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"SERVANT LEADERSHIP--A LOOK AT VALUES
IN THE MARKETPLACE"

GERMAN-AMERICAN CHAMBER OF COMMERCE
HOTEL INTERCONTINENTAL, CHICAGO
TUESDAY, OCTOBER 10, 1995

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THE SERVICEMASTER COMPANY
DOWNERS GROVE, ILLINOIS

We live in a world of accelerated change and choice. A brief glance at what has happened in the past five years, including all of the changes in what was the Soviet Union, Eastern Europe, China, and in our own country, confirms that people want more freedom, and more choice over their destiny; that information has no boundaries; and that the institutions of our society, whether they be involved in business, community service, or government, must serve in order to work. They must be responsive or they will be irrelevant.

Peter Drucker has defined our period as the postcapitalist society. He concludes that knowledge and information are now the key resources for economic development and also that the globalization of national economies and the speed of information transfer and decision making will limit the effectiveness and minimize the power of any one nation state. He also suggests that there will be more unpredictable economic and political results.

So with more change and choice, we expect more uncertainty, and--yes--even the possibility of more confusion.

The restraints suppressing the age-old conflicts of some people groups are no longer there. Religious, cultural, and racial hatred have come to the surface.

The infrastructures we have developed in the West to help guide the freedom of choice cannot be easily duplicated in societies that have grown up under central planning and control. Nor can these societies assimilate the inevitable accesses of freedom that we have allowed in the West, whether they be sexual liberties, drugs, violence, failures of

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poverty. There are fundamental issues of values and business ethics that must be understood and resolved.

Last year my wife Judy and I spent two weeks in Eastern Europe and Russia. I had the opportunity to work with young business people from Bulgaria, Hungary, Slovakia, Romania, and Poland who are entrepreneurs in the true sense of the word and who are learning the joys and pains of growing their businesses, selling their products, developing their markets.

I was also able to review the progress of our ServiceMaster business in the city of Prague where in twelve short months we have established a beach-head and are now providing our management services to seven hospitals, with an excited team of Czech managers.

I spent time lecturing and listening to students at three of the major universities in Moscow and saw their excitement and desire to learn but was depressed with the conditions of runaway inflation, confiscatory taxation, and crime which is much of their daily life. It is as close to anarchy as I want to come, and it is a society that is devoid of individual or group accountability and responsibility. In response to a question regarding hope for the future, one student responded with a simple request: to live in a society where truth and disclosure are more common than lies, deceit, and cover-ups.

This past spring I was in China teaching and visiting with some potential business partners. There I also found young people excited about learning and making money. Profit, wealth, and business are no longer dirty words. But as they want what they think we have here in the West, there is not much understanding of the principles or the discipline of ownership, property rights, accountability, or ethics. Government and business are still very much tied together. The checks and balances we have developed under the rule of law in the West are simply not there.

But the rule of law is not the whole answer.

Confusion and pessimism permeate our society as well. In a restructured, reengineered world, many American workers are uncertain about their employment

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opportunities for the future. Issues of race and prejudices are still with us.

To maintain economic leadership in the world, we should increase taxes, reduce government spending, and provide incentives for increasing our individual savings; but we do not have the political will to do all this. We all want universal access to health care, but nobody knows the cost or how we are going to finance this. The enormity of the deficit means one thing for certain. The dollar bill in my hand today will be worth less, not more, in the future.

As laws and regulations continue to multiply with complexity, the average citizen now needs the help of an expert to understand and apply the law. We live in a society where people search for something called moral pluralism and question whether there are any absolutes or guidelines in life.

What then, will make a difference for the future?

Well, I believe that in this crucible of uncertainty there is great opportunity for positive direction, provided those of us who have been trained to think, lead, and lead with conviction of purpose and lead 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. Who are we and what do we want?

[Here tell story of the answering machine.]

Now as I ask these fundamental questions about leadership and the future, I do so not as a philosopher, educator, or political leader, but simply as a businessman. 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 three and one-half years, for the past 20 years, with revenues now in excess of \$4 billion. We employ or manage over 200,000 people and our services are

provided in the United States and 25 foreign countries. We are a public company, with our shares listed and traded on the New York Stock Exchange. 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 always been up every quarter for the past 24 years. The shareholders Carlos and I are responsible to as leaders vote every day on our leadership. They have the choice to buy, hold, or sell their share ownership.

But a measure of my success as a leader is not just in the value of our shares or the profit we produce. It more importantly relates to the people I work with. We are very much in the people business. People, all of whom have been created with dignity and worth. People who are looking for opportunity, who are looking for leadership.

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 are universal, that are also by the way, cross cultural. They apply to any organization of people, whether the organization is located here in the U.S., in Brazil, Germany or Malaysia.

The objective of the business firm is often described as "maximizing profits". This is called the theory of the firm and it provides an explanation of how decisions made by many different and independent firms of production collectively satisfy the wants and needs of customers. But is profit an end-goal business? Or should it be a means goal? Are the demands of the firm to produce profits or results consistent with the development of the person? In a world of downsizing, re-engineering, or restructuring, where does the person fit? Can the business firm, or for that matter, any work environment, be it public or private, government or business, be expected to have a consistent and positive influence upon who we are becoming as wives and husbands, mothers and fathers, friends and contributors to our community? Or is our work environment limited to a place where we earn money to survive, provide for our families, and then try to enjoy the little bit that is left over?

Much of our business may be classified as routine and mundane. We do such

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things as clean toilets and floors, maintain boilers and air handling units, serve food, kill bugs, care for lawns and landscape, clean carpets, provide maid service and repair home appliances. We also, however, provide professional services, caring for the sick and elderly and employer-based child care for the working parent. 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 their work, and yes, even be better people. This is both a management and a leadership challenge. For us in ServiceMaster it is more than a job or a means to earn a living. It is, in fact, our mission.

The headquarters of our firm is a low, long tan-colored building in Downers Grove, Illinois, west 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 tall. Carved in the stone of that wall in letters eight feet high are four statements that constitute our ServiceMaster objectives: *To Honor God In All We Do, To Help People Develop, To Pursue Excellence, 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 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 avoid that which is wrong. We do not use our first objective as a basis of exclusion. It is, in fact, the reason for the acceptance of the many differences there are among people and the recognition of the potential and worth of every individual.

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 fleshed out in 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

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financial success. It cannot be applied like some mathematical formula. It does, however, provide a foundation and a reference point for action. It is a living set of principles that allows us to confront the difficulties and failures that are all part of life with the assurance that the starting point never changes and provides a reason and hope above it all.

In a diverse and pluralistic society, some may question whether our first objective belongs as part of a purpose statement of any organization. But regardless of your starting point, the principle that can be embraced by all is simply the dignity and worth of every person. It can become a living principle in the mission of any organization. It is fundamental to the understanding of servant leadership.

As a servant leader, my role must involve more than just what the person does on the job. I am, in fact, responsible for what the person is becoming as a whole person, and how the work environment is contributing to the process.

This means that if I am to be involved in the leadership of others, then as part of my training, I should also experience what it is like to do the hands-on work and to feel the emotions of those I am going to manage. It is for this reason that every manager in ServiceMaster spends time in training actually doing the tasks he or she will ultimately manage others to do.

So when I started with ServiceMaster over 17 years ago as senior vice president responsible for the legal and financial affairs of the company, the first three months of my training was involved in doing cleaning and maintenance tasks in hospitals, industrial facilities, and homes. It was for me a learning and serving experience and helped me to identify with the needs and concerns of our service workers. It was a great lesson in servant leadership. It has been a constant reminder that I must always be prepared to serve and should never ask anyone to do something that I am not willing to do myself.

A servant leader is committed. He is not a bystander or simply a holder of a titled position. Leadership must be for the long term and not for short-term benefit. No

enterprise can function to its capacity unless its people can rely upon the covenants and commitments of their leaders. This is more than just something formalized into a written agreement. It goes far beyond the covenants usually contained in any legal document. It extends to the people who are relying upon the leader for their future. It is fulfilling our campaign promises.

It is our "word" and the promises we make to each other that provide the framework for relationships to grow. A leader must keep his promises to the people she leads, even if it is at her own personal risk and sacrifice. It is her obligation.

One of the best ways I have found to communicate the extent of this obligation is to picture it as a debt--a liability, if you will--on the balance sheet of every leader.

Several years ago I was visiting with one of our officers about a new leadership position he had received and the opportunity for him to acquire some ownership in ServiceMaster. It would mean that he would have to borrow a significant amount of money to purchase the stock. He was delighted about the promotion, but he was concerned and questioned the risk of the indebtedness for the purchase of the stock. I asked him to make up a simple T account balance sheet and reviewed with him his assets and liabilities.

The only indebtedness listed was the mortgage on his house. I then asked him about the indebtedness he assumed when he took on the responsibility of leading this important unit of ServiceMaster, which involved over 1,000 people. How did he list that on his personal balance sheet? How were the opportunities, jobs, and families of these 1,000 people going to be affected by his leadership? Would there be more or fewer opportunities a year from now, two years from now, and would his leadership make the difference? How did he quantify this obligation? It was a responsibility and obligation of leadership as real as any indebtedness he had ever incurred. In fact, it was larger than what he would have had to borrow to purchase the ServiceMaster shares. And so it is with a servant leader--a responsibility and obligation to the people being served, but also real joy as one sees the results of serving and developing others.

The servant leader listens and learns from those she leads. She works at making herself available. Her door is always open. She is out and about talking and listening to people at all levels of the organization. She must be willing to walk a mile in the other person's shoes.

As she listens, she learns. She becomes a frantic learner and avoids the trap that so many so-called successful leaders experience that my friend Max DePree has referred to as the arrogance of ignorance--sitting in large offices with big staffs and thinking they know and understand the people they lead because they have achieved some successes in their life and can read the reports that others provide for them.

As part of my continuing listening process among our employees, I often will have coffee with various departments or service units. Recently, at the conclusion of one of these coffees, an employee who had been with us for over 25 years asked several simple but very direct questions. "Bill, just tell me one thing. Is my job secure? Will the value of my stock in ServiceMaster go up or down? Can I trust the person who will be appointed as your successor?"

Ron had three questions, but really only one concern--security for himself and his family. As a leader, it was good for me to be reminded of this basic need. As a leader, it gave me a wonderful opportunity to share something of our vision for the future, and it reminded Ron that the future also depends on his performance and the performance of many others who are part of the ServiceMaster team. It provided me an opportunity to communicate the importance of teamwork. You see, Ron was a shipping clerk--an important part of the link in getting products and equipment on time as part of serving our customers. By asking the questions, by being there to listen and learn, both Ron and I had a new appreciation of each other and our dialog was heard by over 200 others in our shipping department. So the experience and effect was not limited to the two of us.

As leaders, our job is to make things happen. We are responsible to initiate and, in come cases, create disequilibrium in order to maintain the vitality of the organization we lead. Too many organizations are crippled by the cancer of bureaucracy, with people

caught up in the activities and layers of management, but not results--defending the status quo, preserving a position, maintaining employment, but not making a decision to serve and create value.

In making things happen through others, the servant leader must always be willing to risk his own involvement for the desired result. Brian Oxley, one of the officers in our business, is a great example of a leader who makes things happen. His unit usually meets or exceeds budget--not because they have been soft budgets or because he is an expert at forecasting--when things don't happen as planned, he knows how to move sideways like a crab and interject alternatives, with the end result and objective always clearly in mind.

I will never forget the time I was with Brian on a Saturday evening in London. I had the idea that we should complete the day by seeing a play at the Savoy. It was *A Man For All Seasons* starring Charlton Heston. As we were leaving the hotel, it became apparent it was going to be difficult to get a cab. I suggested to Brian that he go across the street. I gave the bellman a tip to try to get a cab in front of the hotel while I walked up the block trying to flag down a cab from the other direction. After about 10 minutes, and now close to curtain time, it seemed like it was going to be an impossible task to get to the theater in time. Then Brian waved indicating he had a ride. It was not a cab. Brian concluded long before I did that securing a cab might be the orthodox way to go, but it wasn't going to get us to the theater on time. He was simply hailing down private citizens, asking if they would take the two of us to the theater. On the third try he found a willing party. He got the job done and was willing to take a risk on doing something different to accomplish the task. It is this single-minded focus and commitment to achieve the objective that is necessary of the leader if the people are to be served. Otherwise, their future will be at risk.

A servant leader is a giver, not a taker. He never holds on to a position or title. He has the job because he can live without it.

This requires of all good leaders a plan for succession and development of future

leaders. The servant leader should be of the mind that he or she will serve until a successor is identified and ready and not one moment longer. It is the availability and readiness of the right person for the future that should determine whether a leader steps aside and not any predetermined date, age, or other artificial criteria. The leader's commitment to serve goes beyond rank, title, or position. It is not dependent upon any perceived importance or lack thereof, or any specific task assigned. commitments like this do not allow for surprises and by their nature, generate reciprocal commitments that will create a mutual dependence, not unilateral action. It provides for an overlap of leadership like shingles on a roof.

The servant leader believes in the people she leads and is always ready to be surprised by their potential. Several years ago when I was involved in the process of handing out awards for years of service at one of our award recognition events, a young man came forward who had served our company for ten years with distinction. As I presented the service pin to him, he didn't put it in his lapel like everyone else had done. He simply took the earring out of his ear and put it in his ear. It reminded me that people are different, and I should never be too quick to judge potential.

The servant leader learns to accept these differences and seeks to provide an environment where different people contribute as part of the whole. The servant leader promotes diversity, recognizing that differences of people can strengthen the group.

Differences can be both born and acquired, and we must be cautious of any broad and simplistic classifications. We should avoid reaching generic conclusions about the way any so-called class, protected or otherwise, thinks, acts, responds, initiates, creates, or functions.

During 1989 I had the opportunity to travel in what was then the Soviet Union and lecture in Moscow at the Academy of the National Economy. During my time I also had the opportunity to visit St. Petersburg, the city that was then called Leningrad. While I was there, I met Olga. She had the job of mopping the lobby floor in the large hotel

which, at that time, was occupied mostly by people from the West. I took an interest in her and her task. I engaged her in conversation with the help of an interpreter and noted the tools she had to work with. Olga had been given a T frame for a mop, a dirty rag and a dirty bucket of water to do her job. She really wasn't cleaning the floor. She was just moving dirt from one section to another. The reality of Olga's task 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 result. 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 in 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. There was no servant leader for Olga.

I contrast this time with Olga with an experience I had just a few days later while visiting a hospital we serve in London, England. As I was introduced to one of the housekeepers as the chairman of ServiceMaster, she put her arms around me and gave me a big hug. She thanked me for the training and tools she had received to do her job. She then showed me all that she had accomplished in cleaning patient rooms, providing a detailed "before and after" ServiceMaster description. She was proud of her work. She had bought into the result because someone had cared enough to show her the way and recognize her when the task was done. She was looking forward to the next accomplishment. She was thankful.

What was the difference between these two people? They were both about the same age. Yes, one was born in Moscow and the other in New Delhi, India. But their basic tasks were the same. They both had to work for a living. They both had modest and limited resources. One was very proud of what she was doing. It affected the kind of person she was becoming. The other was not and had a limited view of her potential and worth. The difference, I suggest, has something to do with servant leadership or the lack

thereof.

We are all prisoners of our hope. It is our hope that sustains us. It is our vision of what could be that inspires us and those we lead. In implementing the vision, the leader accepts the reality that she doesn't have all the answers. She shouldn't doubt in the dark what she has seen in the light. The results of a servant leader will be measured beyond the work place, and the story will be told in the changed lives of people.

Leadership is both an art and a science. But leaders with conviction and purpose who are willing to serve can make the different, especially in a world of accelerated change and choice.

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