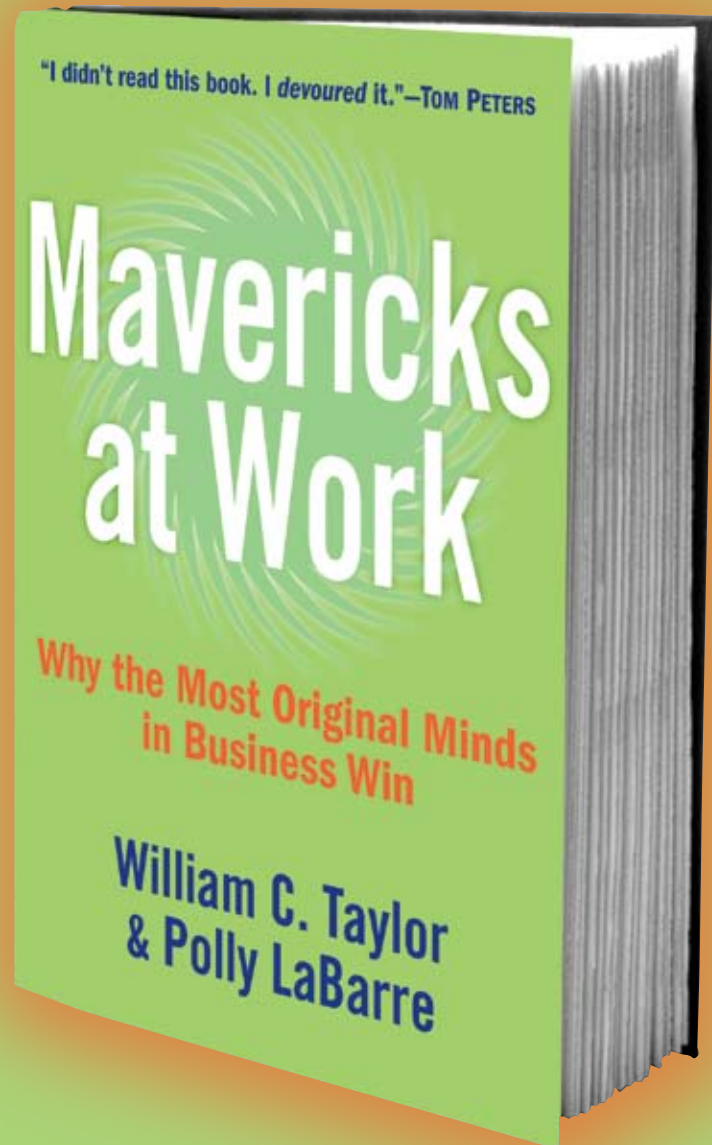


A MANIFESTO FOR MAVERICKS



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William C. Taylor and Polly LaBarre are the coauthors of

Mavericks at Work: Why the Most Original Minds in Business Win (William Morrow, October 2006, \$26.95).

To learn more about Bill, Polly, and their new book, visit *Mavericks at Work* on the Web @ www.mavericksatwork.com.

PART I Beyond Business as Usual—The Maverick Promise

Business needs a breath of fresh air. We are, at last, coming out of a dark and trying period in our economy and society—an era of slow growth and dashed expectations, of criminal wrongdoing and ethical misconduct at some of the world’s best-known companies. But NASDAQ nuttiness already feels like time-capsule fodder, the white-collar perp walk has become as routine as an annual meeting, and the triumphant return of me-first moguls like Donald Trump feels like a bad nostalgia trip, the corporate equivalent of a hair-band reunion.

We’ve seen the face of business at its worst, and it hasn’t been a pretty sight. It’s time to rediscover the power of business at its best and to develop a better way to lead, compete, and succeed.

The good news: Despite all the bleak headlines and blood-boiling scandals over the last five years, the economy has experienced a period of transformation and realignment, a power shift so profound that we’re just beginning to appreciate what it means for the future of business—and for how all of us go about the business of building companies that work and doing work that matters.

In industry after industry, organizations and executives that were once dismissed as upstarts, as outliers, as wild-cards, have achieved positions of financial prosperity and market leadership. There’s a reason the young billionaires behind the most celebrated entrepreneurial success in recent memory began their initial public offering (IPO) of shares with a declaration of independence from business as usual. “Google is not a conventional company,” read their Letter from the Founders. “We do not intend to become one.”

That unconventional spirit is the defining spirit for the next era of business leadership. In an age of hyper-competition and non-stop innovation, the only way to stand out from the crowd is to stand for something truly unique. You can’t do big things anymore—as a company, as a team, as an individual executive—if you’re content with doing things a little better than everybody else. Originality has become the acid test of strategy.

From airlines to grocery stores, from the glamour of hit movies to the mundane world of laundry detergent, business as usual is bust. The challengers have become the champions. And business belongs to the mavericks—companies that dominate their markets by defying conventional wisdom, leaders who build great organizations by bringing out the best in everyone.

Maverick companies aren’t always the largest in their field; maverick entrepreneurs don’t always make the cover of the business magazines. But mavericks do the work that matters most—the work of originality, creativity, and experimentation. They demonstrate that you can build companies around high ideals and fierce competitive ambitions, that the most powerful way to create economic value is to embrace a set of values that go beyond just amassing power, and that business, at its best, is too exciting, too important, and too much fun to be left to the dead hand of business as usual.

PART II Maverick Messages—The Next Agenda for Business

Alan Kay, the celebrated computer scientist, put it memorably some 35 years ago: “The best way to predict the future is to invent it.” We believe that a new generation of hard-charging companies, change-oriented executives, and breakthrough-minded entrepreneurs is inventing a more exciting, more compelling, more rewarding future for business. Across the economy, mavericks are winning big at business—attracting millions of customers, creating thousands of jobs, generating tens of billions of dollars of wealth—by rethinking the logic of how business gets done. They have devised provocative and instructive answers to four of the timeless challenges that face organizations of every size and leaders in every field: how you make strategy, how you unleash new ideas, how you connect with customers, how your best people achieve great results.

There are, of course, many ways to be a maverick—experimentation and individuality go with the territory. But most of the mavericks we’ve come to know, based on our in-depth access to 32 different organizations in a wide variety of industries, subscribe to a set of principles—about strategy, leadership, creativity, and success—that represent the new face of business at its best, a better way to compete, lead, and win. Here are four of those principles.

1. Being different makes all the difference. Winning companies don’t just sell competitive products. They stand for important ideas—ideas that shape the future of their industry, ideas that reshape the sense of what’s possible among customers, employees, and investors. Behind every maverick company we’ve come to know is a distinctive and disruptive sense of purpose—and the companies with the clearest sense of purpose win.

Is there any more powerful example of this message than Southwest Airlines? For decades, Southwest was dismissed as a flighty sideshow to the blue-chip airlines that ruled the sky. Today, it is celebrated as the only major airline that generates consistent growth, creates (rather than eliminates) jobs, and generates real shareholder wealth. From a financial perspective, the airline industry ranks among the least-attractive businesses of all time—the established carriers lost a combined \$30 billion from 2001 through 2004. But over its lifetime, Southwest has been among the best-performing stocks in any industry. Indeed, if you were smart enough to have invested \$10,000 in the company’s IPO back in 1972, you’d have more than \$10 million today—a 1,000:1 return on your money.

Southwest didn’t achieve these spectacular results because its fares were a little lower than Delta’s or its service was a little friendlier than the not-so-friendly skies of United. It achieved those results because it re-imagined what it meant to be an airline and why you’d want to be in the industry in the first place. Southwest’s leaders don’t think of themselves as merely being in the airline business. They think of themselves as being in the freedom business. Their purpose is to democratize the skies—to make it as flexible and affordable for rank-and-file Americans to travel as it is for the well-to-do. The unique elements of its economic model—the strategies that create so much economic value—are a direct result of the value system that inspires the organization. That’s instructive: Maverick leaders don’t just strive to build high-performance companies. They champion high-stakes agendas. They create a competitive edge around an edgy critique of their industry. They present a fresh take on the world that clicks with customers, energizes employees, and shapes their business: which markets they target, which customers they serve, what messages they send.

ING Direct, the fast-growing Internet bank, is a classic example of a high-performing maverick whose disruptive presence is based not on the speed of its technology but the originality of its point of view. ING Direct is to banking what Southwest is to airlines—a maverick player that thrives by challenging the status quo and offering alternatives to the worst practices of its rivals. The leaders of ING Direct declare that the purpose of their company is to “lead Americans back to savings”—to serve as an antidote to a toxic financial culture that encourages individuals to save too little, spend too much, and make investments that are far too risky. In less than six years, the company’s deeply held ideas and brash attitude in the marketplace has attracted nearly four millions customers—and \$40 billion worth of deposits. Ideas matter: The only sustainable form of market Leadership is thought leadership.

2. Sharing your values beats selling value. There is a tension at the heart of the relationship between most companies and their customers. Companies are offering better deals than ever, literally the best bargains in history. It has never been cheaper to fly from Dallas to Los Angeles, to make a phone call from Boston to Brussels, to buy a laptop computer or a DVD player. Yet the more companies raise quality and lower prices—and the more they spend on flashy ads and frantic promotions—the less they seem to impress their customers. All the market research arrives at the same conclusion: There is a customer-satisfaction crisis across the economy. There’s a simple reason for this apparent contradiction: When just about everything keeps getting cheaper and better, offering customers something that’s a little cheaper and better today won’t win them over—because something else is bound to be cheaper and better tomorrow. It was Clare Booth Luce who wrote, “No good deed goes unpunished.” The business world has its own version of that ubiquitous aphorism: “No good deal goes unchallenged.”

That’s why the most precious asset in business is an emotional connection with customers, a psychological contract that redefines expectations and reinvents a category. Think about Starbucks. Seattle’s espresso empire is one of the true entrepreneurial miracles of the last two decades—more than an iconic brand, more than a growth company, it’s a destination and an institution that has become a recognizable piece of the American landscape—a so-called “third place” between home and work where people meet, think, relax, listen to music, check email (and, by the way, happily spend \$3.50 for a latte). Starbucks doesn’t just sell coffee. It offers a sense of connection.

Commerce Bank, a standout performer in the hum-drum world of retail banking, looks directly to the Starbucks phenomenon as a source of inspiration and differentiation. The bank embraces what it calls “retailtainment” to make the experience of dealing with its employees colorful, convenient, and flat-out fun. Commerce has attracted more than \$35 billion in deposits not by offering the highest interest rates in New York City, Philadelphia, or the other ultra-competitive cities in which it operates, but by providing the most inviting and entertaining atmosphere—by creating a company that people go out of their way to do business with, even if they can get a slightly higher interest rate from the boring bankers down the street. Experiences matter: People want to do business with companies that share their values and put those values on display in a consistent and engaging way.

3. Nobody is as smart as everybody. If you believe, as we do, that behind every maverick company is a set of distinctive and disruptive ideas, then the obvious question is: Where do great ideas come from? The answer is: They can come from anywhere in the world, and anyone in the world, if you’re smart enough to ask.

This is a big change. Business leaders used to assume that if they were in charge, they were supposed to have all the answers, the boss did the thinking, the troops did the work. When it came to generating ideas, if you were the CEO, or the head of a business unit, or the leader of a team, you were, by definition “the smartest person in the room”—whatever room you happened to be sitting in.

That’s the old world of innovation. The new world of innovation is built on the principle that “nobody is as smart as everybody.”

Tim O’Reilly, founder of O’Reilly Media, the computer-book publisher, and a leading authority on open-source software, argues that innovation is no longer just about who has the most gifted scientists or the best-equipped labs. It’s about who has the most compelling “architecture of participation.” Which organizations make it fun, interesting, and rewarding for far-flung engineers and talented amateurs to contribute an idea or solve a problem? Ultimately, O’Reilly argues, the companies that are most likely to dominate their business are the ones most adept at harnessing the collective intelligence of everyone with whom they do business.

That’s the mind-bending logic behind P&G’s Connect + Develop initiative. A 170-year-old global giant has borrowed ideas from the nascent world of open-source software to rethink its whole approach to innovation. The company’s leaders understand that not even an organization as big and rich as P&G can afford a do-it-yourself approach to innovation—not in a world where thousands, tens of thousands, hundreds of thousands of well-trained researchers are working in labs in Russia, China, and India, on all kinds of innovations that are relevant to the company’s huge assortment of brands. That’s why P&G looks outside the walls of its celebrated research labs, and beyond the breakthroughs

of its full-time scientists, to tap the brainpower of the whole world. Even though P&G employs many of the smartest scientists and engineers in their fields, its leaders understand that people don’t have to work for the company in order to work with it—and not everybody can work for P&G.

Hence the aim of its Connect + Develop program: to import half of all new technologies and product ideas from outside the company. Not to outsource existing work from its labs, but to insource breakthroughs from anyone in the world and anywhere in the world—so long as those ideas are relevant to P&G’s business.

Your leadership mindset matters: Applying the new outside-in logic of innovation means abandoning familiar assumptions about where great ideas come from, who gets to be part of your organization, and how to inspire the best contributions from them.

4. The people are the company. It is the most ubiquitous platitude of corporate life: “People are our most important asset.” The undeniable reality, of course, is that the human side of enterprise remains the ultimate backwater. Be honest: How many companies do you know that are as creative, as disciplined, as businesslike about the people factor in business as they are about finance, engineering, marketing?

Over the years, as we’ve traveled the world to evaluate the changing state of business leadership, we’ve searched for those companies. We haven’t found many. In fact, we haven’t met all that many CEOs who could provide a compelling response to a simple question we like to ask when we visit an organization for the first time: Why would great people want to work here? (The answer, we add, can’t be about salaries, bonuses, or stock options.) What is it about the ideas your company stands for, its point of view in the marketplace, the

ways in which employees interact with customers or collaborate with each other, that becomes irresistible to the best people in your industry?

These are not trick questions. They are the building blocks of long-term prosperity. For one thing, you cannot have happy, satisfied customers if your organization is filled with unhappy, dissatisfied people. And the most direct way to fill a company with great ideas—in addition to opening its walls to outside brains—is to fill it with great people.

That's why maverick companies are as unconventional and uncompromising about the people factor in business as they are about every other factor. They understand that among the most urgent business decisions they make is not just what new markets to enter or what new products to launch, but what new people to let in the door—whom to hire, and how to mold great teams out of gifted individuals. There is an iron-clad connection between your approach to the talent market and success in the product market.

Few organizations understand this connection better than Pixar Animation Studios, which, among business pundits, has become a kind of entrepreneurial movie star. In early 2006, Walt Disney Company agreed to acquire Pixar in a deal valued at \$7.4 billion—not bad considering that Steve Jobs paid just \$10 million to gain control of the fledgling outfit back in 1986. From \$10 million to \$7.4 billion—that's what happens when you lead a studio that has produced an unbroken string of hits, mastered the art and science of digital animation, won 19 Academy Awards, and generated more than \$3 billion at the box office.

Ultimately, though, Pixar's rise to stardom isn't about clever strategy, powerful technology, or affecting scripts. The company doesn't just make films that perform better than

standard fare. It makes its films differently—and, in the process, defies many of the familiar (and dysfunctional) conventions that have come to define how the movie industry works. In an industry where talented individuals—actors, directors, studio bosses—spend much of their time jockeying for advantage and scheming against rivals, Pixar has mastered a distinctive model of all-for-one teamwork, symbolized by the central role that Pixar University plays in its operations.

Pixar became the envy of Hollywood because it never “went Hollywood.” Its powerful results in the marketplace relate directly to its wholly original approach to the workplace. How Pixar works explains why its films work so well with audiences. Talent matters: Any company or leader that aspires to unleash a disruptive presence in the marketplace needs to devise a distinctive approach to the workplace.

PART III

The Maverick Challenge—Ten Questions for Your Company (and Yourself)

We've made the case as forcefully as we know how that you can't do big things in business if you're content with doing things a little better than your rivals. That's the central message behind the performance of every company we visited and every executive whose work we explored in this manifesto and in our book. To help you put our messages to work, we've compiled ten questions that amount to a maverick challenge.

1. Is there a distinctive and disruptive sense of purpose that sets you apart from the competition?

The best companies are the ones that stand for the most original and compelling ideas. What ideas are you and your company fighting for?

2. Can you be provocative without provoking a backlash?

There's a difference between challenging the status quo and inviting retribution from rivals that are bigger, richer, and more ruthless than you. One key test of any would-be disruptor is whether he or she can also be a convincing diplomat.

3. If your company went out of business tomorrow, who would miss you and why?

We first heard this question from advertising maverick Roy Spence, who tells us that he got it from Jim Collins of Good to Great fame. Whatever the original source, the question is as profound as it is simple—and worth taking seriously.

4. Are you the kind of person that other smart people want to work with?

If you expect outsiders (or even colleagues) to share their

best ideas with you, then don't be surprised when they expect something in return. It can be money, it can be recognition, but more often than not, what draws people into open-source projects is the chance to push themselves and develop their skills.

5. Can you make innovation fun?

Ideas are serious business, but if you're working to tap the brainpower of outside-the-mainstream contributors, then you have to work to keep your open-source project colorful, dramatic, and energetic.

6. Do you treat different customers differently?

If your goal is to establish a psychological contract with customers, then almost by definition you won't appeal to all customers. One test of how committed a company is to its most important customers is how fearless it is about ignoring (even offending) customers who aren't central to its mission. Not all customers are created equal.

7. Why should great people join your organization?

The best leaders understand that the best rank-and-file performers aren't motivated primarily by money. Great people want to feel like impact players inside their organizations. Great people want to be surrounded with and challenged by other great people. Put simply, great people want to feel like they're part of something greater than themselves. Does your company give them that chance?

8. Do you know a great person when you see one?

For organizations that are serious about competing on talent, who you are as a person is as important as what you know at a moment in time. That is, character counts for as much as credentials. Do you know how to conduct a character test?

9. Does your organization work as distinctively as it competes?

It's a simple question with huge implications for productivity and performance. Leaders who are determined to elevate the people factor in business understand that the real work begins once talented people walk through the door. HR maverick John Sullivan says it best: "Stars don't work for idiots."

10. Are you learning as fast as the world is changing?

We first heard this question from Gary Hamel, the world-renowned strategy guru, and it's the ultimate challenge for any executive or entrepreneur. The best leaders we've met, regardless of their age, experience, or personal style, have all been insatiable learners. In a business environment that never stops changing, you can never stop learning.

More about *Mavericks at Work*

In *Mavericks at Work: Why The Most Original Minds in Business Win* (Morrow; On sale October 2, 2006) William C. Taylor and Polly LaBarre, agenda-setting thinkers and writers, provide a set of provocative insights and a collection of instructive case studies that amount to a business plan for the 21st century—a smarter way to lead, compete, and succeed. The strategies, tactics, and advice in *Mavericks at Work* grow out of in-depth access to 32 forward-looking companies. From a culture-shaping television network with offices in sun-splashed Santa Monica, California, to a little-known office-furniture manufacturer rooted in the frozen tundra of Green Bay, Wisconsin, from glamorous fields such as advertising, fashion, and the Internet, to old-line industries such as construction, mining, and detergent, the

organizations featured in *Mavericks at Work* are winning big at business by rethinking the logic of how business gets done.

Taylor and LaBarre, who spent almost two years focused on the travel, research, interviewing, and writing of this book, are uniquely qualified to take readers to the front lines of the future of business. They are influential thinkers, authors, and speakers whose past work has shaped how executives make strategy, build companies, and reflect on the meaning of success. In *Mavericks at Work*, they provide an eye-opening, energetic, flat-out useful book that is as true to the maverick spirit as the break-the-mold ideas it champions and the unconventional leaders it chronicles.

More about William C. Taylor and Polly LaBarre

William C. Taylor and **Polly LaBarre** are the coauthors of *Mavericks at Work: Why the Most Original Minds in Business Win* (William Morrow, October 2006, \$26.95). Bill is the cofounder and founding editor of *Fast Company*, the agenda-setting business magazine that won a passionate following around the world. An adjunct professor at Babson College, America's top-rated school for entrepreneurship, his essays on business have appeared in the *Harvard Business Review*, the *New York Times*, and many other leading publications. Polly spent eight years as a senior editor of *Fast Company*, where she wrote articles on strategy, creativity, and personal success, and cohosted the magazine's Real Time conferences. She has appeared on *Good Morning America*, CNBC, PBS's *Nightly Business Report*, and other high-profile television programs.