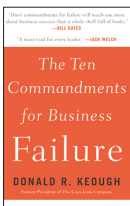
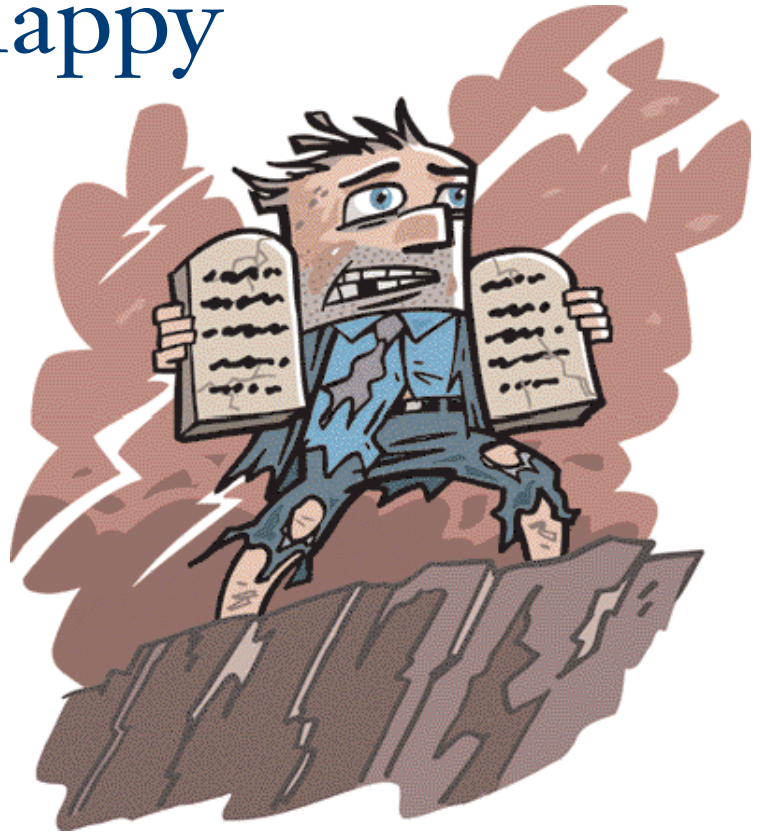


Thou Shalt Not Be Fat, Dumb, and Happy

By Paul B. Brown



The Ten Commandments For Business Failure
By Donald R. Keough
Portfolio, \$24.95



There are five reasons to pick up this book by Donald Keough, former president and COO of the Coca-Cola Co.:

1. His overarching message: The moment you become complacent and/or risk-averse, your career has plateaued and your company is doomed.
2. His constant reminder that screwing up the basics is the thing most likely to get you and your company into trouble.
3. His sense of humor. He is a legitimately funny guy who has found the best quotes in recent memory

4. Simply to be amazed by the reach of the man's Rolodex.
5. And to be reminded that the previous generation (or two) of business leaders (Keough served as Coca-Cola's chairman and CEO Roberto Goizueta's second-in-command from 1981 to 1993) didn't suddenly become dumb just because they got old. (Keough is 81.)
Let's take the points one at a time.

Complacency = death

While Keough doesn't put it this way, his central theme can be reduced

to this: As soon as you (or your company) become satisfied with what you've achieved, you have started down the slope toward failure.

"In fact, the more you have achieved, the more these commandments apply to you," he writes in straightforward, colloquial prose. "If you are the leader of an enterprise, large or small, that is achieving great sales and profits, be careful. That is the time you are in danger of grasping one of my commandments and failure is just around the corner."

The reason is simple: The more successful you become, the more you are convinced that your way of doing things

is best and you close yourself off from new ideas. As a result, the world invariably passes you by.

As Keough correctly recalls, Xerox could have owned the personal-computer market—in 1973 it introduced the Alto, with a color monitor, overlapping “windows” on the screen, and a mouse—but didn’t, in large part because its copiers were doing well and executives saw no need to try anything new.

Keeping it simple

The initial reaction that you are bound to have when skimming Keough’s ten commandments is “of course.” As in: *Of course* any idiot knows you shouldn’t isolate yourself (Commandment 3), assume you are infallible (Commandment 4), send mixed messages (if cost-cutting is important, how come you are flying in first class? Commandment 9), or be afraid of the future (Commandment 10). But invariably, if you look at the latest business failure, you can find its root cause in one or more of the ten factors on Keough’s list.

Take his seventh commandment: Put all your faith in experts and outside consultants. You need look no further than Keough’s own company to find the world’s best example of that, the debacle known by simply two words: New Coke. (To his credit, Keough says that he and Goizueta were completely to blame.)

Here’s what happened. Concerned that Pepsi was beating Coke in blind taste tests, Coke executives hired scores of consultants and experts to find out why. The overwhelming conclusion: Pepsi was sweeter. What followed from that was easy to explain: People like sweeter soft drinks; ergo, if you want to beat Pepsi, change the classic Coca-Cola formula and make Coke sweeter.

Keough writes: “Roberto’s and my gut instincts were not to mess with this icon of America’s heritage, but the expert evidence was overwhelming.”

They introduced New Coke and learned something all the experts had overlooked: People don’t buy soft drinks

with their labels covered. And the Coca-Cola packaging, as well as the soft drink itself, was a key part of many people’s fondest memory—and you just don’t go altering people’s memories.

“In a matter of a few weeks we had more than four hundred thousand letters and calls—all negative,” Keough recalled. The old formula soon found its way back to store shelves.

The takeaway point: Sure, financial engineering has ruined a number of brokerage firms and lenders, but they make up a small percentage of the list of businesses that have gone kaput. The usual explanation for why a company stumbled can be found on Keough’s list.

You need to master the basics and stay on top of them.

If you need inspiration

Business authors, as a rule, use the lamest quotes imaginable—plucked from a cramped list of hackneyed clichés—to illustrate their points. Not Keough. For example, in talking about how you need to keep taking risks, he cites eighteenth-century poet and philosopher Friedrich von Schiller, who wrote, “He that is overcautious will accomplish little.”

When it comes time to support his third commandment (the dangers of limiting your worldview), Keough quotes spy novelist (and former spy) John le Carré’s adage, “A desk is a dangerous place from which to view the world.”

And in explaining the pernicious nature of bureaucracy, there may be no better quote than the one offered by comedian Fred Allen: “A committee is a group of men who individually can do nothing, but as a group decide that nothing can be done.”

If the old AT&T had taken that to heart in the 1980s, when it had ten layers of management between the people on the front lines and the CEO, it might have remained an independent company, one that dominated everything from cell phones to entertainment programming.

The world’s most powerful Rolodex

The late lamented *Spy* magazine ran a feature called “Logrolling in Our Time,” in which it would print Mr. A’s blurb praising Mr. B’s book—and follow it with kind words Mr. B had said about Mr. A’s work. Reading that twenty years ago, I realized that maybe I shouldn’t take blurbs all that seriously.

That said, the folks praising Keough’s book are a pretty darn impressive bunch. There is a foreword by Warren Buffett. Blurbs by Bill Gates and Jack Welch adorn the front cover. And on the back you will find kind words from Rupert Murdoch, Barry Diller, former President George H.W. Bush, McDonald’s chairman Andrew J. McKenna, Notre Dame president John I. Jenkins, and the late film director Sidney Pollack. Now, I would be willing to bet World Series tickets that not everyone on this list read the book all the way through. Still, the fact that Keough could draw on these types of people says something about his reach.

Old does not mean stupid

Here is a modest proposal for the publishing industry. If Keough’s work sells, someone should create a series of books called “Wisdom: Words From the Wise Men.” (With any luck, the publisher would come up with a better title.) And we would hear what former United Technologies CEO Harry Jack Gray, James E. Burke of Johnson & Johnson, Harold W. McGraw Jr. of McGraw-Hill, and countless other executives who are never again going to see 80 have to say. When it comes to management ideas, out of sight should not mean out of mind.

Keough’s book breaks no new ground. But if all it does is get you to reconsider the stuff you think you know, it is worth your time. As Mark Twain (whom Keough quotes) said: “It ain’t so much the things we don’t know that get us into trouble. It’s the things we know that just ain’t so.” 🍷