Tom Peters - In Search of Excellence

Tom Peters and Robert H Waterman Jr - In Search Of Excellence

Summary

The seminal management book In Search of Excellence, by Tom Peters and Robert Waterman, was published in 1982, and remains one of the one of the biggest selling and widely read business books ever. Peters and Waterman found eight common themes which they argued were responsible for the success of the chosen corporations, which have become pointers for managers ever since. In Search of Excellence didn’t start out as a book, as Tom Peters explained when interviewed in 2001 to mark the 20th anniversary of In Search of Excellence: Peters and Waterman were both consultants on the margins of McKinsey, based in the San Francisco office. In 1977 McKinsey director Ron Daniel launched two projects; the first and major one, the Business Strategy project, was allocated to top consultants at McKinsey’s New York corporate HQ and was given star billing. Nothing came of it. The second ‘weak-sister’ project (as Peters called it) concerned Organisation - structure and people. The Organisation project was seen as less important, and was allocated to Peters and Waterman at San Francisco. Peters travelled the world on an infinite budget, with licence to talk to as many interesting business people he could find about teams and organisations in business. He had no particular aim or theory in mind. In 1979 McKinsey’s Munich office requested Peters to present his findings to Siemens, which provided the spur for Peters to create a 700-slide two-day presentation. Word of the meeting reached the US and Peters was invited to present also to PepsiCo, but unlike the hyper-organised Siemens, the PepsiCo management required a tighter format than 700 slides, so Peters produced the eight themes.

The platform for Peters and Waterman onto which the In Search Of Excellence research and theorising was built, was the McKinsey 7-S model:

McKinsey 7-S model elements

- structure
- strategy
- systems
- style of management
- skills - corporate strengths
- staff
- shared values

Peters and Waterman examined 43 of Fortune 500’s top performing companies. They started with a list of 62 of the best performing McKinsey clients and then applied performance measures to weed out what they thought to be the weaker companies. General Electric was one of the casualties which failed to make the cut. Peters says that one of his personal drivers in carrying out his research was to prove that
certain established methods - particularly heavily systemised philosophies and practices - were wrong, notably those used by Xerox, and advocated by Peter Drucker and Robert McNamara. Peters says that he wanted - with a passion - to prove how crucial people are to business success, and to release business from the 'tyranny of the bean counters'.

As Peters explained in 2001: 'Start with Taylorism, add a layer of Druckerism and a dose of McNamaraism, and by the late 1970's you had the great American corporation that was being run by bean counters...'

Contrast this with what Peters says became the essential message of In Search of Excellence, simply:

```
- People
- Customers
- Action
```

Peters says that In Search of Excellence turned these 'soft' factors into hard ones, when previously the only 'hard factors were considered to be the 'numbers'.

Peters also said in 2001 that other than certain wrong companies highlighted - Atari and Wang for instance - In Search of Excellence 'absolutely nailed the eight points of the compass for business at that time' (1982), but that its central flaw was in suggesting that these points would apply for ever, when they most certainly have not.

Peters said finally in his 2001 interview that were he to write In Search of Excellence today, he would not tamper with any of the eight themes, but he would add to them: capabilities concerning ideas, liberation, and speed.

Here is a summary of the In Search of Excellence' eight themes, which also form the eight chapters of the book.

**In Search of Excellence - the eight themes**

- A bias for action, active decision making - 'getting on with it'.
- Close to the customer - learning from the people served by the business.
- Autonomy and entrepreneurship - fostering innovation and nurturing 'champions'.
- Productivity through people - treating rank and file employees as a source of quality.
- Hands-on, value-driven - management philosophy that guides everyday practice - management showing its commitment.
- Stick to the knitting - stay with the business that you know.
- Simple form, lean staff - some of the best companies have minimal HQ staff.
- Simultaneous loose-tight properties - autonomy in shop-floor activities plus centralized values.