

Tom Peters'

EXCELLENCE!

“THE WORKS”

A Half-Century's Reflections/1966-2016

Chapter TEN:

INNOVATE OR DIE

01 January 2016

(10+ years of presentation slides at tompeters.com)

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STATEMENT OF PURPOSE

This—circa January 2016—is my best shot. It took 50 years to write! (From 1966, Vietnam, U.S. Navy ensign, combat engineer/Navy Seabees—my 1st “management” job—to today, 2016.) It is ... **“THE WORKS.”** THE WORKS is presented in PowerPoint format—but it includes 50,000++ words of annotation, the equivalent of a 250-page book.

The times are nutty—and getting nuttier at an exponential pace. I have taken into account as best I can (there really are no “experts”) the current context. But I have given equal attention to more or less eternal (i.e., human) verities that will continue to drive organizational performance and a quest for EXCELLENCE for the next several years—and perhaps beyond. (Maybe this bifurcation results from my odd adult life circumstances: 30 years in Silicon Valley, 20 years in Vermont.)

Enjoy.

Steal.

P-L-E-A-S-E try something, better yet several somethings.* ** *** *****

*Make no mistake ... **THIS IS A 17-CHAPTER BOOK** ... which happens to be in PowerPoint format; I invite you to join me in this unfinished—half century to date—journey.

**My “Life Mantra #1”: WTTMSW/Whoever Tries The Most Stuff Wins.

***I am quite taken by N.N. Taleb’s term “antifragile” (it’s the title of his most recent book). The point is not “resilience” in the face of change; that’s reactive. Instead the idea is proactive—literally “getting off” on the madness per se; perhaps I somewhat anticipated this with my 1987 book, *Thriving on Chaos*.

****Re “new stuff,” this presentation has benefited immensely from Social Media—e.g., I have learned a great deal from my 125K+ twitter followers; that is, some fraction of this material is “crowdsourced.”

***** ***I am not interested in providing a “good presentation.” I am interested in spurring practical action. Otherwise, why waste your time—or mine?***

Note: There is considerable **DUPLICATION** in what follows. I do not imagine you will read this book straight through. Hence, to some extent, each chapter is a stand-alone story.

Epigraphs

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

“Your customers will never be any happier than your employees.” —John DiJulius

“We have a strategic plan. It’s called ‘doing things.’” —Herb Kelleher

“You miss 100% of the shots you never take.” —Wayne Gretzky

“Ready. Fire. Aim.” —Ross Perot

“Execution is strategy.” —Fred Malek

“Avoid moderation.” —Kevin Roberts

“I’m not comfortable unless I’m uncomfortable.” —Jay Chiat

“It takes 20 years to build a reputation and five minutes to ruin it.”
—John DiJulius on social media

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

“You know a design is cool when you want to lick it.” —Steve Jobs

“This will be the women’s century.” —Dilma Rouseff

“Be the best. It’s the only market that’s not crowded.” —George Whalin

First Principles. Guiding Stars. Minimums.

*** EXECUTION! The “Last 99%.”**

GET IT (Whatever) DONE.

*** EXCELLENCE. Always. PERIOD.**

*** People REALLY First! Moral Obligation #1.**

*** EXPONENTIAL Tech Tsunami.**

GET OFF ON CONTINUOUS UPHEAVALS!

*** Innovate or DIE!**

WTTMSW/Whoever Tries The Most Stuff Wins!

*** Women Buy (EVERYTHING)!**

Women Are the Best Leaders! Women RULE!

*** Oldies Have (All of) the Market Power!**

*** DESIGN Matters! EVERYWHERE!**

*** Maximize TGRs!/Things Gone RIGHT!**

*** SMEs, Age of/“Be the Best,**

It’s the Only Market That’s Not Crowded”

*** Moderation KILLS!**

NEW WORLD ORDER ?!

0810/2011:

Apple > Exxon*

0724/2015:

Amazon > Walmart**

***Market capitalization; Apple became #1 in the world.**

****Market capitalization; Walmart is a “Fortune 1” company—the biggest in the world by sales.**

Phew.

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Chapter TEN

INNOVATION/

INNOVATE*

(*E-V-E-R-Y-O-N-E!)

OR DIE

Innovation

Tactic #1:

WTTMSW

10.1.1 Lesson **50**:

WTTMSW

No kidding, this truly is ... **the only thing I've learned “for sure”** ... in the 50 (!) years since I began my managerial career—as a U.S. Navy Seabee/combat construction battalion ensign in Vietnam.

WHOEVER

TRIES

THE

MOST

STUFF

WINS

**“Show up” and “Try it” are probably
(**UNDOUBTEDLY?**) the two
most durable pieces of advice that can
be imagined—or offered.**

**On the other hand, they do belong
squarely in the “easier said than done”
category. Some organizations thrive on
playfulness (see below); most don’t.
Hence the “simple” idea of a “try it”
society/organization is actually the
deepest of *cultural* issues.**

WTTMSW++++

***“SPONTANEOUS
DISCOVERY
PROCESS”***

The Nobel Laureate (Economics) **F.A. Hayek is a principal theorist of capitalism and champion of freedom from tyranny. Among his many contributions is his description of economic growth as a “*spontaneous discovery process.*”**

That is, sustained growth is stunted, or reversed, by a master plan. (His renowned anti-socialist tome was titled *The Road to Serfdom.*) Not unlike Adam Smith’s “hidden hand,” it is the spontaneous interaction among economic players, including producers and customers, that, through a Darwinian process of selection, results in ragged-but-almost-certain-long-term progress.

Successful variants emerge through struggle—rather than arrive on a tidy train following a grand plan.

(In a far less consequential fashion, Bob Waterman and I via In Search of Excellence de facto fought a war against the regnant strategic planning mavens.)

**(Rapid) Trial and Error =
WTTMSW =**

**Heart of the scientific method
Engine of natural selection
Basis for economic growth
Key to business success
Key to individual success**

**“Most tries and screw-ups win” is
central to human progress.**

**Large scale.
(Nations.)**

**Small scale.
(The wee low- or high-tech startup.)
(AND ... thee & me.)**

Period.

In Search of
EXCELLENCE

A Bias for Action

1. **Close to the Customer**
2. **Autonomy and Entrepreneurship**
3. **Productivity Through People**
4. **Hands On, Value-Driven**
5. **Stick to the Knitting**
6. **Simple Form, Lean Staff**
7. **Simultaneous Loose-Tight Properties**

If I were to update *In Search of Excellence* in

2016, there is **ZERO doubt that
“a bias for action” would top the list—with
even *more* emphasis than 34 years ago.**

The subtitle to my 1993 book *Tom Peters Seminar* was “Crazy Times Call For Crazy Organizations.” Welcome to 2016: Crazier times call for even crazier organizations—and a far more urgent “Try it. NOW.” “culture.”!

READY.

FIRE!

AIM.

H. Ross Perot (vs “Aim! Aim! Aim!**”/EDS vs GM/1985)**

H. Ross Perot sold EDS to GM in the 1980s, and went on the car giant's Board. A few years later he was asked to explain the difference between the two companies.

He said in frustration that at EDS the winning strategy was “Ready. Fire. Aim.” I.e., get on with it—now; adjust later. At GM the “strategy,” he avowed, was “Ready. Aim. Aim. Aim. Aim. ...” (Alas, well into the 1st decade of the new century GM's problems/unwieldy bureaucracy remained pretty much unchanged.)

1950-1980: R.A.F./Ready. Aim. Fire.

1981-2000: R.F.A./Ready. Fire! Aim.

2000-20??: F.F.F./Fire! Fire! Fire!

***“Quality is a
probabilistic
function of
quantity.”***

*“The difference between **Bach** and his forgotten peers isn’t necessarily that he had a better ratio of hits to misses. The difference is that the mediocre might have a dozen ideas, while Bach, in his lifetime, **created more than a thousand full-fledged musical compositions.** A genius is a genius, psychologist Paul Simonton maintains, because he can put together such a staggering number of insights, ideas, theories, random observations, and unexpected connections that he almost inevitably ends*

*up with something great. **‘Quality,’** Simonton writes,*

‘is a probabilistic function of quantity.’” *

*—Malcolm Gladwell, “Creation Myth,” **New Yorker***

Joe Murray, to TJP, on winning a Nobel in medicine for the 1st successful organ transplant: **“We did more procedures.”*

***“Keep shooting
until the thing you
couldn’t have
planned or
imagined occurs.
Then stop.”***

—Mike Nichols, on film directing

Mike Nichols.

Bach.

Joe Murray.

By and large a numbers game.

Obviously all three were incredibly talented, masters of their art. But that makes the point even more important. Even for the “best of the best of the best” ...

SUCCESS IS A NUMBERS GAME.

WTTMSW.

Q.E.D.

***“By indirection
direction find.”***

—Hamlet, II. i

***“On s’engage
et puis on
voit!”**** —Napoleon

****“One jumps into the fray, then
figures out what to do next.”
(Ready. Fire. Aim.)***

***"How often I found
where I should be
going only by setting
out for somewhere
else."***

— Buckminster Fuller

Variations on ...
Ready. Fire. Aim.

This is my life.
This is my bliss.

Call it: WTTMSW+

**Jump in ... and figure it
out along the way.**

Circa 2016.
Is their a choice?

***“WE HAVE A
STRATEGIC PLAN.
IT’S CALLED ‘DOING
THINGS.’”*** —Herb Kelleher

***“DON’T ‘PLAN.’
DO STUFF.”***
—David Kelley/IDEO

**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.**

The paper ...

“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

Screw it.

Just do it.

—book title, Richard Branson

I want to be a Photographer.

**Take a ton of photos. Start a photo blog.
Organize an art show for your best work. MAKE STUFF.**

I want to be a Writer.

**Write a ton of pieces. Establish a voice on social media.
Start a blog. Write guest posts for friends. MAKE STUFF.**

Talk is cheap.

Just make stuff.

**—Reid Schilperoort, brand strategist, on the one piece of
advice that has helped him overcome creative blocks**

Cool quotes?

Sure.

But that gets it **A-L-L wrong.**

**THIS IS A PHILOSOPHY OF LIFE.
THIS IS AN ORGANIZATIONAL
“CULTURE” THAT CAN PAY
ENORMOUS DIVIDENDS.**

So:

OPERATIONALIZE IT.

NOW.

(P-L-E-A-S-E.)

10.1.2 Relentless

**Prototyping as
Innovation**

Skill #1

“We made mistakes, of course. Most of them were omissions we didn’t think of when we initially wrote the software. We fixed them by doing it over and over, again and again. We do the same today. While our competitors are still sucking their thumbs trying to make the design

perfect, we’re already on prototype version #5. By the time our rivals are ready with wires and screws, we

are on version #10. It gets back to planning versus acting: We act from day one; others plan how to plan—for months.”

—Bloomberg by Bloomberg

**“DEMO
OR DIE!”**

Source: This was the approach championed by Nicholas Negroponte which vaulted his MIT Media Lab to the forefront of IT-multimedia innovation. It was his successful alternative to the traditional

Culture of Prototyping

***“Effective prototyping may
be THE MOST
VALUABLE CORE
COMPETENCE an
innovative organization can
hope to have.”*** —Michael Schrage

“Most valuable.”

Strong language.

Merited.

**AND/AGAIN: a “culture issue”—not, alas,
an approach that can be instilled by 1st
thing tomorrow morning.**

Think about It!?

**Innovation =
Reaction to the
Prototype**

Source: Michael Schrage

FIRST ...

PERTURB THE SYSTEM!

That is:

**There's nothing serious to talk about
until you've tried something ...
and observed what happened.**

Intuit: INCREASE “NET PROMOTER SCORE” (from Fred Reichheld). **D4D/Design For Delight forums. “Painstorm”** (attack areas of maximum customer

irritation). **ITERATE WITH**

CUSTOMERS/FULL

CYCLE WEEKLY (EXPERIMENTATION >

PowerPoint; ACTION > Talk). **“INNOVATION**

CATALYSTS” Formal effort to engage Middle Managers. **WILDLY SUCCESSFUL = CULTURE CHANGE.**

Source: Roger Martin, *Harvard Business Review*

A wonderful story: Intuit boss Scott Cook decided he was *not* Steve Jobs—but that he needed to massively enhance innovation.

“Net Promoter Score” is a measure of customers’ willingness to recommend you to others. To increase that score, Intuit decided to go after design-usability issues.

The breakthrough was teams (spurred by formally designated “catalysts”) working intimately with clients on hyper-fast prototypes. Intuit’s lumbering analytic process (Cook was from P&G) was largely replaced with a one-week test-and-adjust cycle.

Results were remarkable—including a great start on an overall “culture change” in a mammoth organization.

Mickey Drexler/The Gap-J.Crew

- ** Bias for instant action/Towering impatience with in-action**
- ** Impatient but not brutal**
- ** Relentless/Speed-of-light experimentation; more ASAP if works, drop if not**
- ** Vibrates with energy (literally)**
- ** Always on the prowl—anywhere, everywhere—for ideas**
- ** Lots of team-standing-around-making-instant-assessments-decisions—all contributing**
- ** Likes working with women more than men because F more intuitive than M**
- ** Dresses like the brand—at 66**
- ** Offense, not defense**
- ** Communicates all the time (removes fear of CEO presence). Everyone, including most junior, made part of the decision-making team**
- ** Listens attentively regardless of age/seniority**
- ** Obvious in his transparent respect for young employees**
- ** Trusts intuition plus fanatic about the numbers**
- ** Expects everyone to know their numbers cold from memory**
- ** Always aware of “the business case”—as well as fashion-master**
- ** Aggressive pricing**
- ** MBWA/Managing By Wandering Around**
- ** Open with everyone, from youth to folks at Earnings Call**
- ** Constant customer contact-dialogue/React instantly to customer feedback**
- ** Willing to act (experiment) based on one datapoint**
- ** Engages with the most junior of his people**
- ** At 66, comfortably uses “hot” words like “Cool” “Wow”**

Mickey Drexler is one of America's and indeed the world's great merchants (The Gap, J. Crew). His approach to life epitomizes and in fact defines an abiding, even obsessive commitment to WTTMSW/ "Ready. Fire. Aim."

Then add for good measure an extraordinary openness to the opinion of youngsters (RARE! FABULOUS!**) who provide especially interesting meat to add to the guided mayhem of a hyper-kinetic "R.F.A." regime.**

(Read the slide carefully. Please.)

10.1.3

SERIOUS PLAY



“You can’t be a serious innovator unless and until you are ready, willing and able to seriously play.

“Serious play” is not an oxymoron; it is the essence of innovation.”

—Michael Schrage, *Serious Play*

“Serious” “play” is an urgent necessity in 2016. It—and the book from which it comes—should be carefully examined.

The term can readily roll off the tongue—but the ethos often requires a revolution.

Instilling an ethos of “serious play” is as difficult as instilling a “people first” or “customer-centric” culture!

(P-L-E-A-S-E chew carefully on this term. Do not dismiss out of hand.)

“To be playful is to allow for unlimited possibility.” —James Carse

“Improv theater galvanized the anti-infection effort. By acting out short dramas about keeping patients safe from infection, staff members are discovering previously un-noticed opportunities for bacteria to spread, and devising new ways to thwart the diffusion. They are also creating new conversations and new patterns of [behavior]. Their learning and discovery is social, visceral and collaborative.”

—Arvind Singhal, Prucia Buscell & Curt Lindberg, *Inviting Everyone: Healing Healthcare Through Positive Deviance*

A nice literal take on serious play and innovation.

(The case in point is a hospital, with all its manifest “cultural” barriers to free-flowing communication, tackling the horrifying issue of hospital infections, which cause about 100,000 deaths per year in the USA alone.)

**“LEARN NOT
TO BE
CAREFUL.”**

—Photographer Diane Arbus
to her students (**Careful = The sidelines**, from
Harriet Rubin in *The Princessa*)

**To move fast, play hard, test the limits
is, in a sense, to throw your cares to the
winds—and go for it.**

**(“Careful” can be paralytic.)
(These are bad times for paralysis.)
(A favored phrase years ago was
“*analysis paralysis.*”)**

Stay Hungry.

Stay Foolish.

—Stewart Brand
(Generally attributed to Steve Jobs)

I love this!

***Whole Earth Catalog* creator Stewart Brand coined this phrase—and Steve Jobs adopted it as his de facto mantra.**

(BUT ... the Big Idea here is make ideas like these central to the corporate culture. So ... AGAIN ... examine these words Very Carefully.)

***"Barn's burnt
down ... now I
can see the
moon."***

—Masahide, Japanese poet

Nice.

Here's to moonlight !

**“EXPERIMENT
FEARLESSLY”**

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

**“RELENTLESS TRIAL
AND ERROR”**

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

No less than *BusinessWeek* and the *Wall Street Journal* agree that, de facto, the “Whoever tries the most stuff wins” notion is central to modern business success; in fact no less than ...

Success Strategy #1 .

***iPod, etc. ...
ordinary
ideas/SJ as
“tinkerer” par
excellence***

When Steve Jobs died, in subsequent commentary many close observers said that he wasn't an "inventor." None of his core ideas were revolutionary per se—they'd been in the wind for a long time. Instead his secret was that he was a "tinkerer;" he played and played (and played) and polished and polished (and polished) (and polished) until he had utterly transformed beyond recognition what he started with.

Mr. Jobs was de facto Advocate #1 of WTTMSW and "serious play."

10.1.4

“CAN DO”

Forty-nine years ago I was in the U.S. Navy in Vietnam, serving in an NMCB, U.S. Naval Mobile Construction Battalion—NMCB9, to be precise. This group of combat engineers, mostly supporting the U.S. Marine Corps, is known as the *Seabees*. And the Seabee motto,

dating back to World War II and Guadalcanal, is ...

“CAN DO.”* In fact, my first commanding officer taught me pretty much all I’d need to know about “Can Do” and “A Bias for Action.” Thank you, Captain Anderson.)

***Though a military organization, the Seabees weren’t much for military formalities. They were there to build things. RIGHT NOW. FAST AS BLAZES.**

Dick/DAY

(Build! Now! Period!)

**Dan/NIGHT (Flawless
report on what
not built)**

In fact, I learned pretty much all I needed to know in my two Seabee deployments to Vietnam. During deployment #1, Captain Richard E. Anderson* insisted that we “get on with it ... come hell and high water.” I call him ... **CAPTAIN DAY. (**I consider Captain Andy probably the most important mentor I’ve had.*)**

Captain Daniel _____ was, I often believed, more interested in a letter-perfect report on something incomplete than a finished job and a happy customer (the U.S. Marines) with imperfect documentation.

You say, “You exaggerate.”

I say, “You didn’t work for ... **CAPTAIN NIGHT.”**

Subsequently, all I needed to do at a troublesome juncture was do what Captain DAY would have wanted me to do ... and avoid like the plague the approach that would have been favored by Captain NIGHT.

That simple?

Well, not quite.

But more or less.

10.1.5 **WTTMSW**

COROLLARY:

WTTMSASTMSUW

“FAIL. FORWARD. FAST.”

—High Tech CEO, Pennsylvania

***“FAIL FASTER. SUCCEED
SOONER.”***

—David Kelley/IDEO

***“MOVE FAST.
BREAK THINGS.”***

—Facebook

***“NO MATTER.
TRY AGAIN.
FAIL AGAIN.
FAIL BETTER.”***

—Samuel Beckett

**I love all these.
But especially Beckett.
(But then I love Beckett in general.)**

Key point.

**These are NOT “clever”/“cool”
quotes. These ARE assertions about
effective/ innovative business
performance ... with operational
consequences.**

Richard Farson & Ralph Keyes:

***Whoever Makes
the Most Mistakes
Wins: The Paradox
of Innovation****

(*Book title)

Richard Farson is a longtime friend—and a peerless observer of organizations and Master of Innovation. He wrote an entire book on my favorite topic! “Stole” (I’m teasing, Richard) the title I’d had in mind!

Hooray!

If “try it” is indeed the “one thing I’ve learned for sure in 50 years” ... then its handmaiden is necessarily ... “whoever makes the most mistakes wins.”

By definition.

Right???

I repeat: RIGHT???

“We normally shoot a few takes, even if the first one is terrific ... because what I’m really hoping for is a ‘mistake.’ I think that most of the really great moments in my films were not planned. They were things that naturally occurred and we said, ‘Wow, look at that—that’s something we want to keep.’ That’s when you hit the truth button with the audience.” —Robert Altman, on his Academy Award winning “Gosford Park”

Read carefully.

Pursuit of the “inspired mistake.**”**

Wonderful!

Rule of 99: “ ‘Success,’
[Soichiro] Honda said, ‘can only
be achieved through repeated
failure and introspection.

**Success represents one
percent of your work,
which results only from
the ninety-nine percent that
is called failure.’ ”**

—Jeffrey Rothfeder,
Driving Honda: Inside the World's Most Innovative Car Company

If you try a lot of stuff you are going to screw a lot of stuff up.

Q.E.D.

**(But, again, an environment that accepts
— *encourages* — this is a 1st
order cultural issue.)**

“REWARD

excellent failures.

PUNISH *mediocre*

successes.”

—Phil Daniels, Sydney exec

Daniels, a very successful Australian businessman, says he owes that success “to six words”—see above.

(FYI: Study this. *The idea is to apply it literally.* Do not

treat as a “clever phrase”—**PLEASE.)**

(Jack Welch as GE boss was also a believer in this approach.)

FYI: *“Mediocre success” defined. Joe is a talented fellow. He works for 18 months on a project. It is successfully implemented—but, truth be known, it has very little impact. Not good enough, circa 2016.*

“In business, you **REWARD** people for taking **RISKS.** WHEN IT DOESN'T WORK OUT YOU PROMOTE THEM -BECAUSE THEY WERE WILLING TO TRY NEW THINGS. If people tell me they skied all day and never fell down, I tell them to try a different mountain.” —Michael Bloomberg

*“What really matters is
that companies that don’t continue to
experiment—*

***COMPANIES
THAT DON’T
EMBRACE***

FAILURE — eventually get in a
desperate position, where the only thing
they can do is make a ‘Hail Mary’ bet at
the end.” —Jeff Bezos

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

***—Richard Farson (Whoever Makes the
Most Mistakes Wins)***

Re-read these last five slides: When it comes (in 2016) to the consequences of failures:

REWARD.

PROMOTE.

EMBRACE.

CELEBRATE.

(Yup, those were the four key words.)

**“Ideas Economy:
CAN YOUR
BUSINESS FAIL
FAST ENOUGH TO
SUCCEED?”**

Source: ad for *Economist* Conference/0328.13/Berkeley CA (caps are the *Economist's*)

***“The secret of fast
progress is
INEFFICIENCY,
fast and furious and
numerous failures.”***

—Kevin Kelly

“The Silicon Valley of today is built less atop the spires of earlier triumphs than upon the rubble of earlier debacles.”

—Paul Saffo

Regis McKenna*: “A lot of companies in the Valley fail.”

Robert Noyce**: *“Maybe not enough fail.”*

RM: “What do you mean by that?”

RN: *“Whenever you fail, it means you’re trying new things.”*

*McKenna was the original Silicon Valley “marketing guru”

**Robert Noyce was an Intel co-founder and one of the fathers of the modern information industry.

Source: *Fast Company*

***“Natural selection is death. ...
WITHOUT HUGE
AMOUNTS OF DEATH,
ORGANISMS DO NOT
CHANGE OVER TIME. ...***

***Death is the mother of
structure. ... It took four billion
years of death ... to invent the
human mind ...” — The Cobra Event***

**“The essence
of capitalism is
encouraging
failure, not
rewarding
success.”**

—Nassim Nicholas Taleb

I know of no one more thoughtful on this topic than Taleb.*

**(*Of course I happen to agree with him
... **100.00%**.)**

WTTMS **ASTMSU** **W**

WHOEVER

TRIES

THE

MOST

STUFF

AND

SCREWS

THE

MOST

STUFF

UP

WINS

WTTMSW+

“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

**I repeat myself: A “WTTMSW/
WTTMSASTMSUW Attitude/Culture” is
imperative. “This stuff” is not a clear
process (regardless of what the “Agile”
folks might say); it is a ... “WAY OF
LIFE.”**

OR NOTHING.

(And: Oh so true.)

#2/4,096: **“YOU MISS**

100% OF
THE SHOTS YOU
NEVER TAKE.”

—Wayne Gretzky

**All you need to know in life?
FYI: I'm serious.
(Or close to it.)**

**(This contended with the Branson quote
—“Business has to give people
enriching, rewarding lives or it's simply
not worth doing”—as my choice for the
#1 position in my 2013 4,096-slide/
23-part MOAP/“Mother Of All
Presentations.” At any rate, it ranks no
lower than #2.)**

***“Intelligent people
can always come up
with intelligent
reasons to do
nothing.”*** —Scott Simon

“Andrew Higgins , who built landing craft in WWII, refused to hire graduates of engineering schools. He believed that they only teach you what you can’t do in engineering school. He started off with 20 employees, and by the middle of the war had 30,000 working for him. He turned out 20,000 landing craft. D.D. Eisenhower told me, ‘Andrew Higgins won the war for us. He did it without engineers.’ ” —Stephen Ambrose

***“Nothing is
more dangerous
in war than
theoreticians.”***

—Marshall Petain (John Mosier, *The Blitzkrieg Myth*,
“War as Pseudoscience: 1920-1939”)

**A bit snarky.
But also a bit true.**

Temperature

“If things seem under control, you’re just not going fast enough.”

—Mario Andretti, race driver

“I’m not comfortable unless I’m uncomfortable.”

—Jay Chiat

“If it works, it’s obsolete.”

—Marshall McLuhan

Hustle.2016.

NOT OPTIONAL.

“In control”.2016

NOT POSSIBLE.

- *Be nimble or be dead**
- *Go nano or go home** [Nano corps, or fluid self-forming groups that move from one organization to another, will get most projects done.]
- *Management is unnecessary**
- *Managers cost too much**
- *How far can you scale flat?**
- *Small is here to stay**
- *Small will be the bane of large**

Source: Ted Coine & Mark Babbitt, *A World Gone Social: How Companies Must Adapt to Survive*

**Shorthand, but a powerful ...
“Philosophy.2016.”**

**(I’m not necessarily 100% in agreement;
but I do 100% support the spirit and
flavor of this list.)**

WTTMSASTMSU**TFW**

WHOEVER

TRIES

THE

MOST

STUFF

AND

SCREWS

THE

MOST

STUFF

UP

THE

FASTEST

WINS

WTTMSW++

WTTMSASTMSUTFW

WHOEVER
TRIES
THE
MOST
STUFF
AND
SCREWS
THE
MOST
STUFF
UP
THE
FASTEST
WINS

Q.E.D.

“Experience is not the best teacher. It is not even a good teacher. It is too slow, imprecise and ambiguous.”

—Russell Ackoff

So/ta-da:

WTTMSASTMSUTFW!

**“METABOLIC
MANAGEMENT”**

I've at times called "all this" "metabolic management." The leader—*of anything*—sets the pace. That is, has responsibility for the organization's "metabolism."*

Patience and thoughtfulness are priceless assets. Nonetheless, a "high energy" enterprise (from a 3-person accounting department to a million-person army) has a matchless advantage. Fact is, movement ... *per se* ... is exhilarating!

(*One more time: "You must be the change you wish to see in the world."—Gandhi)

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

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

“At the heart of Boyd’s thinking is an idea labeled ‘OODA Loops.’ OODA stands for the Observe-Orient-Decide-Act cycle. In short, the player with the quickest OODA Loops disorients the enemy to an extreme degree. In the world of aerial combat, for example, the confused adversary subjected to an opponent with short OODA cycles often flies into the ground rather than becoming the victim of machine gun fire or a missile. Boyd is careful to distinguish between raw speed and maneuverability. In aerial dogfighting in Korea (Boyd’s incubator), Soviet MiGs flown by Chinese pilots were faster and could climb higher, but our F-86 had ‘faster transients’—it could change direction more quickly; hence our technically inferior craft (by conventional design standards) achieved a 10:1 kill ratio.” —Robert Coram,
BOYD: The Fighter Pilot Who Changed the Art of War

Colonel John Boyd, USAF, has been called by some the most important military strategist since Sun Tzu.

Boyd's bedrock was the concept of going through the React and Move Cycle so fast that the enemy becomes disoriented. (Boyd: The "O.O.D.A. Loop": Observe. Orient. Decide. Act.) The late COL Boyd had binder after binder of evidence from every place imaginable to back up his thesis—I was lucky enough to partake of the famous 2-day Boyd briefing.

In the marketplace, moving-testing-adjusting like the blazes (*see the earlier discussion of Mickey Drexler's tactics at J.Crew*) can rapidly and almost totally ...

disorient ... one's rivals. This is the ultimate expression of the "do it-try it-fix it doctrine" I am "selling" here and have been selling since 1977.

OODA Loop/Boyd Cycle

“Unraveling the competition”/ Quick Transients/ Quick Tempo (NOT JUST SPEED!)/ Agility/ “So quick it is disconcerting” (adversary over-reacts or under-reacts)/ “Winners used tactics that caused the enemy to unravel before the fight”

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

***“Re-arrange the
mind of the
enemy”*** —T.E. Lawrence

Quick tempo.

Un-ravel.

Dis-orient.

Dis-concerting.

Re-arrange the mind.

I urge you to read ... *BOYD: The Fighter Pilot Who Changed the Art of War*, by Robert Coram.

Jane Jacobs, urban economist:

“EXUBERANT VARIETY”

vs. the “Great Blight of Dullness.”

F.A. Hayek, economist/Nobel laureate:

**“SPONTANEOUS
DISCOVERY PROCESS.”**

Joseph Schumpeter, economist: the **“GALES**

**OF CREATIVE
DESTRUCTION.”**

WTTMSASTMSUTFW



10.1.8

THINK!

VS.

DO!

TOM PETERS

26 OCTOBER 2006/Revised 24 December 2015

A presentation drafted some years ago; modified slightly ... but far more relevant than at the time of its birth. The tempo of the times—2016—makes a half-dozen years ago look very tame.

In Search of
EXCELLENCE

1. **A Bias for Action**
2. **Close to the Customer**
3. **Autonomy and Entrepreneurship**
4. **Productivity Through People**
5. **Hands On, Value-Driven**
6. **Stick to the Knitting**
7. **Simple Form, Lean Staff**
8. **Simultaneous Loose-Tight Properties**

“A BIAS FOR ACTION” was tactic #1 (of 8) in *In Search of Excellence*, circa 1982. If I re-wrote *ISOE* today, in 2016, it'd still be #1 ... except I'd add about a dozen exclamation

points. (!!!!!!!) What follows is hopelessly unfair. But I don't apologize. The goal is to be deadly serious—and poke a little fun along the way.

“You can’t be a serious innovator unless and until you are ready, willing and able to seriously play.

‘Serious play’ is not an oxymoron; it is the essence of innovation.”

—Michael Schrage, *Serious Play*

**“Never forget
implementation , boys.
In our work, it’s what I
call the ‘last 98
percent’ of the client
puzzle.”** —Al McDonald, former Managing Director,
McKinsey & Co, to a project team that included TP

***“WE HAVE A
STRATEGIC PLAN.
IT’S CALLED ‘DOING
THINGS.’ ”***

—Herb Kelleher

***“DON’T ‘PLAN.’
DO STUFF.”***

—David Kelley/IDEO

**The (Strange) Case of Peter Drucker &
Michael Porter vs. The “Non-linearists”**

HERBERT SIMON. *(Administrative Behavior.)* **JAMES
MARCH. KARL WEICK.** *(The Social Psychology of
Organizing.)* **EUGENE WEBB. HENRY
MINTZBERG.** *(The Rise and Fall of Strategic Planning.)*
JAMES UTTERBACK. THOMAS KUHN.
(The Structure of Scientific Revolutions.) **CHARLES
LINDBLOM. DANIEL GOLEMAN.**
INNOVATION BIOGRAPHERS.* (*Transcontinental
Railroad, Electrification, Radio, Television, Containerization, DNA, Computers,
Military History, Etc.) **MOST POLITICAL
SCIENTISTS. SILICON VALLEY. ETC.**

Phew.

“Linearist”: **PLAN IT!**

“Non-linearist”: **TRY IT!**

Screw it.

Just do it.

—book title, Richard Branson

“Linearist”: **THINK!**

“Non-linearist”: **DO!**

“Linearist”:

HYPOTHESIZE!

“Non-linearist”:

EXPERIMENT!

**“EXPERIMENT
FEARLESSLY”**

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

**“RELENTLESS TRIAL
AND ERROR”**

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

**“Linearist”: FAILURE =
SIGN OF
INCOMPETENCE**

**“Non-linearist”: FAILURE =
LIFE/SUCCESS**

(THE MORE THE MERRIER! “Fail faster, succeed sooner.”)

“FAIL. FORWARD. FAST.”

—High Tech CEO, Pennsylvania

***“FAIL FASTER. SUCCEED
SOONER.”***

—David Kelley/IDEO

***“MOVE FAST.
BREAK THINGS.”***

—Facebook

“Linearist”: **A > B ***

“Non-linearist”: **B > A ***

*** Attitude shapes behavior**

**** Behavior shapes attitude** (“How do I know what I think ‘til I see what I say?”)

“Linearist”: **DELIBERATE!***

“Non-linearist”: **RELENTLESS!****

***“Do it right the first time” (Hero: Phil Crosby)**

****Never retreat (Hero: U.S. Grant/“Lick ’em tomorrow.”)**

“Linearist”: **LOGICAL!**

“Non-linearist”:

PASSIONATE!

“Linearist”: **GIVE ME
GENIUS!**

“Non-linearist”: **GIVE ME
STAMINA + LUCK!**

“Linearist”: **SPOTLESS**
ACADEMIC
RECORD!

“Non-linearist”: **A.D.D.**

**“LEARN NOT
TO BE
CAREFUL.”**

**—Photographer Diane Arbus
to her students (Careful = The sidelines, from
Harriet Rubin in *The Princessa*)**

“Linearist”: **MEASURED PACE!**

“Non-linearist”: **STREET RAP!**

“Linearist”: **THINK! PLAN!**
(R.A.F.*)

“Non-linearist”: **TRY IT!**
SCREW IT UP! FIX IT!
TRY IT AGAIN! (R.F.A.*)**

* **READY. AIM. FIRE.**

** **READY. FIRE. AIM. (Or, circa 2016: FIRE. FIRE. FIRE.)**

***“NO MATTER.
TRY AGAIN.
FAIL AGAIN.
FAIL BETTER.”***

—Samuel Beckett

Cheap Shot

“Linearist”: **MINIMIZE
COST.**

“Non-linearist”: **MAXIMIZE
REVENUE.**

“Linearist”: **FINANCE/
MARKETING RULE.**

“Non-linearist”:
**SALES/SERVICE/
R&D RULE.**

“Linearist”: **BACKGROUND:**
PLANNING, MARKETING
& FINANCE.

“Non-linearist”: **BACKGROUND:**
SALES & OPERATIONS.

“Linearist”

LIKES: IDEAS.

“Non-linearist”

LIKES: PEOPLE.

“Linearist”

OFFICE: WALLS.

“Non-linearist”

OFFICE: NONE.

“Linearist”

**BY APPOINTMENT
ONLY.**

“Non-linearist”

**MBWA/MANAGING
BY WANDERING
AROUND.**

“Linearist”

**PREFERRED BASEBALL
SCORE: 1-0.**

“Non-linearist”

**PREFERRED BASEBALL
SCORE: 11-9.**

“Linearist”

**PREFERRED FOOTBALL
SCORE: 7-0.**

“Non-linearist”

**PREFERRED FOOTBALL
SCORE: 41-38.**

“Linearist”

**CRIMINAL RECORD:
NONE.**

“Non-linearist”

**CRIMINAL RECORD:
DISORDERLY CONDUCT.
CHRONIC JAYWALKING.**

“Linearist”

**DRIVES: LINCOLN
TOWN CAR. FORD
EXPLORER (WEEKENDS).**

“Non-linearist”

**DRIVES: BMW. HARLEY-
DAVIDSON (WEEKENDS).**

**The (Strange) Case of Peter Drucker &
Michael Porter vs. The “Non-linearists”**

HERBERT SIMON. *(Administrative Behavior.)* **JAMES
MARCH. KARL WEICK.** *(The Social Psychology of
Organizing.)* **EUGENE WEBB. HENRY
MINTZBERG.** *(The Rise and Fall of Strategic Planning.)*
JAMES UTTERBACK. THOMAS KUHN.
(The Structure of Scientific Revolutions.) **CHARLES
LINDBLOM. DANIEL GOLEMAN.**
INNOVATION BIOGRAPHERS.* (*Transcontinental
Railroad, Electrification, Radio, Television, Containerization, DNA, Computers,
Military History, Etc.) **MOST POLITICAL
SCIENTISTS. SILICON VALLEY. ETC.**

***“On s’engage
et puis on
voit!”**** —Napoleon

****“One jumps into the fray, then
figures out what to do next.”***

NO EXEMPTIONS!

Alas, there is an apparent bias in some of my material—it appears to be aimed at large enterprises.

NO!

There is virtually nothing in this section that doesn't apply to the 5-person accountancy, or for that matter the solo practitioner.

***Antifragile*:
Things That***

GAIN

From Disorder

—Nassim Nicholas Taleb

***Not to be confused with ... RESILIENCE**

Fragile: Breaks easily.
Resilient: Bounces back.

**Antifragile: *Get jazzed
by/lives for and
progresses/innovates
as a result of being
knocked about.***

— With credit to Nassim Nicholas Taleb
(*Antifragile: Things That Gain From Disorder*)

Taleb's book is superb. The point is that this is not about quick reaction to issues (resilience), as important as that is. It is a way of life in which advantage is gained by "getting off" on madness per se—or perhaps "thriving on chaos," as I titled my 1987 book.*

(* Thriving on Chaos: Handbook for a Management Revolution)

***“It is not the
strongest of the
species that survives,
nor the most
intelligent, but the
one most responsive
to change.”***

—Charles Darwin

Darwin's (**POWERFUL**) version.
(Albeit he uses the word "responsive.")

***“We eat
change for
breakfast.”***

—Harry Quadracci, founder, QuadGraphics (see also N.N. Taleb, ***Antifragile***; TJP, ***Thriving on Chaos***)

The vernacular version—perhaps not as eloquent as “antifragile,” but to the point! (Actually, I like it better; Harry was a superstar—and, as they say, a piece of work.”)

(As usual, this is a “culture issue,” and a leadership issue. Some bosses run for their offices and close the door when the yogurt hits the fan. Others come to life. We need to factor this in—big time—to the promotion process.)

(There’s “nothing new” about this—but the magnitude and acceleration of non-trivial change is arguably unprecedented. Remember the line about the overarching importance of understanding the “exponential function.”)

***“Innovation is opera:
Theft and murder and
egos and false starts and
years in the wilderness
and years of treading
water ...”*** —Author unknown

The story behind my abiding “bias for action” is that ... *there ain't no choice.*

Recall F.A. Hayek’s “*spontaneous discovery process.*” The logic is, in effect, the logic of the Law of Large Numbers. That is, in a hopelessly irrational/messy world ... *the more you try and the more you hustle through those tries, the more that'll eventually work.*

Obvious?

Of course.

But given the apparent “bias for IN-action” at so many firms, one/me must repeat and repeat and repeat and hammer and hammer and hammer ...

**10.1.10 Antifragile/
Decentralization**

Decentralization vs Centralization

= “That’s **All**

There Is” (from childrearing
101 to the *Federalist Papers* to Org.2016)

It's a fact, most crucial decisions about organizing and governing—*anything*—boil down to decisions about centralization vs. decentralization. E.g., the U.S. Constitution.

(And, yes, decentralization can go too far. It's called anarchy. On the other hand, the stronger-by-far tendency is clearly to centralize more and more over time—and that is the kiss of death to continuing vitality. I.e., you wake up one morning and the accrual of *“one-wee-step-at-a-time centralization”*** has resulted in paralysis.)**

“Rose gardeners face a choice every spring. The long-term fate of a rose garden depends on this decision. If you want to have the largest and most glorious roses of the neighborhood, you will prune hard. This represents a policy of low tolerance and tight control. You force the plant to make the maximum use of its available resources, by putting them into the rose’s ‘core business.’ Pruning hard is a dangerous policy in an unpredictable environment. Thus, if you are in a spot where you know nature may play tricks on you, you may opt for a policy of high tolerance. You will never have the biggest roses, but you have a much-enhanced chance of having roses every year. You will achieve a gradual renewal of the plant. In short, tolerant pruning achieves two ends: (1) It makes it easier to cope with unexpected environmental changes. (2) It leads to a continuous restructuring of the plant. The policy of tolerance admittedly wastes resources—the extra buds drain away nutrients from the main stem. But in an unpredictable environment, this policy of tolerance makes the rose healthier in the long run.” —Arie De Geus, *The Living Company*

“In short, tolerant pruning achieves two ends: (1) It makes it easier to cope with unexpected environmental changes. (2) It leads to a continuous restructuring of the plant. The policy of tolerance admittedly wastes resources—the extra buds drain away nutrients from the main stem. But in an unpredictable environment, this policy of tolerance makes the rose healthier in the long run.”

This is a ... **VERY (VERY)**
BIG DEAL.

Please read carefully.
(AND THEN RE-READ. PLEASE.)

This is a fascinating—and wise—take on decentralization’s merits (and, to be fair, demerits). In an uncertain world—ours today, unquestionably—decentralization “wins” by a country mile.

(Arie De Geus is famous for, among other things, having invented “scenario planning” at Royal Dutch Shell.)

***Be(very)ware
headlong pursuit of
“total” connectivity
with little regard for
value of sub-optimal
“inefficiencies.”***

Redux: This is a ... **VERY (VERY)
BIG DEAL.**

This “very big deal” is getting exponentially (“that word”) bigger (by the hour)!

For example, in a world where cyber attacks may be/are likely the new “weapons of mass destruction,” the best ultimate defense is some form of compartmentalization—which, of course, is another (throaty) plea for decentralization!

Lessons from the Bees!

“Since merger mania is now the rage, what lessons can the bees teach us? A simple one: Merging is not in nature. [Nature’s] process is the exact opposite: one of growth, fragmentation and dispersal. There is no megalomania, no merging for merging’s sake. The point is that unlike corporations, which just get bigger, bee colonies know when the time has come to split up into smaller colonies which can grow value faster. What the bees are telling us is that the corporate world has got it all wrong.”

—David Lascelles, Co-director of The Centre for the Study of Financial Innovation (UK)

More lessons from Mother Nature.

First roses.

Then bees.

(FYI: This “automatic split-up” approach has been dogma for Richard Branson at Virgin Group.)

***“Decentralization’
is not a piece of
paper. It’s not me.
It’s either in your
heart, or not.”***

—Brian Joffe/BIDvest

Decentralization's principal benefit is simply “many (independent—we hope) tries.” (E.g., 10 divisions = 10 tries.) (And don't get carried away by the chimerical “pursuit of synergy.”)

But to say “We're decentralized” and draw an org chart that ... *looks like decentralization* ... is not by any means to *achieve* anything like true decentralization.

The “real thing” depends on the likes of deep-seated “decentralist's attitude” and a bone-deep, usually AWOL, “culture of independence matched by accountability.”

Only occasionally does decentralization-in-practice match the promise claimed by a paper or electronic org chart.

***“If it feels painful
and scary***

***—that’s real
delegation”***

—Caspian Woods, small biz owner

**Amusing.
And true.**

(To decentralize is purposefully to seek ... **increased variation**. And if you are a died-in-the-wool centralist-control freak, that can be un-nerving—to say the least.)

Innovation Enemy #1

I.C.D.

Note 1: Inherent/Inevitable/
Immutable Centralist Drift

Note 2: Jim Burke's 1-word vocabulary: ***"No."***

Even if you do “it” (decentralization) “right,” you’re a long way from done.

In fact, you’re never done.

There is—***invariably***—a drift toward bureaucracy and attendant centralization.

Some problem arises and a hard-wired fix, totally legit, is put in place. Then another. And another. Each “fix” is eminently sensible—but in total enervating. **Hence one must proactively fight, each and every day, tooth and nail, what I call ICD/Inherent Centralist Drift.**

(The person who taught me “all this,” when I was doing research for *In Search of Excellence*, was Johnson & Johnson CEO Jim Burke. “When we’ve had a problem,” he said, “the response is always to invent a centralized system to prevent a repeat. I listen politely to the presentation on the new scheme, and then, politely, say, **‘No.’** ”)

Public Enemy #1: I.C.D. Immutable Centralist Drift

“Once a system grows sufficiently complex and centralized, it doesn’t matter how badly our best and brightest foul things up. Every crisis increases their authority, because they seem to be the only ones who understand the system well enough to fix it. But their fixes tend to make the system even more complex and centralized, and more vulnerable to the next national-security surprise, the next natural disaster, the next economic crisis.” —Ross Douthat/*NYTimes*

Terrifying.

(Please re-read carefully.)

Spot on.

(Alas.)

(The point, obviously, is that this is a “universal,” not a “Wall Street phenomenon.” And it starts early and invisibly—in the smallest of organizations.)

Help wanted:

I.C.D.

Cops

Though far from the complete answer or antidote, we must acknowledge the problem—and act.

One step is formal systems and 007-empowered “cops” to fight I.C.D.

Eternal vigilance is the watchword.

(This might sound jokey. It's not.)

(This might sound like exaggeration. It's not.)

The Commerce Bank Model

**“EVERY COMPUTER AT COMMERCE BANK HAS
A SPECIAL RED KEY
ON IT THAT SAYS, ‘FOUND SOMETHING
STUPID THAT WE ARE DOING THAT INTERFERES
WITH OUR ABILITY TO SERVICE THE CUSTOMER?
TELL US ABOUT IT, AND IF WE AGREE,
WE WILL GIVE YOU \$50.’”**

Source: *Fans! Not customers. How Commerce Bank Created a Super-growth Business in a No-growth Industry*, Vernon Hill & Bob Andelman

Commerce Bank (now part of TD Bank) has a formal anti-centralization approach partially described here.

NICE!

VP/SOUB*

***Vice President for Stamping Out Un-necessary Bullshit**

This is real. Following a seminar of mine, the CEO of a fast-growing Silicon Valley company actually created this job/title.

**10.1.11 Antifragile/
Thriving On Chaos/
Case Study #1:
Burt Rutan**

FYI #1.

From the great airframe designer and developer, Burt Rutan.

“Burt Rutan [Scaled Composites] wasn’t a fighter pilot; he was an engineer who had been asked to figure out why the [U.S. Air Force] F-4 Phantom was flying pilots into the ground in Vietnam. While his fellow engineers attacked such tasks with calculators, Rutan insisted on considering the problem in the air. A near-fatal flight not only led to a critical F-4 modification, it also confirmed for Rutan a notion he had held ever since he had built model airplanes as a child. The way to make a better aircraft wasn’t to sit around perfecting a design, it was to get something up in the air and see what happens, then try to fix whatever goes wrong.”

**—Eric Abrahamson & David Freedman, Chapter 8, “Messy Leadership,”
from *A Perfect Mess: The Hidden Benefits of Disorder***

“What are Rutan’s management rules? He insists he doesn’t have any. ‘I don’t like rules,’ he says. ‘Things are so easy to change if you don’t write them down.’ Rutan feels good management works in much the same way good aircraft design does: Instead of trying to figure out the best way to do something and sticking to it, just try out an approach and keep fixing it.”

**—Eric Abrahamson & David Freedman, Chapter 8, “Messy Leadership,”
from *A Perfect Mess: The Hidden Benefits of Disorder***

“One Rutan principle is not to worry so much about the formal background of the engineers he hires or to look for the sorts of specialties normally sought after by aerospace companies. Instead, he looks for people who share his passion for aircraft design and who can work on anything from a fuselage to a door handle or are willing to learn how. He then gives those people free rein.”

***—Eric Abrahamson & David Freedman, Chapter 8, “Messy Leadership,”
A Perfect Mess: The Hidden Benefits of Disorder***

“A Rutan principle is that it’s useful to have everyone questioning everything the company does all the time, and especially have people questioning their own work. Rutan makes sure that when employees point out their mistakes, they’re applauded rather than reprimanded.”

**—Eric Abrahamson & David Freedman, Chapter 8, “Messy Leadership,”
*A Perfect Mess: The Hidden Benefits of Disorder***

Bert Rutan's No Rules "Rules"

- *Get going, now; fix it after you've gotten started.**
- *Forget "best," forget rules—just run like mad and adjust fast.**
- *People with passion and breadth—given freedom from Day #1 to try any-damn-thing. (Specialism secondary.)**
- *Everyone questions everything (and everyone) all the time.**
- *Applaud mistakes—AND the person who made them.**

Ready/Fire/Aim:

“Scaled Composites [Rutan’s company] has managed 88 consecutive profitable quarters in an industry that is perennially profit challenged. The firm’s regular clients include NASA and most of the big aerospace companies—and it is known as the go-to concern when a need arises for an aircraft that flies higher or faster or farther or more nimbly or less expensively than any other has.

“Scaled Composites has rolled out 26 new types of aircraft in 30 years, at a time when giant aerospace companies struggle to get a single new aircraft out in a decade.”

Source: Eric Abrahamson & David Freedman, Chapter 8, “Messy Leadership,” *A Perfect Mess: The Hidden Benefits of Disorder*

10.1.12 Antifragile/

Thriving On Chaos/

Case Study #2:

Soichiro Honda/

Honda

FYI #2.

“ ‘Success,’ Honda said, ‘can only be achieved through repeated failure and introspection. Success represents one percent of your work, which results only from the ninety-nine percent that is called failure.’ ”

—Jeffrey Rothfeder, *Driving Honda: Inside the World’s Most Innovative Car Company*

“Asked for the most important attribute that an ideal Honda applicant should have, [Soichiro Honda] noted that

*he preferred **‘people who had been in trouble.’ ”***

“Honda believed genius arose from idiosyncrasy,

‘Non-conformity is essential,’ he told his workers.”

*Source: Jeffrey Rothfeder, **Driving Honda: Inside the World’s Most Innovative Car Company***

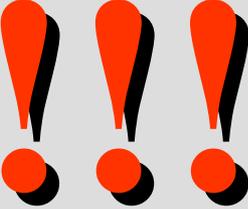
“[Mr. Honda] encouraged the board to authorize spinning off the R&D division into an entirely separate and independent subsidiary of Honda Motor, and he gave the new unit total autonomy to develop its own research agenda and strategic direction.”

To further ensure that R&D had few constraints, he eliminated rank among the engineers, assuming that a mostly flat organization would encourage engineers to try out new ideas without fear of being rebuffed. ‘Within Honda R&D, we have an expression that all engineers are equal in the presence of technology.’”

Source: Jeffrey Rothfeder, *Driving Honda: Inside the World’s Most Innovative Car Company*

“ ‘/ [Soichiro Irimajiri, head of Honda USA] will now imitate Toyota man,’ at which point Irimajiri puts on blinders and then proceeds to walk straight into a wall and fall down, ‘very good at straight line, no peripheral vision. ... Now Honda man, guerilla fighter, Honda man loves loves chaos. Toyota man hates, hates chaos.’ ”

Source: Jeffrey Rothfeder, Driving Honda: Inside the World's Most Innovative Car Company

Antifragile 

“When [the U.S.] Congress passes new emission standards, we hire 50 more engineers and GM hires 50 more lawyers.”

—Soichiro Honda

Source: Jeffrey Rothfeder, *Driving Honda: Inside the World’s Most Innovative Car Company*

Ouch.

Merited?

At the time, 'fraid so.

The Honda Way

- * Individual responsibility over corporate mandates**
- * A flat organization**
- * Autonomous and ad hoc design, development and manufacturing teams that are nonetheless continuously accountable to one another**
- * Perpetual change as working medium**
- * Unyielding cynicism about what is believed to be truth**

10.1.13

CREATING A

“TRY IT”

“CULTURE”: “100%

MAD SCIENTISTS

AROUND HERE”

This emerged from a speech to the American Hospital Association in 2010. In pounding on the issue of patient safety ... *I suggested the entire institution ought to be turned into an energetic “patient safety learning lab.”*

Slightly edited, here is my list of characteristics of such a lab.

(The application, I believe, is universal—albeit on a different scale depending on organization size.)

“Try It” Culture

“Experiment fearlessly”

(*BusWeek*/Innovators’ #1 attribute)

It’s all about attitude!

One Big Innovation Lab!

Accessible micro-experiment budget!

Hyper-quick approval process!

Hyper-quick prototyping!

(Measure “mean time to prototype”)

Mini-project teams born in a flash!

Do “everything at once”

(“Let 1,000 flowers bloom”)

(Boss as Gardener-in-Chief?)

The idea of ... **Organization-**
as-LABORATORY ... is, I
believe, extremely powerful.

“Try it” Culture

**No “bad ideas” except inaction
Transparency/Publish everything**

“Get it right the 79th time”

Reward clever/excellent failures

**Celebrate constantly!/
Wee rewards!/Recognition!!!**

“Mad scientist club”!

Master “nudgery”

(Little BIG Things)

**Encourage/Reward cross-functional
excellence (A special category!)**

“Learning labs” celebrate ... EXPERIMENTS.

“Try it” Culture

Unlimited “best practices” travel budget! / “Visit Excellence”!

Steal excellence from everywhere!

LEARN from best practices/

But allow 100% variation

Coalition of Fearless Experimenters

Ask for help: Crowdsource EVERYTHING

Social networking with peers

100% participation!

100% leaders on board

100% customer-vendor participation

Learning labs scrounge anywhere and everywhere for things to try.

“Try it” Culture

**Process ideas from all
Measure but don't stifle!**

Training in process improvement for 100%

Training in prototyping for 100%

Training for 100% in engaging teammates

Training in listening for 100%

Training micro-team leadership for 100%

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

One and all can be trained in .. **THE EXPERIMENTAL METHOD. (That's the guiding canon in university science programs.)**

Culture: Hustling/Trying/Flying/Laughing/Crying

Experimental method!

Small wins/Quick wins

Rapid prototyping (VERY rapid prototyping)

Transparency /“Learning lab”

Unadorned, team-oriented physical structure/Vacate the “power center”

Celebrate small wins

RFA/Ready. Fire! Aim. (Perot)

Tempo/O.O.D.A. loops/“Re-arrange the mind of the enemy”

Catalysts (“process”)/Evangelists (“process”)

Found renegades (positive deviation)/Spotlight deviants (“Some people look for things that have gone wrong and try to fix them; I look for things that have gone right and try to build on them.”/Stone)

1% “play money”/Seed money/Internal VCs

Self-selection/“emergent ‘structure’”

Everybody drops what they’re doing and supports everybody else—or booted!

FFFF/Find a Fellow Freak Faraway/Playmate. Playpen.

WTTMSW/Whoever Tries The Most Stuff Wins (1/45)

Fail faster, succeed sooner./Fail. Forward. Fast./Fail. Fail again. Fail better./

Whoever Makes the Most Mistakes Wins (Farson)

Fast failures: not “tolerate,” but “celebrate”

Small teams/Different stage, different leader

Small team/X-functional from the outset (must have a “finance guy”)

Small team/Customer involvement from the get go

Small team/Supplier involvement from the get go

“Suck down for success”/“internal entrepreneurs” 3 levels “down”

Crowd-sourcing

“Spontaneous discovery process”/Hayek

Be-very-ware “premature ‘scaling’”

This was another cut at “all this.” Fine print. A lot of ideas. Yet (in my mind) they all (somehow) cohere—they all support a “test test screw up adjust fast test test ...” culture-innovation strategy. To some extent, take any of these away and the whole sags.

McKinsey: Culture > Strategy

Wall Street Journal, 0910.13, interview: **“What matters most to a company over time? Strategy or culture?”**

Dominic Barton, Managing Director, McKinsey & Co.:

“Culture.”

Creating organization-as-learning-lab:

It's all about ... **CULTURE.**

(What a pain.)

(I.e., what hard work!)

(NO OPTION.)

CULTURE. HEAD ON.

**10.1.14 THE LIMITS OF
“SYSTEMS THINKING”:
SURPRISE,
TRANSFORMATION &
EXCELLENCE THROUGH
SPONTANEOUS
DISCOVERY**

Tom Peters/19 October 2007

I'm hardly being fair to the “systems thinking” aficionados.

Sorry.

It's just that for me the way to go is to get out on the field and play—and move as the data from your tries and screw-ups accumulate and guide you to the next step. (Tidy it up later.)

(Give what follows a quick read—and see if it tallies for you.)

The Limits of “Systems Thinking”: Surprise, Transformation & Excellence Through Spontaneous Discovery (1 of 2)

**This summer was the summer of brush clearing.
And, it turned out, much more.**

It started as simple exercise. After a day or two, scratches from head to toe, and enjoyment, I set myself a goal of clearing a little space to get a better view of one of the farm ponds. That revealed something else ... to my surprise.

At a casual dinner, I sat next to a landscaper, and we got to talking about our farm and my skills with clipper, saw, etc. In particular, she suggested that I do some clearing around a few of our big boulders. Intrigued, I set about clearing, on our main trail, around a couple of said boulders. I was again amazed at the result.

That in turn led to attacking some dense brush and brambles around some barely visible rocks that had always intrigued me—which led to “finding,” in effect, a great place for a more or less “Zen garden,” as we’ve taken to calling it.

Which led to ... more and more. And more.

(Especially a rock wall, a hundred or so yards long, that is a massive wonder—next year I’ll move up the hill behind it—I can already begin to imagine what I’ll discover, though my hunch will be mostly “wrong,” and end up leading me somewhere else.)

The Limits of “Systems Thinking”: Surprise, Transformation & Excellence Through Spontaneous Discovery (2 of 2)

To make a long story short:

I now have a new hobby, and maybe, ye gads, my life’s work for years to come. This winter I’ll do a little, but I also plan to read up on outdoor spaces, Zen gardens, etc; visit some rock gardens—spaces close by or amidst my travels; and, indeed, concoct a more or less plan (rough sketches) for next spring’s activities—though I’m sure that what I do will move forward mostly by what I discover as I move forward. (what discovers itself may actually be a better way to put it—there’s a “hidden hand” here.) As I’m beginning to see it, this is at least a 10-year project—maybe even a multi-generation project.

I proceeded by trial and error and instinct, and each experiment led to/suggested another experiment (or 2 or 10) and to a greater understanding of potential—the “plan,” though there was none, made itself. And it was far, far better (more ambitious, more interesting, more satisfying) than I would have imagined. In fact, the result to date bears little or no relationship to what I was thinking about at the start—a trivial self-designed chore may become the engine of my next decade; the “brushcutting project” is now leading Susan and me to view our entire property, and what it might represent, in a new light.

I was able to do much more than I’d dreamed—overall, and project by project. “Systems thinking”? It would have killed the whole thing.

Is “everything connected to every thin else”? Well, duh. But I had no idea *how* everything was connected to everything else until I began (thank you, Michael Schrage) “serious play.”

I proceeded by trial and error and instinct, and each experiment led to/suggested another experiment (or 2 or 10) and to a greater understanding of potential—the “plan,” though there was none, made itself. And it was far, far better (more ambitious, more interesting, more satisfying) than I would have imagined. In fact, the result to date bears little or no relationship to what I was thinking about at the start—a trivial self-designed chore may become the engine of my next decade; the “brushcutting project” is now leading Susan and I to view our entire property, and what it might become—represent, in a new light.

***“HOW DO I
KNOW WHAT I
THINK UNTIL I
SEE WHAT I
SAY.”***

—C.K. Chesterton

Note (more of the same): Last year I got a pacemaker for Christmas (13 December, actually); the #1 no-no is using a chain saw. (The magnetic field is fearsome.) Taking that warning a step farther, I decided to do this project entirely with hand tools. Of course that means more exercise—a good thing. But the “great wonder,” again unexpected, is that the resultant slowness and quiet is the de facto engine of my entire spontaneous discovery process.

Note: Some of you will have discovered my implicit debt to the economist-of-freedom, F.A. Hayek. His stunningly clear view of market capitalism as a “spontaneous discovery process” is my intellectual bedrock, my “context” for three decades in Silicon Valley, and now even for my recreational pursuits (which are, as noted, becoming so much more than that).

Innovation

Tactic #1.1:

LBTs

10.2

LBTs*

Little BIG Things****

1.5X

Little **BIG** Things:

Small move.

Quick move.

Small cost.

Invisible.

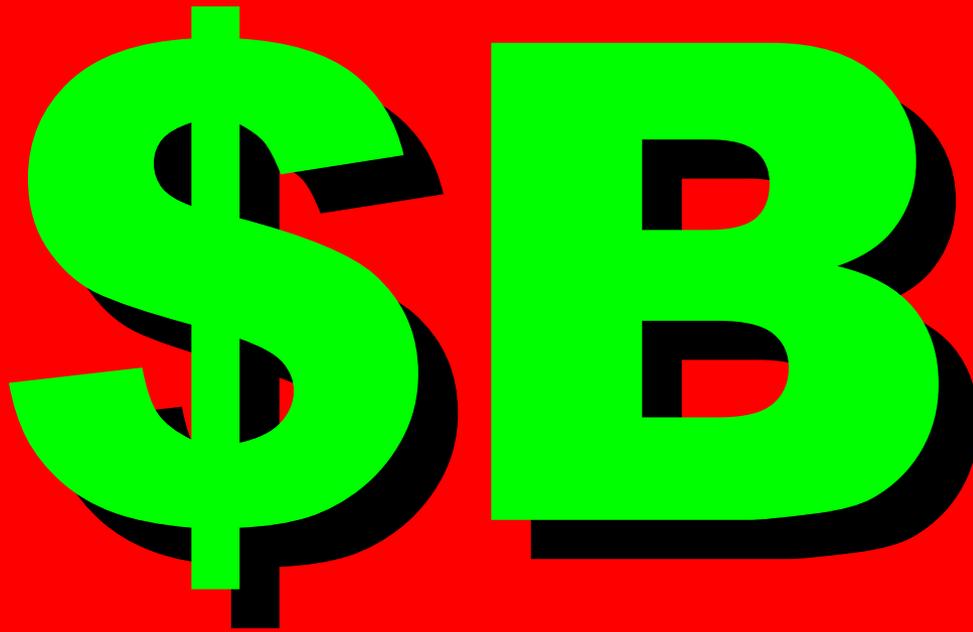
Enormous (potential) payoff.

There for the taking.

(IF ... the “culture of ‘serious play’” described previously is in place—a big “if.”)

(B-I-G Message: Not every pursuit of major innovation needs to begin with the issuance of a \$250,000 check!)

Bag sizes = New markets:



Source: PepsiCo

Years ago, Frito Lay went through a new-product dry spell.

Sexy new this.

Sexy new that.

Nothing clicked.

Frustrated, they gave up on “clever” and introduced—*ho hum*—new bag sizes. The traditional chip bag was augmented by the one-serve snack pack and the family size bag.

Not only were normal-size bag sales not cannibalized, but sales of the new bags (effectively new markets) took off to the tune, eventually, of a billion \$\$\$ or so.

Little (“*mere*” bag size change) = **BIG (\$\$\$\$).**

Big carts =

1.5X

Source: Walmart

To possibly spur bigger item (e.g., appliance) sales, it occurs to Walmart to increase shopping cart size. (**YAWN.)**

Enlarged cart: Big item—microwave ovens,

etc.—sales soar ... **50%.**

(50% @ Walmart = **\$\$\$\$\$)**

Las Vegas Casino/2X:

“When Friedman slightly

curved the right angle of an entrance corridor to one property, he was ‘amazed at the magnitude of change in pedestrian behavior’—the percentage who entered increased from one-third to nearly two-thirds.”

—Natasha Dow Schull, *Addiction By Design: Machine Gambling in Las Vegas*

**Ye gads!
Vegas!**

(Again, **>\$1B** impact.)

(From ... *curving a driveway* **???????**)

Little = **B-I-G!**)

“Little” = \$\$\$**Billions.**

Machine Gambling

**“Pleasing” odor #1 vs.
“pleasing” odor #2:**

+45% revenue

Source: “Effects of Ambient Odors on Slot-Machine Useage in Las Vegas Casinos,” reported in Natasha Dow Schull, *Addiction By Design: Machine Gambling in Las Vegas* (66% revenue, 85% profit)

Ye gads.

(Again.)

\$\$\$\$\$\$\$\$Billions.

(Again.)

SEE GREEN

= RECOVER

20% FASTER

Hospital patient sees green living material out her or his window—recovery times shrink significantly.

Walmart/120-oz container (mainly water) to ketchup-bottle size laundry-detergent concentrate (100% conversion): 1/4th packaging; 1/4th weight; 1/4th cost to ship; 1/4th space on ships, trucks, shelves. 3 years: 95,000,000 #s plastic resin saved, 125,000,000 #s cardboard conserved, 400,000,000 less gallons of water shipped, 500,000 gallons less diesel fuel, 11,000,000 #s less CO2 released)

Source: Force of Nature: The Unlikely Story of Walmart's Green Revolution, Edward Humes

Little = B-I-G

- (1) AMENABLE TO RAPID EXPERIMENTATION/FAILURE “FREE” (NO BAD “PR,” NO \$\$)**
- (2) QUICK TO IMPLEMENT/QUICK TO ROLL OUT**
- (3) INEXPENSIVE TO IMPLEMENT/ROLL OUT**
- (4) HUGE (POTENTIAL) MULTIPLIER**
- (5) AN “ATTITUDE” (WTTMSW/“SERIOUS PLAY”)**
- (6) DOES NOT BY AND LARGE REQUIRE A “POWER POSITION” FROM WHICH TO LAUNCH EXPERIMENTS.**

I could go on.

I'd love to go on.

The cases are fun. (And I have by the dozen.)

The payoff is (potentially) e-n-o-r-m-o-u-s.

But this section is once again, stripped down,

about a *“habit of serious play.”*

**About realizing the possible BIG BANG
PAYOFF from constant (small-scale)
experimentation.**

**And per this slide, it's quick, invisible,
inexpensive.**

**And perhaps, yes, with a payoff in the \$B
range.**

**(*WARNING*: This, to repeat+++, is a ...
cultural ... issue.)**

- (1) HALF-DAY/GENERATE
25 IDEAS**
- (2) ONE WEEK/
5 EXPERIMENTS**
- (3) ONE MONTH/
SELECT BEST 2**
- (4) 60-90 DAYS/ROLL OUT**

So start ...

NOW.

**Try, for example, the exercise on the
prior slide.**

Liberation through ...

Little = BIG.

***ORGANIZATION
AS LEARNING
LAB***

Yup.

One more time.

(See above for a fuller description.)

THE LITTLE

BIG

THINGS

163 WAYS TO PURSUE
EXCELLENCE

TOM PETERS

COAUTHOR OF IN SEARCH OF EXCELLENCE

Little = **BIG.**

LBTs Rule!
I'm a believer.

(BUT ... it is, yup, again ... “a culture thing.”) (Sorry for the broken record-ism. But it's imperative to understand that this notion is not the product of a rigid system peddled by a consultant or software company.)

Innovation

Tactic #3:

Diversity/

Variety/

Connectedness

**10.3.1 We Are
What
We Eat**

**We Are What
We Eat.**

**We Are Who We
Hang Out With.**

**Innovation is a life or death proposition—as never before.
WTTMSW/Whoever Tries The Most Stuff Wins is my #1.**

The HOF/Hang Out Factor is **#2.**

It is, alas, largely unattended to, especially as a

Strategic Advantage (or
disadvantage).

**And: THE “(HANG OUT) PROCESS”
MUST BE SYSTEMATIC.
MUST BE MANAGED.**

Diversity: “IT IS HARDLY POSSIBLE TO OVERRATE THE VALUE OF PLACING HUMAN BEINGS IN CONTACT WITH PERSONS DIS-SIMILAR TO THEMSELVES, AND WITH MODES OF THOUGHT AND ACTION UNLIKE THOSE WITH WHICH THEY ARE FAMILIAR. SUCH COMMUNICATION HAS ALWAYS BEEN, AND IS PECULIARLY IN THE PRESENT AGE, ONE OF THE PRIMARY SOURCES OF PROGRESS.” —John Stuart Mill

“The only real voyage consists not of seeking new landscapes, but in having new eyes; in seeing the universe through the eyes of another, one hundred others—in seeing the hundred universes that each of them sees.”

—Marcel Proust

Then.

Now.

(**“hardly
possible to
overate”** —amen.)

“You will become like the five people you associate with the most—this can be either a blessing or a curse.”

—Billy Cox

Worthy of a lot of thought.

Waaaaaaay beyond “amusing.”

Instead: STRATEGIC.

(So think about it. *If you dare ...*)

(For most of us most of the time the answer is “same old same old.” The “same old” may be great folks—but “same old” nonetheless.

= DISASTER.2016.)

The “Hang Out Axiom”: **“HANG
OUT WITH ‘COOL’ AND
THOU SHALT BECOME
MORE COOL. HANG
OUT WITH ‘DULL’ AND
THOU SHALT BECOME
MORE DULL. PERIOD.”**

PERIOD.

**It really is about this simple.
(To state.)**

The “We are what we eat”/
“We are who we hang out with”

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

**“Innovate,
‘Yes’ or ‘No’”**

Key words:

EVERY.

STRATEGIC.

Measure Portfolio

“Strangeness Co-efficient”:

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 composition

Etc.

A measured “strangeness score” on your portfolio of contacts of every sort.

No kidding.

It is that important.

MEASURE.

MEASURE.

MEASURE.

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

“Our strategies must be tied to leading edge customers on the attack. If we focus on the defensive customers, we will also become defensive.”

—John Roth, CEO, Nortel

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.”**

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

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

OTHERS’
INVENTIONS AT
LEAST HALF
THE TIME

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

**Bringing the prior list to life re
customers, vendors, R&D.**

**(Please read these carefully—they are
by and large precise assessments of
what many would say are not
measurable.)**

**“DON’T
BENCHMARK,
FUTURE
MARK!”**

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

**Forget (mostly) today's best.
Benchmark against tomorrow's stars—**

they **are** out there ... **TODAY** ...

if you assiduously put your feelers out
and look for them.

**“DON’T
BENCHMARK,
‘OTHER’ MARK!”**

Forget (mostly) your industry. Learn from the most interesting folks in other industries.

What a way to get a jump on your rivals.

There are so so so many incredible firms out and about plying oddball niches—and, moreover, they tend to love to share their “secrets.”

Benchmarking Rule #1: “Best practices” are to be learned from, NOT mimicked/treated as law. “Best practices” must ALWAYS be adapted to local conditions!

Benchmarking Rule #2: When pursuing “best practices,” DON’T benchmark. FUTUREMARK. Tomorrow’s stars are already out there. Find ’em!

Benchmarking Rule #3: DON’T benchmark. OTHERMARK. E.g., a tech company can adopt “WOW” service practice from, say, a local restaurant or car dealer.

Benchmarking Rule #4: Make benchmarking EVERYONE’s biz. Everyone collect best “everyday life” practices. Share WEEKLY.

Convert/supercharge benchmarking into an “all hands” “all the time” discovery process—not a close-to-the-vest, analyst-led mimicry process.

10.3.2

CxQ

CXQ/Connectional

Intelligence: *“Connectional Intelligence is the ability to combine the world’s diversity of people, networks, disciplines and resources, forging connections that create value, meaning, and breakthrough results.”*

Source: Erica Dhawan and Saj-Nicole Joni, *Get BIG Things Done: The Power of Connectional Intelligence**

(*Superb book!)

**For starters, steal this term. I, for one,
love ...**

CxQ.

And, yes, we (all**) live in “CxQ Age.”**

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

—Headline, *FT*

**Ijad Madisch/
ResearchGate
5.5M members/
10K newbies join
per day**

Source: *Time*, 1114.14/On a web-based collective of every flavor of researcher

**“Crowdsourcing” can more or less apply to ...
EVERYTHING.**

**(AND ... is [readily] available to
EVERYONE, everywhere.)**

Soooooo: How engaged are you?

Do you instinctively think:

“What’s the crowd think?”

“How can I use the crowd on this?”

(“This” = Any-damned-thing-imaginable.)

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

The Power of Co-Creation



VENKAT RAMASWAMY
AND FRANCIS GOUILLART

I labeled ***The Power of
Co-creation*** “the business
book of the year” when it appeared.

10.3.3 **Only Connect**

Only
connect!

—E.M. Forster, *Howards End*

Only connect!
That was the whole of
her sermon.

Only connect the prose
and the passion, and both
will be exalted,
And human love will be
seen at its height.
Live in fragments no longer.

A small philosophical addenda.

(This **I**S** a big deal—connecting,
that is.)**

Connect.

Connect.

Connect.

Connect.

10.3.4

We Are What We Eat: The “Fred Smith Question”

“Who’s the most interesting person you’ve met in the last 90 days? How do I get in touch with them?” —Fred Smith

***Maybe not such an easy question to answer?
(It isn't for me, at any rate.)***

**Take it seriously.
VERY seriously.
(P-L-E-A-S-E.)**

(Origin: I was once on a CNN panel with FedEx founder Fred Smith. He asked me the question on the prior slide. I didn't have a good answer. 25 years later, I'm still mortified.)

**SO HAVE YOU GOT A GOOD
ANSWER ?)**

***“Do one thing
every day that
scares you.”***

—Eleanor Roosevelt

**Far far far easier said than done.
Try it.**

**(99% of us are stuck in our comfort zone
99% of the time—and are unaware
thereof. SERIOUSLY.)**

**I repeat ... THIS IS 10X
TOUGHER THAN YOU
MIGHT THINK.**

10.3.5 ***The Bottleneck ...***

“The Bottleneck is at the ...

***“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 ...***

***Top of the
Bottle”***

— Gary Hamel/*Harvard Business Review*

Alas.

So true.

So important.

And, again, self-awareness on this tends to be in VERY short supply.

FIX.

THIS.

START.

TODAY.

DAMN IT.

10.3.6 **Diversity**

“Inside”:

**Wheels Rarely
Need To Be
Re-invented**

“Somewhere in your organization, groups of people are already doing things differently and better. To create lasting change, find these areas of positive deviance and fan the flames.”

—Richard Pascale & Jerry Sternin, “Your Company’s Secret Change Agents,” *HBR*

“Some people look for things that went wrong and try to fix them.

I look for things that went right, and try to build off them.”

**—Bob Stone,
head of VP Al Gore’s Re-inventing Government initiative
(Yup, lots of great stuff going on in government
—in out of the way nooks and crannies.)**

**“Inside” diversity/cool stuff/mavericks ...
guaranteed.***

**(*In, surprisingly, just about any size
organization.)**

**“It”—exciting variations—are already
there, in our halls.**

FIND 'EM.

(Takes effort.)

TOUT 'EM.

**10.3.7 Diversity:
Partner (Freak)
in the Boondocks**

The



Strategy

Find a

Fellow

Freak

Far away.

Drilling down one level, when you are *not* Mickey Drexler or even a vice president or senior middle manager, is there hope for implementing on your own via a strategy of relentless experimentation?

Yes!

Suppose you've got an interesting idea. Even done a few rounds of Rapid Prototyping with your close-by mates.

Now what?

Sell it up the line?

No!

And: No!

You urgently need a couple of live, next-generation demos. They're likely to come from some fellow pioneers—in GKW/God Knows Where. (But usually not close to the central bureaucracy.)

My label for all this: "The 4F Strategy."

Find a Fellow Freak Faraway.

(And play!)

PLAYMATE!*

PLAYPEN!

PROTOTYPE!

***Can be client, supplier ... as well as insider**

Source: Inspired by Elliott Masie

Elliott Masie*, on desirable eLearning vendors: ***“I want a ‘sandbox partner,’ someone who will openly say, ‘This is not the last word; we don’t know exactly where we’re going.’”***

****Masie is the “uber-guru” of eLearning***

Variation on FFFF.
A place to play.
Someone to play with
A quick prototype.
And away we go ...

A photograph of three striped skunks in a natural, wooded environment. The skunks are black with white stripes and a white ruff. They are positioned in front of a large, moss-covered log. The text is overlaid in large, bold, yellow font with a black outline. The background shows a forest floor with dry leaves and twigs.

“Skunkworks”*
“Skunk Camps”

“Skunks”
“Skunking”

*“Skunkworks” (my preference) or “Skunk Works” (Lockheed)

Lockheed developed a military aircraft with a couple of hundred people in a very few months—and it was a helluva plane. Normally, such an activity would have taken a cast of (many) thousands and years (and more years).

Welcome to Kelly Johnson's fabled "Skunk Works." I came across the story and the group and Mr. Johnson in the '80s and was smitten—the idea of a small band of renegades, far from the power center, doing fabulous work with minimal resources appealed to no end.

I launched a translation process and started holding several-day seminars in California for execs bent on re-inventing their companies. We called our seminars "Skunk Camps"—and designated participants as "Skunks;" that is, wily change agents determined to break the rules the execs themselves had set and to bring extraordinary innovations to the market in record time. We argued that it was nigh on impossible for the corporate mainstream to shoot itself in the foot inventing products that would challenge its very existence. Hence, alternate "counter-structures" were almost a necessity.

Relative to our discussion here, the idea is creating rebel bands, isolated from the mainstream, with lots of autonomy and aiming to develop revolutionary innovations post haste.

There's a lot more to it—and, frankly, many pitfalls such as keeping hands off (fending off the bureaucrats) and then, eventually, re-integrating the group into the corporate hurly burly. Nonetheless, at its best a Skunkworks can indeed buck corporate arterial sclerosis.

“Skunkworks”:

1 person for

3 months

The “Skunkworks” idea is not limited to huge corporations. *It can be practiced in small firms and even, say, in an 11-person training department!*

Perhaps you (boss of that 11-person unit) assign one energetic youngster the task of wandering about for a couple of months and seeking new models from hither and thither—relevant to your group’s work. The only requirement would be that these ideas must be “weird”—not just variations on today’s practices. Such “detached duty,” as the military calls it, can result in big payoffs in small places. (Sticking with our new lingo, I call this process ... *“Skunking.”*)

Have you (chief of something) sent someone/s off on Adventures to the Land of Here Be Dragons—in search of interesting extant products/services/systems? (That is, do you have one/some “Micro-Skunkworks” operating?)

**As I said ... applicable to one and all.
Sooooooooo**

“Powerlessness”: The
**“invisibility cloak
advantage”!**

A related idea.

Sure, there is “powerlessness”

But what if it were an advantage of sorts?

**In fact, “powerlessness” has one enormous benefit ...
(RELATIVE) INVISIBILITY!**

I was the beneficiary of relative powerlessness during the first year or so of the project that led to *In Search of Excellence*. The bigger projects were located at Firm HQ, and run by senior partners. I was 3K miles away in San Francisco—and not even a partner.

Since I was not watched so closely, I could climb farther out on a limb—which presaged the key notion of the work. (Once visibility happened, the advantage evaporated, but when it was most important, my powerlessness was of inordinate value.)

“Venture”

fund/1%

“Magic”:

**Gerstner/Amex, Dow/Marriott, Grove/
Intel, DuPont/AI,
Bedbury/Starbucks, etc.**

Another variation on the theme: Scott Bedbury was a principal player in the marketing success of both Nike and Starbucks. (Not bad!) At one point he felt that Starbucks was getting a bit stale. He went to CEO Howard Schultz and asked for a “grant” of 1% of that year’s construction budget. He intended to “play around” with the money and build a bunch of novel prototypes. He advertised throughout the corporation for “rebels” (my “Skunks”—see above), and received an overwhelming response. While the batting average was well short of 1.000, as expected, numerous implemented/successful new formats ensued.

I view *“the 1% solution”* or some close kin as a generic innovation tool of the first order.

(There are numerous variations on the theme, such as Lou Gerstner’s “innovation grants” at American Express in the ’80s; anyone could apply, with a brief synopsis, for a few thousand “play around” \$\$\$; again, numerous successes ensued—including some big ones. Marriott, DuPont and others did this as well—and Intel had a “real” and sizeable “venture fund” for making investments in intriguing startups.)

10.3.8

WE ARE THE

COMPANY

WE KEEP:

MANAGE IT!

WE ARE THE

COMPANY

WE KEEP!

MANAGE IT!

Diversity: *Hang out with cool and thou shalt become more cool. Hang out with dull and thou shalt become more dull.*

Diversity: *Your “hang out with” “portfolio” can/should be as carefully concocted/managed/measured as your strategic plan —it IS your de facto strategic plan!*

Diversity: *Every relationship-partnership decision (employee/ vendor/customer/etc.) is a strategic decision: “Innovate, ‘Yes’ or ‘No.’”*

***Your “hang out with”
“portfolio” can/should be as
carefully concocted/
managed/measured as your
strategic plan—it IS your
de facto strategic plan!***

This section is not intended to be “a good idea.” It concerns a strategic asset—and should be consciously ...

measured and managed.

(Start by considering the last 10 people you went to lunch with. “Same-same” or “stretch-stretch”?)

**Start by considering
the last 10 people
you went to lunch
with. “Same-same” or
“stretch-stretch”??**

Sooooooooooooo **??????**

(Be **very** serious about this
[seemingly trivial] assessment!)

10.3.9 Change

Change Agents

140 Characters

Shorthand.

A brief, twitter-inspired note (with no ado or extensive examination) on effective change agency.

Change/Change Agents/140 Characters

Change agency: Forget the word “enemies.” Focus on/obsess on ... ALLIES.

Big change is not about fighting the bad guys. It's about surrounding them with your continuously recruited allies.

Success at change: Building a stable of allies.

Failure: Pissing and moaning and picking fights.

Change agent time distribution: 50% recruiting Allies. 40% tending Allies. 10% other. 0% fighting enemies.

Change: Allies do not automatically remain allies. Tend

them and do **NOT NOT NOT neglect them—the latter is a common sin.**

**Change the 4F Way: *Find a Fellow Freak Faraway.*
(Change agents need playmates and distant playpens.)**

Change/Change Agents/140 Characters

Change you want: It's already happening somewhere. Find it!

Change is about end runs—not smash-mouth plunge down the middle.

Allies: Recruit the quiet ones as much or more than the noisy ones.

Change: Making loud noises is usually a loser's strategy.

Change: Recruit allies 2 or 3 levels “down” ... where the real work is done and from which the system can be indirectly manipulated.

Change: *“Suck down” for success.*

**Change: ALLIES. ALLIES. ALLIES. ALLIES.
ALLIES. ALLIES. (Then more ALLIES.)**

Change agents: Commit no minor sins. Don't let the bad guys find a narrow opening and bring you down for trivial reasons.

Change agents: Keep a civil tongue at all costs.

Change agents: Speak not ill of thine enemies. Even to pals in private. All the walls have ears.

Change: **ALLIES.**

ALLIES. ALLIES.

ALLIES. ALLIES.

ALLIES. ALLIES.

(Then more **ALLIES.**)



Change/Change Agents/140 Characters

Change agents: No: Charts and graphs. Instead: Demos. Demos. Then more demos.

Change: Success is more about momentum around small wins than it is about big wins.

Change: Engage your allies in the design process—even if it introduces impurities. They must FEEL true ownership.

Change-that-works: 100% is NON-linear. (*Change Axiom #1: The shortest distance between two points is never a straight line.*)

Change: Joyfully let/encourage your allies to take 100% credit for the small wins they're involved in.

Serious change includes bad days, bad weeks, bad months, perhaps bad years.

Change agents: Re-read all emails 3 times before sending.

Social Media—done right—is an enormous ally.

SM/Social Media is a marvel. But: Do NOT shortchange face-to-face with Allies. Change agents: Successful small wins with outsiders provide enormous street cred.

Change redux: *SMALL WINS RULE!*

**Change agent: Preaching to the choir is just fine. If the members of the choir preach to their choirs it becomes a ...
MOVEMENT!**

***Thank* everybody for everything all the time/every day
—especially the “small stuff.”**

Innovation

Tactic #4:

XFX

10.4.1 XFX = #1

XFX = #1 *

***Cross-Functional eXcellence**

A project/product launch is behind schedule by three months? Six months? There is a mess amidst the supply chain? Customer orders are badly backlogged? Etc. Invariably

there is **ONE** reason above all others when such snafus occur. (As they routinely do.) **Namely:**

BOTCHED
CROSS-FUNCTIONAL
CO-ORDINATION.

**NEVER
WASTE A
LUNCH!**

Sounds a little lightweight if the problem is such a big one. Surely a new org chart and a few million more investment \$\$ tossed into the ERP budget top the list.

I'm hardly urging you not to invest. But I do claim—in, still, 2016—that the social aspects of XFX are largely ignored or given no more than lip service—whereas they ought to rank at, yes, the top of the list.

And at the top of my “social factors” list is, no kidding ...

LUNCH.

**The sacred
220 “ABs”. ***

***“At bats”**

About 220 workday lunches per year = 220 *precious, non-repeatable opportunities* (“at bats” in baseball terms) to make hay of one sort or another.

And, to be trite, once they’re gone they’re gone for good.

Am I being obsessive?

Yup.

It’s merited.

A lunch lost is a lunch lost.

Starting ... **TODAY.**

L = XFFRA1*

***Lunch = Cross-Functional Friction Reduction Agent #1**

**If you have a passel of social acquaintances/
genuine colleagues in other functions—even
though they will doubtless be true to their
professional organizational role—typical
cross-functional friction will in 9 of 10, or 98
of 100, cases be reduced dramatically.**

PERIOD.

% XF

lunches*

***Measure!**

Monthly! Part of evaluation!

#/% of lunches with people in ...

OTHER FUNCTIONS.

(**BIG** deal.)

(**MEASURE**. INCLUDE IN
EVALUATIONS.)

**XFX: SOCIAL
ACCELERATORS ...**

The key “XFX” (CROSS-FUNCTIONAL EXCELLENCE) attainment tools are social—not technological.

E.g. ...

XFX/Typical Social Accelerators

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

Present counterparts in other functions recognition/awards for service to your group: *Tiny awards at least weekly. An “Annual All-Star Supporters (from other groups) Banquet” modeled after (and equivalent to!) superstar salesperson banquets.*

XFX/ Typical Social Accelerators

- 7. Routinely discuss—A SEPARATE AGENDA ITEM—good and problematic acts of cross-functional co-operation at every Team Meeting.**
- 8. When someone in another function asks for assistance, respond with ... more ... alacrity than you would if it were the person in the cubicle next to yours—or even more than you would for a key external customer. (Remember, XFX is the key to Customer Retention which is in turn the key to “all good things.”)**
- 9. Do not bad mouth ... “the damned accountants,” “the bloody HR guy.” Ever. (Bosses: Severe penalties for this—including public tongue-lashings.)**
- 10. *Get physical! “Co-location” may well be the most powerful “culture change lever.”* Physical X-functional proximity is almost a ... guarantee ... of remarkably improved co-operation—to aid this one needs flexible workspaces that can be mobilized for a team in a flash.**
- 11. *Establish “adhocracy” as S.O.P.* To improve the new “X-functional Culture” (and business results), little XF teams should be formed on the spot to deal with an urgent issue—they may live for but ten days, but it helps the XF habit, making it normal to be “working the XF way.”**

The subtext of many, if not all, of these ideas is moving from implicit to explicit focus on XFX —it should noisily intrude into (literally) every discussion!

XFX/ Typical Social Accelerators

12. Early project “management” experience. Within days, literally, of coming aboard folks should be “running” some bit of a bit of a bit project, working with folks from other functions—hence, “all this” becomes as natural as breathing.

13. Work proactively to give as large as possible numbers of people temporary assignments in other functions—especially Finance.

14. “Get ’em out with the customer.” Rarely does the accountant or bench scientist call on the customer. Reverse that. Give everyone more or less regular “customer-facing experiences.” She or he learns quickly that the customer is not interested in our in-house turf battles!

15. Consider creating a special role, or even position. Specialty chemical company Buckman Labs established “*knowledge transfer facilitators*,” effectively former “middle managers,” with 100% of discretionary pay based on success at spurring integration across previously impermeable barriers.

XFX/: Typical Social Accelerators

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

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

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

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

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

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

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

***“You’re
spending too
much time
with your [bill-paying]
customers!”***

C(I) > C(E)

I suggested to a successful systems salesperson that she was “*spending too much time with your bill-paying customers!*” [External Customers, or C(E).]

Huh?

She’d said her principal roadblock to more business with current customers was delivery slippages. I said a significant part of the fix was to develop more and deeper relationships with her ... “Internal Customers**”/C(I). I said that in fact those *internal* customers ought to be her **#1** priority.**

(Think about it.)

(Hard.)

$$C(I) > C(E)$$

Goal/s: (1) “Unfair”
“internal market
share”! (2) Have your
whole organization
zealously working to
make you successful!

$$C(I) > C(E)$$

Lunch!

Kudos!

MORE kudos!

Learning/Presence/Presentations

Insider facetime with C(E)

Transparency

Awards

Co-locate/e.g. Geologists-Geophysicists

Time!!!!!!!!!!!!!!!!!!!!!!!!!!!!

Motherhood (“If I don’t take credit but give it to others ...”) (Give *others* credit. The sale still goes on *your* ticket.)

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

“Allied commands depend on mutual confidence and this confidence is gained, above all through the development of friendships.”

—General D.D. Eisenhower, *Armchair General**

***“Perhaps his most outstanding ability [at West Point] was the ease with which he made friends and earned the trust of fellow cadets who came from widely varied backgrounds; it was a quality that would pay great dividends during his future coalition command.”**

“XFX”: Friendship (colleague-ship) driven

(Clear????????????)



**EXPLICITLY & VISIBLY &
RELENTLESSLY MANAGE
TO XFX STANDARD!**

**ONE DAMN ACT OF XFX
ENHANCEMENT
EVERY DAY!**

Am I making myself clear



10.4.2 **XFX+**

**Suck
DOWN For
Success**

**“Success doesn’t depend on the
number of people you know; it
depends on the number of people you
know in high places!”**

or ...

**“Success doesn’t depend on the
number of people you know; it
depends on the number of people you
know in low places!”**

The real work of the organization is done two or three levels “down.”

Go there.

LISTEN.

Make friends.

Be of service.

(FYI: An enormous share of INNOVATION occurs two or three levels “down”—that is, close to the action. An organization of “100% innovators” is a gem among gems.)

Loser: ***“He’s such a suck-up!”***

Winner: ***“He’s such a suck-down.”***

“SUCK

DOWN FOR

SUCCESS!”



Innovation
Tactic #5:
Measurement

10.5 Innovate

or Die:

Measure It!

**Innovation Index: How many
of your **Top 5** Strategic
Initiatives/Key Projects
score **8 or higher** (out of 10)
on a “**Weird**”/“**Profound**”/
“**Wow**”/“**Game-changer**”
Scale? (At least 3???)**

MEASURE.

MEASURE.

MEASURE.

MEASURE.

MEASURE.

MEASURE.

Innovation Index: Move every project (definition)

2 notches up on the
“WOW Scale”

... THIS WEEK.

MEASURE.

MEASURE.

MEASURE.

MEASURE.

MEASURE.

MEASURE.

Innovation
Tactic #6:
Ubiquity

10.6 Innovate

or Die:

Ubiquitous!

Iron Innovation Equality Law: **The**

quality and quantity

and imaginativeness

of innovation (and

formal R&D) shall be

the same in all

functions—in HR and purchasing as
much as in marketing or product development.

Rarely the case.

Must change.

To repeat: (VERY) BIG DEAL

Innovation: **Summary**

**“Innovation Is
Strategy”:
Imperative #1 for the
Crazy World of
2015/2015+**

Tom Peters/25 October 2015

What follows is not a literal summary of what comes before. But it is a recent (October 2015) presentation that briefly attempts to summarize my thoughts on innovation: Innovation

IS Strategy!

“Innovation /s Strategy”: Imperative #1 for the Crazy World of 2015/2015+

*** It’s been said a million times, but it must be repeated: The pace of change is unprecedented—and staggering. Robotics, genetics, artificial intelligence, and nanotechnology, among other things, are literally “changing everything.” White-collar work can be augmented (IA/Intelligence Augmented), but high-end white-collar jobs by the tens of millions are under threat (AI/Artificial Intelligence). Robots to vacuum the living room floor are terrific, but roboticized war via “autonomous drones” is too gruesome to contemplate. “Designer babies” (and other genetic “miracles”) may result in extraordinary healthcare advances—but may also introduce the stuff of wild-eyed science fiction. Our organizations—and nations—must take all this into account. The world will change shape—for better, and for worse. And it’s happening more or less in a flash. Leading physicist Albert Bartlett goes so far as to suggest, “The greatest shortcoming of the human race is our inability to understand the exponential function.”**

**“Innovation *Is* Strategy”:
Imperative #1 for the Crazy World of 2015/2015+**

*** From a business—and, for that matter, government—perspective there is, in a sense, only one overarching strategy: constant, high-speed innovation. The likes of efficiency and top quality are imperative for every enterprise—and the achievement thereof is hardly a small thing. (It’s one damn big thing!) But that’s “table stakes” in 2015/2015+. The (only) winning hand for one and virtually all is an organization designed from top to bottom as a de facto “innovation machine.” In three words: “Innovation *is* strategy.”**

**“Innovation /s Strategy”:
Imperative #1 for the Crazy World of 2015/2015+**

*** A “culture of innovation” must be imbedded and nurtured by top management and made central to every leadership position. Who are the organization’s innovators? EVERYONE. (Or else.) A culture of innovation turns every organizational unit—from 6 to 6,666—into a school house, a learning machine, a buzzing, blooming experimental laboratory. *(FYI: It goes without saying, implementing and sustaining such a culture is a daunting task in most organizations—it requires daily attention, more or less forever.)***

**“Innovation /s Strategy”:
Imperative #1 for the Crazy World of 2015/2015+**

*** Simple as it is to say, but ever so hard to instill, there *is* a “big secret,” and it is WTTMSW/“Whoever tries the most stuff wins.” “Move fast, break things” is Facebook’s mantra—and it must become all of our mantras. Translation: Literally everyone must be trying and testing “new stuff” every day. There is an uncomfortable corollary to this, captured in the title of a recent book, *The Paradox of Innovation: Whoever Makes the Most Mistakes Wins*. To try a lot necessarily means to fail a lot—leaders must understand this and make it a centerpiece of the strategy and culture of the organization. “Good tries” that fail are to be celebrated, not punished or hidden. And hustle on an unprecedented scale should go without saying.**

**“Innovation /s Strategy”:
Imperative #1 for the Crazy World of 2015/2015+**

*** Almost as important as lots of good tries is diversity.** That is, every business unit must become a bubbling, “crazy” mix of views and backgrounds and tastes, feature constant intersection with outsiders of every flavor—constant contact with those who make us uncomfortable. Side by side with this bubbling cauldron is a “culture of curiosity.” We only want team members—in *every* position—who question *every* thing *every* day, keep asking more and better questions—then, of course, tying it all to those constant tries.

**“Innovation /s Strategy”:
Imperative #1 for the Crazy World of 2015/2015+**

***We are citizens of the world—the world is our source of playmates. The new technologies allow us to play with and partner with, day in and day out, practically everyone on the planet. Our source of ideas and partners is “everybody, every where.” This approach is “not optional.”**

**“Innovation /s Strategy”:
Imperative #1 for the Crazy World of 2015/2015+**

*** Social media is everybody’s “game.”** One social media baron said, “It takes 20 years to build a reputation, five minutes to lose it.” (True.) And a big-firm financial services CEO said he would rather have a single direct twitter conversation with a customer than spend millions on a Super Bowl ad. (Sensible circa 2015.) Add a dozen like “radical” assertions and you have this: (1) Social media is ubiquitous—and is everybody’s business. (2) Stay as near the forefront as you can—and get personally engaged. Big Time. Best time to start this journey? Today

**“Innovation /s Strategy”:
Imperative #1 for the Crazy World of 2015/2015+**

*** There are two giant, still under-served markets: Women (who buy *everything*) and “oldies” (who have *all the money*). Women make the large lion’s share of purchasing decisions—of commercial as well as consumer products and services. (Re the latter, in the U.S., for example, over 50% of purchasing professionals are women.) Every aspect of the organization—from strategic planning to R&D to after-sales service should be designed for and take direct aim at the still oft-ignored women’s market. Likewise, the population is aging at an incredible rate; and the “oldies” have more or less all the discretionary income—to say their needs are underserved is gross understatement. What’s at stake? For one thing, the women’s market worldwide is an estimated \$28,000,000,000,000.**

**“Innovation /s Strategy”:
Imperative #1 for the Crazy World of 2015/2015+**

***“Design” is an attitude, not prettification—and it has universal application. With Apple as our role model, we finally understand that “design pays (b-i-g time).” Both aesthetics and user-friendliness rule. But design consciousness that matters is not an afterthought or “add on.” It should infect every decision. And, make no mistake, design consciousness applies to an 8-person training department as much as to a retail outlet!**

**“Innovation /s Strategy”:
Imperative #1 for the Crazy World of 2015/2015+**

*** Little is as good as big, maybe better.** Innovation over the long haul rarely if ever comes from enormous “breakthrough ideas.” Steve Jobs never “invented” anything. He took extant ideas and polished and polished and polished some more and perfected and repurposed them until, eventually, something magical emerged. Also, and perhaps even more important, time and again (if you’re trying enough stuff quickly enough), a tiny twist or turn will yield gargantuan results—e.g., change the entrance road into a Vegas casino from a harsh 90-degree turn to a gently curved road and the number of people who come to the casino doubles! Walmart significantly increases shopping cart size and small-appliance sales shoot up by 50%! (I could add 100 more similar eye-popping stories if I had the space.)

**“Innovation /s Strategy”:
Imperative #1 for the Crazy World of 2015/2015+**

*** Little beats big: Like it or not, our giant firms are rarely our best innovators. It’s our SMEs/Small and Medium-sized Enterprises that spearhead innovation and carry the weight of sustainable economic progress. We must support these firms in every way imaginable, from funding availability to development of large-scale innovation incubators to instilling a national proclivity for entrepreneurial efforts. (FYI: In the U.S., women-owned venture-financed startups out perform—finance, growth—male-owned startups.)**

**“Innovation /s Strategy”:
Imperative #1 for the Crazy World of 2015/2015+**

*** *Little-within-big*. The “death of hierarchy” is unlikely—and even unwanted. There must be a structure of accountability in any complex operation. On the other hand, much/most of the work in today’s organizations will be done by project teams, project teams with a mishmash of members from all over the map, collections/collages of project teams, and constantly re-forming sets of project teams. Developing and sustaining a fluid organizational “structure” that allows these teams to be rapidly generated, change shape, and disappear—without losing the capability to execute and finish the job—is a major and challenging chore.**

**“Innovation *Is* Strategy”:
Imperative #1 for the Crazy World of 2015/2015+**

***“Sweat the details.”** An old boss of mine in the White House in the '70s said, “Execution *is* strategy.” Great ideas need polishing and polishing—and polishing. It ain't over until the last 1% is in place. Or consider this: A hotel is only as good as the efforts of the housekeeping staff; lousy housekeeping and a poor customer attitude on the part of front-line employees in general can torpedo a \$100,000,000 hotel investment in a perfect location. (FYI: One retail genius said, “Remember, your customers can never be any happier than your employees.”)

**“Innovation /s Strategy”:
Imperative #1 for the Crazy World of 2015/2015+**

*** Needless to say (but it always needs saying—and then saying again and again), capturing and keeping an energized, empowered, engaged, growing workforce is the bedrock of all the above. “Putting people first” must stop being a slogan—and become everyday reality and agenda item #1 in every organization of every size; the payoff is staggering, from retail to biotech. Training and development—with a passion and a big budget—are the bedrock of the bedrock; as one executive put it, “Why go berserk over training? Greed—it pays off in spades.” (E.g., when the financial crisis hit, the Container Store, voted the top company to work for in America a couple of years back, doubled rather than cut the front-line training budget in order to increase the sales tickets from the lesser number of customers coming in the door. It worked. And yes, I did just say that a middle-market retailer, not Google or one of its sexy peers, was the #1 USA company to work for.)**

**“Innovation /s Strategy”:
Imperative #1 for the Crazy World of 2015/2015+**

***Women are the best leaders: Toward “gender balance” and more.** The evidence accumulates: Women *are* the most effective leaders. A study reported recently in the Harvard Business Review determined that women top men on 12 of 16 key leadership traits—including “hard ‘male’ stuff” like goal setting and “results orientation.” A McKinsey study showed that boards of giant companies with gender balance had 56% more operating profit than the male-dominated flavor that, alas, remains the norm. It is so so absurd not to act decisively on such information—which is just the tip of the iceberg.

**“Innovation /s Strategy”:
Imperative #1 for the Crazy World of 2015/2015+**

*** Forget the “vision”: Improving leadership effectiveness stems mostly from assiduous attention to a bin full of “tactics.” “Vision” is one thing, but I like to focus on the “(so-called) little stuff”: (1) religiously doing your daily MBWA/Managing By Wandering Around—i.e., staying in direct touch with the likes of front-line employees and customers come hell *and* high water. (2) Visibly and constantly acknowledging staff contributions. (3) Apologizing with an “over the top” response after screw-ups. (4) Acknowledging that meetings are “what you do” as a leader, and turning them from “pains in the butt” into “paragons of excellence”—no kidding! (5) Becoming a Master of Listening—through study and practice. And about 25-50 other things I can readily think of. The “big stuff” (vision) is not unimportant, but longterm improved leadership effectiveness will mostly result from practicing and mastering that hefty bin full of tactics.**

**“Innovation /s Strategy”:
Imperative #1 for the Crazy World of 2015/2015+**

***Excellence is *not* an “aspiration.” Excellence is ... *the next five minutes. Or not.* Excellence is the next conversation in the hall—or not. Excellence is lending someone a helping hand when *you* are under pressure of a crushing deadline and “don’t have the time”—or not. Turning an “insignificant” task into nothing less than a Glorious Exhibition of Excellence—or not. Excellence is not about the long term—it’s about right now, or it’s a bad joke.**

**“Innovation /s Strategy”:
Imperative #1 for the Crazy World of 2015/2015+**

*** A “culture of innovation” starts early—that is, the traits enumerated above—need to permeate the education system, from age five onward. For one (very big) thing, the experimental attitude—and “whoever makes the most mistakes wins”—are antithetical to traditional education, from the USA to Germany to China; that must change if we are to generate satisfactory and challenging employment and economic growth in the near, let alone far, future.**

INNOVATE or DIE: Lesson 50

WTTTMSW

WHOEVER

TRIES

THE

MOST

STUFF

WINS

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STUFF
AND
SCREWS
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UP
THE
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WINS