



MAY 2007 - LEADERSHIP LETTER #17

**Perspectives from *WORLD, INC.*
by Bruce Piasecki**

Hello Friends, Clients and Colleagues ...

My canoeing friend Mike Fremont, founder of Rivers Unlimited, asked Tony Viardo to send me a pre-publication review copy of ***World, Inc.***

This book is No. 6 for Bruce Piasecki, a consultant and author that I would describe as noted for making "green" and sustainable design **good business**, not just good for the earth and people.

My attached review includes some highlights that struck me as valuable. I hope they also stimulate you to buy Bruce's book!

Don't forget that this and all past **Leadership Letters** can now be found on our website at www.henseyassociates.com.

Best wishes,

Mel

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PERSPECTIVES FROM
WORLD INC.
by Bruce Piasecki, April 2007

Sourcebooks, Inc.

Naperville, Illinois

In his sixth book, Dr. Piasecki addresses a complex but critical emerging set of forces impacting business and most other groups as well.

Patricia Aburdene (of the *Megatrends* series) says “**Capitalism is in the midst of profound transformation** ... what Bruce Piasecki sees will surprise and inspire you.”

Here are some tidbits that highlight this transformation:

- “**Non-financial** matters now account for as much as 35% of a company’s value.”
- “Nearly two-thirds of all Fortune 500 firms have **folded** since NASA began spawning small computers ... in 1972.”
- “Fifty-one of the world’s largest economies are not nations, but **corporations.**”

Forces or pressures that are driving businesses and others to be more socially responsible include:

- Oil demand, depletion, competition and wars.
- Needs for clean air, potable water, food, etc.
- 4+ million poor people (out of 6+ million).
- AIDS, Malaria, Avian Flu, toxins, diseases.
- Climate change and its consequences.
- Terrorism in many parts of the world.

The author makes clear he’s **not** talking about “socially responsible” hyperbole/PR/window dressing.

He **is** talking about firms that try to **be** more responsible with respect to energy, the environment and people as well as profits.

His examples include ...

Toyota's hybrid power train

GE's Ecoimagination drive and products

BP's and **Shell's** investments beyond petroleum-power

Whirlpool and **Electrolux** high-efficiency appliances

HP's and **IBM's** "all-in-one" product lines/services

This he calls Social Response Capitalism, beyond Peter Drucker's or Jim Collins' views of successful companies. And in most cases, when it is **wisely** done, it's very successful in terms of **profits, reputation, growth, and people** (employees, customers, shareholders **and** stakeholders).

(Actually, I believe he's wrong about Drucker and Collins. They have both long been advocates for anticipating customer needs and proactively meeting their expectations.)

But anyway, he shows us clearly that being **wisely and entrepreneurially socially responsible** can lead to a win-win-win for the firm, its customers and the world in general.

He acknowledges the great contributions of Deming, Juran and other Quality pioneers. In addition to improving quality (processes, management, and products), they have caused firms to be more cognizant of customers in many ways.

He offers several tools and concepts that seem helpful in terms of becoming more effective at socially responsible capitalism. Here are a couple:

1. **"Connecting the Dots"** between: Money-People-Energy-Environment.
2. **Building In Recurrent Benefits**, including:
 - Margin Improvement (cost savings) at every stage, including energy savings.
 - Rapid Cycle Time, considering environmental issues in early stages.
 - Global Market Access—products that meet international standards.
 - Product Differentiation that highlights distinctive energy/environmental benefits.

3. **Looking Forward** to Anticipate Future Needs and Forces: Societal, Economic, Health, Resources, Demographics ... to develop products for both the near and distant term, as Toyota has done.
4. **Leadership** that has resources like these: Trust, Values, Vision, Communication Mastery (think Lincoln) and is dedicated to finding **new** paths of growth that offer profits plus other valued ends.
5. **Leading and Lagging Indicators**: Employee measures (retention, etc.), Process measures (quality, etc.), Customer measures (satisfaction, retention, complaint resolution), and Financial measures (revenues, costs, debt reduction, profits, etc.).

Bruce makes a clear case for **manufacturing** types of businesses. I wondered if it's so clear for **non-manufacturing** businesses, including **service** businesses like: universities, consulting firms, doctors, banks, restaurants, dry cleaners, shops, hotels, book stores, and all that.

I can think of some successes and failures in this arena. Customers may be interested in your service primarily because of its ... low cost, high value for the cost, unique features, ease of use.

Bruce would argue that a significant percentage of customers will **also** be more attracted to your service if it is socially responsible (good for people and the environment) **and** better for them in some valuable way: health, convenience, safety, reliability, and so on. I agree.

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