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## Remarks delivered by James P. Evans

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# Academic Leadership Journal

[Editor's Note: Remarks delivered by James P. Evans, president and chief executive officer, Best Western International Inc., April 14, 1999,

AH&MA Leadership Keynote Address.]

Remarks delivered by James P. Evans

Good afternoon, ladies and gentlemen, and thank you for your warm welcome.

Just before I left Phoenix to fly here, our public relations director at Best Western, Skip Boyer, handed me a note that read:

“Hey Jim! Just a short note on timing. April 14, the day you speak in Nashville—is also the date in 1865 that Lincoln was shot and, in 1912, the day the Titanic hit ice and went down. It’s just a thought, but have you considered phoning that speech to Nashville?”

How’s that for an upbeat PR guy?! Anyway, despite the history of disaster that today carries, I’m glad to be here.

You know, for the past 20 years, I’ve been sitting in the audience at meetings like this one, listening to some great leaders talk about the future of our industry.

I’ve always walked away with new insights and a renewed sense of satisfaction that my life has been spent in our industry.

I hope you’ll find something of value to carry away with you when I’m finished today. I especially hope you’ll carry away a sense of pride in the accomplishments we are all making in this industry.

Today is a special occasion for me in another way. I’m here today in my new role as the president and chief executive officer of best western international.

This is an exciting time for me, personally. Best Western is an historic brand with incredible

potential. To be part of it at this moment is rewarding. It's also challenging and a real test of some of the basic principles of leadership I've built my career around.

I've been on the job in Phoenix just long enough to learn there's still a lot to learn. And I haven't been on the job long enough to offer you the seasoned advice of a long-time president and CEO. Perhaps someday down the road I'll feel comfortable trying to do that.

We're here today talk about leadership. So, I'm going to share with you some ideas about leadership and the principles of leadership that I'm testing right now as I begin my career at best western. I think they will give you a good notion about the kind of company best western aspires to be.

Advice, incidentally, is something that should be offered and taken with great care. Now remember—I warned you...

On that note, I am reminded of Mark Twain at the celebration of his 70th

birthday. It was a remarkable celebration—a glittering, black tie dinner at the legendary Delmonico's in New York.

The great writer stood up, lit a cigar and said, "I have achieved my 70 years in the usual way—by sticking strictly to a scheme of life which would kill anybody else. I will offer here, as a sound maxim: that we can't reach old age by another man's road. My habits protect my life," he said, "but they would assassinate you."

With that advice ringing in our ears, please allow me to offer some suggestions on leadership that may or may not assassinate you.

Let's begin with the obvious. Leadership is the art of how we relate to people—usually those people on whom we depend to make our businesses successful.

I can think of no other industry that must relate more intensely to people. Although we offer rooms, food and beverage and meeting space, we definitely are in the people business.

That's a bit ironic, I think, when you consider how we often ignore our greatest asset. Our industry employs some 1.7 million people and we lose, on average, 100 percent of those people every year.

And that's only half the bad news. The other half is that it costs between \$3,000 to \$5,000 to train each replacement. With nearly 100 percent turnover, that translates to about \$4 to \$5 billion a year that we're giving up from our bottom line.

And, besides that, employee turnover also creates incredible stress for the people who do stay in their jobs year after year.

I am convinced that no team with high turnover can win...or at least win consistently. Professional sports certainly prove that thesis. With only a few exceptions, the teams that have been together for a while are the perennial winners. The Yankees didn't win all those pennants with high turnover. John Elway and the Denver Broncos didn't win the super bowl twice in a row with 100 percent turnover.

Actually, those sports metaphors are only partially accurate. The great thing about sports is that when the game is over, the players go home. The court or playing field is empty until the next game.

We don't live like that. For us, competition is eternal. There is no such thing as totally winning. The game never ends. If you compete and win today, you must compete and win again tomorrow. You know the old saying...you're only as good as your last P & L.

As leaders, our task is both simple and complex... and that's to make everyone else's job interesting and rewarding, to create an environment that helps them succeed.

The opposite is unthinkable.

Just imagine going to work every day saying, "I hate my job." That kind of attitude is why Dilbert touches the lives of so many people. In the tiny cartoon cubical world of Dilbert, all the mistakes of management are held up to the world for a mixed response of both laughter and tears.

The characters in Scott Adams' cartoon strip are all stereotypes. There's no real leadership going on in the world of Dilbert...just hapless characters bumbling from one silly situation to another.

And here's where we come to an important definition of terms.

I'm talking about leaders, not managers. Finding solid managers is not the problem.. The problem we face is one of finding men and women who understand what constitutes a leader in

today's workplace.

When it comes to management, American business has written the book. When it comes to leadership, we're still trying to grasp the point that something has changed dramatically in our workplace.

That change is at the center of the restructuring of corporate America that has been going on around us for the past decade. It's worth noting because some would say it is the first significant restructuring of the business world since we appropriated our basic management pattern from feudal lords of the middle ages.

In those times, the feudal lord ruled the estate. His vassals did the work under the direction of a handful of early mid-management types. In return, they received enough to live on. Generation after generation, they did what they were told. Punishment was swift and often painful.

You could apply that description to the management structure of many American businesses in the last 200 years. The Dilbert cartoon strip certainly does.

There were exceptions, of course, but the parallel is close. Basically, a handful of individuals, who had little vested interest in what they were doing, managed the activities of the majority.

Job one was not quality and customer satisfaction. Job one was preserving the system, staying alive. For many, it really was a feudal relationship.

Today, the most powerful force driving our management decisions are the changes that have taken place during this last decade or so in the workplace and in how we lead people.

The greatest of those changes, of course, is the changing face of our workforce.

In the late 1980s, the department of labor funded a study that has since become a benchmark.

Workforce 2000 was intended to determine the makeup of the work force in the next century.

The results demonstrated clearly that the only thing the work force of 1963 and the work force of 2000 will have in common is the name. The

study showed that white males account for only 15 percent of the 25 million people who joined the workforce between 1985 and 2000.

On the other hand, Hispanic and Asian populations have grown by 48 percent. The African-American population has grown by 28 percent. Very early in the next century, non-Hispanic whites will lose their majority status for the first time in the history of this nation...indeed, the dominant language in the world is...or is about to become...Spanish. And women will succeed in shattering the glass ceiling.

These aren't guesses.

This is hard reality. And it was confirmed just last week when the labor department released its most recent statistics on the workforce.

Unemployment is at a 29-year low—4.2 percent. Labor secretary Alexis Herman called it 'an historic report.' Among those groups making the strongest improvement in the workforce were Hispanics. Unemployment among Hispanics dropped 1.2 percent during the last 12 months—to a record low of 5.8 percent.

The diverse work force that was described in studies a decade ago is here now.

It is marked by radically changed employee attitudes. The job is no longer the defining factor in who a person is, and one thing is very clear: we can't lead this work force with the same methods we used with their parents—or even their older brothers and sisters.

Today's work force is a vastly different thing than it was as recently as a single decade ago.

Of course, most of us didn't consciously start out to be leaders. We had other objectives—personal advancement, security for our families, retirement and so on. And somewhere along the line, we discovered that to achieve our own goals, we had to take a leadership position in this changing workforce.

Let's explore this issue of manager/leader.

In a phrase that has almost become a business cliché. Professor Warren Bennis says that American businesses are over managed and underled. Cliché or not, it underscores an important point.

We have a generation of managers who are trained to keep things as they are and, to preserve the system.

Leadership, on the other hand, requires creating what isn't, something

new, something beyond the current system. By definition, that means taking risks...and, as we know, leaders are, indeed, risk takers.

The focus of many managers is to maintain the status quo.

The focus of most leaders is to disrupt it in the search for a better way. That's the sort of thinking that flattens the organizational pyramid, forcing out non-producing levels and shifting responsibility squarely to those doing the work.

It's the sort of thinking that understands the concept of empowerment and what it means to truly empower individuals in the workplace.

Leaders understand the value of self-management and self-motivation. This is the sort of thinking that is absolutely necessary if we are going to motivate the work force—not the work force of the future, but the work force that is standing at our front door right now.

Managers have employees, for example. Leaders have followers.

Managers command and control. Leaders empower and inspire.

Managers seek stability. Leaders seek flexibility.

Managers make decisions and solve problems. Leaders set directions and then empower and enable their team to make their own decisions and solve their own problems.

Managers accept the organizational structure and culture. Leaders look for a better way.

The real issue facing us now is how to release the brain power, the intelligent curiosity, the know-how, of our greatest asset—our people, the people we work with everyday.

Managers, even the very good ones, do not know how to do that very well. Leaders do.

The question for us, then, is not the need for leadership. That's clear, and it's obvious. The question is how to

become the leaders we need to be

or how to develop the leaders we need.

Leaders, I believe have several distinctive characteristics.

They are the people who recognize excellence and creativity in others, especially those members of our team who are out there where the

“rubber meets the road.” Simply put, folks, from my experience, the best ideas usually come from the field—where our customers are. In my experience, about 80 percent of the ideas that revolutionize the industry came from people on the front line or, sometimes, even outside the industry.

Kemmons Wilson, the father of holiday inn and the modern hotel industry, Jack Deboer, who invented extended stay, and Bob Wooley, one of the creators of the all-suite concept, weren't in the hotel industry when they introduced their concepts. Nonetheless, they believed in their ideas and were out in the field to make sure they worked.

People with ideas champion them, and through the agony and ecstasy of trial and error, make them work. I don't mean to knock headquarters staff, after all, I've worked in the “faulty towers” of three organizations since 1982. Headquarters people provide an invaluable service and often are the ones who recognize a great idea and often have the organizational skills to refine those ideas and roll them out company-wide.

However—my advice to the corporate people in the room is—I strongly suggest you develop strong ties to the field, at least to the general manager level. Whether you are a management company, franchise company, operating company or a membership organization like best western, if you don't have your hand welded to the pulse points of your general managers, you should consider seeking a new career. Our general managers are the action folks in our business. They make our industry happen. That's a basic point.

Moving on to another basic point: the characteristics of good leaders include the nearly forgotten ability to listen and truly hear what's being said.

To be a good leader, listening must be your most important skill. Communications doesn't begin with the sender, it begins with the recipient. And it's tough. Sometimes, I feel there are only two kinds of people in this world: those who love to talk and those who hate to listen.

As I said, I've been at best western for about five months now. During that time, I've actually spent a few days in phoenix, but most of my time has been spent meeting with members of our best western team all over the world. This is my time to listen. If I am to be successful helping to lead our brand, I must begin by following my own advice.



And listen!!! I must hear and from that, I must learn.

Those are characteristics of a smart leader.

Another characteristic of a leader in our competitive environment today is the pursuit of knowledge. You must know how everything in your business fits together, how each critical element impacts and influences other elements. Your knowledge of the big picture is one of the things that marks you as a leader.

I mentioned Mark

Twain a moment ago. When he was a young man in his first career as a river pilot, he was stunned to learn that he was expected to know every bend, curve, channel and current of the Mississippi River...up and down...both ways...in the dark. Anybody can steer a steamboat. It's knowing where to steer that makes you valuable.

Knowing where to steer. That's knowledge.

A few months ago, I met with Best Western's international sales team for the first time. I told them that the cutting competitive edge belongs to those sales people who know their customers better than anyone else. It's a simple concept. The team that knows their customers the best will be the team that wins most frequently. The knowledge they have about their customers, competitors and the marketplace comes from good listening.

If listening and knowledge are key components in the making of a leader, so is a keen competitive spirit.

That competitive spirit is the spark that overcomes the inertia of complacency.

I want to stress that complacency is what will kill you in a consumer business.

When he was coaching Notre Dame, Lou Holtz once noted when the Irish were ranked number one in the nation, he said, "We're not number one. We're trying to stay number one." There is a difference. Complacency turns number one teams into also rans.

It doesn't take much to let yourself be defeated by complacency. It's easy to become complacent. Let me remind you of some brands that did.

Pan Am

was once the only way to fly.

Sears' sales

used to be larger than its next two competitors combined.

Schlitz

was the best selling premium beer in America.

Simca was once

the car of France.

The Dow Jones journal used to have 2.1 million circulation and

was a monopoly.

Chevrolet

was the number one car in America.

You can write your own list of great brands that became complacent. I encourage you to do just that at your next staff meeting!

Real leaders have another vital characteristic and I want to place special emphasis on it today.

Simply put—communications.

And here's a flash for you.

Communicating while sitting in a warm seat in your office isn't smart communications.

As I said earlier, that's not where the action is. The action is in the field or in your hotel. You have to see what's going on as well as hear what's going on.

Communications is one of any organization's greatest challenges. It is for us at Best Western and we are taking immediate steps to turn that challenge into an asset.

I should explain more carefully what I mean by communications.

It's not more newsletters or bulletins. It is more listening and giving feedback. It is cleaning up the clutter of our attempts to talk to each other, reduce the number of mailings and faxes, and, very importantly, seeking feedback from our primary internal audiences—our team members, general managers, customers and your corporate team. Listening... to what they tell you should be one of the most important parts of your communications plan.

At best western, we are also initiating, as part of an active communications process, the development of a formalized ethics process within best western. The

early stages of this process involve an accurate assessment of our current operating culture and the perceptions of all those who have a stake in how that culture works and impacts them. Ultimately, the process is designed to help everyone within best western understand and integrate principles and values of doing the right thing into their day-to-day activities. This will make us a more successful company by making best western the preferred flag for owners and the preferred company for corporate professionals.

It is another way of using communications as the foundation on which we will build. If we communicate honestly, other critical things will happen. We

will build greater trust between individuals, departments, staff and—most importantly—our board and all of our members. By building trust, we are building platinum-level

accountability to each other.

On, now, to another leadership characteristic...

Perhaps the best leadership advice I can offer is to focus on line employees. This is important whether you are a CEO or a general manager. The people in the trenches are the ones who deliver the service and experiences that bring our guests back again and again.

We must spend more time on people. Every individual who works for you is

critical to your success. As leaders, we must help them all truly understand that, no matter what their position in our organization, they are vital to our mutual success.

When the best western 800 reservations number rings in one of our several reservations centers, the sales agent who answers that call is the most important person in our company. For that caller, the sales agent

is Best Western—not me, not the chairman of the board, not the vice president of marketing. If that sales agent doesn't feel strongly, passionately about our success, all the millions of dollars we spend on marketing, technology and sales are wasted.

By encouraging our team members and making them active partners in our success, we encourage freedom, which is also a hallmark of real

leadership. Give them the right to fail, the right to take calculated risks, the right to find better ways. It's called empowering your employees. I'd rather think of it as encouraging their freedom to do their very best every day without fear of failure.

You

probably read in the industry trade publications that we've been going through some budget adjustments at best western. As part of that process, I turned to the people best qualified to make suggestions...our corporate team. I asked them how could we do things smarter? More efficiently?

We got nearly 50 responses in a matter of a couple of days. Some were thought-provoking. Some were commonsense. All, however, were important because the members of our team felt they could respond honestly and candidly with suggestions on new ways to do things. They were willing to take risks, to attempt new things. As leaders, that is the freedom we must encourage and cherish.

The only way to ensure you—and your team— never fail is to never attempt anything. And that, I as mentioned earlier, is the status quo and is one of the certain signs that you and your organization are in serious trouble.

You won't get to perfection if you don't give your co-workers the freedom to make stupid mistakes and brilliant discoveries.

Later

this year, best western is coming back here to Nashville and to Opryland for our international convention. We're excited about it because we're going to be doing—on a grand scale—just what I've been talking about. The theme for our convention is "Just Imagine!" We're going to give ourselves the freedom to explore new ideas, new solutions and ask ourselves, "just imagine what we

can be!"

Before I touch on my final point, let me recap quickly the key elements I see in true leadership...

A leader is someone who...

...encourages excellence in others

...listens carefully

...knows that knowledge is the competitive edge

...knows that complacency will kill

...knows how to communicate and works hard at doing it well

...values and empowers team members

...recognizes and rewards risk takers.

Now, there is one more thing. And, today, I believe that thing is the benchmark of the truly great leaders in our industry and every other human endeavor. I touched on it a little bit earlier.

We must recognize, embrace and celebrate diversity. I can think of no other industry that is more of a melting pot than ours.

We must also broaden the definition of diversity. Yes, it must include race and gender. It should also include language and cultural diversity. We must see the broad, sweeping spectrum of our diverse humanity, for these are the people we serve and the people who help us serve.

We must give everyone a true equal opportunity. We must look beyond skin color, country of origin and gender and see the individual potential.

This is both the right thing to do and good, smart business.

Diversity within Best Western is one of our great strengths. I'm grateful this is so. Diversity is not just something that was predicted by futurists two decades ago. It is here...now, a powerful influence in our workforce and our ownership.

If you would be a leader—a true leader—these are the men and women who will make you successful, if you let them.

Lastly, good leadership makes people feel valued. Hearing 'thanks,' or 'great job,' or 'you really hit that one out of the park' is really what makes people spend the extra energy and go the extra mile. It tells them you understand they are critical to your success.

Well, that's it. No big secrets, nothing to change the face of the corporate world.

These are simply commonsense ideas about how we treat each other, about the respect we extend to one another, about the faith we have in each other's abilities and each other's judgment. Great leaders were at one time great followers. They simply learned a few important lessons along the way.

And one of the first lessons I learned came from President Lyndon Johnson. In 1964, he said, “The American people want leadership that believes in them; not leadership that berates them.”

I believe President Johnson was correct. People—whether the people of a great nation or the people of a great brand—want leadership that believes in them.

I believe true leadership casts a long shadow. If we lead with respect, if we lead with compassion, if we lead with faith in each other, we cast a shadow that touches those who come behind us and sows the seeds of another generation of leaders.

And when the day is over and we have done all we can, perhaps our greatest accomplishment will not be that we were gifted leaders... but, rather, that we inspired the next generation of those who will lead. Creating a legacy of leadership is, perhaps, the final measure of great leadership.

Thank you.

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