

**EXTREME HUMANIZATION  
EXTREME EMPLOYEE ENGAGEMENT**

**Thriving\* in the Age of AI/Tech Madness  
(\*“Thriving,” Not Merely “Surviving”)  
Observations on Excellence 2019:  
“People First” (**More than Ever**)**

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12 February 2019**

# **Extreme Humanization/ Radical Humanization**

## **Extreme Employee Engagement/ Radical Employee Engagement**

My obsession is in the main dealing with the onslaught of AI—which, though estimates vary widely, could affect 50% of jobs in the next 10-20 years. How do we “defend ourselves”? Giant companies, especially those bent upon “shareholder value maximization,” rush to adopt every technological trinket—often they create nothing but a mess; sometimes their shiny new tools reduce short-term cost—especially the cost of burdensome human beings (75% of whom, surveys show, are not engaged in their work to begin with).

My problem is not only with this cruel strategy, invariably accompanied by lousy mid- to long-term financial results and a trail of human carnage that reminds one of a World War I battlefield. My problem is also the words “defend ourselves.” That is defeatist language of the first order. I am interested in ... OFFENSE. And I believe that offense is built on the back of humanization which “knocks the customers’ socks off” (turns customers into “fans”—see the Commerce Bank/Metro Bank case study below) and does so largely through the efforts of a turned on and cared for and fully engaged and committed-to-radical-growth workforce. Additionally, in the end, this is a job creation rather than job destruction strategy.

Out of my beliefs about “commitment to offense” (and “defense be damned”) is largely encompassed by two pairs of terms:

**Extreme Humanization/Radical Humanization**  
(This is the principal basis for sustainable market differentiation)

**Extreme Employee Engagement/  
Radical Employee Engagement**  
(This is the primary “tool” that enables Extreme Humanization)

**What follows is *not* organized. It is a potpourri of snapshots associated with Extreme Humanization and Extreme Employee Engagement. It begins with a laundry list of ideas or notions or attributes of enterprises (from three to 30,000 in employee size\*) marked by or becoming marked by or aspiring to be marked by Extreme Humanization and Extreme Employee Engagement—and the results associated therewith.**

**All yours ...**

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**\*Overall, I'll place my bets on the population of SMEs/Small and Medium-sized Enterprises—from the imaginative, committed-to-excellence, local 3-person appliance repair firm to the hundred-million dollar German “Mittelstand” company (German export excellence is built on the back of a staggering collection of best-in-planet middle-sized companies). Frankly, my faith in the behemoths taken as a whole is very (v-e-r-y) low.**

## ATTRIBUTES\* OF EXTREME/RADICAL HUMANIZATION EXTREME/RADICAL EMPLOYEE ENGAGEMENT

\*Listening/“Aggressive Listening”) (Number ONE on the list and suggested Core Value #1 for a good reason! [Please see the next page].)

\**Care*

\**Beauty*

\**Art*

\**Respect*

\**Kindness*

\**Empathy*

(Consider the character of the 6 words above—and listening—in the context of Extreme Humanization. These are typically seen as “soft traits”—the argument here [and below] is that these are in fact “hard” traits in the sense of strategic-foundation-of-the-enterprise devoted to differentiation via Extreme Humanization)

\*Joy/Joyful workplace (Richard Sheridan/*Joy Inc.: How We Built a Workplace People Love* and *Chief Joy Officer: How Great Leaders Elevate Human Energy and Eliminate Fear*) (Joy = Joy. Not some mellow substitute)

\*Doing the right thing/the Moral Dimension pervades all we do *and* how we unflinchingly behave *and* is always present *and* visible *and* drives every decision

\*A “no bull” “people (**REALLY\***) (**\*REALLY**) first” culture—instilled and maintained one-minute-at-a-time (forever) with passion and care (“*You must care*”—General Melvin Zais on the #1 military officer qualification)

\*Hiring the Southwest way (“We look for ... listening, caring, smiling, saying ‘Thank you,’ being warm.”—mechanics and pilots and baggage handlers as well as flight attendants and gate personnel)

\*Promoting largely on the candidate’s “people development” record (promotions are “life or death decisions”/Drucker)

\*ACKNOWLEDGEMENT (We A-L-L C-R-A-V-E acknowledgement—especially today when so many jobs face frontal assault in next 5-10 years. Acknowledge = Most powerful word/idea/arrow in leader’s quiver)

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\*In no particular order

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## EXTREME HUMANIZATION LISTENING EXCELLENCE = NO. 1

**Suggested Core Enterprise Value #1: “*We are Effective Listeners—we treat Listening EXCELLENCE as the Centerpiece of our Commitment to Respect and Engagement and Community and Growth.*”**

**An obsession with Listening is ...**

... **the Ultimate Mark of Respect.**

... the heart and soul of Engagement and Thoughtfulness.

... the basis for Collaboration and Partnership and Community.

... a Developable Individual Skill. (Though *women* are, in general, notably better at it than men.)

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

... the key to making the Sale.

... the key to Keeping the Customer’s Business.

... the linchpin of Memorable Service.

... the core of taking Diverse Opinions aboard.

... profitable. (The “R.O.I.” from listening is arguably higher than from any other single activity.)

... the bedrock that underpins an Unyielding Commitment to EXCELLENCE

(FYI/!!: Fully ... **ONE THIRD** [100+ pages!!] of Richard Branson’s most recent book, *The Virgin Way: How to Listen, Learn, Laugh, and Lead*, is devoted to listening per se.) (“***The key to every one of our [eight] leadership attributes was the vital importance of a leader’s ability to listen.***”)

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- \*ACKNOWLEDGEMENT (We A-L-L C-R-A-V-E acknowledgement—especially today when so many jobs face frontal assault in next 5-10 years. Acknowledge = Most powerful word/idea/arrow in leader’s quiver)
- \*“What do *you* think?” (“Just” four words—but the ultimate empowerment “tool;” managers should monitor their daily “WDYT” score)
- \*“Thank you” (Doug Conant, CEO Campbell soup: 30,000 [!!!] handwritten “thank you” notes in 10 years—about a dozen per working day) (Fact: People remember a single, short, handwritten t-note for the next 10+ years/bucketloads of evidence for this assertion) (FYI: This works as much—or more—in the Age of iPhones as it did in the non-electronic age.)
- \*Rapid apologies for screw-ups; over-the-top responses to even (or especially) the tiniest problems
- \***Peerless 1<sup>st</sup>-line managers are Asset #1 (#1 = #1)** and should be Selected and Developed and Treated accordingly (employee development is in turn 1<sup>st</sup>-line Manager Job #1)
- \*EEE/ExtremeEmployeeEngagement
- \*REE/RadicalEmployeeEngagement
- \*Every employee has an RDP/Radical Development Plan (Every boss is evaluated on enabling employee success with the implementation of those “radical” plans.)
- \***Training is Investment #1 (#1 = #1) and considered a Capital Investment.** (Training budget gets as much consideration as IT budget. CTO/*Chief Training Officer* [do you even have one?] is “C-level” job.)
- \*Diversity at every level on every dimension (M-F, short-tall, collects sea shells-hates the sea, etc., etc. Extreme [that word again] variety is innovation’s secret sauce; “same-same” kills circa 2019.) (Board/Top Team [RADICAL] diversity is of special/STRATEGIC importance—and generally AWOL)
- \*Never waste a l-u-n-c-h (220 workdays a year. 220 Golden-Never-to-Be-Repeated-Luncheon-Opportunities to meet someone new and different, to commence or cement a relationship. Lunch: #1 #1 = #1 tool [not, say, ERP systems] for, among other [important] things, creating and maintaining excellent cross-functional integration.) (I admit to being a “lunch fanatic”!)

**\*Relationships-and-engaged-and-expanding-networks-are-everything.** (In *The Excellence Dividend* I insisted that one spend 80% of her or his time on recruiting and developing and maintaining allies.)

**\*Slow down** (Relationship building, culture inculcation and maintenance, great design, employee engagement, Excellence—virtually all the “important stuff”—take time [*lots of*] [*lots-and-lots of*])

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*“Personal relationships are the fertile soil from which all advancement, all success, all achievement in real life grow.”*—Ben Stein, investment/economics guru

*“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*

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**\*Curiosity.** (Albert Einstein: “I have no special talent. I am only passionately curious.” For a *Vanity Fair* interview, Michael Bloomberg was asked to provide his “most significant trait.” His one-word reply: “Curiosity.”)

**\*Hit the books.** (Intense studenthood is *everybody’s* permanent business in today’s world. Always has been for the best-of-the-best. “The word” per Charlie Munger, Vice Chairman, Berkshire Hathaway/Buffett’s #2: “In my whole life, I have known no wise people who didn’t read all the time—none. ZERO. You’d be amazed at how much Warren [Buffett] reads—and how much I read.”)

**\*Impatient patience** (“Get it right the 1,003<sup>rd</sup> time”—if you are lucky; keep on keepin’ on through hell *and* high water)

**\*Non-linearity** (Innovation in particular is very very messy; the shortest distance between two points is never a straight line; *cherish the mess*)

**\*“Serious Play” (The heart of innovation per Michael Schrage [and me].  
Workplace a playground-of-prototypes.)**

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*“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.”*—Michael Bloomberg, *Bloomberg on Bloomberg*

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- \*WTTMSW/Whoever Tries The Most Stuff Wins; and  
WTTMSASTMSUTFW/Whoever Tries The Most Stuff And Screws The  
Most Stuff Up The Fastest Wins (My version of Schrage-Bloomberg**
- \*Adequate+ 1<sup>st</sup>-rate human resources to provide and ensure a patient,  
personalized customer experience 100% of the time. (See the Commerce  
Bank/Metro Bank case study below)**
- \*Philosophy majors and Poets and Theater majors (and other “liberal arts  
types”) well represented in Top Management and on the Board—and  
everywhere else. (“Extreme Humanization” requires obsessive attention to  
and nurturing of “soft skills”/the arts )**
- \*Women constitute half of top management/50% of Board members are  
Women (Women are better leaders—discussion below. And: Women are  
better negotiators, salespersons, investors—so says the hardnosed research)  
(Also: Women ARE the market/buy EVERYTHING.)**
- \*50% of coders are women (!!!!)**
- \*Design fanaticism/Design-as-Differentiator #1 (Design “so good you want to  
lick it”/Steve Jobs; “Jony and Steve would spend hours discussing corners”/  
Laurene Powell Jobs on Steve and Apple Chief Designer Jony Ives.) ( FYI+:  
“Design fanaticism” applies to a 14-person insurance agency or a 3-person  
local electrical contractor as much as it does to Apple.)**

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*“We don’t have a good language to talk about [design]. In most people’s  
vocabularies, design means veneer. ... But to me, nothing could be further from  
the meaning of design. DESIGN IS THE FUNDAMENTAL SOUL OF A MAN-  
MADE CREATION.”*—Steve Jobs

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- \***Design is love** (“He said for him the craft of building a boat was like a religion. You had to give yourself up to it spiritually. When you were done you had to feel that you had left a piece of yourself behind forever, a bit of your heart.”—on legendary racing shell designer/builder George Yeoman Pocock, from *The Boys in the Boat: Nine Americans and Their Epic Quest for Gold at the 1936 Berlin Olympics*, D.J. Brown)
- \***Design ubiquity** (Design is a visible, conscious part of *every* decision. Design-that-blows-the-mind-and-stirs-the-soul—permeates-every-nook-and-cranny-of-the-organization *is* Extreme Humanization)
- \***Palpable Emotional Connection** (“... almost no new vehicle in recent memory has provoked more smiles.”—review, MINI Cooper S, from Donald Norman’s peerless book, *Emotional Design: Why We Love [or Hate] Everyday Things*. Extreme Emotional Connection *is* Extreme Humanization.)
- \***“Romance”** (Howard Schultz on the cherished and excruciatingly difficult to sustain relationship between Starbucks and its customers. At one point per Schultz, “Starbucks had become operationally driven, about efficiency as opposed to the romance. We’d lost the soul of the company.” He returned as CEO aiming to re-ignite that romance.) (Related and urgent: Ingest Tim Leberecht’s *The Business Romantic: Give Everything, Quantify Nothing, and Create Something Greater Than Yourself*. [Join Leberecht’s “The Business Romantic Society”])

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I have some trouble with the now wildly popular “experience marketing.” The all too frequent implication is that you can “engineer” an excellent experience. Certainly an “excellent experience” has supportive systems beneath the surface. But when the systems rule the roost, the trouble starts. Experiences that stick are about emotional engagement. And emotional engagement is about intangibles, about artistry, about surprise, about those smiles the MINI Cooper S engendered.

The experience fetish has, alas and all too often, “gone metric.” Metrics for this, metrics for that. Metrics metrics metrics. I recently went to my car dealership for a regular checkup. They did a fine and timely job. But no less than three times the service boss reminded me to fill out my on-line assessment of the visit—and asked me if he could do anything more that would improve my assessment. Guess what: KISS EMOTIONAL ENGAGEMENT GOODBYE. While I want the guy to get his bonus (even employment hinges on those scores upon occasion), my feeling about the service—“service experience”—went down rather than up.

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- \***Art Appreciation**, the application thereof, as a core “part of our culture,” the essence of which is infused into every decision
- \***Bonus: Art Appreciation is a “must-have” core MBA course**
- \***Bonus: The MBA will stand for: Master of Business Arts—or it would be (if I were king) exterminated**
- \***Surprise.** (Great design surprises—consider the early iPhones)
- \***Functionality** (Our stuff works perfectly and intuitively all the time—from the simplest to the most complex product or service or system/Customers, starting with internal customers, routinely “marvel at” our functionality.)
- \***HR practices as full-fledged Design Issues** (Beauty and care and romance and passion in our approach to every “people issue/process”)
- \***Read/Ingest/Apply Rich Karlgaard’s book *The Soft Edge: Where Great Companies Find Lasting Success*.** (FYI: Karlgaard is a Silicon Valley guru/player—which magnifies the power of his contrarian ideas. See more below)
- \***“Hard is soft. Soft is hard.”** (“Hard” [the plans, the numbers, the org charts] is “soft.” “Soft” [people, relationships, organization culture, emotional design] is “hard.”) (FYI: “Hard is soft. Soft is hard.” = My Life’s Work ... in six words. Also see below.)
- \***EXCELLENCE**

**(THIS IS ONE HELLUVA SUGGESTED MENU.  
EXTREME HUMANIZATION IS NOT FOR SISSIES.)**

## KEY WORDS

PEOPLE

SERVICE

**SERVANT LEADERSHIP**

MORAL BEHAVIOR

SERIOUS PLAY

TRAIN TRAIN TRAIN

DIVERSITY

WOMEN RULE

DESIGN

UBIQUITOUS EMOTIONAL CONNECTION

**ROMANCE**

EXTREME HUMANIZATION

ART APPRECIATION

EMPATHY

CARE

LOVE

**JOY**

ENGAGEMENT

**AGGRESSIVE LISTENING**

HUMANISM

EXCELLENCE

# PEOPLE. SERVICE.

**People Serving People Serving People\***

**People (leaders/managers) Serving People  
(front-line employees) Serving People  
(customers)**

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**\*Book tour 2018/*The Excellence Dividend***

**(Time and time [and time] again—wording below almost exact)**

**Interviewer: “*Tom, you always seem to talk about people.*”**

**Me: “*What the f\*\*\* else is there to talk about?*”**

## **KEY IDEAS**

**ExtremeHumanization.com\***

**RadicalHumanization.com**

**HumanizationOffensive.com**

**ExtremeEmployeeEngagement.com**

**RadicalEmployeeEngagement.com**

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**\*You'll see the ".com" repeated here. For whatever reason—no I'm not trying to launch a "unicorn"—I have obtained the domain name each of these words or wordsets. Key: "for whatever reason"—nothing is planned at this point. IDEAS??**

## PURPOSE

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

—Richard Branson

*“The role of the Director is to create a space where the actors and actresses can become more than they have ever been before, more than they have ever dreamed of being.”*

—Robert Altman, Oscar acceptance speech

*“Business has the responsibility to increase the sum of human well-being.”*

—Mihaly Csikszentmihalyi, *Good Business*

*“Business was originated to produce happiness, not pile up millions.”*

—B.C. Forbes, 1917/first issue/*Forbes* (*Forbes*, “The Capitalist Tool”]

# A PHILOSOPHY OF EXTREME HUMANIZATION: “WE WANT THEM IN THE BRANCHES”

Adapted from the Preface to *The Excellence Dividend*:

## THE COMMERCE BANK/METRO BANK MANTRA

*“Are you going to cost cut your way to prosperity? Or are you going to spend your way to prosperity?”*

*“Over-invest in our people, over-invest in our facilities.”*

*“Cost cutting is a death spiral. Our whole story is growing revenue.”*

To understand *The Excellence Dividend* and Extreme Humanization, let’s talk about dog biscuits and a global retail banking revolution. Or, rather, let’s turn to Vernon Hill, founder of Commerce Bank in the United States and now Metro Bank in the United Kingdom. For years, the retail banking model, as software moved to every desktop and countertop and then to every pocket and watch, has been to abandon bricks-and-mortar branches and the folks therein and compel customers to use ATMs or perform most transactions online. Hill, the contrarian, opened Commerce Bank and said in effect,

*“We want ‘em in the branches where we can get beyond soulless ‘transactions’ and turn an inhuman account number into a fully engaged member of our family.”*

His plan was to build gorgeous, colorful, pulsating “stores” (the Commerce/Metro term for branches); pay good wages, train like crazy, and fill the “stores” with enthusiastic employees who would provide sterling service and convert customers into “fans”—one of Hill’s favorite terms.

Very long hours have been one signature of the Commerce/Metro experience—a previously unheard-of seven days a week (including midnight on Fridays!). The most complex transactions are completed in a flash. No problem is too convoluted that it can’t be solved autonomously by front-line staffers taught—literally—never to say “No.” (Commerce/Metro calls itself the “Yes Bank.”) Consider, from Hill’s book *Fans not Customers: How to Create Growth Companies in a No Growth World*:

*“When a computer glitch occurred at one point, a front-line employee went so far as to put a customer’s plane ticket charge on her personal credit card in order to preserve the customer’s deeply discounted, time-sensitive airfare—her imaginative act earned kudos from bank management, let alone the shock and awe of the customer.”*



*Tom, Sir Duffield, Vernon Hill*

To top it off, the bank has always advertised itself as “dog friendly.” Its ubiquitous mascot, Duffy (“Sir Duffield” in the U.K.), is featured in every promotion. Come to the bank and you’ll likely leave, as I did in London, with a bright red dog bowl emblazoned with the Metro logo, a pooper scooper (with logo), and, of course, dog biscuits. One year the biscuit giveaway count—featured in the numbers section of the annual report —totaled two million.





*Commerce Bank/Metro Bank Fans' Souvenir*

**In 2007, Hill sold Commerce Bank to TD Bank for \$8.6 billion, a rousing testament to the effectiveness of his contrarian, fan generating approach. He rested for a while but couldn't remain idle for long; so he took his "WOW-bank"/"Yes Bank" philosophy across the Atlantic. The innovative Metro Bank became the first new, major chartered bank in the U.K. in 150 years. Hill put on his version of the Greatest Show on Earth, the British bought the whole act (thousands come out for branch/store openings!), joined in the fun, and in short order Metro had swiped more than one million accounts from the traditionalists—oh, and his U.K. customers took to "dog friendly" even more avidly than their American counterparts.**

*In a nutshell, what Hill and his associates brought to the staid, stagnant banking business was bold, brash, human-centered Excellence. And they delivered it in an extreme (2,000,000 dog biscuits) way that created memorable, emotion-laden experiences that earned millions of loyal fans—kidnapped, one at a time, from the established behemoths. But it's not just customers who have benefited. Hill and his management team, first at Commerce, now at Metro, have created more than 17,000 good new jobs—while traditional banks, driven by technology's and shareholders' efficiency-first-and-last-and-right-now approach, closed branches, left empty buildings behind, and ruthlessly slashed jobs by the tens of thousands.*

# UNIVERSITY OF AUCKLAND BUSINESS SCHOOL/2019

## E-cubed/EEE/Extreme Employee Engagement

Lucky me, I spend two months in New Zealand each North American winter. But I at least salve my conscience relative to my snow-shoveling neighbors back home and break into my beach time with a wonderful week at the excellent Auckland Business School. In preparation for my 2019 visit, the lead faculty sponsor, Professor Darl Kolb, asked for a blurb on “what’s on my mind today” for the University’s marketing folks. Here’s what I sent:

Tom Peters is known for his strong opinions. But he says,

“I’ve only warmed up. Now I plan to really raise hell. The challenges we face, particularly the likes of advanced artificial intelligence, are staggering. And the answer, to me at least, is clear. It’s not to mindlessly up the IT budget and buy into every new idea that comes along.

*In fact, it’s the other way around; it is time to double down—for economic and moral reasons—on our investment in people.*

*We want a workforce that is spirited, engaged, learning something new literally every day, and turning all that energy and knowledge into scintillating and inventive customer experiences (creating “fans”) that, in a virtuous circle, end up going to the bottom line while simultaneously creating good, new jobs along the way.*

Use the best and most advanced IT that fits your situation, for sure, but that’s largely a defensive measure. The offensive strategy is that great, committed workforce. I call all this, by the way: ‘E-cubed;’ that is, EEE/Extreme Employee Engagement. And who does it work for? Easy. Everyone. It’s the secret to success and excellence for a 4-person local appliance repair company, and also the secret for giants assuming they can get their shriveled minds beyond efficiency and cost-cutting and payroll decimation.”

## **Extreme Employee Engagement/EEE/“E-cubed”**

**Extreme Employee Engagement/EEE maximizes the quality of customer engagement.**

**EEE maximizes customer retention.**

**EEE turns “customers” into “fans.”**

**EEE makes it safe to take risks and make mistakes—which in turn generates and maximizes innovation at all levels of the organization.**

**EEE radically improves individual and organizational learning.**

**EEE underpins and spurs teamwork.**

**EEE enhances co-operation and communication which in turn increases productivity and quality.**

**EEE reduces friction throughout the organization which dramatically improves all-important cross-functional communication and innovation and efficiency associated therewith.**

**EEE improves the quality of joint ventures.**

**EEE dramatically improves execution.**

**EEE is the best defense against the AI tsunami—and by and large makes AI a partner/ally rather than enemy.**

**EEE spurs humanization of everything—which is by and large not copy-able by AI in the foreseeable future.**

**EEE reduces turnover and stabilizes the work force.**

**EEE makes it possible to recruit top talent.**

**EEE means top employees are far more likely to stay with the organization.**

**EEE improves the reputation of the company as viewed by all stakeholders.**

**EEE improves community relations.**

**EEE is a contribution to humanity.**

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***“If you want staff to give great service, give great service to staff.”***

—Ari Weinzweig, Zingerman’s (Bo Burlingham, *Small Giants*)

***“What employees experience, customers will experience. The best marketing is happy, engaged employees. Your customers will never be any happier than your employees.”***

—John DiJulius (*The Customer Service Revolution*)

***“An organization can only become the-best-version-of-itself to the extent that the people who drive that organization are striving to become better-versions-of-themselves. ... Our employees are our first customers, and our most important customers.”***

—Matthew Kelly (*The Dream Manager*)

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**EEE makes coming to work a pleasure—not a pain.**

**EEE is the only sane and honorable response to the forthcoming radical changes in the global workplace.**

**EEE makes it possible for leaders to look in the mirror without barfing.**

**EEE makes it possible for leaders to look in the mirror and smile.**

**EEE is hard to copy.**

**EEE is Competitive Advantage #1**

**EEE is the bedrock of EXCELLENCE. (No EEE, no excellence. That simple.)**

**EEE (beancounters take note!!) is a peerless/the best/sustainable profit-maximization tool.**

**EEE makes consistent wage and benefits growth possible.**

**EEE = \$\$\$\$/Money (lots of) in the bank for one and all.**

# CORPORATE MANDATE (A-L-L) LEADERS’ “MANDATE 2019” UBIQUITOUS MORAL OBLIGATION

*“Business has the responsibility to increase the sum of human well-being.” —Mihaly Csikszentmihalyi, Good Business*

*Your principal moral obligation as a leader is to develop the skillset of every one of the people in your charge—semi-permanent and temporary, too—to the maximum extent of your abilities and consistent with their “revolutionary” needs in the years ahead. (The bonus: This is also the #1 profit maximization strategy!)*

The “employment contract,” as we’ve known it for the last 50 years, has been permanently shredded. What will take its place? Certainly not “job security” in any form that resembles the past. Only sustained personal development will possibly stand up to the seismic forces at work. **Thus developing one’s associates is now indeed a Moral Imperative/the First Imperative.** As suggested, however, the good “business” news: It’s also a precursor of enterprise extreme humanization, durability, growth, and financial success.

## MORAL LEADERSHIP: THEN, NOW, TOMORROW MORE THAN EVER

*“In a way, the world is a great liar. It shows you it worships and admires money, but at the end of the day it doesn’t. It says it adores fame and celebrity, but it doesn’t, not really. The world admires, and wants to hold on to, and not lose, goodness. It admires virtue. At the end it gives its greatest tributes to generosity, honesty, courage, mercy, talents well used, talents that, brought into the world, make it better. That’s what it really admires. That’s what we talk about in eulogies, because that’s what’s important. We don’t say, ‘The thing about Joe was he was rich!’ We say, if we can ... **“The thing about Joe was he took good care of people.”**”*

—Peggy Noonan, “A Life’s Lesson,” on the astounding response to the passing of journalist Tim Russert, *The Wall Street Journal*

*(Note: I have seen a lot of tombstones. Never seen one with net worth carved thereupon [“Joe T. Smith, 1948-2018, Net Worth \$23,278,444.16”] carved in stone. [And don’t forget the 16 cents.] ’NUFF SAID.)*

## ENOUGH.

Vanguard Funds founder, the late Jack Bogle, wrote a brilliant book titled *Enough*. It's kicked off with this vignette:

*“At a party given by a billionaire on Shelter Island, Kurt Vonnegut informs his pal, Joseph Heller, that their host, a hedge fund manager, had made more money in a single day than Heller had earned from his wildly popular novel *Catch-22* over its whole history. Heller responds ... ‘Yes, but I have something he will never have ... ENOUGH.’”*

To get a flavor of Bogle's book, one need do no more than examine the chapter titles:

**“Too Much Cost, Not Enough Value”**

**“Too Much Speculation, Not Enough Investment”**

**“Too Much Complexity, Not Enough Simplicity”**

**“Too Much Counting, Not Enough Trust”**

**“Too Much Business Conduct, Not Enough Professional Conduct”**

**“Too Much Salesmanship, Not Enough Stewardship”**

**“Too Much Focus on Things, Not Enough Focus on Commitment”**

**“Too Many Twenty-first Century Values, Not Enough Eighteenth-Century Values”**

**“Too Much ‘Success,’ Not Enough Character”**

Jack Bogle's passion shines through on every page of the book. The founder of, by some measures, the world's largest investment firm (\$5 trillion under management in January 2017), and father of Index Funds, says that there is indeed—or damn ell ought to be—more to life than the maximization of shareholder value!



## THE FALLICIES SURROUNDING SHAREHOLDER VALUE MAXIMIZATION

**The notion that corporate law requires directors, executives, and employees to maximize shareholder wealth simply isn't true. There is no solid legal support for the claim that directors and executives in U.S. public corporations have an enforceable legal duty to maximize shareholder wealth. The idea is fable.**

—Lynn Stout, professor of corporate and business law, Cornell Law school, in *The Shareholder Value Myth: How Putting Shareholders First Harms Investors, Corporations, and the Public*

**“On the face of it, shareholder value is the dumbest idea in the world. Shareholder value is a result, not a strategy. ... Your main constituencies are your employees, your customers and your products.”**

—Jack Welch, *Financial Times*, 0313.09, page 1 (Yes, the Jack Welch, who during his active duty days at GE was corporate America's #1 and most vociferous champion of shareholder value maximization.

***“Multinational companies, the agents behind global integration, were in retreat well before the populist revolt of 2016. Their financial performance has slipped so that they are no longer outstripping local firms. Many seem to have exhausted their ability to cut costs and taxes and to out-think their local competitors. ... Central to the rise of the global firm was its claim to be a superior moneymaking machine. That claim lies in tatters.”***

—*The Economist* (28 January 2017/cover story): “The Multinational Company Is in Trouble”

## THE ERROR AT THE HEART OF CORPORATE LEADERSHIP

*In mid-2017, the Harvard Business Review turned to its most famous professor, Joseph Bower, for, in effect, comment on this vital—and inflammatory—topic. Bower and Lynn Paine produced an incredibly well-researched article, “The Error at the Heart of Corporate Leadership.” It was a brutal analysis of the mortal sins of the shareholder-value-maximization era. And the incredible global economic and human and moral and political costs associated therewith.*

*The authors also demonstrated, unequivocally, that firms that managed for the long term far outperformed those who allowed quarterly earnings to rule on:*

*Revenue*

*Earnings per share*

*Profit*

*Market capitalization*

*Job creation.*

**(I have labeled on twitter and elsewhere Bower/Paine’s article the best this decade offered up any business magazine. I was by myself when I read it, but nonetheless hoarse from cheering by the time I got to the end.)**

## **WOMEN RULE (SHOULD RULE) RESEARCH SUGGESTS THAT TO SUCCEED, START BY PROMOTING WOMEN.**

Consider, a small sample on this topic from *The Excellence Dividend*:

Nicholas Kristof, “Twitter, Women, and Power,” *The New York Times*: “McKinsey & Company found that the international companies with more women on their corporate boards far outperformed the average company in return on equity and other measures. Operating profit was 56% higher.”

*Harvard Business Review*: “Women are rated higher in fully 12 of the 16 competencies that go into outstanding leadership. And two of the traits where women outscored men to the highest degree—taking initiative and driving for results—have long been thought of as particularly male strengths.”

Lawrence A. Pfaff & Associates on women and leadership effectiveness:

- 2 Years, 941 managers (672M, 269F); 360° feedback
- Women: better in 20 of 20 categories; 15 of 20 with statistical significance, including decisiveness, planning, setting standards [typically considered M strengths—parallels the *HBR* research]
- “Men are not rated significantly higher by any of the raters in any of the areas measured.”

Special Report/ *BusinessWeek*: **“AS LEADERS, WOMEN RULE: New Studies find that female managers outshine their male counterparts in almost every measure”** (All caps from *BusinessWeek*, not me)

Nicholas Kristof, “Twitter, Women, and Power,” *New York Times*: **“Research [by McKinsey & Co.] suggests that to succeed, start by promoting women.”**

Kip Tindell, CEO, Container Store (Container Store was recently named by *Fortune* the #1 “Best Company to Work for in America”): **“In my experience, women make much better executives than men.”**

Judy B. Rosener, *America’s Competitive Secret: Women Managers* / “Women’s Strengths Match New Economy Imperatives”: **“Women ... link [rather than rank] workers; favor interactive-collaborative leadership style [empowerment beats top-down decision making]; sustain fruitful collaborations; comfortable with sharing information; see redistribution of power as victory, not surrender; favor multi-dimensional feedback; value technical & interpersonal skills, individual & group contributions equally; readily accept ambiguity; honor intuition as well as pure ‘rationality’; inherently flexible; appreciate cultural diversity.”**

*This topic, more women in leadership roles, especially top leadership roles, has been an obsession of mine since 1996—two full decades and then some. My reasons have little to do with social justice. (Social justice issues are very important to me—but not a principal dimension of this analysis.) My interest has everything to do with organization effectiveness in today’s chaotic context—my career obsession. Put more women in senior leadership roles and your enterprise will improve its outcomes—and durability. Q.E.D.*

*The attributes more likely to be found among women than men are indeed especially fit for our emerging times/organizational forms—which de-emphasize “command and control” regimes for getting things done and increasingly emphasize co-operative, jumbled “forms.” Moreover, women buy more or less everything, in both the consumer and, in the U.S., commercial categories—and many if not most firms are not strategically aligned to cater (from design to delivery) to women-as-principal-customer (understatement).*

## **BONUS: EXCELLENCE FOUND WOMEN AND INVESTING**

Addenda: Women are not only better leaders, but better investors as well. For example, consider the following, from the Motley Fool's LouAnn Lofton, in her book ...

*Warren Buffett Invests Like a Girl: And Why You Should Too*

Women ...

- “1. Trade less than men do**
- 2. Exhibit less overconfidence—more likely to know what they don't know**
- 3. Shun risk more than male investors do**
- 4. Less optimistic, more realistic than their male counterparts**
- 5. Put in more time and effort researching possible investments— consider details and alternate points of view**
- 6. More immune to peer pressure—tend to make decisions the same way regardless of who's watching**
- 7. Learn from their mistakes**
- 8. Have less testosterone than men do, making them less willing to take extreme risks, which, in turn, could lead to less extreme market fluctuations”**

**FYI : Mr. Buffett gave Ms. Lofton's book a sterling review!**

**REPEAT: The numbers that stem from the above are clear. Women are better investors.**

**(BONUS:**

**MARKETERS ARE IDIOTS [SORRY!!]  
THE TWO BIGGEST MARKETS IN  
THE WORLD ARE WOMEN AND  
OLDER/OLD FOLKS. THE TWO  
MOST UNDERSERVED MARKETS IN  
THE WORLD ARE WOMEN AND  
OLDER/OLD FOLKS. MANY MANY  
[MANY] TRILLIONS OF DOLLARS  
ARE AT STAKE. [E.G., IN THE USA,  
\$22 TRILLION IN WEALTH WILL  
TRANSFER TO WOMEN/ MAINLY  
OLDER WOMEN IN THE NEXT FIVE  
YEARS.] WHY ARE THESE TWO  
MAMOUTH MARKETS UNDER  
SERVED? BECAUSE MARKETERS  
ARE IDIOTS. [I REPEAT: SORRY!!])**

# PUTTING PEOPLE (**R-E-A-L-L-Y**) FIRST IT CAN BE DONE/IT HAS BEEN DONE

From *The Excellence Dividend*:

## READ! STUDY!

### Profit Through Putting People First Business Book Club

*Business by and large has a lousy rep, and management books by and large focus on things that are broken and how to fix them. Yet there is also a robust body of “good news by putting people (REALLY) first” books—e.g., the informal list below. How about a year-long ... “Profit Through Putting People First Business Book Club” for you and/or your leadership team?*

- *Nice Companies Finish First: Why Cutthroat Management Is Over—and Collaboration Is In*, by Peter Shankman with Karen Kelly
- *Uncontainable: How Passion, Commitment, and Conscious Capitalism Business Where Everyone Thrives*, by Kip Tindell, CEO Container Store
- *Conscious Capitalism: Liberating the Heroic Spirit of Business*, by John Mackey, CEO Whole Foods, and Raj Sisodia
- *Firms of Endearment: How World-Class Companies Profit from Passion and Purpose*, by Raj Sisodia, Jag Sheth, and David Wolfe
- *The Good Jobs Strategy: How the Smartest Companies Invest in Employees to Lower Costs and Boost Profits*, by Zeynep Ton
- *Joy, Inc.: How We Built a Workplace People Love*, by Richard Sheridan, CEO Menlo Innovations
- *Joy at Work: A Revolutionary Approach to Fun on the Job*, by Dennis Bakke, former CEO, AES
- *Employees First, Customers Second: Turning Conventional Management Upside Down*, by Vineet Nayar, CEO, HCL Technologies
- *The Customer Comes Second: Put Your People First and Watch 'Em Kick Butt*, by Hal Rosenbluth, former CEO, Rosenbluth International

- *Patients Come Second: Leading Change by Changing the Way You Lead*, by Paul Spiegelman & Britt Berrett
- *It's Your Ship: Management Techniques from the Best Damn Ship in the Navy*, by Mike Abrashoff, former commanding officer, USS Benfold
- *Turn This Ship Around; How to Create Leadership at Every Level*, by L. David Marquet, former nuclear submarine commanding officer
- *Small Giants: Companies That Choose to Be Great Instead of Big*, by Bo Burlingham
- *Hidden Champions: Success Strategies of Unknown World Market Leaders*, by Hermann Simon (#1 “management guru”/Germany)
- *Retail Superstars: Inside the 25 Best Independent Stores in America*, by George Whalin
- *The Soft Edge: Where Great Companies Find Lasting Success*, by Rich Karlgaard, publisher, *Forbes*
- *Everybody Wins: The Story and Lessons Behind RE/MAX*, by Phil Harkins and Keith Hollihan
- *The Dream Manager*, by Matthew Kelly
- *Delivering Happiness: A Path to Profits*, by Tony Hsieh, Zappos
- *Camellia: A Very Different Company* (company publication)
- *Fans, Not Customers: How to Create Growth Companies in a No Growth World*, by Vernon Hill
- *Like a Virgin: Secrets They Won't Teach You at Business School*, by Richard Branson
- *Good Business: Leadership, Flow, and the Making of Meaning*, by Mihaly Csikszentmihalyi
- *Enough. The Measures of Money, Business, and Life*, by John Bogle
- *An Everyone Culture: Becoming a Deliberately Developmental Organization*, by Robert Kegan and Lisa Laskow Lahey

FYI: This sample suggests a robust literature on “putting people first.”



# EXTREME HUMANIZATION HIRING A BUSINESS ROMANTIC

*In **The Business Romantic: Give Everything, Quantify Nothing, and Create Something Greater Than Yourself**, former Frog Design executive Tim Leberecht suggests that the enterprise needs a formally designated “Business Romantic.” To add life to the idea, he placed the following ad (which got an overwhelming response) on Craigslist:*

## SEEKING BUSINESS ROMANTIC TO JOIN OUR TEAM

*Reporting to the CEO, the Business Romantic will help colleagues, customers, partners, and society at large see the beauty of the business world with fresh eyes. Embracing hope as a strategy, the Business Romantic presents cohesive narratives that make sense of ever more complex and fragmented workplace and market conversations. **Instead of focusing on assets and return-on-investment, the Business Romantic exposes the hidden treasures of business and delivers return-on-community.** The Business Romantic develops, designs, and implements “acts of significance” that restore nostalgic trust in business as the most impactful human enterprise and provide internal and external audiences with brand and workplace experiences rich with meaning, delight, and fun. We’re looking for a self-starter with strong entrepreneurial drive, exquisite taste, and a proven track record of managing the immeasurable. Specific responsibilities will include but are not limited to [what follows is a partial list—TP]:*

- *Carving out spaces for the artful and playful at work*
- *Elevating day-to-day interactions and transactions to experiences “greater than ourselves”*
- *Finding meaning in the seemingly mundane*
- ***Shifting organizational and brand cultures from utilitarian/transactional to generous/transcendent***
- *Creating zones of discomfort and “critical events” that replace convenience with friction*

- *Doing things for no reason and taking part in joyous, aimless activities such as mystery meetings or result-free conversations*
- *Conceiving of and implementing passion projects*
- *Going on regular hikes with the CFO*
- *Providing leadership to other romantics at the workplace*

There is no way that I could overstate my appreciation for this book. Moreover, I take virtually every notion and example Tim Leberecht offers us very seriously and literally—and I urge you to as well!

Want product or service differentiation that is virtually unassailable? The mindset of the “business romantic” (and an insane amount of hard work) will take you a long way down the road to success circa 2019.

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From *The Excellence Dividend* chapter on design ...

## **READ! STUDY! ACT! NOW!**

*Emotional Design: Why We Love (or Hate) Everyday Things,*  
by Donald Norman

*Enchantment: The Art of Changing Heart, Minds, and Actions,*  
by Guy Kawasaki

*Lovemarks: The Future Beyond Brands,* by Kevin Roberts

*The Business Romantic: Give Everything, Quantify Nothing, and Create Something Greater Than Yourself,* by Tim Leberecht

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# EXTREME HUMANIZATION THE TRIUMPH OF HUMANITY

## EPIC SCREWS AND A MIRROR AS BIG AS A BAND-AID

“[Nest founder Tony Fadell] admitted, ‘Every business school in the world would flunk you if you came out with a business plan that said, “Oh, by the way, we’re going to design and fabricate our own screws at an exponentially higher cost than it would cost to buy them.”’ *But these aren’t just screws. Like the [Nest] thermometer itself, they’re better screws, epic screws, screws with, dare I say it, deeper meaning.* Functionally, they utilize a specific thread pattern that allows them to go into any surface, from wood to plaster to thin sheet metal. And the [custom] screwdriver feels balanced to the hand; it has the Nest logo on it and looks ‘Nest-y,’ just like everything from Apple looks ‘Apple-y.’”

—Rich Karlgaard, *The Soft Edge*

“Janet Dugan, a healthcare architect, took inspiration from her recent experience having an MRI (Magnetic Resonance Image) scan. While she was lying still and waiting, she noticed a small mirror that had been placed below the head support piece. It was angled so that she could see through the barrel to the radiology technician and make eye contact with him. ‘What a small thing,’ she told me. ‘And yet what a difference it made. I felt less alone. I was connected to another person at the very moment I needed support. And even though I’m not claustrophobic, it calmed me some to be able to see out of the barrel ... I [saw] that the technician was friendly and that the nurse went out of her way to make me laugh. ... I firmly believe in the power of design to contribute to the healing process—that architecture can shape events and transform lives. *But that day, in that experience, the thing that really gave me comfort was a tiny mirror about as big as a Band-Aid.*”

—Tim Leberecht, *The Business Romantic: Give Everything, Quantify Nothing, and Create Something Greater Than Yourself* (quote was also the epigraph for *The Excellence Dividend*)

## EXTREME HUMANIZATION

SMALL>>>>>BIG

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

—Henry Clay

*“Let’s not forget that small emotions are the great captains of our lives.”*

—Vincent Van Gogh

# EXTREME HUMANIZATION

## LOVEMARKS EXILE THE “METRIC-MUNCHERS”

*“Shareholders very seldom love the brands they have invested in. And the last thing they want is an intimate relationship. They figure this could warp their judgment. They want measurability, increasing returns (always) and no surprises (ever). Imagine a relationship with someone like that!*

*“No wonder so many brands lost the emotional thread that had led them to their extraordinary success and turned them instead into metric-munchers of the lowest kind.*

*“Watch for the sign: Heads, not hearts, at work here. ...*

*“When I first suggested that Love was the way to transform business, grown CEOs blushed and slid down behind annual accounts. But I kept at them. I knew it was Love that was missing. I knew that Love was the only way to ante up the emotional temperature and create the new kinds of relationships brands needed. I knew that Love was the only way business could respond to the rapid shift in control to consumers.”*

—Kevin Roberts, former CEO, Saatchi & Saatchi, from his book, *Lovemarks: The Future Beyond Brands*

**EXTREME HUMANIZATION**  
**AGGRESSIVE LISTENING\***  
**THE BEST DAMN SHIP IN THE NAVY**

**Mike Abrashoff** was captain of the guided-missile cruiser USS Benfold and is author of the book *It's Your Ship: Management Techniques from the Best Damn Ship in the Navy*. Abrashoff shares with us the start of his journey toward effective leadership-through-listening:

**“My education in leadership began in Washington when I was an assistant to Defense Secretary William Perry. He was universally loved and admired by heads of state ... and our own and allied troops. A lot of that was because of the way he listened. Each person who talked to him had his complete, undivided attention. Everyone blossomed in his presence, because he was so respectful, and I realized I wanted to affect people the same way.**

**“Perry became my role model but that was not enough. Something bigger had to happen, and it did. It was painful to realize how often I just pretended to hear people. How many times had I barely glanced up from my work when a subordinate came into my office? I wasn't paying attention; I was marking time until it was my turn to give orders. That revelation led me to a new personal goal. I vowed to treat every encounter with every person on Benfold as the most important thing at that moment. It wasn't easy, but my crew's enthusiasm and ideas kept me going.**

**“It didn't take me long to realize that my young crew was smart, talented and full of good ideas that usually came to nothing because no one in charge had ever listened to them. ... ..**

**“I DECIDED THAT MY JOB WAS TO LISTEN AGGRESSIVELY ...”**

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\*Recall that LISTENING was Extreme Humanization Trait #1 on the list at the start of this essay.

## EXTREME HUMANIZATION

### THERE NEED BE NO SUCH THING AS A COMMODITY

I hate the word “commodity” —as in, “This is a commodity market; you sell on cost ... or else.” As I see it, “commodity” is a state of mind, a loser’s state of mind. **A-n-y-t-h-i-n-g** can be significantly (dramatically?) differentiated. The opportunity for discernable excellence is ... ubiquitous.

For example:

The **local plumber** or **electrician** need not provide a “commodity service” ...

- *if* he/she knows their job
- *if* she/he is learning new tricks all the time
- *if* he/she has a good disposition
- *if* she/he shows up on time
- *if* he/she is neatly dressed
- *if* she/he has s spiffy truck
- *if* he/she fixes the problem in an elegant and timely fashion—and clearly explains what was done and why it was done this way or that
- *if* she/he cleans up so that after the fact the client could “eat off the jobsite floor”
- *if* he/she volunteers to do a few tiny tasks outside the one at hand—gratis
- *if* she/he calls (“call” = phone, not email) 24 hours later to make sure all is well
- *if* he/she creates a blog with occasional posts featuring practical tips for his/her clientele; for example, a tiny Virginia swimming pool company became a literal “*best-in-world*” following such a social-media strategy
- *if* etc., etc. ...

He/she ain’t a commodity!!

She/he is a model of *Excellence* and ... *Extreme Humanization*.

## EXTREME HUMANIZATION

### UNBIDDEN PRIZEWORTHY STONE SCULPTURE

My wife and I built a new driveway at our Massachusetts residence. There were wetlands involved, a complex and drawn out town and state approval process, and by the time all signatures were collected, we had but three weeks to construct a complicated driveway through forest and rock. The three weeks-or-else bit came from a permit that established when we had to be finished, based on a looming endangered species migration period.

Susan and I were away when most of the hectic building was in process. When we got home, and traversed the new driveway for the first time, halfway along we literally stopped and gasped. (Accurate word choice, no hyperbole.) The time for the job had been insane based on the project's complexity. For example, along the new roadway, there was a sizeable cut in a hillside, perhaps fifty yards long. And there was, another hundred yards along, a significant amount of rock that had to be removed and somehow disposed of. The gasp came from the fact that the new rough hillside cut now featured a sculptural wall worthy of a landscaping prize—or even the applause of master outdoor sculptor Andy Goldsworthy.

The contractor had taken the removed rock from further down the road, carted it to the hillside—and created a work of art. (When various of our friends saw it, it's fair to say that all of them more or less “gasp” at the result just as we had.) We went to thank the contractor, and he was actually distressed. He said that because of time constraints he'd had to do a slapdash job on the stone wall—and would improve it later. That is, he apologized for this incredible piece of unbidden work he had done in very very short order—and, I must add, with no requested adjustment to the fixed-price bid.

**Memorable? Gross understatement. This is Extreme Humanization, the saga of how a local “driveway contractor” becomes a model of Excellence, a priceless community asset—and, along the way, a job creator.**



## **EXTREME HUMANIZATION**

### **COMMERCE BANK/METRO BANK MANTRA REDUX**

***“ARE YOU GOING TO COST CUT YOUR WAY TO PROSPERITY? OR ARE YOU GOING TO SPEND YOUR WAY TO PROSPERITY?”***

***“OVER-INVEST IN OUR PEOPLE, OVER-INVEST IN OUR FACILITIES.”***

***“COST CUTTING IS A DEATH SPIRAL. OUR WHOLE STORY IS GROWING REVENUE.”***

### **LONG-TERM PEOPLE-DRIVEN SUPERSTARS**

Michael Raynor and Mumtaz Ahmed, Deloitte, *THE THREE RULES: How Exceptional Companies Think*, 25,000 companies to 344 winners to 27 superstars (e.g., Linear Technology, Medtronic, Thomas & Betts, Weis Markets, Heartland Express, and Maytag):

- (1) BETTER BEFORE CHEAPER.**
- (2) REVENUE BEFORE COST.**
- (3) THERE ARE NO OTHER RULES.**

Jeff Colvin, *Fortune*, “The Economy Is Scary, But Smart Companies Can Dominate”:

- (1) They manage for LONG-TERM VALUE  
—not for short-term earnings.**
- (2) They get RADICALLY CUSTOMER-CENTRIC.**
- (3) They keep DEVELOPING HUMAN CAPITAL.**

# THE SOFT EDGE

## WHERE GREAT COMPANIES FIND LASTING SUCCESS

From *The Excellence Dividend*:

### THE SOFT EDGE: LINING THE PATH TO SUSTAINED SUCCESS—IN SILICON VALLEY, TOO

*Forbes* publisher and Silicon Valley stalwart Rich Karlgaard has long been a keen observer of the forces reshaping the technology powerhouses that now drive so much of the economy. He encompassed his assessment of the factors determining success and failure in his 2014 book, *The Soft Edge: Where Great Companies Find Lasting Success*. The heart of Karlgaard's argument:

“I believe the business world is at a crossroads, where hard-edged people are dominating the narrative and discussion. ... The battle for attention and money boiling inside most companies and among most managers is that between the hard and soft edges. ...

“Far too many companies invest too little time and money in their soft-edge excellence. ... The three main reasons for this mistake are:

- “1. The hard edge is easier to quantify. ...
- “2. Successful hard-edge investment provides a faster return on investment. ...
- “3. CEOs, CFOs, chief operating officers, boards of directors, and shareholders speak the language of finance. ...

**“Let me now make the case for investing time and money in your company’s soft edge:**

- “1. Soft-edge strength leads to greater brand recognition, higher profit margins, ... [It] is the ticket out of Commodityville.**
- “2. Companies strong in the soft edge are better prepared to survive a big strategic mistake or cataclysmic disruption ...**
- “3. Hard-edge strength is absolutely necessary to compete, but it provides a fleeting advantage.”**

**A rather imposing list of benefits, eh? With all due respect to the authors of *In Search of Excellence*, I think Karlgaard’s hard-soft assessment here is by far the best I’ve ever come across.**

**To give you a flavor of how Karlgaard fleshed out his argument, consider the major “soft” section titles from *The Soft Edge*:**

- Trust**
- Teams**
- Taste**
- Smarts**
- Story**

**The book’s examples range far and wide—well beyond high tech and Silicon Valley. Nonetheless, much of the power of the book for me comes from its Silicon Valley roots. Think Silicon Valley and the words that come to mind are engineering, coding, software, algorithms, the Cloud, and Big Data. That is, the hardest of the “hard stuff.” Yet Karlgaard convincingly argues that the winners—even, or maybe especially, in the Valley—are those who are most effective at assimilating the other side of the coin; that “soft stuff” as it were.**

**It is a powerful message—the book, incidentally, gets my vote as top business book of the decade to date. God alone knows how many copies I’ve given away—or how many casualties I have caused by whacking people over the head with the hardcover version.**

## A LIFE'S WORK IN SIX WORDS

**“Hard is soft.  
Soft is hard.”**

“Hard” (the plans, the numbers, the org charts) is “soft.”  
“Soft” (people, relationships, organization culture, design) is “hard.”

### THE BACK STORY

My first book, *In Search of Excellence* can be summarized in six words:

***Hard is soft. Soft is hard.***

My next fifteen books can be summarized in six words:

***Hard is soft. Soft is hard.***

My seventeenth book, published in 2018, *The Excellence Dividend*, can be summarized in six words:

***Hard is soft. Soft is hard.***

The translation is simple, though the execution is apparently not so simple, or perhaps more people would have bought in:

“Hard” (the plans, the numbers, the org charts) is “soft.” Plans are more often than not fantasies, numbers are readily manipulated—case in point, super-“quants,” ratings-agency geniuses, and others of their ilk cleverly packaged and gave high safety scores to “derivatives” (and derivatives of derivatives and ...) consisting of valueless mortgages—thus spurring the multi-trillion-dollar financial crash of 2007-2008++. And org charts: in practice, they have little to do with how things actually get done.

**“Soft” (people, relationships, organization culture) is “hard.” You get things done, for example, on the basis of your patiently developed network of relationships. You imbed a captivating and effective culture by living and reinforcing “the way we do things around here” day after day after day, in fact hour after hour after hour—forever. And the focus on people? Here’s the thing, an organization is nothing more and nothing less than “people (our folks) serving people (our customers and communities).” And for the leader, who is fulltime in the people business, it’s all about “people (leaders) serving people (our folks) serving people (customers and communities).”**

## HARD IS SOFT. SOFT IS HARD.

### GOOGLE GETS A (B-I-G) (S-O-F-T) SURPRISE

**“PROJECT OXYGEN [data from founding in 1998 to 2013] shocked everyone by concluding that, among the eight most important qualities of Google’s top employees, STEM [Science, Technology, Engineering, and Mathematics] expertise comes in dead last. The seven top characteristics of success at Google are all soft skills: being a good coach; communicating and listening well; possessing insights into others (including others’ different values and points of view); having empathy toward and being supportive of one’s colleagues; being a good critical thinker and problem solver; and being able to make connections across complex ideas. Those traits sound more like what one gains as an English or theater major than as a programmer. ...**

**“PROJECT ARISTOTLE [2017] further supports the importance of soft skills even in high-tech environments. Project Aristotle analyzes data on inventive and productive teams, Google takes pride in its A-teams, assembled with top scientists, each with the most specialized knowledge and able to throw down one cutting-edge idea after another. Its data analysis revealed, however, that the company’s most important and productive ideas come from B-teams comprised of employees that don’t always have to be the smartest people in the room. Project Aristotle shows that that the best teams at Google exhibit a range of soft skills: equality, generosity, curiosity toward the ideas of your teammates, empathy and emotional intelligence. And topping the list: emotional safety. No bullying. ...”**

Source: Valerie Strauss, “The surprising thing Google learned about its employees—and what it means for today’s students” (*Washington Post*, 20 December 2017)

*(In 40 years, this is one of the most powerful observations I’ve come across on “Hard is soft. Soft is hard.” I use it—in PowerPoint format—as the 1<sup>st</sup> slide in all my presentations these days. Hard is soft. Soft is hard. Google, too. PLEASE REFLECT.)*

## CONCLUDING WORDS I

### *The Excellence Dividend on One Page: THE EIGHTEEN “NUMBER ONES”*

- \***Investment #1: TRAINING** (“Radical personal development” for all = Moral Responsibility = Immeasurable longterm strategic-differentiation opportunity = \$\$\$\$\$. 10X more important in the Age of AI.)
- \***Asset #1: PORTFOLIO OF FIRST-LINE MANAGERS** (Key #1 to employee productivity/retention/product-service quality/customer fan-hood. Selection/training/mentoring of 1<sup>st</sup>-line chiefs a strategic priority.)
- \***Core Value #1: LISTENING EXCELLENCE!!!** (“Fierce listening”/“Aggressive listening” to staff, outsiders. Note: Effective listening is time-consuming/exhausting! Effective listening is train-able!) (Branson: Listening is Leadership Key #1.)
- \***Obsession #1: EXECUTION/“THE LAST 95%”** (Omar Bradley: “Amateurs talk about strategy. Professionals talk about logistics.” Fred Malek: “Execution is strategy.” Conrad Hilton Secret #1: “Don’t forget to tuck the shower curtain into the bathtub.”)
- \***Job #1: ESTABLISHING/MAINTAINING “60/60/24/7/365” A CULTURE OF EXCELLENCE-BY-PUTTING-PEOPLE-REALLY-FIRST** (Plausible/Profitable/Ennobling: No less than a “joyful” workplace!!!!/FYI: “PEOPLE [REALLY] FIRST” = CUSTOMERS FIRST = \$\$\$\$ = SOCIETAL CONTRIBUTION.) (Branson: “Business has to give people enriching rewarding lives, or it’s not worth doing.” DiJulius: “Your customers will never be happier than your employees.”)
- \***Calling #1: LEADING IS A HUMAN-POTENTIAL-MAXIMIZATION ACTIVITY—THERE IS NO HIGHER CALLING.** Any leader absolutely has the opportunity to dramatically affect the lives of thousands—far more than any surgeon.
- \***Value-Added Strategy #1: DESIGN EXCELLENCE/RADICAL HUMANIZATION** (Apple: “Steve and Jony spent hours discussing corners.”/Review of MINI Cooper S: “No vehicle in recent memory has provoked more smiles.”/Metro Bank: A jillion little touches, e.g., dog biscuits, scintillating branches, and wonderfully welcoming staff./Healthcare: Human kindness in its delivery promotes healing./DesignX and RadHumanization by and large beyond the foreseeable reach of AI.) (And a great-legacy.)
- \***Success Credo #1: “ARE YOU GOING TO COST CUT YOUR WAY TO PROSPERITY? OR ARE YOU GOING TO SPEND YOUR WAY TO PROSPERITY?” “OVER-INVEST IN OUR PEOPLE, OVER-INVEST IN OUR FACILITIES.” “COST CUTTING IS A DEATH SPIRAL. OUR WHOLE STORY IS GROWING REVENUE.”** (Metro Bank/Commerce Bank mantra/hyper-contrarian consumer banking mega-success USA/UK.)
- \***Organization Effectiveness/\$\$\$\$ Payoff #1: WOMEN BUY EVERYTHING** (Consumer/ Commercial) **WOMEN HAVE ALL THE MONEY** (Another \$22 trillion wealth transfer to women next 5 years) **WOMEN ARE BETTER LEADERS** (Solid research on this: E.g., F>M in 12 of 16 key leadership traits per *Harvard Business Review*/50-50 MF Boards = Plus 58% profitability per McKinsey. **SO WHAT’S YOUR LEADERSHIP TEAM AND PRODUCT DEVELOPMENT TEAM F-M COMPOSITION????**)
- \***Missed Opportunity #1: OLDIES/RICH, MEGA-NUMEROUS, IGNORED—PLENTY OF TIME LEFT** (“People at 50 have more than half their adult life ahead of them”—e.g., Americans buy 13 cars in a lifetime, 7 after age 50. Household net worth 65 plus is 47X > 35 minus. “Marketers attempts at reaching those over 50 have been miserably unsuccessful.”)
- \***Economic Cornerstone #1: SMEs RULE/“BE THE BEST, IT’S THE ONLY MARKET THAT’S NOT CROWDED”** (SMEs/Small and Medium-size Enterprises create the jobs, employ almost all of us, are the prime innovators—every economy’s backbone. Monsters cut costs, dump people over the side, underperform the market.)
- \***Innovation Strategy #1: WTTMSW/WHOEVER TRIES THE MOST STUFF WINS Extended: WTTMS(ASTMSUTF)W/WHOEVER TRIES THE MOST STUFF (AND SCREWS THE MOST STUFF UP THE FASTEST) WINS** (Innovation guaranteed!!!/But requires supportive culture: “Try it. NOW.” “Fail Forward. Fast.” “Reward excellent failures. Punish mediocre successes.” Wayne Gretzky: “You miss 100% of the shots you never take.”)
- \***Personal Habit #1: READ. READ. READ. READ. READ.** (Investor superstar: Not reading enough = CEO Deficit #1.)
- \***Time Management Must #1: SLOW DOWN** (All the important things—relationship building and maintenance, culture maintenance, aggressive listening, Excellence—take time, lots of.)
- \***Making Things Happen Dictate #1: LUNCH!!!** (The “Sacred 225 At Bats” = 225 Lunch Opportunities/Year = 225 Golden-Never-to-Be-Repeated Opportunities to meet new people, learn new things, establish and cement relationships up/down the organization and way beyond. LUNCH = NETWORKING OPPORTUNITY #1. Do NOT waste a single lunch opportunity/Keep score!)
- \***Daily Activity #1: MBWA/MANAGING BY WANDERING AROUND** (Daily. Daily = EVERY DAY. No excuses. Ever./And: If you don’t LOVE doing regular MBWA, choose another career!!!)
- \***Commandment #1: EXCELLENCE IS THE NEXT FIVE MINUTES** (Excellence = ULTIMATE SHORT-TERM STRATEGY = Next email//Saying “Thank you” for something small/Lending a helping hand for a half-hour when you’re busy ...)
- \***Axiom #1: HARD (NUMBERS, PLANS, ORG CHARTS) IS SOFT. SOFT (RELATIONSHIPS, CULTURE, LISTENING, EXCELLENCE) IS HARD.** Sustaining winners: THE MIS-NAMED “SOFT STUFF” COMES F-I-R-S-T!!!!

## CONCLUDING WORDS II

### EXCELLENCE IS THE NEXT FIVE MINUTES\*

EXCELLENCE is not a “long-term” “aspiration.”  
EXCELLENCE is the ultimate short-term strategy.  
EXCELLENCE is ... **THE NEXT 5 MINUTES.**\*\*  
(\*\*Or NOT.)

EXCELLENCE is your next conversation.

Or not.

EXCELLENCE is your next meeting.

Or not.

EXCELLENCE is shutting up and listening—really listening.

Or not.

**EXCELLENCE is your next 5-line email.**

Or not.

EXCELLENCE is saying “Thank you” for something “small.”

Or not.

EXCELLENCE is the next time you shoulder responsibility and apologize.

Or not.

EXCELLENCE is the flowers you brought to work today.

Or not.

EXCELLENCE is lending a hand to an “outsider” who’s fallen behind schedule.

Or not.

EXCELLENCE is bothering to learn the way folks in finance (or IS or HR) think.

Or not.

EXCELLENCE is waaay “over”-preparing for a 3-minute presentation.

Or not.

EXCELLENCE is turning “insignificant” tasks into models of ... EXCELLENCE.

Or not.

Excellence is conventionally—in fact, almost without fail—seen as a long-term aspiration. I disagree. Vehemently disagree. Excellence is not a destination at which you arrive on a glorious sunny day after years of brutally hard work.

Excellence is a way of life that sustains us and inspires us hour in and hour out. There is no “long term.” There is only the way we act when we step into the corridor after a meeting—or, yes, the quality of your next 5-line email. (Fact is, give a set of 10 of those 5-line emails, and I can perform a *complete* analysis of your leadership style—NO KIDDING!)

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\*Excellence Is the Next Five Minutes was almost the title of my most recent book—but the publisher insisted on a timely “hook.” Frankly, I would have preferred ...  
*Excellence Is the Next Five Minutes.*

Maybe next time ...



**I hope “all this” provokes thought. It is hardly the—or even my—final word.\* It’s simply my best effort to “get off my chest” at the start of a new year a set off considerations that I think are worth *your* consideration.**

**Tom Peters  
Takaka/Golden Bay  
New Zealand  
12 February 2019**

**(\*Not “final word” but I do think “*Extreme Humanization*” and its enabler “*Extreme Employee Engagement*” make a lot of sense and may be the most useful place from which to start. And I don’t know where else to look for an answer. Whatever the answer is, I am quite sure—given the enormity of the change which unequivocally confronts us—that the solution set needs to start with “extreme.”)**

**BONUS: BEYOND AUCKLAND 2019  
(A Personal Pledge/Manifesto/Invitation)**

***Re-Imagine Business Education\****  
***Re-Imagine the MBA***  
***Re-Imagine Business***

**BASIC TENETS**

**Practical & Societal**

(Business *is* society)

**People First**

(Every Individual: Respect/Better Every Day)

(Death to the de-personalizing term “Human Resources”)

(Death to “Shareholder Value Maximization”)

**Moral Responsibility/Moral Leadership**

(To Individuals & Communities & Society-Writ-Large)

**Leadership You Can Brag About to Your Kids**

**“Front & Center” Injection of the Liberal Arts**

(E.g., Master of Business Administration to Master of Business Arts—erasure of the word “Administration”)

**Art Appreciation & Design**

(Even in [especially in?] a local 6-person appliance services company)

**Customers to “Fans”**

(Primarily via Enduring Emotional Connection/Extreme Humanization)

(Technology—e.g., AI as assistant, not replacement)

**Healthy/Sustainable Growth**

(“Growth for growth’s sake” is a mortal sin)

**Emphasize SMEs**

(Job Creation [>100%?] & Innovation; focus: 2-50, 50-500)

**EXCELLENCE.**

(Excellence is NOT an “aspiration.” Excellence IS the Next Five Minutes.)

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\*And to a not insignificant extent professional education in general—engineering, medicine, law, science, etc.