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The Soul of the Firm (Orlando)

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DELTA MEETING
NOVEMBER 1995
THE SOUL OF THE FIRM

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ORLANDO, FLORIDA

What is the soul of the firm? People - every firm has people. What did Alex Balc mean when he said, "This is a company without a soul"? Or maybe the Henry Ford quote, "Why is it that I always get the whole person when what I really want is a pair of hands?"

What is the whole person? Another way to ask the question is: What is the soul of the person? The spiritual side - the human side - the side that laughs - that cries. It is where our conscience comes from. It's that inner "me" that can produce both good and bad. It is that side of us that C. S. Lewis referred to when he 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."

So the soul is that part of us that lives on. It is what we are becoming. It is our personhood. Our spiritual side that is unique to us. Or as I put it, our special fingerprint of personality and potential.

Is there a secret to the ServiceMaster success story? What is our culture all about? Is it sustainable? [Here get some dialog.]

What about size? Maybe the feeding and nurturing of the soul of the firm has something to do with the size of the firm. What is needed to develop the soul in a larger firm? Will it be harder as we grow in the future?

What was it that Jack Welsh, Chairman and CEO of GE, meant when he said, "Size is no longer the trump card it once was in today's brutally competitive world. My goal is to get the small company's soul and the small company's speed inside our big company." Is a small company soul better than a big company soul? What is he talking

about? Innovation - creativity of people - people - close to the action - close to the customer.

The soul is the source of creativity.

The issue with the firm as it grows bigger is whether this creativity is being exercised in an environment close to the customers so that it is relevant, not just innovative. We must be careful as we grow to stay relevant! Lessons!

But what about our beliefs, our objectives? Aren't they part of the ServiceMaster secret? Are they relevant?

Ford Motor Company has certainly been a successful company. GE is a successful company. How do the beliefs of the company, of its leaders make a difference?

A quote I didn't use in the book but is a famous quote is the one from Tom Watson of IBM: "I firmly believe that any organization in order to survive and achieve success must have a sound set of beliefs on which it premises all its policies and actions...And it must be prepared to change everything about itself except those beliefs as it moves through corporate life." You can't compromise a belief or you will end up with half a baby, not half a loaf.

In the introduction to my book, I refer to the lobby of the office in Downers Grove and refer to the objectives of ServiceMaster--To Honor God In All We Do, To Help People Develop, To Pursue Excellence, and To Grow Profitably--as carved in stone as a symbol of permanency. "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."

In a fast-paced, changing world, what is lasting? What never changes?

IBM at one point in their history thought that their belief in people, and the value of people meant that they should guarantee lifetime employment. But that turned out to

be an empty promise. The reality of the marketplace is simply that there is no such thing as lifetime employment.

The lesson to be learned from IBM is simply that no matter how worthy the goal or objective, you can't promise something that is not sustainable, that does not satisfy the reality test.

But do our first two objectives meet the reality test? Let's look at a video about the reality of the market place. The reality of life. Now don't get caught up in the Roger and GM bashing that Michael Moore was trying to accomplish in this film. 1) Think with me instead how people are treated and react to each other during a time of crisis. 2) Ask yourself where is the soul of the firm? 3) Was anyone thinking beyond their own economic and self interests and what does money really buy? 4) What went wrong and what is there for us to learn?

[Show "Roger and Me"]

Ask questions about the lessons learned. Include:

1. The reality of change: (For now and future plan) The leaders of GM had lived too many years in the unreal world of a growing customer demand which had been generated by government spending on highways and no foreign competition. By the mid seventies, things were beginning to change. Competition from Japan and Germany came on like gang busters. GM and other auto makers had taken the customer for granted. They had lost touch with pricing, taste, needs and wants of their customers. They began losing market share at a rapid pace. They had lost momentum.

2. Momentum is imperative. In the marketplace--without momentum--people get hurt. They lose their jobs. As a leader, don't ever minimize the importance of your top line growth rate. During this period, G.M. was still generating profits. They were still on the after burner of the previous glory days. But the revenue had been shrinking, and the time had come for drastic action. It is the leader's responsibility to maintain momentum.

3. Isolation from the action can be fatal. As a business loses momentum, leaders often catch that fatal disease of being isolated and not involved.

The leaders of GM were huddled in the fortress of the 14th floor. They had accomplished a complete separation of themselves from the worker and the customer. Their families were out of touch as their wives played golf at the country club with little or no sensitivity to the problem of unemployment.

This disease had even infected the beauty queen and the city officials. They had lost a sense of relevancy. Everybody wanted to be successful in their own world. But what about the real world? Where were the priorities? A parade, a Miss America contest, a convention center, Flint Michigan, a tourist attraction.

4. People are more than economic animals. In times of crisis, when the value system is as thin as looking only at the economic side of life, people are at risk. They are too often viewed as simply a production unit, a bystander in a parade, or tourist at a tourist attraction.

Money is offered as the solution and actions taken to "correct" the situation become more and more irrelevant. No one seems to stop and ask the simple but profound question of who people are, not just what they do or how they do it.

Leaders can talk about God and God blessing Christmas. They can even talk about the dignity and worth of people, but do their actions confirm that they have sought to understand God and the people He has created? Have they made the growth and development of people part of their mission and purpose in life, and in the life and soul of the firm they lead? These are questions we must ask of ourselves.

Maybe the question is even more fundamental. Is there a God? And have we been created in His image with a special dignity and worth? No company, not even ServiceMaster, can answer these questions for you. They must be answered on an individual basis and only you can answer them. But I hope you will carefully read how I respond to them and then take the time, ask more questions, not simplify, think through them and dialog with me if you have any questions on this important subject.

You are all leaders of ServiceMaster. You can't fulfill your responsibility by delegating the understanding and application of our objectives to someone else.

Whatever your comfort range with the first objective, you must be an advocate for the dignity and worth of every individual. Please take the time to think out how and why you got there. It must not only be a belief but a conviction. We are in the people development business. Do the ServiceMaster objectives pass the reality test? Listen to what others have said about us.

SHOW VIDEO OF WHAT OTHERS SAY ABOUT SM

Now what is Tom Peters really saying? Success is never final. I am sure many of you have heard my story of the answering machine. The response to the caller was [here describe story]

As we plan for Smixx IV - look out for the goals ahead. Who are we? And what do we want? We are a company with a soul. We are a company with a mission and purpose. We are a company with a track record of 25 years of growth in revenue and profits.

What has been the secret to our success--and is it sustainable? We honor God by developing people and serving customers with excellence. The reality is that people change--markets change--and without momentum and involvement, the soul of the firm, our mission and purpose, will be at risk.

We have come here to celebrate what has been accomplished and to prepare for the future. From a financial perspective, we enter Smixx IV as strong as we have ever been. Our leadership has never been stronger. Carlos, it has been one of my special delights to see how you and your team have taken this firm to new heights and have supported and advanced what we stand for.

Tomorrow you will be talking about the future and seeking to understand how we can work together to make it happen. We will be addressing the basic question as we have done many times in the past, is it sustainable? The ball is clearly in your court as leaders of tomorrow. I am with you believing and committed to make it happen.

We must not be neutral on the essentials of our objectives, we must advocate them, integrate them and live them. We must be clear about our vision for the future, our belief in people, our quest for quality, and our focus on profits.

We must override, plow through, break down the fences of the artificial turf walls and silos that build up in an organization. Those who continue to protect their turf are playing a losing game.

We must think. We need to be smarter, quicker, and better than our competition. We must continue to take time and think about who we are, not just what we are doing. We must be champions for diversity.

We must avoid an inner ring of isolation among our top executives inside and be out and about with our people and our customers.

We must serve as we lead, never asking someone to do something that we are not willing to do yourself. And never giving a job to someone who can't live without it. We must run and not be weary. And with commitment and joy assume the obligation of providing momentum for those we lead.

Any work can be categorized as either drudgery or creative. A given task or job, no matter how mundane, is not determinative. The difference is to be found in the soul or spiritual side of the person doing the task. It is that part of our being that seeks a meaning for life and work. As a person sees a reason for the task that is personally satisfying and rewarding and has the confidence that the mission of the firm is in alignment with his or her own personal growth and development, there is a powerful force unleashed that results in creativity, productivity, service, quality, growth, profit, and value. That force is alive and well. It is our job as leaders to unlock and develop it.

* * *

Revised 12/22/95