Double Your Profits in Two Years or Less

Garry Jacobs

During times of thriving commercial expansion, leaders take responsibility for their high achievements and offer cogent explanations to employees, investors and the media. Yet in most cases they are unaware of the actual process by which they achieved so much. When Merck was rated as the most admired corporation in America in 1985, the corporate Vice President of Marketing of its US operating division wrote to me that he never actually understood what made Merck so successful until he read the explanation of the process in my book *The Vital Difference: Unleashing the Powers of Sustained Corporate Success*. When the whole country, indeed the whole world, looks up to a business as a model of success to emulate, it is difficult for most companies to conceive that there are ways to substantially improve on that performance. That difficulty is one of the reasons why few companies maintain market leadership for long periods of time. So the VP, CEO and the rest of MSD's top management team were surprised when we presented ten strategies to double the company's record performance. They had not recognized the enormous growth potential as the top performer, because they compared their strengths with others, rather than with their own untapped potential for improvement.

During times when companies are struggling for their very survival, they attribute declining performance to external forces beyond their control. When I ventured to tell the leader of a prominent Indian business group that he could increase the profitability of his rapidly declining rayon tire-cord business three or even six-fold, he literally laughed at the notion. Convinced that this was simply not possible for a company in a sunset industry selling a product that had become technologically obsolete twenty years earlier, he repeated his conviction that the company could not remain profitable for another year. Eventually he agreed that we could try. In the three years following presentation of our recommendations, the profits of his company did increase six-fold, and 25 years later it is still in business. When an industry is in decline or the whole economy is in recession, it is extremely difficult for most businesses to realize that the general condition need not determine their own performance. They not only come to rationalize poor results as inevitable, but even anticipate and convert them into self-fulfilling prophesy, like the rayon tire-cord company.

No Limits to Growth

These two incidents illustrate the fact that both in success and in failure companies remain largely unaware of the actual process of corporate success and the enormous untapped potentials that remain unutilized even during periods of peak performance. Similar experiences studying and consulting for small, medium and multi-national corporations in America, Europe and Asia have led me to three fundamental conclusions about performance in business.

The first is that doubling or tripling profits of any company is possible within a year or two, regardless of whether it is an entrepreneurial start-up or a fifty-year-old corporate giant, privately owned or nationalized. There is only one caveat to this conclusion: the owners and management of the company must really want it – seriously. Every company would like to double or triple their profits in two years, but not every company is willing for the effort needed to achieve it. That aspiration, commitment and determination are non-negotiable conditions. Greater success comes to those who really want it and are willing to work for it.

In the late 1970s the American automotive industry faced the most severe threat since its inception, due to the onslaught of low priced, high quality small imported cars from Japan. When Lee Iacocca took over as CEO of Chrysler Corporation in 1979, the company had lost $3.3 billion dollars in three years, more than any business in history up to then. Industry experts and Wall Street analysts were unanimous in predicting that Chrysler would be bankrupt within six months. Our own analysis was that the company had enormous untapped strengths and we presented a set of strategies designed to help Chrysler rebound. Iacocca thanked us for expressing confidence in the face of so much dismal pessimism. Over the next three years Chrysler earned a net profit of $3.3 billion, an increase in performance of $6.6 billion over its earlier losses and more money than it had earned in the previous 59 years of its existence.

Challenges are Opportunities

My second conclusion is that growth of revenues and profits in business are the result of a process, a process that can be learned and applied by any company. High performance is not merely a question of being in the right business in the right place at the right time. Luck may appear to be the cause of a short-term bonanza, but it cannot explain the sustained success of businesses that continue to grow and prosper year after year, decade after decade, in the face of wildly fluctuating business cycles and the constant threat of technological obsolescence. Bata, Coke, Delta, IBM, Marriot and Sears continued to grow and prosper right through the Great Depression. Amazon, Apple, Facebook, Google and many other companies took the 2008 financial crisis in stride. So did Walmart, General Electric Company, AT&T, HP, Toyota Motor, and Samsung.

During periods of economic boom, why is it that not all companies prosper? During periods of economic decline, why is it that some firms struggle or fail while others are able to thrive and grow? Some are able to leverage the difficult times as a sling shot or lever to bolster their performance. Companies that succeed in both good times and bad are those with at least an intuitive semi-conscious knowledge of the process. The best of them know the secret of converting severe business challenges into unparalleled opportunities.

In 1922 Weimar Germany was in the midst of hyperinflation. Neighboring countries such as Czechoslovakia, which depended heavily on the German market, were in deep recession. Exports were down by 25% and unemployment soared. The association of Czech manufacturers convened an emergency meeting to evolve a national plan for business survival. A prominent group of business leaders presented a long list of pressing demands on government to cut taxes, provide cheap loans and raise import duties to protect domestic industry. The government pleaded its inability to comply due to its own severe economic constraints. The meeting was at a standstill until the owner of a medium-sized shoe manufacturing company stood up and announced to a skeptical audience that he intended to take matters into his own hands, rather than depend on government for the survival of his business. He went back to his factory, announced a drastic cut in the price of shoes, cut salaries but guaranteed that no workers would be fired and introduced attractive incentives for higher performance. Within a month, his company's sales skyrocketed and his factory was in full production. Over the next five years, employment in Bata factories more than doubled, production multiplied 15-fold. By 1932 the retail price of Bata shoes had fallen 82 percent, while wages in Bata factories rose by 200 percent. By 1928 the company had been transformed into the largest shoe company in the world.

The Process

My third conclusion is that the process which leads to sustained success is the very same for high performing and poor performing businesses. The process of growth is neither a matter of chance nor an insoluble mystery. It is a universal process common to all companies, all countries and all individuals. It is not merely a question of money, great technology, an expansive market, dedicated people, right business strategy or supportive business environment.

When I asked Intel's Corporate Vice President of Finance the single most important reason for the company's phenomenal success over decades, the first word he spoke in reply was, "Energy. It's the energy that makes the difference here." Companies are living organisms just like plants, people and societies. And the survival, growth, development and evolution of organisms depend on the energy they are able to generate and express in work. The professor at a leading business school once scoffed at this statement when I was addressing a large audience of entrepreneurs. “What is this nebulous magical thing you call energy?” I replied, “It’s kind of funny that you ask me that. I have spoken with thousands of successful entrepreneurs and business executives. Not a single one of them ever asked me that question.” That’s because every successful individual – whether in sales and marketing, politics, education, R&D, scientific research, athletics or the performing arts – knows from personal experience that high energy is the fuel for high accomplishment.

The first thing I look for or rather sense when I go into a company is the energy level of the people and the work environment. It’s a reliable index of corporate performance. A Slovenian bank executive recently told me how his financial analysts had cautioned him against extending loans to a company with a weak balance sheet. But when the executive visited the company, he was almost bowled over by the level of energy, enthusiasm and dynamism he found. He knew at once that this was a company worth supporting and his instincts were fully justified by its performance.

I had the opposite experience when I was requested to assist a 70-year-old newspaper with 2000 employees, which had been a market leader before the death of its founder and the break-up of the firm into two independent entities by his heirs. The company was like the *Titanic* after it had already sunk to the bottom of the ocean. Its accumulated losses over the previous five years were equivalent to 70% of annual revenues. Long-time customers and star editorial staff were jumping ship. Once loyal vendors refused to ship newsprint except against cash payment. Departments blamed one another for their poor performance. The company’s bankers froze credit and pressed for repayment. There was no room to maneuver, no untapped markets or mattress money or other reserves to draw upon. Walking into the company felt like entering a depression. It was difficult to even smile. Yet within a year the company was abounding with fresh energy and initiatives, employees were confident, management was focused, customers were pleasantly surprised by the improved products and services, vendors and bankers came forward to support the turnaround, and the fall in revenues reversed. In the last three months of the year, one region of the company committed to compensate for the underperformance of other regions by setting an ambitious sales target, which they exceeded by 178%. The company had taken its first big step from the brink of collapse back to profitable growth. The sunk Titanic baled itself out and returned to the surface again on the strength of its own internal capacities.

Focusing the Laser

High energy is vital for high performance. But energy alone is not enough. After all, young children are abounding in energy which they express in incessant movement, curiosity, exploration, touching, tasting, throwing, non-stop questioning and making trouble of all sorts.

But apart from helping them develop their muscular coordination and learning about things, they really don't accomplish very much. Similarly, young entrepreneurial companies in sunrise industries often display high levels of enthusiastic energy that is exhilarating to experience but may not produce great results. During the early years of the personal computer revolution, more than 200 start-ups were established in Silicon Valley alone to assemble and market PCs to meet the new craze. Initially, the market was so eager for product that it accepted just about anything they could ship. But gradually it became more discriminating and demanding. Customers insisted on reliable products, timely delivery and quality service, which few of these start-ups could provide. Within five years less than a dozen of them were still in business. High energy is not enough.

The sun is showering energy on the earth every moment but only photosynthetic plants, hothouses, solar cells and sunbathers put it to direct productive use. Most of the rest goes to warm the atmosphere and oceans to make life generally livable on earth. Energy becomes productive only when it is focused and directed toward conscious goals, like the focusing of light by a solar collector or a high energy laser beam. When energy is focused and directed, it is converted into Force. Companies convert energy into Force by setting high goals and standards of performance, developing strategic plans, and committing to high corporate and business values.

Fred Smith, the founder CEO of FedEx, is a student of history who spent many years studying the success of high achieving individuals and companies. When we interviewed him in 1989, he described the process by which he constantly seeks to raise the energy level and intensity of focus in his company. The previous year FedEx had a 95% on-time delivery record in the USA, when the next best competitor was at 88%. Unsatisfied, he set a goal of raising it to 96% in one year and the management team staked their personal bonuses on achieving it. When asked why he was so insistent on raising the bar when he already out-distanced the competition, he replied, "We presently ship a million parcels a day in the USA. Five percent late delivery means we have 100,000 unhappy customers daily – 50,000 who are disappointed that the parcels they shipped are delayed and 50,000 who do not receive them on time. Which company can thrive by creating 100,000 unhappy customers every day? Today FedEx delivers eleven million packages every business day and receives 50 million package tracking requests daily around the world, so obviously they have been doing something right. Commitment to achieving the highest possible standard of on-time delivery is one of the ways FedEx focuses corporate energy for high growth and profitability. But that is not all. Smith also told us about the company's ten-year strategic initiative called Butterfly 2000. His goal was to expand outside the US market to make FedEx the largest express transportation company in the world by year 2000. And they made it on schedule. Today FedEx Express operates the world's largest airline in terms of tons of freight delivered to more than 375 destinations worldwide.

The Powerhouse

High energy and sharp focus are essential. But converting energy into force is not enough to ensure high performance. We are all familiar with highly motivated, self-directed individuals who never seem to make the grade. Young Steve Jobs fit that description during his first tenure at Apple Computers. An entrepreneur with phenomenal energy and creative imagination, he was known for a cutting edge focus that could cut right through the fog to perceive the value of a new technology or marketing strategy long before others. His sharpness could cut right through people and organizational morale as well and leave them fumbling, demoralized and disheartened. I visited Apple in 1984 just at the time it launched the first Macintosh computer with the graphic user interface and the smiling face when you turn on the display. Jobs had pioneered development of a remarkable product light years ahead of the competition, but unfortunately he created so much internal competition and dissension within Apple that the new product failed dismally to meet the targeted delivery deadlines and cost estimates. Jobs simply lacked the ability to effectively manage the company he had built from scratch. Six months later he was fired by his own board and banned from interfering in the company's internal operations.

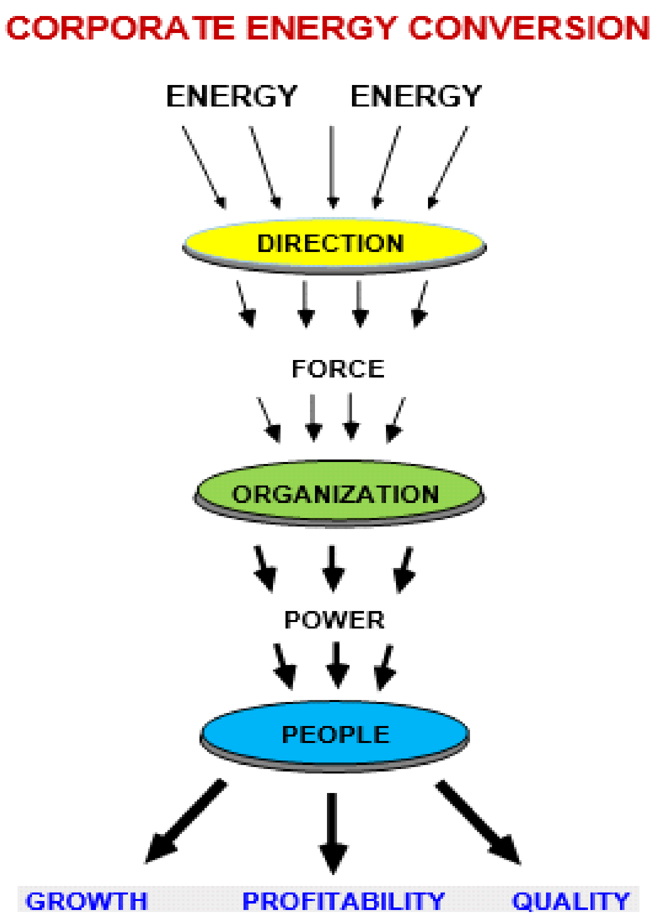
The second time around at Apple, Jobs rigorously applied the same organizational principles applied at Dell to improve efficiency and reduce costs, so he could market the completely new iMac computer at a very competitive price. In 2002 Jobs confessed during a commencement speech at Stanford University that his humiliating, highly publicized ejection from Apple in 1985 had provided him with valuable lessons. He applied that knowledge to turn around Apple and raise it to the top of his industry and the top of the corporate world the second time around. The dramatic turnaround of Apple demonstrates the unlimited power of organization to convert focused energy into productive power.

Organization is akin to the power plant used to convert the raw kinetic energy of a raging river into usable productive power. A river is like a rapidly, perpetually moving storm front which sweeps away everything before it, but never accomplishes anything productive. Build a dam to channel that raw energy and direct it through sluice gates into the blades of the turbines, and raw energy is transformed into usable productive power. Channel it through distribution systems from point of generation to points of application and that same energy can be used to light up cities and power industries. That's the role which the structures and systems of organization play to channel human energy in companies and convert it into productive power.

Converting Power into Result

The last step in the process of energy conversion occurs at the tether ends where it is expressed by individuals within the company in its internal operations and relationships with the external world. The final results produced by this energy depend on the skills and attitudes of every individual manager and employee expressed every minute in countless small acts in every functional area. These skills and attitudes are like the hair-thin filaments of an incandescent bulb or the microscopic circuits on a computer chip which determine whether the energy flows as intended or results in a short-circuit that prevents perfect execution of work. No matter how sophisticated the aircraft may be, during a tough storm the skill and diligence of the pilot can make the difference between life and death. No matter how large the company, perfection in small details really counts.

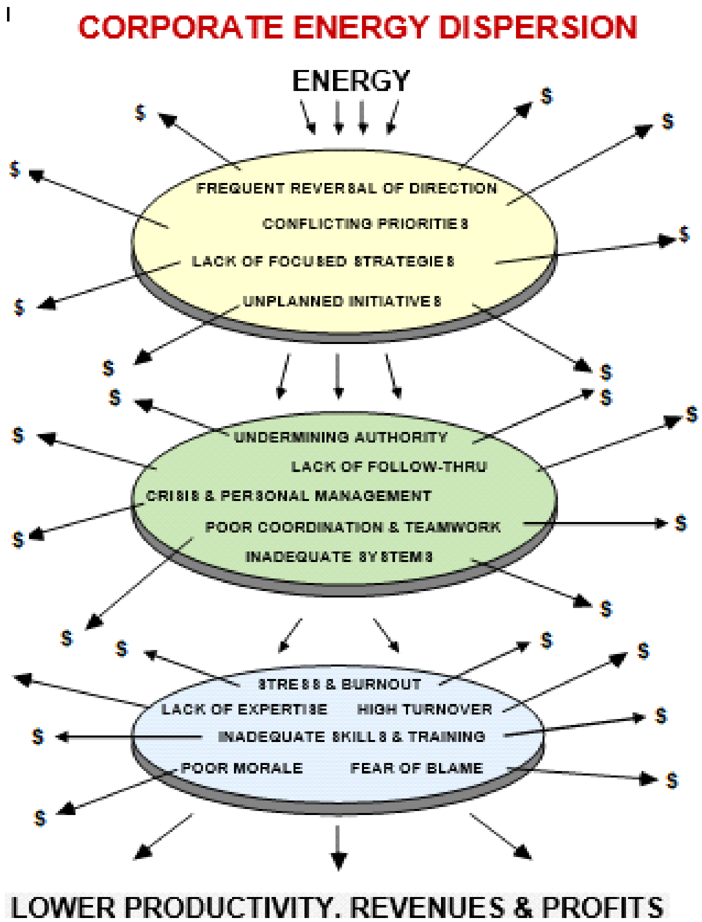
Ivo Boscarol founded Pipistrel as a craftsman who simply loves inventing and producing elegantly designed, electronically sophisticated, high performance small airplanes. His commitment to perfection in every small detail backed by the essential knowledge and skills of his small, highly committed workforce drove the growth of his private business to become a high potential, high-stakes player in the international market for small aircraft. Like so many other small entrepreneurial businesses that have made the successful transition to high performance growth companies, the challenge before Pipistrel is to raise that value commitment, knowledge and skill ever higher even as the company rapidly expands.



The river and the power plant are a metaphor which is inadequate to capture the living vitality of high energy organizations. High performance companies are self-organizing, living organisms that grow, adapt and replicate themselves, rather than mechanical systems that are assembled and in need of continuous repair. The process by which energy is generated, directed, channeled, transformed and expressed in productive work knows no limits. California redwood trees are the largest living things on earth, some of them more than two thousand years old. The difference is that the speed of growth for redwoods is slow and limited, whereas the speed for the growth of a business is limited only by the overall efficiency of the energy-conversion process. Über was founded in 2009. Today it offers taxi services in over 300 cities in 56 countries around the world. Forbes lists Groupon as the fastest growing company on record. In its first six years, it expanded its operations to cover 22 countries and achieved revenues of $3.2 billion.

The corporate energy diagram depicts the process of conversion through three lenses of corporate functioning – direction, organization and people. In a high performance company, the efficiency of energy transmission and conversion involves minimum energy wastage and dissipation. In addition, the very process of transmission magnifies the energy entering each lens, which is exactly what happens when inspired leadership, good strategic planning, smooth running systems, freedom for innovation and initiative, open communications, and excellent training programs generate and release additional energy. In this case new ideas and initiatives gain energy and momentum as they move through the organization, the way a great new product gains popularity as more and more people purchase and use it and word of mouth spreads lightning fast through the marketplace.

The corporate energy conversion diagram depicts the ideal state. It looks great on paper but I have never found that it matches the reality found within a company. The actual situation is usually quite messy. Even in companies with high energy, clear goals, well-defined values, elaborate plans, well-developed structures, finely-tuned systems, continuous training and high morale, the actual level of energy conversion is far from optimal. In companies that are rapidly growing the spillover and wastage of energy arising from the inadequacy of standards, structures, systems and skills can be visibly perceived. In older companies that have lost their youthful inspiration, clear identity and direction, where organization has become bureaucratic and lethargic, and people have become complacent or disenchanted, the latent energy that is dissipated will be equally great but less easily perceived on the surface, because it never gets released in the first place. Either way the scope for dramatic improvements in performance is very great.



The corporate energy dispersion diagram depicts the reverse situation. There are still three lenses. But in this case each of them is acting to diffract and disburse available energy rather than focus, multiply and transmit it to the next stage of the process. Poor disheartened leadership, ambiguous goals, muddled planning, conflicting authority, poor communication, poor coordination and teamwork within and between functions and departments, inadequate skills, demoralized attitudes, stress and burnout lead to wastage and dissipation of energy at each stage, so that the momentum generated at the start and the top peters out and fades as it moves down and through the organization.

In every company I have ever visited, there is enormous scope for raising the level of energy generated at each stage of the process, for increasing the intensity of the force with which it is focused and directed, for multiplying the effective power of that force by fine-tuning the structure and systems of organization through which it is channeled, and for elevating the skills and attitudes through which it is expressed at all levels in every operation of the business. As every engineer knows, the final output of a system is a product of the efficiency of transmission at each stage. A four stage process with 90% efficiency of transmission at each stage results in 73% overall output. Eighty percent efficiency at each stage results in just 41% final output.

Raising performance at each stage of the energy conversion process by a mere 10% is sufficient to double or triple the profitability of any business. In practice I have found that there are ways to raise energy generation and conversion at each stage by 50% to 100% or even more.

Five engines

Redwoods, solar panels, lasers and hydroelectric power plants are just metaphors for the process. Now let's speak in terms more familiar to every business -- market, technology, people, capital, organization. Every functioning company, small or large, strives to identify and serve a need in society which constitutes the potential market for its products and services. Every company utilizes some form of know-how or technology to produce and deliver products and services to meet those market needs. Every business needs people, a few or a lot, to conceive of the ideas, generate the energy, formulate the goals and plans, develop the organization and perform the skilled execution of work required to deliver products and services to meet market needs. Every company also requires a certain quantum of capital, physical and financial, like the $5000 and the garage which Apple started with, to generate the products and services to meet those needs. And finally every company needs one more thing, which often appears nebulous and intangible, but is absolutely essential for its effective functioning. It needs organization, whether formal or informal, large or small, consisting of the structures, systems, procedures and activities required for the other four combined together to form a cohesive, dynamic, living whole. These are the five essential components of every business. Companies that excel sometimes attribute their high performance to extraordinary development of one or two of these five components. They may proudly proclaim that they are market-driven or technology-driven or people-driven or driven by a strong capital base and financial management. More rarely do companies perceive organization as the real driver of their growth. Rarer still are companies whose conscious intention is the equal and balanced development of all five.

In reality, each of these five components has the potential of being converted into an engine for rapid growth and high performance. Aggressive high energy marketing was Steve Jobs' forte, even when he was still working out of his garage and personally assembling motherboards together with Apple's co-founder Steve Wozniak. Wozniak was a technical genius who first linked a motherboard to a TV and typed on the keyboard to display text on the screen. The combination of their skills was enough to make Apple an early leader in the personal computer industry, until weaknesses in the other three components compelled them to bring in venture capital, hire hundreds of people and create the first rudimentary framework of corporate structure. By then IBM entered the market with its Intel and Microsoft-based PC, and assumed a dominant leadership position together with HP, DEC, Compaq and other more professionally managed companies. Apple's market share gradually declined.

Steve Jobs soon realized Apple could never compete with an identical product on equal terms with larger, more well-funded companies with national and global marketing capabilities and large cadres of engineers and other professionals. So borrowing new technologies developed by Xerox Park Research Labs in Palo Alto, he launched the Lisa in 1983 and the Macintosh in 1984, the first personal computers with a mouse and graphical user interface (GUI). Years ahead of the competition in terms of technology, Apple carved out a 15% market share in the USA but was never able to fully capitalize on the sophisticated capabilities of its user-friendly products. Organizational weaknesses, internal frictions and operational inefficiencies held it back. Jobs concluded the problem was still with the technology, rather than with the organization, so after being thrown out of Apple, he founded NeXT Computers to build the perfect personal computer and he did it. The only problem was he could not sell what he produced. He invested his earnings from Apple to build a state-of-the-art factory capable of producing tens of thousands of computers a month, but actually sold only about 400. He still hadn't learned the lesson that market and technology were only elements of a bigger picture. By the time he returned to

Apple in 1996 years later, he understood what he had been missing. Apple's market share had fallen to five percent and the company was bleeding. Few believed it had a future. Michael Dell publicly advised Jobs to sell off the assets and close the company. It's ironic that Dell failed to recognize the organizational potential of his own ideas. Jobs' imitated Dell's just-in-time supply chain management system to cut costs dramatically and produce competitively priced, superior quality computers. Apple took the first tentative steps on the path of recovery that would lead it to the top of the business world.

The Lever and the Invisible Wall

In 1927 Willard Marriot and his wife started a small drive in restaurant in Washington DC selling Mexican food. Together they cooked, served the food, handled the cash register, mopped the floors and earned a neat profit from their business. The next year they opened a second restaurant, each of them managing one of the locations. Even after the crash of 1929, their business continued to grow. By 1932 they were operating six restaurants in the capital. Bill appointed store managers for each location and jockeyed back and forth between them to ensure they were all well-managed. When Bill approached his lawyer to negotiate purchase of property for a seventh, the lawyer cautioned him: "Bill, with six locations you are already working 18 hours a day running around like crazy. What are you going to do when you have twenty? I've seen too many entrepreneurs grow themselves out of business. Stop while you are ahead." Bill took the lawyer's advice seriously, but that did not stop him from expanding right through the Great Depression. By 1937 he was operating twenty restaurants on the East Coast. When the first commercial flights began that year from Washington, he started a subsidiary to provide onboard food service to airlines. By the early 1950s Marriot was operating more than 200 restaurants along with the largest airline catering business in the USA. Then it expanded to operate cafeterias for the US government, schools and corporations. Undaunted and still aspiring for more, Marriot ventured into the hotel business. When we met Willard and his son Bill in 1984 they were in the planning to launch a new chain of more than 250 budget Courtyard Hotels across the USA in a single year. By then Marriott had grown to become a $3.4 billion corporation with more than 20,000 employees. The key driver for Marriott's growth was the unlimited power of organization.

As Archimedes said of the fulcrum and lever two thousand years ago, given the right organization you can move the whole world. More recently, Amazon, Apple, Facebook, Google, and Über have shown that it is true. Organization is a tremendous power. The entire society is founded on it. Without it we would have no language to communicate, railways or airlines, markets and money for exchange, banks, insurance, educational system, scientific research, government or Internet. Organization is ubiquitous but it is invisible. Its power is felt though its form cannot be seen. Many corporations suffer from organizational sclerosis, hardening of the structure into isolated compartmentalized departments encumbered by rigid, bureaucratic procedures. Like the human circulatory system, all organizations are vulnerable to disease, but there is simply no way that human beings can live, grow and prosper without them. One of the secrets is to know what type and how much organization is needed at each stage in each area and at every level of the business. Organizations are like a plumbing system for water distribution. If the pipes are too small, they impede the volume and speed of flow. If they are too big, they do not generate sufficient pressure for transmission and all the momentum is frittered away as friction. Entrepreneurial businesses grow and mature by a process of transition from personal management to impersonal organization carefully balanced and blended to keep alive the spark of human aspiration, energy and initiative at the core of each activity.

In 1989 while conducting research for our second book, *The Vital Corporation: How American Companies, Large and Small, Double Profits in Two Years or Less,* my co-author and I went into twenty of the fastest growing companies in the USA. Near the top of the list was a company called Amre which had grown from $4.4 million to $140 in five years. Amre was an impressive company. It had taken an old mom-and-pop industry for home remodeling and converted it into a national system. The market was for older homes that needed refurbishing. The technology was application of colored vinyl panels to the outside of the house which never required repainting and were not worn by the weather. The challenge Amre embraced was to do this on a very large scale and ensure highly reliable, fast service at the local level throughout a huge country. The company succeeded so dramatically by converting the component organization into an engine for rapid growth. They marketed their products in Sears stores nationwide under the Sears name. They created a structure and systems that enabled them to source materials at steep discount and utilize local mom-and-pop contractors to deliver services promptly at competitive prices. Six months after publishing our book featuring Amre, we called the two co-founder CEOs and asked for a meeting. We told them that during our study of the company we had identified organizational weak spots which we believed would eventually call a halt to their phenomenal expansion and offered to help them set them right. The two owners turned and exchanged looks with each other and then turned to me and said, “Where were you a few months ago? We have already hit the wall you are speaking about.”

Organization is humanity’s most complex technology and sophisticated invention. It consists of innumerable elements or subcomponents. Structure determines the division and specialization of work and levels of management hierarchy. Authority defines how decisions are made, approved and executed in each area and level. Rules, procedures, systems and activities determine how energy, information, people, money and objects move through the organization. Communication, coordination and integration determine how the separate parts relate, interact and combine their separate activities into a coherent, cohesive living whole.

Each of these subcomponents admits of unlimited refinement and development. The performance of each depends on the energy that is channeled through it, the clarity and precision of direction, the attitudes and skills through which it is expressed. Transforming these subcomponents into engines multiplies the speed, efficiency, momentum and creativity of the workplace. In the process it energizes employees to high performance, makes the market move toward the company, invents new and better technologies and attracts the financial resources needed to fuel endless expansion.

Individual Microcosm

Organization is the impersonal side of a company. But every organization is designed, staffed, operated and utilized by living human beings. People are the personal side. If the component organization has an unlimited capacity to energize and elevate work performance, the real source of that unlimited creative capacity is the people. Organization without people is an empty shell. Organization that regards human capital as a disposable, dispensable, replaceable resource is a dead-end. Those who direct its operations may be efficient managers, but they cannot be great leaders. The real index of great leadership is the capacity to generate and release human energy, to inspire people with a higher vision and values, to bring out their creativity and capacity for constant innovation, to motivate people for high performance because they feel that achievement is self-motivating, enjoyable and self-rewarding.

Every human being is a unique composite expression of the potentialities of the human race. And though we are all different from each other, we all have untapped skills, capacities, abilities and talents that can be brought to the surface and made available for gratifying self-fulfillment and fulfillment of the goals of the organization. Companies that achieve the highest level of success and sustain it over decades are those that have learned how to constantly foster the development and nurture the expression of people at all levels of the organization.

General Mills is 150-year-old company in a traditional industry. It began operating flour mills and gradually diversified into breakfast cereals, cake mixes and other processed, packaged foods. It is best known as the producer of Cheerios breakfast cereal, which has been a market leader since the 1930s. So when we went into our first interview at General Mills in 1984, I hardly expected what I found. Our first meeting was with a 24-year-old woman fresh out of business school in charge of the marketing plan for Cheerios. She was overflowing with energy, enthusiasm and excitement about what she was doing. She kept saying, “I am doing this. I am doing that.” Finally I interrupted her and, pointing upward, I asked, “What about them? What about top management?” She instantly replied, “Oh, they have final approval for our plans, but it’s really up to us to set the direction and evolve the strategy.” I was perplexed. Was it really possible that this company entrusts a multibillion dollar brand to a 24 year MBA? Later that day

I put that question to the VP of Marketing. He laughed and said, “Yes and no.” We provide the guidelines, the targets, the structure and the tools and encourage our marketing teams to evolve innovative approaches to recreate the product year after year.” The cover of that month’s company newsletter depicted a brand manager flying through the office with a suitcase in hand. General Mills might be in a boring, traditional industry, but it has discovered the secret for unleashing the energy, imagination and skills of its people to continuously reinvent itself and its brands. It knows how to balance and integrate freedom and authority, creating a vibrant atmosphere and an endless source of energy for rejuvenation and growth. This remarkable capacity is the reason it has remained among the most admired food companies in America for decades. Today General Mills has more than 43,000 employees operating in more than 100 countries generating revenues of $18 billion and a net profit of $1.8 billion.

People are not merely a component, a human resource or a walking, talking form of capital. They are an unfathomable microcosm of inexhaustible innovation and creativity. There lies as much hidden productive potential within a company’s people as in the entire society within which it operates, for the simple reason that a company’s people are a microcosm of that macrocosm. Management of human resources usually focuses on externalities – compensation, incentives and bonuses, responsibilities, performance standards, evaluations, technical and managerial training, career paths and the like. These merely scratch the superficial surfaces.

Companies grow by growing their people. Starting his entrepreneurial business with a simple bachelor’s degree, Bill Marriot evolved personally with each stage of his company’s growth and development. He evolved from a cook and server into an efficient store manager, then a general manager of managers, an expert in marketing and site selection. He gradually acquired the skills and attitudes to select, understand and motivate other people, alter his attitudes toward borrowing money and delegating authority, to learn how to learn continuously and change constantly. Ten years after he commenced his business, he was no longer doing any of the things he had been doing during the start-up phase. He was doing things he had never been taught or known when he began the business. He grew continuously so his company could keep growing. Organizations stop growing when the people at the helm stop growing. In 1984 he related how his management team balked at the idea of opening 250 new hotels in one year. They told Willard Marriott in flattering terms that he had a born genius for site selection and no one else could do it as well. He laughed at them and said it was nonsense. Anyone can select the right sites given the criteria, the necessary information, and the knowledge of what to look for. Had he listened to that flattery, Marriott might still be struggling to find the locations for the 1056 Courtyard hotels now operating in 40 countries.

Steklarna Hrastnik is the dramatic illustration of how the power of people was leveraged to turn around an ailing Slovenian glass manufacturer, which had lost touch with the times and the energy needed for high performance. Identifying and encouraging talents, developing people, providing freedom for individual initiative and ensuring attractive levels of compensation were keys to converting Steklarna's people into an engine to drive growth and profitability. The company's commitment to values of purity, passion and heart may sound dreamy to some, but their impact on performance has been concrete and tangible. Originally founded in 1790, the company descended from a long tradition of quality and innovation in the craft of glassmaking. In spite of investing in latest technology, it approached the brink of bankruptcy in 2010. To avert closure, the owner brought in Andre Bozic of B & B consulting as General Manager. Bozic found the company's employees listless, apathetic, discouraged, frightened, angry and trapped in a downward spiral. He knew that his most urgent challenge was to win the enthusiastic support of employees to usher in rapid, radical change. Together with his wife Ksenija Bozic, who came in as an external consultant, he made the people – not customers, not production, not even profit – his prime target. The first objective was to raise self-esteem, self-respect and self-confidence by implementing a comprehensive human resource development plan to promote a corporate learning culture and create a more attractive and interesting working environment. They also focused on improving the health and well-being of employees through recreational and athletic activities. Workplace injuries declined by two-thirds. Sickness benefits dropped by 36 percent. Over the next five years energizing people helped Steklarna convert losses of 3.2 million euros into a net profit of 4.2 million euros. That's the power of people!

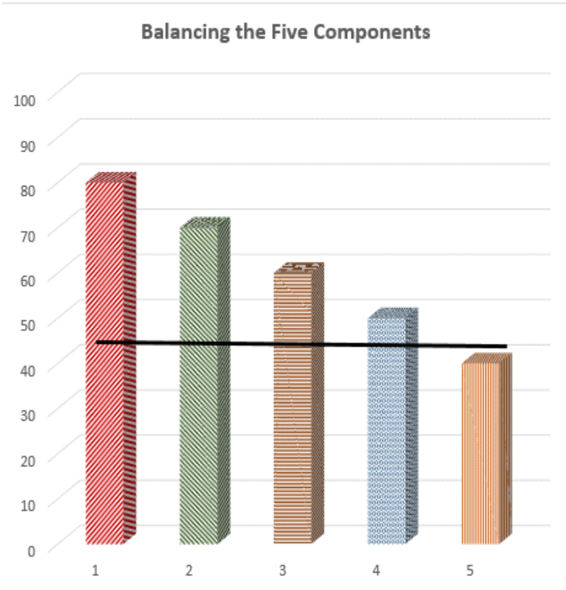
Straightening the Leaning Tower

When Iacocca took over as president of Chrysler, he discovered the company was a virtual leaning tower like its namesake in Pisa. It had a strong tradition of leading-edge technological innovation and prided itself as a technology driven company. The design engineers repeatedly came up with original inventions that the market was not ready for – like the first aerodynamically designed car body during the 1930s or the first push-button transmission in the 1950s. The engineers at Chrysler set the stage and called the shots. The job of the marketing people was to sell what they designed. Lee Iacocca was an engineer, but one who had worked for decades in sales and marketing at Ford, where he participated in the design and launch of the highly successful Ford Mustang, Escort and other bestsellers. He understood engineering but he also understood how to listen to customers and read the needs of the market. When he took over at Chrysler, the first thing he did was to break down the insular walls encircling the engineering department and bring design and marketing people together to create new products that would sell. Iacocca removed the inbuilt bias and placed design and marketing on an equal footing at Chrysler. The market responded magnificently. The highly successful Chrysler Minivan and K-car were early products of their collaboration.

I have found the same leaning tower phenomenon in many other companies. In 1990 we were engaged by Bang & Olufsen of Denmark to examine the reasons for the company's struggling performance and low profitability in the global marketplace. We found a company with a well-deserved reputation for designing elegant products of superior quality, but one which struggled to turn great products into profits. Here too, the design engineers were regarded as an élite breed of prima donnas living in an inaccessible ivory tower where they dreamed up marvelous new products for customers they never spoke with. At the floundering seventy-year old newspaper, the bias was in favor of editorial. When the vice president of sales sent a report to a senior editor comparing the contents of the company's newspaper with that of top selling competitors, I was astonished to hear the editor tell him to mind his own business. The job of sales was to sell what the editorial staff produced.

When John Huck joined Merck & Co. in 1959 as director of marketing, he discovered something similar. The medical research team lived in an ivory tower and was inaccessible to other personnel. He insisted on being included in the periodic reviews conducted by the research team and was reluctantly admitted on the condition that he never opened his mouth until asked to speak. He remained silent for six months, until one day the director of research proudly asked for John's comments on a new research discovery. When he suggested that the company prepare a brochure for the final product they hope to market, the whole research team responded with laughter and ridicule. The research director said it would take another five years or more for the research to reach a stage where they could do that. Huck explained that if they tried now to identify the ideal characteristics they were striving to develop, it might help them produce a better final product. Five years later Merck launched a new antidepressant drug that became the leading product in its field for years to come. Huck went on to become corporate vice president and eventually chairman of Merck Global.

Balance & Integration



What is true of technology and marketing is true of all five components. Each is essential for success. Each possesses unlimited capacity for further development. But the growth and profitability of a business are not determined by the company's strongest component. It depends on the relative balance between them. You may have the best product in the world, but without an effective marketing function to reach out to customers or a finely-tuned production system to deliver quality product on time, the best of products can be a dismal failure or a potential that never really takes off, like the original Macintosh computer. The ultimate determinant of a company's performance is the weakest link in the chain, because that determines the extent to which the more developed components can be effectively utilized. The chart *Balancing the Five Components* depicts the relative strength of the five components in a typical company. The horizontal line depicts the level of the weakest component. All the regions above the line remain underutilized for want of essential support from the weaker components.

Converting each of the five components into an engine of growth is a powerful strategy for raising business performance. Bajaj Auto was founded by a Harvard MBA named Rahul Bajaj in 1959. The company grew rapidly to become the largest motor-scooter manufacturer in India and the top performing stock on the Bombay equity market. Rahul Bajaj was voted business man of the year in India in 1986 and joined the board of World Economic Forum. This was also the moment when the Government of India took its first serious steps toward opening up the sheltered Indian economy to foreign competition. Twenty leading international motor-scooter and motorcycle manufacturers announced immediate plans to enter the Indian market. The consensus of industry experts was that the company lacked the product quality and advanced technology to compete with foreign brands. The good times were over for Bajaj Auto.

A month later we were engaged by Bajaj to identify strategies to double the company's profit performance and weather-proof it against new competitors. Our final report included more than 130 strategies to energize and develop each of the five components and 100 subcomponents of the company. Rahul Bajaj said he agreed with and accepted all the recommendations without exception. Contrary to prevalent expectations, Bajaj Auto continued to grow rapidly and tripled its profits during the next three years.

Social Macrocosm

Society is a teeming ocean of energy. The ultimate source of energy for the growth of a company is the society in which it is born and of which it remains always a part. Every company is the child of society and draws upon it for all its ideas, values, attitudes, knowledge, skills, organizational capacities, people, resources, technologies and opportunities. Society constitutes the macrocosm – an unlimited reservoir of social potential.

Society was the source of the tremendous energy that drove the growth of Apple during the late 1970s and 1980s. Steve Jobs' real genius was in tuning into the unexpressed aspirations of his generation and giving concrete expression to them in the products he marketed. It is difficult now to recall the level of anxiety people felt about the coming of the computer age and fear of domination or replacement of the individual by huge impersonal mainframes. Apple announced the launch of its Macintosh computer with a thirty-second TV advertisement during half time at the 1984 Super Bowl game. The ad depicted a woman athlete carrying a javelin running through a huge assembly of robot-like marching androids, who were listening mesmerized to a father-like figure addressing them in a metallic voice on a huge screen. Chased by policemen, the woman approached the screen, threw the javelin at it and smashed the image. The father figure represented Big Brother as depicted in George Orwell's famous novel *1984*. The automatons were the masses of humanity brainwashed and deprived of their freedom and dignity by an authoritarian regime. The symbolism was obvious. IBM was Big Brother. The athlete was Apple. The ad ended with one line, "On January 24th, Apple Computer will introduce Macintosh. And you'll see why 1984 won't be like *Nineteen Eighty-Four*." There was no image of the product. The message was clear. The Macintosh had come to save individuality from a slow death by mechanization and impersonal social conformity. Jobs was not selling a computer. He was appealing to the aspiration of the young generation for freedom from domination by technology. With missionary zeal, he announced a social revolution – to make technology serve people and empower rather than dominate them. The ad was an astounding success. It was voted the most successful ad in history up to that time. Although sales of the Macintosh never reached anticipated levels after Jobs' sudden exit from the company, a whole generation heard the message, and responded with admiration. The Macintosh altered history and set the direction for the future of computing.

A few months later I was asked by my co-author which of the many great companies we had studied – companies that included Apple, Bata, Coke, Delta, DuPont, Intel, IBM, Levi Strauss, Marriott, Northwestern Mutual and Sears – did I consider the best investment for the future. "Where would you put your money for the long term?" At the time Apple was the youngest and smallest company among them. I chose Apple because I felt that it was in deeper alignment with emerging social aspirations than any other company on the list. A few months later, Apple fired Jobs and I began to think I had been too hasty in my selection. Twelve years later Jobs returned to Apple and picked up where he had left off. He realized that the personal computer had become a commodity which could be more cheaply produced overseas and offered no assured future for Apple. So he shifted focus from making products to delivering personalized services to customers through integrated delivery systems. In 2001 he launched the iPod as a complete music distribution and entertainment system, which integrated a stand-alone music player with a personal computer, iTunes online music store and the music publishing industry. The iPod demonstrated in concrete terms how Jobs' vision of user friendly technology could be placed at the service of the individual. The rest of the story is too well-known to need repetition. He launched the iPhone in 2007 and the iPad in 2010. By 2014 the company he had founded in his garage with $5000 had become the most valuable company in the history of the world with a market cap of $800 billion.

Steve Jobs' phenomenal accomplishments are a striking example of the power of a single individual to change the world. But it also points to a deeper, more important truth relevant to every business. It illustrates the unlimited potential of society available to businesses to fuel endless expansion and ever rising levels of profitability. Not every entrepreneur is a social revolutionary, but the principle applies to leaders and companies in every industry. The same truth was behind the miraculous rise of Sears from a rural mail order company to become the largest retailer in the world for seven decades and the incredible growth of Marriott from a drive-in restaurant to a global hotel and food service chain. Today we see that power most dramatically illustrated in the explosive growth of Google, Facebook, Über and Airbnb, but the truth is valid for all times and for every industry. Tune in to the live ends of social evolution.

In practice, the opposite is more common. Companies tend to ossify over time and cling to the past. They get fixed to the circumstances of their early functioning and refuse to evolve with the times. Today society worldwide is evolving more rapidly than ever before. Social aspirations and values are changing. Technology is changing. The attitudes of employees and customers are changing. The organization of society itself is radically mutating to connect previously independent functions. The role of government and the regulatory environment is changing. In countries such as Slovenia which are still in the process of transition from centrally planned economy dominated by publicly owned enterprises, the evolution is especially great. Companies mired in past habits and old ways of functioning are threatened by obsolescence, regardless of the industry they are in or the technology they adopt. The message applies to all companies -- tune in to the live ends of social evolution and adapt.

The Value of Values

Theories and concepts are fine. Examples are inspiring. But entrepreneurs are practical people. They want to know what they can do to create results. Energy may be real, but it seems too nebulous to manage. Organization may be all-powerful, but it's extremely complex and difficult to get it right. The five components may be reservoirs of unlimited potential, but one never seems to know where to start or how to link all the pieces together. Isn't there something more immediate, concrete and practical that businesses can do to double their profits in two years or less?

There is. Ironically, the single most valuable tool available to businesses to achieve practical results is also the most abstract and intangible. It is what we commonly refer to as values. Values have become a buzzword for business over the last few decades, but the term itself is difficult to define. It is often used to refer to high moral principles or utopian ideals. It is also associated with specific performance criteria such as quality, service and social responsibility. All of these are excellent examples of values. But the term values itself means something more.

Values are powerful levers for human accomplishment. Commitment to achieving high values can generate and release high levels of energy, direct and convert that energy into force, transform that force into the power of organized activities, and express the power through skilled work to elevate the quality and quantity of work accomplished by any company. The pursuit of values calls forth from an organization the highest levels of energy, creativity, commitment, dedication, innovation, productivity, efficiency, and effectiveness. The serious practical pursuit of values is the surest, fastest and most direct path to continuous revenue and profit growth.

In 1893 a railway station-master named Richard Sears established a mail order catalog to sell urban manufactured products to the prospering rural communities of middle America at a time before Henry Ford's mass produced cars had begun to make the population highly mobile. Sears rightly perceived the unmet needs of America's farming community, which was prospering due to the mechanization of agriculture. He recognized the social potential and adapted mail order technology as a means to tap it. His catalog offered products attuned to the aspiration of working class Americans for the comforts, conveniences and amenities of modern life. His catalog sold sewing machines, bicycles, ice boxes, scissors, shovels, folding chairs and countless other things. Exhilarated by his initial success, he did not hesitate to also include hair restorers, potency tonics and just about anything else that might appeal to the imagination of the unsophisticated.

In 1895 Sears took in Julius Rosenwald as a managing partner to fund and direct the further growth of his business. Rosenwald saw that Sears' business model was flawed. Sooner or later people would come to realize that many of the products offered in the catalog were like the famed snake oil sold by traveling merchants to the unsuspecting. Rosenwald's first act as CEO was to print on the cover of the mail order catalog the value statement, "Satisfaction guaranteed or your money-back." And the company backed it up. Reversing a tradition that was thousands of years old, Sears became the first company in America, perhaps in the world, to replace the age-old Latin dictum *caveat emptor,* "let the buyer beware", with a firm commitment to satisfy the customer at any cost. Over the next 20 years, revenues multiplied twenty-fold, making Sears the largest retailer in the whole world. During the 1920s Sears opened the first department store in a suburban shopping mall to cater to the increasingly mobile US population. The company continued to grow right through the Great Depression and remained the world's largest retailer for seven decades, until it was finally overtaken by Walmart in the late 1980s. Through that whole period, Sears' growth was fueled by its extraordinary commitment to the value of customer satisfaction.

Every company referred to in this article has excelled on the strength of a very strong commitment to high corporate values. For FedEx the value of punctuality was one key driver. But since its inception, the company has been equally committed to intensive, open communication with employees, based on an appeal system that goes all the way to the top. Systematic functioning has always been a core value at Marriott, which operates based on carefully delineated procedures to ensure that every employee knows exactly what to do to meet customer and company expectations. Those procedures help make Marriott a great place for customers and for employees. The highest value at Merck is credibility. The company has earned a reputation among physicians for providing the most accurate, reliable, impartial information about its products in the industry, so much so that physicians with too little time to catch up on the latest developments in their field would prefer to meet with a Merck representative than the representative of any other pharmaceutical company.

Companies with records of sustained success are those strongly committed to a wide range of values which they have worked to perfect over long periods of time. In my books, I have listed 27 major corporate values that drive the success of top performing companies. A complete list might include fifty or more. I have placed particular stress in these examples on values with a strong practical orientation. A serious commitment to physical values has been a powerful driving force at all these companies, such as cleanliness at McDonalds, speed at Toyota and Dell, punctuality at FedEx, safety and preventive maintenance at DuPont, efficiency at Bata and Walmart, quality at BMW and Amazon, accuracy and precision at Google search. These companies also demonstrate a strong commitment to organizational values such as the delicate blend of freedom and discipline at General Mills, standardization and systematic functioning at

Amazon and Marriott, communication at Coca Cola and FedEx, coordination and cooperation at Delta. Furthermore, all these companies also achieve high performance on a range of psychological values, which are the most powerful of all, such as customer satisfaction at Amazon and Disney, innovation at BMW and Tesla, harmony and family feeling at Delta, individual empowerment at Apple and Google, integrity at Merck and Johnson & Johnson, social responsibility at Nike and Starbucks, and extraordinary level of personal commitment to customers at Northwestern Mutual Life Insurance, for decades one of the most admired life insurance companies in America. Many of these companies would rate at the top of their industry on all or most of these values.

The relationship between qualitative performance on values and quantitative performance on revenue and profit growth is not apparent to every company. But all the companies mentioned here know from experience that their commitment to values is directly connected to their bottom line performance. Raising performance on one value to the absolute maximum conceivable, as FedEx strives to do on the value of on-time delivery, is enough to double the profits of any company. The same result can be achieved by raising the performance on a wide range of physical, organizational and psychological values by just ten percent each. The rationale for these two apparently very different approaches is that it is simply not possible to raise performance to the top on any one value without raising it very significantly on a host of others on which it depends and with which it is interconnected. This was a core strategy we applied at the newspaper to raise the Titanic back to the surface and back to profitability.

B-corps

A recent trend in the USA is bringing to the fore the close relationship between values and business performance. Over the last five years 23 states have passed legislation legalizing a new category of 'for-benefit' corporations or B-corps. The rationale for the legislation is to protect the top management of these corporations from lawsuits filed by shareholder because management has consciously pursued core values, even when it may have resulted in lower short term profits. B-corps that declare their commitment to values such as community development, public service, environmental protection, education and other forms of social responsibility are legally entitled to do so, even if profits might suffer as a result. The irony is that all the available research supports the view that companies which place qualitative values above quantitative performance are significantly more profitable than those that pursue profits alone. Studies have shown that employee morale and retention and customer loyalty are far higher for companies which are perceived as committed to high values. The loyalty of customers at Apple is not just to the products they make. It is to the intangible values the company stands for. Although the for-benefit movement is still in an early stage, it is spreading rapidly. As an alternative to the traditional Fortune 500 listings, Game Changers 500 has introduced a new corporate index ranking corporations on their commitment to values.

Value implementation

The power of values is not generated simply by publicly proclaiming them. It depends entirely on the degree to which they are actually implemented in the day-to-day functioning of the business. Although values themselves are intangible ideas, the process of implementing them is practical and well-known. It is the same process that many companies already use to manage product or service quality, employee morale, regulatory compliance and other values. The implementation can be formal, highly structured and meticulously documented, as in the case of ISO quality procedures, or it can be institutionalized as an informal culture expressed in the attitudes and actions of every employee, which is more common in businesses whose commitment to the values is a long standing part of corporate tradition. But either way, what counts is the actual adherence to the values in practice.

The power of values issues from the fact that they are ever-receding goals. They can never be fully and finally achieved. No matter how good FedEx is in getting parcels delivered on time today, that is no guarantee that it can repeat the same performance tomorrow, unless it continues to strive for higher levels of excellence. No company ever reaches perfection on a single value. Most rarely exceed average performance on more than a handful of values. Every company can dramatically elevate its performance by raising its performance on values.

Regardless of the value, effective value implementation includes the following elements:

- *Commitment:* Without a firm commitment by top management which is effectively communicated down the line to lower levels, no company can sustain high performance on values in the face of pressures from hungry competitors, demanding shareholders or complacent employees. The management of FedEx demonstrated that commitment by linking executive bonuses to the company’s on time delivery performance, which means they assumed full responsibility. At the global chemical giant DuPont, the first item on the agenda at every meeting of the Board is the company’s performance on safety.
- *Standards:* Values are intangible qualities. In order to be effectively implemented, they have to be translated into clear, concrete quantitative standards that everyone can understand and adhere to. At Disneyland, cleanliness means not a single piece of paper should be left on the ground. At DuPont, safety means zero accidents. Not just fewer accidents than last year or fewer than the competition, but zero. That standard enabled DuPont to achieve accident rates 67 times better than the US industry average.

- *Structure:* Structure defines responsibility and authority. Values can be effectively implemented only when these terms are clearly defined and enforced at all levels of the company. The chief safety officer at DuPont is the CEO. Every level of manager and supervisor down to the factory floor has a well-defined responsibility for achieving safety. The company's parking lot attendants are authorized to prevent any vehicle from leaving the lot until passengers buckle their safety belts. At Merck, no medical representative is authorized to make a single statement about the company's products which has not be approved by a supervisory team beforehand.
- *Systems:* Systems play a crucial role in monitoring, implementing and communicating performance on values. At FedEx, systems continuously inform employees and supervisors about their performance on sorting rates, speed of servicing aircraft, arrival and departure of planes, speed of answering customer calls, etc. That continuous flow of information continuously reminds everyone of the need for speed.
- *Skills:* Perfect implementation of values requires high quality training on a wide range of skills. At DuPont, every factory foreman is responsible for training his staff on one safety measure day in and day out every year, to ensure that no possible source of accidents is overlooked.

In companies such as FedEx, DuPont and Merck, the process of value implementation is well-defined and highly structured. In others such as Coke, Delta and Northwestern Mutual it has become institutionalized as part of the intangible corporate culture, which every employee understands and adheres to without reminder or reinforcement. I can still recall many of the stories I heard cited at these companies as examples of its commitment to values. At Northwestern Mutual one insurance agent told me about his experience handling the case of a 32-year-old stockbroker with a wife and two children, who had recently died of a brain tumor. His life insurance policy had lapsed six months earlier and the client had failed to renew it before his death. His family was left penniless and distraught. According to law, no payment was due. But according to the company's culture of commitment to customers, it just did not seem right to the agent. So he investigated the matter and referred it to the company's medical committee. On further examination they determined that the patient might have been suffering disability from the tumor long before his death and his disability could have been responsible for his failure to renew the policy, so the company decided to pay the policy in full. That commitment to high values is one of the reasons customers are willing to pay more for a Northwestern policy than from that of other insurers.

Singapore of Europe

The most creative moments in the long progression of human history did not take place in the vast empires of Asia or Europe. They occurred in tiny city-states such as ancient Athens, renaissance Florence and Venice, and modern day Silicon Valley. Creativity is not a matter of size, as the remarkable achievements of Singapore demonstrate. It is a matter of aspiration and commitment. Starting out with a per capita income of only $500 at the time of its independence in 1965, today this nation of only seven million people has a per capita GDP one hundred times greater and exceeding that of the USA. In terms of real purchasing power, it ranks 2.75 times higher than Slovenia.

As Singapore is strategically positioned on the sea routes to and from Asia, Slovenia is situated in the heartland of Europe. Now that the barriers dividing East and West have been shattered, it lies directly on the Silk Road from the Far East to Western Europe. Its central location, and excellent physical infrastructure are significant strategic advantages. Its earlier history under authoritarian communism and central planning has left many scares and old habits that it has yet to shed. The country's physical beauty and diversity are enchanting. It's very low level of inequality ensures that the actual living standards of the people are far higher than the GDP figures would suggest. Its highly educated and innovative population reflects a rich wealth in human capital, which will be the single most important determinant of social evolution in the 21st century.

What Slovenia seems to lack is a vision of the future and an impassioned commitment to make it a reality. Traditionally such visions have come from great leaders such as a Lincoln, Gandhi, Tito or Mandela. In today's free and highly interconnected society, the business community in Slovenia can play a leading role in envisioning a future that is not just good for business but good for the people and the nation of Slovenia as a whole. A combined effort by business, government, the academic community and civil society could generate a new model of society that combines the freedom and creativity of the West with the sense of security and community more developed in the East. Winning the hearts and minds of the Slovenian people is an inspiring challenge, worthy of a closely-knit group of people with much to be grateful for, much that it can give to the rest of the world, and much more yet to accomplishment.

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