

Tom Peters'

EXCELLENCE!

“THE WORKS”

A Half-Century's Reflections/1966-2016

Chapter THIRTEEN:

**The “PSF”/Professional Service
Firm “Model” As Exemplar/
“Cure All”**

01 January 2016

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

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“Insanely Great”/Just Say “NO!” to Normal**
- Appendix: Library of Best Quotes**

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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Appendix: Library of Best Quotes

Chapter THIRTEEN

The “PSF”/Professional Service Firm “Model” As Exemplar/ “Cure All”

It is the Age of Intellectual Capital. It is the Age of Temporary Organizations. It is the Age of Projects. It is the Age of Partnering.

**We must pioneer our way forward.
Or must we?**

There is a model—a more or less one-to-one model. Namely the ... PSF/PROFESSIONAL SERVICE FIRM.

**Intellectual capital.
Permanent impermanence.
Projects, projects, more projects.
Partnerships with one and all.**

I made my bones working for one of the best of breed: McKinsey & Co. (My McKinsey work, 1974-1981, was the wellspring of *In Search of Excellence*.)

The similarity between the nature of our work and today's "brave new world" is "striking"—i.e., more or less "ditto."

Hence I have long thought—and think more and more so with every passing day—that the "PSF Model" has widespread applicability.

In fact it is more or less my greatest professional sadness that more folks didn't take to this notion—I've tried my damndest since 1990—before it was professionally too late.

Well, to a significant degree, there's still time. The relevance is growing, not shriveling.

All yours ...

**13.1 PSF-ing: From
“Bureaucrat”
to “Rock Star”**

HRMAC

HRMAC/Human Resources Management Association of Chicago. A seminar for that organization, almost 20 years ago, cemented some thinking that had been percolating even then for years and years ...

“ ‘Disintermediation’ is overrated. Those who fear disintermediation-outsourcing should in fact be afraid of irrelevance; ‘outsourcing’ is just another way of saying

**that ... you’ve become
irrelevant to your
customers.”**
[internal]

—John Battelle/Point/Advertising Age

This is a cruel truth.

One (*if* one is smart) does not “outsource” to save a few bucks.

Outsourcing (and falling victim to AI) to a frightening degree is a response to extant “departments” that, simply, add damn little value to their enterprise customers.

***“A bureaucrat is
an expensive
microchip.”***

—Dan Sullivan, consultant and executive coach

Ha ha.

NOT.

Sarah: *“ Mom, what
do you do?”*

Sarah: *“Mom, what do you do?”*

Mom: *“I’m ‘overhead’—the ‘bureaucrat’ who runs the ‘cost center’ called ‘Human Resources.’”*

Yup, hard-working Mom is referred to as a “*cost center*” or “*overhead*” ... or worse.

She is, thence, a **CDC/Certified Drag on the Corporation *and* corporate earnings—and seen as an unmitigated **Disciple of the Devil** by many of her customers.**

What the hell, let’s outsource her. At least the “*cost center*” will cost a little less.

Sarah: *“ Mom, what do you do?”*

Mom: “Sarah, my human resources team and I are the ‘Rock Stars of the Age of Talent.’ We partner with our internal customers and drive our division’s strategic success. We refused the limiting role of ‘HR cops’—and ‘went strategic.’ Hey, our reputation is so good that we even do some consulting to the company’s key external customers—we’ve become part of the overall sales pitch.”

But mom and her group—***properly***
conceived—ought to be, in an Age of
Intellectual Capital, a primary engine of
enterprise value added.

**Department Head/“Cost center”/
“Overhead” to ...**

MANAGING

PARTNER,

HR

(IS, R&D, etc.)

INC.

PSF!

Mom and her group (properly conceived) ought to be a full-blown Professional Services Firm—no different from a McKinsey or Deloitte & Touche or IDEO.

And mom herself should be “MD” of that ...
profit-generating, client-WOWing, intellectual-capital accumulating ... “PSF.”

Tom
Peters

The Professional Service Firm 50: Fifty Ways to Transform Your "Department" into a Professional Service Firm Whose Trademarks Are Passion and Innovation!

the
professional
service firm
50

FIFTY WAYS TO TRANSFORM YOUR "DEPARTMENT"
INTO A PROFESSIONAL SERVICE FIRM WHOSE
TRADEMARKS ARE PASSION AND INNOVATION!



I don't mean to denigrate the employees of any given "department," but from my experience in and with many of the best "real" "PSFs," the real deal's approach to doing business is (monumentally) different than that of the average department.

I have laid out some of the typical "real" PSF beliefs—and indeed I wrote a whole book on the topic in 1999.

(I must say—and I repeat myself—that it is one of the most profound disappointments of my professional career. The book sold very well — BUT THE NUMBER OF "DEPARTMENTS" THAT MADE/TRIED TO MAKE THE TRANSITION TO "PSF" HAS BEEN ASTONISHINGLY SMALL — which, alas, makes the decision to "outsource" or go "balls out" over AI often a "no-brainer.")

13.2 Case in

PSF-ing:

Hypothetical

and Real

**HCare CIO: “Technology
Executive”** (workin’ in a hospital)

Or/to: Full-scale,

Accountable (life or death)

Member-Partner of

XYZ Hospital’s Senior

Healing-Services

Team (who happens to be a techie)

**The CIO of the hospital is transformed from
“the bloody IT guy determined to complicate
life” into a ... **Master Life****

Saver ... fully equivalent to her or his
surgeon compatriots.

Fleet Manager

**Rolling Stock Cost
Minimization Officer**

vs/or

**Chief of Fleet Lifetime
Value Maximization**

Strategic Supply-chain Executive

Customer Experience Director

(via drivers, etc.)

“Purchasing Officer” Thrust #1: Cost
(at All Costs) Minimization

Professional?

Or/to: Full Partner-
Leader in Lifetime
Value-added
Maximization?

So, too, the fleet manager at a manufacturing facility and “the purchasing guy”—from “cost minimization” (not all bad) to “value maximization.”

**A ... WHOPPING ...
transformation!**

PSF Transformation: Credit Department/Trek

Was

Credit Dept

Hammer on dealers
until they pay.

**AR sold to 3rd party
commercial co.**

23 employees

Oversee peak AR of \$70M

Identify risky dealers

Cost Center

No products

Is

Financial Services

Make dealers
successful so they
CAN pay.

**Trek is the commercial financial
Company**

12 employees

Oversee peak AR of \$160M

Identify opportunities

Profit Center

**Products: Consulting, MC/Visa,
Stored value of gift cards, Gift card
peripherals, etc., etc. ...**

Trek, the stellar bike folks, performed a “total makeover” on their “credit department”—creating no less than a strategic ...

“center for customer success.”*

(*PSF.)

13.3 Corporation as Mega-PSF

***Are you (Ms. Purchasing
Poobah) a ...***

“Principal

Engine of (Enterprise)

Value Added”

Big Idea:

“CORPORATION” AS

MEGA-“PSF”

The “departments”/“overhead” can instead become the (principal) generators of value added—*the most important profit drivers in the organization.*

**In fact the corporation or division to some extent becomes a ... Collection of
Seriously Cool PSFs. *This de facto is the UPS/Best Buy/IBM/Schlumberger strategy.***

Iron Innovation Equality Law: *The Quality and Quantity and Imaginativeness of Innovation (and “R & D” per se) ... shall be the same in all functions* —e.g., in HR and purchasing as much as in marketing or product development.*

**Every “PSF”
must have a
formal &
formidable R&D
budget. PERIOD.**

“No brainer”: If our collective “PSFs” are our primary engine of intellectual capital accumulation: ***Then the “innovation game” must be played equally fiercely in every corner of the organization. In particular, in an Age of Intellectual Capital, said capital at its most imaginative must be exhibited ... EVERYWHERE ... IN EQUAL MEASURE.***

13.4 GREAT

**Professional
Service Firms**

GREAT Professional Service Firms

In the process of working with several hundred partners at a professional services firm (legal services), I began noodling about my ideal version thereof. It's a topic I've been intensely interested in for years—I see the “PSF” as a generic model for adding value (and saving jobs) in an era dominated and defined by intellectual capital. What follows is an “ideal,” but, on the other hand, I think it is also an operational aspiration. Indeed, I think operationalizing an aspiration like this is imperative for many firms and bits of firms—size 1 to 10,001. (And, another hobbyhorse of mine, I “insist” that every internal corporate “department” embrace some version of this professional-services-for-profit model—do so or prepare, inevitably, to be outsourced or to fall victim to the AI Tsunami. In fact, this entire list de facto emphasizes the “liberal arts”—value-add attributes that are virtually un-copyable by outsourced units or AI/software.)

***In fact, this entire list
de facto emphasizes
the “liberal arts”—
value-add attributes
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un-copyable by
outsourced units or AI/
software.***

GREAT Professional Service Firms

- 1. Stunning commitment to integrity.**
- 2. Counselors/trusted advisors first. (*AI and outsourcing cannot match this!*)**
- 3. We are *not not not not* in a commodity business. (If it is a “commodity business,” then I, Tom Peters, am a commodity. No! No!! No!!!)**
- 4. Stellar *listeners*—to our Clients.**
- 5. Stellar *listeners*—to our fellow partners.**
- 6. Stellar *listeners*—to our most junior associates. (!!!!!!)**
- 7. Stellar *listeners*—to every member of staff.**
- 8. Insatiable *curiosity* marks 100% of us.**
- 9. We live to serve/*Extreme* service ethic.**
- 10. Our leaders are servant leaders. (Every partner is a leader/servant leader first.)**

Stellar LISTENERS—to our Clients.

Stellar LISTENERS—to our fellow partners.

Stellar LISTENERS—to our most junior associates.

Stellar LISTENERS—to every member of staff.

We are ... **NOT**

NOT **NOT**

NOT *... in a commodity business!*

**(If professional service = commodity.
Ergo: TP/Me = commodity.)**

This item did not come out of the blue. For example, the giant law services firm that triggered this list engaged me precisely because they are observing a huge share of law services becoming commoditized.

GREAT Professional Service Firms

11. Deeply ingrained sense of fairness.

12. Hustlers—but thoughtful to a fault! (Excise rude bastards.)

13. “Service ethic” means service to one another as much as service to clients.

14. Drop everything to assist a colleague in need—central to our overall ethos.

15. *A compensation scheme that unmistakably and visibly and dramatically rewards partner co-operation in developing and serving and retaining clients.*

“Service ethic”
means service to
one another as
much as service to
clients.

GREAT Professional Service Firms

16. Toss “lousy colleagues” (bad teammates) out on their derrieres (asses). *We will not tolerate less than class-A supportiveness; we will toss out top “rainmakers” who do not subscribe to our abiding teamwork ethic.*

17. Intellectual point of view that is Distinct/Exciting.

18. We listen intently, but we also push our clients to explore significantly new approaches to doing business.

19. We insist, as best we can, that every client consider and test discontinuous change.

GREAT Professional Service Firms

20. We understand that implementing our advice may require “culture change” in the client’s operation. We will not duck this topic—we will embrace it and will leave a practical framework-process behind to help the client comprehend/execute such excruciatingly difficult change.

**21. We will stretch our clients to the limits—but not suggest actions that are beyond the reach of implementation in the mid-term future. (“Never give an order that cannot be obeyed.”
—Douglas MacArthur.)**

22. We will intimately assist the client in achieving near-term “small wins” that signify and exemplify the changes the client intends to embrace.

We understand that implementing our advice may require “culture change” in the client’s operation. We will not duck this topic. We will embrace it (as a principal attribute of value added) and leave behind a practical framework-process to help the client execute such excruciatingly difficult change.

GREAT Professional Service Firms

23. Every partner must have a point of view of note—and a point of view that is recognized far beyond our firm’s borders.

24. The definition of the *very* best partners is that they are “insanely great” (thanks, Steve Jobs) mentors!

25. Equal compensation/recognition to top “rainmakers,” “intellectuals,” and “magical mentors.”

26. We are all “rainmakers”—responsible for making it clear to the client that he-she made a great decision in associating with us.

27. Invest heavily in ideas—this means significant time and \$\$\$\$\$\$. (Consider it “R&D”—it is!)

**Equal compensation/
recognition to top
“rainmakers,”
“intellectuals,” and
“magical mentors.”**

Invest heavily in ideas—this means significant time and \$\$\$\$\$\$. (Consider it “R&D”—it is!)

GREAT Professional Service Firms

28. Invest heavily in training and retraining. (Our training will feature working with clients to implement our ideas, the managerial aspect of directing client engagements, the theory and art and practice of leadership, listening and presenting, and understanding the “business principals” that are essential to our economic survival.)

29. Technology pioneers/fanatics.

30. A decent/high-ish share of oddballs/disturbers-of-the-peace. (Often irritating people; get over it.)

31. Relatively high turnover and very high diversity (background, gender, etc.) in top leadership posts and committees.

GREAT Professional Service Firms

- 32. Quality >> Quantity. (Big is fine as a byproduct of Great Work. “Big for big’s sake” is un-fine; scale economies are wildly over-rated.)**
- 33. Significant portfolio of “interesting” clients—uneconomic engagements if necessary. (I.e. clients that lead us-drag us into new pastures.)**
- 34. A clear understanding that the “middle market” is often the key to success and vitality—we will not be conned by some specious/ego-centric need to be associated with the likes of the “Fortune 100.”**
- 35. Willingness to dump bad-demotivating-energating clients (even big ones).**
- 36. Understand that we are running a for-profit enterprise. Cash flow matters! (A lot.)**

**Significant portfolio of
“interesting” clients—
uneconomic
engagements if
necessary. (I.e. clients
that lead us-drag us into
new pastures.)**

**“Big for big’s sake”
is un-fine; scale
economies are
wildly over-rated.**

GREAT Professional Service Firms

- 37. In love with our work! (Expunge those who are not in love with their work—dump the burnouts.)**
- 38. Sense of fun. (Yes, damn it.) (Make it a fun place to work—David Ogilvy.)**
- 39. Professional to a fault (we love the word “professional”) ... but not pompous.**
- 40. “d”iversity—diversity of every flavor one can imagine. (This is huge and often honored in the breach.)**
- 41. Notable-visible respect for the ideas of young associates. (!!!!!)**
- 42. Practice-as-teamwork. (Teammate-ism rewarded, lack thereof punished with semi-haste and extreme prejudice.)**

**In love with our
work.**

Sense of fun.

**Practice-as-
teamwork.**

Practice-as-teamwork.

***(Teammate-ism
rewarded, lack thereof
punished with
semi-haste and
extreme prejudice.)***

GREAT Professional Service Firms

43. Deep bench. “Supporting cast,” notably starting with receptionist, must be of same quality as partners—there are no “bit players” in our business.

44. Age gracefully gives way to youth—regeneration a deep-seated guiding belief.

45. Youth gracefully gives way to age—our most effective elders have much to teach us when, especially, it comes to client retention.

46. Hard work expected and cherished—workaholism for workaholism’s sake assiduously guarded against.

47. Proud of our culture, guard our culture zealously—but even “great cultures” age. (And at the least become horribly elaborated.)

**Proud of our culture,
guard our culture
zealously—*but even*
“great cultures” age or
evaporate. (And at the
least become horribly
elaborated.)**

GREAT Professional Service Firms

49. Sky-high time investment in our evaluation process.

50. My legacy (as a partner) is:

Being “of service.”

Developing people.

Being a good colleague—which absorbed lots of my time.

Doing consistently superior (sky high) quality work.

Adding materially to the ideas base of the Firm.

Insuring the continuity of the firm—culturally and financially.

Being a paragon of integrity and decency.

Leaving gracefully.

My legacy (as a partner) is:

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***Adding materially to the ideas base of
the Firm.***

***Insuring the continuity of the firm—culturally
and financially.***

***Being a paragon of integrity and decency.
Leaving gracefully.***

GREAT Professional Service Firms

51. “Execution *is* strategy.”

(Thanks, Fred Malek.)

52. My word is my bond.

53. Wow! (Why not? What else?)

54. Excellence! PERIOD! (Why not?

(What else?)

55. “Be the best. It’s the only market that’s not crowded.”

—George Whalin

“Execution is strategy.”

Wow!

Excellence! PERIOD!

**“Be the best. It’s the only
market that’s not
crowded.”**

13.5 PSF-ing Is ...

PSF/Professional Service Firm/Beliefs

**PROFESSION: CALLING/PASSION TO MAKE A
DIFFERENCE/
EXCELLENCE (ALWAYS)**

**POINT OF VIEW: KNOW EXACTLY WHAT WE
STAND FOR/
“DRAMATIC DIFFERENCE”**

**CLIENT: ENDURING, TEST-THE-LIMITS
RELATIONSHIP/“TRUSTED ADVISOR”**

**SOLUTION: ROCK HIS-HER WORLD/ “WOW”/
IMPLEMENTED “CULTURE CHANGE”/
>>>>>> “SATISFACTION”**

Barebones specs.

Our Mission

***TO DEVELOP AND MANAGE TALENT;
TO APPLY THAT TALENT,
THROUGHOUT THE WORLD,
FOR THE BENEFIT OF CLIENTS;
TO DO SO IN PARTNERSHIP;
TO DO SO WITH PROFIT.***

WPP

I am normally an arch enemy of mission statements. But I like this one. A lot. (WPP is one of the world's largest marketing services PSFs.)

I like it because it puts talent first. I like it because it aims for profitability—there's no other way to stay in business. And I love it because it encompasses the idea that ...

profit is derivative ... not the aim per se.

13.6 **Every Flavor!**



Photographer: Louise Roach

PSFs come in every flavor. ***Wouldn't you call a solo trucker in a magnificent self-designed vehicle like this one (who shows up on time with a great attitude and does great work) a PSF of the first order?***

I would and do.

13.7 Universal Value Added:

The **Wow**

Projects

**Solution
(or bust)**

Tom
Peters

***The Project50: Fifty Ways to
Transform Every "Task" into
a Project That Matters!***

project
50

FIFTY WAYS TO TRANSFORM EVERY "TASK"
INTO A PROJECT THAT MATTERS!

This book was my third in the 1999 series, *The Work Matters*. It accompanies *The Brand You 50* and *The Professional Service Firm 50*. None of the three is a standalone—even though they can be read as such.

We are a “PSF.”

Our Players are “Brand Yous.”

Our activity/“product” is “Wow Projects.”

And the story line is “Not Optional.”

The WOW Project 50

**YOU/PSF =
WOW PROJECT
PORTFOLIO**

The PSF is by definition (and always has been) a collection of projects. No more. No less.

The ... *rockin' rollin' value addin' survivin' PSF* is a collection of ...

WOW Projects !

NO OPTION.

Your Current Primary Project (Scale of 1-10)?

- 1. Another day's work/Pays the rent.**
- 4. Of value.**
- 7. Pretty Damn Cool/Definitely subversive.**
- 10. ***WE AIM TO CHANGE THE WORLD.*****

Innovation Index: How many of your “Top Five Projects” score eight or higher (out of 10) on a “Weird” /“Profound”/ “WOW”/“Game-changer” Scale?

WOW-ification Index: Move every project (definition) that scores six or less two notches up on the “WOW-ification Scale” within the next two weeks. If your principal current project scores six or less, bring it up one (or two!) notches by noon on **Monday**.* (*This was from a tweet written on a Sunday.)

Measure it.

DAMN IT.

**13.8 PSF-ing as World
Beating: The
(ENORMOUS)
(UBIQUITOUS)
“Services Added”
Opportunity**

“Rolls-Royce now earns

MORE *from tasks
such as managing clients’
overall procurement
strategies and maintaining
aerospace engines it sells
than it does from making
them.”* —Economist

Aircraft engine maker-as-stellar-PSF: Engines—to engines *and* aircraft services. Or, perhaps, aircraft services and, uh, engines too?

(FYI: In my view, this, especially writ large, is

pretty damned extraordinary !)

***“You are headed
for commodity
hell if you don’t
have services.”***

—Lou Gerstner, when CEO, on IBM’s services revolution

IBM
to

IBM

In the 1990s, with its old businesses in retreat, IBM began a rapid & radical transformation from hardware to services.

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

—Headline/*BusinessWeek*

Planetary Rainmaker-in-Chief!

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

\$50B*

***IBM Global Services/
“Systems integrator of choice”**

IBM is the poster child of this “movement.” In the early '90s, new CEO Lou Gerstner was ordered by the board to break up the company. Before complying, he made a round-the-world customer tour. He discovered that his customers were not by and large dissatisfied with IBM's products—they were upset that their vast array of IBM products had not been integrated in a way that allowed the client to achieve promised enterprise-wide gains in business effectiveness.

Gerstner found a small extant consulting unit—and recast it as IBM Global Services; its goal was to use IBM's manufactured tools to enable no less than total enterprise transformation. In surprisingly short order, Global Services became the dog that wags the tail—a **\$50 billion++ unit, essentially the world's largest consultancy, that indeed assists re-imagining/re-inventing/re-positioning their entire firm!**

(As to the **B_M on the slide—the “M”/machine is now more or less secondary.)**

UPs

to

UPS

What Can Brown Do for You?

Source: ubiquitous UPS ad campaign

UPS “PSFs”: ***“How can we help your business improve?”*** rather than, “We’ll get your parcels from Point A to Point B with no muss and fuss.”

“It’s all about solutions.

We talk with customers about how to run better, stronger, cheaper supply chains. We have 1,000 engineers who work with customers ...”

—Bob Stoffel, UPS senior exec

“Big Brown’s New Bag: UPS Aims to Be the Traffic Manager for Corporate America” —Headline/BW

“UPS wants to take over the sweet spot in the endless loop of goods, information and capital that all the packages [it moves] represent.” —ecompany.com

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

—Forbes

Growth driver flips: From packages (“P”) to integrated logistics/supply chain services

(“S”) including to be sure, some non-trivial share of the time, physical delivery.

UPS = United

Problem Solvers

Not attempted cleverness on my part.

***An official UPS
service mark.***

Mega-PSF, anyone?

“THE GIANT STALKING BIG OIL:

How Schlumberger

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

Source: *BusinessWeek*

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

A 2008 *BusinessWeek* cover story informed us that Schlumberger may well take over the world: “THE GIANT STALKING BIG OIL: How Schlumberger Is Rewriting the Rules of the Energy Game.” In short, Schlumberger knows how to create and run oilfields, anywhere, from drilling to fullscale production to distribution. And the nugget is hardcore, relatively small, technically accomplished, highly autonomous teams. As China and Russia, among others, make their move in energy, state run companies are eclipsing the major independents. (China’s state oil company just surpassed

Exxon in market value.) **At the center of it all, abetting these new players who are edging out the Exxons and BPs, the Kings of Large-scale, Long-term Project Management wear Schlumberger overalls.**

At the center of the center of the Schlumberger “empire” is a relatively newly configured outfit, reminiscent of IBM’s Global Services and UPS’ integrated logistics’ experts and even Best Buy’s now ubiquitous

“Geek Squads.” **The Schlumberger version of IBM Global Services is simply called IPM, for Integrated Project Management. It lives in a nondescript building near Gatwick Airport, and its chief says it will do “just about anything an oilfield owner would want, from drilling to production.”**

That is, as *BusinessWeek* put it, “[IPM] strays from [Schlumberger’s] traditional role as a service provider* and moves deeper into areas once dominated by the majors.” (*My old pal was solo on remote offshore platforms interpreting geophysical logs and the like.)

Oil-field services superstar Schlumberger goes the UPS/IBM/PSF route—with a vengeance. It'll manage the whole shebang.

UTC/Otis + UTC/Carrier: boxes*
**to “integrated
building systems”**

***elevators, air conditioners**

**Otis and Carrier—elevators and air conditioning—
go the same route.**

**(There is literally ... NO LIMIT ... to
this phenomenon.)**

I. LAN Installation Co. (3% local market share)

II. Geek Squad. (30% local market share with name change.)

III. Acquired by Best Buy.

**IV. FLAGSHIP OF BEST BUY
WHOLESALE “SOLUTIONS”
STRATEGY MAKEOVER.**

The local (Greater Minneapolis) LAN Installation Co. had a 3% market share in its area of business. Helped by the “experience marketing” gurus, Joe Pine and Jim Gilmour, LAN changed its name to “The Geek Squad”—and watched market share soar to 30%. It also began to do some work for Minneapolis-based electronics retailer Best Buy.

Eventually giant Best Buy bought the Geek Squad—and made the GS’s *“customer success”* philosophy the epicenter of Best Buy’s overall market positioning.

IDEO's Progression

Product Design to

Product Design Training to

**Corporate Innovation/
Culture Training/Consulting**

PSF becomes **PSF**: IDEO is a lot smaller than IBM. But the progression has been about the same—at the same time. Twenty years ago IDEO sat atop or near the top of product design firms. Their issue was not a business problem—but responding to continued requests by clients to teach them **“The IDEO Way”** of design. IDEO did just that. But as their clients viewed IDEO’s string of successes, they became interested in yet a higher order issue—IDEO’s approach to innovating per se.

Next thing you knew, IDEO was “doing an IBM”—systemic work with giant enterprises on the overall process of innovation.

Q.E.D.

Era #1/Obvious Value: “Our ‘it’ works, is delivered on time” (“Close the sale”)

Era #2/Augmented Value: “How our ‘it’ can add value—a ‘useful it’ ” (“Solve”)

Era #3/Complex Value Networks: “How our ‘system’ can change you and deliver **‘BUSINESS ADVANTAGE’**” (“Culture-Strategic change”)

Source: Jeff Thull, *The Prime Solution: Close the Value Gap, Increase Margins, and Win the Complex Sale*

“The business of selling is not just about matching viable solutions to the customers that require them.

It’s equally about managing the change process the customer will need to go through to implement the solution and achieve the value promised by the solution. One of the key differentiators of our position in the market is our attention to managing change and making change stick in our customers’ organization.”

—Jeff Thull, *The Prime Solution: Close the Value Gap, Increase Margins, and Win the Complex Sale*

Waaaaaaay ...

beyond the hard product—and even the service.

Selling success, repositioning, and assisting in implementing the culture change necessary to support it and lock it in.

PSFs ... ROCK & RULE.

**Bottom Line/
Conclusion:
Corporation
as Mega-PSF**

***Are you (Ms. Purchasing
Poobah) a ...***

“Principal

Engine of (Enterprise)

Value Added”

Big Idea:

“CORPORATION” AS

MEGA-“PSF”

The “departments”/“overhead” can instead become the (principal) generators of value added—*the most important profit drivers in the organization.*

In fact the corporation or division to some extent becomes a ... **Collection of Seriously Cool PSFs. *This de facto is the UPS/IBM/Best Buy/Schlumberger strategy—see immediately above.***