft.
Soft is Hard.

Thomas J. Peters and
Robert H. Waterman Jr.

**EXCELLENCE is not
an "aspiration."**

**EXCELLENCE is ...
THE NEXT FIVE
MINUTES.**

**EXCELLENCE is not an "aspiration."
EXCELLENCE is ... THE NEXT FIVE MINUTES.**

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 waaay over-reacting to 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.

2006 Novosibirsk: Aspiration

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.**

****Employees, Customers, Suppliers, Communities, Owners, Temporary partners**

2007 Sydney: Service

**Organizations exist to
serve. Period.**

**Leaders live to
serve. Period.**

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.)

7 Steps to Sustaining Success: And it starts with ...

**You take
care of the
people.**

... no less than **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.**

Immoderation

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!***

Excellence. Always.

**If not Excellence,
what?**

**If not Excellence
now, when?**

Eight

Top 20

1. **Apple** (10.2%)

2. **Microsoft** (9.8%)

3. **Amazon** (9.5%)

4. **Google** (8.7%)

5. **Facebook** (7.9%)

6. **Alphabet** (7.6%)

7. **Netflix** (7.3%)

8. **Twitter** (6.8%)

Top Twenty

**** Just one “secret” to innovation: It’s a messy world. We’re always operating half informed. Hence, “try more stuff than the other guy” and sort it out as you go forward is best way to up success odds. (“Ready. Fire. Aim.”—Ross Perot)**

**** Paradox: Superb quality is an absolute necessity, and it requires superb systems; but superb quality with the wrong product flunks. Hence one needs to be organized (quality) and disorganized (innovation) at the same time. (Axiom: Management is art, not science.)**

**** Waste #1: “Great branding”/marketing can not overcome a lousy product—it is largely wasted. The product (innovative, attractive, of the highest quality) comes first—though excellence in product *and* marketing is indubitably required to achieve a smashing success.**

Top Twenty

****Everywhere: “Excellence” in quality and design is not restricted to the “high end.” Both characteristics can be imbedded in lower-end products and services.**

****Iron law: All organizations get worse as they become more and more enormous. No cultural differences.**

****Iron law: Over the long haul, national success is largely built upon SMEs, with growth and innovation associated largely with a large population of vibrant mid-sized enterprises—Germany’s “Mittelstand” is exhibit #1.**

****Paradox: Hierarchy is dead. Long live hierarchy. New market requirements and new tools can dramatically reduce hierarchy. Still, I don’t want to drive across a bridge that didn’t have a “command and control” structure to sign off on safety.**

Top Twenty

****But: Hierarchy is often necessary—but relentless hot war must be declared on bureaucracy “24/7.”**

****“New marketing techniques”: The newest marketing technique is the oldest marketing technique but remains “new” because it is seldom practiced with requisite intensity. Namely, get the hell out into the market place and listen & listen & listen to customers. Then listen some more.**

****Always #1: Any nation’s Olympic team is as good as its athletes. (Duh.) Exactly the same is true with any (as in any!) organization: *Investment in and development of great people comes first and is the greatest sustaining differentiator!***

****Motivator #1: *Treating people with respect is always the #1 motivational “tool.”***

Top Twenty

****Why not business: In the army and in the theater and in sports, training is always Priority #1. Why not in business? No organization ever devoted too much effort to training!**

****Success “secret” #1: Work harder/much harder than the other guy/s. There’s more to it than hard work but hard work is the sine qua non. (Again: Think of the Olympics.)**

****Speed’s enabler: The #1 cause of delays is invariably lousy cross-functional communication—the product developers don’t talk to the logistics people who don’t talk to the sales people. Etc. Etc. Excellence in cross-functional communication must become a day-to-day top-management obsession.**

Top Twenty

****New context, new leaders: Innovation (and execution) today is a collaborative process. Women are on average better leaders than men in collaborative situations. Men take to hierarchies—we invented 'em. Women tend to lead more by inclusion rather than coercion.**

****Customer #1: In retail and in products designed for retail, *she* is the primary consumer. Company leadership and the product-service portfolio should mimic, more or less, this fact. (You heard it here 1st: Men and women are different.)**

****New context, new skills; The Age of Brawn is largely behind us. Brains and creativity and flexibility have come to the fore. Not only are our organizations unprepared—but our schools get it more or less exactly wrong 100% of the time.**

Top Twenty

****Acceleration: Technological change is accelerating as never before. It is not an exaggeration to say that “all bets are off;” adaptability and renewal are imperative on a short-cycle unimaginable only 10 or so years ago. (And we ain’t seen nothin’ yet.)**

****Mix it up: Company leaders tend to be look alike. Only (only!) diversity on any dimension you can name induces creativity over the long haul—from the boardroom to the front line.**

****“Sexy”: Clever strategies and exciting products are important, but superb execution invariably carries the day. Asked his #1 success “secret,” peerless hotelier Conrad Hilton replied, *“Don’t forget to tuck the shower curtain into the bath tub.”* Amen!**