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The Gift of Change

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AWARD OF EXCELLENCE
JANUARY 1993

THE SERVICEMASTER COMPANY
C. WILLIAM POLLARD, CHAIRMAN

"THE GIFT OF CHANGE"

Hello! Are you having a good time? I bring you greetings from my partner and your president Chuck Stair. Are you glad you made the decision to come here today? Sometimes, you know, we are called upon to make decisions before we know what it's all about. We don't have all the facts.

Did you hear the story about the man who was being tried for killing a bald eagle? As he appeared before the judge, he acknowledged that he had done wrong. He explained that he was lost in the wilderness without food for five days and was in anguish thinking he would die and never see his wife and five small children again. In a stroke of luck, he came across a bald eagle sitting sunning himself. The eagle didn't see him, and he was able to hit it and kill it with a large rock. The judge felt some compassion for the young man and told him that he was going to sentence him for a year but suspend the sentence. After the sentencing was over, the judge said, "You know there's just one thing I want to know: what does a bald eagle taste like?" The young man paused for a moment and then responded, "Well, it's something between a spotted owl and a whooping crane."

Well, you don't have to worry about being disappointed about the rest of the day. We're going to have some more fun, and we are going to recognize winners before we go home tonight.

Winners are important for every organization, because the distance between star performance and the average always remains the same. As we recognize our star performers and raise the bar, the average moves up.

It is this process of continuing to raise the bar and the team effort among all of us to make it happen, (because no one person can do it all by themselves). That makes ServiceMaster what it is today.

And what is it today? What is becoming of this company that you and I are a part of? 1992 was a very good year. It represents the 21st year of consecutive growth in revenue and profit. We all have a lot to be thankful for.

We have doubled in size every three and a half years during this period, and our stock value has grown at a compounded rate of 20 percent per year.

I want to thank each of you for the contribution you are making to the continuing saga of ServiceMaster. We all know that it is not automatic. Growth is not something we can expect will just happen. We are all partners in the process. It begins with selling and serving our customers.

A number of you today will be receiving a watch just like this [hold up watch] because you have qualified for membership in the President's Club. [Here have people stand.] These people were all involved in the selling process during 1992 either by providing a lead, making a recommendation, supporting or initiating a sale or renewal. This program covered all of the services offered by ServiceMaster including those in our Consumer Services unit.

It all begins with a sale. Chuck had a good idea when he created this special recognition. I hope that each of you set a goal to be a member of the President's Club in 1993.

The theme of our program today is "The Gift of Change."

We live in a world of accelerated change and choice. Just think of what has occurred in the last three years.

There is no longer a Soviet Union or a threat that we will be buried under its nuclear arsenal. Eastern Europe is free from the yoke of communism. However, the political borders on the map we once knew are changing at a rate that is difficult to comprehend.

We have seen the popularity of a President drop from an 80 percent approval rating to a lost election.

The restructuring of corporate America, combined with a soft economy, has resulted in the dislocation, early retirement and unemployment of a large segment of the white collar work force.

The only thing certain about tomorrow is that it will be different from today.

These rapid fire changes often cause conflicts, uncertainty, and even fear among people. Hunter, a sociologist from the University of Virginia in his recent book about our society, calls it a time of culture wars where the most fundamental ideas about who we are and how to order our lives, individually and together, are now at odds.

His conclusion is that the nub of the disagreement can be traced to a matter of ultimate moral authority. How are we to determine whether something is good or bad, right or wrong, acceptable or not acceptable?

The division or gap in our society, he concludes, is growing. People living and working in the same community are, in fact, worlds apart.

However you view or label this rapidity of change and choice and the lack of predictability in the events that swirl around us, I would like to suggest that in this crucible of uncertainty, there is great opportunity for positive direction, provided that those of us in this room who have been trained to think, lead.

There is a way through it all, and I believe that the ServiceMaster way has provided for each of us--a standard of consistency that gives one confidence and direction about what can be accomplished and to realize that the reality of change can bring benefit and is necessary for survival.

The risk of being successful is the arrogance of thinking that what you have done in the past will work in the future.

As an organization grows, there develops what I refer to as the cancer of bureaucracy. People caught up in activities, not results, defending the status quo, and focusing upon maintaining employment versus creating worth.

The needs and requirements of our customers are changing every day. If we don't keep up and respond to those changes, we will see our business contract, not grow; and with it, employment and promotion opportunities for all of us.

Let me share with you just two significant examples of the importance of change affecting our business.

One of our family of companies is Norrell temporary services. In August 1992 Norrell signed a \$100 million contract with IBM corporation to provide support services in the areas of accounting, clerical, and maintenance support. As Norrell took over these functions, they did so primarily with former IBM employees, employees that IBM could no longer afford to keep because their pay had grown faster than their productivity.

When I visited one of these sites recently and listened to the progress that had been made both in productivity and cost savings for the customer since we took over, I asked the simple question: why hadn't this occurred before? In response, one of the young women managers said, "I guess all I can say, Mr. Pollard, is that we are no longer overhead."

You see, ServiceMaster-Norrell provided a whole new way for the person to look at the task, to improve the task, because the structure and the job had been changed.

This year we acquired ChemLawn. Since 1986 ChemLawn has been an unprofitable business. Every year it has lost market share.

In the last seven months this company has been turned around. Change has been introduced. People on the front line have been involved in making the change and improving the service. Unnecessary layers of management have been eliminated. The focus has been on the service provider, not headquarters or unnecessary reports.

The result is that revenue is up, and it is now a profitable business and will make a significant contribution to 1992 year end results.

But as we talk about the benefits and necessity of change, I think we should also recognize that for an organization to survive, there are some things that should not change.

In ServiceMaster, I hope that our objectives To Honor God In All We Do, To Help People Develop, To Pursue Excellence, and To Grow Profitably are etched in the marble of our hearts and minds and define for us both a mission and a moral reference point that will not change.

In so doing, we recognize there is a right and wrong way in running a business and that every person has dignity and worth as being created in God's image.

It is this importance of people that we must never forget.

It is a recognition of this basic principle that has been the single most important ingredient for our growth and success. The people of the firm are its greatest assets.

In a world of accelerated change and choice, the people of ServiceMaster will increasingly look for stability and direction from its leaders. They need, as we all do, standards of community that do not change and for which there is a moral authority.

And so as leaders we must not only state the beliefs but must provide an example in the way we act. If you don't live it, you don't believe it. Don't kid yourself or try to kid the people you are attempting to lead.

To be effective in the ServiceMaster way, the leader must always be prepared to serve. In simple terms, the leader must be ready to do any of the tasks that are asked of others in the firm.

The leader must listen and learn before she talks and be a teacher for her associates.

Not to be caught up in the perks of the office, to recognize the need for a flatter organization so she can keep herself available and vulnerable to the most important person in the firm, the person closest to the customer.

She must be a frantic learner and not fall into the trap of some managers and executives who seem to enjoy the arrogance of ignorance in their office or executive suite.

She must be sure why her business exists and why it should exist in the future and realize that unless she is initiating and involved in creating new opportunities for others, she is not doing her job.

She must be action oriented, a doer, not just a manager.

She must be a giver, not a taker, from the firm and from the society that supports and produces the opportunities for the firm. She must be prepared to be surprised by the potential of those she leads and not allow appearances or unorthodox behavior to mold her judgment. She must accept people for who they are and what they can contribute.

She must learn to be both an orchestra conductor and a missionary, a cheerleader and an interpreter.

A leader must learn and apply the principle of subsidiarity. This principle simply means that it is an injustice for a superior with a more powerful position to retain functions which can be performed more efficiently by a subordinate. In other words, to steal a person's ability or right to make a decision is wrong.

It is this type of leader that is not intimidated by the reality that her compensation and future employment depends upon the improved productivity and effectiveness of the people she manages.

She also recognizes that her real boss--the one who determines her future and the future of the firm--is the person closest to the customer, delivering the service. It is this person who best understands what the customer wants and needs, and everyone else in the firm is there to support and help that service provider get the job done.

Samuel Becket and James Joyce were friends and confidants. Although the writings of Joyce have received more fame and publicity, Becket won the Nobel Prize for literature in 1969. His essays, short stories, novels, plays, and radio and television scripts are generally obscure and esoteric works stressing the absurdity and despair of life.

His characters are typically engaged in meaningless acts to occupy their time but have no purpose or mission and accomplish nothing. As he spoke with unflinching honesty about the emptiness of life with the freedom to choose but without a purpose or base of moral authority, he may well have been describing the modern day worker in an environment of accelerated change, with no mission, purpose or moral leadership. This is not how things have to be.

ServiceMaster provides a difference. We are responsible for making that difference a continuing reality. A leader who is willing to serve with a purpose provides a hope, not despair, an example for those who want mission and meaning in their work and are prepared to accomplish more than just the defined task. Listen to what one of our recent managers said in a letter to the editor of The Wall Street Journal which was published on December 28:

"Fortunately, I work for a company that is nonsecular and proud of it. ServiceMaster. Reference to God in our company objectives gives an ethical framework for business behavior....I can bring my family values to work and use them every day. Too few managers are able to do that. Our economy would perform much better if they could."

Who are we?

What do we want?

We are people with a mission and purpose, and we want to grow our business to benefit more and more customers and continue to provide opportunities for people to grow.

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