

Tom Peters'

Re-Imagine!

Business Excellence

in a Disruptive Age

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Slides at ...

tompeters.com

To

*Ray**

**Re-imagineer-in-Chief*

Re-imagine!

Not Your

Father's World I.

26

m

43

35/70

$W = 2 \times 1$

02.12.01

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

My Story.*

*Complete with context, plot, resolution (though most of it may never happen; though if it doesn't it'll be because something even more weird came down)

A Coherent Story: Context-Solution-Bedrock

Context1: Intense Pressures (China/Tech/Competition)

Context2: Painful/Pitiful Adjustment (Slow, Incremental, Mergers)

Solution1: Innovation (Purposeful disruption, Weird, Decentralization)

Solution2: New Organization (Technology, Web+ Revolution,
Virtual-“BestSourcing,” “PSF” “nugget”)

Solution3: No Option: Aggressive Value-added Strategy
(Services-Solutions-Experiences-DreamFulfillment “Ladder”)

Solution4: “Aesthetic” “VA” Capstone (Design-Brands-
Lovemarks)

Solution5: New Markets (Women, ThirdAge)

Bedrock2: Talent (Best, Creative, Entrepreneurial, Women, New Schools)

Bedrock3: Leadership (Passion, Bravado, Energy, Speed)

The General's Story.

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

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

*“You have set sail on
another ocean
“without star or compass
“going where the argument
leads
“shattering the certainties
of centuries.”*

Janet Kalven, “Respectable Outlaw”

**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*
Permanence:

The Emperor Has
No Clothes!

*Once upon a time, there
was a perpetual,
comforting night-time
glow in the little boy's
bedroom window ...*

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*

2. Re-imagine: Innovate or Die!

A380!

“Value innovation is about making the competition irrelevant by creating uncontested marketspace. We argue that beating the competition within the confines of the existing industry is not the way to create profitable growth.” —Chan Kim & René Mauborgne (INSEAD), from *Blue Ocean Strategy* (*The Times*/London/01.20.2005)

“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*)

“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*

Horizontal Double Dummy*

*Technical name for the tax-avoiding structure of the
Kmart-Sears deal (courtesy Allan Sloan/Newsweek)

“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

“This was a big bet that didn’t pay off. ... At bottom, they made a huge error in asserting that the merger of two losing computer operations, HP’s and Compaq’s, would produce a financially fit computer business.”

—Fortune on HP-Compaq/02.14.05

Warren Buffet (quoted in the HP article): *“When a management with a reputation for brilliance tackles a business with a reputation for bad economics, it is usually the reputation of the business that remains intact.”*

Duh!

“Blockbuster mergers tend to be duds for stockholders of the acquiring company. In seven of the nine mergers valued at more than \$50 billion, the acquirer’s share price is down an average of **46% from pre-merger levels, according to FactSet Mergerstat, a research firm from Santa Monica.”**

Source: *Time* (*Time* candidly points out, TW and AOL were the worst, wiping out 80% of shareholder value.)

“I don’t believe in economies of scale. You don’t get better by being bigger. You get worse.”

—Dick Kovacevich/

Wells Fargo/*Forbes*08.2004 (ROA: Wells, 1.7%; Citi, 1.5%; BofA, 1.3%; J.P. Morgan Chase, 0.9%)

“Mergers and acquisitions get the headlines, but studies show they often end up destroying shareholder value instead of creating it. That’s one reason why organic growth is so prized by corporations and investors. In fact, if you compare the stock performance of a new index of 23 companies that are masters of organic growth to the S&P500, the Organic Growth Index beat the S&P500 handily, 31% vs. 22% over the year ending January 2004. And looking further back at a five-year period ending in 2002, the OGI walloped the S&P500, 25% vs. 3%.” —Fortune.com/06.03.2004 (The OGI includes Walmart; Sysco; Harley-Davidson; Bed, Bath & Beyond)

*“Acquisitions are about
buying market share.*

*Our challenge
is to create
markets. There is a
big difference.”* —Peter Job, CEO, Reuters

“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*

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

Phil Daniels, Sydney exec

2A. 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)

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)

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

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*

*“To grow, companies
need to break out of a
vicious cycle of
competitive
benchmarking and
imitation.”*

—W. Chan Kim & René

**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 Walmart? 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

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.)

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*

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!

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

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

**4. Re-imagine
Organizing I:
IS/IT as
Disruptive Tool!**

*We all live in
Dell-Walmart-
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

5% F500 have CIO on

Board: “While some of the world’s most admired companies—Tesco, Walmart—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

Great email from ... JUDITH SINNARD
(smarteplans.com): Judith has a “little” idea.
She provides eServices to the Houston real
estate community. She measures rooms at
MLS homes, provides at a Click dimensions
thereof ... as well as photos of each room.
Little deal? Big deal? *The average days-on-
market for one of “her” homes was 33 last
year, compared to the average of 82 days.*
“Little” idea. Big industry! Big difference!

5. Re-imagine
Organizing II:
What
Organization?

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

— Charles Handy

**“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*

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”

**6. Re-imagine the
Customer Relationship in
The Age of IS/IT:
Going 1t1!**

Growth Projections: 2003-2010

Narrowcast media ... 13.5%

Mass media ... 3.5%

Source: Sanford C. Bernstein & Co

“Money that used to go for 30-second network spots now pays for closed-circuit sports programming piped into Hispanic bars and for ads in *Upscale*, a custom-published magazine distributed to black barbershops. ... ***‘We are a big marketer—we are not a mass marketer,’*** says Lawrence Light, McDonald’s chief marketing officer.” —

BW/0704

***“CRM has, almost
universally, failed
to live up to
expectations.”***

Butler Group (UK)

“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

CGE&Y (Paul Cole): “Pleasant
Transaction” vs. **“*Systemic
Opportunity.*”** “Better job
of what we do today” vs. **“*Re-
think overall
enterprise strategy.*”**

“Blogging made my year!”—TP

Portal!

Conversations!

cCo*

*Chief *Conversations* Officer

CPI*

***Chief Portal Impresario**

**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)**

CompleteCase.com (\$249 vs \$3,000)

USLegalForms.com

TurboTax.com

YourDiagnosis.com

Sarah:

“Papa, what do you do?”

Papa:

“I manage a ‘cost center.’”

Sarah: “Papa, what do
you do?”

Papa: “I’m ‘overhead.’”

Answer: PSF!
[Professional Service Firm]

Department Head

to ...

Managing Partner,
HR [IS, etc.] Inc.

DD\$21M

**7A. The “PSF33”:
Thirty-Three
Professional Service Firm
Marks of Excellence**

The PSF33: 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, then 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**

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!

The PSF33: 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 PSF33: 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. Team Leadership Skills Valued Early
26. Partner with B.I.W. [Best In World] Outsiders as Needed and to Infuse Different Views

The PSF33: The Firm & The Brand

27. **EAT-SLEEP-BREATHE-OOZE INTEGRITY** (“My life is my message”—Gandhi)
28. Excellence+ in **EXECUTION** ... 100.00% of the Time (No such thing as a “small sins”/World Series Ring to the Batboy!)
29. “Drop everything”/“Swarm” to Support a Harried-On The Verge Team
30. **SPEND AS AGGRESSIVELY ON R&D AS A TECH FIRM OR CIRQUE DU SOLEIL**
31. Web (Technology) Obsession
32. **BRAND/“LOVEMARK” MANIACS** (Organize Around a Point of View Worth BROADCASTING: “You must be the change you wish to see in the world”—Gandhi)
33. **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)

8. *Re-imagine Business'*
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*

And the “M” Stands for ... ?

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

IBM Global Services: ***\$35B***

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

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

Source: NYT/07.18.2004

IBM

UPS

GE

**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*

“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

Commerce Bank:
From “Service” to “Experience”

7X. 730A-
800P. F12A.*

**'93-'03/10 yr annual return: CB: 29%; WM: 17%; HD: 16%. Mkt Cap: 48% p.a.*

Thesaurus of WOW!

“They” hate it if you call them “bankers.” “They” love it, on the other hand, when you ask to see their #s—stupendous. “They” are ... Commerce Bank. These absurdly fast growing, insanely profitable “retailers,” rewriting the rules of East Coast retail

banking, sent me a copy of their booklet, “Traditions.” It explicates their **“Wow the Customer Philosophy.”** At the end there’s “A Collection of Commerce Lingo.” I won’t define (use your imagination), but simply offer a small sample: “Fans, Not Customers.” “Say YES ... 1 to say YES, 2 to say NO.” (A staffer has to get a supervisor’s approval to say “no” to anything.) “Recover!!! To Err Is Human; To Recover Is Devine.” “Leave ‘Em Speechless.” “Positive Behavior.” “Positive Language.” “Kill A Stupid Rule.” (Get cash rewards for exposing dumb internal rules “that impede our ability to WOW!”) Make the ‘WOW! Answer Guide’ Your Best Friend.” “Buzz Bee.” “CommerceWOW!Zone.” (A K-12 financial education program.) “Doctor WOW!” “Ten-Minute Principle.” (“Stores” open 10 minutes before posted hours, stay open 10 minutes after posted hours—and the hours, such as open 7 days a week, are already incredibly generous & tradition-shattering.) “Wall of WOW!” “WOW! Awards.” **(The annual recognition ceremony—Radio City Music Hall, with the Rockettes, in ‘05.)** “WOW! Patrol.” “WOW! Spotlight.” “WOW Van.” “WOW Wiz.” (A service superstar.) Etc.

CXO*

***Chief eXperience Officer**

C W O*

***Chief WOW Officer**

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
Services
Goods
Raw Materials

“No longer are we only an insurance provider. Today, we also offer our customers the products and services that help them achieve their dreams—

whether it’s financial security, buying a car, paying for home repairs, or even taking a dream vacation.”—Martin Feinstein, CEO, **Farmers Group**

“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*

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!

^cDM*

**Chief Dream Merchant*

11. 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?”***

“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

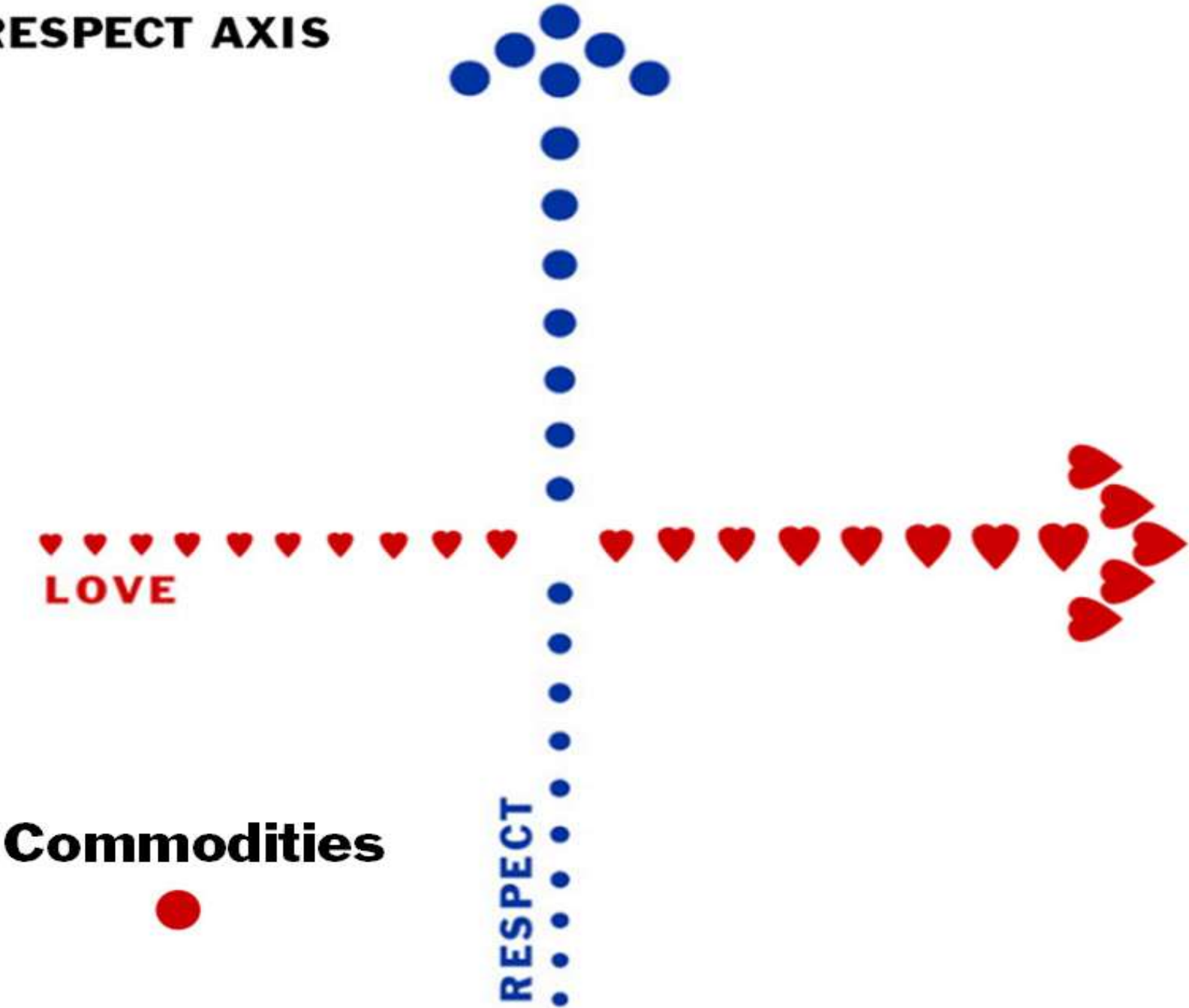
*“Brands have run
out of juice. They’re
dead.”*

—Kevin Roberts/Saatchi & Saatchi

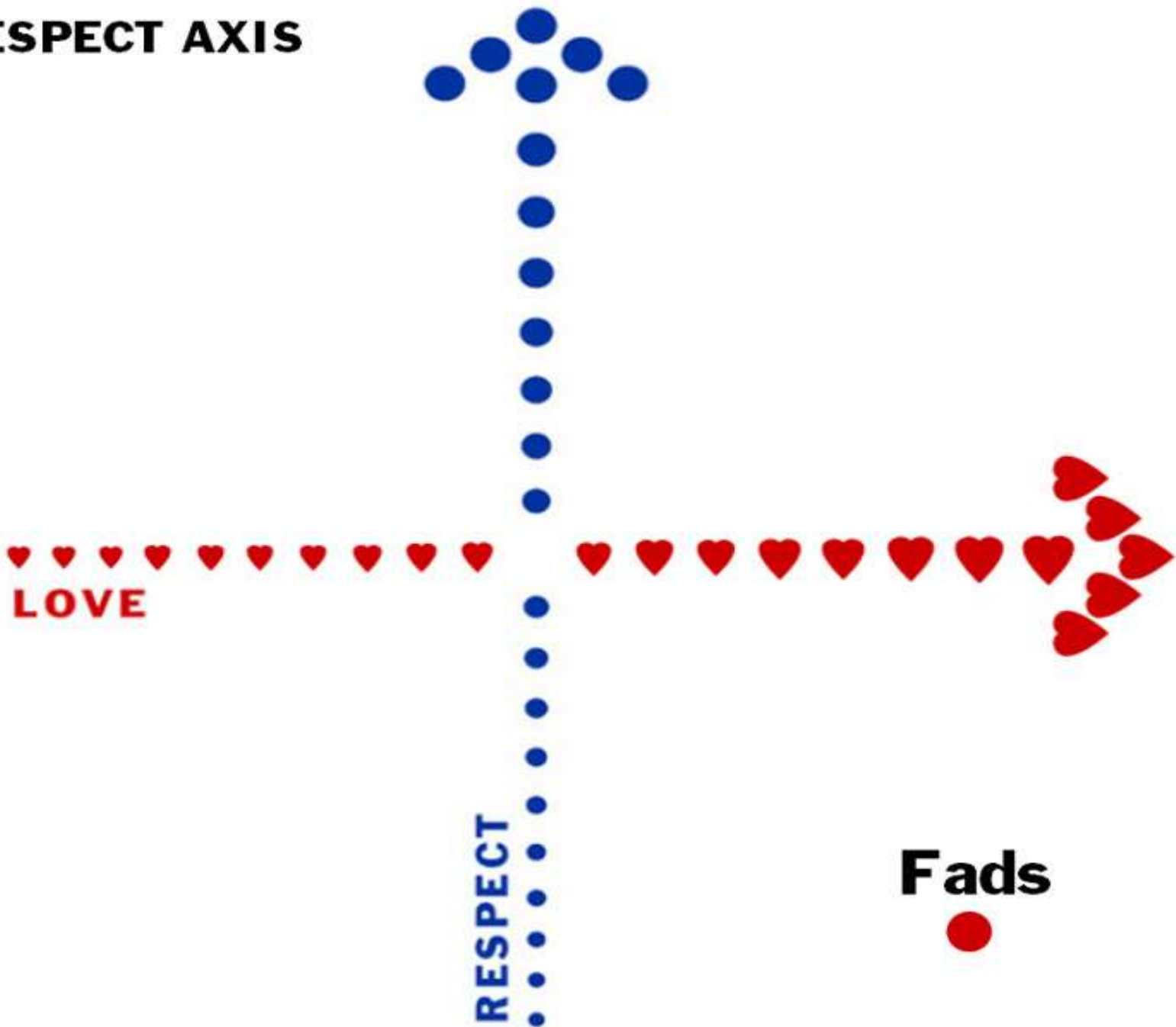
Brand	Lovemark
Recognized by consumers	Loved by People
Generic	Personal
Presents a narrative	Creates a Love story
The promise of quality	A touch of Sensuality
Symbolic	Iconic
Defined	Infused
Statement	Story
Defined attributes	Wrapped in Mystery
Values	Spirit
Professional	Passionately Creative
Advertising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

Source: Kevin Roberts, *Lovemarks*

LOVE / RESPECT AXIS



LOVE / RESPECT AXIS



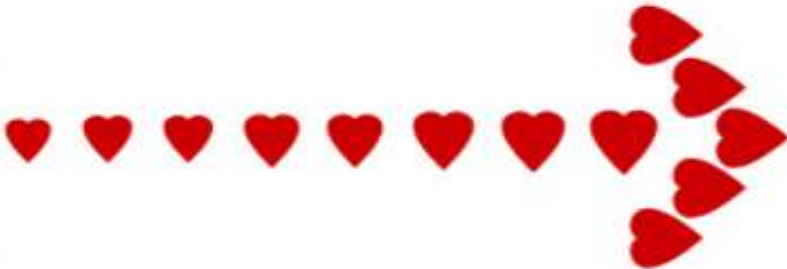
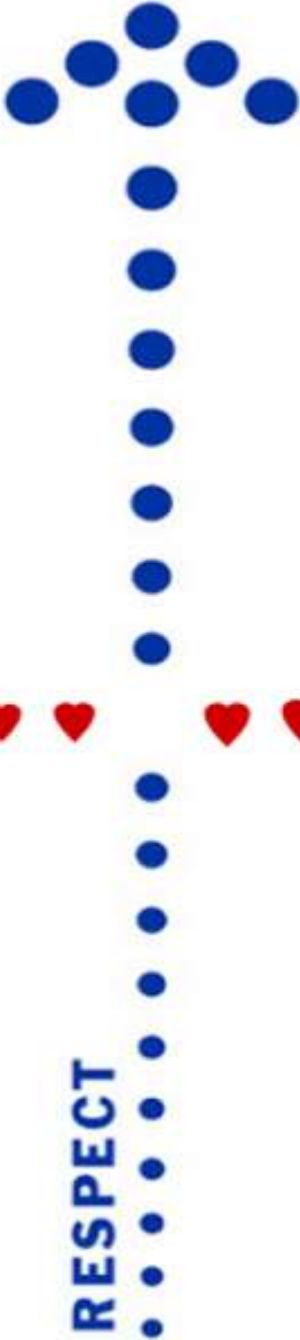
LOVE / RESPECT AXIS

Brands

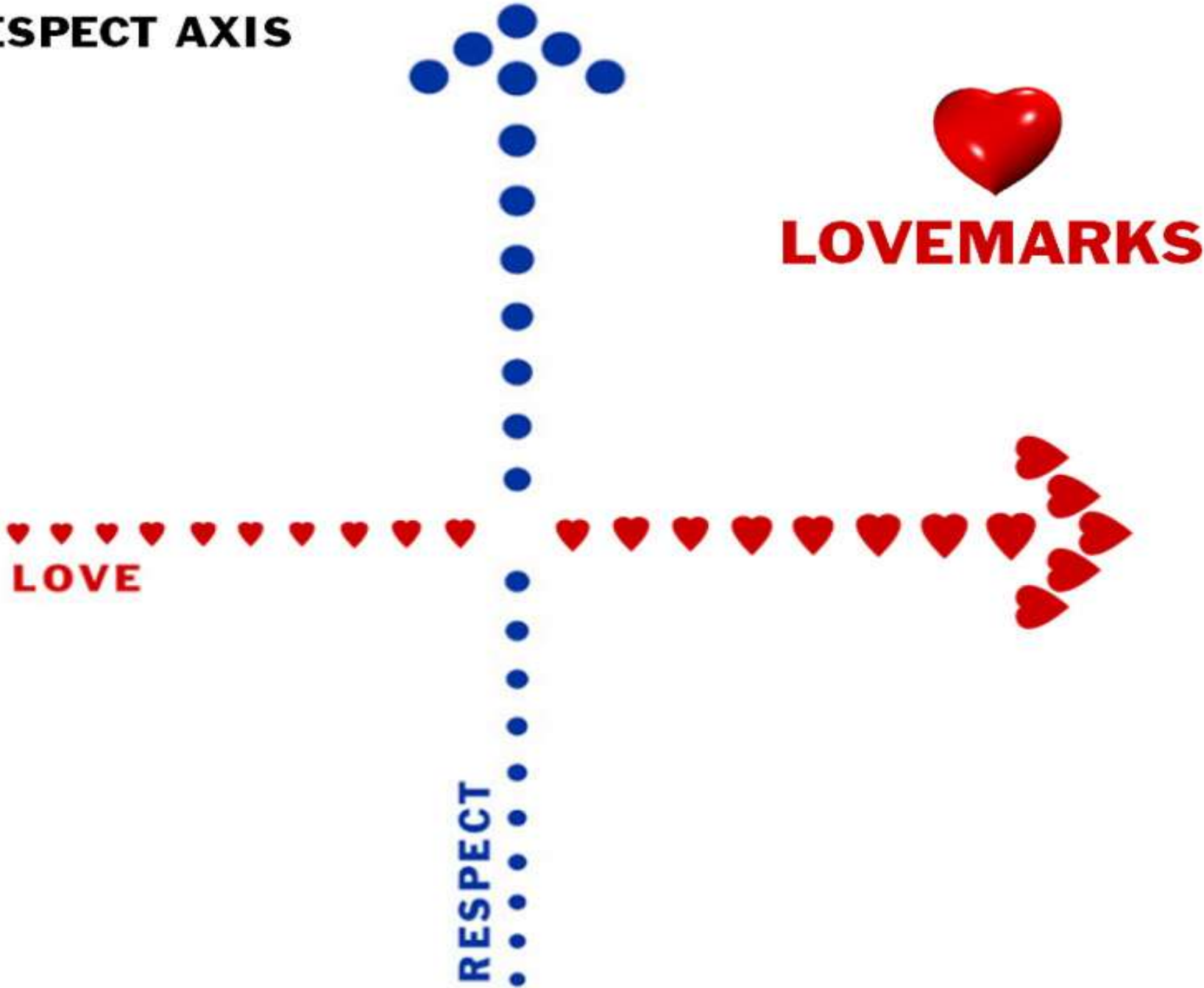


♥ ♥ ♥ ♥ ♥ ♥ ♥ ♥ ♥ ♥
LOVE

RESPECT



LOVE / RESPECT AXIS



Lovemark
Dreams Come True
Awesome Experiences
Solutions
Services
Goods
Raw Materials



iPOD



**SAMSUNG NAPSTER
MP3 PLAYER**



HARLEY



SUZUKI

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

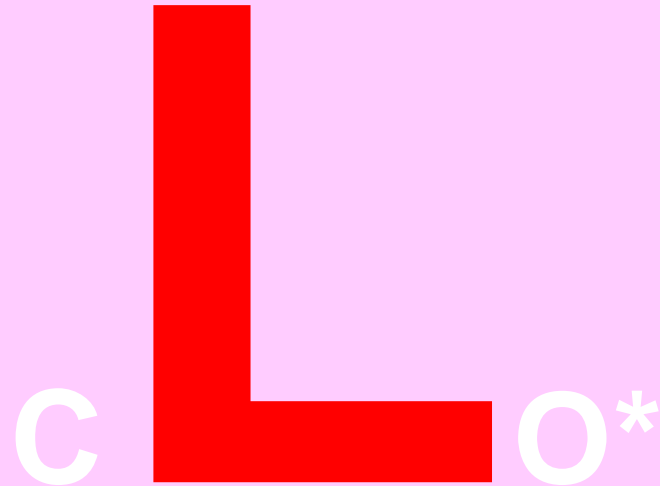
Absolut 2.6

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!*



*Chief **LoveMark** Officer

**V. NEW
BUSINESS.
NEW
MARKETS.**

12. Re-imagine the
Customer I: Trends Worth
Trillion\$\$\$...

Women Roar.

??????????

Home Furnishings ... 94%

Vacations ... 92% (*Adventure Travel ... 70%/ \$55B travel equipment*)

Houses ... 91%

D.I.Y. (*major “home projects”*) ... **80%**

Consumer Electronics ... 51% (*66% home computers*)

Cars ... 68% (90%)

All consumer purchases ... 83%

Bank Account ... 89%

Household investment decisions ... 67%

Small business loans/biz starts ... 70%

Health Care ... 80%

1970-1998

Men's median income: +0.6%

Women's median income: + 63%

Source: Martha Barletta, *Marketing to Women*

Business Purchasing Power

Purchasing mgrs. & agents: **51%**

HR: **>>50%**

Admin officers: **>50%**

Source: Martha Barletta, *Marketing to Women*

91% women:
ADVERTISERS DON'T
UNDERSTAND US.
(58% “ANNOYED.”)

Source: Greenfield Online for Arnold's Women's Insight Team
(Martha Barletta, *Marketing to Women*)

FemaleThink/ Popcorn & Marigold

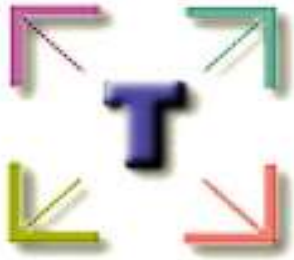
“Men and women don’t think the same way, don’t communicate the same way, don’t buy for the same reasons.”

“He simply wants the transaction to take place. She’s interested in creating a relationship. Every place women go, they make connections.”

Thanks,

Marti

Barletta!



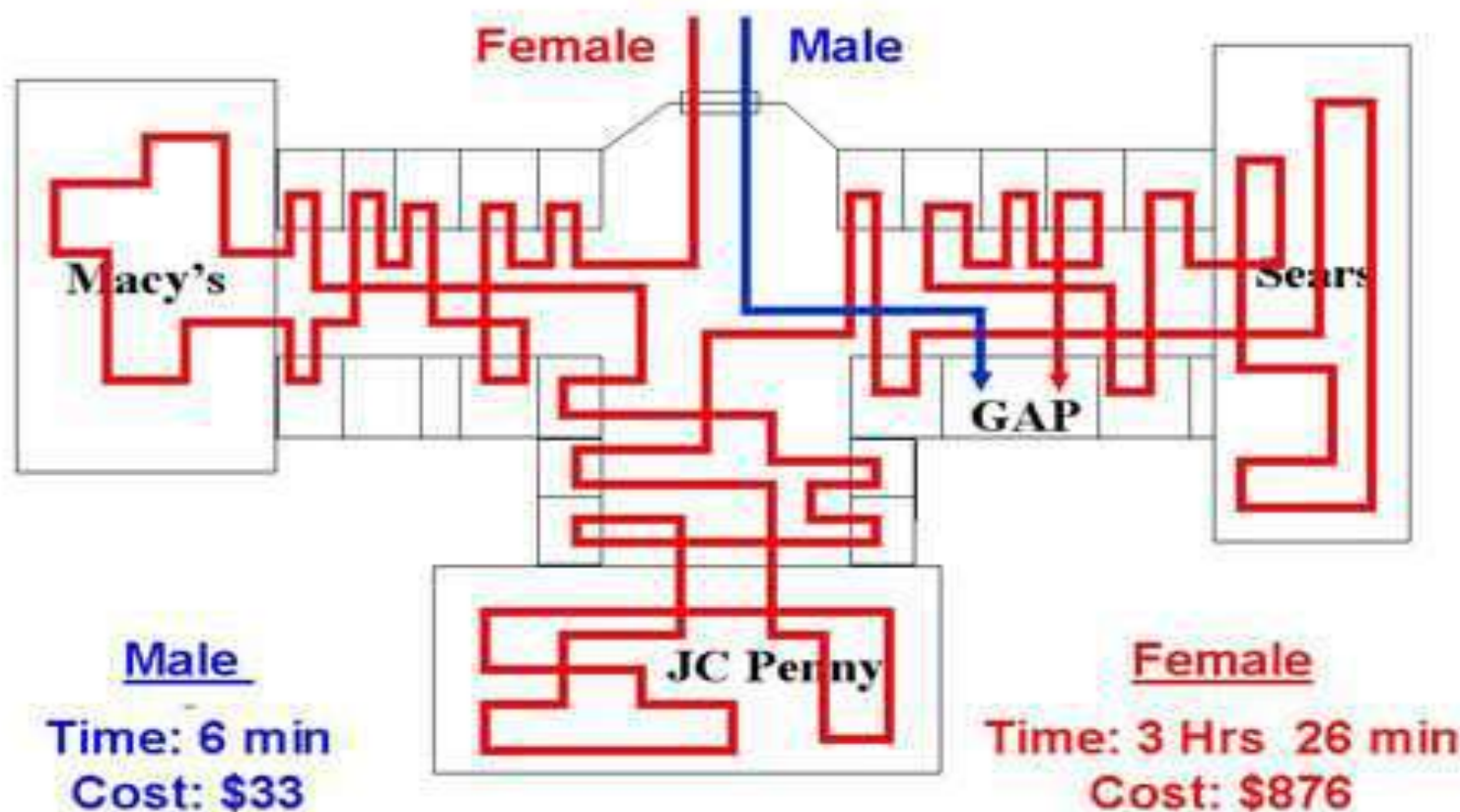
The Perfect Answer

Jill and Jack buy
slacks in black...





Mission: Go to Gap, Buy a Pair of Pants



Read This Book ...

***EVEolution:
The Eight Truths of
Marketing to Women***

Faith Popcorn & Lys Marigold

EVEolution: Truth No. 1

***Connecting Your Female
Consumers to Each
Other Connects Them to
Your Brand***

“The ‘Connection Proclivity’ in women starts early. When asked, ‘How was school today?’ a girl usually tells her mother every detail of what happened, while a boy might grunt, ‘Fine.’ ”

EVEolution

“Women don’t buy
brands. *They*
join them.”

EVEolution

2.6 vs. 21

1. Men and women are different.
2. Very different.
3. **VERY, VERY DIFFERENT.**
4. Women & Men have a-b-s-o-l-u-t-e-l-y nothing in common.
5. Women buy lotsa stuff.
6. **WOMEN BUY A-L-L THE STUFF.**
7. Women's Market = Opportunity No. 1.
8. Men are (STILL) in charge.
9. **MEN ARE ... TOTALLY, HOPELESSLY CLUELESS ABOUT WOMEN.**
10. Women's Market = Opportunity No. 1.

Albertson's "Gets It"*

Albertson's CEO Larry Johnston (a GE alum) on women in top slots: ***"Women have insights into our customers that no man—no matter how bright, no matter how hard working—can match. That's important when 85 percent of all consumer buying decisions made in our stores are made by women."***

Retail analyst Burt Flickinger calls the absence of women in top slots, pre-Johnston, the company's "tragic flaw." He adds, "It was a bunch of old white guys making erroneous assumptions and erroneous conclusions about women and the multicultural consumers that make up the majority of Albertson's customers."

****Only large global corporation with over 50% women (6 of 11) on its Board***

13. Re-imagine the
Customer II: Trends Worth
Trillion\$\$\$...

***Boomer Bonanza/
Godzilla Geezer.***

2000-2010 Stats

18-44: -1%

55+: +21%

(55-64: +47%)

**44-65: “*New
Consumer
Majority*” ***

***45% larger than 18-43; 60% larger by 2010**

Source: *Ageless Marketing*, David Wolfe & Robert Snyder

“The New Customer Majority is the only adult market with realistic prospects for significant sales growth in dozens of product lines for thousands of companies.”

—David Wolfe & Robert Snyder, *Ageless Marketing*

“Households headed by someone 40 or older enjoy 91% (\$9.7T) of our population’s net worth. ... ***The mature market is the dominant market in the U.S. economy, making the majority of expenditures in virtually every category.***” —Carol Morgan & Doran Levy,
Marketing to the Mindset of Boomers and Their Elders

***“Baby-boomer
Women: The Sweetest
of Sweet Spots for
Marketers”***

—David Wolfe and Robert

Snyder, *Ageless Marketing*

“Marketers attempts at reaching those over 50 have been miserably unsuccessful. No market’s motivations and needs are so poorly understood.”—Peter

Francesse, founding publisher, *American Demographics*

No: “Target Marketing”

**Yes: “Target
Innovation” & “Target
Delivery Systems”**

**VI. NEW
BUSINESS.
NEW
“PEOPLE.”**

14. *Re-imagine*
Excellence I: The
Talent
Obsession.

**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***

“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

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: Meet
the New Boss ...
Women Rule!**

“AS LEADERS, WOMEN
RULE: New Studies find
that female managers
outshine their male
counterparts in almost
every measure”

Title, Special Report/*BusinessWeek*

Women's Strengths Match New Economy

Imperatives: Link [rather than rank] workers; favor interactive-collaborative leadership style [empowerment beats top-down decision making]; sustain fruitful collaborations; comfortable with sharing information; see redistribution of power as victory, not surrender; favor multi-dimensional feedback; value technical & interpersonal skills, individual & group contributions equally; readily accept ambiguity; honor intuition as well as pure “rationality”; inherently flexible; appreciate cultural diversity.

Source: Judy B. Rosener, *America's Competitive Secret: Women Managers*

Opportunity!

	<u>U.S.</u>	<u>G.B.</u>	<u>E.U.</u>	<u>Ja.</u>
M.Mgt.	41%	29%	18%	6%
<u>T.Mgt.</u>	4%	3%	2%	<1%
Peak Partic. Age	45	22	27	19
% Coll. Stud.	52%	50%	48%	26%

Source: Judy Rosener, *America's Competitive Secret*

**16. Re-imagine
Excellence III: New
World. New
Education.**

*“Every time I pass a
jailhouse or a school,
I feel sorry for the
people inside.”*

—Jimmy Breslin,

on “summer school” in NYC [*“If they haven’t learned in the winter,
what are they going to remember from days when they should be
swimming?”*]

“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!

“How many artists are there in the room? Would you please raise your hands.

FIRST GRADE: En masse the children leapt from their seats, arms waving.

Every child was an artist. SECOND GRADE: About half the kids raised their hands, shoulder high, no higher. The hands were still. THIRD GRADE: At best, 10 kids out of 30 would raise a hand, tentatively, self-consciously. By the time I reached SIXTH GRADE, no more than one or two kids raised their hands, and then ever so slightly, betraying a fear of being identified by the group as a ‘closet artist.’ The point is:

**Every school I visited was
participating in the suppression
of creative genius.”**

Source: Gordon MacKenzie, *Orbiting the Giant Hairball: A Corporate Fool's Guide to Surviving with Grace*

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*

**VII. NEW BUSINESS.
NEW LEADERSHIP.**

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

**The Passion
Imperative.**

*Start a
Crusade!*

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

*“the wildest
chimera of a
moonstruck
mind”*

—*The Federalist* on TJ’s

Louisiana Purchase

*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

*Trumpet an
Exhilarating
Story!*

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

Howard Gardner

Leading Minds: An Anatomy of Leadership

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

*Leaders make
meaning.”*

– John Seely Brown

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

*“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.”*

*Dispense
Enthusiasm!*

BZ: “I am a ...
*Dispenser of
Enthusiasm!*”

**18. Free the
Lunatic Within!**

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

— Jack Welch

