

# TREAT PEOPLE LIKE WINNERS

True or false: American business draws its vitality from being big. False. For example, IBM's new and highly successful personal computer was created by a small group men working around the clock at the company's plant at Boca Raton, Florida, far from major corporate power centres. In fact, "Most new business breakthroughs come from *"small bands of zealots" operating outside the mainstream.*"

So says the book that has become the inspirational favourite of modern businessmen: *In Search of Excellence: Lessons from America's Best Run Companies* ©1982. It was written by a pair of management consultants, Tom Peters and Robert Waterman, who prowled factories and offices, buttonholed workers and managers and pored over myriad books and articles to isolate the ingredients that make one company superior to another. Finally, they chose **62** widely admired American corporations for close study.

Say authors Peters and Waterman: "The excellent companies were, above all, *brilliant on the basics.* These companies worked hard to *keep things simple* in a complex world. They persisted. They insisted on top quality. They fawned on their customers. *They listened to their employees and treated them like adults.* The companies permitted *some chaos* in return for *quick action and regular experimentation.*"

The authors view "excellence" as the quality of continuous creativity. Companies that are excellent are able to *keep themselves forever young in spirit*, through a kind of constant rebirth. Further distilling their findings, Peters and Waterman list eight traits that mark outstanding companies:

**1 ) They like action.** Says a senior executive of Digital Equipment Corporation, which is second only to IBM in computers in the United States: "When we have a big problem, we grab twenty senior guys and stick them in a room for a week. They come up with an answer and implement it.

**2 ) They stay in touch with their customers.** "Many of the innovative companies got their best product ideas from customers," the

authors write. "*That comes from listening, intently and regularly.*" Contrary to popular belief, for example, Levi Strauss did not invent today's stylish jeans. Rather, the idea came from one of its customers, the fashionable Manhattan department store, Bloomingdales. Listening to its customers, Bloomingdales started buying Levi's and bleaching them. Levi Strauss moved quickly and began turning out faded jeans. Thus a worldwide fashion was born.

Companies in the elite group also have an *obsession with service* to their customers. Caterpillar Tractor offers its clients parts-delivery service within 48 hours anywhere in the United States; if it can't fulfil that promise, the customers get that part free. "That's how sure Caterpillar is, in the first place, that its machines work," write Peters and Waterman. "We are looking at a degree of over-achievement that in narrow economic terms would be viewed as a mild form of lunacy: lunacy, that is, until you look at Caterpillar's results."

**3 ) They breed "champions".** Innovators who come up with new ideas are allowed to push them forward, *even though most are bound to fail.* *Outstanding corporations make sure they generate a reasonable number of mistakes.* Experimentation acts as a form of cheap learning, usually proving less costly – and more useful – than sophisticated market research or careful staff planning.

Many successful *new products* have grown out of *intramural competition.* Big-scale project teams are set up to develop new products typically look for big achievements, while groups of two to eight people working off to the side, and with smaller, more specific goals, *outperform the larger teams.*

**4 ) They draw their power from the rank and file.** Most companies "*take a negative view of their people and thus unwittingly stifle the creative powers of their employees.*" But excellent companies make **each** employee **feel like a winner.** In talks with companies like IBM, 3M, Proctor and Gambol, and Delta Airlines, all long-term top performers, Peters and Waterman were continually impressed by "the power flowing from their commitment and enthusiasm."

At IBM, Thomas Watson said that the most important corporate belief was “*our respect for the individual*. This is a simple concept, but in IBM it occupies a major portion of management time.” Other superior companies similarly get their extraordinary results in large part because they “*treat their employees as partners; treat them with dignity and respect.*”

At Delta, the most consistent money-maker among US airlines, “it’s the *Family Feeling*.” At Hewlett-Packard, a giant electronics company, the faith the firm has in its people is conspicuously demonstrated by the “open laboratory stock” policy. Not only do the engineers have free access to electrical and mechanical equipment, but they are encouraged to *take it home* for their personal use. By fooling around with the equipment at home, they will learn – and so reinforce the company’s commitment to innovation.

Legend has it that William Hewlett once visited a plant on a Saturday and found the laboratory-stock area locked. He immediately went down to maintenance, grabbed a bolt cutter and cut the padlock of the laboratory-stock door. He left a note: “Don’t ever lock this door again. Thanks Bill.”

At McDonald’s, Tupperware, IBM and many of the other top performers, “the volume of contrived opportunities for showering pins, buttons, badges and medals on people is staggering. *These companies actively seek out and pursue endless excuses to give out rewards.*” As Rene McPherson, former chief of Dana Corporation, says, “The real key to success is helping the middle sixty percent a few steps up the ladder.” So, the authors point out, “ribbons for a good show by the common man” are more vital than awards for a few top stars, “who are so highly motivated they would probably have done their thing anyway.”

### 5 ) They live by the spirit and the letter of their beliefs.

Clarifying a value system and breathing life into it are what the top people in the excellent companies seem to worry most. IBM’s Watson and Hewlett-Packard’s Bill Hewlett are legendary for walking the factory floors. Ray Kroc, founder of McDonald’s, the hamburger chain, regularly visited stores and assessed them on quality, service, cleanliness and value.

6 ) **They stick to their knitting.** “Virtually all the growth in the excellent companies has been internally generated and home-grown,” the authors say. They doubt the wisdom of “wide-ranging conglomerations of the kind so enthusiastically pursued in the 1960s.” Robert Johnson, former chairman of Johnson & Johnson, put it this way: “Never acquire a business you don’t know how to run.”

7 ) **They keep their form simple, their staff lean.** “We found their inter-changeability of people and jobs a bedrock principle,” Peters and Waterman note. “As big as most of the companies we have looked are, the underlying structural forms are elegantly simple. Staff are lean; it is not uncommon to find a top-level group of fewer than 100 people running multimillion-dollar enterprises.”

At the plant level, **small** in almost every case is **beautiful**. *The small facility turns out to be most efficient*; its motivated, highly productive worker, in communication (and competition) with his peers, out-produces the worker in big facilities time and again. This holds for plants, for project teams, for divisions – for the entire company.

### 8 ) They communicate

“Intensity of communication is unmistakable in the excellent companies,” Peters and Waterman say. It usually starts with an insistence on informality. At Walt Disney Productions, for instance, everyone from the president down wears a name tag with only his or her first name on it. Hewlett-Packard is equally emphatic about first names. IBM devotes a tremendous amount of time and energy to its open-door policy. *The chairman still answers all complaints* that come to him from any of the company’s 300,000 employees.

Star companies are seldom led by accountants or lawyers, the authors concluded, but rather by “*transforming*” leadership that calls forth excitement and fervour and can “create environments in which **people can blossom**, develop self-esteem and be excited participants as whole.”

Highly successful corporations somehow tap innate human power in a way that helps fuel their perpetual good luck. “The excellent companies,” the authors write, “simply allow for – and take advantage of – the emotional,

more primitive side (good and bad) of human nature. The key to excellence may be this: ***treating people, not capital spending and automation, as a primary source of productivity.***”

An editorial review by Edward Ziegler Readers Digest © 1983