



## Tom Peters: "Don't Stop Me Now" Season 2: Episode 6

Speaker 1: Welcome to Stayin' Alive in Technology, a series of conversations with Silicon Valley veterans touching on war stories from the past and practical advice for today. And now, here's your host, Melinda Byerley, founding partner of Timeshare CMO.

Melinda: So I usually start out with talking about why I invited someone to come on the podcast. In this case, I'm going to start with this guest's bio. Tom Peters was born in Baltimore in 1942, as he puts it with a lacrosse stick in one hand and oars over his shoulder. Tom Peters resided in California, mainly in Silicon Valley, where he was on a list of the 100 most powerful people in Silicon Valley from 1965 until the year 2000. Tom is a Civil Engineering graduate of Cornell, with both his Bachelors and Masters, and he was included in a book of the 100 most notable Cornellians. Go Big Red. He also earned an MBA and his PhD in Business at Stanford University. He also holds Honorary Doctorates from institutions that range from the University of San Francisco to the State University of Management in Moscow. He's been honored by dozens of associations and web polls in all sorts of leadership areas, such as management, quality, human resources, customer service, innovation marketing, and design.

Melinda: Tom served in the Navy from 1966 to 1970, where he had two deployments to Vietnam as a combat engineer in the fabled Navy Seabees, and as he puts it, survived a tour in the Pentagon. He was actually a White House OMB Drug Abuse Advisor in 1973, and then he worked at McKinsey, the famous consulting firm, from 1974 to 1981. He became a partner there in 1979. He also co-founded McKinsey's now gargantuan Organization Effectiveness Practice. In 1981, Tom founded Skunkworks Inc. and the Tom Peters Company. I can tell you that his latest book, *The Excellence Dividend*, is on store shelves, and I can highly recommend it. He is speaking directly to us in tech from his near 50-year career consulting to some of the world's most successful companies. That's Tom's bio. That's what he wants you to know.

Melinda: Now, I'm going to talk about why I picked him to appear on this podcast. When I was a kid in the upper Midwest, my stepfather was a union auto worker. And on his bookshelf there were two books by the CEO of Chrysler, Lee Iacocca. And at the time, for those of you who were not around then, Lee Iacocca was being hailed as a hero of modern management for saving Chrysler and re-paying the money it had been loaned by the government during the crisis. I read those books and I also read a book on the shelf, and there's a story in this podcast about that, called *In Search Of Excellence*, and Tom was one of the authors of that book with his co-author, Robert Waterman. If you haven't read that book, you actually should. It's a classic of modern

management. Tom and his co-author Robert called out the importance of people to success in organizations. This was at a time when the management techniques were gaining favor, as the Japanese automakers saw great success with them. Tom and Robert's book stood in stark contrast, even to my sort of pre-teen, tween, teenage mind, as a manifesto about people instead of just automation.

Melinda: So the net result of all that reading as a kid and watching my stepfather's life as a union man was that I was inculcated with the idea that you need to run from automation, that many jobs were going to be automated and that I needed to find, as the child of working class parents, a career that I wasn't going to have to change at the age of 50 because machines or robots had overtaken it. In fact, at PayPal I had no choice. I had to sort of decide between being an expert in paid search in 2005 or being an expert in user experience and on-site optimization. I picked the latter because, at the time, and I think this has proven to be true, it was less likely to be automated. Paid search is not completely automated, but it's very much algorithmic driven, and much more machine driven, and probably over time will be even more so.

Melinda: Of course, Tom's a Cornellian. I love to talk to Cornellians. But the real reason that Tom is on this podcast is because he said yes. He's got one hell of a feisty Twitter feed, and coming from me that's saying something. I have been flabbergasted as I have watched him master this medium and watching him being so willing to challenge the status quo, which surprised the hell out of me given his pedigree. Frankly, there are not a lot of white men in his position of power that are willing to sort of call out the practices that I like to call out. He calls out bad management, he calls out poor ethics, he calls out wasting of talent and the way we treat people, and he rails, just like I do, against the short-sightedness of homogeneity in Silicon Valley. He is very much a proponent of diversity in all its forms, and has a lot to say about it.

Melinda: So, one day, he tweeted some really strong words about regulating Facebook. Those of you who follow me on Twitter will know that's a thing of mine as well. And in a moment of bravery I reached out to my hero and just asked him to appear on the podcast. Really, it was quite a shock when he said yes. It was even more of a pleasant surprise when he turned out to be one of the most fun interviews I've done to date. I could listen to him tell stories for hours. I hope you feel the same way.

Melinda: Tom is a straight shooter, and especially near the end of this podcast you'll see that he has some very sharp and very direct words for the leaders of Silicon Valley. He's got stories from a lifetime working with people like Steve Jobs and all of our tech titans. I think we already need to schedule a part two, but for now I hope you'll just sit back, listen, and enjoy hearing from Tom Peters.

Melinda: So, Tom, I like to ask our guests this. And it's if you remember the first time that you put your hands on a computer?



- Tom: Yeah. I mean, yes, within limits. I was a Cornell engineer, class of '65, which means I matriculated in 1960. I was taking a course in hydraulics. We studied things like rivers and dams. I don't expect you to know this. If you do I will be really wildly impressed for a drama major...
- Melinda: Come on-
- Tom: Front space of a dam there's something called a hydraulic jump, and whatever. I don't even remember it much. Anyway, in those days there were local languages, and our language was cork, which stood for the Cornell computing language. And the first thing I had to do was an assignment by my hydraulics teacher to use the computer to find out where the hydraulic jump would be. Probably '63. Using the computer meant popping holes in punch cards literally, taking the punch cards over to whatever amounted to the computer center, and then the next morning getting some print out which gave you answers to whatever questions that you had done. That was absolutely, positively, unequivocally my first exposure. I don't remember anything about the speed or the capacity. It was probably about two megabytes at that point. But the image is just indelibly in my mind.
- Tom: And then when I became a serious user, was I was at McKinsey from '74 to '81, and not a serious user in the sense that you talk about today. McKinsey was using computers for the first time, and one of the stories I remember about that is we were working with a company called Hawk Eye. They were a fertilizer maker in Iowa. We wanted to impress the hell out of them that we were with it.
- Melinda: The fertilizer maker.
- Tom: Yeah, this is McKinsey and you fly first class. So, my computer, portable, probably weighed 80 or 90 pounds and it came in a box that was the size of a suitcase. You couldn't do any of this today. I bought my computer a first-class seat and it sat next to me when I flew from San Francisco to Chicago for this Hawk Eye meeting. I mean, that one absolutely gets me. It's just hilarious. I would guess we were programming those days with an early basic, I don't know. And then I did a lot of [inaudible 00:08:59] programming at McKinsey. I actually had one moment of heroism where I did some kind of simulation model for oil field discovery, and it didn't change the planet but everybody thought it was really hot shit, so that was the apex.
- Melinda: Did you know at that point? I mean, when you put your ... I often say the minute I put my hands on an iPhone I could tell, even as a long-time computer user, that things were going to change, that something had fundamentally changed-
- Tom: I think that's fair. Yeah, I think that's fair but the answer to your question is no ... absolutely no.
- Melinda: So, this is a tool. This is a tool like any other tool and here we go.



- Tom: Yeah. A, it's a tool. And don't forget the fact that it was the size of a suitcase-
- Melinda: It's kind of hard to-
- Tom: It wasn't portable, it was not. I thought when the personal computer stuff started, I thought that Wang was really going to kick ass. And the reason I thought it was that Wang had advanced desktop calculators, so Wang knew things about little boxes that you had on your desk. I thought that would be a hell of an advantage for them over the TIs or the HPs or whomever. Well, I mean they had problems with Mr. Wang's son. I don't know if he was a ne-er do well, but he blew the company up in short order.
- Tom: But no, absolutely. And you can do your survey. Way, way, way back ... it was after Cornell. I was in the Pentagon. I was in the Navy and I spent two years in Vietnam and then two years in the Pentagon. One of my Cornell engineering classmates and fraternity brothers, I went to visit him in the Pentagon. This would be been '68, which means I could be entirely wrong about what I'm about to say. But he was screwing around with something that I believe was the beginning of the internet, and not the Tim Berners-Lee crap, which I resent, but the real internet, which was as you doubtless know, was a DARPA project, a Defense Advanced Research Project Agency company. DARPA was using it for security in the case of atom bombs and so on, but that was ... I have no idea what tool he was using, but I think already even '68 that he was playing solitaire on whatever his box was, or something like that.
- Melinda: The first known use of solitaire at work.
- Tom: Yeah, absolutely. The other thing, which is ... you would get a kick out of. In 1992, I wrote a book that was far too many pages long. It was called *Liberation Management*. We used a lot of text boxes and things like that that were advanced. I remember being in Colorado Springs and being interviewed about the book. It was a young woman who was interviewing me, and the young is important, not the woman in this instance, and she said to me "This is the first book ever written in hypertext." I remember laughing hysterically because obviously it wasn't, but the format looked that way.
- Melinda: That's hilarious. That was the judgment, it's hypertext. I think this is a good--When I mentioned that I was interviewing you to a number of people in tech, there were blank looks, which is sort of shocking to me. This is not to-
- Tom: I know, it's a tragedy to me-
- Melinda: It is a tragedy. I think it's a fantastic place to start for you to talk about. We talked a little bit in a pre-call about some of the work you did at Apple, but I think for those of you in tech who haven't heard of Tom, he has had a career advising tech companies.

And I think it's worth talking about just some of the companies you've worked with in your career.

Tom: Yeah. Well, I've been speaking and writing for a long, long time, so regular consulting has not been my shtick. But I did have after *In Search Of Excellence* a little consulting stint at Apple, and I would guess it had ... Let's talk about something that's the same and different.

Tom: Let's talk about Tom Peters arrives in Palo Alto to go to Stanford in 1970, alright? Tech was a huge deal, but tech was defense contractors on Route 101 plus a few startups like HP. The hoodie is the joke uniform today. The uniform then was men in white shirts with pocket protectors and ties. I mean, it was just a standard. A hoodie is not really standard in Palo Alto, but it was as standard as the hoodie, if you will. That was what it was about. It was about old engineers, old meaning 35 or 40. But they were the regular staffers. Hewlett Packard, when I co-wrote *In Search Of Excellence*, had just passed the \$1,000,000,000 mark and it was a semi-start up. Anybody in the Valley who was doing something new, like Scott McNealy at Sun Microsystems, it was "Oh, I want to grow up to be like Hewlett Packard," long before the troubles came along.

Tom: Also, about that same time was David Packard, which is interesting. Both Packard and Hewlett were Cornell engineers and ... Fred Terman, who was the Cornell President, was the one who was interested in them and devices and so on. But it was David Packard, '82, '83, who did the unthinkable and stole I think the top guy whose first name was Joel and I don't remember his last name, from IBM's Watson Labs. He said, and this is a breakthrough again, he said "This computer thing is going to be a big deal." But there was a style in the Valley, and it was as rigid as the style today and 180 degrees off.

Melinda: What do you attribute that to? Is that an engineering mindset?

Tom: I mean-

Melinda: The rigidity, or am I-

Tom: Yeah. I have a lot of problems with Steve Jobs as a human being, but the storyline ... which I think is not untrue, and you know it better than I. Jobs gets fired by Apple. Jobs goes off to, what was it? Pixar?

Melinda: Next.

Tom: The beginning of Pixar.

Melinda: He went to Next.

- Tom: And Jobs himself. Jobs and Next were the ... Jobs was the beginning of mainstream commercial products from Silicon Valley. There had never been consumer goods to come out of that Valley. Never, ever, ever, ever, ever to the best of my knowledge. And the whole thing, way, way, way before the iPhone but with the Mac and the precursor to the Mac and so on, was products for people. I think that was absolutely positively the beginning. Somebody wrote something. He said that the magic of Silicon Valley was the old engineering tech of the Valley married to the crazy ass San Francisco Apple Jobs attitude. You can't grossly oversimplify, but that's kind of true. If you'd said consumer goods in Silicon Valley when I got there in '70, or 10 years, or 9 years, or 8 years later, almost nobody would know what you were talking about.
- Tom: Incidentally, you asked me what my first computer connection was. The other thing that I think you'd find interesting was Bob Waterman and I wrote *In Search Of Excellence* in '78 and '79 and '80, and I did a huge first draft. I took it to a typist across the road from my office at 555 Hamilton Avenue, Palo Alto, California, and then Bob edited my first draft. This would've been '79, and Bob edited my first draft on an Apple II. That was a big deal.
- Melinda: Because in the past it would've been done by hand, right?
- Tom: It would've been done by hand and then, in many cases if you were like me who had never taken a typewriting course, you would then hand it ... some people to their secretary, or in my case, to a woman who did all the typing of the stuff I did. That was standard, so it was really wild and crazy that Bob did this thing on an Apple II. And the Apple II was incidentally my first portable computer.
- Tom: The other thing which has to do with, which triggers, and I know this triggering thing is an old man thing, is when I went to McKinsey, which was 1974, I went to McKinsey with a ... I'm not sure of the pronunciation, Keuffel and Esser Slide Rule.
- Melinda: Wow.
- Tom: And at McKinsey, I found these people who said "Why aren't you using a handheld device?" And the handheld devices, there was I think a second rate one from HP, but they were Texas Instrument devices. So I think it's true that I went to wherever the engineering place was in town, in Country Shopping Center in Palo Alto, and I think that I traded by precious K and E Slide Rule for my first T and I handheld device, which I don't know whether we called them computers, but of course they weren't computers.
- Tom: And the wonderful thing, later we put Texas instruments in *In Search Of Excellence*. I remember talking to an engineer at TI, and I have never fact checked this story because it was too good to fact check, but when TI started its little handheld devices people thought they couldn't be any good because they were too light. So TI went



back and, I mean obviously it was shaped differently, and put a fishing weight into the little handheld devices so it would feel substantive.

Melinda: Because humans are rational and we make decisions so rationally.

Tom: Yeah, absolutely. I just, to this day I think it's absolutely hilarious.

Melinda: You know though, it's fascinating. When you wrote about TI and sort of about their ability to deal with humans, there's an example of engineering going "This makes no sense, but it's what the people want so we'll give it to them," not "You don't need this, humans."

Tom: Well, but its also a wonderful story about leadership because my TI, when we wrote about them, was headed by a guy by the name of Pat Haggerty. And Pat Haggerty could've been a twin brother to Bill Hewlett, who I knew a little well. TI was going down the then route of people like Facebook, not in terms of the privacy stuff obviously, but in terms of being absolutely dominated by engineering thinking, and Haggerty was one of those people like Bill Hewlett, who was a by on that. He really got what he was doing from a tech standpoint, but he really got the people stuff and the connection with the market stuff as well. Then TI had its problems and so on, but I fell in love. Well, two people I fell in love with, or the three in that world, were Haggerty at TI, Olsen at Dec, and Hewlett at HP. Olsen you really couldn't fall in love with because he was the most starchy New England Presbyterian God ever produced, and I don't think his face ever broke into a smile.

Melinda: We're going to take a very short break from our conversation with Tom Peters, but we'll be back with more in just a moment.

Melinda: Hi, this is Melinda. I hope you're enjoying this episode of Stayin' Alive in Tech. I'm not about to ask you for money, but I do need your help. This podcast is a labor of love, but that doesn't mean it's free. We pay our sound engineer, production assistants, podcast host, graphic designer, social media team, domain registrar, website platform host, and for any of the light marketing that we do. This month we're actually adding transcripts to all of our previous episodes, and we'll be adding them to each new episode going forward. So because we can't hear your reactions when you listen to a podcast, we'd like to ask you to give us five minutes of your time to support this podcast. The things that we need most are your reviews on iTunes or Google Play, and your suggestions of volunteers for new guests or interesting stories. As always, we really appreciate your support on social media with your friends on Facebook, LinkedIn, or Twitter. Thank you for listening to us at Stayin' Alive in Tech, and thank you in advance for your support.

Melinda: You know, you lived here a long time and you've worked with tech people for a long time. You're an engineer yourself, and with all the reading you've done for your book you know about the canard in tech, right? That engineers are not good with people

and we shouldn't expect that from them. You're an engineer and I'd love to get your take on that.

Tom: Well ... Okay. That will take the rest of the day. I'll tell you a couple of things. I was at McKinsey '74 to '81 and we were loaded with MBAs, but a high share of those MBAs had engineering degrees, and particularly in places like Germany. I know it's a canard, but I remember the joke line at McKinsey. "Who are the leaders of McKinsey?" And the answer is "The least worst people people among those we hired." Because you were hired for, I mean it was MBA or tech. Call it finance, call it engineering. That's what we were. We were problem solvers, we had no emotion, we didn't believe in emotion, and so on. That's story number one.

Tom: Story number two, which doesn't count in statistics because it's a one off example, is I go to Stanford, Cornell engineer, combat engineer in the Navy and Vietnam. Leave the Navy, go to Palo Alto to go to Stanford. Halfway through my MBA, find an advisor who I fall in love with. He talks me into doing a PhD, and the PhD was in Organizational Behavior. And in my class of organization behavior people at the Stanford Business School PhD class, there were three people. All three of us were engineering refugees. And I think somehow, the people stuff had ... seeped into us somehow or other, though maybe we looked at the people stuff as an engineering puzzle. Because in fact, my thesis advisor had gotten his PhD in Psychological Statistics at the University of Chicago at the age of 20, for God's sake.

Tom: Then let's skip ahead to the McKinsey project. All this I think is relevant to your question. McKinsey was God in top management consulting. We were counselors to top management. And then this little upstart son of a bitch Bruce Henderson comes along and starts BCG, and BCG starts pushing us around. And BCG was selling ideas. We were selling counseling, they were selling ideas, something called the cost curve, which is the predecessor to fire everybody and get your costs minimized. But that's a different conversation.

Melinda: It's a different rant.

Tom: And so the Managing Director of McKinsey, a guy by the name of Ron Daniel, said "Hey, we gotta get some of these ideas." So he started about six projects, and most of them are what you would expect, like operations, analysis, strategy, and so on. Then Daniel started an I don't give a damn how this works out piss ant project 3,000 miles away from the McKinsey headquarters in New York. It was on organization effectiveness. Question. Why did he do it? He was scratching a personal itch. And I got picked, mainly because about 10 minutes ago before that I had gotten my PhD from Stanford in Organizational Behavior. So Daniel says "Look, I got this problem." He said "McKinsey is clearly the brightest collection of human beings on Earth, and we go and work with our big clients and we give them strategies that have no holes in them, that are brilliant, that are just beyond belief." And he said "Then nobody can implement them."



Melinda: Mm-hmm (affirmative). That's the rep on the street-

Tom: I want to figure out why the hell this brilliant work that we do screws up in the implementation arena. So he gave me a blank check and said "Talk to everybody in the world and figure it out." And talk to everybody in the world meant kind of a one year plane trip around the world to talk to people who were working on organizational effectiveness, sometimes in companies, more often in academic settings. There was a guy by the name of, not academic, Einar Torsrud. He was a Norwegian and he was introducing self management on oil tankers. That was like the hottest shit thing that any of us had ever heard.

Tom: But I'm not sure canard is right. I think most engineers never recover from engineering. We use that horrible term on the spectrum far too much now, even if it does apply in Silicon Valley. I don't think the average Cornell engineer, my classmates, were on the spectrum, but we sure as hell had an engineering mentality. We were forced to take courses in psychology and history, and thought it was the biggest goddamn waste of time in the world. We thought every Liberal Arts major... among other things, we had to graduate with 180 credit hours and they only needed 120. We thought they were useless twits, and I think we were taught that by the culture of the schools.

Tom: Stories that can't be told, I will ... well, not necessarily. I was thinking of if you knew my fraternity you would know that we had people people. But then what I'm reminded of is that horrifying book that's been written about the Valley recently, which I'm sure you've read and probably had her on your show, namely Brotopia, which made me sick in my stomach when I read it.

Melinda: I read this...I have not read the book I confess, but as I read the summaries and knew who she was it was like yup. It's almost like I've lived it so it might be too painful to read. But yes, I'm right there with you.

Tom: I think it could be ... I mean, well you know there were ... Well, this is a story I'd love to tell you. There's nothing unclean about it, but there's no reason. Well, let's say I was working at a consulting company which shall be nameless. And I was in New York and also in New York was a lovely woman who worked for the San Francisco office of McKinsey. She and I went out to dinner and we came back from dinner and we were in the same hotel, and we were riding up in the elevator. She was on a lower floor than me and I do remember her name, which I won't use. I said "Goodnight Barbara, see you tomorrow."

Tom: She said "Get off the elevator."

Tom: And I said "Okay."



Tom: She gives me a big hug. she said you are the first consultant I've worked with at this unspoken company who has not hit on me after something like a dinner.

Melinda: Wow.

Tom: It's anecdote, so it's not to be taken seriously, but you've lived through it and you know it is to be taken seriously. I was just stunned by that.

Melinda: Yeah. We could probably spend another hour talking about that because it's ... But I'm fascinated by it, because as I told you, my stepfather was a maker. He taught me how to work with my hands back in those days when you could repair a television yourself. He was that kind of person, and I had such great experiences with so many engineers when I first moved out here. So it's been fascinating to me to hear that come up, and I think there's real value in people who have just more years on the planet commenting on their experiences and how things have changed, like what has changed. Do you see changes in this area? Do you think things are getting better? Sometimes it's hard when we're in the thick of it to feel like it's moving-

Tom: I mean, you know there's the wonderful Melinda Gates quote that, "There are more Fortune 500 CEOs named James than there are women." I think that's right at the top of the corporation, but I think there has been enormous change. I mean, let's look back to whatever day it was all of three months ago ... namely, November the blank when we had the elections and we now have 125 or 124 women in Congress. Not what we oughta have. I'm with Ruth Bader Ginsburg because she will only be happy when all nine justices are women, and I'm on her side. But the change has been incredible. I was in the ... participated in the Pro-Choice March on Washington. I watched all that stuff happen. It's completely unsatisfactory and the Brotopia book literally, not theoretically, made me sick in my stomach.

Tom: But it's kind of shocking how far we've come. The old person like me doesn't say slow down. We got a huge way to go. I've been working on women's issues since 1996, so I've got some street cred on that. But at the same time, we've come a long way. The same thing is true, we're watching the whatever it is, Representative King, who got appropriately kicked around for his white supremacist stuff. But if you were born in the south, in Annapolis, Maryland, where I was born, was the deep south in 1942 when I was born. If you were born in the south ... We still are a racist society, all stop. However, the advances we've made on that dimension are just stunning.

Tom: And if you said to me, and I'm not sure this would be an honest answer, but it would be close, if you said to me "Tom, what's the most amazing social thing that's happened to you?" Well 1974, as I told you in our pre-interview, I lived in San Francisco and I was a few blocks above the Castro, which was the really center of the gay movement. If you had told me that gay marriage would get approved ... We're having a tax on it now. But if you had told me that it would get approved as rapidly

as it did I would have said "That's the biggest crock of shit I've ever heard in my life." And yet, we've done it.

Tom: So a hell of a lot has happened, a hell of a lot is left to be done. And one of the key issues obviously, relative to the 30 miles south of where you live, or where you lived, because Google dorms and stuff effectively and so on ... One of my many concerns about the Valley is I think it's a huge step backwards in that regard. I think this Brotopia thing is horrifying. If there are more ... Can I tell you one thing and you're a Cornell graduate and then we can both? I'm sure you know this, and this is the best thing. Here is progress. Tom Peters matriculates at Cornell in September of 1960. He matriculates as an engineer. There are 800 engineers in his class. One of those engineers is a woman.

Melinda: Wow.

Tom: I get in the mail, this is the happiest day of my recent life, and that's not an exaggeration. I get in the mail I think it's engineering, my Quarterly Cornell Engineering magazine. There are two photographs of women on the magazine. One of them, and I did not know her, happens to be that lonely woman who was in the class of '65. The other one is a young cherubic face of a woman in the matriculating engineering class at Cornell University, which is the top rated engineering school in the Ivy League. At Cornell University and matriculating class at Cornell University Engineering was 50.1% women.

Melinda: Go big red.

Tom: But holy shit. I mean, honest to God I wouldn't have believed that five years ago. I mean, the bad news relative to the Valley is because partially the Valley's crappy reputation, is not that many of those engineering women are going into computer science. But they're dominating other areas.

Melinda: That's awesome. I didn't know that about Cornell. I love it. One more reason to love us.

Tom: Well, yeah. When I get back to the United States I will send you a photograph of that cover, which is framed and on my wall at home in Dartmouth, Massachusetts. I was just blown away by it.

Melinda: It's a neat thing to see.

Tom: Yeah. I mean, so again, they're the huge issues, they're the Brotopia issues, there's a CEO issue ... One of the reasons change is going to continue to accelerate, which is one of my pet projects of the last dozen or 20 years, is that the amount...Women are the market for almost every product, A. Companies still don't understand it. B, but what's her name Johnson, whose name I don't remember, who is the CEO of Fidelity.



I recently came across an article that said in the next five years in the United States of America, \$22 trillion worth of assets will transfer to women. Well, no. An additional \$22 trillion. And it's too things. Thing number one is women are, maybe not in a majority, but certainly at I think at a 50 ish level in middle management jobs now. That's number one. Women are making more money. Number two is the boomer generation. I mean, I'm actually a teeny bit older than the boomer generation, but the boomer generation is dying off. And statistically speaking, men do women the great favor of dying seven years earlier, and the transfer of wealth from that is staggering. This thing that came from Ms. Johnson said women are going to have all the money. Men, you better watch out. You don't know what's about to hit you ... It's a non-trivial statement. You can argue with it, but you can't argue with it directionally.

Melinda: It's a phenomenal thing to say. Also, it's a woman running the company, which is sort of-

Tom: Which is Abigail.

Melinda: Yeah-

Tom: Abigail Johnson.

Melinda: A really fantastic thing.

Tom: Yeah.

Melinda: So because I'm very conscious of your time that's graciously shared with me, I have-

Tom: Yeah, unfortunately you need to be.

Melinda: Yes, so this is my question. This is the one I've been thinking of asking you since I invited you. When I rediscovered you, as I told you in the pre-call I had read your first book when I was in high school, but I rediscovered you again on Twitter of all places. I heard you say on a podcast recently that you found yourself behind the herd instead of in front of it. I thought, because one of the things we talk about is the value of experience, because another canard in Silicon Valley is it's all about being young, and it's about clock speed. To me it's fascinating that you have a Twitter account that you don't delegate it to anybody, that you manage it yourself, that you're very human and authentic on it. Just as somebody else who loves Twitter, I would love to hear how you decided to open the account, what you get from it, and how you use it, what your sort of process is.

Tom: In 2004, the Democratic Convention was in Boston, where I was kinda sorta living. I was in New England. And on probably the next to last night of the convention, there

was this speech by a young boy who was running for the Senate whose name was Barack Obama. And on the next morning I did my first blog post. My blog post was on the speech, and I said "I don't care whether you're a lefty or a righty. There is one area in my life where I really can claim some excellence, and that's public speaking, and this was the best damn public speech I've ever heard." That was the beginning of my blogging. I got totally into the blogging just because I liked the short essays. I was getting great feedback at tompeters.com and so on.

- Tom: I'm going to really, as boys say, punt partially on this. My associate, Shelly Dolley, who I've worked with for 20 years, opened a Twitter account for me because she thought I oughta have a Twitter account, which I never used. Then at some point, whenever it is, six or seven or eight years ago now, I did my first tweet and I became hooked. That was just fun.
- Tom: I know all the criticism about Twitter and I totally agree. This stuff I guess Dorsey had an interview or something that was really horrible recently. I think Zuckerberg is the definition of evil. My comment is he and Trump are the two people I least like on Earth ... but there's the good part of Twitter. And the good part of Twitter is why you and I are having this phone call which is conversations with interesting people. I'm just blown away by the whole thing.
- Tom: The thing that was fun was when I ended up tweeting back and forth with the President of one of the Seven Sisters, the Mouth Holy Oak and Smith College. One of those Presidents and I tweeted. I was tweeting with the Athletic Director at the University of California Berkeley. When this book that I love, Brotopia, came out, I said something about it and I ended up having a Twitter conversation with the author. I do it for one reason, and it's just plain fun. Also, I'm a little bit feisty and combative, politely I hope, on Twitter. I also, for some damn reason, just found the 140, 280 character thing really fits for me. I frankly wish I wasn't spending as much time as I was on Twitter, but I really am an addict.
- Tom: But it was an overnight switch. I was going blog posts with incredible regularity and I started tweeting and I said to Shelly, my colleague, I said "We'll keep tompeters.com blog post, blog stream open, but I'm switching. And I do not have enough time in my life to do serious blogs and Twitter, so I'm going to do Twitter."
- Melinda: Thank you for that.
- Tom: And it's fun. I do it because it's fun. And then I learn a lot and I meet a lot of people, and you and I are having a conversation because of that. When you do book publicity now, fundamentally it is podcast after podcast after podcast, so I've ended up. What's the woman who does the recode...Kara-
- Melinda: Kara Swisher.

- Tom: Yeah. She was in love with our hour in New York because, among other things, she said "You said what I can't quite say." Because I referred to Silicon Valley in my interview with her as a moral cesspool, which I'm sad to say this is not hyperbole. I am heartbroken about what's going on in the Valley. I am willing to acknowledge that I'm an old man and I had the opportunity to hang out with Bill Hewlett. So maybe it's just old man talk, but it is not the Valley that I knew in any way. I am appalled by the excesses of Facebook, in particular. I am disgusted. I think they should be regulated into oblivion at the least. I completely understand the power of connecting the world for God sakes. I'm not stupid. And as you say, I use Twitter, I blog a lot, and so on. So I get it, I get it, I get it.
- Tom: On the other hand, I'm sickened. I'm sickened relative to where you live, that this book that I mentioned, the Silicon Valley book. This is my San Francisco, Harvey Milk San Francisco, Willy Brown San Francisco. San Francisco has the worst inequality score in the United effing States of America. That's awful. That is not my San Francisco. And yes, I had my first house in San Francisco that was about seven blocks from where the hippies had been during the flower power age, so I was never a hippie. I went to war instead. I was an un-hippie. But I'm just ... It's way beyond the analysis. I'm sickened and I'm heartbroken.
- Melinda: I could talk to you for hours about this. The main thing I want to ask you too is if you know what you think we should do?
- Tom: Well, I'm going to ... which I don't know how well it works in terms of me reading you something, but ... I will give you sort of an answer. When I'm in New Zealand I teach at the Auckland Business School, and the guy I worked with for 10 years teaching sent me an email the day before yesterday and said "We gotta do marketing material for you coming up to talk at various places in the Business School." I had just done I think a tweet and then a little something else, so I'm going to read you. It's just a paragraph, and it's a kind of answer to your question. I am going to read you what I sent to the Auckland Business School yesterday, relative to how they would market me. The first sentence is words I'm putting in the marketing guy's mouth.
- Tom: First sentence is: Tom Peters is known for his strong opinions, but he says, and the rest of this is a single quote. But he says, "I've only warmed up. Now I plan to really raise hell. The challenge we face, particularly in the likes of artificial intelligence, are staggering. And the answer to me at least, is clear. It's not to mindlessly up the IT budget and buy into every new idea. In fact, it is the other way around. It is the time to double down for economic and moral reasons on our investment in people. We want a work force that is spirited, engaged, learning something new every day, and turning all that energy and knowledge into scintillating, humanized, and inventive customer experiences that end up going to the bottom line. Use the best IT that fits your situation for sure, but that's a defensive measure. The offensive strategy is that great committed work force. I call this, by the way, E cubed. And E cubed, or E E E, stands for Extreme Employee Engagement. And who does it work for? Easy.



Everyone. It's the secret to success and excellence for a four person local appliance repair company, and it is also, and this is really I think up your alley, and it is also the secret for giants, assuming that they can get their little warped minds beyond efficiency and cost cutting and payroll flashing."

Tom: That's my description of what I'm going to do at Auckland in three weeks. I think it's kind of an answer to your question.

Melinda: Which is that I think we have to stop focusing on sort of risk reduction and ROI and say, "What are we going to do about people?"

Tom: Yep. Incidentally ... and he's 100 years old, but maybe you can get him-

Melinda: I'd love it.

Tom: Joe Bower is the senior professor at the Harvard Business School, and Bower and a co-author had an article in the HBR the last five or six months. I think it had his name on it so you could look it up. It is how maximizing shareholder value has killed the world. It is exactly that point. He said it's not required, it's basically stopped people from investing in the things they ought to be investing in, and turned the entire Fortune 500 into a big finance company.

Tom: I wrote a tweet recently where I said I totally believe in the finance sector. It is the glue that holds the economy together, but only 5% of the size of the financial sector is required to make the economy work, 95% is wretched excess. And I said to you, Harvard Business School graduates, it means that 19 out of every 20 of you who decides to go to work in finance is pissing your life away ... So there's a statement for you.

Melinda: There's nothing you could say to top it. It could be the perfect way to draw us to a close.

Tom: Draw us to a close. I mean it's undoubtedly unfair, as everything in life is, but-

Melinda: I actually agree-

Tom: Directionally I'm right on the money-

Melinda: I have to agree with you-

Tom: I talked to the Harvard Business School Dean years ago. This is where this came from. It did not come from an academic treatise. I said to him, I said "Okay, I buy the act that the financial service sector's incredibly important," but I said ... I had just



read something in the FT, which had quadrillion in it. And I said "How much of this quadrillion dollars in financial assets do we need to run the economy?"

Tom: He said "Nobody knows for sure, but the best guess is 5%."

Tom: And I have a neighbor in Dartmouth, Massachusetts, who was the CEO of a giant bank. Not quite the Citi level, but the second tier giant banks. He's appalled by the financial services sector. He said something like 28% of our GNP comes from the financial services sector. It's awful. And so I'll stick with my 19 out of 20 young men or young women who go into finance are pissing their life away. And to hell with it if I lose 100,000 Twitter followers over that.

Melinda: I think it's. I happen to agree with you, so I mean it's almost everybody I know that's gone into finance. They may have the money, but they call me up and say "Man, I wish I'd done what you did."

Tom: Yeah. I don't doubt that at all.

Melinda: Because it's been a ball.

Tom: You know, I had a neighbor in Boston, we moved, who ran a Fortune 500 company called the Cabot Corporation and his name is Patrick Prevost. He has a PhD in chemistry, ran about a quarter of BASF, the giant German chemical company, and then took over Cabot. He invited me to talk to his top 140 people in Zurich, God bless him. So I was having my 68th birthday while I was flying across the Atlantic and I guess you get a little nostalgic when you're having birthdays, particularly with high numbers. So I wrote this little piece and I called it "Memories that Matter." I then translated it into speaking terms when I talked to this group.

Tom: I said "Look, I have 140 people in this room. You are all senior people at this big company." But I said "Let me give you an accurate statistical analysis. Only one of you is going to be the next CEO." I said "What about the rest of you? You're on average probably about 45 years old." I said "What are you going to remember when you have, God willing, your 68th birthday?" And I had a long list, but basically it said what you remember is the people you helped and the people you developed. And I have a PowerPoint slide that I use in my presentations, and it's a tombstone. It says Joe T. Jones, born in 1942, which happens to be my birthday. Born in 1942, died in 2019, net worth \$29,372,648.15 when the market closed the day he died. And my comment is "Have you ever seen a tombstone like this?" Then my second comment is "My ex wife, who came from Northwestern Missouri, her father used to carve tombstones." And I said "So you are talking to a guy who knows tombstones, and you've never seen one like this."

Melinda: Yeah.



Tom: It's what I desperately believe. I just ... read the George Vaillant 65 year Harvard study where he followed people for 65 years. The ones who have survived, what are their attributes? There is only one attribute, close friends ... And so my closing remark, as I have said to many people, I have worked on this stuff now for almost 40 years and you can summarize my entire life in six words, and those six words are hard is soft, soft is hard. The numbers, the plans, the organizational charts are thought to be the hard stuff, but they're not the stuff that matters. The soft stuff, the relationships, the culture, that's the stuff that matters. So the hard stuff ends up being soft, the soft stuff ends up being hard, With that, and something I found that I use now to leave my presentations off, which was reported in the Washington Post. It's a study by Google of the attributes of their top employees, and they have seven attributes of their top employees. Number seven, last on the list, is STEM. All the other top six are about people stuff, like no bullying. There's a good closing line.

Melinda: I can't thank you enough. It's been my privilege to spend this time with you. You have a standing invitation, so if you ever wish to come back and talk some more I know there's so many things we could discuss, but-

Tom: Well, it's been incredible fun.

Melinda: It is, and I-

Tom: Which is the only reason to do this stuff.

Melinda: It is, isn't it? I mean, it's to do the work, but then to be able to hear the stories of the people that have sort of lived. It's the reason why we do this podcast, so thank you, Tom.

Tom: Yeah, thank you. Take care.

Melinda: You too.

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