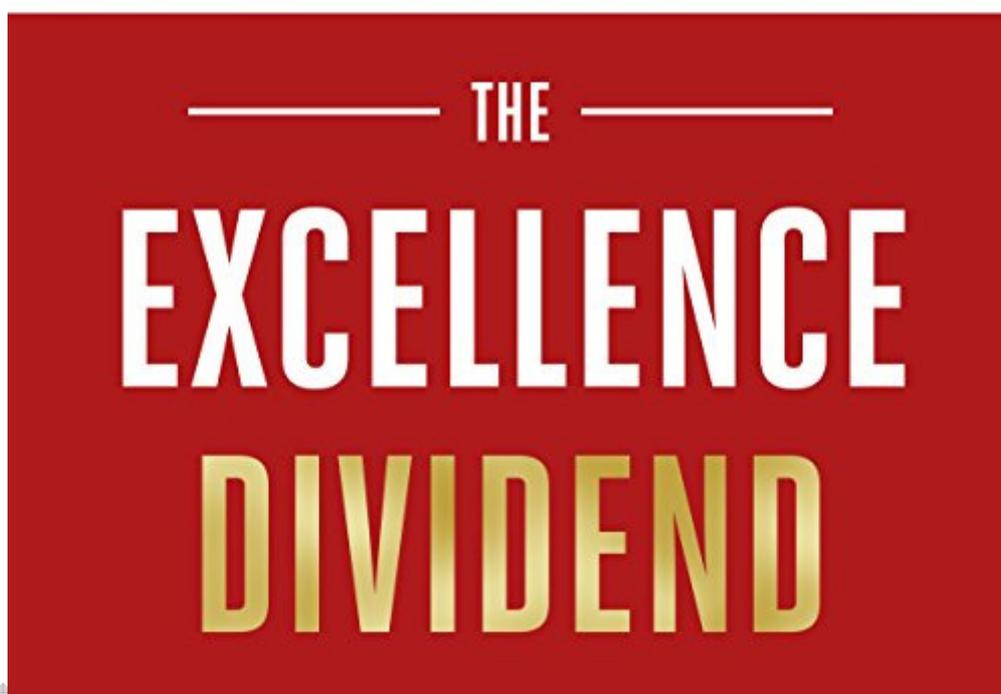


# The Excellence Dividend Key Points

**TOM PETERS**



Reviewed by John Hutchinson

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## Intro

- Business committed to excellence in both internal / external dealings likely to be survivors which translates directly into bottom line growth (p xvi)
- Are you going to cost cut your way to prosperity or are you going to spend your way to prosperity? Over invest in people, over invest in facilities. Cost cutting is a death spiral. Our whole story is growing revenue (Commerce Bank/Metro Bank (p xix)
- Create excellence right now, anywhere, everywhere (p xix)
- Excellence always
  - If not excellence what
  - If not excellence now, when (p xxiii)
- Amateurs talk about strategy, professionals talk about logistics
  - Execution front & centre
  - (p xxiv Omar Bradley D-day landings)
- There is no tomorrow for excellence, only now (p xxv)
- Culture eats strategy for breakfast (Ed Schein p xxv)
- You want the customer to experience excellence & delight & become a fan & stay a fan? Then you need each & every employee to be part of a fully engaged team & be devoted to growth (Matthew Kelly, *The Dream Manager* p xxvii)
- Your principal moral obligation as a leader is to develop the skill set of every one of your people (temp or permanent) to the maximum extent of your abilities (p xxvii)
- WTTMSW Whoever tries the most stuff wins
  - WSTMSTW Whoever screws the most stuff up wins (p xxviii)
  - Same same kills (p xxix)
  - Be practical & tactical (p xxxi)
  - First line leaders are a business organisations #1 asset (p xxxii)

## Section 1 - execution

- In real life strategy is actually very straightforward. Pick a general direction & implement like hell  
(Jack Welch p8)
- People who talk about execution are more likely than others to spend time on execution (p10)
- Ulysses Grant (p11)
  - I. Do not invest in grand strategy
  - II. Do the thing until it is done
  - III. Do not over complicate
  - IV. Do the next thing
- Focusing on contribution & results vaults even the lowest level manager into top management  
(Drucker p14)
- The #1 issue that causes delays, implementation failures in general, employee angst & customer ire is failure of cross-functional communication & integration (p14)
- Internal barriers, not our competitors cleverness are the principal impediment to effective execution & competitiveness (p15)
- Personal relationships is almost surely the #1 opportunity for strategic differentiation (p15)
- When you talk all the time about execution, it's likely to happen. When you don't, it doesn't

## Section 2 – excellence is the next 5 minutes

- Excellence is *not* a long term aspiration, it is the ultimate short term strategy
  - I. Excellence is the next 5 minutes (p43)
- 'I didn't have a mission statement at Burger King. I had a dream. Very simple. It was something like BK is 250,000 people, everyone of whom gives a shit. Everyone. Accounting. Systems. Not just the drive through. Everyone is the brand. That's what we're talking about, nothing less'. (Barry Gibbons, former BK CE, architect of extraordinary turnaround. P52)
- Strive for excellence, ignore success (Bill Young, race car driver, p54)
- Excellence is first & foremost a way of life, a behaving with care & respect toward one's fellow human beings day in & day out, moment in & moment out (p55)

- Excellence can be obtained if you:
  - I. Care more than others think is wise
  - II. Risk more than others think is safe
  - III. Dream more than others think is practical
  - IV. Expect more than others think is possible
    - (K Sriram p58)

### Section 3 – culture

- The culture precedes positive results. It doesn't get tacked on as an afterthought on your way to the victory stand (Bill Walsh – NFL Hall of Fame p65)
- Culture maintenance, one day, one hour, one minute at a time (p66)
- While I hardly dismiss the traditionally emphasised 'hard stuff', I do insist the 'soft stuff' is the key to long term success & the bedrock of excellence (p69)
- McKinsey 7 S model
  - I. Strategy
  - II. Structure
  - III. Systems
  - IV. Style
  - V. Skills
  - VI. Staff
  - VII. Shared values
- McKinsey 'hard' S (p70)
  - I. Strategy
  - II. Structure
  - III. Systems
- Frequently undervalued 'soft' S
  - I. Style (the way we do things around here, corporate culture)
  - II. Skills (distinctive competency(ies))
  - III. Staff (people talent)

#### IV. Shared values (the bedrock of sustained superior performance)

- Numbers are derivatives of real action (p72)
- The real value added increase comes from people who can sell & humanise (p75)

## Section 4 – SME

- I don't believe in economies of scale. You don't get better by getting bigger. You get worse (Dick Kovacevic, retired CEO Wells Fargo) (p86)
- They failed to grasp the simple truth, that while you can buy your way to growth, you cannot buy your way to greatness (Jim Collins, p88)
- Be the best, it's the only market not crowded (p90)
- Small giants – companies that chose to be great instead of big (p93)
- These top performers dominated their specialty markets & shared 4 traits (p94)
  - Cultivated intimate relationships with customers & suppliers based on personal contact, one on one interaction & mutual commitment to delivering on promises
  - Extraordinary intimate relationship with the local town, city, county they did business in. Went well beyond giving back
  - Unusually intimate workplaces
  - The leaders bought passion about what they did. They loved the subject matter (p94)
- Values before short term earnings (p98)
  - They manage for long term value, not short term earnings
  - They get radically customer centric
  - They keep developing human capital
- Cost cutting is a spiral death – the whole story is growing revenue (p98)
  - Are you going to cost cut your way to prosperity or are you going to spend your way to prosperity
  - Overinvest in our people, overinvest in our facilities
  - Cost cutting is a spiral death – the whole story is grow revenue

## Section 5 – putting people first

- Ask
  - How can I help
  - Listen ten times more than talking (p109)
- You have to treat your employees like customers (Herb Kelleher, CEO South West, p112)
- If you want staff to give great service, give great service to staff (p113)
- I start with the premise that the function of leadership is to produce more leaders, not more followers (Ralph Nader, p115)
- Business is not worth doing if you do not enhance the lives of your employees (p119)
- Excellent customer experiences depend entirely on excellent employee experiences
  - If you want to wow your customers, first you must wow those who wow the customers (p121)
- In short, hiring is the most important aspect of the business (p125)
- Development can help great people be even better, but if I had a dollar to spend, I'd spend 70cents getting the right person in the door (p126)
- Don't mistake assertiveness or eloquence for good ideas (p135)
- The results of his people development success were worth tens of billions of dollars in market capitalisation (Jack Welch CEO GE p138)
- Performance appraisals (p140)
  - Do football coaches use a standard HR form to assess the whole team? Of course not. The whole point is to build on differences. Same-same should be avoided at all costs
  - The idea is to create an interesting team that provide memorable customer experiences
  - Each direct report has a different professional trajectory – don't apply a standard evaluation over everyone
  - Effective evaluations emerge from a series of loosely structured, continuing conversations, not filling out a form every 6 mths to a yr

- Boss: Does it take you at least a day to prepare for a 1hr evaluation meeting. If not, are you not very serious about the meeting
- As a 'boss' you should feel exhausted after an evaluation conversation, otherwise it wasn't a serious conversation
- Not keen on formal programs that ID high performers. As a manager I treat all team members as having high potential – Hi-po programs demotivate the other 95%
- Shared checklist guide the evaluation conversation. But the 'off list' discussion will be the most important element of the exchange
- Central to the evaluation conversation are the company values & culture. How – be very explicit – does the person being evaluated adhere to & inject energy into the company culture & values
- Topic #1 for a 'boss of bosses' – what is their leadership development track record
- Experience falls away & all you're left with is culture (p149)

## Section 6 – training

- Training = #investment (155)
- If you randomly stop an employee in the hall, can they describe in detail their development plan for the next 12 mths – if not, why not(p158)
- What's the bet (p159)
  - 5 out of 10 CEOs see training as an expense, rather than an investment
  - 5 out of 10 CEOs see training as defence rather than offence
  - 5 out of 10 CEOs see training as a necessary evil rather than a strategic opportunity
  - 8 out of 10 CEOs in a 45 min tour of their business, would not mention training

## Section 7 – tech

- Your principal moral obligation as a leader is to develop the skill set of everyone of your people in your charge – including part time & casual – to the maximum extent of your abilities & consistent with their revolutionary needs in the years ahead (the bonus – profit maximisation strategy) (p181)
- Part timers are full time members of the family – take care of them (p182)

## Section 8 – job security

- \*\*nothing noted\*\*

## Section 9 – innovation

- WTMSW (whoever tries the most stuff wins) (p205)
- WSTMSUW (whoever screws the most stuff up wins)
- Excellence 8 basics (p213)
  - **Bias for action**
  - Close to the customer
  - Autonomy & entrepreneurship
  - Productivity through people
  - Hand on value driven
  - Stick to the knitting
  - Simple form, lean staff
  - Simultaneous loos-tight properties
- You miss 100% of the shots you don't take (Wayne Gretzky p225)

## Section 10 – we are who we hang out with

- Diversity (p230)
  - Demand/ensure constant, deep contact with those that are way ahead of the game & get under our skin
- Diverse groups of problem solvers – groups of people with diverse backgrounds – consistently outperformed groups of the best & brightest. If I formed 2 groups, one random (& diverse) & 1 consisting of the best individual performers, the 1<sup>st</sup> group always did better – DIVERSITY TRUMPED ABILITY (p231)
- Lunch – 220 working days per yr = 220 diversity opportunities (p233)
- Board of directors – no same same (p233)
- Connect, connect, connect, with anyone & everyone. From anywhere & everywhere, all the time (p239)

## Section 11 – design

- \*\* nothing noted \*\*

## Section 12 - relentless pursuit of things gone right

- Disney lavishes special attention on the parking process amongst others (p270)
- Experiences that stick are about emotional engagement (p272)
- Cost cutting is a death spiral – our whole story is revenue growth (p280)
- Tiny changes can have enormous impact (p281)
- You are headed for commodity hell if you don't have services (Lou Gerstner, former CEO IBM, p288)
- The more helpful you are to the customer (depth & breadth of the relationship & services rendered) the more revenue you can generate & the likelier you are to hold on to the business (p288)
- Overall procurement strategies, is not just a matter of maintaining lumps you sell, it's becoming a central strategized player in the clients full bore business activities (p290)

- How can you partner with your customer (p291)
- Swimming in 2 different oceans, many a well-intended strategic shift to services has come a cropper (p293)
- The trick is going from basic buy & sell services to full scale business partner strategically realigning & even re-inventing the clients business
- 7 characteristics of the social employee (p304)
  - Engaged
  - Expects integration of the personal & professional
  - Buys into the brand story
  - Born collaborator
  - Listens
  - Customer centric
  - Empowered change agent
- Employees, including the newest kids on the block must have the leeway to respond to untoward events without waiting for the approval of their overlords (p304)
- Have people that discuss your brand directly with you – actually connecting one to one is far more valuable & far cheaper. Consumers want to discuss what they like, the companies they support & the organisations & leaders they represent. They want a community, they want to be heard (p305)
- Teach people about your product (p308)
- Does the composition of your team look more or like the composition of the market you aim to serve (p334)
- Put people first (p343)
  - Hire nice people, hire for listening, caring, smiling, saying thankyou & being warm
  - Make training investment #1
  - Ask all leaders to commit to helping every employee
- Your customers will never be any happier than your employees (p344)
- If you want staff to give great service, give great service to staff (p344)

## Section 13 – listening

- The best leaders pretty much uniformly are the best listeners. With apparent ease & many head nods, they drag things out of you – facts, observations, opinions, confessions – that you barely knew existed (p348)
- The best way to persuade someone is with your ears, by listening to them (Dean Rusk, former US Secretary of State, p349)
- Fierce attention is a degree of attentiveness – it make people feel fully engaged & the centre of the universe (p350)
- 18 second listener (p352)
  - The average doctor interrupts the patient presenting their symptoms after 18 seconds
  - Are you an 18 second listener
- An obsession with listening is the ultimate mark of success (p353)
- He decided he was going to give every conversation his full attention, that it would be the most important thing right in the moment (Mike Abrashoff, Captain USS Benfold, p355)
  - It didn't take long to realise my young crew was smart, talented & full of good ideas that usually came to nothing because no one in charge had ever listened to them (p356)
- Note taking forces you to pay attention. It signals to the other party that you are serious (p359)
- Listen (p360)
  - If you ask a question & don't ask 2-3 followup questions, odds are you weren't listening to the answer
  - Listening is a purposeful act requiring effort & 100% attention. There is nothing casual or automatic about it
- Good listener rules (p361, 362)
  - Exists totally for the conversation
  - Fierce attentiveness
  - Gives the other person time to stumble to clarity without interruption
  - Is invisible
  - Does not EVER take a call

- Takes extensive notes
- Calls rather than emails a couple of hrs later to thank the person for their time
- Calls in a couple of days with some followup questions
- Does not pontificate

## Section 14 – front line leadership

- The first line bosses connect the aspirations of the business to the people who do the work (p364)
- Frontline bosses Asset#1 (p366)
  - Principal determinants of enterprise productivity
  - Principal determinants of employee retention
  - Principal determinants of product / service quality
  - Principal carriers/embodiments of corporate culture
  - Principal visible leaders for excellence
  - Principal champions/enablers of sustained employee development
- Variables that matter most to organisations, such as productivity, quality & employee retention are overwhelmingly based on 1<sup>st</sup> line managers (p367)
- We're constructing, for one thing, an intensive mentorship program for our front line managers (p368)
- 7 key questions about your front line chiefs (p369)
  - Do you understand & act upon the fact that the 1<sup>st</sup> line boss is THE KEY LEADERSHIP role in the organisation
  - Does HR single out 1<sup>st</sup> line supervisors individually & collectively for special over the top development & commitment
  - Do you spend gobs & gobs of time selectin 1<sup>st</sup> line supervisors
  - Are you willing, pain notwithstanding, to leave a vacant 1<sup>st</sup> line supervisor slot open until you can fill the spot with someone spectacular

- DO YOU HAVE THE ABSOLUTE BEST TRAINING AND CONTINUING DEVELOPMENT PROGRAMS IN THE INDUSTRY FOR 1<sup>ST</sup> LINE SUPERVISORS
- Do you formally & rigorously & continually MENTOR 1<sup>st</sup> line supervisors
- ARE YOUR 1<sup>st</sup> LINE SUPERVISORS ACCORDED THE ATTENTION & ACKNOWLEDGEMENT & RESPECT THAT THE IMPORTANCE OF THEIR POSITION MERITS

## Section 15 – tactics for leadership

- MBWA (management by walking around) – you can't lead from your office. You lead on the shop floor, or for that matter, in the customer or vendors place of business (p373)
- The average harried manager remains tied to their desk or screen & over time loses touch with reality (p374)
- Do your MBWA & (p373)
  - say thank you a dozen dozen times over & ask
  - What do you think
  - Take someone interesting & of your normal radar to lunch
- When Starbucks got into trouble a few years ago, a part of his problem was that he stayed home plotting the future & in the process lost touch with the intangibles, the feel of what it was like to be one of his customers (Charles Schultz, Starbucks p376)
- Do MBWA because it's fun (p379)
  - Listen & engage
  - Go by yourself
  - Be interested
- Face to face is priceless (p382)
- Avoid busyness – free up your time, stay focused on what really matters, keep unscheduled time (p363)
- Meetings as a primary platform for leadership excellence (p366)
- Capacity to develop close & enduring relationships is the mark of a leader. Unfortunately, many leaders of major companies believe their job is to create the strategy, organisations structure &

organisational processes – then they delegate the work to be done, remaining aloof from the people doing the work (p404)

- Employees who don't feel significant rarely make significant contributions (p407)
- NO EXAGGERATION – ACKNOWLEDGE is perhaps the most powerful word in the leadership lexicon (p407)
- The 4 most important words in any organisation are
  - What do you think (p408)
- Role of a leader
  - Aid & abet team members pursuit of personal, professional & organisational goals (p416)
- Summary of key leader traits (p418)
  - Helping is what leaders do for a living
  - Employee as CLIENT
  - STUDY/PRACTICE helping as you would neurosurgery (helping is your neurosurgery)
- CEO failing #1 – they don't read enough (p419)
- Effective self-management – leader virtue #1? (p422)
  - Being aware of yourself & how you affect everyone around you is what distinguishes as a superior leader (p422)
- Cognitive bias bottom line (p425)
  - Cognitive biases cloud every decision & judgement we make. Awareness is not 'the answer', but it helps. In the face of our limited cognitive processing skills we must study, reflect & be aware
- Squint test (p427)
  - An exec team ought to more or less look like the market being served
- Gender balance (p437)
  - If you do not have top to bottom gender balance, with perhaps even a lean toward a female majority, you are missing the boat
- Communication failures are 100% your fault (p437)
- 14 people – 14 different, carefully crafted engagement strategies (p438)

- One size doesn't fit all (p438)
- I regard apologising as the most magical, healing, restorative gesture human beings can make. It is the centrepiece of my work with executives who want to get better (p439)
- Apology rules (p440)
  - #1 Do it now
  - #2 Do it in person
  - #3 Do it now
  - #4 Shut up & let the other person speak
- Leaders embrace the BIG FIUR words (p442)
  - Thank you
  - I'm sorry
- Effective leadership = doing specific tasks well (p445)
  - MBWA
  - Fierce listening
  - Questioning
  - Helping
  - Building 1<sup>st</sup> line managers
  - Productive conversations
  - Fanatic about clear communications
  - Master of social media
  - Obsession with acknowledgement
  - Effective at fast, proactive apology
  - Excellent presenter
  - Conscious of body language
  - Master of hiring
  - Master of evaluating people
  - Time manager, vigilant re over scheduling
  - Student of process/psychology of influence

- Student of organisational politics
- Student of decision making, cognitive bias that derails decision making
- Student of negotiator
- Fanatic about employee development for 100% of staff
- Student of power of diversity
- Aggressive in pursuing gender balance
- Insistent on instilling business sense in one & all

**What skills can be worked on today**

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## About PlanA Consulting

John Hutchinson from PlanA Consulting works with New Zealand business owners to help their companies become more effective and efficient, and better places to work, leading to better profitability.

Since 2008, John has been able to help privately owned and family companies develop their governance practices, strategic thinking, communicate that to various stakeholders and help them achieve their goals in accordance with their company values. This results in clearer company direction, defined strategy, better governance, better accountability and improved statement of performance and position.

John has a strong practical business background, having owned his own companies for 20 years.

PlanA Consulting has developed a number of options for business owners to use that assist them in making sure they're working on key areas of their business in order to get the results they deserve. These include but are not limited to:

- General Governance & Management Support
- Business Strategy & Planning
- Business Growth
- Business Risk
- Business Succession
- Mergers & Acquisitions

Sectors John has worked include but are not limited to:

- Trade-related businesses
- Import and distribution, wholesale trade
- Retail and FMCG
- Online businesses
- Professional services such as accounting, legal, insurance, real estate
- financial services, administrative
- Manufacturing
- Health
- Not-for-profit organisations
- Transport
- Franchisors & franchising

**Professional memberships & associations**

Member, Institute of Directors (NZ)	2010 to current
Hawkes Bay Chamber of Commerce	2010 to current
New Zealand Trade & Enterprise – Regional Business Partners	2012 to current
Business Mentors NZ	2012 to current

**Professional development & qualifications**

New Zealand Institute of Directors courses completed between 2010 to current date:

- Governance essentials
- Strategy
- Risk
- Health & Safety
- Financial Analysis
- Role of the Chair
- Cyber Security
- Rural governance essentials
- Audit & Risk Committee
- Ethics – how Directors do business

**Massey University 1992**

- Dip Business Studies (Management)

**So, is it time to take a closer look at your business and how it operates?**

**Are there adjustments and improvements that can be made to make your business more effective and more profitable?**

PlanA Consulting helps business owners make sure they're not only doing the right things but they're also doing them in the right way, at the right time, and with the right people, to reach their goals

***Give John Hutchinson a call today or visit us online to find out how PlanA Consulting can help you and your business succeed***

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