

**EXCELLENCE.
ALWAYS.**

Housing Leadership Summit 2011
Hanley Wood Business Media
Tom Peters/Chicago/23 May 2011
(Slides at tompeters.com)

PURPOSE.

EXCELLENCE.

**ORGANIZATIONS
EXIST TO SERVE.
PERIOD.**

**LEADERS LIVE TO
SERVE. PERIOD.**

**THE MEMORIES
THAT MATTER.**

The Memories That Matter

The people you developed who went on to stellar accomplishments inside or outside the company.

The (no more than) two or three people you developed who went on to *create* stellar institutions of their own.

The longshots (people with “a certain something”) you bet on who surprised themselves—*and* your peers.

The people of all stripes who 2/5/10/20 years later say “*You made a difference in my life,*” “*Your belief in me changed everything.*”

The sort of/character of people you hired in general. (*And* the bad apples you chucked out despite some stellar traits.)

A handful of projects (a half dozen at most) you doggedly pursued that still make you smile and which fundamentally changed the way things are done inside or outside the company/industry.

The supercharged camaraderie of a handful of Great Teams aiming to “change the world.”

The Memories That Matter

Created the sort of workplaces you'd like your kids to inhabit.
(Explicitly conscious of this "Would I want my kids to work here?" litmus test.)

A "certifiable" "nut" about quality and safety and integrity. (More or less regardless of any costs.)

A notable few circumstances where you resigned rather than compromise your bedrock beliefs.

Perfectionism just short of the paralyzing variety.

A self- and relentlessly enforced group standard of "EXCELLENCE-in-all-we-do"/ "EXCELLENCE in our behavior toward one another."

"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 ...

"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 Tim Russert, *The Wall Street Journal*, June 21-22, 2008

Epigraph/s

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

—Richard Branson

Sam S. Smith

1942 – 2011

Net Worth

\$27,543,672.48

PASSION.

WOW.

NOW.

Zappos 10 Corporate Values

Deliver **“WOW!”** through service.

Embrace and drive change.

Create fun and a little weirdness.

Be adventurous, creative and open-minded.

Pursue growth and learning.

Build open and honest relationships with communication.

Build a positive team and family spirit.

Do more with less.

Be passionate and determined.

Be humble.

"INSANELY GREAT"

Steve Jobs

"RADICALLY THRILLING"

BMW

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

14,000

20,000

30

14,000/eBay
20,000/Amazon
30/Craigslist

Kevin Roberts' Credo

1. *Ready. Fire! Aim.*
2. *If it ain't broke ... Break it!*
3. *Hire crazies.*
4. *Ask dumb questions.*
5. *Pursue failure.*
6. *Lead, follow ... or get out of the way!*
7. *Spread confusion.*
8. *Ditch your office.*
9. *Read odd stuff.*
10. **AVOID MODERATION!**

Query: HAS ANYTHING

INTERESTING AND OF

NOTE EVER NOT

HAPPENED IN

PERILOUS TIMES

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

—Masahide, Japanese poet

ON STAGE.

ALWAYS.

MBWA

**“It’s always
showtime.”**

—David D’Alessandro, *Career Warfare*

*“A leader is a dealer
in hope.”* —Napoleon

Ronald Reagan: *“radiated an
almost transcendent
happiness.”* —Lou Cannon, Reagan biographer

*“You’ve got to
be able to see
the beauty in a
hamburger*

***bun.*”** —Ray Kroc

K = R = P

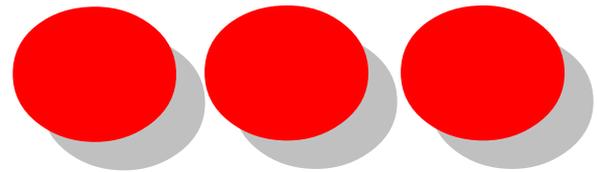
"COURTESIES OF A SMALL AND TRIVIAL CHARACTER ARE THE ONES WHICH STRIKE DEEPEST IN THE GRATEFUL AND APPRECIATING HEART."

—Henry Clay,
American Statesman (1777-1852)

**"THE DOCTOR
INTERRUPTS
AFTER ...***

*Source: Jerome Groopman, *How Doctors Think*

18



18 ...

SECONDS!



K = R = P

KINDNESS =
REPEAT BUSINESS =
PROFIT.

“I regard apologizing as the most magical, healing, restorative gesture human beings can make. It is the centerpiece of my work with executives who want to get better.”

—Marshall Goldsmith, *What Got You Here Won't Get You There: How Successful People Become Even More Successful.*

With a new and forthcoming policy on apologies ... *Toro, the lawn mower folks, reduced the average cost of settling a claim from \$115,000 in 1991 to \$35,000 in 2008—and the company hasn't been to trial in the last 15 years!*

The VA hospital in Lexington, Massachusetts, developed an approach, totally uncharacteristic in healthcare, to apologizing for errors—even when no patient request or claim was made.

In 2000, the systemic mean VA hospital malpractice settlement throughout the United States was \$413,000; the Lexington VA hospital settlement number was \$36,000—and there were far fewer per patient claims to begin with.)

Source: John Kador, *Effective Apology*

**THE PROBLEM IS
RARELY/NEVER THE
PROBLEM. THE
RESPONSE TO THE
PROBLEM INVARIABLY
ENDS UP BEING THE
REAL PROBLEM.***

***PERCEPTION IS ALL THERE IS!**

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

—General D.D. Eisenhower,
*Armchair General** (05.08)

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

PEOPLE.

PEOPLE.

PEOPLE.

PEOPLE.

PEOPLE.

***“You have to
treat your
employees like
customers.”*** —Herb Kelleher,
upon being asked his “secret to success”

Source: Joe Nocera, *NYT*, “Parting Words of an Airline Pioneer,” on the occasion of Herb Kelleher’s retirement after 37 years at Southwest Airlines (*SWA’s pilots union took out a full-page ad in USA Today thanking HK for all he had done*) ; across the way in Dallas, American Airlines’ pilots were *picketing* AA’s Annual Meeting)

***"If you want staff to
give great service,
give great service to
staff."***

—Ari Weinzweig, Zingerman's

Our Mission

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

WPP

BRAND =

TALENT.

1/45.

WTTTMSW.

Lesson 1/45:

WTTTMSW *

*Whoever Tries The Most Stuff Wins!

READY.

FIRE!

AIM.

H. Ross Perot (vs "Aim! Aim! Aim!" /EDS vs GM/1985)

**"RELENTLESS
TRIAL AND
ERROR"***

*Cornerstone of effective approach to "rebalancing" company portfolios in the face of changing and uncertain global economic conditions (*Wall Street Journal*, 11.08.10)

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

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

"YOU MISS

100%

OF

THE SHOTS YOU

NEVER TAKE"

—Wayne Gretzky

MAXIMIZE

"TGRs"

Conveyance: Kingfisher Air

Location: Approach to New Delhi

**“May I
clean your
glasses,
sir?”**

Things **W**

and ...

Things **R**

[Things Gone **WRONG** - Things Gone **RIGHT**]

“Design is
treated like
a religion at
BMW.” —*Fortune*

Hypothesis: **DESIGN** IS

THE PRINCIPAL

DIFFERENCE

BETWEEN **love**

AND **hate!***

Hypothesis: Men

cannot

design

for women's

needs/desires!!!

WOMEN DECIDE.

WOMEN SPEND.

WOMEN RULE.

**"Forget CHINA, INDIA
and the INTERNET:
Economic Growth Is
Driven by
WOMEN."**

Source: Headline, *Economist*

W > 2X (C + I)*

*"Women now drive the global economy. Globally, they control about \$20 trillion in consumer spending, and that figure could climb as high as

\$28 trillion in the next five

years. Their \$13 trillion in total yearly earnings could reach \$18

trillion in the same period. In aggregate, women represent a growth market bigger than China and India combined—more than twice as big in fact. Given those numbers, it would be foolish to ignore or underestimate the female consumer. And yet many companies do just that—even ones that are confident that they have a winning strategy when it comes to women. Consider Dell's ..."

Source: Michael Silverstein and Kate Sayre, "The Female Economy," *HBR*, 09.09

“Women are
THE *majority*
market”

—Fara Warner/ *The Power of the Purse*

Sales/After-sales Process

1. Kick-off – women
2. Research – women
3. Purchase – *men*
4. Ownership – women
5. Word-of-mouth – women

Source: Marti Barletta

“Sorry, Tommy, I
was the guy
who burst out
laughing...”

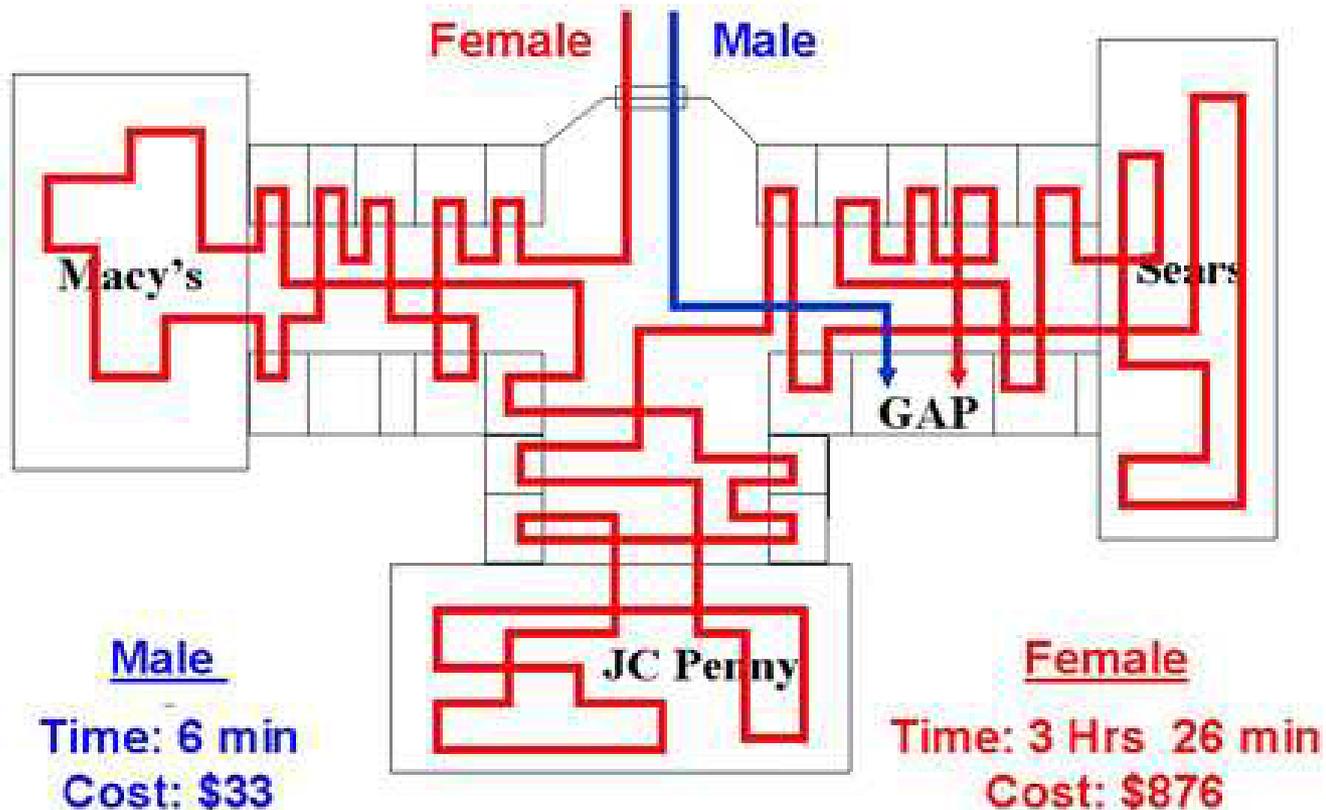


The Perfect Answer

Jill and Jack buy
slacks in black...



Mission: Go to Gap, Buy a Pair of Pants



- * **Safety!**
- * **Quality!/Freshness!**
- * **Nutritious!**
- * **Green!/Organic!**
- * **Attractive!/Packaging!**
- * **A Great Story!**

Genetically Altered Food

Would eat: M/71%; F/50%

Give to children:

M/59%; F/37%

Pay more for non-altered:

M/35%; F/47%

FORCE OF NATURE

**THE UNLIKELY STORY OF WALMART'S GREEN REVOLUTION
HOW IT COULD TRANSFORM BUSINESS AND SAVE THE WORLD**

by Edward Humes

(" ... one of the most important stories of corporate leadership
in modern history"—Amory Lovins, Rocky Mountain Institute)

“Female users are the unsung heroines behind the most engaging, fastest growing, and valuable consumer internet and e-commerce companies.

Especially when it comes to social and shopping, women rule the Internet. In e-commerce, female purchasing power is clear. Sites like Zappos Groupon, Gilt Groupe, Etsy, and Diapers are all driven by a majority of female customers. According to Gilt Groupe, women are 70% of the customers and

74% of revenue; and 77% of Groupon’s customers are

female. But what’s different now is an exciting new crop of e-commerce companies. One King’s Lane, Plum District, Stella & Dot, Rent the Runway, Modcloth, BirchBox, Shoedazzle, Zazzle and Shopkick are just a few examples of companies leveraging ‘girl power.’ The majority of these companies were also founded by women, which is also an exciting trend. And take a look at four of the new ‘horsemen’ of the consumer web—Facebook, Zynga, Groupon and Twitter. The majority of all four properties’ users are female. Make that ‘horsewomen.’

“So, if you’re at a consumer web company, how can this insight help you? Would you like to lower your cost of customer acquisition? Or grow revenue faster? Maybe you would benefit from having a larger base of female customers. If so, what would you change to make your product/service more attractive to female customers? Do you do enough product and user interface testing with female users? Have you figured out how to truly unleash the shopping and social power of women? You could also take a look at your team. Do you have women in key positions?”

2.6 vs. 21: ***"WOMEN
DON'T 'BUY' BRANDS.
THEY 'JOIN' THEM."***

Source: Faith Popcorn, *EVEolution*

"AS LEADERS,

WOMEN

RULE:

*New Studies find that
female managers outshine their male
counterparts in almost every measure"*

TITLE/ Special Report/ *BusinessWeek*

“Headline 2020: **Women Hold**

80 Percent of
Management and
Professional Jobs”

Source: *The Extreme Future: The Top Trends That Will Reshape the World in the Next 20 Years*, James Canton

*“Women Beat
Men at Art of
Investing”*

Source: Headline, *Miami Herald*, reporting on a study by Profs. Terrance Odean and Brad Barber, UC Davis (Cause: Guys “in and out” of stocks more often; women choose carefully and hold on for the long term)

"Power Women 100" / Forbes 10.25.10
26 female CEOs of Public Companies:

Vs. Men/Market: **+28%** ✨
(*Post-appointment)

Vs. Industry: **+15%**

1/8/20

>1/2

7/13

8.4T

55+>55-

Date: 1/1/11

Activity: USA Boomers
start turning 65

Rate: **1 EVERY 8 SECONDS**

Duration: **20 YEARS**

Impacted: **EVERYTHING**



**"PEOPLE TURNING 50
TODAY HAVE MORE
THAN HALF OF
THEIR ADULT LIFE
AHEAD OF THEM."**

—Bill Novelli,

50+: Igniting a Revolution to Reinvent America

7113

\$8.4T

Boomers:

70% will inherit/
\$300K average/
Top 8 million \$1.5M
average/
Total inheritance
\$8.4 Trillion

Source: *Forbes*/0411.11

55+ > 55-*

*** "[55-plus] are more active in online finance, shopping and entertainment than those under 55?"—Forrester Research
(*USA Today*, 8 January 2009)**

"TURNKEY"

TRANSFORMATION.

IBM Global Services

UPS Logistics

Schlumberger IPM

MasterCard Advisors

BestBuy Geek Squad

**MONOPOLY
POWER.**

"I am often asked by would-be entrepreneurs seeking escape from life within huge corporate structures, 'How do I build a small firm for myself?' The answer seems obvious ...

“I am often asked by would-be entrepreneurs seeking escape from life within huge corporate structures, ‘How do I build a small firm for

*myself?’ The answer seems obvious: **BUY A***

VERY LARGE

ONE AND JUST

WAIT.”

—Paul Ormerod, *Why Most Things Fail:*

Evolution, Extinction and Economics

*“Mr. Foster and his McKinsey colleagues collected detailed performance data stretching back **40** years for **1,000** U.S. companies.*

*They found that **NONE** of the long-term survivors managed to outperform the market. Worse, the longer companies had been in the database, the worse they did.”*

—Financial Times

SPINOFFS ...

systematically perform better than IPOs ... track record, profits ... **“freed from the confines of the parent ... more entrepreneurial, more nimble”**

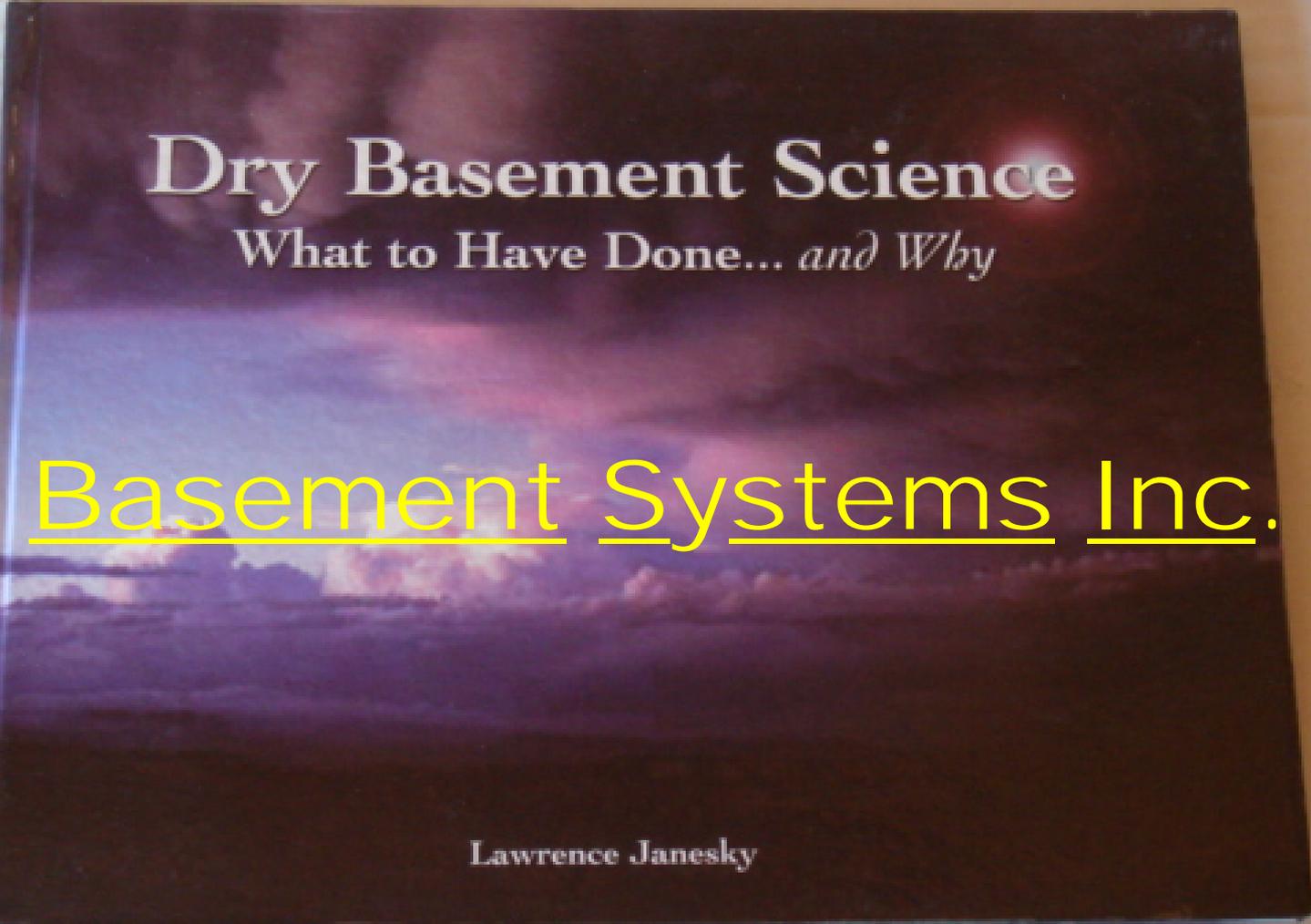
—Jerry Knight/ *Washington Post*/08.05

MITTELSTAND*

**"agile creatures darting between the legs of the multinational monsters"* (Bloomberg BusinessWeek, 10.10)

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

***From: Retail Superstars: Inside the 25 Best
Independent Stores in America, George Whalin***



Dry Basement Science

What to Have Done... *and Why*

Basement Systems Inc.

Lawrence Janesky

Jungle Jim's International Market, Fairfield, Ohio: *"An adventure in "shoppertainment," as Jungle Jim's call it, begins in the parking lot and goes on to **1,600 cheeses** and, yes, **1,400 varieties of hot sauce** —not to mention **12,000 wines priced from \$8 to \$8,000** a bottle; all this is brought to you by **4,000 vendors**. Customers come from every corner of the globe."*

Bronner's Christmas Wonderland, Frankenmuth, Michigan, pop 5,000: **98,000-square-foot** "shop" features the likes of **6,000 Christmas ornaments, 50,000 trims**, and anything else you can name if it pertains to Christmas.

Small Giants: Companies that Chose to Be Great Instead of BiG —Bo Burlingham

“THEY CULTIVATED EXCEPTIONALLY INTIMATE RELATIONSHIPS WITH CUSTOMERS AND SUPPLIERS, based on personal contact, one-on-one interaction, and mutual commitment to delivering on promises.

“EACH COMPANY HAD AN EXTRAORDINARILY INTIMATE RELATIONSHIP WITH THE LOCAL CITY, TOWN, OR COUNTY in which it did business -- a relationship that went well beyond the usual concept of `giving back.’

“The companies had what struck me as **UNUSUALLY INTIMATE WORKPLACES.**

“I noticed the **PASSION** that the leaders brought to what the company did. **THEY LOVED THE SUBJECT MATTER,** whether it be music, safety lighting, food, special effects, constant torque hinges, beer, records storage, construction, dining, or fashion.”

Excellence.

Always.

If not Excellence,

what?

If not Excellence