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Interview with Mort Meyerson

Mort Meyerson, former chairman and chief executive officer of Perot Systems and former vice chairman of EDS, has an enviable track record. Under his leadership, EDS was taken public and became a leading company in its industry. The same scenario seems to be playing itself out at Perot Systems. Meyerson and his team have increased revenues nearly 40 percent each year since his tenure. Transformed by what he has learned about the current world of work, Meyerson has implemented many enlightened management techniques at Perot Systems.

Perhaps Meyerson is most famous, not for his corporate accomplishments, but for being courageous enough to admit and smart enough to know, that the ways of the past will no longer work in today's world.

We first learned of Meyerson from a cover story in a popular business magazine (FAST COMPANY, April/May 1996). The article was one Meyerson wrote entitled "Everything I Thought I Knew About Leadership Was Wrong." The article struck a chord with readers when he asked questions such as, "To get rich do you have to be miserable? To be successful do you have to punish your customers? Can we create a more human organization?" The article attracted hundreds of letters. His printed words gave birth to a new kind of corporate hero, a role Meyerson reluctantly plays. Yet play it he does, because he knows it is the right thing to do.

His approach to the reinvention of Perot Systems incorporates what Dr. Maslow wrote many years ago. Maslow stated that, "I must help these corporate types to understand that it is well to treat working people as if they were high type Theory Y human beings not only because of the Golden Rule and not only because of the Bible or religious precepts or anything like that, but also because this is the path to success of any kind whatsoever, including financial success."



We had the opportunity to discuss some of Dr. Maslow's thinking on management and leadership with Meyerson in his Dallas headquarters.

You have commented that Maslow's proposed assumptions for the healthy organization are so close to what you believe that you found it almost eerie. Now that you have had the opportunity to read more of the journals, what do you think of these ideas?

I think the book is stunning. Everyone has certainly heard of Abraham Maslow and his hierarchy of needs. Yet, the papers he wrote that summer and the basic thoughts contained therein were not 1950s thinking. The thoughts were 1990s thinking or even twenty-first century thinking. Much of the work is obtuse, but when you bring it all together - especially the 36 points - one realizes that his thoughts are really clear and pertinent to today. It is fascinating to me or stunning. If you review Maslow's work and study the context from which he was writing and remember what the world looked like and the time in which he was writing, I think you may understand why I use the word stunning. He was so far ahead of his time that there is a discontinuity from conventional wisdom of his time.

Yet, for many years, we have had a body of knowledge from the likes of Abraham Maslow, Douglas McGregor, Warren Bennis, and others who predicted the importance of the human side of enterprise. Why were we unable to listen?

Peter Drucker's work has also shown us many of the same points as Maslow. I think these ideas are so radical it will take us decades to fully understand - if we are ever able to own these ideas. They are counter-intuitive. Everything we do in life has a certain set of unspoken assumptions of the underlying ways things work. Maslow's work is counter-intuitive to the body of knowledge of business. The underlying assumptions of how business is done is that our main focus is to make a profit, or in today's words, to increase shareholder value.

Most human beings deal in analytical material easier than they deal with non-analytical material. Therefore, metrics is a vehicle to measure and get comfortable. Accounting has become the way we measure business to find out whether we are indeed making a profit or doing well. Most of these metrics are easy and quantifiable. From this body of knowledge, we have developed management by objectives. Business is built upon assumptions of analytical and metric-oriented work.

I think that most males are more comfortable in the world of metrics and measurements

than they are in a psychological or feeling world. For now, males dominate the leadership of business and enterprise worldwide. I think the Native American males were a special group of people who were comfortable in dealing with the spiritual, the more psychological, the emotional, the more human world. The language of business has been tied to things that were easier for males to deal with. Males also tend to be more comfortable in hierarchical organizations.

Yet, there was a time when there were less hierarchical dominated organizations. We had tribal organizations. We have forgotten what it was like to be in nonhierarchical organizations. We tend to think that big organizations have been in existence forever, but they have not. So Dr. Maslow's journals are counter-intuitive to us not only in the United States, but around the world. Each company has its own national culture and business culture.

The article you wrote regarding your own transformation in leadership was quite similar to what Maslow wrote about. In your article, you questioned some of the core elements and thoughts of business. Why do you think there was such intense interest and response to your article?

In retrospect, I think the piece that I wrote had a more universal appeal than the business story I was telling. When I started getting letters from priests and ministers, I knew that something greater was at work here. However, I urge you to be wary of being ethnocentric about these ideas and concepts. I live in both worlds and as I have tried to develop the concepts that Dr. Maslow was writing about and that I have been talking about in my own company, the more I know this is not a movement whose time has come. These are but a tiny speck of the number of people who are intuitively trying to hear the music while they are reciting the words and dance of business.

The main body of business is not listening to this type of information. They think it is poppycock and soft-headed thinking and maybe the stuff of revolutions. Let me give you an example that illustrates my point. I gave a talk at MIT on this general subject and at the end of my talk a man from the audience approached me. When he was within six inches of my face, he screamed something to the effect that I was going to be the reason why Western civilization and American free enterprise were going to be destroyed. He viewed my speech not as a point of discussion, but as an attack on free enterprise, on the American way of life, on profit motives, and on Western society. I thought that was a bit much!

The encounter was interesting in that it unleashed all of these emotions. From a psychological standpoint, it was very clear to me that the man was not discussing any of the subjects we were talking about. He was talking about himself. If this were an isolated incident and it had happened only once, I wouldn't have mentioned it. Most people do not yell at me or scream at me. They will speak to me on the same issues, almost backing into the subject, particularly if I have any kind of power or position in the situation. People inside of our company or board members come at the same issue obliquely, but they say the same thing as the man at the MIT gathering, just less violently.

I had one board member ask me why I was wasting my time on these people issues. I said, "What business are we in?" As I see it, we are in the business of forming teams of people to do things for companies that create value for them. Without our people, we have no business. We don't make anything tangible.

He said, "I know that, but you are dealing in this soft stuff. People don't even want the creativity, the freedom, and the things that you are trying to give them. They aren't trying to find meaning in their work. People just want to come to work, do their job, and have a clear understanding of what's expected from them. They want to be paid fairly and that is all that they want."

I said, "You couldn't have stated more clearly everything that I don't believe about people and work. It's just plain wrong. Those reasons are not the only reason people come to work. People also come to work because it is community, because it is family, because work is an important part of their identity, and because they are trying to do something for their families. The money meets their needs, but it is not an exchange of service for money. It is much more powerful than that. If you only deal on the level of a fair exchange of work for money, you are missing the whole essence of what is happening in the work place."

In this continuing dialogue with the board member, I said, "The question is do I say to our associates 'This is what needs to be done' so it is clear to the person? Do I say 'If you choose to do it then I will reward you in the following way?' Or do I say, 'Let us create value for our customer. Let us create an environment which is good for our people and watch what will happen?' I predict that what will happen in the last scenario will be ten times more powerful than if I tell employees what to do. Under the board member's scenario, we are limited by what is inside my head and my experiences. If we follow the latter scheme I have outlined, I am able to tap into the experiences, the creativity, and the power of everyone in the organization.

Maslow spoke about the line between business and community being so tightly aligned that it's impossible to separate them. You have stated that one of the most controversial values, which was narrowly approved in your organization, spoke to the corporation's commitment to the community. You have said it was also the one you argued most heatedly for. Can you tell us that experience?

One of the more difficult areas to discuss in the early days of Perot Systems was the value of community relations. The reason is related to what I said earlier. A community contribution is not directly in the path toward profits and is not analytical or easily measured. We cannot say that if we contribute one hundred thousand dollars to the community, we will get two hundred thousand dollars back. Yet, I am intuitively convinced we will get more value back than we put into the effort.

During the discussions, the people in the room were predominately male and much more comfortable with the measurements or the metrics of a given situation. Think of the situation in this way; if it is a stretch to put the customer first (and it is in many organizations), then it is a huge stretch to put the idea of the importance of community on the table for discussion!

If we do not deal with the whole employee or the life of the employee then we are dealing only with part of the power or creativity of the person. Isn't that what Maslow said also?

Although the payback to the company is not easily measured, we can measure the productivity of employees. For example, in Dallas, some of the cultural organizations were having trouble developing a database and they could not get enough computers together for the task. We gathered together a number of volunteers who were interested in the arts and we facilitated the whole process for these organizations.

Although we cannot measure how our efforts paid off in business for Perot Systems, we could measure how the people in our company felt about their contribution. They felt more connected to their community through their contribution and they felt better as human beings. The connection with the cultural groups or the arts - the side of our community that speaks to the soul - affected them. Thus, they were better people and were better contributors to Perot Systems. Plus, we helped make our community a better place.

However, if business does not take on this type of endeavor, who is going to? Government cannot possibly do all that needs to be done. Churches cannot do it all. The nonprofit organizations can only do so much. Businesses are the most efficient organizations on earth, so far. Because they are so efficient, if businesses do not put on their agendas to work on issues of community, the environment, family life, and the broader aspect of who and what their employee is, then we will lose the ability to produce a better whole life for the individual. That is important, because people do not work just for a paycheck.

It is obvious to me that you have to work on all of these issues. It is also obvious that businesses have an obligation beyond just making a profit. I do not say this must be done for philosophical reasons. Ultimately, I tie it back to the fact that it is in the company's best interest. The question is how does an organization get there? That is the basic argument.

Are you measuring these activities in your organization? The activities and the organizational issues we have discussed so far?

We are trying, but it is very difficult. One can do attitude surveys but I do not believe people give full information in those surveys. The board member, who is my antagonist, said to me, "How are you going to know if this stuff works?" I said, "Well, it's simple. Our customers will tell us they are delighted by our service. They will say that we are creating value for them greater than they could create for themselves. We will be paid extraordinary amounts of money for those services. Our employees will be better people, more satisfied, will raise their families better. They will have a more productive life and will have a soul. People like me will know that it works. However, in the short term, it won't be the metrics which tell us this works. It will be the metrics and intuitive feelings. If we are the most respected, most successful computer service firm 50 years from now, then we will begin to know. We will be networked together, produce great service and be rewarded for it with happy people and delighted customers."

Dr. Maslow stated that the problem for the accountants is to work out some way of putting on the balance sheet the human assets of the organization. Would you agree?

I am pretty sure you are asking the wrong question. The assumption is one of giving credence to the underlying idea that one has to measure it to create any value. I'm just

not convinced we have to measure it. We have to start by trusting that it will work and that later, it will show up.

It will show up in customer attitudes, employee attitudes, employee productivity. It will show up eventually, but I am not sure we can measure the connection. Also, some people will feel that the concept of putting human assets on the balance sheet is too close to what was done when slaves were considered to be owned and therefore an asset.

Can you only be successful in a privately held company with this approach?

No, you can do it in a public company.

Yet, we hear that the pressures from Wall Street and the short termism endemic in public companies prevents organizations from doing some of the things we have discussed.

Wall Street is not the problem. If you tell Wall Street what you are going to do, even if it's different, they will give you a year or two to be successful. It would be hard, in that time frame, but not impossible. Quantitative versus qualitative thinking is the problem. The mindset is the problem. Wall Street is just a bunch of people trying to make money based upon a mass psychology of markets.

Business people like to say it's Wall Street because they say they need the ability to think long-term. I heard that same argument 10 years ago from the Japanese. They were telling me they had a better system because they could think longer term. Japan did not have the quarter-to-quarter Wall Street pressures which they believed contributed to their superiority. It appeared that they were superior 10 years ago. Now, it appears that they did not know what the hell they were doing and the bubble burst! They artificially inflated real estate, colluded with banks, did criminal things, and misled the public shareholder. I do not accept, at first blush, the Wall Street argument.

My suspicion is that the phrase "without Wall Street and the quarter-to-quarter earnings pressures everything would be okay" is not true. If Wall Street all of a sudden went to three-year rolling growth levels, I don't think it would materially change our organizations or the mindsets for some period of time.

You stated that during the change process, Perot Systems was becoming a company where the larger issues of life were as important as the demands of profit-and-loss performance. You also



have spoken of your personal transformation after leaving EDS. Will you tell us about that transformation?

I don't think the business can be transformed unless the leader and leadership is transforming. This type of change cannot come from the bottom up. It is a leadership issue. It must resonate with the leader. I still get one to five e-mails per week on that article I wrote. One out of five reads, "I work for so-an-so company. We have great potential and wonderful people. We can really make a difference. I've talked to the head of HR and he doesn't get this people stuff. I've been trying to figure out how I can convince the CEO." The themes of the letters are always around the issue of "how do I get them to understand?"

My message is always the same. I tell them that they have an obligation to make sure that the ideas are understood and that they have been heard. I also advise that if one happens to be bold, one can put these ideas on the table. However, it is very important that one really believes in the ideas. I caution anyone not to start down this path unless one really believes because you will probably find yourself out of the company or organization. One has to be willing to have that scenario happen before they start with the ideas. If you are willing, you have an obligation to the company and to the people around you to make an attempt. If you reach the point where you simply can't convince the people, then you have to make a decision about what you are going to do. My recommendation is to leave the company and go find a company where you can convince or where they are already convinced. You will not be successful with the power of one to convince. The power of one will not work inside the company organization. The only time the power of one works is with the aggregation of customers. Employees are not customers.

Maslow described the process of self-actualization through work. What are your comments about self-actualization and work?

I don't think self-actualization comes from work or from that environment. I think the mixture of work involvement along with personal work and spiritual work leads to self-actualization. However, I understand Maslow's thoughts along those lines. I believe he saw businesses as very efficient institutions that could facilitate the role of healthier people, more self-actualized people. Unfortunately, there are a lot of flakes and gurus and New Age people in this arena. They latch onto a theme that appeals to people, moves people, and strikes at the chord for the search for meaning in life. These types of people take advantage of the situation. Perhaps their influence taints it for the mainstream of business.