1

Be Strange.
Be Very Strange.

Do you want to build a great organization? Then you need to build a strange workforce. Does the word "strange" next to your workforce bother you? Strange means "out of the ordinary; unusual or striking; differing from the normal."[1] Maybe having a strange workforce sounds a little risky to you—being different from normal doesn't sound comfortable and doesn't sound like you'd fit in. But when it comes to winning customers and beating down competition, you don't want to fit in. Success will not come from being like your competition. You need your organization to be out

Strange means "out of the ordinary; unusual or striking; differing from the normal."[1]

[1] The American Heritage® Dictionary of the English Language, Fourth Edition. Copyright © 2000 by Houghton Mifflin Company.

of the ordinary, unusual, and striking. If your workforce is how you beat the competition, then you can't build a great organization unless you build a strange workforce.

When customers interact with great organizations, they notice something different about their products, prices, or services that makes them say "Wow!" and tell other people about their experience. What do you think makes an organization's products, services, or prices noticeably different to customers? If your workforce creates or delivers the thing that your customers want, and your workforce is just about the same as your competitors', what exactly will customers notice about you? Nothing. What will make them excited about your organization? Nothing. Let's face it: You need your workforce to impress customers deeply and profoundly if you want to build a great organization.

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Welcome to the concept of the *strange workforce*. A strange workforce is what makes customers notice your organization and want to give you their money. This book will help you build a strange workforce that creates something customers notice and makes them say, "I want that."

Strange Mechanics

General Electric has a facility that builds airplane engines in Durham, North Carolina. The mechanics who assemble the engines are strange compared to the mechanics at other airplane engine facilities.

Durham Engine Facility mechanics are personally obsessed with on-time delivery, no defects, and no accidents. They work in teams that are in charge of their own schedules, budgets, and overtime and routinely rearrange their work schedules to hit delivery targets. They are willing and able to purchase new tools and invent new assembly processes that save time, reduce physical strain, and make defects less likely.

The mechanics rotate themselves into leadership roles responsible for attending business meetings where they report and learn financial, regulatory,

and safety information and where they develop company policy (such as a reduction-in-force process). They report the information from these meetings back to their teams, which meet together for one hour every day.

All of the mechanics report directly to the plant manager; there is no middle management. The teams of mechanics personally perform the hiring, performance management, and discipline of their coworkers—if a mechanic is causing an engine to get behind schedule, he will hear about it from a peer in short order. Then if the one-on-one feedback doesn't change his behavior, the entire team gets involved to remedy the problem.

An intact team of Durham Engine Facility mechanics builds an airplane engine from scratch. They start by reading the blueprint and planning out the assembly procedure, and they end by reviewing the results of the engine test after it is shipped. This means that as a group of mechanics, the team needs to acquire the tools and parts, track material shortages, develop and modify schedules to meet ship date, plan shifts and overtime, ensure quality of parts and engine build, conduct the final inspection, ship to the test site, and conduct post-test fault review. Every mechanic on each team rotates into each of these roles and is able to assemble each part of each engine. Teams attach their business cards on their engines with pride as they go out the door.

Are these engine mechanics strange? Well, compare them to typical airplane mechanics. Mechanics in typical assembly plants are fairly narrow in the scope of their tasks, contribute skilled manual labor, and are judged based on their ability to perform one task very efficiently. Honestly, normal mechanics might not enjoy working at the Durham Engine Facility. An ordinary assembly person does not fit into a flexible clan of mechanics who obsess about ship dates and budgets, spend upwards of 12 hours hiring a single new mechanic to the team, discipline coworkers about slack behavior, attend management meetings to learn and teach better ways to do things, and communicate it back to their coworkers so that they can build product cheaper, better, and faster. Typical mechanics like to work fairly independently of others and do not feel comfortable building consensus, making business decisions as a group, or resolving daily interpersonal conflicts. Durham Engine Facility mechanics are a strange tribe.

What kind of business results does this strange, obsessed workforce create? In five years, this workforce reduced the cost of producing a CF6 engine

by 10% each year, resulting in a 30% cost improvement on a twenty-year-old product.[2] This workforce reduced the average number of defects 75%, from four per engine to one per engine. They did not miss one on-time shipment in 38 months and 500 engines. They were close to producing twice the engines with the same number of employees. Do you think that Boeing, their largest customer, noticed 75% fewer defects and immaculate on-time delivery? Let's just say that the Durham Engine Facility did not lay off one person and remained profitable during the airline downturn from 2001 to 2003. Let's just say that if you are a producer of airplane engines, you are going to have a hard time beating the Durham Engine Facility. But it's not magic—it's just a strange workforce.

People as Competitive Advantage

Lots of companies claim that "people are our competitive advantage." It's funny when they make this claim because many of the people who lead those companies don't know what it means. In a classroom full of business leaders from different companies, most of them raise their hands when asked, "How many of you work for a company that says people are its competitive advantage?" But ask one of them what that really means at his or her company and you don't get a good answer. You often get that deer-in-the-headlights blank stare. Or you get what I call a B-minus answer that sounds like this:

> **"Well, our people *do* everything. When you call and order from us, who answers the phone? Our people. And who delivers the product? Our people. So, people *are* our organization. We are nothing without our people."**

But it's sort of fun to ask the question: Doesn't your competition also have people? People in competing companies answer the phone and deliver product, right? This is a little like saying that electricity is your competitive advantage. No doubt, it's really *useful* to have electricity. With it, you can use computers and lights. It would be hard to envision running your organization without electricity, but electricity does not give your organization a competitive advantage

[2] Fishman, C., "Engines of Democracy," *Fast Company*. October 1999, 175-202.

because your competitors have electricity too. So, sure, having employees do things is valuable, but that doesn't make them your competitive advantage.

It's also funny that many of the very leaders who claim that people are their competitive advantage put little personal energy into building their workforce. They hire people after 30-minute interviews based on gut feel about "fit." They race through performance evaluations to get them out of the way until next year so they can get back to their "real work." Their top HR folks are accountants who got saddled with payroll 23 years ago and stuck around long enough that they eventually were promoted to head of HR. Their VP of HR couldn't cut it in sales so he got sent to HR where he "couldn't do too much damage." As a result of these career inroads, the person in charge of your most important asset may not do much thinking about competitive advantage, and may not even know who your competition is. There may not be anyone in your company thinking about the ways your people need to be strange.

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How *Can* a Workforce Give an Organization a Competitive Advantage?

Three things: First, your workforce obviously must create something valuable to the marketplace—that is, there must be customers who want or need what your workforce does or creates, who are willing to pull dollars out of their wallets or budgets and give it to your company. However, if there is money to be made doing something, then other organizations are likely to do it too. Even if you are the first company to offer the desirable product or service, competitors will be drawn to the money like moths to light. Using a workforce to create something valuable simply represents the table stakes of being in business, not for beating down competition.

Second, your workforce also must create something rare, something unique that sets your organization apart. Your workforce needs to create some special sauce that makes customers say, "Sure I could get this from seven different companies, but this one does this certain thing that I like best, so I'm giving them my money." It might be the lowest price, the quickest delivery

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time, or the comfort of talking to a person who remembers customers' names and what they usually order. It might be any number of things, but there needs to be something that differentiates your organization and adds special value in the minds of customers.

Third: If your organization's special sauce—the unique valuable thing that you offer—is easy for competitors to copy, then you don't have a sustained competitive advantage. Wal-Mart was an early initiator of some supply chain management practices that were quite valuable and rare. By partnering with suppliers and pushing much of the stock management onto them, Wal-Mart created value for customers. How? It was more likely that product would be in stock when consumers walked in the door. It allowed Wal-Mart to lower prices because they didn't need to pay as many people to manage the stock, and also because suppliers could offer cheaper prices to Wal-Mart when they had more lead time. The supply chain process gave Wal-Mart a competitive advantage, but only for a little while because other large retailers were able to copy Wal-Mart's practices. To develop and keep a competitive advantage over a long period of time, you need to offer something valuable, rare, and hard to imitate—something that competitors can't see or maybe can't understand. Or perhaps even if they can see it and understand it, they are not willing or able to actually do it in a way that customers appreciate. For your workforce to be a sustained source of competitive advantage, your workforce needs to do something that is valuable and unique in customers' eyes and hard for competitors to imitate.

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I call this a strange workforce: Definitely out of the ordinary and unexpected[3]; unusual or striking[4]; slightly odd or even a bit weird.[5] If you want to beat down competition and win, then you want to cultivate a strange workforce that is *obsessive*—intensely preoccupied with something. Obsessing means worrying about something unevenly, much more than other things and much more than other normal people who might be mildly concerned with that same thing. You want competitors to look at your workforce, shake their heads half in wonder and say, "We wouldn't be able to do that." Have you ever worked with someone brilliant who seemed to have a "strange genius," "unique gift," or "weird instinct" for creating results? You knew you could never keep up with them because they were so talented and so *obsessed* that they made the others look like they are just playing around. You want to create that same reaction in your competitors and customers, but with your workforce. Are you starting to get turned on to strange? You *want* to be strange.

Naturally, not just any type of strange obsession will win your customers' business. Your workforce needs to obsess on things that customers value but that other workforces—in particular, your competitors' workforces—do not obsess on. Obsessing, for example, about whether or not your rotors are going to arrive next week so that your airplane engine can be shipped to the customer on time (Durham Engine Facility). Or whether the new cell phone style is really as thin and sleek as physically possible (Motorola). Or about exercise and working out and toning the body every day with the right athletic equipment (Nike). Or providing open source software so that the world is not captive to Microsoft (Red Hat). Cultivating a strange workforce that obsesses about things that customers care about is a

Cultivating a strange workforce that obsesses about things that customers care about is a necessary condition if you are going to get a sustained competitive advantage through your workforce.

[3] WordNet ® 2.0, © 2003 Princeton University.

[4] The American Heritage® Dictionary of the English Language, Fourth Edition. Copyright © 2000 by Houghton Mifflin Company.

[5] WordNet, ibid.

necessary condition if you are going to get a sustained competitive advantage through your workforce. What does your workforce obsess about? What *could* they obsess about?

Where Will I Get My Strange Workforce?

How do you think you might build and maintain a strange workforce? Is it simply luck? Let's just start off by saying it's really unlikely that you can build a strange workforce if your organization deals with the workforce the same way as other organizations do. It is delusional to expect your employees to be extraordinary and differentiate your organization if your employee systems are basically the same as other organizations.

Your workforce systems need to be as strange as the workforce you hope to create. All your people management processes should result in a strange system that gets noticed by employees and makes them obsess on the things that customers care about the most. From this perspective, the processes your organization uses to manage people must be part of your unique way of competing. This means that job applicants and new employees should perceive your people systems as strikingly different and unexpected, slightly odd, and even a bit weird. Your people systems should inform employees and potential employees how to act so that customers notice something different and reach for their wallets again and again. For example, your hiring systems should be strange enough that some applicants who go through your process say to themselves, "This organization is too strange for me," and go work somewhere more normal…like your competitors.

Your workforce systems need to be as strange as the workforce you hope to create.

As a leader, how do you know whether *your* people systems are set up to do this? You need to gather data that you can use to create your special sauce. And guess what? You can't use the garden-variety HR metrics that most organizations use. For example, there is a wood delivery company with a strategy that its truck drivers develop strong social ties with clients while making deliveries—to develop trust and gather information about upcoming shipment issues. To execute this strategy, the company actually needs to hire

customer service reps who happen to drive 18 wheelers as well. Does it make sense for this company to hire normal truck drivers just like all the other trucking companies do, when they want to produce their own special sauce of networking and customer intimacy? Does it make sense for the recruitment metrics to be "cost of hire" and "days position is open?" Does it make sense for the hiring metrics for this job to be "years of trucking experience" and the pay metric to be "market midpoint for truck drivers" when the goal is to hire a strange, rare breed of drivers that is going to help execute a unique strategy? More likely, this company needs to have unique hiring metrics that reveal whether they are hiring drivers who are strangely attracted to a job where they are expected to get to know the plant managers and learn something when they deliver. It might take considerably longer to find that special combination of traits, and you might need to pay substantially more for a customer service rep-turned-trucker.

Doesn't sound like rocket science, does it? In fact, it sounds a lot like common sense. However, this type of system alignment is not very common at all. As you know, the customary practice is for companies to benchmark and use cost controls on people systems so that every company looks and feels to employees like every other company. And from this copycatting, race-to-the-lowest-cost approach to workforce management, a leader expects to produce a rare, unique workforce that will differentiate their company and build a competitive advantage? Good luck with that.

When Strange Turns Normal

Home Depot established a competitive advantage by creating a strange workforce. How was the workforce strange? Home Depot hired building contractors and put them in the aisles to help customers with home improvement problems. For example, Home Depot associates might show customers the right kind of wire needed to run a three-way circuit so that they can walk in one door, turn on the light, then use another switch to turn out the light at another door. They might even sketch the customer a diagram of how the wiring should be run (a Ph.D. does not help me understand this, but I still have the hand-drawn diagram from the Home Depot associate to this day). Or a Home Depot associate might show you which diamond blade works best

on a grinder to cut stone (the expensive thin ones are worth it) and talk to you about how to use the grinder (score the stone with the grain about ¼" and then smack it with a hammer and cold chisel). And they might even suggest which thick gloves you should wear.

Helping customers buy the right products and teaching them how to use the products is valuable to consumers because it saves them time (like trips back to the store), prevents costly and dangerous errors, and creates a sense of familiarity and trust with the store. These "contractor grade" associates gave Home Depot a competitive advantage, meaning that people like me would drive a little farther and give this store money because we experienced something different about the store and liked it.

This was a winning practice until Home Depot tried growing at the pace of a new store every week in the midst of a large house-building boom. It became difficult to find enough contractor-grade trades people to put in the aisles. As a consequence, today it is hard for customers to find associates in Home Depot stores who actually have worked in the trades and can solve building problems. Nowadays Home Depot often feels a lot more like most other retailers: IF you can locate (and then chase down) an associate in the store, the most you are going to learn about the product is which aisle you can find it. Nowadays, I shop at Lowe's because it's two miles closer to my house, and I don't notice any difference in the products, price, or advice I get.

Winning Through Measurement

If Home Depot were going to try to win through its strange contractor-grade aisle workers, it might have been useful for Home Depot leaders to obsess on measuring this concept of "contractor grade" and the ratio of contractor-to-noncontractor associates in the aisles. This metric would mean that they would see a "red flag" start flapping when the ratio reached a certain critical low level. This red flag would mean they had to slow down on opening new stores until they could find more contractor-grade associates to put in the aisles—because they weren't creating anything unique anymore.

How would they know how many contractor-grade associates were needed on a shift? It might have been useful for Home Depot leaders to gather data on the percentage of customers who noticed something unique and

valuable about Home Depot stores compared to other home improvement stores and correlate this with repeat business. In other words, it might have been useful to determine the contractor-to-noncontractor ratio that was financially doable but that still made customers notice a difference that brought them back again and again. This data would have allowed leaders to link workforce data to a particular competitive strategy and see whether associates were creating a competitive advantage. Figure 1.1 shows an analysis that a leader might want in order to make decisions.

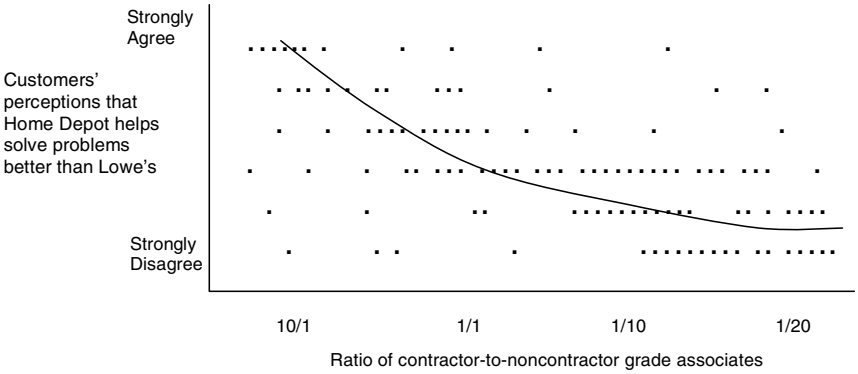

Figure 1.1 How strong does the special sauce need to be to make customers notice?

Of course, actually collecting this data would be annoying and difficult. Store managers would need to agree on what the concept "contractor-grade" really meant and how it could be measured instead of just verbalized. This would mean a lot of arguing in long meetings about applicant testing and whether "contractor-grade" really meant being certified as an electrician or a plumber. Or whether Home Depot could develop its own certification process and test each new hire and then recertify once a year. Essentially, Home Depot would need to get in the business of gathering data on the concept of "contractor-grade" associates. As an intelligent reader, you say: "But this process would be very, very useful for them—after all, this is what they are basing their future on!" Ah, but this would be very, very annoying if you are a store manager and think you have a "real job" to do that doesn't include testing people.

Why else would it be annoying to collect the data in the scatterplot? Home Depot stores would need to assemble accurate data on the number of different types of associates on the floor during different shifts in order to calculate the ratios. But the hiring and the scheduling databases don't currently talk to each other. Stores also would need to collect data from customers about their perceptions of Home Depot versus Lowe's. This might mean having customers answer a question on the checkout screen while swiping their credit card. Stores might need to offer some incentives to get customers to participate, like a dollar off their purchase for answering the question. This might get expensive. Home Depot employees might try to game these numbers, telling customers how to respond or even reaching over and responding for them! As you can see, it's hard to know what to measure, and it's also hard to actually get accurate data. Given all these problems, it is very, very unlikely that these data would ever be gathered.

Unless the leaders of Home Depot were genuinely obsessed with the concept, and they had an almost-physical craving to create a strange contractor-grade workforce that solved customer problems better than anyone else. Unless leaders believed in their hearts they had to have the data in order to win—or even to stay alive long-term. Even though this type of data might be exactly what Home Depot needed to test its strategy and translate its strategy into reality, the data simply would not be collected unless store managers believed in their guts that without it, they will would lose customers to competitors and eventually go out of business. Store managers would figure out a way to get the right data when they believe they need it just as much—or more—than they need 2x4's in Aisle 12. Come to think of it, I think Lowe's sells 2x4's too.

In the example scatterplot given, you might conclude that the strategy is valid but expensive. Customers do in fact notice when Home Depot invests money into putting contractor-grade associates into the aisles, but you need a high ratio of them around for customers to notice. Since contractor-grade associates are much more expensive to hire (about 40% more than average aisle employees), the investment appears to reach its highest leverage at a 3-1 ratio with diminishing returns after that. This data would have helped validate Home Depot's strategy. Validating your strategy of workforce strangeness rather than assuming it is an important step. Don't forget, your data may

show you that your strategy is wrong, and customers don't actually care about or even notice what you think is important, in which case your investments would be wasted! This data would help Home Depot manage the specific contractor-grade ratio required to cost-effectively execute its strategy.

Validating your strategy of workforce strangeness rather than assuming it is an important step.

Anybody can talk about a strategy, but it takes a workforce obsessed about something strange to execute a strategy. You will not differentiate your organization in your customers' eyes by talking about strategy in meetings—strategy must be translated into day-to-day, visible artifacts that are palpably different and valuable to customers. And this does not happen by chance or even hoping really hard. This happens through a disciplined process. For example, strategy gets translated into reality when Home Depot leaders have data to show which stores have the right number of contractor-grade associates hired and scheduled at the right times; when store managers walk job applicants through a hiring system where they are taken to a mock house and scored on their ability to locate and fix three plumbing leaks and diagnose and fix four wiring problems.

Business leaders need a way to unpack what should be strange about their workforces to give their organizations a competitive advantage. Translating strategy into reality demands measurement of the key strategic assumptions about people and what customers must notice about them. You should have a way to measure and monitor what your workforce needs to know, act like, or create so that customers notice, reach into their wallets, and say, "I'm giving you my money even though I could get this from many different companies."

Goals of This Book

Many leaders have stories about differentiating and winning, but nobody is really listening to them. There is no discipline to enforce it and make it real. The challenge many leaders face is not developing a strategy, but getting it

The challenge many leaders face is not developing a strategy, but getting it translated into reality through their workforces.

translated into reality through their workforce. Only through a workforce—a group of employees who behave in a strange way that customers appreciate—can a strategy succeed. By translating a strategy into a measurable set of Workforce Deliverables and people management systems, leaders can clarify the thinking of employees and achieve results that customers notice. To this end, the recipe for this book is one part inspiration and two parts practical application.

The goals of this book are

- **To inspire you to build a strange workforce**. Reliably beating the competition into the ground means your workforce has to be strikingly different than your competition. What is your organization's special sauce, and is your workforce strange enough to create it?
- **To introduce the Strange Workforce Value Chain**. This is how to get your story straight about your workforce and why customers notice unique value. It is critical for you to have it clear in your head so that you can make it clear in employees' heads.
- **To help you turn your Strange Workforce Value Chain into a system of metrics**. This lets you steer your organization toward winning and demonstrate you are leveraging your workforce to win in the unique way that you want to win. This brings discipline to fuzzy concepts that are the basis of your competitive advantage.
- **To help you make choices about your workforce systems**. Your workforce systems form an architecture that needs to be as strange as the workforce you want to create. We will work on making system choices that culminate in a strange workforce that provides differentiated behaviors.

I'm Not a CEO. Should I Stop Reading Now?

This book focuses on creating strategy and converting it into reality through measurement. If you are not part of the C-level team, you don't get the chance to select your organization's strategy, and you may not get the chance to select which metrics are used to judge how well the strategy is paying off. I promise this book will be useful to you for two reasons, even if you are not the CEO:

1. As a leader of a sub-organization, you still must create strategy and enact it within the realm of your sub-organization. Sure, you are given (hopefully) the approach your organization is taking to beat the competition. Sure, you are given metrics (hopefully) that your organizational will use to gauge the success of your sub-organization, but then the ball is in your court to figure out how your sub-organization needs to act to achieve the goals you are given. In other words, you need to create your own strategy that defines who your own organization serves, how your own organization creates value, and how your own workforce must be strange to achieve the goals that are given to you. You will need to find a way to communicate your ideas to the workforce that you manage, get them to obsess on converting your strategy into reality, and measure the progress you are making. This book will help you.
2. The process described in point one—articulate a strategy, convert concepts into metrics, build a strange workforce that executes strategy—is a skill. It is not innate. This process can be learned and practiced, and you can get good at it. And when you get good at it, it's valuable. Your organization and many other organizations will value this skill, and you will get promoted to a job where you have more scope, more leverage, and a larger organization to lead. You practice this process some more and get even better at it and get another raise and promotion. Repeat these steps until you are a CEO, if you want.