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Chicago Executive Forum Breakfast

Naperville IL

June 23, 2008

"What Is Your Business?"

C. William Pollard

- Story of Peter Drucker – Board Planning Session
- Point: not what you do – but instead – Who are you as a Business? – What is your purpose? – What makes you tick?
- Reminds me of story of Friend and his telephone answering machine – tell story
- So – What do we want out of life? – What is the meaning and purpose of our work? – What is the meaning and purpose for our life? How do they relate to each other?
- Some people – are working for more opportunity - for a bigger job – more authority/more recognition/more fame – more money – more profit.
- Now for those of us involved in the marketplace, we know that you don't have a business unless you have customers – and you don't have a sustainable business unless you are providing goods and services to your customers for a price that exceeds your cost – a positive bottom line - a surplus or profit that results when revenue exceeds expenses.

And so, profit is often used as a measure of the effectiveness of the business firm. Profit is the engine that generates capital; the source for the creation of wealth. But its function is not limited to business. Without contributions and other sources of

revenue exceeding expenses, the non-profit soon realizes that it is in the process of going financially bankrupt. The same is true for every family unit in our society. If a family's expenses continue to exceed its sources of income, a day of reckoning is only just around the corner. I would suggest that this principal also applies to government. There is an ultimate limit to what you can borrow to cover deficits.

We know however, that the making of money can become consuming, an addiction where enough is never enough. We have been told that money or its pursuit is the root of all evil.

Jesus asked His followers "What will it profit a man if he gains the whole world, but loses his own soul?" He instructed His disciples not to lay up their treasures here on earth but in Heaven. "For where your treasure is there will your heart be also". He went on to say that "no one can serve two masters. For you cannot serve God and money".

These words of Jesus remind us that profit as an end goal of life and measured in dollars and cents is an empty vessel and can result in the poverty of the soul. You can't take it with you. At the end of life how much money or, as Tolstoy put it, "land" does a man need? – just enough for a six foot grave.

Here tell Tolstoy story

As a business person who seeks to follow God's ways, am I caught in that dilemma of trying to serve two masters?

What is there in common between God and profit?

ServiceMaster, the business I led over a twenty-five year period, was an attempt to answer these questions. As I have now retired from my leadership responsibilities at the Company and look back, I can add up the numbers that show growth in profits,

customers served, and a return for our shareholders that averaged 20% per year. While these figures are part of a normal business assessment of performance, the conclusion for me cannot be limited to these money or value creation measurements of profit. The real and lasting measurement is whether the investment and result of my leadership can be seen in the changed and improved lives of the people I led.

As a business leader, I wanted to excel at generating profits and creating value for shareholders. If I didn't want to play by the rules, I didn't belong in the ball game. But I also tried to encourage an environment where the workplace could be an open community where the question of a person's moral and spiritual development and the existence of God and how one related to claims of his or her faith with the demands of their work were issues of discussion, debate and, yes, even learning and understanding. I considered the people of our firm as, in fact, the soul of the firm.

Our corporate objectives at ServiceMaster were simply stated: To honor God in all we do, To help people develop, To pursue excellence, and To grow profitably. Those first two objectives were end goals. The second two were means goals. We did not use our first objective as a basis of exclusion. It was, in fact, the reason of our promotion of diversity as we recognized that different people, with different beliefs, were all part of God's mix.

It did not mean that everything was done right. We experienced our share of mistakes. We sometimes failed and did things wrong. But because of a stated standard and a reason for that standard, we could not hide our mistakes. Mistakes were regularly flushed out into the open for correction and, in some cases, for forgiveness. And leaders could not hide behind or protect themselves at the expense of those they were leading.

The process of seeking understanding and application of these objectives at all levels of the organization was a never-ending task. It involved matters of the heart as

well as the head. And it was not susceptible to standard management techniques of implementation or measurement.

While at times it was discouraging, it also was energizing, as one realized the continuing potential for creativity and innovation, as there was a focus on the development of the whole person.

In a diverse and pluralistic society, some may question whether the first objective To honor God belongs as part of a purpose statement of a business; or for that matter, in our case, of a public company. But regardless of your starting point, the principal that may be embraced by all is simply where it led us and that was to honor and recognize the dignity and worth of every person and our responsibility as leaders to be involved in not only what that person was doing in their work but also who they were becoming.

The challenges and opportunities of running a business with these objectives have been the subject of several case studies at the Harvard Business School and are discussed in my first book, *The Soul of the Firm* and my more recent book *Serving Two Masters? Reflections of God and Profit*. Copies of these books will be available to you today.

Drucker's classic definition of management is getting the right things done through others. But he doesn't stop there. He also suggests, in his concept of management as a liberal art, that a leader/manager must be concerned about what is happening to the person in the process. Those people who are producing profits, who are accomplishing the mission of the firm are also human. They have cares and concerns, emotions and feelings, beliefs and convictions. They have potential to do good or evil, love or hate, contribute or detract, motivate or discourage.

An investment by leadership in the development of people can make a difference.

It requires, says Drucker, the understanding of the human condition, including the recognition that there is a spiritual dimension to our humanity. It is all about the process of developing human capital or, as Robert Fogel, an economist from the University of Chicago and a 1993 Nobel Prize Winner, put it in his book *The Fourth Great Awakening*, the growing of spiritual resources.

After tracing the history of religious faith in America, from pre-revolutionary war times to the present, and its effect on our society and economy, Fogel concluded that the major issue in our culture today was simply a lack of the distribution of what he referred to as "spiritual assets". There was, he said, a void in our society in the development of the character of people and a provision for their spiritual needs. He also went on to say that in order for the business firm of the future to resolve the growing complexities of ethical issues, it will have to acquire more "spiritual capital".

The profit or return from investing in people has the potential to go beyond the temporal. It can have an eternal significance. It was C. S. Lewis, the famous author and Oxford Dom who said, "There are no ordinary people, you've 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 who we joke with, work with, marry, snub and exploit".

There are many examples of investing in people that have come from my ServiceMaster experiences. Let me share one with you.

As part of expanding our business to China, I was asked to give a lecture to a group of business leaders and members of government in the Great Hall of the People,

using the ServiceMaster model as my subject. Overall, there was a positive response and as a result we found a very good partner for our business in China.

Several weeks after the event, I received a note from one of our Chinese employees who had been traveling with me as an interpreter. Here is what Shu Zhang said, "When I grew up in China, religions were forbidden and Mao's book became our Bible. When I was five or six years old I could recite Mao 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 standards. When I think deeply, I see the difference that makes one work so successfully and the other collapse 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.

"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 in mine. And I am still searching".

Shu is a thinking person. She has been confronted with life choices that go beyond doing a job and earning a living; choices about who she is becoming and how she can relate to God.

She felt accepted and loved in her work environment.

For me, as a Christian, a follower of Jesus Christ, one of the best ways that I found to share my faith and integrate what I believed with my work was to seek to serve as I led and to reflect the principle that Jesus taught His disciples as He washed their feet – namely that no leader was greater or had a self-interest more important than those being led. In seeking to so serve, the truth of what I said could be

measured by what I did. The words of my faith became a reality as I acted out of my faith.

Servant leadership has been a learning experience for me. It has not come naturally. The first thing I had to understand was what it meant to walk in the shoes of those I would lead. This was a lesson that I would learn as I joined ServiceMaster, now almost 30 years ago. Before then, I had practiced law for ten years and served in the administration and as a faculty member at Wheaton College.

As I concluded my time at Wheaton and was preparing to go back to the practice of law, I was recruited by Ken Hansen, who was then Chairman of ServiceMaster and Ken Wessner, who was the President and CEO of the company, to consider joining the firm. They wanted me to come and initially head up the legal and financial affairs of the Company, reporting directly to Ken Wessner.

During the recruiting process, the two Kens shared their vision for the future and inferred that someday I might have an opportunity to lead the Company. And so, as I came to that final day of decision about whether I would join the ServiceMaster team and as I sat in Ken Hansen's office waiting to sign the final documents of employment, I decided to press the two Kens about exactly what I would have to do to be CEO of the Company.

After all, I was 38 years old and time was running out. I also was looking at an opportunity to join a large law firm in the city. I felt I needed to know more about what was necessary for me to secure the top spot in the Company. So I started pressing Ken Hansen on what needed to be done and how long it would take for me to be President and CEO of this Company. After about five minutes of listening to me, Ken Hansen stood up, looked me in the eye, and said: "Bill, the interview is over."

As I was ushered to the front door and left ServiceMaster that morning, I concluded that I'd blown my opportunity and this was God's way of directing me back to the practice of law.

Two days later, Ken Hansen called me on the phone and asked me if I wanted to know what happened in his office that day. I said sure and we met for breakfast the next morning. Ken's words to me that morning were simply put this way: "Bill, if you want to come to ServiceMaster and contribute, you will have a great career. But if you are coming to the Company for a title or position or to promote yourself, you'd better forget it. Ken then proceeded to share with me the meaning and role of being a servant leader in a public company. There were lessons for me to learn, the first of which was never give a title or position to somebody who can't live without it.

And as I made the decision that day to join the ServiceMaster team, Ken would test my commitment and also take time to teach me what it was like to walk in the shoes of the people I would lead. During the first eight weeks of my initial assignment as a corporate vice president, I spent my days out working with our service workers doing the service tasks we perform for our customers. In so doing, I learned the reality of my dependence upon and responsibility to the people I would lead. Little did I realize then that this would ultimately involve over 250,000 people as we grew to serve over 12 million customers.

This experience often reminded me of my own imperfections and the need to admit my mistakes and ask for forgiveness and seek guidance from above. It also taught me that it would be wrong to use my leadership to impose my faith on others or treat people differently because they didn't believe the way I did. There would be times when I could share my faith, but it needed to be done within the context of how people saw me live my faith.

There was no room for me to live a bifurcated life – church on Sunday and work on Monday. My business was a calling – a channel of distribution for fulfilling and living my faith. And so it has become a channel that has reached from the janitor’s closet in Saudi Arabia to the Great Hall of the People in Beijing, China – from sweeping streets in Osaka, Japan to ringing the bell of the New York Stock Exchange. The marketplace has provided a wonderful opportunity for me to embrace and engage those who do not believe the way I do, but who God loves and who, by my words and actions, should see the reality of His love.

Joshua is one of those Biblical examples of a great leader. As he came to the closing days of his leadership, he called all of the tribes of Israel together and reminded them that, with God’s help, they had been victorious in battles and were now occupying the Promised Land, living in cities they did not have to build and eating from vineyards they did not have to plant and then he challenged them to fear God and serve Him with faithfulness.

It was a challenge, not a command, for God does not compel anyone to follow or worship Him. In Joshua’s conclusion, he emphasized this point when he said, “But if serving the Lord seems undesirable to you, then choose for yourselves this day whom you will serve.....but as for me and my house, we will serve the Lord.”

Now, the Hebrew word that is translated “serve” is Avodah, and can also mean worship or work. Yes, that’s right – our work also can be worship to the God we love. The business firm, the place where we work, serve customers, and make money, also can be a place of worship as we excel in what we do and bring alive the reality that Jesus lived and died for a purpose: that those He created and loved may know Him as God and Savior.

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