

1 Tom Peters's True Confessions

2 [Source](#) 11/30/2001

3 On the 20th anniversary of in "Search of Excellence," Peters admits, "I had
4 no idea what I was doing when I wrote 'Search.'"

4 Almost 20 years ago, in *Search of Excellence*, by Tom Peters and Bob
5 Waterman, was published.

5 No one much cared.

6 At the time, the United States had more serious business problems to
7 attend to: inflation: 10%.

7 Prime interest rate: 20%.

8 Unemployment: 10%.

9 Japan was eating America's lunch.

10 *Search* slipped unnoticed into this realm of business darkness and
11 competitive gloom.

11 But it began to catch on.

12 And catch on.

13 And catch on.

14 Until it became a fad.

15 Then a cause.

16 Then an industry.

17 *Search* became a publishing event without precedent in the business
18 world.

18 Twenty years later, *Search* can legitimately claim to have fired the starting
19 gun in the race to the new economy.

19 It marked an important inflection point in business history.

20 The 20th anniversary of the publication of *Search* comes at another
21 inflection point in history.

21 The September 11 terrorist attacks on the United States, arriving on the
22 heels of a dramatic economic downturn, have combined to raise new
23 questions about American business and leadership.

22 Those factors make the 20th anniversary of *Search* a perfect time for a
24 fresh look at a powerful set of ideas, their creation, and their implications.

23 For the first time in *Search*'s 20-year history, Tom Peters comes clean
24 about why and how he wrote the book in the first place.

24 What he got right, what he got wrong – and what he outright lied about.

25 And what comes next.

26 Because the story behind *Search* holds important lessons about the new
27 big ideas that will set the agenda for what comes next in the world of
business.

27 It's all part of "Tom Peters's True Confessions." – The Editors

28 *In Search of Excellence* was an afterthought, the runt of the McKinsey consulting litter, a hip-pocket project that was never supposed to amount to much.

29 That's my first confession, and it's the truth.

30 Of course, there's an official way that I tell the story now – and it's total bullshit.

31 The way I tell it now is, "Americans were under attack by the Japanese, who were making good automobiles.

32 So Bob Waterman and I set out to discover the real secrets of management."

33 Usually when I tell that version of the story, I try to use my imitation voice-of-God way of speaking to convey the impression that what we set out to do was Very Important.

34 Which is completely wrong.

35 The truth is that back in 1977, Ron Daniel, who was then the managing director of McKinsey, decided to launch two projects.

36 In McKinsey's world, all of life is one of two things: strategy or organization.

37 Since the strategy guys rule, the big project was the capital B Business, capital S Strategy project.

38 (Please note the capital letters.)

39 It was headed by Fred Gluck, who later succeeded Daniel as managing director.

40 The BS project was located at corporate headquarters, and it had a lot of top-notch consultants attached to it.

41 And since all of those things were true about the project, nothing ever came of it, and it has never been heard of since.

42 So here's lesson number one: Don't always bet on the little guy, but do always bet against headquarters.

43 Because headquarters politics will invariably and inevitably "bland up" and then kill any worthwhile project.

44 Meanwhile, Daniel had this other little dip-shit project that he wanted to mount.

45 He was looking for someone to look at the organization side – the structure-and-people side.

46 And there I was, just through blind-ass luck.

47 I had done seven years at Stanford Business School, which at the time was considered to be much cooler than Harvard, to get my PhD in organizational behavior.

48 Interestingly, there had been only four people in my organizational-behavior doctoral class at Stanford.

49 And even more interestingly, all four of us were ex-engineers who on some vague level had the notion that numbers and statistics weren't enough.

50 We suspected that they didn't tell the whole story about how companies really worked – or maybe even worse, that they obscured the real story behind what it took to compete and win in the then-evolving world of business.

51 So the assignment went to this silly little guy called Tom Peters and his silly little buddy called Bob Waterman, both of whom were considered kind of marginalia in the world of McKinsey.

52 We were out in the San Francisco office, far, far away from McKinsey headquarters, tucked inside an office that never made any money but that was well-known for its weirdness.

53 In fact, there were always people in other parts of McKinsey who would reach a point in their analyzes where they would try to get us involved, because they wanted us to do our "San Francisco thing."

54 We were the closest thing McKinsey had to hippies – hippies in black suits.

55 We were the weak-sister project; the Business Strategy project back in New York was the star-studded project.

56 So let's hear it for weak-sister projects!

57 They involve lower expectations, far less political baggage, and much less management scrutiny!

58 (And they are more likely to produce results.)

59 **My second confession is this:** I had no idea what I was doing when I wrote *Search*.

60 There was no carefully designed work plan.

61 There was no theory that I was out to prove.

62 I went out and talked to genuinely smart, remarkably interesting, first-rate people.

63 I had an infinite travel budget that allowed me to fly first class and stay at top-notch hotels and a license from McKinsey to talk to as many cool people as I could all around the United States and the world.

64 I went to see Karl Weick, who had totally influenced my life.

65 I had read his work a thousand times, and I'd never met him.

66 I went to Oslo to talk with Einar Thorsrud, who had studied empowerment on oil tankers.

67 I went to the Tavistock Institute in London, where the leading thinkers on organizational development were looking at why people work together effectively in team configurations under certain circumstances.

68 I was scratching the Douglas McGregor itch.

69 Warren Bennis, another hero of mine, says that it all starts with Doug, and he's probably right.

70 Doug was the guy who invented Theory X and Theory Y, which basically
said that people are a really important part of business and that you can't
motivate them by controlling and tyrannizing them.

71 Everybody knew that what he said was true, and everybody continued to
treat their workers like shit – and then kept asking why companies didn't
perform better.

72 (Note to reader: Hmm.

73 Is it time for these questions again?

74 Naw – most of our top managers have already learned this stuff, right?)

75 That was basically it.

76 I traveled the world, met smart people, and recorded the meetings.

77 There were all of these conversations, all of these interviews, and all of
these transcripts – pounds and pounds of transcripts.

78 Then in 1979, McKinsey's Munich office had me come over and give a
presentation on my findings to the top managers at Siemens.

79 Siemens had the most hyperorganized strategy group on earth, so I
couldn't just show up and start talking to them off the top of my head.

80 In that best of consulting traditions, I made up a 700-slide, two-day
presentation.

81 Word of the meeting got back to McKinsey USA, and I was invited to give
a presentation to the top management of PepsiCo, which was then
headed by Andy Pearson.

82 (Andy was recently featured in a Fast Company article called "Andy
Pearson Finds Love" [August 2001].)

83 In those days, Andy had not found love.

84 We all knew that he'd go ballistic at the sight of a 700-slide presentation.

85 So here's what happened: The time was drawing near for the Pepsi
presentation to take place.

86 One morning at about 6, I sat down at my desk overlooking the San
Francisco Bay from the 48th floor of the Bank of America Tower, and I
closed my eyes.

87 Then I leaned forward, and I wrote down eight things on a pad of paper.

88 Those eight things haven't changed since that moment.

89 They were the eight basic principles of *Search*.

90 What's the lesson here?

91 There's nothing like being naive.

92 I was almost 40 years old, and Bob was a little older.

93 But we were both incredibly naive when we were doing this work.

94 We were like little children looking at the world of big companies –
mighty U.S. leaders – and we were asking the simplest questions.

95 Why do you do it this way?

96 Why do you keep tripping over your own bureaucratic feet?

97 Why do you make it so hard for people to do their jobs?

98 There's another important "so what."

99 Part of the beauty of *Search* is that we were able to do it because we weren't trying to do it.

100 There's an almost Zen-like quality to the book.

101 In fact, it makes the point that, when it comes to managing and controlling people, only by not trying do you succeed.

102 In *Search of Excellence* is a Zen gun that was fired 20 years ago.

103 It said that from this point forward, the world changes.

104 It's a different game, a different world, a different moment.

105 It's never going to be the way it was – and if you want to be a part of the way it's going to be, you have to read this book.

106 You have to reckon with these ideas.

107 We may not be right – but we are fervently convinced that the old way is wrong.

108 So starting now, you've got to think for yourselves.

109 How do you compete, how do you collaborate, how do you use ideas, how do you use people, how do you play this new game where there are brand-new rules?

110 *Search* was an inflection point – a punctuation mark – that signaled the end of one era and the beginning of another.

111 And all of that is still true – even truer.

112 **Confession number three:** This is pretty small beer, but for what it's worth, okay, I confess: We faked the data.

113 A lot of people suggested it at the time.

114 The big question was, How did you end up viewing these companies as "excellent" companies?

115 A little while later, when a bunch of the "excellent" companies started to have some down years, that also became a huge accusation: If these companies are so excellent, Peters, then why are they doing so badly now?

116 Which I'd say pretty much misses the point.

117 *Search started out as a study of 62 companies.*

118 *How did we come up with them?*

119 *We went around to McKinsey's partners and to a bunch of other smart people who were deeply involved and seriously engaged in the world of business and asked, Who's cool?*

120 *Who's doing cool work?*

121 *Where is there great stuff going on?*

122 *And which companies genuinely get it?*

123 *That very direct approach generated a list of 62 companies, which led to interviews with the people at those companies.*

124 *Then, because McKinsey is McKinsey, we felt that we had to come up with some quantitative measures of performance.*

125 *Those measures dropped the list from 62 to 43 companies.*

126 *General Electric, for example, was on the list of 62 companies but didn't make the cut to 43 – which shows you how "stupid" raw insight is and how "smart" tough-minded metrics can be.*

127 Were there companies that, in retrospect, didn't belong on the list of 43?

128 I only have one word to say: Atari.

129 Was our process fundamentally sound?

130 Absolutely!

131 If you want to go find smart people who are doing cool stuff from which you can learn the most useful, cutting-edge principles, then do what we did with *Search*: Start by using common sense, by trusting your instincts, and by soliciting the views of "strange" (that is, nonconventional) people.

132 You can always worry about proving the facts later.

133 **All right, here's another confession.**

134 **When I said that I didn't know what I was doing when I wrote *Search*, I was telling the truth.**

135 **I wasn't trying to fire a shot to signal a revolution.**

136 **But I did have an agenda.**

137 **My agenda was this: I was genuinely, deeply, sincerely, and passionately pissed off!**

138 **(So what's the point?**

139 **Just this: Nearly 100% of innovation – from business to politics – is inspired not by "market analysis" but by people who are supremely pissed off by the way things are.)**

140 Who was I pissed off at?

141 At Peter Drucker, for one.

142 Today, everybody acts as if Peter Drucker has always been one of those who gets it.

143 Go back and read *Concept of the Corporation*.

144 Peter Drucker may be an Austrian, but he's more German than the Germans when it comes to hierarchy and command-and-control, top-down business operation.

145 Take a look at the business bible according to Peter Drucker, and you'll see.

146 Organizations are about organization!

147 You will be in your place!

148 That was the received order of the day.

149 So, in my mind, Peter Drucker was the enemy.
150 A good enemy, but still the enemy.
151 Who else?
152 I was supremely pissed off at Robert McNamara.
153 McNamara had been an assistant accounting professor at Harvard Business School.
154 Somebody hooked him up with General Curtis E. LeMay, who was running the U.S. Air Force.
155 The way I remember the story, LeMay didn't know how many airplanes he had or where they were parked.
156 So McNamara the accountant figured out how many planes there were and where they were parked, and he put together a report for LeMay.
157 All of a sudden, where there had been no systems, McNamara introduced systems.
158 Terrific.
159 That makes McNamara the Peter Drucker of the Pentagon – because Drucker had done the same thing for big companies.
160 But by the time the Vietnam War came and McNamara was secretary of defense, the systems had completely taken over.
161 People were driven out of the equation.
162 McNamara introduced the tyranny of the bean counters.
163 So Robert McNamara was the enemy.
164 But mostly I was pissed off at Xerox.
165 David Kearns was the company's CEO at the time, and I had been a consultant there.
166 Xerox was considered to be the company of the century, but I knew better.
167 There it was, all in one place: the bureaucracy, the great strategy that never got implemented, the slavish attention to numbers rather than to people, the reverence for MBAs – you name it.
168 If it could be done wrong, Xerox was doing it wrong.
169 Of course, there were other giant American companies that were just as bad: Chase Manhattan Bank, Western Electric, and most of McKinsey's typical clients.
170 But Xerox epitomized the problem.
171 In fact, when I was there, the guy I worked for, who was a former McKinsey partner named Jack Crowley, later went on to be head of corporate strategy for Xerox.
172 He did a study called a "cliff analysis."
173 What it showed was that Xerox was about to drive off the edge of a cliff.
174 The problem for David Kearns was that, as CEO, he couldn't be the guy to announce that his own company was about to go over the cliff.

175 So here it is: If you want to reduce *Search* to a core message, that message would be this: Xerox sucks.

176 **Here's my fifth confession: Search went against all of the Management 101** – style conventional thinking that was running American business back in 1981.

177 But that's not the confession.

178 The confession is that I didn't go far enough.

179 The conventional wisdom was what Peter Drucker had sold to General Motors, what Robert McNamara had installed at the Pentagon, and what David Kearns was stuck with at Xerox.

180 It all went back to Frederick Winslow Taylor and scientific management.

181 The theory that Taylor devised came to be known as "the one best way."

182 In essence, Taylorism said that every job could be reduced to a simple, repeatable, mechanical set of activities that even the stupidest, most unwilling worker could do.

183 In his 1911 book, *The Principles of Scientific Management*, Taylor had written about Schmidt, whose job was to shovel coal.

184 By breaking Schmidt's job down into scientifically detailed steps, Taylor showed how he could increase productivity, reduce mistakes, and make even the dumbest ox of a man a dependable employee.

185 Hardly an uplifting view of work or your employees.

186 Start with Taylorism, add a layer of Druckerism and a dose of McNamaraism, and by the late 1970s, you had the great American corporation that was being run by bean counters – or at least by the bean-counter mentality.

187 Everything was reduced to numbers and finance.

188 The CEO of General Motors announced that GM wasn't in the business of making cars, it was in the business of making money.

189 (This came as a shock to most of GM's customers, who were in the market to buy a car – or even better, a way of life – not to spend money.)

190 That may account for the rise of Japanese automakers, who most certainly were in the business of making cars – and, in particular, cars that customers would definitely want to buy, since they were low in cost and high in quality, and they got plenty of miles to the gallon of gas in the age of OPEC-inspired oil embargoes.

191 Back to Xerox.

192 Xerox hired MBAs with IQs of 180 or higher, and they spent all of their time and energy arguing about "cross-elasticities of demand."

193 Meanwhile, they were content to make crappy copiers (albeit the first copiers).

194 But they didn't care about the product or the people or the customers.

195 It was all about the numbers.

196 The numbers, the numbers, the numbers.

197 I was fed up with the numbers.

198 *Search* said, It's not all about the numbers.

199 Profits are cool.

200 They give you room to invest in cool stuff.

201 But somebody has to bleed.

202 Somebody has to show some passion.

203 *Search*, I like to think, put the blood back into business.

204 Here's an example.

205 One of our interviews early on was with John Young, who was then president of Hewlett-Packard.

206 Today, HP is a \$50 billion company in the computer business.

207 Back in 1976, it had just passed the \$1 billion mark, and it was mostly making medical devices and measurement equipment.

208 In 1977, \$1 billion made HP a serious company.

209 Remember, I'd done consulting at Xerox, Chase Manhattan Bank, and lots of other big McKinsey clients with lots of big bureaucracy.

210 Bob and I went to HP headquarters, which was then an astonishingly unimposing building on Page Mill Road in Palo Alto.

211 When we arrived at the office, we asked to see John Young.

212 Fine, said the person at the front desk.

213 He's in there.

214 Turn right.

215 No cards to sign, no IDs to wear.

216 Just go in there.

217 We went in, and there was John, sitting in a cubicle that he shared with his secretary.

218 It was all of 10 feet by 10 feet.

219 He was in his shirtsleeves – which may sound like no big deal in the post-dotcom, T-shirt world of 2001, but in 1977 was a stunning comment on how the place felt and worked.

220 He was preaching MBWA: management by wandering around.

221 It was anthropology, not statistical analysis!

222 I remember thinking, This doesn't look right.

223 It certainly doesn't look normal.

224 After visiting John Young, I went to see Tait Elder at 3M and Rene McPherson at Dana Corp. These were business leaders who were operating from a fundamentally different playbook.

225 You could boil all of *Search* down to three words: People.

226 Customers.

227 Action.

228 That was about as far as you could get from the prevailing wisdom of the time, which you could also boil down to three words: Numbers.

229 Bureaucracy.

230 Control.

231 And you could boil all of Search down to one idea: Soft is hard.

232 Up until then, everybody assumed that hard was hard.

233 “Hard” numbers told you everything that you needed to know about dealing with hard assets, such as factories, machinery, and buildings.

234 But Search said that everything soft is hard.

235 People, customers, and relationships – they make up all of the soft stuff that determines what really gets accomplished and how well it gets done.

236 It turned out to be a revolutionary message.

237 How did we get away with it?

238 We got away with it because Bob Waterman and I wore dark McKinsey suits with skinny McKinsey ties and spoke proper McKinsey consulting business-speak.

239 *Search* is a McKinsey-looking book.

240 It has a black cover with a conservative white typeface.

241 Our message was revolutionary, but our credentials and our look were traditional.

242 A few years before Search came out, two Harvard Business School professors, Bill Abernathy and Bob Hayes, had written a brilliant article in the Harvard Business Review called “Managing Our Way to Economic Decline.”

243 It was an attack on the whole HBS view of the world – and only two HBS professors could have written it and gotten it published in *HBR*.

244 Only two McKinsey consultants could have launched a wholesale attack on numbers-crunching, bureaucracy-worshipping, strategy-making big American companies and gotten away with it.

245 (Revolutionaries take note!

246 Charles Darwin said that when species change too quickly, there will be little chance for their survival.

247 But a very few will become the bellwethers – and redefine the world.)

248 **Here’s a confession** that will only mean something to the Oakland Raiders football fans of the late 1970s: I owe it all to Mark van Eeghen.

249 (And if you weren’t an Oakland Raiders fan and you never saw Mark van Eeghen play football, all I can say is, that’s your tough luck.)

250 Mark van Eeghen was a big, strong, in-your-face, three-yards-and-a-cloud-of-dust running back for the Raiders.

251 We were about to run around 10,000 copies of our report, and we needed a picture for the cover.

252 We had originally taken a picture right out of *Sports Illustrated*, but at the
last minute, we decided that we couldn't steal from SI at that level.

253 So we went across the bay to the Raiders' office and looked through their
archive, and we found the perfect image: a photo featuring Mark van
Eeghen.

254 It was perfect in a lot of ways.

255 The photo said three yards and a cloud of dust, and our book said the
same thing: Love thy people.

256 Love thy customers.

257 Keep it simple.

258 Lean staff, simple organization.

259 Get the bureaucrats out of the bloody way.

260 Pay attention to the "real" people with dirty fingernails.

261 That was the Oakland Raiders.

262 They were the guys flying the Jolly Roger.

263 They were the pirates, the underdogs.

264 Al Davis, their renegade owner, always preached, "Just win, baby," and his
avowed message was ... "Commitment to excellence."

265 We got it right when we said that we were in search of excellence.

266 Not competitive advantage.

267 Not economic growth.

268 Not market dominance or strategic differentiation.

269 Not maximized shareholder value.

270 Excellence.

271 It's just as true today.

272 Business isn't some disembodied bloodless enterprise.

273 Profit is fine – a sign that the customer honors the value of what we do.

274 But "enterprise" (a lovely word) is about heart.

275 About beauty.

276 It's about art.

277 About people throwing themselves on the line.

278 It's about passion and the selfless pursuit of an ideal.

279 It's about John Young sitting in his little cubicle working in his shirtsleeves.

280 It's cool.

281 In Search of Excellence – even the title – is a reminder that business isn't
dry, dreary, boring, or by the numbers.

282 Life at work can be cool – and work that's cool isn't confined to Tiger
Woods, Yo-Yo Ma, or Tom Hanks.

283 It's available to all of us and any of us.

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