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Finding Method in Madness



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The Peters mantra, “crazy times call for crazy organizations”, sounds crazy itself. But the author is perfectly sane. Separate out the hype and exaggeration and the underlying message is one that all managers should heed: prepare to reinvent yourself and embrace change.

THE NEW ORTHODOXY

According to Peters, nothing is for ever. Orthodoxy itself is changing. To succeed in management, you need to move towards the new orthodoxy — or the orthodoxy of the moment. Already managers are having to learn how to work in organizations that have moved decisively from traditional vertical structures towards horizontal ones. In these more flexible companies autonomous units, or even temporary ones, are the key building blocks.

DEVELOPING SKILLS

The new orthodoxy requires managers with all-round business skills. You need to be as knowledgeable as an independent contractor, which is what many people have become. Already, your dependence on people networks, both inside and outside the organization, is far greater than that of previous generations. Increasingly your day-to-day work, and what you ultimately produce and sell, involves more; knowledge (or “software”) and relatively less “hardware”.

THE CERTAINTY OF CHANGE

This intellect-dominated output is what is required by today's market, which places a large premium on what is new. It demands that you must be intellectually inquisitive and productive. Managing efficiently is important, but it is no longer enough. The only certainty in today's environment is that it is continually changing. To meet this challenge, strive to reach ever higher levels of effectiveness and adaptability.

REVOLUTIONARY MANAGEMENT

Peters calls this process the “perpetual revolution”. To deal with this new state of affairs, aim to be an eminently sound and successful business manager as well as the revolutionary that Peters describes. Buffett Masterclass (Investing in stocks)

1. Meaning Business

Mastering the principles of business is anything but crazy. Peters stressed that all managers must “know the business”. Work to understand fully not just your own function but business generally.

UNDERSTAND BUSINESS

Knowing the business means knowing the economic and financial consequences of your own actions, as well as the economics of the entire company. To do this, you need the following skills.

THE ESSENTIAL BUSINESS SKILLS

- Understanding and being able to write a business plan
- Understanding and being able to write a budget
- Distinguishing between direct and indirect costs
- Distinguishing between profit and contribution
- Analyzing marginal costs
- Defining and applying standard financial measures such as return on capital, return on equity, cash flow, and gross margins
- Knowing how to use Pareto's Law

The amount of information available to you is endless, but unless you have and use the basic tools listed above your business knowledge, or equipment, will be seriously deficient.

APPLYING KNOWLEDGE

By using these skills you are better placed to put Peters' ideas into action. For instance, Pareto's Law separates the “insignificant many” from the “significant few”. This is the 20/80 rule. So 20 per cent of your customers contribute 80 per cent of sales or profits. To be an effective manager, concentrate the bulk of your efforts on the significant fifth of customers and find low-cost ways of serving the rest. Ineffective managers treat all customers equally.

ADDING VALUE

The financial skills are essential tools for ensuring that you make a real profit and optimize your financial return. Take, for example, indirect costs, or overheads. The higher the overheads in relation to sales revenue, the harder it is to earn a profit. The ideal is to charge the best possible price but also keep a tight control on costs. However, Peters emphasized that cost reduction is not the only priority. Some expenditure is vital, for instance on innovation, quality and customer service. Anything that damages a customer's perception of your business will damage the business. The pursuit of excellence means striving always to enhance the value of the business.

TAKING CONTROL

Managers are often told to run their section of a company like their own business. Ask yourself how you might act if the business really was your own, and you could organize it as you wished:

THINK FOR YOURSELF

- What tasks will you personally execute?
- How will you measure your success?
- How will you satisfy your customers?
- What additional and enhanced skills will you need?
- What personal networks will you employ?
- Where do you want the business to be in a year's time?

KNOWLEDGE IS STRENGTH

You will certainly need to answer these questions if you do become an independent contractor — an increasingly likely option today. Keep asking the questions until the answers become instinctive. At the same time, take every opportunity to increase your knowledge — and do not stop with yourself. The “open-book” style of management allows everyone to know key numbers, results, and plans. The stronger everyone's knowledge of the business, and the more they can put that knowledge into action, the stronger the whole operation.

2. Living with change

You are living in an unsettled, dynamic world, where change is the only constant. Take a moment to write a list of your latest significant purchases and your current interests. How many of them would have been on the same list a decade ago? Five years back? Last year? Even if the purchases and interests are similar, the way you buy and pursue them will almost certainly have changed.

THINK DIFFERENTLY

These changes also affect your customers. They are constantly seeking novelty and differentiation. Peters stresses the need for new and different thinking. He urges you to develop a new mentality:

- List the products and/or services your company offers and ask “Are they scintillating? Dazzling?”
- Ensure that you and your colleagues appreciate the shift towards services and intellectual components, and adjust your priorities to reflect the importance of these “soft products”.
- Be seriously imaginative.
- Subject processes and products to continuous, impersonal scrutiny, and drop those that are outdated.

ACT DIFFERENTLY

You cannot respond to changing market needs unless you are open to change yourself. Adopt new practices to meet new conditions.

ENCOURAGE NEW IDEAS

- Spend most of your time out of the office.
- Work with new colleagues where possible.
- Use electronic networks to broaden your personal contacts.
- Look outside first, rather than inside, when staffing your new projects.

Above all, create excitement for your colleagues and your customers. Peters tells you to ask “On a scale of 1 to 10, how dull is your unit, your company, your closest competitor? How dull are you?” Be honest with your answers — and make a commitment to banish dullness.

3. Managing your career

Whether or not you choose to stay in the corporate world, take responsibility for developing your own career — do not leave it up to your company. Peters' advice is to "think independent".

MANAGE YOURSELF

Be prepared to move jobs and companies. Keep updating your curriculum vitae every six months. Follow Peters' recommendations for taking control of your own destiny:

TAKE CHARGE OF YOUR CAREER

Look on training as your personal research.

Learn to work effectively at home.

Add useful and potentially useful names to your contact list every day.

Accept that your first loyalty is to yourself.

As the security of a job for life fades into the past, you need to be able to survive in today's chaotic marketplace. Equip yourself as well as you can for a "non-linear, opportunistic" career.

COMPETENCE IS THE KEY

Peters poses a key question: "What do you want to be famous for?" The answer should be "Towering competence". Your obligation to yourself demands nothing less. Achieving and applying that, competence also justifies your employment by others, since that is how you meet your obligation to them. Take every opportunity to develop your competence.

- Draw up and follow a learning plan that you review every three months.
- Design your own job (as far as you can).
- Act on your own initiative wherever possible.
- Learn from colleagues the secrets of their success.

Above all, keep looking for career moves, not necessarily promotions, that will teach you "something new and special", associate you with talented people, and confront you with a tough challenge.

4. Managing by provocation

There is a very sane reason for Peters' extrovert, showbiz approach. Shock tactics are needed to provoke action. To thrive in chaos, think and act in completely new ways.

PROVOKING A RESPONSE

Much of Peters' teaching seems to have little to do with management and more to do with paradox. Take these maxims:

- Success begets failure.
- Fiction beats non-fiction.
- Unintended consequences outnumber intended consequences.
- Reject simple explanations.

In contrast, conventional management teaching uses hard statistics. For example, Forum Corporation's research tellingly revealed that 70 per cent of customers deserted major manufacturers not because of price or quality problems, but because they did not like "the human side" of doing business with the supplier. The aim of both approaches is to provoke you into action.

TAKE ACTION

- Find out whether your customers like doing business with you before they prove that they do not.
- Use success as the spur to redouble your efforts to improve on your deficiencies.
- Stimulate your imagination by your reading.
- Plan for the unexpected.
- Look for more than one answer, and keep an open mind about the right course of action.

SEARCHING FOR EXCELLENCE

Provocation jerks you out of your rut and into new and more effective ways of acting. "One-minute excellence" is one of the most useful Peters provocations of all. It means deciding to act now: "You do it and it's done.... As of this second, quit doing less-than-excellent work". This is the language of the seminar guru and the showman. But why not take up the challenge?