

*Tom Peters'*

**Re-Imagine!**

*Business Excellence*

*in a Disruptive Age*

**King Fahd University/16May2005**

**Slides at ...**

**[tompeters.com](http://tompeters.com)**

***Re-imagine!***

**Not Your**

**Father's World I.**

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# “The Ultimate Luxury Item Is Now Made in China”

—Headline/p1/*The New York Times*/  
07.13.2004/**Topic: Luxury Yachts made in  
Zhongshan**

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“China’s Next  
Export:  
*Innovation*”

—*McKinsey Quarterly* (Cover Story)

**2003**: 98% U.S.

**2005**: U.S. 150;

**Shanghai 500**



**“Vaunted **German**  
Engineers Face  
Competition From  
China”** —Headline, p1/WSJ/07.15.2004

**168/**

**18,500/**

**51,000**

**1 Houston/  
Month**

# 2007\*

**\*The year Chinese will pass English to  
become the #1 language on the I'net**

**Source: UN, *Newsweek***

**35/70**

**'03: 25,000**

**'04: 100,000**

**'05: 400,000**

“The world has arrived at a rare strategic inflection point where nearly half its population—living in China, India and Russia—have been integrated into the global market economy, many of them highly educated workers, who can do

just about any job in the world. *We're*

*talking about three billion*

*people.*”

—Craig Barrett/Intel/01.08.2004

“On ***February 12, 2001,***  
anyone with access to the Internet ...  
Could suddenly look at a new atlas ...  
**one containing the whole  
human genome.”**

Source: Juan Enriquez, *As The Future Catches You*



*Re-imagine!*

**Not Your**

**Father's World II.**

“A focus on cost-cutting and efficiency has helped many organizations weather the downturn, but this approach will ultimately render them obsolete. Only the constant pursuit of innovation can ensure long-term success.” —Daniel Muzyka, Dean, Sauder School of Business, Univ of British Columbia (FT/09.17.04)

“We’re now entering a new phase of business where the group will be a **franchising and management company** where **brand management** is central.” —David Webster, Chairman, InterContinental Hotels Group

“InterContinental will now have far more to do with **brand ownership** than hotel ownership.” —James Dawson of Charles Stanley (brokerage)

Source: *International Herald Tribune*, 09.16, on the sacking of CEO Richard North, whose entire background is in finance

***“The Creative Age  
is a wide-open  
game.”***

—Richard Florida, *The Rise of the  
Creative Class*

Creativity Index:

# The 3 T's

**Technology** (HT Index/firms & \$\$\$,  
Innovation Index/patent growth)

**Talent** (% with bachelors degrees+)

**Tolerance** (Melting Pot Index/foreigners,  
Bohemian Index/artists et al.)

Source: Richard Florida, *The Rise of the Creative Class*

**Agriculture Age** (farmers)  
**Industrial Age** (factory workers)  
**Information Age** (knowledge workers)  
***Conceptual Age*** (*creators and  
empathizers*)

Source: Dan Pink, *A Whole New Mind*

“The last few decades have belonged to a certain kind of person with a certain kind of mind—computer programmers who could crank code, lawyers who could craft contracts, MBAs who could crunch numbers. But the keys to the kingdom are changing hands. The future belongs to a very different kind of person with a very different kind of mind—creators and empathizers, pattern recognizers and meaning makers. *These people—artists, inventors, designers, storytellers, caregivers, consolers, big picture thinkers—will now reap society’s richest rewards and share its greatest joys.*” —Dan Pink, *A Whole New Mind*

“When I was growing up, my parents used to say to me: ‘Finish your dinner—people in China are starving.’ I, by contrast, find myself wanting to say to my daughters: ‘Finish your homework—people in China and India are starving for your job.’”

—Thomas Friedman/06.24.2004



“How we feel about the evolving future tells us who we are as individuals and as a civilization: Do we search for stasis—a regulated, engineered world? *Or do we embrace dynamism—a world of constant creation, discovery and competition?* Do we value stability and control? *Or evolution and learning?* Do we think that progress requires a central blueprint? *Or do we see it as a decentralized, evolutionary process?* Do we see mistakes as permanent disasters? *Or the correctable byproducts of experimentation?* Do we crave predictability? *Or relish surprise?* These two poles, stasis and dynamism, increasingly define our political, intellectual and cultural landscape.” —Virginia Postrel, *The Future and Its Enemies*

# The General's Story. (And the Admiral's.)

***“If you don’t like  
change, you’re going to  
like irrelevance even  
less.”***

**—General Eric Shinseki, Chief of Staff. U. S. Army**

Nelson's secret: ***“[Other]  
admirals more  
frightened of losing  
than anxious to win”***

**My Story.**

**“In Tom’s world, it’s always  
better to try a swan  
dive and deliver a colossal  
belly flop than to step timidly  
off the  
board while holding your  
nose.” —*Fast Company* /October2003**

**Everybody's  
Story.**

**“One Singaporean worker  
costs as much as ...**

**3 ... in Malaysia**

**8 ... in Thailand**

**13 ... in China**

**18 ... in India.”**

**Source: *The Straits Times*/08.18.03**



“Thaksinomics” (after Thaksin Shinawatra, PM)/

“Bangkok Fashion City”:

***“managed asset  
reflation”***

(add to brand value of Thai

textiles by demonstrating flair and design excellence)

Source: *The Straits Times*/03.04.2004

**I. NEW  
BUSINESS.  
NEW  
CONTEXT.**

1. Re-imagine  
Everything: All  
Bets Are Off.

*Jobs*

**New Technology**

**Globalization**

**Security**

**“Income Confers No  
Immunity as Jobs  
Migrate”**

—Headline/*USA Today*/02.04

# “Reuters Plans To Triple Jobs at Site In India”

—Headline/

*New York Times/World Business/08October2004/*

**10% of total workforce in Bangalore by 2006**

## India

**350,000 engineering grads per year**

**>50% F500 outsource software work  
to India**

**GE: 48% of software developed in India**  
(Sign in GE India office: ***“Trespassers will be recruited”***)

**Source: Dan Pink, *A Whole New Mind***

**Jobs**

***Technology***

**Globalization**

**Security**



**IS/IT**

*“UPS used to be a trucking  
company with technology. Now  
it’s a technology  
company with  
trucks.” —Forbes*

**Life**

**Sciences**

**“WE ARE BEGINNING TO  
ACQUIRE ... DIRECT AND  
DELIBERATE CONTROL ...  
OVER THE EVOLUTION  
OF ALL LIFE FORMS ...  
ON THE PLANET.”**

Source: Juan Enriquez, *As The Future Catches You*

“In a couple of decades the world’s dominant language became  
... strings of ones and zeroes.

Your world ... and your language ...

are about to change again. **THE DOMINANT  
LANGUAGE ... AND  
ECONOMIC DRIVER ... OF  
THIS CENTURY ... IS GOING  
TO BE ... GENETICS.”**

Source: Juan Enriquez, *As The Future Catches You*

**Jobs**

**Technology**

***Globalization***

**Security**

***“Asia’s rise is the economic event of our***

***age.*** Should it proceed as it has over the last few decades, it will bring the two centuries of global domination by Europe and, subsequently, its giant North American offshoot to an end.”

***—Financial Times (09.22.2003)***

**Jobs**

**Technology**

**Globalization**

***Security***



**“This is a dangerous world and  
it is going to become more dangerous.”**

***“We may not be  
interested in chaos but  
chaos is interested  
in us.”***

**Source: Robert Cooper, *The Breaking of Nations:  
Order and Chaos in the Twenty-first Century***

**2. Re-imagine**

**Permanence:**

**The Emperor Has  
No Clothes!**

**Forbes100 from 1917 to 1987: 39**

members of the Class of '17 were alive  
in '87; 18 in '87 F100; 18 F100  
“survivors” *underperformed* the market  
by 20%; just 2 (2%), GE & Kodak,  
outperformed the market 1917 to 1987.

**S&P 500 from 1957 to 1997:** 74 members of the Class of '57 were  
alive in '97; 12 (2.4%) of 500 outperformed the market from 1957  
to 1997.

Source: Dick Foster & Sarah Kaplan, *Creative Destruction: Why  
Companies That Are Built to Last Underperform the Market*

“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*

“The difficulties ... arise from the inherent conflict between the need to control existing operations and the need to create the kind of environment that will permit new ideas to flourish—and old ones to die a timely death. ... *We believe that most corporations will find it impossible to match or outperform the market without abandoning the assumption of continuity.* ... The current apocalypse—the transition from a state of continuity to state of discontinuity—has the same suddenness [as the trauma that beset civilization in 1000 A.D.]”

Richard Foster & Sarah Kaplan, “Creative Destruction” (*The McKinsey Quarterly*)

**“The corporation as we know it, which is now 120 years old, is *not likely to survive the next 25 years.* Legally and financially, yes, but not structurally and economically.”**

**Peter Drucker, *Business 2.0***

### **3. Re-imagine:**

**Innovate or Die!**

**A380!**



## Re-imagine General Electric

“Welch was to a large degree a growth by acquisition man. ‘In the late ’90s,’ Immelt says, ‘we became business traders, not business growers. Today organic growth is absolutely the biggest task of everyone of our companies. If we don’t hit our organic growth targets, people are not going to get paid.’ ... ***Immelt has staked GE’s future growth on the force that guided the company at it’s birth and for much of its history: breathhtaking, mind-blowing, world-rattling technological innovation.***” —“GE Sees the Light”/Business 2.0/July 2004

“Under his former boss, Jack Welch, the skills GE prized above all others were cost-cutting, efficiency and deal-making. What mattered was the continual improvement of operations, and that mindset helped the \$152 billion industrial and finance behemoth a marvel of earnings consistency. *Immelt hasn't turned his back on the old ways. But in his GE, the new imperatives are risk-taking, sophisticated marketing and, above all, innovation.*” —BW/032805

***“Wealth in this new regime flows directly from innovation, not optimization. That is, wealth is not gained by perfecting the known, but by imperfectly seizing the unknown.”***

**—Kevin Kelly, *New Rules for the New Economy***

**“Good management was the most powerful reason [leading firms] failed to stay atop their industries.**

Precisely because these firms listened to their customers, invested aggressively in technologies that would provide their customers more and better products of the sort they wanted, and because they carefully studied market trends and systematically allocated investment capital to innovations that promised the best returns, they lost their positions of leadership.”

Clayton Christensen, *The Innovator's Dilemma*

“When asked to name just one big merger that had lived up to expectations, Leon Cooperman, former cochairman of Goldman Sachs’ Investment Policy Committee, answered: *I’m sure there are success stories out there, but at this moment I draw a blank.*”

Mark Sirower, *The Synergy Trap*

***“Not a single company that qualified as having made a sustained transformation ignited its leap with a big acquisition or merger.*** Moreover, comparison companies—those that failed to make a leap or, if they did, failed to sustain it—often tried to make themselves great with a big acquisition or merger. They failed to grasp the simple truth that while you can buy your way to growth, you cannot buy your way to greatness.” —Jim Collins/ *Time*/11.29.04

**“Acquisitions are about buying market share. *Our challenge is to create markets.* There is a big difference.”**

**Peter Job, CEO, Reuters**

## 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



## No Wiggle Room!

“Incrementalism is  
innovation’s worst  
enemy.”

Nicholas Negroponte

***“Beware of the tyranny of making Small Changes to Small Things. Rather, make Big Changes to Big Things.”***

—Roger Enrico, former Chairman, PepsiCo

**They say “Improve.”**  
**I say “Re-imagine!”**

**Innovation Index: How many of your Top 5 Strategic Initiatives score 7 or higher (out of 10) on a “Weirdness/Profundity Scale”?**

## Ready. Fire! Aim.

**“The Milken model, in a nutshell, is to stimulate research by drastically cutting the waiting time for grant money, to flood the field with fast cash, to fund therapy-driven ideas rather than basic science, to hold researchers he funds accountable for results, and to demand collaboration across disciplines and among institutions, private industry, and academia.” —*Fortune/The Business*, “The Man Who Changed Medicine” (11.28-29)**

# **Winning the Merger Game Is Possible**

- Lots of deals**
- Little deals**
- Friendly deals**
- Stay close to core competence**
- Strategy is easy to understand**

**Source: “The Mega-merger Mouse Trap”/Wall Street Journal/02.17.2004/David Harding & Sam Rovit, Bain & Co./re Comcast-Disney**

# “Strategic Thrust Overlay”\*

**Sysco**

**Microsoft (I’net, Search)**

**GE (6-Sigma, Workout, etc.)**

**GSK (7 CEDDs)**

**Apple (Mac)**

**Hyundai (et al.) (Electronics, etc.)**

\*Different from Skunkworks

**Reward excellent  
failures. Punish  
mediocre  
successes.”**

Phil Daniels, Sydney exec



**Bottom line:** No promotion to senior levels of public or private enterprise should ever again be granted to anyone who does not present a CV saturated by a clear and compelling demonstration of sustained commitment to Radical Change. Do we wish for “good strategists”? Why not! But the heart of the matter goes far beyond any plan, no matter how brilliant. The heart of the matter is Heart &

Will ... a record of upsetting apple carts, dislodging “establishments,” and fundamentally altering deep-rooted “cultures” to embrace change of the most primal sort.

**“Excellence” in a “disruptive age” is not excellence amidst placid waters.** The notion of excellence itself changes ... dramatically. We need our public and private Churchills, leaders who can re-imagine, who can call forth wellsprings of daring and guts and spirit and spunk, from one and all, to topple the way things may have been for many generations—and who inspire us to venture forth into today’s and tomorrow’s whitewaters with insouciance and bravado and determination.

## 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!*

**The SE17:  
Origins of Sustainable  
Entrepreneurship**

## SE17/Origins of Sustainable Entrepreneurship

- 1. Genetically disposed to Innovations that upset apple carts**  
(3M, Apple, FedEx, Virgin, BMW, Sony, Nike, Schwab, Starbucks, Oracle, Sun, Fox, Stanford University, MIT)
- 2. Perpetually determined to outdo oneself, even to the detriment of today's \$\$\$ winners** (Apple, Cirque du Soleil, Microsoft, Nokia, FedEx)
- 3. Love the Great Leap/Enjoy the Hunt** (Apple, Oracle, Intel, Nokia, Sony)
- 4. Encourage Vigorous Dissent/Genetically “Noisy”** (Intel, Apple, Microsoft, CitiGroup, PepsiCo)
- 5. “Culturally” as well as organizationally Decentralized** (GE, J&J, Omnicom)
- 6. Multi-entrepreneurship/Many Independent-minded Stars**  
(GE, PepsiCo, Time Warner)

## SE17/Origins of Sustainable Entrepreneurship

7. **Keep decentralizing—tireless in pursuit of wiping out Centralizing Tendencies** (J&J, Virgin)
8. **Scour the world for Ingenious Alliance Partners—especially exciting start-ups** (Pfizer)
9. **Acquire for Innovation, not Market Share** (Cisco, GE)
10. **Don't overdo “pursuit of synergy”** (GE, J&J, Time Warner)
11. **Find and Encourage and Promote Strong-willed/ Independent people** (GE, PepsiCo)
12. **Ferret out Talent ... anywhere and everywhere/“No limits” approach to retaining top talent** (Nike, Virgin, GE, PepsiCo)

**DePuySpine/J&J\***

**70/3**

**50+**

**game-changers!**

**\*Still decentralized after all these years!**

## SE17/Origins of Sustainable Entrepreneurship

13. **Unmistakable Results & Accountability focus from the get-go to the grave** (GE, New York Yankees, PepsiCo)
14. **Up or Out** (GE, McKinsey, big consultancies and law firms and ad agencies and movie studios in general)
15. **Competitive to a fault!** (GE, New York Yankees, News Corp/Fox, PepsiCo)
16. **“Bi-polar” Top Team, with “Unglued” Innovator #1, powerful Control Freak #2** (Oracle, Virgin) (Watch out when #2 is missing: Enron)
17. **Masters of Loose-Tight/Hard-nosed about a very few Core Values, Open-minded about everything else** (Virgin)

4. *Re-imagine the*  
*Roots of Innovation:*  
***THINK WEIRD*** ... the  
High Value Added  
Bedrock.



**FLASH:**

***Innovation is  
easy!***

**Saviors-in-Waiting**

**Disgruntled Customers**

**Off-the-Scope Competitors**

**Rogue Employees**

**Fringe Suppliers**

Wayne Burkan, *Wide Angle Vision: Beat the Competition by Focusing on Fringe Competitors, Lost Customers, and Rogue Employees*

**CUSTOMERS:** “Future-defining customers may account for only 2% to 3% of your total, *but they represent a crucial window on the future.*”

Adrian Slywotzky, Mercer Consultants

**“Generally, disruptive technologies underperform established established products in mainstream markets. *But they have other features that a few fringe (and generally new) customers value.*”**

**Clayton Christensen, *The Innovator’s Dilemma***

**COMPETITORS:** *“The best swordsman in the world doesn’t need to fear the second best swordsman in the world;* no, the person for him to be afraid of is some ignorant antagonist who has never had a sword in his hand before; he doesn’t do the thing he ought to do, and so the expert isn’t prepared for him; he does the thing he ought not to do and often it catches the expert out and ends him on the spot.”

Mark Twain

***“To grow, companies need to break out of a vicious cycle of competitive benchmarking and imitation.”*** —W. Chan Kim & Renée Mauborgne,

**“Think for Yourself —Stop Copying a Rival,” *Financial Times*/08.11.03**

“This is an essay about what it takes to create and sell something remarkable. It is a plea for originality, passion, guts and daring. You can’t be remarkable by following someone else who’s remarkable. One way to figure out a theory is to look at what’s working in the real world and determine what the successes have in common. But what could the Four Seasons and Motel 6 possibly have in common? Or Neiman-Marcus and Wal\*Mart? Or Nokia (bringing out new hardware every 30 days or so) and Nintendo (marketing the same Game Boy 14 years in a row)? It’s like trying to drive

looking in the rearview mirror. *The thing that all these*

*companies have in common is that*

*they have nothing in common.* They are outliers. They’re on the fringes. Superfast or superslow. Very exclusive or very cheap. Extremely big or extremely small. The reason it’s so hard to follow the leader is this: The leader is the leader precisely because he did something remarkable. And that remarkable thing is now taken—so it’s no longer remarkable when you decide to do it.” —Seth Godin, *Fast Company*/02.2003

**“How do dominant companies lose their position? Two-thirds of the time, they pick the wrong competitor to worry about.”**

—Don Listwin, CEO,  
Openwave Systems/WSJ/06.01.2004 (commenting on Nokia)



**Kodak .... Fuji**

**GM .... Ford**

**Ford .... GM**

**IBM .... Siemens, Fujitsu**

**Sears ... Kmart**

**Xerox .... Kodak, IBM**

**Employees:** “Are there  
**enough weird**  
**people** in the lab these  
days?”

V. Chmn., pharmaceutical house, to a lab director

## Why Do I love Freaks?

- (1) Because when Anything Interesting happens ... it was a **freak** who did it. (Period.)
- (2) **Freaks** are fun. (Freaks are also a pain.) (Freaks are never boring.)
- (3) We need **freaks**. Especially in freaky times. (Hint: These are freaky times, for you & me & the CIA & the Army & Avon.)
- (4) A critical mass of **freaks-in-our-midst** automatically make us-who-are-not-so-freaky at least somewhat more freaky. (Which is a Good Thing in freaky times—see immediately above.)
- (5) **Freaks** are the only (ONLY) ones who succeed—as in, make it into the history books.
- (6) **Freaks** keep us from falling into ruts. (If we listen to them.) (We seldom listen to them.) (Which is why most of us—and our organizations—are in ruts. Make that chasms.)

**Suppliers: “*There is an ominous downside to strategic supplier relationships.* An SSR supplier is not likely to function as any more than a mirror to your organization. Fringe suppliers that offer innovative business practices need not apply.”**

**Wayne Burkan, *Wide Angle Vision: Beat the Competition by Focusing on Fringe Competitors, Lost Customers, and Rogue Employees***

**Axiom: Never use a vendor who is not in the top quartile (decile?) in their industry on R&D spending!\***

**\*Inspired by Hummingbird**

*We become  
who we hang  
out with!*

# 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**

# **“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/“Strategy or Revolution”/Harvard Business Review**



**II. NEW  
BUSINESS.  
NEW TECH.**

**5. Re-imagine**

**Organizing I:**

**IS/IT as**

**Disruptive Tool!**

**“The organizations we created have become tyrants. They have taken control, holding us fettered, creating barriers that hinder rather than help our businesses. *The lines that we drew on our neat organizational diagrams have turned into walls that no one can scale or penetrate or even peer over.*”** —Frank Lekanne Deprez & René Tissen, *Zero Space: Moving Beyond Organizational Limits.*

*We all live in  
Dell-Wal\*Mart-  
eBay-Google World!*

# Productivity!

**McKesson 2002-2003:**

**Revenue ... +\$7B**

**Employees ... +500**

Source: *USA Today*/06.14.04

***Sysco!***

***“Ebusiness is about rebuilding the organization from the ground up. Most companies today are not built to exploit the Internet. Their business processes, their approvals, their hierarchies, the number of people they employ ... all of that is wrong for running an ebusiness.”***

**Ray Lane, Kleiner Perkins**

- \* Aggressive/\$\$\$\$**
- \* Bold/GameChanger**
- \* Bold/Creative Destruction**
- \* “Cool” Supplier Portfolio**
- \* Web Fanaticism**



**5% F500 have CIO on**

**Board:** “While some of the world’s most admired companies—Tesco, Wal\*Mart—are transforming the business landscape by including technology experts on their boards, the vast majority are missing out on ways to boost productivity, competitiveness and shareholder value.”

Source: Burson-Marsteller

**6. Re-imagine**  
**Organizing II:**  
**What**  
**Organization?**

***“Organizations will still be critically important in the world, but as ‘organizers,’ not ‘employers’!”*** — Charles Handy

## 07.04/TP In Nagano ...

**Revenue: \$10B**

**FTE: 1\***

\*Maybe

**Not “out sourcing”**

**Not “off shoring”**

**Not “near shoring”**

**Not “in sourcing”**

**but ...**

***“Best Sourcing”***

***“Managers are the dinosaurs of our modern organizational ecology. The Age of Management is finally coming to a close.*** The need for overseers, surrogate parents, scolds, monitors, functionaries, disciplinarians, bureaucrats, and lone implementers is over, while the need for visionaries, leaders, coordinators, coaches, mentors, facilitators, and conflict resolvers is steadily increasing, pressing itself upon us. ... Nearly unnoticed, a far-reaching organizational transformation has already begun, based on the idea that management as a system fails to open the heart or free the spirit. This revolution is attempting to turn inflexible, autocratic, static, coercive bureaucracies into agile, evolving, democratic, collaborative, self-managing webs of association.”

—*The End of Management*, Kenneth Cloke & Joan Goldsmith

**III. NEW  
BUSINESS. NEW  
VALUE  
PROPOSITION.**

**7. *Re-imagine Organizing III:***  
**The White-Collar Tsunami**  
**and the Professional**  
**Service Firm (“PSF”)**  
**Imperative.**



E.g. ...

**Jeff Immelt: 75% of “admin, back room, finance” “digitalized” in**

**3** years.

Source: *BW* (01.28.02)

**HouseValues.com ... HomeGain.com ...  
House.com ... ServiceMagic.com ...  
LendingTree.com ... har.com ...  
ZipRealty.com ... homedepot.com ...  
forsalebyowner.com ... homestore.com ...  
HomeLoanCenter.com ... owners.com ...  
CompleteHome.com ... Reply.com\***

**\*70% start search on Web (vs 49% newspaper) (1.9 weeks with  
Realtor vs 7.1); 35% of leads from Web (25-35% of fee);  
commission, 6%-4.5% (\$60B)**

Richard: *“Papa, what do you do?”*

Papa: *“I’m ‘overhead.’”*

Richard: *“Papa, what do you do?”*

Papa: *“I manage a ‘cost center.’”*

Richard: “*Daddy, what do you do?*”

Papa: “*I’m a ‘bureaucrat.’*”

Job One: Getting  
**(WAY)** beyond the  
“Cost center,”  
“Overhead” mentality!

Answer: PSF!  
[Professional Service Firm]

Department Head

to ...

*Managing Partner,*

*HR [IS, etc.] Inc.*

**The “PSF35”:  
Thirty-Five  
Professional Service Firm  
Marks of Excellence**



## The PSF35: The Work & The Legacy

1. **CRYSTAL CLEAR POINT OF VIEW** (Every Practice Group: “If you can’t explain your position in eight words or less, you don’t have a position”—Seth Godin)
2. **DRAMATIC DIFFERENCE** (“We are the only ones who do what we do”—Jerry Garcia)
3. Stretch Is Routine (“Never bite off less than you can chew”—anon.)
4. Eye-Appetite for Game-changer Projects (Excellence at Assembling “Best Team”—Fast)
5. “Playful” Clients (Adventurous folks who unfailingly Aim to Change the World)
6. Small “Uneconomic” Clients with Big Aims
7. Life Is Too Short to Work with Jerks (Fire lousy clients)
8. **OBSESSED WITH LEGACY** (Practice Group and Individual: “Dent the Universe”—Steve Jobs)
9. Fire-on-the-spot Anyone Who Says, “Law/Architecture/Consulting/I-banking/ Accounting/PR/Etc. has become a ‘commodity’ ”
10. Consistent with #9 above ... **DO NOT SHY AWAY FROM THE WORD (IDEA) “RADICAL”**

***Point of View!***

# R.POV8\*

**\*Remarkable Point Of View/8 Words or less/“If you can’t state your position in eight words or less you don’t have a position.”—SG**

“Every project we undertake starts with the same question:

**‘How can we do what has never been done before?’”**

—Stuart Hornery, Lend Lease

## Question #1 ...

“HOW WILL THIS PROJECT ENHANCE THE CUSTOMER EXPERIENCE IN A WAY THAT WILL IMPLEMENT ‘**DRAMATIC DIFFERENCES**’ FROM OUR COMPETITORS SO THAT WE CAN CAPTURE NEW CUSTOMERS, RETAIN OLD CUSTOMERS & GROW THEIR BUSINESS, BUILD OUR BRAND INTO A LOVEMARK ... AND KICK-START THE ‘**TOP LINE**’ ?”

**“Gasp-**

**worthy!”**

## The PSF35: The Client Experience

11. Always team with client: “full partners in achieving memorable results” (Wanted: “Chimeras of Moonstruck Minds”!)
12. We will seek assistance Anywhere to assemble the Best-in-Planet Team for the Project
13. Client Team Members routinely declare that working with us was “the Peak Experience of my Career”
14. The job’s not done until implementation is “100.00% complete” (Those who don’t “get it” must go)
15. **IMPLEMENTATION IS NOT COMPLETE UNTIL THE CLIENT HAS EXPERIENCED “CULTURE CHANGE”**
16. **IMPLEMENTATION IS NOT COMPLETE UNTIL SIGNIFICANT “TECHNOLOGY TRANSFER” HAS TAKEN PLACE-ROOT (“Teach a man to fish ...”)**
17. The Final Exam: **DID WE MAKE A DRAMATIC, LASTING, GAME-CHANGING DIFFERENCE?**

## The PSF35: The People & The Leadership

18. **TALENT FANATICS** (“Best-Cooler place to work”) (PERIOD)
19. **EYE FOR THE PECULIAR** (Hiring: Go beyond “same old, same old”)
20. Early Opportunities (vs. “Wait your turn”)
21. Up or Out (Based on “Legacy”/Mentoring as much as “Billings”/“Rainmaking”)
22. Slide the Old Aside/Make Room for Youth (Find oldsters new roles?)
23. **TALENT IS OBSESSED WITH RENEWAL FROM DAY #1 TO DAY #“R”** [R = Retirement]
24. Office/Practice Leaders Evaluated Primarily on Mentoring-Team Building Skills
25. **A “PROPRIETARY” TALENT DEVELOPMENT PROCESS (GE)**
26. Team Leadership Skills Valued Early
27. Partner with B.I.W. [Best In World] Outsiders as Needed and to Infuse Different Views



## The PSF35: The Firm & The Brand

28. **EAT-SLEEP-BREATHE-OOZE INTEGRITY** (“My life is my message”—Gandhi)
29. Excellence+ in **EXECUTION** ... 100.00% of the Time (No such thing as a “small sins”/World Series Ring to the Batboy!)
30. “Drop everything”/“Swarm” to Support a Harried-On The Verge Team
31. **SPEND AS AGGRESSIVELY ON R&D AS A TECH FIRM OR CIRQUE DU SOLEIL**
32. **A PROPRIETARY METHODOLOGY** (FBR, McKinsey, Chiat Day, IDEO, old EDS)
33. Web (Technology) Obsession
34. **BRAND/“LOVEMARK” MANIACS** (Organize Around a Point of View Worth BROADCASTING: “You must be the change you wish to see in the world”—Gandhi)
35. **PASSION! ENTHUSIASM!** (Passion & Enthusiasm have as much a place at the Head Table in a “PSF” as in a widgets factory: “You can’t behave in a calm, rational manner. You’ve got to be out there on the lunatic fringe”—Jack Welch)

## Static/Imitative

**Integrity.**

**Quality.**

**Excellence.**

**Continuous Improvement.**

**Superior Service (Exceeds Expectations.)**

**Completely Satisfactory Transaction.**

**Smooth Evolution.**

**Market Share.**

## Dynamic/Different

**Dramatic Difference!**

**Disruptive!**

**Insanely Great! (Quality++++)**

**Life-(Industry-)changing Experience!**

**Game-changing!**

**WOW!**

**Surprise!**

**Delight!**

**Breathtaking!**

**Punctuated Equilibrium!**

**Market Creation!**

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

**—GB Shaw/*Man and Superman***

**8. Re-imagine Business's  
Fundamental Value  
Proposition:**

**PSFs Unbound ...**

**Fighting “*Inevitable  
Commoditization*” via**

**“The Solutions Imperative.”**

“The ‘surplus society’ has a surplus of similar companies, employing similar people, with similar educational backgrounds, coming up with similar ideas, producing similar things, with similar prices and similar quality.”

Kjell Nordström and Jonas Ridderstråle, *Funky Business*

**“Companies have defined  
so much ‘best practice’  
that they are now more or  
less identical.”**

**Jesper Kunde, *Unique Now ... or Never***

# And the “M” Stands for ... ?

Gerstner's IBM: ***“Systems  
Integrator of  
choice.”*** (BW)

IBM Global Services: **\$55B**

**“Never mind computers and  
tech services. IBM’s radical  
new focus is on revamping  
customers’ operations  
—and running them.”**

**—Headline/ *BW*/ 04.18.05**



## Planetary Rainmaker-in-Chief

***“[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*/06.14.04

**“Big Brown’s New  
Bag: UPS Aims to Be  
the Traffic Manager  
for Corporate  
America”**

—Headline/BW/07.19.2004

# “SCS”/Supply Chain

Solutions: 750 locations;  
\$2.5B; fastest growing  
division; 19 acquisitions,  
including a bank

Source: *Fast Company*/02.04

# “Customer Satisfaction” to “Customer Success”

“We’re getting better at [Six Sigma] every day. But we really need to think about the customer’s profitability. *Are customers’ bottom lines really benefiting from what we provide them?”*

Bob Nardelli, GE Power Systems

Keep In Mind: **Customer**

**Satisfaction**

**versus Customer**

**Success**

# Beyond the “Transaction” Mentality

“*Good hotel*”/ “*Happy guest*”

vs.

“*Great Vacation*”/

“*Great Conference*”/

“*Operation Personal*

*Renewal*”

***“The only reason to  
give a speech is to  
change the world.” —***

**JFK**

New York-Presbyterian: *7-year,*  
*\$500M enterprise-*  
*systems consulting and*  
*equipment contract with GE*  
*Medical Systems*

Source: NYT/07.18.2004



“Thaksinomics” (after Thaksin Shinawatra, PM)/

“Bangkok Fashion City”:

***“managed asset  
reflation”*** (add to brand value of Thai

textiles by demonstrating flair and design excellence)

Source: *The Straits Times*/03.04.2004

“[Sony] faces turmoil as it makes the transition from hardware to *software*, from products to *services*.” —Tim Clark & Carl Kay, “It Will Take More Than a Foreign CEO to Save Sony,” *NYT* (03.09.05)

**IV. NEW  
BUSINESS. NEW  
GAME.**

**9. Re-imagine  
Enterprise as  
Theater I: A World  
of Scintillating  
“Experiences.”**

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

Joseph Pine & James Gilmore, *The Experience Economy:  
Work Is Theatre & Every Business a Stage*

**“Club Med** is more than just a ‘resort’; it’s a means of rediscovering oneself, of inventing an entirely new ‘me.’ ”

Source: Jean-Marie Dru, *Disruption*

## “The [Starbucks] Fix” Is on ...

“We have identified a ‘third place.’ And I really believe that sets us apart. The third place is that place that’s not work or home. *It’s the place our customers come for refuge.*”

Nancy Orsolini, District Manager

## Experience: “Rebel Lifestyle!”

*“What we sell is the ability for a 43-year-old accountant to dress in black leather, ride through small towns and have people be afraid of him.”*

Harley exec, quoted in *Results-Based Leadership*



2/50

3Q04

# The “Experience Ladder”

*Experiences*

Services

Goods

Raw Materials

# The “Experience Ladder”/TP

*Experiences*

*Solutions/Success*

Services

Goods

Raw Materials

**KFC**

**(et al.)**

*“When we did it  
‘right’ it was still  
pretty ordinary.”*

Barry Gibbons on *“Nightmare No. 1”*

***This is not a  
“mature  
category.”***

*This is an*  
***undistinguished***  
*category.”*

**17 “visits”\*: KFC, 4;  
McD, 4; BK, 3; TB, 2;  
PH, 2; DD, 1; W, 1**

**\*6 TP solo, 5 TP accompanied, 6 TP Staff (no airports)**



	<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>	<u>Avg</u>
Toilets	0	1	6	5	5	D
Gen'l Cleanliness	1	2	8	5	1	C-
Speed	5	6	4	2	0	B
Attitude	1	3	8	4	1	C
Overall "Experience"	<u>0</u>	<u>3</u>	<u>9</u>	<u>5</u>	<u>0</u>	C-
TOTAL	7	15	35	21	7	

## Fight 'til Death!

“I thought, ‘What a dreadful mission I have in life.’  
I’d love to get six-thousand restaurants up to

spec, but when I do it’s **‘Ho-hum.’**

It’s bugged me ever since. It’s one of the great paradoxes of modern business. ***We all know distinction is key, and yet in the last twenty years we have created a plethora of ho-hum products and services.*** Just go fly in an airplane. It could be such an enlightening experience. Ho-hum. We swim in an ocean of ho-hum, and I’m going to fight it. I’m going to die fighting it.” — Barry Gibbons

10. Re-imagine  
Enterprise as  
Theater II:

Embracing the  
“Dream Business.”

**DREAM:** “A dream is a complete moment in the life of a client. Important experiences that tempt the client to commit substantial resources. The essence of the desires of the consumer. The opportunity to help clients become what they want to be.” —Gian Luigi

**Longinotti-Buitoni**

## **The Marketing of Dreams (Dreamketing)**

**Dreamketing: Touching the clients' dreams.**

**Dreamketing: The art of telling stories and entertaining.**

**Dreamketing: Promote the dream, not the product.**

**Dreamketing: Build the brand around the main dream.**

**Dreamketing: Build the “buzz,” the “hype,” the “cult.”**

**Source: Gian Luigi Longinotti-Buitoni**

# Experience Ladder/TP

**Dreams Come True**  
**Awesome Experiences**  
**Solutions/Success**  
**Services**  
**Goods**  
**Raw Materials**

**“The Ritz-Carlton  
experience enlivens the  
senses, instills well-  
being, and fulfills even  
the unexpressed wishes  
and needs of our guests.”**

**— from the Ritz-Carlton Credo**

# Six Market Profiles

1. **Adventures for Sale**
2. **The Market for Togetherness, Friendship and Love**
3. **The Market for Care**
4. **The Who-Am-I Market**
5. **The Market for Peace of Mind**
6. **The Market for Convictions**

***Rolf Jensen/The Dream Society: How the Coming Shift from Information to Imagination Will Transform Your Business***



## Six Market Profiles

1. Adventures for Sale/**IBM-UPS-GE**
2. The Market for Togetherness, Friendship and Love/**IBM-UPS-GE**
3. The Market for Care/**IBM-UPS-GE**
4. The Who-Am-I Market/**IBM-UPS-GE**
5. The Market for Peace of Mind/**IBM-UPS-GE**
6. The Market for Convictions/**IBM-UPS-GE**

*Rolf Jensen/The Dream Society: How the Coming Shift from Information to Imagination Will Transform Your Business*

**IBM, UPS, GE ...**

**Dream**

**Merchants!**

“The sun is setting on the Information Society—even before we have fully adjusted to its demands as individuals and as companies. We have lived as hunters and as farmers, we have worked in factories and now we live in an information-based

society whose icon is the computer. **We stand**

**facing the fifth kind of**

**society: the Dream Society.**

... Future products will have to appeal to our hearts, not to our heads. Now is the time to add emotional value to products and

**services.” —Rolf Jensen/*The Dream Society:How the Coming Shift from Information to Imagination Will Transform Your Business***

11. Re-imagine the  
“Soul” of New Value:  
**Design Rules!**

**Design's place in  
the universe.**

## All Equal Except ...

“At Sony we assume that all products of our competitors have basically the same technology, price, performance and features. ***Design is the only thing that differentiates one product from another in the marketplace.***”

Norio Ohga

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

*Fortune*

**Design coda.**



“Having spent a century or more focused on other goals—  
solving manufacturing problems, lowering costs, making goods  
and services widely available, increasing convenience, saving  
energy—we are increasingly engaged in making our world  
special. More people in more aspects of life are drawing  
pleasure and meaning from the way their persons, places and  
things look and feel. *Whenever we have the  
chance, we’re adding sensory,  
emotional appeal to ordinary  
function.*” — Virginia Postrel, *The Substance of Style: How the  
Rise of Aesthetic Value Is Remaking Commerce, Culture and Consciousness*

“With its carefully conceived mix of colors and textures, aromas and music, **Starbucks** is more indicative of our era than the iMac. It is to the Age of Aesthetics what McDonald’s was to the Age of Convenience or Ford was to the Age of Mass Production—the touchstone success story, the exemplar of all that is good and bad about the aesthetic imperative. ... ***‘Every Starbucks store is carefully designed to enhance the quality of everything the customers see, touch, hear, smell or taste,’*** writes CEO Howard Schultz.” —Virginia Postrel, *The Substance of Style: How the Rise of Aesthetic Value Is Remaking Commerce, Culture and Consciousness*

***DESIGN IS INEVITABLE!***  
***DESIGN IS THE DIFFERENCE!***  
***DESIGN RULES!***

## Marketing “Magic”\*

# The “Missing 95%”: The Unconscious!

\*E.g. ZMET/Zaltman Metaphor Evaluation Technique

**“SAMSUNG DESIGN: THE  
KOREAN GIANT MAKES  
SOME OF THE COOLEST  
GADGETS ON EARTH. NOW  
IT’S REINVENTING ITSELF  
TO GET EVEN COOLER.”**

**—Cover/*BusinessWeek*/11.29.2004**

## **Samsung By Design**

- \* 5 IDEA in 2004 (Industrial Design Excellence Awards)/1<sup>st</sup> Asian company to win more than top European or American company**
- \* 1993/LA: Chmn ... Why are our products lost, while Sony's are out front?**
- \* Design staff/470 (120 in last 12 months); design budget 20% to 30% p.a.; Design Centers in London, LA, SF, Tokyo**
- \* Designers often dictate to engineers, not vice versa**

**Design.**

***“If you can’t win  
on ‘cost,’ then  
you’re left with  
‘cool.’ ” —Anon.***



***“ ‘Design’ at  
Apple/Starbucks/  
BMW is a ‘state of mind’***

**[“culture”—TP],**

***not a ‘program.’ ”***

**—Tom Kelley/IDEO**

Hypothesis: **“Design”** is  
the principle  
***“metaphor”*** for the  
encompassing Value-  
added Imperative!

**Better By Design**

**The Design49**

**Tom Peters/Auckland/30March2005**

## Better By Design: Tom's Design49

1. There are only 2 rules.
2. Rule #1: **You can't beat Wal\*Mart on price or China on cost.**
3. Rule #2: See Rule #1.
4. Econ Survival = Innovate and Sprint Up the Value-added Chain ... **OR DIE!**
5. **DESIGN (WRIT LARGE) ("DESIGN MINDFULNESS") IS THE "SOUL"/ENGINE OF THE NEW VALUE-ADDED IMPERATIVE.**
6. Design as Soul-Core Competence #1 is a **"cultural imperative,"** not a "programmatic" or "process" or "throw \$\$\$ at it" issue!
7. CDEs (**Culturally Design-driven Enterprises**) use Design-Experiences-Dream Merchantry-Lovemarks as the Lead Dog(s) in the Olympian Innovation-"Strategy"-Value Proposition Struggle.
8. "Dream Merchant" makes as much sense for IBM or GE or UPS as for Starbucks!

## Better By Design: Tom's Design49

9. At CDEs, Design is the Heart of the “Emotional Branding” Process.
10. CDEs wholeheartedly embrace ideas such as “mystery,” “surprise,” sensuality.”
11. CDEs love “WOW!” and “B.H.A.G.” and “Insanely Great” and “Gasp-worthy” and “Passion” and “Love”! (*Axiom: Extreme language breeds extreme products and services.*)
12. Staff at CDEs laugh and cry a lot! (Axiom: “Calm” enterprise = Crappy enterprise.)
13. CDEs love “strange” and “weird.”
14. CDEs scour the earth for “strange” and “weird” people. (CDEs know: **FREAKS RULE!**)
15. CDEs are “extremists.” (KR: “Avoid moderation.”)
16. CDEs know that ... **EXCELLENCE IS NOT GOOD ENOUGH!** (We must use **non-linear** measures!)

## Better By Design: Tom's Design49

17. **CDEs seek Discontinuities.** (JG: “We don’t want to be the best of the best, we want to be the only ones who do what we do.”)

18. **CDEs are “respectful” of their customers, but not slaves to their customers! CDEs ... LEAD THEIR CUSTOMERS!** (Axioms: “Listening to customers” is over-rated! Focus groups suck!)

19. But: “Lead” customers are an entirely different matter!

20: Yet: CDEs turn “customers” into “Raving Fans.” (Think: “Tattoo Brand”!)

21. CDEs abide by Phil Daniels’ Credo: **“REWARD EXCELLENT FAILURES. PUNISH MEDIOCRE SUCCESSES.”**

22. At CDEs the Design Director is at least an Exec Vice President, a Member of the Senior Executive Team, perhaps on the Board, and has an office within 10 meters of the CEO (unless she *is* the CEO).

23. Design Directors at large companies *not* worth **\$5,000,000** per year aren’t worth hiring! **(DD\$21M.)**

## Better By Design: Tom's Design49

24. Great Designers are “10,000X” better than “good designers.”
25. At CDEs CFOs are *never* former CFOs! The CEO *always* doubles as the Chief Innovation Officer.
26. CDEs are “Top-line Obsessed.”
27. CDE execs know there is a chasm between “excellent design” and “game-changer design.”
28. Gasp-worthy design is a moving target!
29. No Broadway shows last forever. So too, great designers! (Hire them! Pay them! Cherish them! Nurture them! **Fire them!**)
30. Great design wrestles incessantly with the issue of “cool” and/versus “usability.”!
31. Designers “get” the stunning principles of Wabi Sabi. (Great designers side with Chris Alexander against the A.I.A.)
32. CDEs “get” the “feminine side” of life.

## Better By Design: Tom's Design49

33. CDEs Know I: **WOMEN BUY EVERYTHING!**

34. CDEs Know II: **MEN ARE INCAPABLE OF DESIGNING PRODUCTS FOR WOMEN.**

35. CDEs understand that “We’re getting’ older”—and vigorously embrace the Boomer-Geezer market.

36. **CDEs understand: Boomers-Geezers have “ALL THE MONEY” ... are by and large healthy ... and have 20 or so years left!**

37. CDEs wonder: Can 28-year-olds design “experiences” for 68-year-olds?

38. CDEs seek the sweetest “sweet spot”: Woman-Boomer-Greenie-Wellness.

39. “Design-mindfulness” is as apparent in the CDE’s facilities as in its products-services!



## Better By Design: Tom's Design49

40. **“Design mindfulness” is as apparent in HR and Engineering and Logistics and IS/IT as in NPD.**
41. **CDEs will settle for nothing less than “beautiful,” “gasp-worthy” Business Processes/Infrastructure!**
42. **CDEs obsess on K.I.S.S. (Beware creeping feature-itis!) (450/8.)**
43. **“Design-mindfulness”/“aesthetic sensibility” is a requisite for Every Hire—including waiters and waitresses in Fast Food outlets and Housekeepers in hotels.**
44. **Gasp-worthy Design is as essential to “service companies” as to “manufacturers.”**
45. **Gasp-worthy design can transform any “commodity,” including ag!**

## Better By Design: Tom's Design49

46. **DESIGN MANIA IS A NATIONAL ECONOMIC ISSUE OF THE FIRST ORDER.**

47. “Small” is no disadvantage in an Age of Creativity!

48. **There is no such thing as a “National Design Advantage” unless the current school system is Destroyed & Re-imagined**—to emphasize creativity and risk-taking and acceptance of failure. (Design Mindfulness ... the suppression thereof ... typically begins at Age 4.)

49. ***How sweet it is!*** (If your head is screwed on right.)

**11A. Re-imagine the  
Infrastructure of  
Enterprise: Design =  
“Beautiful” Systems.**

**450/8**

**K.I.S.S.**

Fred S.'s “mediocre”  
thesis. Herb K.'s  
napkin.

**Great design =  
One-page  
business plan (Jim  
Horan)**

**K.I.S.S.: #s**



K.I.S.S.: Gordon Bell (VAX

daddy): **500/50.** Chas.

Wang (CA): Behind schedule?

***Cut least***

***productive 25%.***

**K.I.S.S.: Plain  
English (etc.)**

**Lose the**  
**ACRONYMS:** If it  
sounds confusing it  
is confusing!

**“Metrics”:**

**K.I.S.S.**

**“Really Important  
Stuff”**: *Roger’s  
Rule of Three!*

**The Project/  
Accountability Rules!  
(Beware “Matrix  
Madness”)**

**Percy's Rule:**

***Two Strikes &***

***You're Fired***

**Control:**

**K.I.S.S.**



**Lee's Rule: *Run It  
off a Blackberry!***

**Life:**

**K.I.S.S.**

## It's T-H-R-E-E, Stupid!

“I used to have a rule for myself that at any point in time I wanted to have in mind — as it so happens, also in writing, on a little card I carried around with me — the three big things I was trying to get done.

**Three.** Not two. Not four. Not five. Not ten. Three.”

— Richard Haass, *The Power to Persuade*

Systems: Must *have.* Must

*hate. /* Must

*design.* Must *un-*

*design.*

**Mgt. Team**

**includes ... *EVP***

***(S.O.U.B.)***

Executive Vice President, Stamping Out Unnecessary Baloney

# First Steps: “Beauty Contest”!

1. Select one form/document: invoice, airbill, sick leave policy, customer returns claim form.
2. Rate the selected doc on a scale of 1 to 10 [1 = Bureaucratica Obscuranta/ Sucks; 10 = Work of Art] on four dimensions: Beauty.  
Grace. Clarity. Simplicity.
3. Re-invent!
4. Repeat, with a new selection, every 15 working days.

***“Beautiful”***

***“Aesthetic Triumph”***

***“Breathtaking”***



**12. Re-imagine the Fundamental  
Selling Proposition: “It” all adds up to ...**

**(THE BRAND.)**

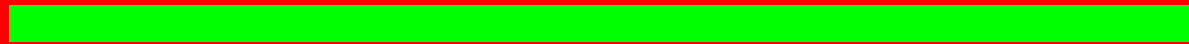
**(THE STORY.)**

**(THE DREAM.)**

**THE LOVE.**

***“WHO ARE  
WE?”***

***“WHAT’S  
OUR  
STORY?”***



***“WHAT’S  
THE  
DREAM?”***



**Nothing Is Impossible  
To Be Revered As A Hothouse  
For World-changing Creative  
Ideas That Transform  
Our Clients' Brands,  
Businesses, and  
Reputations**

**Source: Kevin Roberts/ *Lovemarks* /on Saatchi & Saatchi**

“We are in the twilight of a society based on data. As information and intelligence become the domain of computers, society will place more value on the one human ability that cannot be automated: emotion. Imagination, myth, ritual - the language of emotion - will affect everything from our purchasing decisions to how we work with others.

**Companies will thrive on  
the basis of their stories  
and myths.** Companies will need to understand that their products are less important than their stories.”

Rolf Jensen, Copenhagen Institute for Future Studies

***“WHO  
CARES?”***



*Do the*  
*housekeepers &*  
*clerks* *“buy it”?*

[ARE YOU V-E-R-Y SURE?]



**“EXACTLY**

**HOW ARE WE**

**DRAMATICALLY**

**DIFFERENT?”**

“You do not merely want to be the best of the best. *You want to be considered the only ones who do what you do.*”

Jerry Garcia

***“Brands have run out  
of juice. They’re dead.”***

**—Kevin Roberts/Saatchi & Saatchi**

**Kevin Roberts\*:**

***Lovemarks!***

**\*CEO/Saatchi & Saatchi**

Brand .....	Lovemark
Recognized by consumers .....	Loved by People
Generic .....	Personal
Presents a narrative .....	Creates a Love story
The promise of quality .....	A touch of Sensuality
Symbolic .....	Iconic
Defined .....	Infused
Statement .....	Story
Defined attributes .....	Wrapped in Mystery
Values .....	Spirit
Professional .....	Passionately Creative
Advertising agency .....	Ideas company

Source: Kevin Roberts, *Lovemarks*

***\*Mystery***

**\*Magic**

**\*Sensuality**

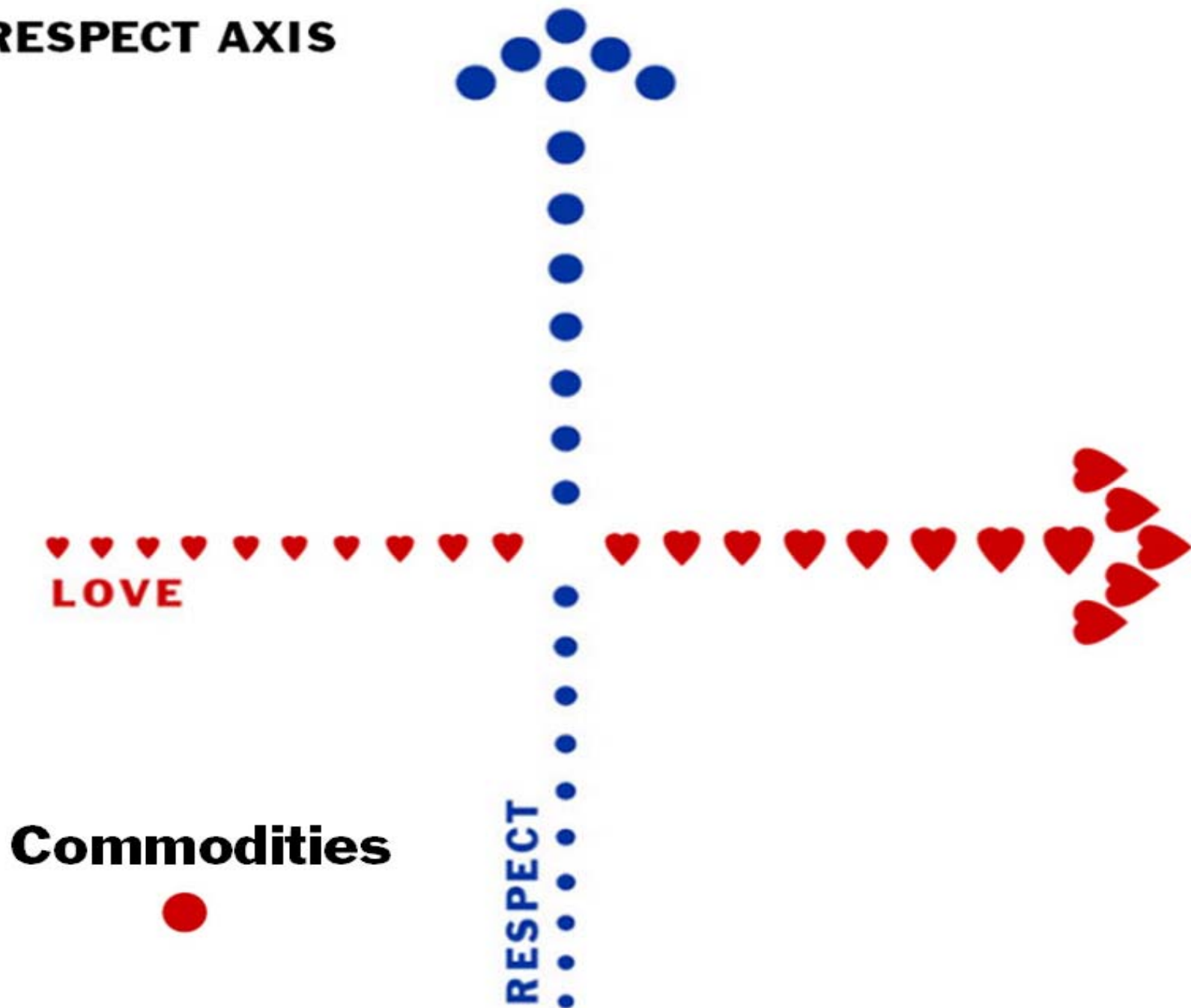
**\*Enchantment**

**\*Intimacy**

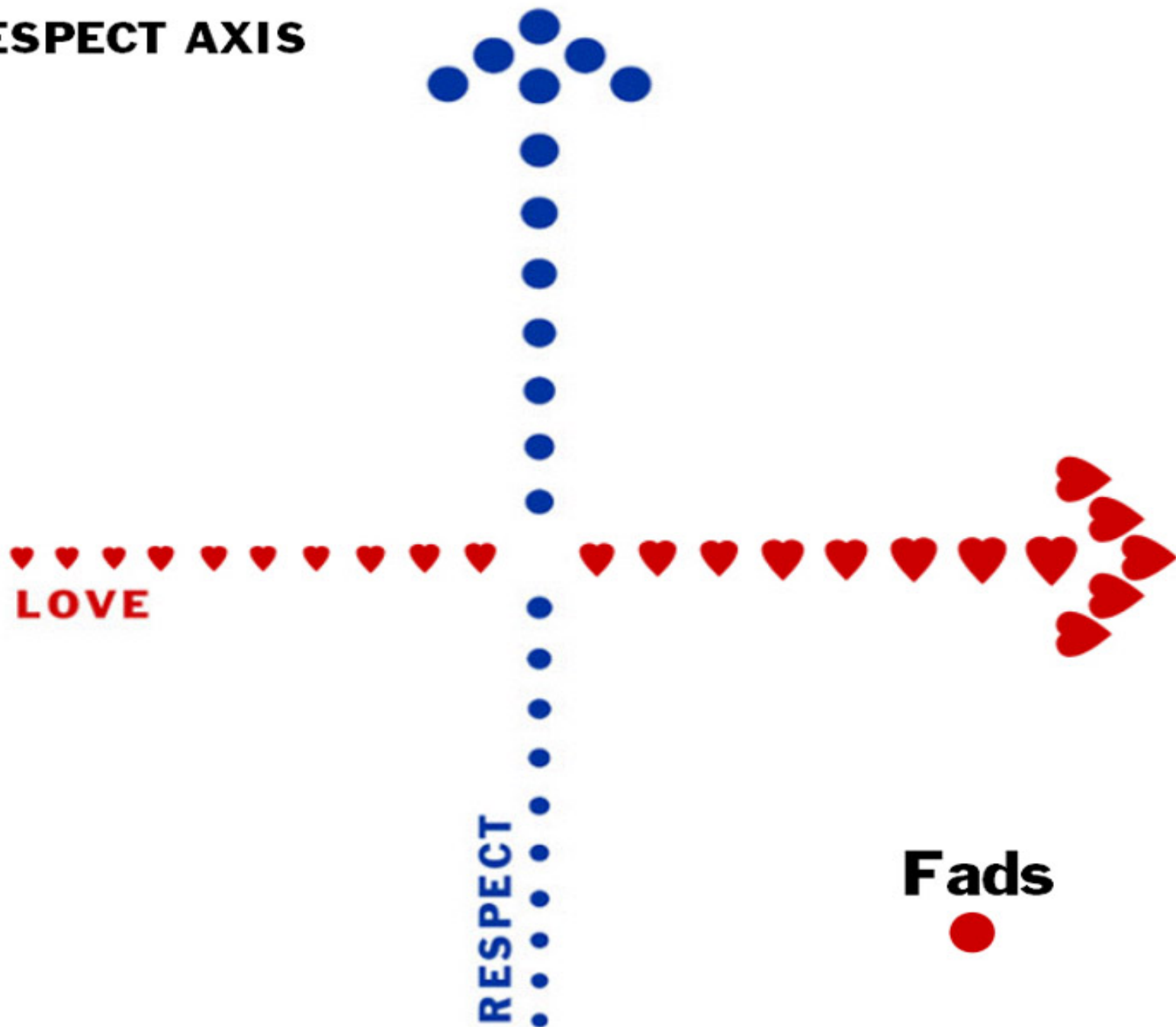
**\*Exploration**

**Source: Kevin Roberts**

# LOVE / RESPECT AXIS

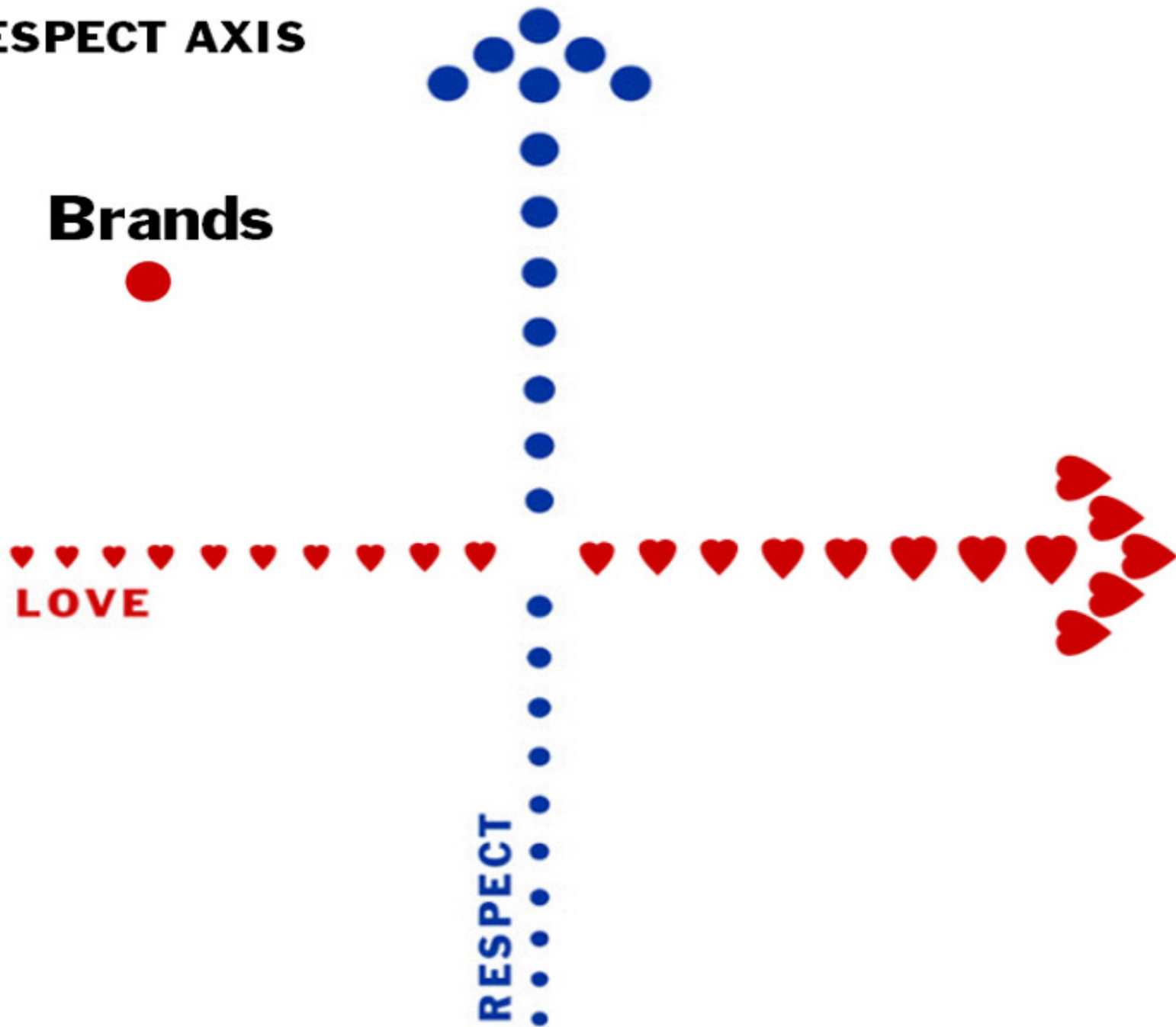


# LOVE / RESPECT AXIS

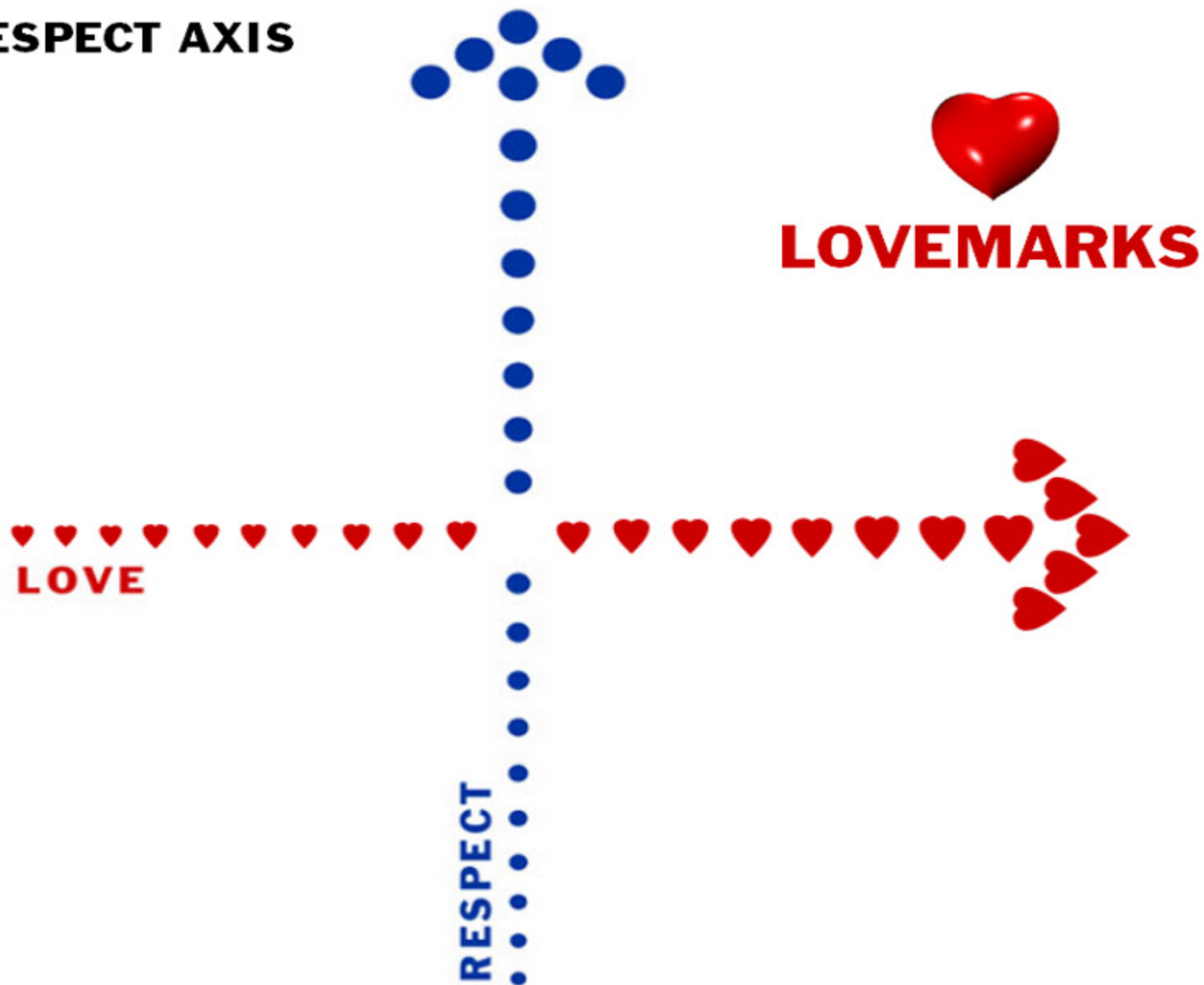




# LOVE / RESPECT AXIS



**LOVE / RESPECT AXIS**



## Top 10 “Tattoo Brands”\*

Harley ....	18.9%
Disney ....	14.8
Coke ....	7.7
Google ....	6.6
Pepsi ....	6.1
Rolex ....	5.6
Nike ....	4.6
Adidas ....	3.1
Absolut ....	2.6
Nintendo ....	1.5

*\*BRANDsense: Build Powerful Brands through Touch, Taste, Smell, Sight, and Sound, Martin Lindstrom*

**Explanation for prior slide:  
The % of users who  
would tattoo the brand  
name on their body!**

**Lovemark**  
**Dreams Come True**  
**Awesome Experiences**  
**Solutions/Success**  
**Services**  
**Goods**  
**Raw Materials**

**VI. NEW  
BUSINESS. NEW  
BEDROCK.**

**13. Re-imagine the Individual: Welcome to  
a *Brand You* World  
... Distinct or Extinct**

- 1. Can someone overseas do it cheaper?**
- 2. Can a computer do it faster?**
- 3. Is what you're selling in demand in an age of abundance?**

**Source: Dan Pink**



***“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*

## New Work SurvivalKit2005

1. **Mastery!** (Best/Absurdly Good at *Something!*)
2. **“Manage” to Legacy** (All Work = “Memorable”/“Braggable” *WOW Projects!*)
3. **A “USP”/Unique Selling Proposition** (R.POV8: Remarkable Point of View ... captured in 8 or less words)
4. **Rolodex Obsession** (From vertical/hierarchy/“suck up” loyalty to horizontal/“colleague”/“mate” loyalty)
5. **Entrepreneurial Instinct** (A sleepless ... Eye for Opportunity!  
E.g.: Small Opp for Independent Action beats faceless part of Monster Project)
6. **CEO/Leader/Businessperson/Closer** (CEO, Me Inc. Period! 24/7!)
7. **Mistress of Improv** (Play a dozen parts simultaneously, from Chief Strategist to Chief Toilet Scrubber)
8. **Sense of Humor** (A willingness to Screw Up & Move On)
9. **Comfortable with Your Skin** (Bring “interesting you” to work!)
10. **Intense Appetite for Technology** (E.g.: How Cool-Active is your Web site? Do you Blog?)
11. **Embrace “Marketing”** (Your own CSO/Chief Storytelling Officer)
12. **Passion for Renewal** (Your own CLO/Chief Learning Officer)
13. **Execution Excellence!** (Show up on time! Leave last!)

*Distinct ...*

*or ... Extinct*

**“IN SILICON VALLEY ...  
IF YOU ARE NOT STOLEN AWAY BY SOME COMPANY  
EVERY FEW YEARS (OR MONTHS) ...  
YOU ARE NOT CONSIDERED A ‘HOT PROPERTY.’**

**STABILITY IS A  
MARK OF  
SHAME.”**

**Source: Juan Enriquez/*As the Future Catches You***

Joe J. Jones

1942 – 2005

HE WOULD'VE DONE SOME  
REALLY COOL STUFF

BUT ...

HIS BOSS WOULDN'T LET HIM!

T. J. Peters

1942 – 2---

**HE WAS A PLAYER!**

14. Re-imagine

Excellence I: The

*Talent*

*Obsession.*

**Agriculture Age** (farmers)  
**Industrial Age** (factory workers)  
**Information Age** (knowledge workers)  
***Conceptual Age*** (*creators and  
empathizers*)

Source: Dan Pink, *A Whole New Mind*



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

**—Richard Florida,**

***The Rise of the Creative Class***

**Brand =**

**Talent.**

“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*

**“In most companies, the Talent Review Process is a farce. 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 at GE; it has the intensity and the importance of the budget process at most companies.*” —Ed**

**Michaels**

From “1, 2 or you’re out” [JW]  
to ...

**“Best Talent in  
each industry segment to  
build best proprietary  
intangibles” [EM]**

Source: Ed Michaels, War for Talent

“We believe companies can increase their market cap 50 percent in 3 years. Steve Macadam at Georgia-Pacific ***changed 20 of his 40 box plant managers to put more talented, higher paid managers in charge.*** He increased profitability from \$25 million to \$80 million in 2 years.”

Ed Michaels, War for Talent

## Did We Say “Talent Matters”?

“The top software developers are more productive than average software developers not by a factor of 10X or 100X, or even 1,000X,

but **10,000X.**”

—Nathan Myhrvold, former Chief Scientist, Microsoft

**“THE HEART OF **CELERA** ... IS THE  
WORLD’S LARGEST PRIVATE SUPERCOMPUTER ...  
FED 24 HOURS A DAY ... BY SEQUENCING  
ROBOTS ... AND CREATED-PROGRAMMED-  
CONTROLLED ... **BY A DOZEN GREAT  
MINDS.**”**

**Source: Juan Enriquez/*As the Future Catches You***



# The Cracked Ones Let in the Light

“Our business needs a massive transfusion of talent, and talent, I believe, is most

likely to be found among *non-*

*conformists,*

*dissenters and*

*rebels.”* —David Ogilvy

CM Prof Richard Florida on  
“Creative Capital”: “You cannot  
get a technologically  
innovative place ... *unless*  
*it’s open to weirdness,*  
*eccentricity and difference.”*”

Source: *New York Times*/06.01.2002

What's your company's ...

**EVP?**

**Employee Value Proposition**, per Ed

Michaels et al., *The War for Talent*;

**IBP/Internal Brand Promise** per TP

**EVP = *Challenge,***  
***professional growth,***  
***respect, satisfaction,***  
***opportunity, reward***

Source: Ed Michaels et al., *The War for 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**

**15. Re-imagine  
Excellence II: New  
Education for  
“R-World.”**

“Left-brain style thinking used to be the driver, and right-brain style thinking the passenger. ***Now R-Directed Thinking is suddenly grabbing the wheel, stepping on the gas, and determining where we’re going and how we’re going to get there.***

L-Directed aptitudes—the kind measured by the SAT and employed by CPAs—are still necessary. But they’re no longer

**sufficient.”** —Dan Pink, *A Whole New Mind*

***L-Directed Thinking:*** sequential,  
literal, functional, textual,  
analytic

to

***R-Directed Thinking:***  
simultaneous, metaphorical,  
aesthetic, contextual, synthetic

Source: Dan Pink/*A Whole New Mind*



“My wife and I went to a [kindergarten] parent-teacher conference and were informed that our budding refrigerator artist, Christopher, would be receiving a grade of Unsatisfactory in art. We were shocked. How could any child—let alone our child—receive a poor grade in art at such a young age? *His teacher informed us that he had refused to color within the lines, which was a state requirement for demonstrating ‘grade-level motor skills.’*” —Jordan Ayan, AHA!

Ye gads: ***“Thomas Stanley has not only found no correlation between success in school and an ability to accumulate wealth, he’s actually found a negative correlation.*** ‘It seems that school-related evaluations are poor predictors of economic success,’ Stanley concluded. What did predict success was a willingness to take risks. Yet the success-failure standards of most schools penalized risk takers. Most educational systems reward those who play it safe. As a result, those who do well in school find it hard to take risks later on.’

Richard Farson & Ralph Keyes, *Whoever Makes the Most Mistakes Wins*

**15A. Re-imagine  
Excellence III: New  
Business Education for  
“C\*-World.”** (\*C = Crazy)

# 15 “Leading” Biz Schools

Design/Core: 0

Design/Elective: 1

Creativity/Core: 0

Creativity/Elective: 4

Innovation/Core: 0

Innovation/Elective: 6

**“There is little evidence that mastery of the knowledge acquired in business schools enhances people’s careers, or that even attaining the MBA credential itself has much effect on graduates’ salaries or career attainment.”** —Jeffrey Pfeffer (tenured professor, Stanford GSB/2004)

# New Economy Biz Degree Programs

*MBA* (Master of Business Administration)

**MMM1** (Master of **Metaphysical** Management)

**MMM2** (Master of **Metabolic** Management)

**MGLF** (Master of Great **Leaps** Forward)

**MTD** (Master of **Talent** Development)

**W/M<sub>w</sub>GTD<sub>w/o</sub>C** (Guy/Gal Who **Gets Things Done**  
without Certificate)

**DE** (Doctor of **Enthusiasm**)

**Fact:** Last 4 Deans ... Finance,  
Economics, Accounting, Finance.

**Query:** WILL THERE EVER BE ONE  
FROM THE “TOP LINE” SIDE:

**INNOVATION** (Ha, Ha),  
**ENTREPRENEURSHIP,**  
**MARKETING, SALES** (Ha Ha)? OR  
THE “PEOPLE” SIDE: **HR?**

**VII. SUMMARY.  
BRAND INSIDE.**



**A PEERLESS “BRAND  
INSIDE”: THE NEW  
BASIS FOR AN  
IMPERATIVE  
VALUE-ADDED  
REVOLUTION**

**16. *Re-imagine the  
“Brand Promise”: The  
Brand INSIDE  
Obsession.***

“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,

*Who Says Elephants Can’t Dance*

# The New Enterprise Value-Added Equation/Mark2005

(1) 100% **“WOW PROJECTS”**  
(New Org **“DNA”/“The Work”**)

+

(2) Incredible **“TALENT”** Transformed into  
(3) Entrepreneurial **“BRAND YOUs”** and  
(4) Launched on Awesome **“QUESTS”**

=

(5) Internal **“Rockin’ PSFs”** (Staff Depts. Morphed into Wildly  
Innovative Professional Service Firms) ...  
(6) Which Coalesce to Transform the FEVP/Fundamental  
Enterprise Value Proposition from **“Superior Products &  
Services”** to **“ENCOMPASSING SOLUTIONS”** &  
**“GAME-CHANGING CLIENT SUCCESS”**

**VIII. NEW BUSINESS.  
NEW LEADERSHIP.**

**17. Re-imagine Leadership  
for Totally Screwed-Up  
Times:**

**The Passion  
Imperative.**

***Create a  
Cause!***

G.H.: *“Create a  
'cause,' not a  
'business.’”*



***“Beware of the tyranny of making Small Changes to Small Things. Rather, make Big Changes to Big Things.”***

—Roger Enrico, former Chairman, PepsiCo

***Think***

***Legacy!***

***“Management has a lot to do with answers. Leadership is a function of questions. And the first question for a leader always is:***

***‘Who do we intend***  
***to be?’*** Not ‘What are we going to do?’ but ‘Who do we intend to be?’”

—Max De Pree, Herman Miller

**Ah, kids:** “What is your vision for the future?” “What have you

accomplished since your first book?”

“Close your eyes and imagine me immediately doing something about what you’ve just said. What would it

be?” “Do you feel you have an obligation to ‘Make the world a better place’?”

***Trumpet an  
Exhilarating  
Story!***

**“Leaders don’t just make products  
and make decisions.**

***Leaders make  
meaning.”***

**– John Seely Brown**

**“A key – perhaps *the* key –  
to leadership is  
*the effective  
communication  
of a story.*”**

**Howard Gardner**

***Leading Minds: An Anatomy of Leadership***

**Leader Job 1**

***Paint Portraits  
of Excellence!***



***Make It a Grand  
Adventure!***

***“Ninety percent of what we call ‘management’ consists of making it difficult for people to get things done.”*** —

**Peter Drucker**

***“If you have ten  
thousand regulations  
you destroy all respect  
for law.” —WSC***

***“I don’t  
know.”***

***Quests!***

**Organizing Genius / Warren Bennis  
and Patricia Ward Biederman**

“Groups become great only when everyone in them, leaders and members alike, ***is free to do his or her absolute best.***”

“The best thing a leader can do for a Great Group is to ***allow its members to discover their greatness.***”

**Yes!!!!!!!!!!!!!!!!!!!!**

***“free to do his or her  
absolute best” ...***

***“allow its members to  
discover their  
greatness.”***

***Insist on***

***Speed!***



“Strategy meetings held once or twice a year” to ***“Strategy meetings needed several times a week”***

Source: *New York Times* on Meg Whitman/eBay

**Read It Closely: “We don’t sell insurance anymore. We sell speed.”**

**Peter Lewis, Progressive**

*He who has the  
quickest **O.O.D.A.**  
**Loops**\* wins!*

**\*Observe. Orient. Decide. Act. /  
Col. John Boyd**

***Lead the Action  
Faction!***

**“We have a  
‘strategic’ plan. It’s  
called doing  
things.”**

**— Herb Kelleher**

“If Microsoft is good at anything, it’s avoiding the trap of worrying about criticism. **Microsoft fails constantly.** They’re eviscerated in public for lousy products. ***Yet they persist, through version after version,*** until they get something good enough. Then they leverage the power they’ve gained in other markets to enforce their standard.”

Seth Godin, *Zooming*

# The Kotler Doctrine:

**1965-1980: R.A.F.**

**(Ready.Aim.Fire.)**

**1980-1995: R.F.A.**

**(Ready.Fire!Aim.)**

**1995-?????: F.F.F.**

**(Fire!Fire!Fire!)**

***“I used to think that the mark of a good businessman was to not make mistakes. But then I met a lot of successful businessmen and realized that the key to their success was that they were willing to try a lot of things. That also means being willing to make mistakes.”*** —Gordon Segal, CEO, Crate & Barrel



**A man approached JP Morgan, held up an envelope, and said, “Sir, in my hand I hold a guaranteed formula for success, which I will gladly sell you for \$25,000.”**

**“Sir,” JP Morgan replied, “I do not know what is in the envelope, however if you show me, and I like it, I give you my word as a gentleman that I will pay you what you ask.”**

**The man agreed to the terms, and handed over the envelope. JP Morgan opened it, and extracted a single sheet of paper. He gave it one look, a mere glance, then handed the piece of paper back to the gent.**

***And paid him the  
agreed-upon \$25,000.***

**1. *Every morning, write a list of the things that need to be done that day.***

**2. *Do them.***

Source: Hugh MacLeod/[tompeters.com/NPR](http://tompeters.com/NPR)

“To Be somebody  
or to Do  
something”

*BOYD: The Fighter Pilot Who Changed the Art of War* (Robert Coram)

*Dispense*

*Enthusiasm!*

BZ: “I am a ...

*Dispenser of  
Enthusiasm!”*

*“Nothing is so  
contagious as  
enthusiasm.”*

—Samuel Taylor Coleridge

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

**Gandhi**

***“To change minds effectively, leaders make particular use of two tools: the stories that they tell and the lives that they lead.”***

**—Howard Gardner, *Changing Minds***



## The Nelson Baker's Dozen

1. Simple-clear scheme (“Plan”) (Not wildly imaginative) (Patton: “A good plan executed with vigor right now tops a ‘perfect’ plan executed next week.”)
2. **SOARING/BOLD/CLEAR/UNEQUIVOCAL/WORTHY/NOBLE/INSPIRING**  
**“GOAL”/“MISSION”/“PURPOSE”/“QUEST”**
3. “Conversation”: Engagement of All Leaders
4. Leeway for Leaders: Select the Best/Dip Deep/Initiative demanded/Accountability swift/Micromanagement absent
5. **LED BY “LOVE”** (Lambert), **NOT “AUTHORITY”** (Identify with sailors!)
6. Instinct/Seize the Moment/“Impetuosity” (Boyd’s “OODA Loops”: React more quickly than opponent, destroy his “world view”)
7. **VIGOR!** (Zander: leader as “Dispenser of Enthusiasm”)
8. Peerless Basic Skills/Mastery of Craft (Seamanship)
9. Workaholic! (“Duty” first, second, and third)
10. **LEAD BY CONFIDENT & DETERMINED & CONTINUOUS & VISIBLE EXAMPLE** (In Harm’s Way) (Gandhi: “You must be the change you wish to see in the world”/ Giuliani: Show up!)
11. Genius (“Transform the world to conform to their ideas,” “Triumph over rules”) (Gandhi, Lee-Singapore) , not Greatness (“Make the most of their world”)
12. Luck! (Right time, right place; survivor) (“Lucky Eagle” vs “Bold Eagle”)
13. Others principal shortcoming: **“ADMIRALS MORE FRIGHTENED OF LOSING THAN ANXIOUS TO WIN”**

Source: Andrew Lambert, *Nelson: Britannia’s God of War*

## Nelson's Way: A Baker's Dozen

1. Simple scheme.
2. Noble purpose!
3. Engage others.
4. Find great talent, let it soar!
5. Lead by Love!
6. Trust your gut, not the focus group: Seize the Moment!
7. Vigor!
8. Master your craft.
9. Work harder than the next person.
10. Show the way, walk the talk, exude confidence! Start a Passion Epidemic!
11. Change the rules: Create your own game!
12. Shake of the pain, get back up off the ground, the timing may well be right tomorrow! (E.g., Get lucky!)
13. By hook or by crook, quash your fear of failure, savor your quirkiness and participate fully in the fray!

Source: Andrew Lambert, *Nelson: Britannia's God of War*

## Sir Richard's Rules:

**Follow your passions.**

**Keep it simple.**

**Get the best people to help you.**

**Re-create yourself.**

**Play.**

Source: *Fortune* on Branson/10.03

# **18. Free the Lunatic Within!**

**“The future is disorder.**

**“A door like this has opened up five or six times since we got up on our hind legs.**

**“It is the best possible time to be alive, when almost everything you know is wrong.”**

**Valentine, the mathematician, in *Arcadia*,  
by Tom Stoppard (courtesy David Wolfe)**

*The greatest danger  
for most of us  
is not that our aim is  
too high  
and we miss it,  
but that it is  
too low  
and we reach it.*

**Michelangelo**

*“You can’t behave in a calm, rational manner. You’ve got to be out there on the lunatic fringe.”* — Jack Welch

