

TOM PETERS

AUTHOR OF *THRIVING ON CHAOS*

**LIBERATION
MANAGEMENT**

NECESSARY

DISORGANIZATION

FOR THE

NANOSECOND

NINETIES

LIBERATION MANAGEMENT

Necessary Disorganization
for the Nanosecond Nineties

Tom Peters



M
MACMILLAN
LONDON

PUSTAKA PERDANA



1002475

Contents

Preface

xxxi

I. NECESSARY DISORGANIZATION: THE NEW EXEMPLARS	1
<hr/>	
1. Toward Fashion, Fickle, Ephemeral	3
Yo, Fashion!	4
The Shift to Soft	5
Bonkers Organizations	8
Magic Numbers	9
Professional Service Firms as Model "Organizations"	11
<i>When Imagination Fails</i>	12
Add It Up	12
The Case for Structure	12
Markets, by Damn! (And Tries)	13
The Quest for Metaphors I: Carnival	15
Toward Zany	18
<i>No Part in This Storm</i>	19
2. EDS, the World's Largest Project Organization in the World's Zaniest Industry: 72,000 Smart People in Bands of 10 Equals \$7.1 Billion in Revenue	20
Why EDS?	21
Who Is EDS?	21

One Year in the Life of	22
Philosophy	23
Doing Business: The Project	24
Keeping Communications Open	25
Loose, Flexible—and Disciplined	26
A Day in the Life of	27
Integration, Learning, and Leverage	27
Horizontal SBUs	27
Centers of Service	28
Affinity Groups and More	28
It Can Be Done!	30
3. Cable News Network: Information as Fashion, Corporation as Carnival	31
News on Demand	32
Turner's Nuttiness	32
The Luck Factor	33
All in a Day's Work	33
CNN Live	36
To Love CNN Is to Love Frenzy	38
Running CNN, Real-Time, as a Business	39
Everyone a Businessperson	40
In Control, Out of Control, Self-Control	40
CNN Planet	41
CNN as Carnival	41
<i>Jump In with Both Feet</i>	42
4. ABB Asea Brown Boveri: Giant Industrial Company, Small Businesses, Lean Staff, Big Leverage through Knowledge Dissemination	44
Five Thousand Feisty Profit Centers	45
Holding ABB Together	46
<i>A Matrix That's Mostly Not</i>	47
Rationalize but Don't Kill Competition	48
<i>Lean Staff</i>	49

Leveraging Knowledge	50
T50: The Next Step	52
T50: More Than Speed	55
II: LEARNING TO HUSTLE	57
<hr/>	
Prologue: The Quick and the Dead	59
<i>Don't Let the Morning Slip By</i>	61
5. Titeflex: Unplug the Computer, Unleash the Teamsters, and "Just Do It"	62
Titeflex, Circa 1988	63
Titeflex Today	65
"Just Do It"	66
The Weekend That Was	68
The Accompanying Relationship Revolution	69
Velocity!	70
<i>Fashion's Common Denominator</i>	71
6. Ingersoll-Rand: Barbecues, Drag Tests, Medieval Warriors; and Slowing Down to Speed Things Up	72
Twenty-one Steps to Renaissance: A Chronology	73
Getting Beyond the Obvious	80
<i>To Hurry Up, Slow Down</i>	81
<i>Translating "Listening" into Strategic Advantage</i>	83
7. The Union Pacific Railroad: Decimate the Middle Ranks, Liberate the Conductors, and Launch a Counterattack against the Truckers	86
The UPRR Owns Up to Its Shortcomings	87
Cleaning Out the Rat's Nest	88
Walsh Pushes the Needle All the Way Over	90
New "Top Guns" in Business	90
Demolishing Functional Barriers	92

Centralizing in Omaha and St. Louis—To Better Decentralize	94
Teams	95
. . . And More Teams	96
<i>Rewiring with a Vengeance</i>	97
The Service Reliability Team	98
The “Soft Stuff”	99
<i>Managers Don’t Melt in the Rain</i>	99
Kiss Conventional Wisdom Goodbye	101
Hustle’s Roots	101
<i>On the Other Hand . . .</i>	102
III. INFORMATION TECHNOLOGY: MORE, AND LESS, THAN PROMISED	105
<hr/>	
8. Computer Nerds, As Far as the Eye Can See	107
Information Is Everything	108
<i>How Many Zeroes in a Trillion?</i>	111
The New Infrastructure	111
Stuff	112
Information Technology and Changing “Products”/Industries	114
<i>Network Collaboration = Competitive Advantage</i>	115
<i>Go Cardinal!</i>	118
<i>From Palm to Planet</i>	120
9. Information Technology and Organizing	121
Knowledge-Based Societies	123
Paradox	124
IV. BEYOND HIERARCHY	129
<hr/>	
10. Unglued Organizations	131
The Fluid Life	132
Signing On, Heading Out	133

The Project Is <i>Everything</i>	134
Who Crawled into the Bed Next to Me?	135
"Getting" the Culture	136
"The Movie Stars of the Business World"	136
It's Lonely Sitting Here Unused	137
Building Supporters Away from Home	138
The Nitty-gritty of Networking without Hierarchy	138
"Structure"	139
Getting Promoted	140
The Slow Consensus-Building Process	141
The Second-Class Citizens	142
The Squeaky Wheel Doesn't Get Oiled	143
I <i>Still</i> Can't Find the Hierarchy	143
<i>Hierarchies and Pecking Orders</i>	144
A Consistent Message for All Workers: The Age of Unstructure Looms	145
The Quest for Metaphors II	146
Checkerboards, Kaleidoscopes, Jazz Combos	146
Shape? or Shapeless?	147
<i>Charles Handy's Shamrock</i>	150
Brian Quinn's Mind Trip: Companies as "Packages of Services"	151
Organizing Propositions: Toward New "Structures"	153
<i>The Quest for Metaphors III: The Movies</i>	156

11. Projects and Professional Service Firms I: Cases in Pursuit of a Common Denominator	159
Imagination	160
The "Product"	161
"Organization"	161
Projects!	163
Permanent Flexibility	163
"Managing"	164
<i>Project Models Are Accountability Models</i>	166
David Kelley Design	167

The Work	167
The Process: High Kinetic Energy	168
The Process: Collaboration	169
The Process: Multidisciplinary	169
The Process: Model It!	170
Brownian Motion: The DKD "Organization"	170
Chiat/Day/Mojo	172
Creativity Means Everyone	172
Loose but Tough (Again)	173
Planned Nosiness	174
Client Involvement	175
Client Engagement Reflects Inner Structure	177
A Systematic Look at Professional Service Firms: The Case of Investment Banks	177
Idea Flow	178
Self-Design of Organizations	179
Specialization I	179
Specialization II	179
Network Structure	180
Constant Reorganization	181
Structure Follows the Person	181
Incentives	181
General	183
<i>Professional Service Firm Conundrums</i>	183
Characteristics of Professional Service "Organizations"	185
12. Projects and Professional Service Firms II: The Fleeting "Organization"	189
The Birth, Life, and Death of the "Dallas Organization"	189
<i>Who Says Perpetuity's a Must?</i>	190
The Larger Network Forms	190
Language	191
The "Cast"	192
The Event Takes Shape	194

Now You See It, Now You Don't	195
Conclusion: A Full-Fledged, Accountable Enterprise	196
13. Projects and Professional Service Firms III: Transformation	201
Kolind Tries Spaghetti	201
Roller Derbies and Shredder Wars	202
The Project Process	203
A Day in the Life of Inge Christophersen	204
A Day in the Life of Soren Holst	205
14. Projects and Professional Service Firms IV: On the Way to Projects for All	207
Don't Let Project Teams Become Committees	208
<i>Just How "Far Out" Is the New Way?</i>	210
Understanding Project Management	212
<i>"Heavyweight" Project Managers Bring Home the Bacon</i>	214
Getting the Accounting Right	215
Getting Started on Becoming a Project Maniac, Now	216
<i>Think Résumé or You're Not Thinking</i>	218
Reconsidering "Careers"	219
The Personal Projects Enterprise Strategy	221
Toward Projects for All	222
<i>Véronique Vienne</i>	222
15. Basic Organizational Building Blocks I: Every Person a Businessperson	226
Each Employee a Businessperson	227
Reversing Hyperspecialization: "Care Pairs," "Care Trios," and the "Patient-Focused Hospital"	229
Lakeland's Self-sufficient "Care Pairs"	230
Every Account Officer "President of the Bank": The Case of Silicon Valley Bank	232

Tomorrow, the World	234
"Businessing"	235
<i>"Business"</i>	236
16. Basic Organizational Building Blocks II: Self-contained Work Teams	237
Johnsonville Foods	238
<i>Profit Sharing</i>	242
Work Team Status	243
Clusters: A Complete Alternative to Hierarchy?	245
But . . .	248
17. The Missing "X-Factor": Trust	249
An Unorthodox Culture	250
Respect for the Front Line	251
From the Horse's Mouth	251
Inmate Involvement	252
The Inmate Benefit Fund	252
"Thank You"	253
McKean's Credo: "Beliefs About the Treatment of Inmates"	254
<i>Trucks and Trust</i>	255
18. Basic Organizational Building Blocks III: Market-Scale Units (Buckyborgs)	257
Goldmann Produktion, the 11-Person Boeing	258
<i>May the Best Garage Win!</i>	259
Buckyborgs (and Magic)	259
<i>Why 50?</i>	261
Is This Book Brought to You by: (a) Feisty Little Knopf or (b) Giant Random House, Inc.? Pick (a), (b), or (a) and (b).	262
Collections of Compatible Intellectuals (Making Money!)	263
Squirrel's Nests . . .	263
. . . and Corporate Muscle	264
Sonny Mehta, Inc. (Mostly)	265

International Data Group	267
Spinoff, Spinoff, Spinoff	268
Global from the Start	271
A Lean but Persuasive Center	271
Train in Tough Times	272
Support Operations Get the Market Test	273
A "Networked Corporation"	273
<i>Cap Gemini Sogeti (and the Magic Number)</i>	274
The Little Acordia Giants	274
SBUs a Disappointment	275
The Acordia Concept	275
Acordia Collegiate Benefits	277
Acordia Business Benefits	278
Acordia Local Government Benefits	279
Acordia Small Business Benefits	280
Struggling to Implement	280
New Big	281
<i>More Getting Small to Get Big in Financial Services</i>	282
Chromalloy Compressor Technologies	282
CCT Companies: Independence <i>and</i> Shared Services (Small/Big)	283
Life at a Typical CCT Company: Aero Components Services	284
Advantage CCT	284
<i>Brazil's Semco Goes Buckyborg</i>	286
Lightly Linked Market-Scale Units	288
Why a Center at All? (The Search for Soul I)	289
Decentralization Redux?	292

19. More Market Scale: Independent, Global, Mighty, and SMALL	293
Total Concentration	294
A Distinctive Hard/Soft Blend	295
Symbiosis with the "Target"	295

The Customers' "Lawyers"	297
No Barriers to Communication	297
Self-imposed Size Limits	298
The Flexible Rational Worker	299
Discipline, Self-discipline, "Self-realization"	300
20. Networks I: Farewell Vertical Integration, Welcome Networks	302
Straws in the Wind	303
"New Size" = Network Size	304
The Flexible, Networked World of MCI	306
Subcontracting a Way of Life	306
Different Ways to Slice the Cake	308
Power, Vertical Integration, and "New Scale"	310
"New" Core Competence (Soul II)	311
Subcontracting Pros and Cons	312
Pitfalls of Excessive Subcontracting . . . Maybe	314
Networks, Subs (and Soul III)	316
21. Networks II: The World of the SuperSubs	318
Professional Parking Services, Inc.	318
Guardsmark	320
The Hiring and Development Edge	321
Total Dedication	322
Words at Work	322
A Full-Service Operation	324
No Staff and a Talented Network	325
The Skonie Corporation: This SuperSub Does "Soul" (Soul IV)	325
Skonie as Network and Recruiter Extraordinaire	326
The Process	326
No Easy Sell	327
Finding a Hole	327
Soul (Again)	328

The SuperSubs in Review	329
A Theory of "Sub"-contracting	329
<i>(More) SuperSubs, Big and Small</i>	330
Others with Soul Allow You to Dump Nonessentials: The (Mostly) Good New-Network News, or Soul V	331
Catch-21.9: So What Is Essential?	332
Soul's Tricky New Look: "Horizontal Soul"	333
<i>Slippery "New Soul" in the Auto Industry</i>	334
22. Networks and Markets I: A First Look at "Marketizing" the Firm	336
Thompson Publishing Group Marketizes "Staff" Services (and Everything Else)	337
<i>Emancipated Reporters</i>	339
Hewlett-Packard Integrated Circuits Unit Tests Itself in the World Market	340
Midland Cabinet Lets the Market Turn Workers into "Businessmen"	341
Markets, Markets, Markets	341
An Exchange: "Marketizing"	342
<i>The Case for Ownership</i>	345
23. Networks and Markets II: The Pursuit of Power	347
24. Networks III: Life in Networked Organizations	350
The National Restaurant Association Annual Convention	350
The American Culinary Classic	351
A Fragile Yet Robust Network Churns Out Precision and Novelty	351
The Little Band of Jugglers	353
Network Meister Gaven	353
TPG Communications: Where's the Beef? (Soul VI)	354
July 1991: A Day in the Life of Alison Peterson, Networker	355
Management Maximizers	358

The Art of the (M ²) Deal	358
Bringing In Business	360
"Getting It"	361
Managing M ²	361
Networking: A Day at M ² , July 12, 1991	362
ROIR/Relationship Power	365
<i>And Women Shall Lead the Way!</i>	367
25. The Quest for Metaphors IV: The Imagery of Dynamics and Connectedness	370
Quantum Mechanics' Antirealism	371
Australia as a Musical Score	373
Harlot's Ghost	374
A Trip to Kunming	375
Organizations Don't Exist, Do They?	376
Particles and Waves	377
Hard and Soft Imagery	378
Can You Find Your Organization?	378
3M's No-Building Building	379
Frolicking Rolodexes	380
Capitalism without Untidy Capitalists	380
Necessary Disorganization	380
26. Knowledge Management Structures I: Taking Knowledge Management Seriously	382
Knowledge Management Structures and the New Organizing Logic	383
The Psychodynamics of Knowledge Management	384
Structure	385
Philosophy	386
Marketing	387
Does It Pay Off?	387
Databases and Publications	387
(More) Internal Marketing	389

The Organization Performance Practice	390
OPP Structure	390
Breathing Life into the OPP: The Rapid Response Network (RRN) Is Created	391
The RRN at a Glance	392
The On-Call Consultant	393
The Artistry of the OPP Three	393
A Day in the Life of the OPP Three	395
The OPP Three Loves You!	396
But Is It Relevant to Me?	397
FI Group's "Flying Squads"	397
CRSS, The Science of Listening and Learning Together	399
Teamwork and Programming	401
Brown Sheets, Snow Cards, Etc.	402
100-Pound Pasted Bristol Stock	403
(More) Learning Together: Wholesale Mingling	404
Quad/Graphics: Education "R" Us	405
A Learning/KMS Typology	407
Learning Devices Galore	407
27. Knowledge Management Structures II: Getting Physical	413
New "Neighborhoods" Speed Up Product Development	414
<i>Bring 'Em Home</i>	415
Hang Out Wherever It Makes Sense	416
Welcome to the Plant, Bean Counters	418
<i>Lounging with Your New Teammates</i>	418
The "Transnational" Phenomenon	419
CSC Europe	419
GM Europe	420
IBM	421
Proximity on a Grand Scale: Valley Power	421
People Who Grow Up in Annapolis Like Oysters	423

28. Knowledge Management Structures III: Knowledge Bases, Expert Systems, Computer-Augmented Collaboration, and the Potential of Information Technology	425
Buckman Bets on Knowledge Transfer	426
Digital Exploits Its Network Products for Internal Learning	428
Exporting Knowledge Management Capability (for Profit)	428
<i>Expert Systems Tap Deep Knowledge</i>	429
Computer-Nerd CEOs	430
Not So Fast?	432
Computer-Augmented Collaboration, Transforming Human Interaction for Learning's Sake	433
<i>Electronic Communities</i>	436
And Don't Ignore "Cyberspace"	438
Right On! (Sorry)	439
29. Knowledge Management Structures IV: Developing and Tapping Expert Power in the Hierarchy-less Organization	440
A "New Logic of Expertise"	441
Going Home	445
<i>The New-Look Professional Takes Stock</i>	445
30. The Trauma of Buying into "Horizontal," "Whole," and "Learning to Learn"	448
Going "Horizontal"	448
All the Way Over, Damn It!	449
The "Sociology" of Going Horizontal	449
Acquiring Peripheral Vision	452
False Start	453
<i>"Doc" Littky's Gospel of Projects, Wholes, and Horizontal</i>	455
31. Trust, Respect, and the Mindful Organization	459
<i>The Boss Will Not Approve Travel</i>	462
Catch-22 (No Half-Trust)	463

<i>Room to Learn: Louis Agassiz</i>	464
“ ‘They’ Want . . . ”: Bull!	465
The Control Paradox	465
Autocratic Delegators (More Paradox)	466
32. Beyond Hierarchy	468
The Berlin Wall and the Age of Reason Crumble	469
<i>The Carpet Is Thick, the View Magnificent, the Profits Stink</i>	471
Tools of Conviviality, Work as Dialogue	471
Organizing's New Paradoxes	473
<i>Amen, Maybe!?</i>	474
Lots to Do	475
V. MARKETS AND INNOVATION: THE CASE FOR DISORGANIZATION	477
<hr/>	
Prologue: Deconstructing the Corporation	479
33. The Exaltation of Mess, or Learning to Love Chance	481
Messy Markets	484
<i>I Kin Read Writin</i>	484
Embrace Failure to Discover Success	485
The Vigorous Pursuit of Serendipity	485
Beware the False Prophets of Comprehension	490
<i>The Anatomy of a (Planless) Summer Vacation</i>	492
34. Violent Market-Injection Strategies	495
Exalter of Untidiness	496
Where's the Mess?	496
F. A. Hayek: The Mess Is the Message	497
<i>Joyous Anarchy</i>	500
<i>Propositions from Hayek</i>	501

Michael Porter: An Unlikely Prince of Disorder	502
Porter on Policy: Hail Trust Busters and Free Traders	505
Hi Ho Destructive Competition!	506
<i>Smart Chips from Vigorous Rivals = U.S. Success</i>	508
Econ 101—You Need It	509
Thermo Electron's Public Spinoffs	509
Motivations for Spinning Off	510
Structure and Incentives	511
Run-up to Spinoff	513
Thermedics, the First Spinoff	514
<i>"Pure Plays" Yield Market Value</i>	515
Thermo Technologies Corporation: Letting Go of Central R&D!	516
In the End Small (and Big)	517
<i>Cray Cracks</i>	517
Cypress's Frisky Satellites	518
<i>Owners' Incentives</i>	522
Teknekron's "Open Corporation" Model	522
Having Your Cake and Eating It, Too	524
Violent Market-Injection Strategies	524
35. The Market's Will Be Done: The Mighty German Mittelstand	528
Geobra/Playmobil: Product, Product, Product	530
Stirring the Child's Imagination	532
A Tough Sell	533
Polishing the Idea: R&D and Mold Making	534
The Factory	535
Advantage, Mittelstand	536
Trumpf, the Marriage of Hard and Soft	537
"The Quest to Create the Perfect Machine"	537
Mittelstand Is "Personal"	538
<i>Trumpf's Customers: Mittelstand Serves Mittelstand</i>	539
A Commitment to Innovation for the Customer	539
Keeping Up	540

"User Benefit"	541
"Soft" or "Hard"?	542
Germany's Matchless "Dual System"	543
Public Support for Worker Education	545
Trumpf U.S.A.	546
Living for Quality at Trumpf U.S.A.	547
Characteristics of Germany's Mighty Minnows	548
<i>More "Mittelstand": The Third Italy</i>	552
36. "Marketizing's" Imperatives I: Rethinking Scale	553
Will We Ever Learn?	556
Europe and Japan Rethink (Somewhat)	557
What "Small" Means (and Doesn't)	558
<i>Perky Baltimore!</i>	564
Making "It" Work I: Celebrating the Invisible Hands	565
Beware Auto-Correlation! (When "Decentralization" Isn't)	569
To Fight Auto-Correlation: Open Your Wallet	570
<i>Better Engineering? Fewer Engineers!</i>	571
Making "It" Work II: Learning to Respect Small Markets	572
<i>Farmers and Hunters</i>	575
37. Marketizing's Imperatives II: Try It! Break It! Touch It!	577
Try It. Break It.	577
<i>Getting It Right the Second Time</i>	579
"The Most Godawful Mess You Ever Saw"	580
<i>A Matter of Learning to "See"</i>	581
Always a Numbers Game in the End	583
<i>Coping with the "Risk-Free Society"</i>	583
38. Marketizing's Imperatives III: Renegades and Traitors, Passion, Arrogance	586
The All-Nut Nine: Zany Chiefs for Zany Times	587
SOBs and Other Mostly Necessary Characters	589

<i>Arrogance!</i>	591
Body, Soul, Passion, <i>and</i> Profit	593
Ban the Bland	594
Seek Out the Anarchists	595
Where's the Joy?	596
Toward Productive Anarchy	596
Last (Discouraging) Word	598
39. Marketizing's Imperatives IV: Loosening Up	600
Toward the Curious Corporation	601
Voice Lessons for Publishing International's Chief	601
Water-gun Fights at Accolade	602
Astrologers at Banamex	603
<i>Anybody Know a Good Sci-fi Author?</i>	603
Time Off from Tandem	604
Organized (Legal) Grand Larceny	604
<i>Ripping Off Chuck E. Cheese</i>	605
Sara Lee Direct	606
<i>On the Other Hand (Sorta)</i>	608
Chekhov and Creative Business Strategy	608
Asked Any Good Questions Lately?	610
<i>The Pursuit of Luck</i>	612
40. Own Up to the Great Paradox: Success Is the Product of Deep Grooves/Deep Grooves Destroy Adaptivity	615
The Vision and Values Trap	616
Organizational Transformation: A Grim Prognosis	617
Darwin on Management	618
<i>Thanks for the Memories</i>	619
Just Try and Change!	620
Damned If You Do, Damned If You Don't, Just Plain Damned	621
<i>A Genuine Original, as If It Mattered</i>	622

The Case for "r-Strategies"	623
<i>C'mon</i>	625
The Interdependence/Independence Paradox	626
Change	627

VI FASHION! 631

Prologue: Terminally Tasteless or <i>Sur/Petition?</i>	633
<i>The Orderly Swiss Embrace Fashion</i>	635

41. The Transformation of Positively Everything 636

<i>Changing Tastes (Literally)</i>	638
Smart, Smarter, Smartest	639
Soft, Softer, Softest	640
Cases in "Product" Transformation I: The Home-Center Industry	642
Cases in "Product" Transformation II: Selling Computers	644
Cases in "Product" Transformation III: Aging "Product"	647
The Iron Law of Fashion	649
<i>More than a High Standard of Living</i>	650
Fashion as Fragmentation	652
<i>"Sox Appeal"</i>	654
When Special Isn't So Special	655
Fashion as Intangibles	657
Flip-flopped Ratios	657
Tobin's q	658
Are You Paying Attention to the Brand?	660
<i>Gillette Escapes the Commodity Trap</i>	661
Fashionizing Strategies	663

42. Fashion, Diversity, the Globe 667

America the Many	667
Sutter Health Hangs Out in Japan	669

Applied Materials Finds "God"	671
<i>When Yes Means Anything But</i>	672
A. T. Cross: A Nickel at a Time	673
Is That All There Is?	674
<i>To Err Is Glorious</i>	675
43. Glow! Tingle! Wow! (Yuck!)	676
The Slippery Intangibles	677
I Know It When I See It!	677
<i>The Joyless Economy</i>	678
It's Slippery Out	679
Perception I: How Hot <i>Is That Water?</i>	679
Perception II: The Eye of the Beholder	681
Perception III: The <i>Real World</i>	682
The Best There Is	683
<i>An Ode to Clogged Freeways</i>	684
Keys to Success (and Failure)	684
Squandering a Precious Resource	685
Bewitched, Bothered, and Bewildered about Baldrige	686
<i>Firmness, Commodity, Delight</i>	688
Nothing Wrong Equals Nothing Right, or, How to Lose the Quality Wars	689
<i>Sweet Corn and Business Strategy</i>	690
Riding Perception to Transformation	691
<i>Po Lo and the Baldrige</i>	692
44. Follow the Yellow Brick Road (to Better Instruction Manuals)	694
<i>On the Missing #8096 Left Hinge and Other Items</i>	699
45. Building "Wow Factories"	701
Definitions: Toward Symbiosis and Intertwining	701
Pursuing Customer <i>Commitment</i>	702

Conversing with Customers	703
Home Depot	703
<i>Potatoes with Pedigrees</i>	705
Trust through Guarantees That "Thrill"	706
Roasters & Toasters	706
Delta Dental	707
Getting Personal	709
Becoming a "Process Freak"	709
<i>Process and the Management of Trust</i>	710
The Special Process of Keeping People Informed	711
<i>"You are my hostage. You must obey."</i>	712
Toward Automatic Symbiosis: Obsessing on "Lifetime Value"	713
More on Symbiosis and Quantification: Why "They"	
Switch	714
"Defections Management" (and More Quantification)	715
Another Take on Intertwining: Building and Exploiting Databases	717
Forty-five-Seat Restaurants, Too	720
Damned If You Don't, Damned If You Do (as Usual)	721
The "L-word": Symbiosis and the <i>Really</i> "Soft" Side of Relationships	721
46. A Special Case of Wow: An Encompassing View of Design	725
Design as a Tool for Corporate Transformation ¹	726
The TRIAD Design Project	727
Deere & Co. Puts a Passenger Seat in the Combine	728
<i>Love, Hate, and Skilled Amateurs</i>	730
Design as "Personality"	731
"Say 'Hello' to Mark, Mark or Mark"	732
Making Design a Gut Issue	733
Design Is Not Aesthetics	735
Join the Crusade	737
The <i>Big</i> Idea	738

47. "Customerizing": Produced by, Directed by . . . and Starring—Our Customers	740
First Things Last	742
<i>Carol Hickey Airlines</i>	743
A "Customerizing" Fantasy	745
<i>Cleaning Up</i>	747
<i>Acting Classes</i>	748
<i>Destination</i>	750

AFTERWORD: LIBERATION MANAGEMENT **753**

Students	757
"Workers"	758
Middle Managers	758
Chiefs	759
The Commander in Chief (and His 535 Pals at the Other End of Pennsylvania Avenue)	759
The Freedom to Fail	763
<i>Acknowledgments</i>	<i>765</i>
<i>Notes</i>	<i>769</i>
<i>Index</i>	<i>805</i>

Preface

Liberation Management appears ten years, almost to the day, after the publication of *In Search of Excellence*. Many readers of that book claimed it vindicated American management practice (at a time when Japanese approaches were the rage). I think that's wrong. *Search* was an out-and-out attack on the excesses of the "rational model" and the "business strategy paradigm" that had come to dominate Western management thinking. What it counseled instead was a return to first principles: attention to customers ("close to the customer"), an abiding concern for people ("productivity through people"), and the celebration of trial and error ("a bias for action").

But whether or not Bob Waterman and I were on management's case or on its side, there are more important fish to fry. To wit, an enormous error that resided between the lines: While *Search* condemned the excesses of dispassionate "modern management practice," it nonetheless celebrated big manufacturing businesses. With the exaltation of IBM and more than one nod to GM, we implicitly endorsed the humongous American technocratic enterprise in general—the institutions that economist John Kenneth Galbraith and business historian Alfred Chandler had not so long before declared almost perfect instruments for achieving America's economic manifest destiny. Make no mistake, Bob Waterman and I, who came of age in the '50s and '60s, were Galbraith and Chandler's offspring!

Five years later I declared that "there are no excellent companies" (*Thriving on Chaos*, first page of text), and suggested—as others had pointedly suggested to me—that time, and quite a short time at that, had not treated some of *Search*'s almost perfect instruments very well. So in 1987, chastened, I proposed *flexibility* as the watchword for the '90s.

I'll give myself a nanosecond pat on the back. It was a start. But the road left untraveled was much longer and more serpentine than I had imagined. Though the word "revolution" (*Handbook for a Management Revolution*) appeared in the subtitle of *Thriving on Chaos*, in retrospect I don't think it was a revolutionary book. (Many readers did. Everything, of course, must be seen in context: The modest close-to-the-customer plea of *In Search of Excellence* was perceived as "revolutionary" in 1982.) I hope *Liberation Management* is revolutionary.

The new definition of revolution? In the introductory section of this book, titled “Necessary Disorganization,” we’ll meet Percy Barnevik, who, upon merging Asea (Sweden) with Brown Boveri (Switzerland) to create ABB Asea Brown Boveri, quickly cut the latter’s corporate staff from 4,000 to 200 (he’d done the same thing at Asea a few years earlier). Could 38 of every 40 “staffers” really have been excess baggage? Yup!

“Organization structure” comes first in this book, customers last. And that *is* quite a switch from *In Search of Excellence*, *A Passion for Excellence*, and *Thriving on Chaos* (“structure” issues accounted for about 2 percent of those books, but take up over 50 percent of this one). Does that mean customers have slipped off my radar screen?

Hardly. The close-to-the-customer message was right-on as far as it went. Still, I need to offer a mea culpa: If you’ve done all the close-to-the-customer things that I begged you to do in my first three books (“to-do” lists that, combined, contain hundreds of items), I’m not sure you’ll be any “closer” five years from now than you are today. Not, that is, unless, like Barnevik, you have also demolished the corporate superstructure. Not unless, like former Union Pacific Railroad chief Mike Walsh (Chapter 7), you’ve torn a 30,000-person organization apart—*fast* (Walsh did it in about 100 days). The fact is, that earlier message was the cart put miles before the horse—the horse being the enormous structural impedance that made a mockery of the most profound close-to-the-customer “culture change” efforts undertaken by nine out of ten progressive companies in the 1980s. So, do what these bold souls have done first—and then get on with all that “close-to-the-customer stuff.”

Get on with it, yes . . . and no. Because there’s a sense in which, now, I would counsel *not* listening to customers at times, and therein lies the *real* revolution. This book is animated by a single word: fashion. Life cycles of computers and microprocessors have shrunk from years to months. Some 300 new grocery and drugstore products grace the shelves of American retailers each *week*. Even the materials and chemicals and pharmaceutical industries have gone high-fashion—with a rash of “products” spewing forth, each aimed at customers’ ever-shifting, ever narrower-gauge needs.

All this means that we must engage far more intimately with customers (and large numbers of other temporary “network” partners) than I had imagined 10 years ago—“symbiosis” is the preferred word, a word you’ll see again and again in these pages. That’s one form of more than “close to” the customer. But to stand out from the crowd also calls for communing with your own muse and that of quirky partners from around the globe to create startling products and services which respond to needs customers hadn’t dreamed they had (and which are completely impermeable to even the cleverest “market research”).

The idea of fashion, as we’ll soon see, unnerves traditional managers. It demands liberation, everyone exhibiting flair and bravura, pursuing breathtaking failure as assiduously as success. We’re *all* in Milan’s haute couture

business and Hollywood's movie business (thus organizations such as CNN are prominently featured in this book, intended as exemplars for the likes of Du Pont or GM).

Fashion also connotes liberation in another sense. To offer a barrage of customized solutions to fleeting customer problems requires quick-change artistry within our product lines, and calls forth the pirate and the gambler in us all. It cries out for the wholesale exercise of the human imagination. In short, as the service sector grows and the service component of manufacturing comes to dominate, every one of us is in the "brainware business."

Among others, *Liberation Management* is dedicated to Tom Strange and Joe Tilli. They are a pair of "line workers" in heavy manufacturing, and Teamsters to boot. But they are something else. Their employer, the high-tech hose maker Titeflex (Chapter 5), has cut order-cycle time from about 10 weeks to a couple of days by busting a 500-person business into a half-dozen-or-so 80-person bits and, like ABB, decimating the central staff ranks. The ultimate expression of the new Titeflex is its Rapid Deployment Team—that is, Strange and Tilli. They can turn out a crash job for, say, Boeing or GE, from customer query to loading dock, in three to four hours. Tom and Joe may hoist a hose or two along the way, but the truth is that they're adding value through "brainware." As I see it, they're not much—any?—different from the McKinsey & Co. consulting teams I was part of 15 years ago. They're not really two "pairs of hands"; they are, instead, a full-blown professional service delivery team!

Strange and Tilli are, in a way, our new paradigm, model, metaphor (lots more on metaphors to come—carnivals, spiderwebs, etc.). They are liberated as hell (*Liberation Management*) by old standards, including those of *Thriving on Chaos*, and also part of a company that by yesterday's lights is highly disorganized (*Necessary Disorganization for the Nanosecond Nineties*). They are brainworkers as much as Microsoft's programmers, and as independent and wholly responsible/accountable as EDS's 5,000 or so teams of 10 in the information-systems business (Chapter 2).

Brain-based companies have an ethereal character compared to yesterday's (1982's!) outfits, and that's putting it mildly. Time clocks certainly have no place. And headquarters intrusions had best be rare. Strange and Tilli—like their counterparts at Microsoft, EDS, CNN, and my teammates in developing this book at Knopf/Random House—will go where they have to go to add value and do what they have to do to get the job done quickly. Barking orders is out. Curiosity, initiative, and the exercise of imagination are in.

For a quarter of a century I've hung my professional hat in Silicon Valley. It's arguably the most fertile 1,300 square miles in the world economy. It is also a carnival. I've had all of my assumptions about "organization" ripped asunder as I've watched the Valley thrive. It has elbowed its way into the planet's consciousness, largely courtesy of failure after failure after failure (and, along the way, many more than its fair share of successes—mostly by-products of the

most exciting failures). It's instructive to think about how Silicon Valley pulled off its coup: It provides many people with a heavy dose of liberation, and, god knows, it's disorganized. By living in its midst, I've been forced to acknowledge that it's time to shed—make that shred—the old images. When I worked on *In Search of Excellence*, from 1978 to 1982, my eyes still mostly turned eastward (Detroit, etc.), toward yesterday's big manufacturers. Now my gaze has shifted, and that shift has allowed me to look at CNN, at Britain's crazy "imagineers" (of the "marketing"—you'll see why it's in quotes soon enough—firm Imagination), and at a whole series of wild and woolly endeavors that are now creating most of the economic value in developed economies.

Writing this book has been agony. I've finally shaken off the vestiges of 30 years of traditional thinking. And it has been ecstasy. I've allowed myself the unalloyed pleasure of enjoying the mess of market economies, powered by lunatics and dreamers, by failure far more than success. If this book lives up to its title, and is as liberating for you to read as it was for me to write, then I shall feel my labors to have been more than worthwhile.

Welcome aboard. I pray we have a bumpy ride in the pages ahead.

TOM PETERS
Palo Alto, California
October, 1992