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Speech at Florida Southern College

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FLORIDA SOUTHERN COLLEGE
LAKELAND, FLORIDA
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DOWNERS GROVE, ILLINOIS

Several years ago, I was asked to speak at the 80th birthday party of Peter Drucker. My assigned topic was the Effective Executive of the 90's. I was reminded then, as I am now, of the reality that 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 and new nationalistic or religious forces are emerging at a rate that is difficult to comprehend.

We won a war in the Middle East in less than a week with the cooperation and support of the world community. We have seen the popularity of a President drop from a 80 percent approval rating to 30 percent. 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.

Even Japan, with its dominant position in production and exports, has seen a burst in its economic bubble.

Interest rates in our country have plummeted to less than 6 percent. Yet the Federal Reserve has not been able to encourage a major increase in the money supply because banks continue to make more money purchasing Treasury notes than making new loans to business.

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

Peter Drucker himself refers to this time as the "post-business society" and warns of the globalization of national economics where a growing number of unrelated micro-economic decisions of the firm and the individual will have cumulative international consequences which will create uncharted and many times unpredictable results for any one national economy or business. Charles Handy refers to it as the "Age of Unreason" with what he calls a corresponding need for "upside-down thinking." Those in liberal arts discuss our period of time in terms of post-modernism and deconstruction where everything is relative, even the meaning of words. So, the interpretation and understanding of what someone says or writes is like going to a picnic where the author brings the words and the listener or reader brings the meaning.

Hunter, the sociologist from the University of Virginia, in his recent book on the conflicts in our society, calls it a time of cultural 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 unacceptable? The division or gap in our society, he concludes, is growing. People living and working in the same community are in fact worlds apart.

But 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 who have been trained to think, lead.

There has never been a greater opportunity for the free market system to work. There should be little doubt in anyone's mind that this system, which has been at the heart of the growth and development of our nation, is the most effective system for the production of goods and services and the allocation of resources. It provides the opportunity and the freedom for people to make a choice and participate in satisfying their needs and wants with a potential for reward commensurate with the risk.

It is based upon a fundamental truth that people are born to be free. It is free people that innovate, create and produce, all of which are essential to a growing economy. It is my belief that it is this inherent and basic desire to be free that has caused the revolution of change in what was the Soviet Union and Eastern Europe. This change was not brought about by an army, nor the result of a strategic foreign policy plan. Nor was it the product of any massive foreign aid. It has for the most part come from within. An upheaval of change born from the basic nature of people to be free, whether they be Czech, Russian, Hungarian, German, or Kurd.

It has now been over 70 years since the Bolsheviks assumed control of what we once called the Union of Soviet Socialist Republics. They instituted a government and a system that denied the basic existence of God, that recognized the value of the individual only as part of a class subject to the power of the state that regulated freedom and attempted to centrally plan an economy that concluded profit was an evil surplus generated at the expense of the worker.

Yet today that same worker cannot buy toilet paper in a land of immense forests and must spend hours in long lines to acquire basic food staples. There are never enough clothes, cookies or frying pans. Some workers are still waiting 35 years for self-contained apartment units as opposed to their present status of communal living. These same workers have produced 11 times more tractors and combines than workers in America, yet the country cannot feed itself and many of these same tractors are no longer operational.

The spread of communism over Eastern Europe after the second world war resulted in a system of economic bondage and corruption of power. One of the most blatant examples of abuses of such power was in the country of Romania. For over 25 years, 30 million people were under the iron hand of a dictator named Ceausescu. My wife and I had an opportunity of visiting Romania while Ceausescu was in power and saw first-hand the evils and hardships of such a system. Ceausescu maintained power by keeping people in fear of each other and controlling decisions through the army and the police. One out of every five Romanians were classified as

government informers. It was illegal to have a foreigner or stranger in your home unless it was reported to the government. Mail and telephone calls were routinely censored. Romania had the agricultural resources to feed its own people. It was at one time the bread basket of Europe, yet everywhere you looked there were long lines of people waiting to buy basic food staples. At one time it had the largest oil reserves in Europe. However, most of this oil was exported to pay for public works projects that no longer worked. Only a privileged few had the opportunity to drive automobiles. Horse-driven wagons and carriages were the common means of transportation. It was a picture of a 20th century country regressing to the 19th century. The average home was only allowed enough electricity for one light bulb. Using any more would cause arrest by the electricity police. It was simply a country that did not work. Nothing operated efficiently. There was no degree of reliability from elevators to refrigerators to street cars to telephones.

Now there is change and some progress. But the road is not smooth. Some of the new-found freedoms have brought great frustration because of the lack of infrastructure - a lack of goods and services to choose from - and absence of a generally accepted moral framework for making right decisions. In the short term, there may be more downs than ups.

While the ways of communism, with centrally planned economies, are now bankrupt, the free market system in the United States, Japan and Western Europe has created wealth on a scale never before dreamed of. The free market system as we know it, however, is morally neutral. It is indifferent to moral choices. It is blind to good and evil. It is materialistic, impersonal, and non-human. It can produce great human misery as well as great blessing. It needs a moral reference point beyond the system itself and within which to operate. Otherwise, I suggest, it has the potential to bankrupt the human soul. History has taught us that not even governments can exercise judgements in the absence of a moral authority without eventually reverting to coercion, discrimination and persecution of the powerless. The market place is no different.

With expanded global free market forces, we are facing increasing challenges regarding resource allocation. The free market left to itself often allows for pockets of accumulated wealth. The so-called third world is not equipped to compete in a world market. In many underdeveloped countries there is also the problem of a growing informal economy. In Lima, Peru, for example, over 80 percent of the public transportation is conducted by illegal carriers. Real estate is not bought and sold. It is occupied by an informal group of the so-called underclass. Decisions of survival continue to be made even though not officially recognized by the government.

In a nation state, there are mechanisms for allocation of wealth including taxes or subsidy payments. But in the world, there are no such mechanisms or effective tools for distribution of wealth.

The fragile balance in our ecology and environment is another reality of our growing interdependence. A meltdown in Russia cannot be limited to a political border. Air and water pollution knows no nationality. Tropical rain forest deforestation has been more than doubled in the past ten years affecting geographical areas the size of Florida and Maine put together. This not only affects the ecology of the local area, but has a growing impact on the quality of the air we breathe.

The growing awareness of our "stewardship" responsibilities is a popular theme. However, it sometimes produces results that seem incongruous. More money and effort may be spent on saving whales than in feeding starving people in Africa. In Russia today there has developed an accepted system of bribes and payoffs. Nothing gets done unless such payments are made including a cab ride from the airport to your hotel. And where are the limitations or restrictions on what is developing as a secondary unregulated market in nuclear weapons? Are such to be sold simply to anyone who is the highest bidder? How does one make the right choice? Where are the standards? The absolutes? The immutables?

As I come to these fundamental questions of a global free market system I do so not as an expert in economics or philosophy. My thoughts are simply shared from the perspective of a businessman. A businessman seeking to lead ServiceMaster - a public company with revenues in excess of \$3.5 billion, serving over 1500 health care institutions, 500 colleges, universities and public school districts and providing a variety of specialty services to over 5 million homeowners. A company that has experienced a dynamic growth, doubling in size every three years for the past twenty-one years, with over two-thirds of its present volume represented by new businesses that have been initiated or acquired within the last ten years. We have changed the form of operating our business from a traditional corporate form to partnership form and we now have over 50,000 partners, many of whom are our employees. Our partnership units are listed on the New York Stock Exchange. We also compete in this global market with operations located in 22 foreign countries, stretching from Karachi, Pakistan, to Tokyo, Japan. Our future and survival is simply dependant upon over 150 thousand people, most of them located in our customer's environment and with many different skills and talents doing what is right in providing a quality service. There is much about our business that may be classified as routine or mundane. We are often dealing with people in entry level positions who are unskilled, many times uneducated, and more often than not, unnoticed. The task before us is to train, motivate, and develop these people so that they may 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 a mission, a way of life.

Our company objectives are simply stated: To honor God in all we do, To help people develop, To pursue excellence, and To grow profitably. The first two objectives are end goals. The second two are means goals. As we seek to implement these objectives in the operations of our business, they provide for us a reference point for what we do and how we determine that which is right and seek to avoid that which is wrong. They, in effect, define our mission and give us a moral reference point.

As such we recognize the dignity and worth of every person as being created in God's image. Our role as managers involves more than just what a person does on the job. We must also be involved in what the person is becoming as a whole person and how the work environment is contributing to the process.

Peter Drucker's classic definition of management is getting the right things done through others. For us in ServiceMaster, we seek to take the next step and ask the basic question: What is

happening to the person in the process? Is she growing as an individual who can contribute not only in her work environment, but also in her home and in her community? And do I as a leader and a manager have a positive influence on the growth of this individual or person? Stressing this value, as you might anticipate, affects one's view of the importance and scope of training. The task involved is more than training a person to use the right tools to complete the assigned task within a defined period. It also involves how that person feels about her work and about herself and her contribution to the well being of the people being served. Whether they be a patient, a student, or a home owner. This means that if I am to be involved in the management process, 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 training and actually doing the task that she will ultimately manage others to do.

We are all born, says W. Edwards Deming, with an intrinsic motivation, self-esteem, dignity and curiosity to learn. It is a recognition of that basic principle that has been the single, most important ingredient of our growth and success. It is not unique to what we do, but instead a common and consistent element that can be encouraged and developed in any firm. In a free market system, however, it is not the individual acting alone that has the greatest influence on what happens nor should it be the government. Instead, it is the collective action of individuals in what we call the firm.

The people of the firm are its greatest asset. In a world of accelerated change and choice these people increasingly look for stability and direction from the leaders of the firm. They will seek standards of community that do not change and for which there is a moral authority. In the absence of such standards coming from the firm the system will not work for the benefit of the whole.

For beliefs or standards of community to become a reality in the operation of any organization or firm, leadership must not only state the beliefs and make them an integral part of the mission and purpose of the firm, but also must provide an example and maintain a continuing expectation for the people of the organization to follow and adhere to those beliefs and missions.

To be effective in such an environment the leader must always be prepared to serve. In simple terms, the leader must always 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. To walk the talk as a role model and teacher for her associates. Not to be caught up in the perks of the office. To recognize a need for a flat 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 executives who seem to enjoy the arrogance of ignorance in their 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's not doing her job. She must be action oriented, a doer not just a manager. She must be a change maker committed to be a giver, not a taker from the firm and from the society that supports and produces 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 judgement. 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 or grave evil for a large and higher organization or person with a more powerful position to retain functions which can be performed efficiently by a smaller or lower body or subordinates. In other words, to steal a person's ability or right to make a decision is wrong.

It is this type of leader who will recognize that the business of tomorrow will move some work to where the people are rather than people to where the work is. It will increasingly farm out or reduce those activities that are not essential to the core mission of the firm. It is also this type of leader who will encourage employment to be viewed as a continuing process of contributing one's skills and talents, not a job of nine to five, not something that is over at retirement, not something that is measured by what you are paid or how big your office is, not something that is limited to a particular location or begins when I graduate from college or graduate school, or is limited to one employer, opportunity or career. Such a leader has a vision for the firm that extends to the customer and beyond and includes the customer's environment. With such leadership the firm becomes a primary force for a moral standard in the market.

With a starting point and moral authority that recognizes the dignity and worth of every member of the firm, the leader has the basis for not only doing things right but also for doing the right thing.

Samuel Becket and James Joyce were friends and confidantes. 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 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 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 and choice and no moral leadership. This is not how things have to be. The 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 the defined task.

For me on a personal basis the answer to these questions start with God and my personal faith and trust in Jesus Christ His Son. In a pluralistic society not everyone will agree with my starting point but few would disagree about the need for a moral framework and that there is great potential for good as people recognize the value and worth of others ahead of their own self interests or self gratification.