Tom Peters' Manifestos2002: **The BRAWL WITH NO RULES Series**

In **Search** of **Excellence:**

A Three-Generation Report Card

Tom Peters

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“We are in a brawl with no rules.”
– Paul Allaire, former CEO, Xerox

<u>**MANIFESTO**</u>**.** The word suggests a pointed view. (Rodale’s *Synonym Finder*: Manifesto … Proclamation. Declaration. Pronunciamento. Broadcast. Airing. Broadside.) And “Pointed View” is precisely the idea of this series of “booklets” – in what we call **The BRAWL WITH NO RULES Series.** Each booklet is an expanded chapter of my cornerstone day-long seminars. But I have chosen these topics for two particular reasons. <u>First</u>, I think they (1) are important <u>and</u> (2) present enormous opportunities <u>and</u> (3) are grossly neglected by most organizations. <u>Second</u>, I have a Radical Point of View about each one; you will find no half-way suggestions here!

***In Search of Excellence*: A Three-Generation Report Card**

Almost 20 years ago, on 15 October 1982, *In Search of Excellence* was published to absolutely no notice. America was in the tank. Inflation, 10%. Interest rates (prime), 20%. Unemployment, 10%.

But that gets ahead of the story line …

1966: I Get the Bug.

I know exactly where my fascination with management came from. And it came quick – as, in effect, a platoon commander of a construction detachment, in the U.S. Navy Seabees. 1966. 1967. Da Nang. I Corps. Vietnam. I did "well." And was "promoted" … put in a staff position in the Pentagon. I wasn't turned off by it. I was turned *on* by it. Turned on, in fact, by both experiences. I was fascinated by organizations. Why some groups did things incredibly well. And others, faced with apparently similar circumstances and staffed with similar people, didn't.

And then I went to Palo Alto. To Stanford to get an MBA. (Why? Simple. Because "everybody" was "doing it" in 1970. I chose Stanford over Harvard because the application was due in January. The weather is better in Palo Alto than in Cambridge.) At Stanford I met the premier mentor in my life … Gene Webb. A fellow traveler. Intrigued. Fascinated. By organizations.

1976: McKinsey's "Little" Project.

Morph again. 1973. Worked in the White House … on drug abuse issues. The boss (RMN) is fired. August 1974. So back West I go, to San Francisco and McKinsey & Co. A health glitch led to a sabbatical. And then a project, commissioned by the Big Bosses in New York. "Strategy" *(get the plan right, and all else will follow)* was the flavor *du plus ans* at McKinsey. And BCG. And every other consultancy. And yet McKinsey's new chief, Ron Daniel, thought there was more to life than just the right strategy. So he asked me to *"look into organizational effectiveness issues,"* particularly since I had just snared a Ph.D. in Organizational Behavior from the Stanford Business School.

I wandered around. Talked to the experts. Sweden. Norway. England. Germany. The United States, too. And was fascinated by what I encountered. Because … ALL OF IT … contravened conventional wisdom. The way people (humans!) were organized and motivated … not the Brilliance of the Strategic Plan … was actually the primary determinant of the difference between winners and losers. Or, at least, that was my take. (It was a pretty wild idea in 1976.)

Bob Waterman, subsequently the coauthor of *In Search of Excellence*, bought my act. Big time. Became an avid student. We got into it. And given a whole series of coincidences – not particularly interesting to anybody other than Bob and me – we ended up talking about this "excellence thing." And then pursuing "excellent companies." In the book, we lay out the quantitative criteria that led us to the choice of those companies. Fact is, that was an after-the-fact decision to give us legitimacy. What we actually did was chat with the best and the brightest … at McKinsey … among our clients … and asked them who was doing stuff right. Such was the true genesis of the 62 companies that we examined.

Just as with the dot-com bubble of late, we got caught up with a few flavors-du-jour. Atari comes to mind. (Whoops.) And I loved, loved, loved Wang Labs. (Whoops.) Yet, all in all, the 62 were a pretty interesting lot. They were a "pretty damn good group of companies" … circa 1982.

Pax Americana.

Ah, yes, 1982 …

America "won" World War II. We didn't sacrifice the most bodies. The Russians did. And Churchill gave better speeches than Roosevelt. But our "war machine" – starring the likes of Rosie the Riveter – took us over the top. We produced more guns. More planes. More tanks. More trucks. More landing craft. We overwhelmed the Bad Guys with … Industrial Might. Much more, truth be told, than with that well celebrated spirit and spunk of Iowa farm boys. (Not to take anything away from those Iowa farm boys.)

American management. The alpha and the omega. And after World War II, our industrial enterprises went back to peacetime concerns … and ruled the world. In the early fifties, we produced half the world's GDP. We were invincible. Our management practices were invincible. The Harvard Business School, which had been around for a long time, but no more than a footnote, became The Training Ground for Captains of Invincible American Industry.

A few chinks in the armor appeared. Sputnik. 1957. The Russians got into space before we did. It was a national crisis. It was pretty important, politically. Incredibly important, in terms of our psyche. And, perversely, it sent exactly the wrong message: Central Planning (Russian style) is Very Cool.

In fact, Big Business had become pretty boring. (Wonderfully boring, to some extent.) John Kenneth Galbraith made that clear in his definer-of-the-age *The Affluent Society*. The six foot, seven inch Harvard economist said that America had pretty much gotten it nailed. The entrepreneurial crap was way behind us. We were now ruled by Brilliant Technocrats who oversaw Brilliant Machines. (Big Corporations.) Those Brilliant Machines churned out Lots of Goods. And the only real issue, according to Galbraith, close adviser to John F. Kennedy, was how to usefully spend the profits on the arts.

Little did he know …

(Little has he known. Galbraith has gotten everything wrong. All the time. From the beginning. But that's another story. And I don't intend to vent in this paper. At least not much. No more than this.)

An age of technocrats. An age of central planning. An age of mechanical organizations.

And then …

1980: Whoops!

Japan got its shit together. Big time. Moved out of the devastation of World War II … and reconstructed its Industrial Economy. And started to embarrass us. First it was shipbuilding. Then it was steel. Then it was automobiles. (Core of the American Psyche.) Then semiconductors.

So now it's 1980. Yes, we got that man to the moon. Beat the hell out of the Russians. But in Detroit … we'd been whacked. The Japanese cars were … Smaller … Cheaper … Better. (And the price of gas was running at about a buck a gallon. So "smaller" made a big difference. Those were the days when "fuel economy" was not a politically incorrect term.)

When awakened, Americans learn … quickly. We did. My old friend Bill Ouchi, a Japanese-American, wrote a book called *Theory Z*. It did something that none of Peter Drucker's books have done. Made it to the *New York Times* Best Seller List. It said that the Japanese had gotten it right. They knew stuff about management that we didn't know. And it was important. And they were going to continue to kick our butt if we didn't get it. And then a couple of other of my friends, Richard Pascale and Tony Athos, wrote *The Art of Japanese Management*. Another best seller. They took the Ouchi message, and turned up the volume.

There was a way to manage. And It Was the Japanese Way. And if you didn't get that … you didn't get anything. In 1980.

Even the bastion of by-the-numbers-management, the Harvard Business School, producer of Robert McNamara (aka Body Count Bob), chimed in. Two senior profs, manufacturing experts, Bill Abernathy and Bob Hayes, published an article in the house organ, *The Harvard Business Review*, "Managing Our Way To Economic Decline." They said we'd become obsessed by the numbers. The abstractions. The plans. And lost touch with the essence of enterprise. People. Quality. Customers. That was the Shot Heard 'Round the Land, as I and many others saw it, concerning the demise of American management supremacy.

Bob Waterman and I fired the next shot.

1982: *In Search of Excellence*.

"Firing a shot" was not our intent. We were simply pissed off. Me in particular. "The plan is it." That was the mantra. And I thought … The Plan Was (mostly) Bullshit.

We didn't aim to change the world. We just aimed to look at management theorists – not the Druckers, but the Karl Weicks and Jim Marches – who were looking at the world of management through very different lenses. We aimed to look at companies, not the usual suspects, that were not just practicing MBN, Management By the Numbers.

To make a long story (5 years, 1977 to 1982) short: We visited. We talked. And we produced … *In Search of Excellence*.

The book struck a chord. For a number of reasons. One of them was, for sure, that it said that not all Americans were idiots. (Which was the implicit message of *Theory Z* and *The Art of Japanese Management*.) We had found some American Islands of Hope at exactly the right moment. Our timing, though accidental, was brilliant. *In Search of Excellence* appeared at exactly the moment that American unemployment topped 10 percent, for the first time since the Great Depression. (Luck matters. Five years later, the stock market chose to crash on the pub date of *Thriving on Chaos*.) Inflation was over 10 percent, and interest rates were over 20 percent. (So much for invincibility.)

The message from the so-called "best run companies" was baldly antithetical to the Harvard Business School message of the prior 40 years. (Albeit, consistent with the charge sheet in Hayes and Abernathy's "Managing Our Way to Economic Decline.") If you look at the Eight Basics of *In Search of Excellence* – and we shall, at some length, momentarily – you'll discover that each one of them is in-your-face antithetical to conventional wisdom as served up on the banks of the Charles River.

So we sold a ton of books. (Only our Moms were not surprised.) And the world (of management, at least) wobbled on its axis a little bit. And then life went on. And a number of the companies that we had featured ran into very rough sledding. Very quickly. To the point that *Business Week*, only three years after our book appeared, ran a charming cover story titled "Oops," that took us to task … as Hewlett-Packard and Digital Equipment and Disney, among our stars, had been taken to task in the marketplace.

What can I say?

2002: Things Heat Up Even More.

Well, I guess I have to say something. Fact is, some number of the companies, among our Golden 62, have staggered. (Though I figure, and maybe I'm being overly self-serving, that about 40 or 45 of them have done reasonably well, considering the quantity of yogurt that whipped through the fan in the years following 1982.) But if the companies staggered, and perhaps I'm being boastful here, the Big Ideas held up surprisingly well. The Eight Basics of *In Search of Excellence* are pretty much intact. (In fact the Big Ideas – such as, customers are cool, people are cool – have held up so well that they are now a routine part of the landscape – which usually means "Watch your back.")

So what do I want to do in this paper? I want to turn back the clock. Bob Waterman and I, and our colleague David Anderson, interviewed and interviewed and interviewed … and interviewed some more. Those 62 companies. The first real "product" was a typical (though I would like to think useful) consultant's report, with some 700 overheads. (Life B.P. … Before PowerPoint.) The stuff was presented to the giant German engineering company, Siemens, at a 3-day top-management seminar, outside of Munich, in March 1977. Next, I was invited to speak about "the excellence stuff" to PepsiCo's top management, led by the tough-minded Andy Pearson. Andy puts up with no crap. And he sure as hell would not put up with a 700-slide presentation. (Besides I was given all of an hour, pre-golf, at Lyford Key in the Bahamas.) And so one morning, about 6 a.m., rocking back and forth, Bill Gates-like, at my desk overlooking the San Francisco Bay, in my McKinsey office on the 48th floor of the Bank of America tower, I boiled "it" down to eight points. Those points, virtually unaltered, became those "Eight Basics" … the Red Meat of *In Search of Excellence*.

The "Eight Basics."

To some extent, as I said, the "eight basics" have stood the test of time rather well. And so I want to review them with you. On the 20th anniversary of the book. The format I've chosen is a three-generation perspective. We'll take 1982 as a base, and go backwards and forwards twenty years. Life, management-style: 1962. 1982. 2002. (And to demonstrate sheer foolhardiness, I'll offer a word or two – no more – about 2022.)

Eight sections follow. Each section title is a Main Heading – verbatim – representing one of the Eight Basics of *In Search of Excellence*. Linked back … 20 years.

So …

1. **Bias for Action.**

1962. Bias for planning.

Think your way to success. Analysis rules. Management had been "seat of the pants." And then World War II came along. Robert McNamara left the Harvard Business School, where he was an accounting professor, and started counting the planes for the Army Air Force. (Truly, they didn't know how many they had.) The "bias for planning" was not all bad. And that's an understatement. Our enterprises had grown large. Our systems were still quite small. McNamara counted the planes. We won the war. McNamara went to Ford. He counted the cars. We won the peace.

And so, over time, we believed in the plan … more and more … to the exclusion of all other things. Business became an abstraction. The Numbers ruled. Ready. Aim. Fire.

(It wasn't until about 1978 that Harvard Business School strategy prof Michael Porter wrote *Competitive Strategy*. But in 1978, he summarized the spirit of 1962. THE PLAN WAS IT. One thought through "strategy." All right-thinking dudes wanted to be "strategic planners," for GE or

McKinsey. *Think* your way to success. *Think* your way to a grand slam home run. *Out-think* the competition. Forget the folks with dirty fingernails. Forget the folks on the front line. The best plan wins. Period. I overstate, but not by much, as the age 50-ish readers will doubtless attest.)

1982. Bias for action.

Bob Waterman and I wandered around. That was the point. We wandered around. We were distressed. We believed in planning. (Hey, both of us were engineers. Bob was a mining engineer, I was a civil engineer.) Both of us believed in analysis. But we also saw the limits thereto.

And so we wandered. And wandered. We talked to people at 3M. At Hewlett-Packard. *They* wandered around. Weren't glued to their offices, encircled by secretaries and executive assistants, victims of a minutely scheduled day. They'd wander … and say the damnedest things, such as, "Let's try it." We hadn't expected it. We encountered companies that didn't necessarily … think and think and think and think and think. They were companies that got an idea. Then decided to go for it. Try it. See what the hell happened. Adjust based on what had happened. Quickly. (By 1982 standards, which is not to say 2002 "Internet Time" standards. More on that momentarily.)

I called this … with appropriate credit to an executive at Cadbury's who passed it on to me … the Age of Ready … Fire … Aim.

It's a Big Deal. It's the biggest deal. It's the only damn thing that I believe … 35 years into my professional career. Those who win … try some stuff … see what happens … adjust … and try something else. With little muss and fuss. In the seminal article that led to *In Search of Excellence* in *Business Week*, I labeled it "Do it. Fix it. Try it." Which became "a bias for action" a little later.

The absence of a bias for action remains – to this day – the biggest problem amongst large organizations. Big organizations think too much. Plan too much. Create far too elaborate systems. Systems are imperative, but there clearly is far too much of a good thing.

Bias for action. I'll stake my life on it.

2002. Bias for madness.

Call it "Life at Internet Speed." Or call it: Fire. Fire. Fire. (You get the drift, eh?) From … *R.A.F.*/1962 (Ready. Aim. Fire.) … to *R.F.A.*/1982 (Ready. Fire. Aim.) … to *F.F.F.*/2002 (Fire. Fire. Fire.).

We are, it seems, in the Age of Instant Obsolescence. I started worrying about this almost a decade ago, and brought it to fruition in my own mind, in *Liberation Management*. I talked about an Age of Fashion. Where fickleness played as central a role for computer and semiconductor makers and financial service providers … as it did for lipstick and automobile producers. My soul mate in "all this" is Michael Schrage. Michael takes the idea of "trying stuff" to its ultimate end. He wrote a book I love so much that in a foreword I called it the "best book written about innovation." The title is also the punch line. *Serious Play*.

Love that. Serious Play. Is there a better mantra for these nutty times?

(And dare not allow the pricked dot-com balloon throw you off. "Dell Speed" and "Wal*Mart Speed" is a brand new phenomenon that requires Total Restructuring of the Enterprise and its Extended Family.)

2022. Who the hell knows?

Who the hell knows? That's the only thing one can say. All hell is already breaking loose. Computer expert and pioneer Ray Kurzweil insists we are fast approaching infinite-speed change. Computers and computer networks will think for themselves, and the man-machine boundary will get very fuzzy indeed. As I said, All Hell Is About to Break Loose. 2002 is chickenfeed.

Add it all up, as I still see it, and that "bias for action," in either its R.F.A. or F.F.F. incarnation, is the right "First Big Idea." And its importance will only grow. Here's to Serious Play!

2. Close to the Customer.

1962. Abstract market research reveals all.

It's pretty amazing. That is, how fast the "analytical paradigm" took hold … and then Ruled All. "Marketing" was a classic example.

Cozy up to your customer. Presumably, the winners … from sheep shearers to blacksmiths to restaurateurs … had played that game since the beginning of (commercial) time. And then business became complicated. And then "marketing" arrived. And then "market research" arrived. There were many important things that happened. WORTH BILLIONS OF DOLLARS. And I support them all. Get beyond the "seat of the pants." No problem. No-brainer. Makes sense.

But a funny thing happened … on the way to the future. The Very Appropriate Orientation Toward Analysis … became a "bias for abstraction." The market research was it. Customers? *Who the hell is a customer?* The Data Rule. (What else do you need to know?)

I repeat. I don't denigrate any of this. We had tried to run the biggest of enterprises, in effect, out of cigar boxes. We needed some analytics. We needed some metrics. We needed some measurements. We needed to understand the power of data. All of that's true. But … like All Good Things … the "analytics" came to completely subsume the real world of the … living-breathing-complaining customer.

1982. Close to the customer.

Bob Waterman and I hardly denied the importance of the advances that had been made in marketing. (Hey, we were McKinsey guys. We'd sold "that stuff" … time and time again … to clients of all sorts and all stripes.) It was just that we worried about the … bloodlessness of it all. As in … WHERE-THE-BLOODY-HELL WAS THE C-U-S-T-O-M-E-R?

We studied IBM. And we studied Carl Sewell's car dealerships. And what we found was what subsequently became labeled as … Customer Intimacy. What we called "Stay close to the customer."

There's plenty of room for those marketing abstractions. You damn well better be able to know your market. Know the numbers. But there's also room for … the human being. The … C-U-S-T-O-M-E-R.

That was the point of *In Search of Excellence*. Not that it had been wrong to collect and analyze the hell out of the data. But that it had become … Very Wrong … to rely exclusively on the data … and to ignore the Living Customer. Close to the customer meant just that. CLOSE TO THE CUSTOMER.

2002. Become one with/partners with the customer.

We were "right" in *In Search of Excellence*. Circa 1982. And Ted Levitt and his colleagues at the Harvard Business School and other places had been right before us … when they focused on marketing analysis. And the magic of the Web et al. … is that you get to have your cake and eat it too.

I well know how lame, how jargony the term … One With/Partners With the Customer … sounds. And I hate that. And yet it's exactly right.

First, the customer was an abstraction (1962). Second, the customer became the target of "service." (1982. *In Search of Excellence*.)

And now … the customer & me am one. Don Peppers and Martha Rogers called it the Age of One-to-One Marketing. Regis McKenna, the Silicon Valley marketing guru, said that we have entered the Age of the Never Satisfied Customer. (When Dell and Amazon show us what they can do … we'll accept nothing less … from anyone.)

But for me, the magic moment was not a Web moment. It came in September 2000. When Hewlett-Packard offered $18,000,000,000 for the services of 31,000 PricewaterhouseCoopers consultants. Ann Livermore, president of HP's business customer organization, said, "Building the best server isn't enough. That's the price of entry."

Hewlett-Packard was looking for a difference. And they decided that "building the best box" was not nearly enough. So they looked to acquire the consultants … who would integrate HP's boxes into the enterprise strategy of HP's clients. Funny thing, for me, was that I'd heard this story. A dozen times. In a dozen months. I'd heard it from the folks at UTC (United Technologies Corporation). The people who made Carrier Air Conditioners said that … "Delivering the box is not enough." The people who made Otis Elevators said that … "Delivering the box is not enough." They knew that in order to survive they had to deliver … "integrated building subsystems." The box plus service plus becoming your customer's intimate, his business partner. It's the reason GE attempted to acquire Honeywell. It wanted to be able to deliver the … Full Package. (The European Union saw it differently. Or they saw the competitive problems … if one did become intimately enmeshed in the customer's operations. Hmmm?)

Any way you want to cut the cake, the idea is that "the box is not enough." (Even for a patently great engineering & manufacturing outfit like HP.) One doesn't simply Build Good Stuff. And then … Service Good Stuff. One has to … Do More … go beyond the conventional definition of product and service. In my terms … Become One With The Customer.

2022. "Them" and "us" and all members of the "supply chain" form automatically guided, ever-changing webs of connection to get stuff done.

Real Title: WHO KNOWS? But perhaps Dell Computer offers a premonition. A premonition about what it means when Everyone Is Linked To Everyone Else. We use the term "symbiosis" or "synergy" rather lightly. But what the new technologies allow is a … synergy … symbiosis … the likes of which is tough to imagine. (Unless you're Michael Dell, and thence superhuman.) In 2002. I have no idea what's coming down the pike. But computer "intelligence," and thence "network intelligence," will clearly be staggering. I wouldn't be in the least surprised if the term "customer" or "vendor" were nonexistent in 2022.

3. Autonomy and Entrepreneurship.

1962. Conglomerates bulk up, and aim to take over the world.

It's the Great American Way. And not just in Texas. Big is beautiful. Bigger is even more beautiful. And now there was the "ultimate big" model. Conglomerate! Put everything under one roof. Why not? One didn't need to have grown up with the product. Just apply the Guaranteed American Management Principles … and voilà … you were home free. (Hey, maybe there'd be only one hyper-mega-conglomerate by 1982?)

The mid-sixties. The Age of … ITT. Of Litton Industries. (As I recall, there was an article in *Fortune* at one point which calculated, tongue only half in cheek, that if Litton continued its current growth rate … it would be bigger than the entire world … in a mere 20 years.) Today we talk (and talk) about Jack Welch. But there were "management heroes" in those days, too. Harold Geneen. Numbers magician and Supreme Ruler of ITT, aided by vicious number-nutty central-staff thugs. Roy Ash. Another Numbers Nut. Boss of Litton Industries.

The "big idea" was that a "good manager" could manage anything. You didn't need to understand health care in order to manage health care. You didn't need to understand forest products in order to manage forest products. (ITT owned bakery chains and telecom companies and forests and forest products and hotels and a big hunk of the insurance industry.) Even General Electric got into the game. The company, founded upon Thomas Edison's inventions, bought Utah International – a mining company. Utah with its raw materials "balanced" the portfolio. That is, GE would become its own little economy. (Or not so little economy!)

Call it the Apex of Hubris … before Japan and Germany taught us some harsh lessons.

1982. Autonomy and entrepreneurship.

I fell in love with three of the 62 companies we researched for the book: Hewlett-Packard. Johnson & Johnson. 3M. They performed brilliantly. I was certain the principal cause was their almost religious devotion to keeping entrepreneurial spunk alive in a highly decentralized structure. Each 3M Division was a little company … that frequently told corporate headquarters staffers where and when to get off. (It wasn't ITT!) A Johnson & Johnson Division was a little company … that prided itself in telling off the headquarters flunkies. A Hewlett-Packard Division was a little company … that typically refused to acknowledge that there was a corporate headquarters. (There barely was.)

These three enterprises – and a few others that we looked at – "proved," to my mind, the fact that it was possible to maintain small-within-big.

HP and 3M have had problems subsequently. (HP has become an entirely different company, far more centralized in attitude and practice.) I've never lost my passion for small-within-big, but I'm keenly aware of how hard it is to do, and that even doing it well in 2002 is probably not an adequate defense against the upstarts redefining industry after industry.

2002. Power through excellence at temporary virtual reach.

When you think of management gurus, you don't think of … Forrest Gump. Perhaps you should. "Don't own nothin' if you can help it. If you can, rent your shoes." That Gumpism is prophetic. The pharmaceutical companies may become distribution & marketing firms. Most pharma research and development may be performed by small-ish bio-tech firms. (There are also scores of companies – some surprisingly big – that specialize in the likes of clinical trials data management.)

Don't own nothin' if you can help it. Out-source your IS/IT to EDS. Out-source your HR to Forum. Out-source facilities management to Accenture, formerly part of Arthur Andersen – I'm told Accenture hired more architecture school grads this year than anyone else. Out-source your Research and Development to bio-tech start-ups. Years ago, I studied MCI, when it was a much smaller firm. (Now it's part of WorldCom.) Given the state of regulatory play, it manufactured nothing. Many saw that as at a huge disadvantage *vis-à-vis* AT&T, which owned Western Electric and thence Bell Labs. (Western Electric, several times renamed, was eventually spun out of AT&T as Lucent Technologies, now perhaps flirting with bankruptcy. My, my, times do change.) One of MCI's top officers said he saw the restrictions on manufacturing as a striking advantage. MCI had developed a towering "core competence" at creating and managing Strategic Alliances (the term didn't exist at the time); thence MCI could pick and choose among the Globe's Coolest Partners – including numerous upstarts who were quietly redefining telecom technology.

The key idea was "core competence": Unless you owned it, you couldn't control it. That was the old mantra – based upon organizational models it had taken decades to develop. Now, vertical integration is mostly seen as lunacy – denying you access to the world's best as partners, for a long or short time. Alas, entirely new ideas about "organization" and "control" have to be developed – it's still very much an emerging discipline. (Even for the military – post 11 Sept 2001.)

Beyond this, strategist Gary Hamel sees a world marked by an accelerating asset churn rate. He more or less labels the idea: Spin off. Spin in. Spin out.   Spin off: Get rid of the stuff that doesn't fit anymore. (Corning and 3M and HP have dumped their original divisions, the ones who brung 'em. Wow!)   Spin in: Follow the Cisco Systems model; "buy" energetic companies doing leading-edge work, but lacking marketing muscle to get it in the world's larger hands fast – the kiss of death these days, with the copyists just a heartbeat behind.   Spin out: Sometimes, you don't have the resources to take advantage of something great going on in the company; so let it go independent, and retain a financial stake – and perhaps even re-acquire it at a later date. (The not-so-old days of IBM's treating those who left as pariahs are deservedly gone in a far more dynamic world.)

In fact, the "autonomy and entrepreneurship" stuff – Circa 1982 – has become very problematic. *Fast Company* magazine ran a marvelous cover story in 1999 called "Built to Last v. Built to Flip." The old world (including the world of *In Search of Excellence,* and Jim Collins and Jerry Porras' best selling *Built to Last*): Well-run companies will stand the test of time! (The basic idea of the corporation, per the accounting rules: an entity designed to last for perpetuity.)

Built to flip is a different story: a company that is designed to come onto the scene, change the world, spend a couple of decades at the top, and then pass on. (Die.) Could it be that "built to last" is an anachronism? I think there's a plausible case – in times of madness. (Like these.) In fact, there's an impressive body of evidence that "built to last" was never what it was cracked up to be. Dick Foster and Sarah Kaplan, in *Creative Destruction*, observe, for instance, that only two members of the original Forbes 100 list (1917) out-performed the stock market over the next 70 years. One of the two was Kodak: so, today, we can assert that but one pioneer has out-scored the market over the following 84 years – um, surprise, GE. Brilliant books by MIT's Jim Utterback *(Mastering the Dynamics of Innovation*) and Harvard's Clayton Christensen (*The Innovator's Dilemma*) provide research horsepower to support the old saw that success breeds failure. Invariably. Hence even those anti-complacency tools, such as the small "independent" divisions touted in *Excellence* are rarely a match for the collective force of next generation rivals.

2022. God alone knows.

Permanence (the assumption in 1962, and even 1982) has given way to transience (the 40-years-later idea of 2002). Which is giving way to … ???

In days gone by, we had entrepreneurial bursts. Followed by periods of consolidation. Waves of each lasted perhaps 30 or 40 years. We'll surely still see shakeouts. The dot-com bubble pricking whacked a lot of stupid ideas, and a number of good ones. But technological change is accelerating. Financial markets pour money into new ideas at an unprecedented rate. It is a Perpetual & Accelerating Age of Transience. New ideas will follow upon new ideas … with reckless abandon … and unprecedented speed. The idea of "permanence" is dead. And any business model or organization structure based upon permanence is doomed.

4. Productivity through people.

1962. Employees as interchangeable parts.

I was obviously flattered when NPR called *In Search of Excellence* one of the three great management books of the 20th century. On the other hand, I wasn't sure I really wanted to be in the same company as Frederick Taylor. NPR says he's God. (Author of one of the three great books of the last century.) And Peter Drucker says he's God. What could be more persuasive?

Answer: Damn near anything!

Enterprise was disorganized. It needed to be organized. Taylor organized it. Drucker organized it. McNamara organized it. I don't deny the importance of any of that. Truly. On the other hand …

Enterprise … of a couple hundred years ago … was infinitely "entrepreneurial." That is … Totally Disorganized. And then it got organized. And Taylor did it. And Drucker did it. And others did it.

It got so organized … SO DAMN, BLOODY ORGANIZED … that any requirement for intelligence and ingenuity was purposefully driven out of the employee. (J.D. Rockefeller, on his idea of what education ought to be circa 1906, post-Taylor: "In our dreams, people yield themselves with perfect docility to our molding hands." YE GADS!)

The "employee" used to be a self-reliant, self-employed blacksmith. Farmer. Printer. Innkeeper. And then he went to work for Bethlehem Steel. For Henry Ford. He was asked to park his brains at the door. To be an "interesting guy" before 8:00 in the morning and an interesting guy after 5:00 in the afternoon. But not to be an interesting guy between 8:00 and 5:00 (JDR: "perfect docility").

Employees were … indeed … Interchangeable Parts. And not only the blue collar dudes working in the Model A or Model T factory … but the white collar dudes. Babbitt. Remember him? "The organization man." The white collar sorts were … asked to park *their* brains at the door. Their work environment, these days, is captured all too well by Scott Adams and Dilbert.

1962. Employees as interchangeable parts. Park your brains at the door. Don't express your point of view. Obey the rules. Do what your boss tells you. COLOR WITHIN THE LINES. (I'd add that the primary and secondary school system was a culpable co-conspirator in all this. Is to this day.)

1982. Productivity through people.

Bob Waterman and I didn't use the word "empower." (That came a few years later. And of course became overused.) We basically said: "WORKERS" ARE BORN WITH BRAINS! "WORKERS" HAVE IDEAS! We were a long way from the world of today. (We couldn't have imagined, in 1982, that Manpower Inc. would be the biggest private-sector employer in the United States 20 years later.) But we were also a long way from conventional wisdom, circa 1962.

Ren McPherson taught us. (We damn near worshiped him.) He was the Big Boss at the old-line automobile parts manufacturer, Dana. He made a transformation. He made a revolution. He made it into the *Fortune* Business Hall of Fame. Because he said … workers have brains … workers have ideas. People on the front line do the work. They are the heroes. He treated them as heroes. And created an extraordinary company as a result. We just listened to Ren. Who said the people … at all levels … particularly at the front line … where customer contact and responsibility for quality and delivery is the highest … are the ones who are … OBVIOUSLY … those most important … to your … Financial Well-Being.

Sounds so trite … in 2002. IT WAS A REVOLUTIONARY MESSAGE IN 1982. (Recall, it was the age of hands-off and management-by-abstraction. Ah, the wretched tenacity of the Viet Cong had ruined Body Count Bob McNamara's war-by-the-numbers. What had we learned? Not a damn thing, at least at the Harvard Business School.)

2002. Brand You. Free Agent Nation.

And so much has happened since 1982. So … so … much. Jobs-for-life? Forget it. We've gone "back to the future." That is, back to the days of the Independent Contractor. (What else was a blacksmith?) Brand You. (My moniker.) Free Agent Nation. (Dan Pink's moniker.)

That is: You and I are … In Charge of Our Lives. (Again.) I am CEO of Me Inc. Indeed, Me Inc. may be temporarily "on loan" to GE or CitiCorp. But it's still Me Inc., with no expectation of forty years' cosseting by Big Co.

Maybe, oddly, the Army says it best. For years it recruited successfully using the marvelous slogan … *Be all that you can be*. (Become "empowered" to grow on the job.) But the Army changed the slogan, recently, as a result of the new technology, as the result of the new idea that people bring to their jobs – even their jobs in the military. The new mantra: *I am an Army of one*. (I make a difference. I matter.)

The idea … in Henry Ford's day … was to bring individuals aboard. Mold them. Stomp out their individuality. Now it's a new world. The new world of … Winning the Great War for Talent. We're in an age where economic value is created through intellectual capital. Through creativity. Through spunk. Through spark. Through individuality. (Wow. What a difference from the past.) When I think about "workers" in 2002, I think about an NFL franchise. Forty-eight players. ("Talent.") Those 48 players add up to … hundreds of millions of dollars in market valuation. No bull. And so the NFL franchise honchos worry about the 48 … obsessively. They are … TALENT. They are … THE FRANCHISE. PERIOD. And obviously – I'd think – what holds for the Baltimore Ravens holds equally for GE or Microsoft … or the U.S. Army.

2022. God alone knows! /Humans and computers converge./ Who's in charge here?

Rote jobs were dying in 2002. Rote jobs are dead … dead … dead … in 2022. Computers are perhaps as smart as we are, learn much faster than we do, exhibit creativity, and encompass virtual emotion that's indiscernible from the real thing. WHAT'S THE ROLE OF THE "ORDINARY HUMAN" IN ALL THIS? GOD ALONE KNOWS. (And if I'm premature in these prognostications, it's only by a few years.)

5. <u>Hands-on, value driven</u>.

1962. By the numbers.

Business ain't for wimps. Business ain't warm and fuzzy. Learn your business at the Harvard Business School. Forget that people crap. Forget that soft crap. Business is about … the numbers. The hard stuff. The analytics.

That was the deal. And we did pretty damn well by it. So why did we need alternatives?

In my view, which is very personal, because of Bob.

"Body Count Bob" McNamara. He was the last gasp. The icon of the age of analytics-are-us run amok. McNamara had brought order to disorder (just like Peter Drucker) during the years surrounding World War II. But now his "body count" logic led to the most egregious sins in Vietnam. (I went there. Was there for two tours. It was all bullshit. I went because I thought it was important. I wouldn't go again.) It may have been important, but the prosecution was immoral. To the Vietnamese, doubtless. And also for sure, to hundreds of thousands of mostly African-American privates and corporals, collecting "gook" ears to certify the body counts … which in fact inflamed, rather than pacified, the enemy.

The Harvard Business School ruled. The analytic model ruled. Business was an abstraction. Anybody could manage anything … if you were a "good manager." ("Got the numbers.") That was the dictum of the time.

Bless the Japanese and their well-made cars for exposing the shabbiness of the emperor's clothes. (Our emperors … the faculty of the HBS.)

1982. Hands-on, value driven.

This was the essence & soul of *In Search of Excellence*, truth be known. Bob Waterman and I appeared on a major morning TV show to describe our new book. We got on well. But we had a fight. We thought about all the things that were in *Search*, and both of us loved exactly the same thing … as idea No.1. MBWA. Managing By Wandering Around … courtesy Hewlett-Packard. The phrase may well be trite. (Especially in 2002.) But the idea was anything but. In 1982. The notion was that "winning enterprises" … were not abstractions. Of course they cared about the numbers, but they somehow (tough as you get BIG) stayed in Intimate Touch with their Employees & Customers.

MBWA.

A huge idea.

It's that astonishing hands-on customer service that was IBM's trademark. Those hands-on "communities" (entrepreneurial divisions at HP and 3M and J&J). The primacy of front-line people in Dana's scheme of things.

MBWA … being intimately involved with the People Who Actually Do The Work … and the People Who Actually Buy the Stuff.

Bob and I had another way of looking at it. We described it this way: *"Hard is soft. Soft is hard."* The idea. The "strategy stuff" … which ruled the world in 1982 … was really all about abstractions. It was the so-called "hard stuff." But in reality it was the "soft stuff." What we were talking about … "corporate culture" … "people" … "values" … "customers" … was … in reality … "THE [REAL] 'HARD' STUFF."

We weren't completely alone. Our old friends Allan Kennedy and Terry Deal wrote a book called *Corporate Cultures*, a year before us. We loved Allan. We loved Terry. We loved the book. And we basically added more fuel to their (then) contrarian fire. Truth be known, the whole idea of *In Search* was … Soft Is Hard. This was the bottom line. And, I arrogantly think, it's changed business. (A little, anyway.) Today … we talk about the primacy of "talent" … "branding" … "intellectual capital." Etc. All of it … "soft" by the 1962 standards of the *Harvard Business Review*.

2002. Brand Power & Mind Power Rule!

It is the age of ideas. All Economic Value Creation comes from … Talent … the Brand Proposition … Intellectual Capital. "Soft stuff" … RULES. SOFT STUFF IS THE ONLY STUFF. Schwab world. Dell world. Cisco world. AOL Time Warner world. Microsoft world. Celera Genomics and Pfizer world. PricewaterhouseCoopers world (remember, premier lump-maker Hewlett-Packard figured they needed PWC to the tune of $18 billion) and Accenture world.

(Hey … are you struck, as I am, that when you race through airport hallways, about two out of every three billboard ads … come from the … *consultants.* Holy moley. These guys were the "appendages" just a few years ago. Now they are "The Main Game." Right?)

The notion that the "service (ideas-sans-lumps) economy" could be a big deal was … revolutionary (no kidding) … in 1982 … when we wrote *In Search of Excellence*. (We all, in fact, worried about the undue and growing influence of service firms, whereas it was still clear that … REAL MEN MANUFACTURE STUFF.) Now we don't even talk about the "service economy." The service economy is ubiquitous. Everything is service. Everything is intellectual capital. Hewlett-Packard, as mentioned, offers $18,000,000,000 for the services of 31,000 PricewaterhouseCoopers consultants. Because they want to add the "consultative-turnkey services" to the "top of" their (excellent-but-mundane) hardware.

Brand & Mind Power rules. Yet we still don't have much of a clue as to how to manage … brand & mind. Right? (I really think that's true. We don't. Well, perhaps people who run NHL, NFL, NBA franchises do. But "we" … "business people" … don't have a clue.) (Evidence: The Borders' bus. bookshelves groan under the weight of "Six Sigma" quality books, aimed at the manufacturing environment. I challenge you to find a single tome on running a "scintillating R & D shop.") (Hmmmmm …)

2022. Beyond soft … to human irrelevance (?????).

If you listen … as I do … to the likes of computer guru Ray Kurzweil … we are entering the "last phases of human dominance." That is, the computer will take over … within about 40 years. And if we're using 2022 as our measure … we're halfway there. God Alone Knows. Right? But the implications for … 2002 … are clear to me, at least at an elementary level. Read *Wired*. Read *Scientific American.* Read sci-fi, such as anything by William Gibson. With every passing day, the unthinkable is becoming evermore thinkable. (E.g., human cloning.) (E.g., the Internet, where much of the entire globe's accumulated knowledge is available, "24/7," on a $249.95 used PC purchased at eBay.) My take: I don't know what's coming, but only a fool would dismiss "far out" scenarios. Looking back at 1982, the world of 2002 is pretty "far out," and one thing we can't deny is that the pace of change is accelerating. Madly.

6. <u>Stick to the knitting</u>.

1962. The God Complex.

1962. World War II less than two decades behind us. Our share of the world's GDP running over 50 percent. AMERICANS WERE IT. NO COMPETITION.

And that was reflected in our business practices. We knew how to manage. There were "management principles" that had stood the test of time.

And the height of arrogance … Pax Business Americana … the "Conglomerate Movement." We're good managers. We'll buy something. We'll turn it into gold. I call it … the "God Complex."

America rules. American management practices rule. There are answers. We know them. Big is cool. Very, very cool. Just stick to "the principles," baby. Taylor & Drucker & Galbraith & McNamara will lead us all to the Promised Land.

Alas, it didn't work out that way. 1982.

1982. Stick to the knitting!

Bob Waterman and I said that the "conglomeration urge" was … Utter Bullshit. Well, we didn't declaim in such strong terms. But we suggested as much. Truth is, the chapter title, "Stick to the Knitting," relied significantly upon the research of UCLA Professor Richard Rumelt. He didn't at all argue that you had to do exactly what you'd done in the past in order to do well. He said that the winners followed a strategy of "related diversification." That is, they branched out. But the branches had something to do with the trunk and the roots. Again – as mentioned before – the models in our minds were the likes of … 3M … HP … Johnson & Johnson.

But the bigger point was just that – bigger. It had everything to do with the idea mentioned before … MBWA (Managing By Wandering Around). That is … you've got to have an … Intimate Feel … for … What You Are Doing. "Stick to the knitting" meant (to us) that enterprises needed to understand … What They Are Good At. Sounds pretty elementary. But it was pretty revolutionary. In 1982.

2002. Severely limit the core skills you keep "in-house."

The real message of 2002 (not to mention 2022) is … God Alone Knows. We watch all kinds of intelligent CEOs … Mike Armstrong at AT&T, Chris Galvin at Motorola, George Fisher at Kodak … get into incredible amounts of trouble. With incredible speed. They try to figure out what their "core competencies" are. But they can't. The quicksand is shifting beneath their feet so quickly.

Who the hell knows what you're supposed to do? (I don't.)

Perhaps there are a small number of things that you're really good at. Focus on those. Sub-contract the rest. (But it's not that easy. Not nearly.) (For my best effort, see Appendix I.)

My hero. Dee Hock. Founder of Visa International. He says that the learning stuff is easy. The forgetting part is hard. How do you forget the ones who brung you? Tough. What do you "stick to"? I don't know. I really am not clear. It's confusing the hell out of me. So how am I supposed to give you advice?

2022. Whatever.

Whatever. I'm confused in 2002. What "is" "us"? What "isn't"? It's all a … GREAT EXPERIMENT. What the hell do you expect me to say about 2022? I haven't a clue!

7. <u>Simple form, lean staff</u>.

1962. The Age of Headquarters.

"Headquarters knows best." Hire a bunch of smart people. Pay them a bunch. Put them in staff jobs. Put them in the headquarters. Tell them to tell the "others" what to do. The others: the "dirty fingernails" types. The ones without the college degrees. The ones who work in the plants.

That was the message. Superstructure … is … cool. MBAs … are … cool. (Truth is, that didn't fully flower for about another 10 years – until 1972. But the idea captures the MORALLY CERTAIN spirit of the era. Why the hell do you think I bothered to seek an MBA at Stanford in 1970? Answer: So I could be an Instant Master of the Universe.)

Analysis. Abstractions. That was *the* name of the *only* game. That was the new & right & perfect world of management, Yankee style. (To my readers under 30: YOU SIMPLY CANNOT IMAGINE THE CONTEMPT IN WHICH THE "ENTREPRENEUR" WAS HELD BEFORE ABOUT 1990.) Indeed, as mentioned several times before, "it" (smart superstructure) was a necessary palliative to the "manage a monster out of a cigar box" mentality of the past. But it went too far. Way too far. Way, way too far. Fast.

1982. Simple form, lean staff.

We really blew this one. Blew it badly. We said that you should have a "simple form, lean staff." But we had no idea how simple … or how lean. We do get points. We said, "The Line Officers Must Rule." We thought the "dirty fingernails" types were … in fact … the Fingernails-Worthy-of-Mention Types (Who Are Close To The Employees & The Customers). We were right about that. Very right. But we missed, nonetheless. We didn't realize just how … bulky … the superstructure was. That is …

We hadn't anticipated the Internet …

2002. New = New.

"Simple form, lean staff" made sense in 1982. A lot of sense. And it was a long way from where we had been in 1962. BUT IT WAS SO … SO … SO … SO … FAR FROM WHERE WE WERE ABOUT TO GO.

"Friction-free." What an insane idea. A "friction-free" organization. Where stuff doesn't sit on people's desks … often for days or weeks … waiting to be signed off on.

But it's a new world order. It's Dell World. Oracle World. Schwab World. These are the … Gods of the … New Frictionless World Order.

"Staff functions" as we knew them … are dinosaurs. Dead or dying. On the one hand, all the rote work can be out-sourced … or automated. On the other hand, if there's anything left at all … which isn't clear … it has to be animated by Incredible Value Added.

What does the new organization look like? Weird. Weird. Very, very weird. Some sort of … instantly-linked-supply-chain-world. Dell Computer has a new factory that churns out 80,000 computers a day. Its "spare parts room" is 10 feet by 10 feet – 100 square feet. That is, the-whole-damn-thing works with total integration … up and down the supply chain … from the suppliers' supplier to the customers' customer.

Holy smoke. New world. Dell world. Schwab world. Oracle world.

As I said: holy smoke.

2022. Beyond holy smoke!

Computers that think & learn. Computers that do *all* the work. Is there any room for people? NOT CLEAR. (No joke.)

8. Simultaneous loose-tight properties.

1962. Read the policy manual. Follow the rules. Period.

And the idea of this eighth-and-last section is philosophy. In the "old days" – the days of Pax Americana – we knew for sure … how to manage. Frederick Taylor, he of the time and motion studies, pursued the "one best way." We translated those ideas – via Peter Drucker and others – into "modern management." There were "ways" to manage. Ways that were "right." "Principles of management." If you followed those principles … All Good Things Would Follow.

For a while …

1982. Simultaneous loose-tight controls.

Bob Waterman and I believed in “tight.” Believed in the “values thing.” The “culture thing.” We believed that there were some “core philosophies” that would mark a great enterprise.

And we believed that excellent enterprises were brilliant to the extent that they espoused those Core Values … *and* then allowed people free reign to Do Their Own Thing … in general concord with those Core Values.

That is, certain truths are important. So is a massive dose of autonomy, at the individual and unit level.

Little did we know what was coming …

2002. Business models come … and business models go.

Here today … WebVan tomorrow. It’s a new world. New technologies. New ways of thinking. All the “basic principles” … including those of 1982 in *In Search of Excellence* … are up for grabs. We’ve got to “play it as it lays.” We’ve got to “invent it as we go along.”

My No.1 mentor, over the years, has been the organizational guru, Karl Weick. In a recent article he said that the best advice that a leader can give is: “I DON’T KNOW.” By saying “I don’t know,” a leader says, *“It’s Up To You. You’ve got to figure it out … for yourself. You’ve got to become an inventor. You’ve got to explore. You’ve got to play.”* (My favorite management book in the last several years is Michael Schrage’s *Serious Play*. Serious play. Play it as it lays.)

Former Xerox CEO Paul Allaire said that we are “in a brawl with no rules.”

If we’re in a brawl with no rules … then there’s only one possible strategy.

S.A.V. Screw Around Vigorously.

The world of 2002? We don’t have a clue. We’ve got to make it up as we go. We’re going to reinvent the world … in the next 10 to 25 years … economics and politics and social interchange. So … S.A.V. Screw Around Vigorously.

2022. S.A.V. Big Time.

What else can I say? I haven’t a clue. (And I’m not likely to be around.)

The "Eight Basics" Revisited.

There are many ways that I could have attacked this issue. I chose to use the "eight basics" – the eight main ideas – we teased out of our enormous data set in 1982. I'm sure that if I were rewriting the book today – and I wouldn't, not in a million years – I would choose other terms. Nonetheless, those "eight basics" do stand the test of time. They stand the test of time in that they made a lot of sense … in 1982 … compared to where we were coming from. That is, the world of 1962. (Per this paper.) Moreover, as I have discovered from doing this exercise, those "eight basics" were the transition steps from … 1962 on the one hand … to 2002 on the other hand. As to 2022 … the "datum" all my friends tell me I should be aiming for … Get A Life.

Assuming there is a modicum of truth to what I've written … relative to the migration of the Eight Basics from … 1962 … to 1982 … to 2002 … then the reality is … What a Trip. It's been an amazing journey. In a short period of time. (I guess it's because I'm 58, but I would say that 40 years … 1962 to 2002 … is a short period.)

Holy smoke. We knew for sure that we knew everything. For sure. In 1962. In 1982 we had been challenged. We weren't so sure that we knew everything. But the stuff that we wrote in *In Search of Excellence* … "revolutionary" as it was at the time … was pretty much a linear extension of where we'd been in 1962. And then we have 2002. Age of The Internet. The Holy Smoke Age. All bets are off. We're reinventing the way we work. And live. And do business.

I guess that's why I'm so enamored with Karl Weick's idea. The idea that the boss should say … above all … I DON'T KNOW. The ultimate license to … S.A.V. Screw Around Vigorously. Try something. Try anything. Now.

How cool. How sweet it is. I often end my seminars with a quote by the great 19th century French novelist, Emile Zola: "If you ask me what I have come to do in this world, I who am an artist, I will reply, 'I am here to live my life out loud.' "

LIVE OUT LOUD.

What else?

It's 2002. (Let alone 2022.)

Appendix I

Tomorrow's Orgs: *Itinerant Potential Machines*

Talent pool to die for. Youthful. Insanely energetic. Value creativity and are willing to take (career-threatening) risks, as a matter of routine. Want to "make their bones" in "the revolution." Love the new technologies. Agile. Willing to fail, repeatedly and publicly. A need to win. Well-rewarded for what they do. No expectation that they'll stay forever.

Talent pool plus. Willingness to partner with world's best experts as needed, and it's often needed. Attitude: "We want to work on this project, which aims to change the world, with the world's best folks – and we don't give a damn whether they are on our payroll or not."

Brassy-but-grounded leadership. Say "I don't know" – and then unleash the talent. Have a vision to be unique-dramatically different, but don't expect the company necessarily to be around forever. Willingness to scrap pet projects, and quickly change direction, as much as 180 degrees. (Even if it means a billion dollar write-off.) No regrets at screw ups from ideas whose time had not yet come. Great regret at time wasted on "me too" products and projects. Visionary leadership matched by leaders with shrewd business sense: "How do we turn a profit from this gorgeous idea?" Can't answer the question, "Where will we be in 10 years?" Appreciate "market creation" as much, and usually more, than market share growth. Aim to "change the world," and don't mind if that's accompanied by high market cap. Are insanely aware that a market leader is always in a precarious position, and that market share will not protect us, in today's and tomorrow's volatile world, from the next killer idea and killer entrepreneur. (Dell & Microsoft & AOL were made in a day – damn near.)

Alliance maniacs. Don't assume that "the best resides within." Work with a changing portfolio of state-of-the-art partners throughout the supply chain. This includes vendors and consultants and, especially, pioneering customers who "will pull us into the future." (Forrest Gump: "Don't own nothin' if you can help it. If you can, rent your shoes.")

Technology-Network fanatics. Run the whole damn company and relations with all outsiders on the Internet at Internet speed. No halfway! Reluctant to work with partners who don't share their view on this.

Potential Machines. Don't know what comes next, but are ready to jump at opportunities, especially those that overturn their own conventional wisdom.