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Built to Last - Leadership Principles That Are Timeless

C. William Pollard

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**SOUTHWEST CEO COUNCIL
SAN ANTONIO TX
JANUARY 15, 1998**

“LEADERSHIP FOR THE FUTURE”

**C. WILLIAM POLLARD, CHAIRMAN
THE SERVICEMASTER COMPANY
DOWNERS GROVE, ILLINOIS**

Thank you for this significant award and recognition. I accept it on behalf of all the 250,000 people who now make up the company that we call ServiceMaster. And also on behalf of my partner and successor Carlos Cantu, who assumed the role of CEO of ServiceMaster in 1994 and who, as our current CEO, has done many things for the continued growth and success of our company that I was not able to accomplish.

During the last fifty years, since our early beginnings, leadership, development and succession at ServiceMaster has been a way of life - often described by us like shingles on a roof with overlap and coverage, between the past and present - and with each new shingle, representing an added new dimension for the future. It is a process that includes development of leaders from within, selection and then support once the decision has been made, and a continued presence of the predecessor for advice and counsel but with a disciplined stepping aside to allow the new leader to pitch his or her ball game. And my partner is pitching a great ball game today.

I guess you could say it is our way of preparing for the future. It is the future that I would like to talk to you about today.

As one looks ahead, what will be the business of business? The dawn of a new century, a new millennium if you will, provides an added intensity to that spotlight of curiosity about what is going on around us and what does it mean for the future.

At the beginning of this decade, I was asked to participate in Peter Drucker's 80th birthday party. My assignment was to speak about the characteristics of an effective executive for the 90s. My task seemed larger than life, especially in view of the distinguished audience and my respect for the wisdom of my friend and counselor, Peter Drucker. My talk centered on how we should prepare for a time of accelerated change and choice and also to be reminded of the constant that would not change, namely, the importance of people to the success of any venture or enterprise.

And now we come to the end of this decade. The changes that have occurred over the past eight years have affected the lives of people all over this world. Nation states have crumbled, communism is no longer the threat it once was, market economies have proliferated, there is an explosion in the availability of information and our tinkering with DNA has now raised the reality of cloning. There have been changes in our family life - the way we work, the way we live - and the pace of change seems to be accelerating.

It has occurred in a major way in our own business. Two-thirds of our revenue today comes from business areas we were not in just ten years ago. The only thing certain about tomorrow is that it will be different than today.

In a recent article about the future in the Harvard Business Review, Drucker talked about the major events that have already happened or were occurring that will affect our life in the twenty-first century. He referred to these events as a future that has already happened. I was recently requested by the Editor of this magazine to write a response to this article identifying what I saw were some of these forces of change.

For me, they may be summarized as follows:

1. We continue to speak about being global in our thinking. In fact, our economy is increasingly being affected by global forces versus internal forces, witness the concerns that are part of the financial crisis in the far east, yet everywhere we look in our own society and throughout the world, tribalism is rampant with growing divisions and conflict among ethnic, religious and economic groups.

The tensions between individual rights and group benefits or rights seem to be intensifying. Witness the current debate about affirmative action.

2. The mobility and flexibility of access to information has dramatically changed how we are able to look at how, where and when work can be accomplished and what should be the purpose and function of the office or the production facility. As we are increasingly able to move work to where the worker is instead of moving the worker to where work is, there are new challenges for the leader in connecting, touching and managing a highly mobile and dispersed work force.

3. This growing ease of access to information has also allowed us to turn our homes into offices, entertainment, educational and purchasing centers. You can now sit before your home computer and purchase everything from groceries to automobiles, plan your next vacation, access libraries all over the world, communicate with your colleagues by email and with a link to your TV or stereo system, order up the latest in entertainment through cyber space. As the peace of the “workers castle” dwindles with each new onslaught of technology, people will be looking for solitude and security from other sources.

4. The lines between work and education are becoming increasingly blurred. The explosion of knowledge and the limitations, constraints and costs of our more traditional educational methods and institutions, combined with the rapidly changing requirements for the job, confirms the need for continuous learning “on the job” and provides a growing opportunity for what I refer to as the University of Work.

5. Our growing ability to store, process and analyze information should improve productivity in our thinking and making effective decisions, provided we as leaders learn to use the repetitive and routine aspects of problem solving that can best be done by the computer. This artificial intelligence results in more options and choices with a corresponding demand for the need to make better judgments in the application of our decisions. To identify the forest from the growing variety of trees, I believe a leader will need a strong framework for direction - a framework of a consistent set of values. Otherwise, there will be the potential for confusion and even paralysis by analysis.

6. The availability of information about the firm at multiple levels by employees, customers, competitors and the public will make our organizations and our leadership increasingly transparent. Candor will be the best way to earn credibility. Those ugly negatives and those exciting new innovations will no longer be secrets. The leader will be an open book. Whether he or she walks the talk will be known by all.

7. As our choices grow, there will be a corresponding demand for more in a shorter period of time, requiring our businesses and our social and community organizations to be more flexible and responsive. This will result in more changes and flexibility in how we produce and serve and in what we have typically defined as the job descriptions and titles may no longer be relevant in the future. We already know that “jobs” as such are no longer as secure as they once were. We use words in the marketplace like downsizing, rightsizing, re-engineering and restructuring to mask the reality that people lose their jobs

for reasons other than performance. In fact, some have suggested that we live in a post job world. Serious issues are being raised about what is the social contract between the employer and the employee. The future will provide a growing variety in the changing opportunities to contribute, but not necessarily adding defined positions that we used to call jobs. This will require a new level of trust and confidence in the leadership of the firm or business organization.

So where does the business firm fit into this tornado of change and choice? Can the corporation serve merely as an efficient unit of production for quality goods and services or can it excel at generating profits and also become a moral community to help shape human character and behavior? At a time when many of the mediating structures of our society, like the family and the community are under siege, can the business firm serve as a stabilizing force - a community prepared to provide a new social contract for the 21st century - a community with a soul.

I believe it can. Leadership can make the difference - leadership with a conviction of mission and purpose - leadership with a servant's heart.

Will the real leader please stand up? Not the president or the person with the most distinguished title or the longest tenure, but the role model. Not the highest paid person in the group, but the risk taker. Not the person with the largest car or the biggest home, but the servant. Not the person who promotes himself or herself, but the promoter of others. Not the administrator, but the initiator. Not the taker, but the giver. Not the talker, but the listener.

Samuel Beckett and James Joyce were friends and confidants. Although the writings of Joyce have received more fame and publicity, Beckett won the Nobel Prize for literature in 1969. His essays, short stories, novels, plays, radio and television scripts are

generally obscure and esoteric works stressing the absurdity and despair of life. His characters are typically engaged in meaningless habits to occupy their time, but have no purpose or mission and accomplish nothing. As he spoke with unflinching honesty about the emptiness of life without purpose or meaning, he may well have been describing the modern day worker in an environment of accelerated change and choice and no moral leadership.

It was Socrates who stated that a person should first **understand** oneself as a means of making contributions to others. **Know** thyself was his advice. Aristotle counseled his followers, to use one's talents to the utmost, one must have **discretion and direction**. His advice was "**control thyself**". Another great thinker suggested service to others, especially those you seek to lead. "Give thyself" were words spoken by Jesus as He washed His disciples' feet. In so doing, He taught that no leader is greater than the people he or she leads. And that even the humblest of tasks is worthy for a leader to do.

Does this example fit into today's world two thousand years later? There is certainly no scarcity of feet to wash and towels are always available. The only limitation, if there is one, is with the leader. Are we willing to be on our hands and knees, to compromise our pride and status, to be involved and to have compassion for those we lead and those we work with?

Now as I ask these fundamental questions about leadership and about the purpose of life and work, I do so not as a philosopher or educator, political or religious leader, but simply as a business person. Someone who is seeking to lead, with my partner Carlos Cantu, a fast-growing, dynamic service company that we call ServiceMaster.

We have experienced rapid growth, doubling in size every 3-1/2 years for over 20 years, with system-wide revenues now in excess of \$6 billion. We are a public company

with our shares listed and traded on the New York stock exchange. And yes, I live in one of those pressure cooker environments where earnings and profits must be reported quarter by quarter, and where earnings and profits have been up every quarter for the past 27 years. The shareholders that Carlos and I are responsible to as leaders, vote every day on our leadership - they have the choice to buy, hold or sell.

But what I am suggesting here today is that the measure of our success as leaders cannot be limited to the calculation of a total return on the value of our shares or the profit we produce. The answer must come from the people we work with - the over 250,000 people who are a part of the ServiceMaster Team who are making it happen every day as they serve others.

Much of our business 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. The task before us is to train and motivate people to serve so they will do a more effective job, be more productive in their work, and yes even be better people. For us, this is both a management and a leadership challenge. It is more than a job or a means to earn a living. It is, in fact, a way of life or a mission.

When you visit the headquarters of our firm, you will find a low, long, tan-colored building, located west of the city of Chicago. When you walk into the large, two-story lobby, on your right is a curving marble wall, 90 feet long and 18 feet high. Carved in stone on that wall in letters 8 feet high are four statements that constitute our corporate 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 moveable. Most of the walls do not reach to the ceiling. Practically everything in the building is changeable and adaptable, just like the marketplace 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. 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. They remind us that every person has been created in the image of God with dignity and worth and great potential. It is an inclusive standard that provides the basis for our single-minded focus on people as individuals, not just part of a protected group or a particular classification and recognizes that the differences or diversity in people is all part of God's mix.

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

Nor is it a standard that can be used as a simplistic reason for financial success. It cannot be applied like some mathematical formula. It does, however, provide a foundation, a reference point for action. It is a living set of principles that allow us to confront the difficulties and failures that are all part of running a business, with the assurance that our common starting point never changes.

In a diverse and pluralistic society, some may question whether our first objective belongs as part of a public company's purpose statement. But regardless of where you are

with respect to this objective, the principle that can be embraced by all is where it leads us, and that is to the dignity and worth and potential of every person. For us, this is fundamental to understanding the purpose of the firm. For me as a Christian, it provides not just an opportunity to talk about my faith, but to live my faith.

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, serve and contribute to others. And yes, when it does happen, there is the potential for extraordinary results in serving customers and generating profits.

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 schemes 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 what I really want is just a pair of hands?"

As we recognize the importance of dealing with the whole person, we are seeking to link the performance of a task with the development (not just training) of a person and in so doing we recognize that as leaders we are responsible for what is happening to the person in the process. What they become in their work, as well as what they are doing in their work. Is the task as defined, the tools as designed and the training as provided, contributing or detracting not only to the work but also to the worker? These questions force a self-energizing and correcting process that is never over and is the basis for our quest for continuous improvement in how we serve.

So as we look to the future, we can anticipate a growing acceleration of change, more availability of information, more choices and need for more flexibility. The constant will be people - people who need to be trained, motivated and productive - people who have the potential to innovate and improve - people who are individuals yet have the ability to contribute to a group result. The leader of the future will be called upon to understand more about who people are and why they work - not just what they do and how they do it. The leader will need a philosophy of life and work - a heart to serve - and a willingness to be vulnerable and resilient - with a passion for excellence and a penchant for productivity and profit.

Can the business firm excel in generating profits and also be a moral community for the development of the person? A community with a soul? This is the grand experiment of ServiceMaster. Leadership is both an art and a science. The results of servant leadership will be measured beyond the work place. The story will be told in the changes lives of people. The art of human and humane leadership will care for people as the subject of work, not just its object.

It was C. S. Lewis who said, "There are no ordinary people. You have never talked to a mere mortal. Nations, cultures, arts, civilizations -- these 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."

I close with these lines from T. S. Eliot:

What life have you if you have not 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? This is 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.

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