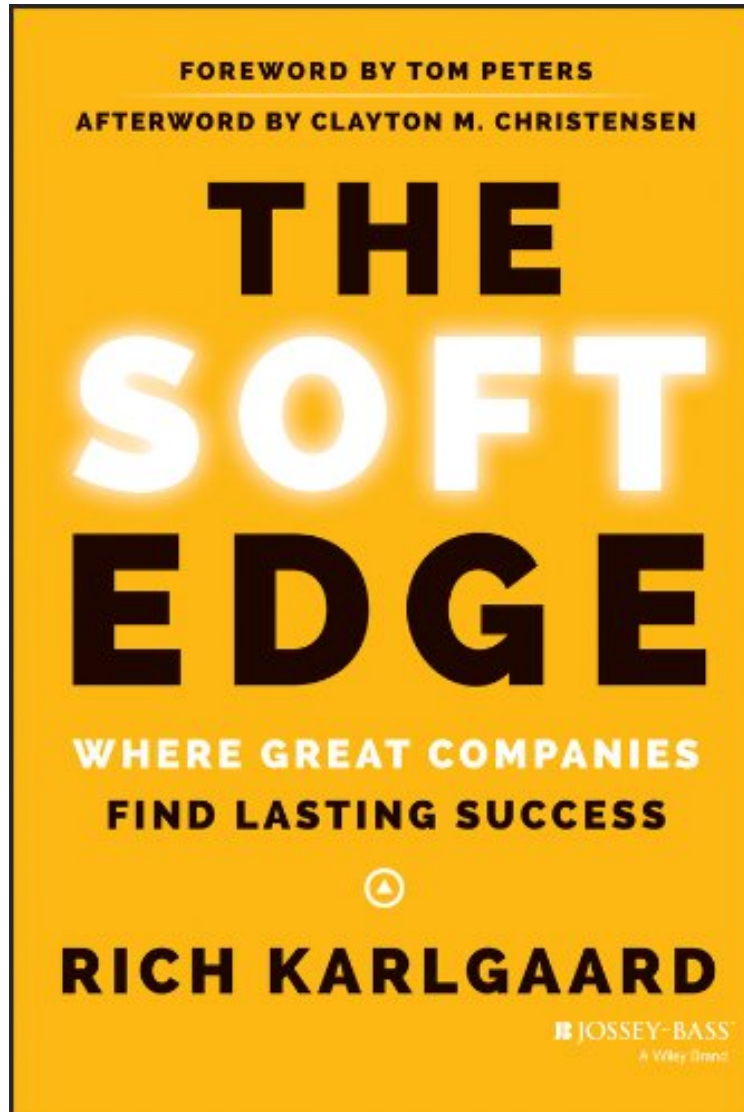


# The Soft Edge: Where Great Companies Find Lasting Success

*Rich Karlgaard*

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**Rich Karlgaard : The Soft Edge: Where Great Companies Find Lasting Success** before purchasing it in order to gauge whether or not it would be worth my time, and all praised The Soft Edge: Where Great Companies Find Lasting Success:

4 of 4 people found the following review helpful. It's about time someone wrote this By Kevin W. Moore Despite spending an entire career in business--pharmaceutical biotechnology R D--I have had little patience for or interest in reading "business books." In those cases where I made the attempt, seemingly little was offered or articulated beyond what I had already gleaned from experience and observation, and my attention soon drifted to more lively and compelling matters, for example grooving an inside-to-outside downswing or removing the pizza sauce stain from my

son's shirt. Thus it was with some skepticism that I opened up Rich Karlgaard's "The Soft Edge." That I finished it in but two intense reading sessions illustrates how this book stands out in my view and says so much that needs to be said. It may also illustrate that my wife is traveling, I'm looking after the kid solo, and "brief but intense" is the only way I can get anything else done. Karlgaard frames his thesis by first constructing a triangle metaphor to describe the principles of successful companies: strategy, "hard edge" and finally the book's subject, "soft edge." Strategy and "hard edge"-- the latter comprising speed, cost, supply chain, logistics and capital efficiency--are given their just due and importance. These are after all necessary for success--just wander down to your local coffee shop and ask any of the former internet company CEOs who are now working there as baristas. While strategy and hard edge are certainly necessary, they are just as surely not sufficient for enduring success as this book argues so persuasively. The final piece of the triad is the "soft edge"--broadly summarized as managing the relationship of a company and its products with its internal (employees) and external (customers) stakeholders--Trust, Smarts, Teams, Taste and Story. From my point of view as a customer, the sections on Taste (chapter 6) and Story (7) really resonated. After all, we have been a "Honda family" for nearly three decades, their cars exemplify for us our values/aspirations of efficiency, engineering excellence, attention to detail, reliability and fitness for purpose, as well as "smarts" and never mind what Car Driver said about the handling of the 2014 Civic I just bought. Similarly we are diehard Apple customers with desktop laptop Macs, iPads and iPhones, and I would probably buy a slide rule if it were shiny and artfully packaged with the Apple logo. And finally, I am a pilot and personally captivated by the unique products ("Taste") and stories (um..."Story") of Cirrus Aircraft (see chapter 7) and the much lesser known Peterson's Performance Plus. The real power of this book for me was that it repeatedly evoked many--mostly bad--memories from my own career. One example: from the comparatively cloistered vantage point of Discovery Research I watched the first large company of which I was a part bravely adopt the modern business mantra, "the purpose of a business is to enhance shareholder value" and resolutely make a Long March on its retreat from industry into finance. Along the way it seemingly forgot its original purpose (Story), lost its ability to engage and motivate employees (Trust, Smarts, Teams), had to pay a \$500 million fine to FDA for manufacturing deficiencies (Trust), and made no effective effort to compensate for one of its main products' losing patent protection (Smarts, and Strategy too I guess). It's no surprise that this company no longer exists as an independent concern. Other reviews here have suggested that more example company stories would have provided better support for Karlgaard's ideas, but in contrast I thought that the examples offered struck a very good balance of variety, depth and pertinence to the subject matter at hand. In my opinion further examples might have only been a good illustration of the concept, "more is less." The Soft Edge is written in a conversational style; it is a quick but captivating read if one engages mentally and ponders one's own experiences while absorbing the contents. I cannot recommend it highly enough. And the next time someone suggests adding a business book to my reading list, maybe I'll listen. I mean, after all it matters little whether I draw or fade my tee shirts, and there are still clean shirts in my son's closet.

2 of 2 people found the following review helpful. The Soft Edge is an essential for innovation  
By Customer  
I am the CEO of a small manufacturing company that has developed a new line of Bio-Polymers. Innovation is a key component of our success. Most of the business books I have read over the years focus on the "Hard Edge" of running a business. Your "Soft Edge" has opened my eyes to a new way of leading my company, helping me to interact and motivate effectively with our employees. It is truly one of the first books that has given me functional and applicable tools to making us more successful. I am looking forward to our next company Town Hall meeting and discussing your key points: Trust, Grit, and Chemistry/Teamwork. In a global world where IP is king, the culture of Trust, Grit and Chemistry is essential for success. Thank you for clarifying these necessary elements of a business so succinctly. We will be a better company because of the "Soft Edge".

R Burnton  
Aspen Research  
7 of 8 people found the following review helpful. Rich Karlgaard Defines Silicon Valley 2.0  
By Harold Kellman  
As a veteran of Silicon Valley for 35 years, I loved this book for its synthesis and insights. Rich understands that to succeed today it is not "either/or" but both "and". The debate used to be phrased as "left brain" vs. "right brain". The right brained liberal arts people were in Sales, Marketing, and Human Relations. The left brained were in finance, accounting and operations. Rich talks about Charles Percy Snow's Cambridge University lecture on "Two Cultures and the Scientific Revolution". That insightful speech alone is worth the price of the book. The old Silicon Valley is mentioned with Hewlett-Packard as an example. The HP Way worked for 60 years but is no longer enough in the 21st century. Today's successful company has to be "agile" or "lean" and have small workgroups. Teams have to blend a variety of talents and cultures to succeed. We are now in "The Cloud Computing Era" with big data, analytics, mobile, smartphones and tablets. Everyone knows this. Rich Karlgaard talks about the additional elements needed to be successful. Employees should have grit, courage, passion and purpose. This is even more important than the smarts of an 800 SAT score that too many tech companies focus on. The best is yet to be. Like Rich, "I can hardly wait".

Hal Kellman

What Does it Take to Get Ahead Now  
And Stay There? High performance has always required shrewd strategy and superb execution. These factors remain critical, especially given today's unprecedented business climate. But Rich Karlgaard; Forbes publisher, entrepreneur, investor, and board director; takes a surprising turn and argues that there is now a third element that's required for competitive advantage. It fosters innovation, it

accelerates strategy and execution, and it cannot be copied or bought. It is found in a perhaps surprising place—your company's values. Karlgaard examined a variety of enduring companies and found that they have one thing in common; all have leveraged their deepest values alongside strategy and execution, allowing them to fuel growth as well as weather hard times. Karlgaard shares these stories and identifies the five key variables that make up every organization's "soft edge": Trust: Northwestern Mutual has built a \$25 billion dollar revenue juggernaut on trust, the foundation of lasting success. Learn how to create an environment that engenders trust and propels high performance. Smarts: In most technical fields your formal education quickly becomes out of date. How do you keep up? Learn how the Mayo Clinic, Stanford University women's basketball team, and others stay on top by relentlessly pursuing an advantage through smarts. Teamwork: Since collaboration and innovation are a must in the global economy, effective teamwork is vital. Learn how global giant FedEx stays focused and how nimble Nest Labs relies on lean teams with cognitive diversity. Taste: Clever product design and integration are proxies for intelligence because they make customers feel smart. But taste goes further into deep emotional engagement. Specialized Bicycles calls it "the elusive spot between data truth and human truth." How can you consistently make products or services that trigger these emotional touch points? Story: Companies that achieve lasting success have an enduring and emotionally appealing story. What's your company's story? How do you tell it your way? Gain the ability to create a powerful narrative in a world where outsiders often exercise the louder voice.

"As we shift from the rigid 'ladder world' of scale efficiencies to the nimble 'lattice world' of scale agility, mastering the soft edge becomes a hard reality. Karlgaard sharpens our grasp of this elusive though vital topic and offers pragmatic, accessible solutions." —Cathy Benko, vice chairman and managing principal, Deloitte LLP, and bestselling author of *Mass Career Customization* "As a teacher and student of leadership, I've long believed the relevance and power of 'soft sides' economics. (Trust, for example, is a measurable economic driver that makes organizations more profitable and people more promotable.) With *The Soft Edge*, Karlgaard joins the conversation and makes the bold statement that the soft side is now the only remaining competitive edge in our new economy. Leaders, I recommend that you take full advantage of Karlgaard's advice—so you can start to reap the dividends." —Stephen M. R. Covey, New York Times bestselling author of *The Speed of Trust* and *Smart Trust* "At a time when the stakes couldn't be higher, many leaders are searching for new ways of competing—with resilience as a top priority. Forbes publisher Rich Karlgaard, a longtime voice for 'hard-edged' business practices, argues that 'soft-edged' advantages have enduring power in our knowledge economy. Anyone with a stake in tomorrow's bottom-line outcomes should take a close look at Karlgaard's cutting-edge book." —Amy Edmondson, Novartis Professor of Leadership and Management, Harvard Business School, and author of *Teaming: How Organizations Learn, Innovate, and Compete in the Knowledge Economy* "The *Soft Edge* is an eye-opener: Rich Karlgaard makes the utterly convincing argument that the soft side of business makes all the difference to a company's ability to thrive in the long run. Leaders, it's time to stop polishing your strategy and fine-tuning your execution. Instead, read this critical book—then start investing in the very soul of your company." —John Gerzema, bestselling author, including *The Brand Bubble* and *The Athena Doctrine* "Leaders have never had so many opportunities—and pressures. Get to the heart of it with Rich Karlgaard, who has distilled his significant experience into a single argument that works for every organization in today's times: if you want innovation and lasting success, you must develop your 'soft edge.' Exactly. The soft edge is truly as vital now as strategy and execution. So whether you're a tireless chief, a rising star, or a 'hard-edged' business veteran, you owe it to yourself to get a copy of Karlgaard's compelling new book. Why? Because *The Soft Edge* will help you find the future—and the future is now." —Marshall Goldsmith, Thinkers 50 Top Ten Global Business Thinker and top-ranked executive coach "Management and leadership thinking has reached a crisis point. The great irony of our age is this: the faster technology progresses, the more crucial it is to organize around timeless human truths. Rich Karlgaard shows the way in his compelling new book, *The Soft Edge*." —Gary Hamel, director of the Management Lab and author of *What Matters Now* "At a time when strategy and execution can be bought, your company's core values are the very accelerators you need for differentiation and innovation. Forbes publisher Rich Karlgaard knows which organizations are now winning the endurance race, and why. He shines a light on an often-overlooked driver: values. The *Soft Edge* is for forward-thinking leaders dedicated to rising above the competition." —Sally Hogshead, author of *How the World Sees You: Discovering Your Highest Value Through the Science of Fascination* and creator of *HowToFascinate.com* "The best companies enchant us with purpose, affection, empathy, coolness, and grit. Rich Karlgaard's book shows you how to achieve this lofty goal." —Guy Kawasaki, author of *APE: Author, Publisher, Entrepreneur* and former chief evangelist of Apple "Rich Karlgaard puts the entire subject of culture and corporate character into a totally new context—a powerful framework proven with example after example. A great read for any business leader." —John Kennedy, senior vice president of marketing, IBM Global Business Services "For decades I have

witnessed the power of teams, trust, and smarts in the most disruptive startups in Silicon Valley. The Soft Edge makes a powerful argument for why great businesses and products repeatedly derive from the creative friction, small teams, and minimally invasive management which the best leaders employ to achieve breakout success. I want to thank Rich Karlgaard for a wonderfully readable and actionable exploration of these too often overlooked skills.

—Randy Komisar, partner, Kleiner Perkins Caufield, and Byers lecturer, Stanford Business School

The Soft Edge is crystal clear, deeply substantial, and alarmingly concrete. It illumines what an organization might be; what it must be if it is to impact the world and elevate the human spirit (and run a profit). To read it is an exercise in conviction.

—John Ortberg, senior pastor of Menlo Park Presbyterian Church and author of *Who Is This Man?*

I love this book. From the first page to the last it's a real pleasure to read, and without a doubt the most enjoyable business book in a very, very long time. It's smart, intelligent, and fun. That's because Rich Karlgaard understands the craft of writing and the art of business. He treats us to great stories and in-depth case studies that often read like edge-of-your-seat thrillers. And don't let the title fool you. Sure, it's about things like trust and teams and taste and stories, but it's rich in tangible, hard evidence that proves the power of these qualities. The Soft Edge is on my short list of best business books of the year. I think it'll end up on yours, too.

—Jim Kouzes, coauthor of *The Leadership Challenge* and Dean's Executive Fellow of Leadership, Leavey School of Business, Santa Clara University

The workplace is facing unprecedented global challenges. Tomorrow's leaders must inspire their teams across a host of new boundaries—geographic, generational, economic, cultural, and technological—to name a few. The greatest will be those who can leverage their soft skills to motivate. In the world of big data, human skills will be the big differentiator! Learn more about twenty-first-century leadership in *The Soft Edge*—a wonderful, easy-to-read, and insightful corpus by longtime business innovator Rich Karlgaard. It's hard to find a more experienced, intelligent guide to help you and your company make the necessary leaps.

—Ross Smith, director of test, Skype Division, Microsoft

I find the style to be completely refreshing and unique. It feels like Rich Karlgaard is actually having a conversation with his readers. The analogies are astute and crisp. The Soft Edge is a marvelous work! Definitely destined for classic status—something to reread and savor.

—Karen Tucker, CEO, Silicon Valley Churchill Club

Entertaining, magnificent, enlightening, and so relevant to the future.

—Vivek Wadhwa, vice president of research and innovation at Singularity University; fellow at Stanford University's Center for Corporate Governance; research director at Duke University's Center for Entrepreneurship and Research Commercialization

There has never been a more challenging (but potentially rewarding) time to lead. As is often the case, Rich Karlgaard once again successfully zigzags with his clever premise of *The Soft Edge*. Flush with innovative ideas collected from his unique vantage point, he offers countless refreshing tips for tomorrow's leaders. Net—a terrific blueprint for a wide range of executives who are serious about leading teams to victory in the new frontier. A must-read!

—Greg Welch, senior partner, Spencer Stuart, marketing and board recruiting practice

WHAT DOES IT TAKE TO GET AHEAD NOW AND STAY THERE? High performance has always required shrewd strategy and superb execution. These two factors remain critical, especially given today's unprecedented business climate. But Rich Karlgaard—*Forbes* publisher, entrepreneur, investor, and board director—takes a surprising turn and argues that there is now a third element required for competitive advantage. It fosters innovation, it accelerates strategy and execution, and it cannot be copied or bought. It is found in a perhaps surprising place—your company's values. Karlgaard examined a variety of enduring companies and found that they have one thing in common: all have leveraged their deepest values alongside strategy and execution, allowing them to fuel growth as well as weather hard times. Karlgaard shares these stories and identifies the five key variables that make up every organization's soft edge:

- Trust: Northwestern Mutual has built a \$25 billion revenue juggernaut on trust, the foundation of lasting success. Learn how to create an environment that engenders trust and propels high performance.
- Smarts: In most technical fields, your formal education quickly becomes out of date. How do you keep up? Learn how the Mayo Clinic, Stanford University women's basketball team, and others stay on top by relentlessly pursuing an advantage through smarts.
- Teamwork: Since collaboration and innovation are a must in the global economy, effective teamwork is vital. Learn how global giant FedEx stays focused and how nimble Nest Labs relies on lean teams with cognitive diversity.
- Taste: Clever product design and integration are proxies for intelligence because they make customers feel smart. But taste goes further into deep emotional engagement. Specialized Bicycles calls it "the elusive sweet spot between data truth and human truth." How can you consistently make products or services that trigger these emotional touch points?
- Story: Companies that achieve lasting success have an enduring and emotionally appealing story. What's your company's story? How do you tell it your way when customers, fans, and critics insist on telling your story their way? Gain the ability to create a powerful narrative in a world where outsiders often exercise the louder voice.

FROM THE BACK COVER

PRAISE FOR THE SOFT EDGE

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—VIVEK WADHWA, vice president of research and innovation, Singularity University; fellow, Stanford University's Center for Corporate Governance; research director, Duke University's Center for Entrepreneurship and Research Commercialization

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