

## A Q&A with Tom Peters

Global management and leadership guru Tom Peters is back in South Africa this year on the Global Leaders ticket in March. If you haven't heard him live yet, try. He is inspirational. In this Q&A he talks about Africa and Asia, the next 10 years in business... and the difference between men and women in the boardroom.



The questions were supplied by Global Leaders and answered by Tom Peters to promote this leg of his speaking tour. Tom Peters was last in South Africa in 2006 with Global Leaders:

### **Q: Can you achieve stability within a corporation in an increasingly chaotic world? Do you even need to?**

**A:** Firstly, as Dr Henry Mintzberg said, it is the conceit of every generation to say that the past was easy and the future is tough. At some level, this isn't a wildly different world from that of before: yes, things are now faster because of technology but that happened when we switched from delivery by horse to telegraph. There have been many changes through history that have led to a similar change in the speed of business, relatively speaking. Past generations have coped with dramatic change before; sometimes change is not fine, but don't think that the human race hasn't experienced it before.

You need base seeds of stability, but this comes from your relationships with your colleagues and network – I call this “horizontal loyalty” – as opposed to “vertical” or “suck-up loyalty” to your boss, who is as likely to get fired as you are. With horizontal loyalty, you interact with those who will move on to other jobs and hopefully, pass business back to you. We're like artists, musicians or actors, and are dependent on the breadth and depth of your overall network as opposed to being cubicle slaves.

I would argue that stability is more important in the long-term than ever. It is a better way to behave as a human being, but it is harder work. You have to continually work at relationships within your whole network, not just the peculiarity of one boss - we used to call it “community”.

### **Q: What are the most important considerations for companies for the next 10 years?**

**A:** We are a long way from understanding – and exploiting – the internet and other technological advances. This will include the life sciences revolution as well as the creation of real artificial intelligence that will replace human beings like you or me. These advances will make the information revolution look small in comparison.

There will also be a dramatic increase of competitiveness of formerly ignored people, with India and China tied for first place, which will produce a different level of competitive intensity than ever before.

### **Q: As more and more companies outsource to Asia, how will that affect corporations there as they concentrate on selling people and process, rather than products?**

**A:** This is already happening: Asian countries now need to develop a signature, just as in France, Italy, Germany or other countries: branding a country is a state of mind, it starts in primary schools, and is a compelling national aspiration, starting at the airport and running through the community. It is not an isolated idea; it is de facto national policy in Singapore, Ireland, New Zealand, Britain and other countries.

These issues are becoming increasingly obvious in Bangkok and Singapore, for example, as higher wages and increasing prices have led to a mutual race up the value-added chain. The irony is that the Chinese are doing the same thing.

Outsourcing work that was going to China and India will now be routed to English-language countries like Ghana, while Botswana can take low-end jobs from India. But this situation is not new and is by no means limited to Asia; when German wages went through the roof, they outsourced vehicle manufacturing to the American South.

The bigger issue, as the centre of the universe shifts to Asia, is the new role for citizens and governments in Asia.

### **Q: Why isn't Africa proceeding at the same rate of development as Asia if it is starting to reap the benefits of outsourcing?**

**A:** Half of the national borders in Africa are ruler-straight, because they were created by people outside the country, either in a government in Europe, or in a library in Oxford. Colonialism has left a nasty mark on India, as well as Middle East (partially) and Africa. The tribal borders are a mess and the national borders are the result of Western powers screwing around.

There is some good news for Africa, because China has an insatiable demand for its raw materials, and this demand should last a minimum of 25 years, which results in a boom (or 'boomlet') for the continent.

But outside Botswana, South Africa and a handful of other countries, despotism and corruption is rife – indeed, this is World Cup Corruption – and there is a long way to go before they can achieve stability, transparency and integrity of government.

### **Q: Is integrity the most important value for successful leadership?**

**A:** Let's not go down the management guru route of saying integrity is everything – we're not designing a Mary Poppins world where real humans don't exist and Mandela or Gandhi are the only true leaders. Life is not perfection, and humans lie.

Authenticity, respect, decency and integrity are important and belong in the constellation of leadership values, but the real world is about politics and politics is how human beings get things done. People shade the truth – with our significant others, family, children and so on – which is just a fact of life.

## **Q: Does good leadership transcend culture? Or do cultures shape leaders?**

**A:** Clearly, and definitely, it's a yes and no to both. A leader has to be perfectly attuned to the culture in which he exists. These cultural nuances are invaluable in terms of motivation, or even insults. There is a huge cultural component in great leadership, but also a huge human component – great leaders have lots in common.

## **Q: Can excellence be found through frameworks such as Balanced Scorecards or Six Sigma, or is the most effective method one that is self-created?**

**A:** The tools we teach are very valuable, but the bedrock of determination and decency must be there. It comes down to what I call “bloody mindedness” – or insane commitment. If you are determined to do a fabulous job, you will succeed. Do you have the willpower?

Jack Welch made Six Sigma contribute hugely to General Electric's bottom line, yet nine out of 10 companies who have sent managers on Six Sigma training have failed to see a return. It comes down to what I am calling the D-file (D for determination).

## **Q: What is good corporate governance and corporate social responsibility these days?**

**A:** In 95% of cases, doing the right thing is also the profitable thing. If you are a greedy capitalist pig, then community mindedness is going to pay off for you.

The late Anita Roddick almost created a cult at the Body Shop, when she gave real time off to employees to do community service, not empty promises. In an age based on creativity and talent, people want to sign up for great employers with values.

Quite simply, I think Anita was one of the most remarkable human beings, women, entrepreneurs in the world. Among other things, who else has offered such a dramatic and sustaining example of the possibility of business as a force for goodness and virtue?

## **Q: Are there some companies that can't innovate enough and are automatically beaten by technological advances? For example, Polaroid, CD players, video recorders and record stores?**

**A:** There are 73 flavours of innovation and only one of them is the iPod. There is innovation in hiring and recruiting people, in structures and in processes – and all these are as legitimate as product innovation.

People tend to think product innovation is everything - it is everything, but then so are a lot of other things. Individuals and corporations need to change or they are in trouble. My strongest bias is against large companies: as enterprises get larger, they increase their devotion to the past and their generic sluggishness increases. There seems to be no way to get around this. Look at Dell and Microsoft: last year they were invincible, this year they have problems.

## **Q: Are mergers & acquisitions an easy way out for companies to get out of research and development or re-energising?**

**A:** Absolutely. Mergers and acquisitions are stupid, and are the easiest way companies can think of to get out of the innovation problem. Also remember you are dealing with egos of chief executives, who want to be bigger, to have the biggest corporate box at the World Cup finals and so on. Look at the car industry, with three pieces of junk in Nissan, Renault and GM, thinking they should be packed together to fight Toyota. Or take Gillette, which was sold to Proctor & Gamble in a \$57 billion deal – why? Gillette was far too big as it was. The deal was mainly because the CEO got a \$180 million bonus for selling the company.

Acquisitions are fine if they are genuinely targeted and involve buying a small, effective, creative company, or buying research and development to fill a hole in their portfolio. A good example of this is Omnicom, which has made lots of acquisitions on a strategy of buying talent.

**Q: You have named women as the corporate world's number one priority. Does the same hold true for women as business leaders?**

**A:** One of the principal reasons women haven't done as well in the boardroom is the corporate structures we have today, which were invented by men for men. Men get off on hierarchies and violent competition, where women choose a different route for getting things done. Men do well roaming the range but fall apart in small spaces.

Women, unlike men, focus naturally on empowerment (rather than hierarchical "power"). Women practice improvisation with much greater ease than men. Women are more self-determined than men and appreciate and depend upon their intuition more. Women understand and develop relationships with greater facility than men.

**Q: Finally, which company do you love at the moment?**

**A:** My favourite is the Cirque de Soleil: they have a strong talent base, change daily and are creative. It has nothing to do with size of company, but to do with excellence. The most important new trend in the United States is 11 million companies are owned by women. Some are rubbish (as are some that are owned by men) but some of them are so fabulous that they make you shake your head in awe.

• **Tom Peters Live and In Person – Excellence, Always!** will be held at Gallagher Estate, Midrand, Johannesburg on March 12, 2008. For more details, visit [www.globalleadersevents.com/peters](http://www.globalleadersevents.com/peters). GLOBAL LEADERS has a proven track record of delivering unique content through events with influential business and thought leaders in the field of leadership, strategic management and competitive strategy. In 2007, Global Leaders brought a series of thought leaders to South Africa, including: CK Prahalad, Dave Ulrich, Michael Porter, Scott Bedbury and Rowan Gibson.

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