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Leadership in Turbulent Times (Dallas)

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**Catholic CEO Healthcare Connection
Dallas TX
May 4, 2001**

“Leadership in Turbulent Times”

**C. William Pollard, Chairman
The ServiceMaster Company**

I count it a special privilege to be with you today and share some thoughts with you on leadership and the responsibilities we all have to the people in our organizations – the people we serve and the people within our organizations who are responsible for providing that service.

Now, while I have a few introductory comments, I think this time will be most profitable if we can have a continuing dialogue. So, as I begin, don't hesitate to interrupt me and ask a question as we go along, and let's just open it up and have a time of frank and candid discussion about the challenges that face us and how best to address solutions for achieving the results that are expected of all of us.

Now, in preparation for my time with you, it was suggested that I touch on some of the following questions: “Do high performance business practices put people first? Does a Catholic mission put a health system at a competitive disadvantage? (there was some distortion in the tape here) As we lead in turbulent changing times, what keeps me awake at night? What are some of the most

important principles we should consider in leading and inspiring people? What are the characteristics that make for a successful CEO today?”

Well, first of all, there is a lot of meat on those bones and as I share with you this morning, I want you to know that I am still in the process of learning, even after 25 years of seeking to lead a fast-growing and dynamic service company.

I also want to emphasize, as I begin, how important your roles are in the health care delivery system in this country. You represent faith-based organizations that, over the years, have consistently provided an added dimension to our health care - a dimension of mission and purpose that extends to the spiritual welfare, as well as the physical welfare, of your patients. It is, I believe, a recognition that we are never dealing with just the arms, legs, heart or kidney in a patient. It is always the whole person that is involved.

In one of his many essays defending and explaining the Christian faith, C. S. Lewis, the famous writer and scholar from Oxford University, concluded: “Nothing seems more obvious than that religious persons should care for the sick. No Christian building, except perhaps a church, is more self-explanatory of our faith.” But is that statement, made over 35 years ago, still relevant today? Does this added dimension fit as part of modern day health care? I recently read a book

authored by Robert Fogel, professor of economics at the University of Chicago and a 1993 Nobel Prize winner. The title of the book is *The Fourth Great Awakening*. In his book, Professor Fogel traces the impact of religious movements in faith-based organizations on our society, from the founding of our country to the present day. While his analysis and documentation of our history is interesting, it is his conclusion about where we are today that is so significant in seeking to understand the role of faith in our organizations today. As he has considered what has gone on before and analyzed both the opportunities and deficiencies in our society today, he has concluded that the biggest challenge for us in America today is not the distribution of economic resources or the questions of race or gender. He simply concludes that the biggest issue is the distribution of spiritual assets. There is, he says, a spiritual void in the conduct of human behavior, and there is not a sufficient number of resources or organizations committed to fill this void.

If Fogel is right, and I believe he is, then the role of your organizations is vital, not optional. But how is this added dimension of yours nurtured, developed, expressed in an environment that is imposed with added regulatory and compliance standards, which increasingly involve mergers, combinations and alliances, that crosses traditional lines of mission and purpose, and which is subject to third party reimbursement and revenue systems that are often bureaucratic, removed from patient satisfaction and, more often than not,

dominated by a mindset of squeezing the turnip, with the hospital or long-term care facility being the primary target because it is often the easiest to grab and squeeze.

Although the issues you have on your plate, whether they may involve patient safety, labor shortages, access to capital, a growing base of uninsured patients, may not be exactly the same as we confront, there are some generic similarities. Our organizations are highly people-dependent and, as we lead and motivate these people, we must also respond to rapid and continuous change. Our people must be flexible and adaptable and bring to their task a mission and purpose that extends to the people they are caring for or serving.

We are a company that has experienced growth and change. Our system-wide revenues now exceed \$7 billion and we employ or manage over 250,000 people, serving more than 12 million customers. While most of our business is located here in the United States, we also are serving in 40 foreign countries. And yes, I live in one of those environments where earnings and profits must be reported quarter by quarter and the shareholders that I am responsible to vote every day on my leadership with a choice to buy, sell or hold. Although most of my experience has come from the marketplace, with its own litmus test of the bottom line, there are certain principles, people principles if you will, that I believe are universal - and also, by the way, cross cultural. People are looking for

opportunity or significance in their work, for leaders they can serve, leaders they can trust. Now much of our business, as many of you know, may be classified as routine and mundane. We do such things as clean toilets and floors, maintain boilers and air handling units, serve food, kill bugs, care for lawns and landscapes, clean carpets, provide maid service and repair home appliances. Over 85% of what we are doing today, we were not doing ten years ago. Yes, we are an organization in constant change.

The task before us is to train and motivate people to serve so that they will do a more effective job, be more productive in the work and, yes, even be better people. This is both a management and a leadership challenge. At ServiceMaster, it's more than a job or a means to earn a living. It is, in fact, our mission – for developing what we refer to the soul of our firm. As leaders, we are in the business of soulcraft.

The headquarters of our firm is a low, long tan-colored building in Downers Grove, Illinois, just west of Chicago. When you walk into the large two-story lobby, on your right is a curving marble wall – 90 feet long, 18 feet high. Carved in stone on that wall, in letters eight feet high, are four statements that constitute our objectives: To honor God in all we do; To help people develop; To pursue excellence; and To grow profitably.

If you were to tour the rest of the building, you would notice that nearly all of the work spaces are movable. Most of the walls don't reach the ceiling. Practically everything in the building is changeable and adaptable, just like the marketplaces we serve with its changing demands and opportunities. But the marble wall conveys a permanency that does not change. The principles carved in this stone are lasting. It is our mission statement. Short enough to remember, controversial enough to cause one to stop and think, and significant enough to be timeless.

The first two objectives are end goals. The second two are means goals. As we seek to implement these objectives in the operation of our business, they provide for us a reference point for seeking to do that which is right and avoiding that which is wrong.

We do not use our first objective as a basis for exclusion. It is, in fact, our reason for our promotion of diversity, as we recognize the differences, potential and worth of every individual.

And, of course, it does not mean that everything will be done right. We experience our share of mistakes, but because of the stated standard and reason for that standard we cannot hide our mistakes. They are flushed out into the open for correction and, in some cases, for forgiveness.

Nor is it a standard that should be used as a simplistic reason for our financial success. It cannot be applied like some mathematical formula. It is, and becomes, a living set of principles that allows us to confront the differences and failures that are all part of life and running a business with the assurance that our starting point and mission never changes.

In a diverse and pluralistic society, some may question whether our first objective belongs as part of a purpose statement of any public company. But regardless of a person's starting point, the principle that can be embraced by all is where it leads us and that is to the dignity and worth of every person. This should be a living principle in the mission of any organization. It is fundamental to the understanding of serving as you seek to lead – of motivating people to serve and care as they also seek to become effective and productive in their work.

So for us, people are not just economic animals or non-personal production units. Every person has their own fingerprint of personality and potential. And we believe that the work environment can become a place where the spirit and soul of a person is enriched by what they do as they learn and as they serve and contribute to others.

Frankly, when you view the person as only a production unit or something that can be defined solely in economic terms, motivational or even incentive plans have a tendency to become mechanical or manipulative. In so doing, there is a drive to define a system that will idiot proof the process which in turn can make people feel like idiots. Fortune Magazine recently described the soulless company as suffering from an enemy within, and cited Henry Ford's quote as descriptive: "Why is it I always get the whole person, when all I really want is a pair of hands?"

For us, mission has become an organizing principle, requiring of each of us as leaders to be servants as we lead, to view people as the subject of work, not just the object of work, and to view our jobs as one of commitment with a posture of indebtedness to continue to change and innovate in a way that provides growing opportunities for our people. This posture of indebtedness requires of a leader to understand the future that has already happened and make the necessary change in the organization to so respond.

Let me share with you a few examples of how this works in our organization.

At the time when I first joined ServiceMaster over twenty years ago, my predecessors, Ken Hansen who was then Chairman of the Company, and Ken

Wessner, who was President and CEO of the Company, were both involved in recruiting me to join the firm. They wanted me to come and head up the legal and financial affairs of the Company, reporting directly to Ken Wessner.

In the selling of the job, they suggested that I, along with others, would be considered in the future for the CEO position of the Company.

The interviewing process took several months and as we were coming to what I thought was the final interview to confirm compensation and starting date, I decided that I needed to know more about what it would take to be CEO of ServiceMaster. As I pressed the point and tried to get some assurance of how I could become CEO, Ken Hansen stood up and said the interview was over. Ken Wessner led me to the front door. As I left ServiceMaster, I concluded that it was over – I had blown the opportunity.

A few days later, Ken Hansen called me on the phone and asked me if I wanted to have breakfast with him to discuss what had happened in the interview. I accepted the offer and at breakfast he made clear to me his teachable point of view. He simply said: Bill, if you want to come to ServiceMaster to contribute and serve, you will have a great future. But if your coming is dependent upon a title, position or ultimately the CEO position, then you will be disappointed. It is up to you.

The point was simple. Never give a job or a title to a person who can't live without it. Leaders in ServiceMaster, to be successful, must have or develop a true servant's heart. I took the job and Ken, in his own way, tested me at the front end. I spent the first six weeks in ServiceMaster out cleaning floors and doing maintenance work, which are all part of our service business. There were lessons for me to learn, the most important of which was – as a leader I needed to be a

servant, and that I should never ask someone to do something I was not first willing to do.

Second, a servant leader believes in the people he or she leads and is always ready to be surprised by their potential. A colleague of mine tells of an experience that has been a great reminder to me of this point. It is often the custom of firms to hand out service pins in recognition of years of service. As my friend was involved in such an event, he was surprised by the response of one of the recipients. The young man opened the box, took out the beautiful sterling silver tie tack and said thanks, and with a wide grin proudly put the service pin in his earlobe not on his lapel.

People are different, and we should never be too quick to judge potential by appearance or lifestyle. The firm at work is a place where diversity should be promoted. It is the leader's responsibility to set the tone, to learn to accept the differences of people, and to seek to provide an environment where different people contribute as part of the whole and so to strengthen the group, and achieve unity in diversity.

Third, servant leaders should make themselves available. Their door should always be open. They should be out and about talking and listening to people at all levels of the organization. They should always be willing to do whatever they ask of others. At our headquarters building in Downers Grove, we have designed our executive offices as a reminder of this principle of listening, learning and serving. Nobody works behind closed doors, glass is everywhere, confirming our desire to have an open office and open mind. No executive office captures an outside window. The view to the outside is available to all working in the office.

Fourth, the servant leader must be committed, not a bystander or simply a holder of position. He or she is there for the long-term. No enterprise can function to its capacity nor can its people expect a healthy organizational culture unless they can rely upon the covenants and commitments of their leaders. This goes beyond the covenants usually contained in an employment agreement or in a legal document. It extends to the people who day-by-day are relying upon the leader for their future. It is fulfilling a leader's campaign promises. It is the leader's obligation or, as some have described it, "their posture of indebtedness".

Fifth, servant leaders have a love and care for the people they lead.

Several years ago, I was traveling in what was then the Soviet Union. I had been asked to give several lectures at major universities on the service business and our company objectives. While I was in the city then called Leningrad, now renamed St. Petersburg, I met Olga. She had the job of mopping the lobby floor in a large hotel, which at that time was occupied mostly by people from the West. I took an interest in her and her tasks. With the help of an interpreter, I engaged her in conversation and noted the tools she had to work with.

Olga had been given a t-frame for a mop, a filthy rag and a bucket of dirty water to do her job. She really wasn't cleaning the floor, she was just moving dirt from one section to the other. The reality of Olga's job was to do the least amount of motions in the greatest amount of time until the day was over. Olga was not proud of what she was doing. She had no dignity in her work. She was a long way from owning the results.

I knew from our brief conversation that there was a great unlocked potential in Olga. I'm sure you could have eaten off the floor of her two-room apartment. But work was something different. No one had taken the time to teach or equip

Olga. No one had taken the time to care about her as a person. She was lost in a system that did not care. Work was just a job that had to be done. **She was the object of work, not its subject.**

I contrast the time spent with Olga with an experience I had just a few days later while visiting a hospital we serve in London. As I was introduced to one of the housekeepers, Kamula, as Chairman of ServiceMaster, she put her arms around me, gave me a big hug and thanked me for the training and tools she had received to do her work. She then showed me all that she had accomplished in cleaning patient rooms, providing a detailed before and after description. She was proud of her work. She owned the result. Why? Because someone had cared enough to show her the way and recognize her for her accomplishments. She had dignity in her work. She was looking forward to her next accomplishment. She was thankful.

What was the difference between these two people? Yes, one was born in Moscow, the other New Dehli, and their race and language and nationalities were different, but their basic tasks were the same. They both had to work for a living. They both had modest and limited financial resources. One was very proud of what she was doing. Her work had affected her view of herself and others. The other was not, and she had a limited view of her potential and worth.

The difference, I suggest, has something to do with how they were treated, loved and cared for in their work environment. In one case, the mission of the organization involved the development of the person. In the other case the objective was to provide activity and call it work.

So can an organization be a moral community for the shaping of human character and behavior and also deliver a service with a human touch? This, I

suggest, is the greatest challenge we have as leaders of organizations that stand for a mission and purpose that extends beyond the most efficient task or lowest cost procedure. Where do people fit in the delivery of health care? The people who serve and the people being served in your hospitals cannot be measured solely in economic terms. There is no outcome determinative or measurement standard that goes to the feelings or spiritual side of a sick patient. When you limit your outlook to economic motivations, patients and health care workers are viewed as subhuman, with the resulting abuses we have all read about.

Leadership is both an art and a science. The results of a servant leader will be measured beyond the workplace. The story will be told in the changed lives of people. As we seek to lead our organizations as moral communities, we should recognize that it is not always comfortable. At times it feels like you are in a rowboat in the middle of an ocean. There is an audience of skeptics with questions raised regarding the appropriateness of mixing our faith standards with our work environment.

For me, the common link between my faith and my work is people - people created in God's image. It was C. S. Lewis who said: "There are no ordinary people. You have never talked to a mere mortal. Nations, cultures, arts, civilizations - they are mortal and their life is to ours as the life of a gnat, but it is immortals whom we joke with, work with, marry, snub and exploit." What is business without people? What is health care without people? What is a world without God? I conclude my remarks with some lines from T. S. Eliot's *Choruses from a Rock*.

"What life have you if you not have life together?

There is no life that is not in community.

And no community not lived in praise of God.
And now you live dispersed on ribbon roads.
And no man knows or cares who is his neighbor,
Unless his neighbor makes too much disturbance.
And the wind shall say, here were decent Godless people.
Their only monument the asphalt road,
And a thousand lost golf balls.
Can you keep the city that the Lord keeps not with you?
A thousand policemen directing the traffic,
And not tell you why you come, or where you go.
When the stranger says: "What is the meaning of this city?"
Do you huddle close together because you love each other?
What will you answer? We all dwell together,
To make money from each other? Is this a community?
And the stranger will depart and return to the desert.
Oh my soul be prepared for the coming of the stranger.
Be prepared for him who knows how to ask questions.

You have a tradition of adding an extra dimension to the delivery of healthcare. **As trustees responsible to govern (rephrase? Is trustee a generic term here?),** I encourage you to continue to nurture and lead the Christian-based mission and purpose of your organizations. In times of change it provides hope, a light, a beacon if you will, that guides people to do the right thing in serving others and to grow and develop in the process.

5/1/01

Additional materials to consider inserting:

Shu Zhang was raised and educated in China, indoctrinated in communism, and has worked with us to help develop our business for this market.

Listen to this letter I received from her:

Dear Bill:

I felt so much need to talk to you since I came back from management seminar.

When I grew up in China, religions were forbidden and the communists taught us religion was superstition. Mao's book became our bible. When I was five or six years old, I could recite Mao's quotations and even use them to judge and lecture the kids in the neighborhood. Mao said serve the people. Leaders should be public servants. This coincides with some of ServiceMaster's moral standard. When I think deeply, I see the difference which makes one work so successfully and the other collapses fatally. It must be the starting point of ServiceMaster to honor God, and that every individual has been created in his image with dignity and worth.

Ten years ago in China, people were not allowed to think and speak freely. Those who held different opinions and views with the government were treated as the enemy, and enemies were not treated as human beings any more. When people found out Mao was just another Chinese emperor, we lost our believing. This is a generation

who had been brainwashed since we were born. When I went to Beijing last March with you and Ralph, I met with my high school classmates. They talked a lot about the consumer oriented Chinese young people. We have heard a lot of excitement about the big change in the Chinese economy which brought tremendous opportunities, but this also worried us about a generation without beliefs and moral standards.

ServiceMaster is designed to be a big, tall tree with strong roots which penetrate extensively to almost every corner of a person's daily life. It is still growing, and I am still searching."

I hope and pray that as part of Shu's searching, she will find the Lord I love. But for her to be attracted, she had to be first included and accepted. She is part of the world that God so loved.

Rich Kehl and Martha.

Rich Kehl and Martha Gunnell are examples of two such people.

Several months ago, I visited with Rich at our office in Chicago. He was a man on a mission. He had recently been diagnosed as having terminal cancer, and

he brought his family to ServiceMaster to visit with me and others and to see his name inscribed on our marble Wall of Service. This wall has been constructed as a tribute to those who have served 25 years or more with our Company. In front of the wall is a sculpture of a servant leader – a modern rendition of Jesus washing his disciples' feet. You see, Rich had to make this final trip to ServiceMaster with his family so that he could explain to them all of what ServiceMaster had meant to him and what it was like to be part of the family of this Company. It was never just a job for Rich or a way to earn a living. It was part of who he was as a manager, a leader, a father and a husband.

Martha is the office manager at our Terminix branch in Ft. Myers, Florida. I met her several weeks ago when I made one of my unannounced branch visits late one afternoon. The people of the branch were in the process of moving into expanded facilities and it was the first day for our new branch manager – not necessarily a perfect time for the Chairman to visit. None of this, however, seemed to fluster Martha. She had her computer plugged in and was at work at her desk. Although not all of the pictures had been hung or the furniture in the right spot, as we talked about her work, she was quick to point out that she had already hung her most important picture. It was a picture of our marble Wall of Service with her name inscribed on it for 25 years of service. Martha had joy in her work. She was proud of her career with Terminix and with ServiceMaster. She is a loyal and committed part of the team.