

Tom Peters

Re-imagine!
Business Excellence in a
Disruptive Age

Re-imagine Technology and The Customer

An Enterprise Media Production

PREVIEW VERSION
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Not for Training use.

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Introduction

In the revolutionary training program **In Search of Excellence**, Tom Peters described the approach he and Robert Waterman took to the research behind their best-selling book and video. In the introduction to the program, Peters said, "Looked at another way, [excellence is] nothing less than a 180-degree shift in the way we think about managing and leading. The models and metaphors of the past have been the manager as a cop, as a referee, as a devil's advocate, as a naysayer, as a 'pronouncer.' The words we found that seem much more appropriate at the excellent companies are the manager/the leader as a cheerleader, as a coach, as a facilitator, as a nurturer of champions. The drumbeat (and the drumbeat that has been so sadly missing) is it all comes from people."

Today, while much has changed in the world of work, much has remained the same. The critical importance of people remains unchanged, yet the way that successful companies march to that beat has shifted. In this new series of training programs entitled **Re-imagine! Business Excellence in a Disruptive Age**, Tom Peters will explore the ways that leading organizations are meeting the new challenges. As each program unfolds, viewers will gain an understanding of what drives success in this "new world of work."

Each program in this series is designed to focus on a set of skills. This program is designed to provide insights into dealing with organizational change, the importance of focusing on your company's customers, and brand development.

ABOUT THIS PROGRAM:

Ellie Mae is an example of an Internet company that works. They have been successful because they have looked at technology as a way to eliminate inefficiency. More importantly, they kept their customers in mind as they implemented their technological improvements. That way, they were able to make revolutionary changes in an evolutionary manner and bring their customers along with them.

The Ellie Mae story is a classic example of how a company can respond to new challenges. It shows that change can work – and can have a lasting positive impact. The key lessons that come across in the program are:

- Know your strengths
- Survey your environment
- Technological efficiency leads to cost reductions
- Technology advances require training, not only of your employees but also of your customers
- Make this technological change feel evolutionary, not revolutionary

These lessons, however, do not tell the full story. This is a great example of how easy change can be. It shows that truly committed leadership can inspire an entire organization. More importantly, it provides a blueprint for how you can effect change in your organization.

Learning from Ellie Mae

The Story

(Reprinted from Tom Peters' book *Re-imagine! Business Excellence in a Disruptive Age* © 2003 Tom Peters. Published by Dorling Kindersley).

At first blush the mortgage business sounds pretty simple. Realtors work with third party lending organizations -- typically small, entrepreneurial shops. These "originators" broker/sell the loan to huge lenders such as Countrywide, Washington Mutual, and Wells Fargo. The giant retail lenders in turn bundle their loans and sell them again, this time to the likes of Fannie Mae and Freddie Mac.

It may sound simple, but the "grunge factor" messes things up -- shades of incompatible information systems that impair the execution of the war on terror. It's so fuzzy, in fact, that the average loan (yours or mine) is handled by 61 people, and requires 45 days to travel from application to funding.

Enter Ellie Mae!

Ellie Mae is a four-year-old company, a dot-com survivor and part of a growing breed I call the "fixers" or the "enablers."

The losing breed of dot-coms primarily focused on the visible front end of business transactions: e.g., peddling us groceries or pet supplies. But winners like Ellie Mae focus on the invisible back end -- and aim to revamp astonishingly clumsy and grunge-clad processes like those that mark the mortgage banking industry.

Ellie Mae is the brainchild of longtime industry veteran Sig Anderman. He "retired" to Sonoma County, California, in 1997 and started "messing around

with the Internet," *Mortgage Banking* reports. Two years later Ellie Mae was born, along with its primary product, ePASS Business Center. It's an Internet-based platform or "universal credit switch," as Sig described it to me, which allows all the players to communicate instantly and seamlessly with one another (ePASS stands for electronic processing and submission system). In March 2003 alone, Ellie Mae facilitated 700,000 transactions, Anderman reports, "saving the industry over 100,000 hours of wasted work." Growth is running 10 percent per month. No wonder co-founder Scott Cooley claims that "Ellie Mae can do more for American forests than Greenpeace can" through the elimination of unnecessary, time-wasting, confusing, and expensive paperwork.

The underlying theme is huge. And sometimes appetites are so big, even on the back end, that they lead to failure. Legendary Silicon Valley entrepreneur Jim Clark (3Com, Netscape) tried, through the founding of Healtheon, now WebMD, to bite off the entire screwed-up healthcare industry. His audacious goal: getting patients, docs, hospitals, and insurers all on the same e-page. I suspect the lesson, at least for now, is that bits of big industries can be made grunge-free by the likes of Ellie Mae, but we're still a ways short of the One Universal Cleansing Agent model Clark proposed through Healtheon. At any rate, this new and mostly unsung breed of Web Drains-meisters is ... well ... changing the world as it removes detritus from system after system and industry after industry.

Key Lessons:

Ellie Mae's products are changing the mortgage industry through their approach to their customers and technology. Here's what you can do to put these ideas to work in your organization.

Know Your Strengths: Ellie Mae was able to achieve success in the highly competitive Internet and mortgage business because they knew what their strengths were. Specifically, the company knew that they had developed a system that allowed all the different computer systems to share information seamlessly. In addition, Sig Anderman had a huge reservoir of knowledge and experience in the mortgage business and in the housing industry. He and his team also understood the need to balance technology and the customers. They used that knowledge to form the foundation of their strategic plan.

Survey Your Environment: Ellie Mae was able to put the concept for their Internet company to work for several reasons. However, one of the most important reasons was that the outside operating environment was prime for this kind of technological advancement. Had Ellie Mae attempted this a decade earlier, the environment would not have been ready to accept it. Ellie Mae knew that desktop computers were being used at every step of the mortgage process, and that was essential for the implementation of their product. They also knew that ease of use and incremental change were necessary to win over their customers (many of whom had been doing business the same way for years, if not for decades).

Technological Efficiency Leads To Cost Reduction: This concept sounds so basic to most business professionals, but how many companies really apply it? Ellie Mae used the technology to reduce the average cost per mortgage by

nearly \$3,000. They took the “grunge” out of the mortgage application procedures, and in the process increased accuracy. This significant cost reduction and increase in accuracy allowed them to competitively price their product and have the cash available to take advantage of new ideas and developments. This allows them to remain nimble and confident.

Technology Advances Require Training, Not Only of Your Employees

But Also of Your Customers: Ellie Mae took this concept very seriously. In order for the technology to work to its potential, everyone using it had to be trained. Without proper training, the efficiency gains would not have been realized. Because Ellie Mae has their customers as their focus, they implemented their training throughout all levels. This involved their customers and their employees.

Make Technological Change Feel Evolutionary, Not Revolutionary:

In order for people, customers and employees alike, to accept change, they must feel secure. This is a basic psychological concept that has impaired many great business plans and designs. Ellie Mae brought their customers and their employees into this technology with small incremental steps supported by training. This allowed the people to feel secure and accept the change. Because this change felt good, the customers complete their business with Ellie Mae with a great feeling, and their employees remain loyal and committed.

Re-imagining the way High Tech Works at Ellie Mae

Discussion & Reflection Points

We have all heard that knowledge is power. Ellie Mae's strategy worked because they knew what they were good at. This is not as easy as it sounds. Does your company have an accurate assessment of its strengths and weaknesses? Do your company's employees know what is considered to be strengths and weaknesses? How can you exploit your company's strengths? Think about your organization's strengths and weaknesses. List some of the big strengths and weaknesses below:

Revolution. This is a scary word to most people. Evolution. This word is much less frightening because it signifies an advancement in ability. Ellie Mae knew this and took it to heart as they incrementally effected change through their customers and employees, with leadership that was fearless of the change. This approach inspired confidence in their customers and loyalty in their employees. What changes is your company making right now? Can these changes be broken down into smaller steps? How would you effect change through small steps?

Ellie Mae's strategy would have failed if the outside operating environment was not ready to accept the technology. Had they attempted to implement this when any one participant lacked a desktop computer, the efficiency gains that were the goal of this strategy would not have been realized. Can you think of a time when your company attempted to launch a new strategy and it was not realized because of an outside influence in the environment? What is happening in your company's outside environment? Does your company regularly look outwards? Is there something in your outside environment that your company should be looking at? List the top outside pressures that your organization is facing now:

In this training segment we saw how extensively technology can benefit an organization. Technology is actually very affordable and available to most companies. Many of us have a desktop and/or laptop both at work and at home. How much of the available technology are we really using everyday? Are we maximizing the ability of what is directly in front us without any additional capital investments? Ellie Mae looked at these questions and decided that they were not, and put the insight to work for them. Does your company regularly promote technological training? Have you thought about what your computer can do that would make just one thing you do as a regular task easier or quicker? Do you have a co-worker who seems to just magically complete her tasks faster? Have you thought about why? What other cost saving or revenue generating activities would you do if you could shorten the amount of time you spend on your current tasks and projects?

Ellie Mae's entire focus was their customer. They knew that they wanted their customers to feel good about using the technology to complete the mortgage process. Do your customers interact with you through technology? Can you think of ways to make your customers' interactions with your company easier through technology? How can your company ease the life of your customer? List some thoughts below.

PREVIEW
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Trainer's Notes

This is your guide to use with the video **Re-imagine Technology and The Customer**. The program shows how opportunity or entrepreneurial thinking is critical for the success of every organization in the future. This workbook and the accompanying trainer's notes should provide you with additional ideas for creating an educational experience that will focus on how to orient your organization to compete in an entrepreneurial world.

The video is divided into three parts.

INTRODUCTION: In the opening, Tom Peters introduces himself and sets up the business challenge.

CASE STUDY: The Ellie Mae case study is a straightforward story of how an organization was able to use technology to implement a cost saving strategy that eased the life of its consumers.

LEARNING POINTS: This workbook provides insight into Ellie Mae's company through key learning points that were demonstrated in the video. This allows people to understand the lessons of the case study and begin to think about how they can apply them to their own organization.

Audiences

Ellie Mae is a great example of how technology can be used to make people's lives easier. Audiences who will find the video particularly useful include:

SENIOR MANAGEMENT: Ellie Mae's strategy worked for several reasons. They knew their environment, they knew their strengths, and they trained both their customers and their employees. This video can be useful to senior managers who are responsible for setting the tone and direction of a company. It provides an excellent example of how inside knowledge can shape the direction of a company.

MID-LEVEL MANAGERS AND FRONT-LINE SUPERVISORS: It was the middle managers and front-line supervisors at Ellie Mae who were responsible for implementing the strategy, with the support of their leaders. This video provides an example of how well an incremental change strategy can work.

ORGANIZATION-WIDE TRAINING: Ellie Mae was able to realize their vision through training and communication. Both of these concepts were key. This video can be useful on all levels of an organization because it is a positive example of how useful technology can be. It also shows that technology can work in a way that is not intimidating to users or customers.

How to Use Re-imagine Technology and The Customer

This video and print package includes a number of elements to help you meet your training and teamwork goals.

The following is a list of action steps you can take in planning and conducting a course using **Re-imagine Technology and The Customer**. You may want to modify these items to accommodate time constraints, intended audience needs, and training goals.

Advance Preparations

View the program in advance of the training session at least once and review the key learning points in the program (listed in this workbook).

Arrange to have a VHS videocassette player and a monitor available for this training session. If you have more than 20 people attending, be sure to order at least a 25-inch monitor. Remember to encourage participation. The management issues presented here can trigger strong opinions and raise concerns, as well as generate good ideas. Getting everyone involved will help build consensus on the issues and encourage audience members to feel that they share "ownership" of the solution.

- Obtain one guide for each participant.
- Test your equipment in advance and adjust color, sound, etc.
- Bring writing materials for each participant.

Sample Training Session

PRE-SCREENING PREPARATION. Welcome people to the training session and give them an overview of the program. You may want to address the concepts presented in this program in the context of your own organizational goals.

SCREENING. Show **Re-imagine Technology and The Customer**. You can watch the program in its entirety or focus your training session on one or several specific segments in Tom Peters presentation.

POST SCREENING DISCUSSION. Use the themes from the program as a catalyst for discussion, including:

- Know your strengths
- Survey your environment
- Technological efficiency leads to cost reductions
- Technology advances require training, not only of your employees, but also of your customers
- Make this technological change feel evolutionary, not revolutionary

SECOND SCREENING. You may find it valuable to re-screen the program after discussion.

Exercise 1: QUOTABLE QUOTES

Creating New Approaches to Team Risk-taking

Objectives: This exercise should help you to describe the team's current approach to risk-taking. In addition, you should be able to form agreement on the team's approach to and support for risk-taking in the future.

Participants: Fewer than 10 people is best but may be used with a maximum of 20. Larger groups may be divided into subgroups of 4 to 5 people. Chairs around a set of tables in a U-shape with a single table up front for the projector.

Time Limit: 30 minutes to 1 hour.

Materials and Resources: You should make an overhead transparency or slide of "Quotable Quotes" and have an overhead or LCD projector.

Step One: Explain the objectives of the activity, including a brief presentation on the importance of risk-taking.

Step Two: Display Quotable Quotes on the projector. Ask team members to pair up with the person next to them and decide which quote best describes the team's current approach to risk-taking. (Allow 5 minutes for this step.) The Quotable Quotes are:

"Nothing Ventured, Nothing Gained."

"Go for the Gusto."

"Activity Doesn't Mean Productivity."

"A Place for Everything and Everything in its Place."

"Ready, Fire, Aim."

"Time Waits for No One."

"Slow but Sure."

"Look before You Leap."

"Opportunity Knocks but Once."

"When in Rome, Do As the Romans Do."

"Seize the Day."

Step Three: Facilitate a discussion on the responses. Probe for reasons for selecting a quote. Ask for examples of past team actions or decisions that reflect the idea behind the quote.

Step Four: Ask the team how satisfied they are with the current approach to risk-taking. If they are somewhat dissatisfied ask: "In the future, which of the quotes would you like to be known by?" Facilitate a discussion on the responses leading, if possible, to a consensus on one or two quotes.

Step Five: Close the session by facilitating a discussion on ways the team can increase their level or type of risk-taking.

Variations: You can change the quotes to make them more relevant to your team, or you can ask the team to come up with a quote that best describes their approach to risk-taking.

Exercise 2: Generating New Ideas

Purpose: To create a framework for responding to new ideas.

Materials: People should have pads and papers. A flip chart or board should be available for listing group ideas. Also, have a couple of nerf balls.

Step One: Accumulate all the customer suggestions on a sheet of paper and give them to each attendee in the group.

Step Two: Have your group break up into small working groups. Using the customer suggestions and using the ideas generated by people within the group, have each mini-group discuss and come up with a list of at least five ideas for a new product or service, or a proposal for product or service improvements.

Step Three: Reassemble in the larger group and have each mini-group present their ideas. Your goal should be to agree on at least three ideas to develop further for innovations.

REMEMBER: Avoid negativity! In this phase of the discussion, everything should be on the table. List phrases like the ones below on a sheet of paper. If people say these phrases, have people hit them with a nerf ball to stop negativity. Here are some sample phrases:

- Yes, but...
- I don't think...
- We can't do that
- It isn't done that way

About Tom Peters

"In no small part, what American corporations have become is what Peters has encouraged them to be."

The New Yorker

"Peters is ... the father of the post-modern corporation."

Los Angeles Times

"We live in a Tom Peters world."

Fortune

"In Tom's world, it's always better to try a swan dive and deliver a colossal belly flop than to step timidly off the board while holding your nose."

Fast Company

Fortune calls Tom Peters the Ur-guru of management—and compares him to Ralph Waldo Emerson, Henry David Thoreau, Walt Whitman, and H.L. Mencken. The *Economist* tags him the Uber-guru. His unconventional views led *BusinessWeek* to describe Tom as "business's best friend and worst nightmare." Tom describes himself as a prince of disorder, champion of bold failures, maestro of zest, professional loudmouth (as a speaker he's "a spitter"—according to Dilbert), corporate cheerleader, lover of markets, capitalist pig, and card-carrying member of the ACLU.

Tom & Bob Waterman co-authored *In Search of Excellence* in 1982; the book was named by NPR (in 1999) as one of the "Top Three Business Books of the Century," and ranked as the "greatest business book of all time" in a poll by Britain's Bloomsbury Publishing (2002).

Tom followed *Search ...* with a string of international bestsellers: *A Passion for Excellence* (1985, with Nancy Austin), *Thriving on Chaos* (1987), *Liberation*

Management (1992), *The Tom Peters Seminar* (1993), *The Pursuit of WOW!* (1994); *The Circle of Innovation* (1997); and, in 1999, a series of books on Reinventing Work: *The Brand You50*, *The Project50*, and *The Professional Service Firm50*.

In October 2003, Tom and publisher Dorling Kindersley released *Re-imagine: Business Excellence in a Disruptive Age*; the revolutionary book, an immediate No. 1 international best seller, aims to do no less than re-invent the business book through vibrant, energetic presentation of critical ideas.

Two Tom Peters biographies have recently been published: *Corporate Man to Corporate Skunk: The Tom Peters Phenomenon*, by Stuart Crainer; and *Tom Peters: The Bestselling Prophet of the Management Revolution*, by Robert Heller (part of a four-book series of business biographies on Peters, Bill Gates, Peter Drucker, and Warren Buffet).

Tom presents about 75 major seminars each year, about 50 percent outside the U.S., and has also authored hundreds of articles for various newspapers and popular and academic journals.

Tom is an engineering graduate of Cornell (B.C.E., M.C.E.) and Stanford (M.B.A., Ph.D.); he holds honorary degrees from several institutions, including one from the State University of Management in Moscow, awarded in 2004. In the U.S. Navy from 1966–1970, he served two tours of active duty in Vietnam (a Navy Seabee) and a tour in the Pentagon. He was a senior White House drug abuse advisor in 1973–74, and then worked at McKinsey & Co. from 1974–1981, becoming a partner in 1979. Tom is a Fellow of the International Academy of Management, The World Productivity Association, the International Customer Service Association, and the Society for Quality and Participation.