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Timeless Values in Turbulent Times (Miami)

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Timeless Values in Turbulent Times

I'm delighted to be with you today and have the opportunity to be at the Miami Boat Show, one of THE premier boat shows in America.

I am one of those boat lovers and have been so, since I was a kid sailing a dinghy. I am now the owner and persistent maintainer of one of those antique boats, a 26' 1931 Chris-Craft and also continue my passion for sailing with a 27' Pearson. Most of my boating has been in the inland lakes in Wisconsin and on Lake Michigan, but I've also enjoyed some sailing trips off the coast of Maine and in the San Juans up in the northwest. My experience in Florida has been in the southwest, mostly in the waters off Sanibel and Captiva.

While boating has been in my blood all these years, this is the first time I have been at the Miami Boat Show. My wife Judy and I have had a great time on the floor this morning. We have also enjoyed getting to know more about the Kuch (Cook) family and the story of Regal Marine, a great American Success Story of people who built a business with hard work, integrity, and a commitment to integrate their faith with their work and how they live.

My talk today is about values in business. The ethical principles that should characterize how we run our business, whether that involves manufacturing or selling boats or, as in my case, running a service business, involved in doing what many people

don't like to do themselves or don't want to take the time to do, like janitorial work, cleaning floors and carpets, plumbing repairs and maintenance of appliances, pest control, lawncare and landscaping.

What should be the ethic of right behavior in running a business? Now I realize that as I ask this question and then reflect on what has occurred over the last several years in the leadership of corporate America, and what we have been reminded of currently in the front page coverage of the criminal trials of the two leaders of Enron, our American business culture has produced too many failed examples of ethical leadership. People have reason to be skeptical, yes, even cynical. But failed examples are not limited to business. They have included a failure of political leaders, with some suggesting that ethical and moral behavior in one's private life should have no bearing on the question of trust and confidence in one's public life. And failures in the church, with the suggestion that a cloak of secrecy and immunity is necessary to cover certain immoral acts of the clergy.

Peter Drucker, the father of modern day management, passed away a few months ago, at the age of 95. He was a good friend of mine, and in his many writings and years of teaching on management, he kept reminding us that ethical standards and behavior should not vary by vocation, profession, or the specific functions of institutions of our society. There is not a business ethic or government ethic or church ethic. The same ethical standard should apply to all.

As we talk about the ethic of right behavior, it starts with the common denominator that is present in all of our businesses, and that is people. How do we honor, respect, and treat people as we run our business? And it also raises(???) that fundamental question of the source for our ethic. How do we determine what is right and wrong? What is it that causes us to focus not just on our self-interests, but on the interests of others.

Do our recent experiences in corporate America involve more than just a blip in the evolution of understanding how best to manage and balance those ever present human forces of greed, bias, power and deceit with the answer coming from some more checks and balances of government supervision, control, and yes, more rules and regulations? Or, as we seek solutions, is there something more at work that is fundamental to understanding human behavior, that is essential to the development of moral and ethical leadership? A reformation of our thought and action, and a call for a renewed focus on the development of the character and integrity of leaders.

Effective and responsible leadership starts with the ability of a leader to define reality and in so doing to understand the essence of their own human nature and the human nature of the people they are leading. It is important for us as business leaders not only to be concerned about what people do and how they do it, but also to ask the deeper question of why people do their work and who they are becoming in the process.

Our humanity cannot be defined by a set of rules or solely by examining its physical or rational nature. It is unique in that it also has a moral and spiritual side. It is

the spiritual side of humanity that influences character, our ability to determine right and wrong. To recognize good and evil. To make moral judgments. To love or to hate. To develop a philosophy of life. A world view, if you will, that can provide us with a moral and ethical framework and standard that is not relative and functions even when there are no prescribed rules.

As I raise this point, I recognize that the markets we work in are not necessarily people sensitive. They are materialistic and can produce gain for a few at the expense of many. They can encourage pollution of the mind as well as the environment. They are in fact, morally neutral and indifferent to moral choices. Yet they also can bring good to many, resulting in improvement in the lives of people and providing opportunities for people to grow and succeed.

For our market system to be effective in not only creating wealth, but also improving the human condition, it not only needs a level of government supervision and restraint, but also leadership from within business firms to provide a moral reference point and compass for people to do that which is right and good. Otherwise, I suggest, market systems have the potential to bankrupt the human soul. People must do what is right and good in the running of a business because they want to, because they understand what they ought to do even when no one is looking, even when there are no government restraints or penalties for failure to do so.

So, can the business firm make money? Create wealth? Serve and produce for customers and also be a moral community for the development of human character? This is one of the basic issues that Drucker has spent his long life on, the art and science of management and getting the right things done through others.

If he were here today, he would begin by asking each of us. What is your business? Some of us may say we are in the boating business. We make or sell boats. Others may say, we are suppliers to the boating industry. But I am sure that all of us could agree that our business is about creating and keeping customers and also about making a profit.

Now after listening to these typical business responses, Drucker would then remind us that one of the most important things for us to do as business leaders is not limited to these standard definitions of the theory of the firm but is instead involved in the development of people, those producers and workers of the firm.

He would also remind us that people want to work for a cause, not just a living. They need to find purpose and meaning in their work and when they do, they not only become more productive, but also better people as they learn to serve and contribute to others. Thus a mission and purpose for the firm that expands beyond making profit can become an organizing principle for the firm.

This has been more than theory or book knowledge for me. It has been an integral part of the firm I led for over 25 years. A fast-growing, dynamic service company, that we called ServiceMaster, serving over 10 million customers in the United States and forty foreign countries with over 80,000 people in its management and employ. Recognized in the past by Fortune Magazine as the #1 Service Company in the United States and by the Financial Times as one of the most respected companies in the world. As I've now retired from those responsibilities and look back, I can add up the numbers that show growth and profits, customers served, and a return for our shareholders that on average was 20% per year. While these figures are part of a normal business assessment of performance, the conclusion for me cannot be limited to these monetary or economic value creation measurements. The real and lasting measurement will be whether the results of my leadership can be seen in the changed and improved lives of the people I have 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 these rules, I didn't belong in the ballgame. But I also tried to encourage an environment where the workplace could be a community to help shape human character, an open community where the question of a person's moral and spiritual development, the existence of God, and how people relate their path 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. Their view of work started with our Founder as he was committed to taking his faith out of the pew on Sunday and relating it to how he treated people through the workweek.

This mission and purpose for our business was reflected in our corporate objectives:

- To Honor God in All We Do
- To Help People Develop
- To Pursue Excellence
- To Grow Profitably

Those first two objectives were end goals. The second two were means goals. We did not use the first objective as a basis of exclusion. It was in fact, the reason for 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, 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 in to the open for correction and in some cases for forgiveness. Leaders could not protect themselves at the expense of those they were leading.

In our diverse and pluralistic society, some may question whether our 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 principle

that may be embraced by all is simply where it led us. That was to honor and recognize the dignity and worth of every person.

Work, in fact, can become a place where the spirit and soul of a person is enriched by what they do as they learn to serve and contribute to others and yes, when it does happen there is potential for extraordinary results.

Frankly, when you view people as only production units or something that can be defined solely in economic terms, you lose sight of their real value and worth. Fortune Magazine described the soulless company as suffering from an enemy within and cited Henry Ford's quote as descriptive: "Why is it, I always get the whole person, when all I really wanted was just a pair of hands?"

How many times have we looked at the people in our business as just a pair of hands? The object of work and not the subject of work? When we do so, we are not caring for the human condition. We have the responsibility as leaders to unlock the potential of people as they work and produce, and to provide a moral community for the development of their character and soul.

Books and articles on leadership and the qualities of good leaders abound. They often describe leadership as something that is glamorous and elevated but you know, I have found it to be hard work, at times mundane, unromantic, boring. It's essence is in performance and results. Leadership, in and of itself, is not necessarily good or desirable.

Leadership is a means. To what end, is the crucial question. So leadership is not about you or me. It's about the people who follow and the direction we are leading them. It's about the responsibility we assume for the growth and development of these people.

As we look at leadership this way, it is imperative for us, as leaders, to know what we believe is right and why we believe it. To know where we are headed, and why it is important for people to follow. To live and share what we believe in a way that will engage people. To be an example for others to follow in both our private and public lives.

In his book, *The Death of Character*, James Hunter, a noted sociologist from the University of Virginia, concludes that while Americans are innately as capable of developing character as they ever were in the past, there are now few cultural or institutional guidelines in our society that call for its cultivation or maintenance. The reason, he suggests, is because there is a lack of a consensus for a source of moral authority.

Alexander Solzhenitsyn, in his classic work, *Gulag Archipelago*, recognized the reality that a line between good and evil passes between every human heart. He suggested that even within hearts overwhelmed by evil, there is one small bridgehead of good, and even in the best of hearts, there remained one small corner of evil. His conclusion was that it was not possible to expel evil from the world in its entirety, but it was possible to recognize and constrain it. For Solzhenitsyn, that source of truth and constraint came from God, an authority above himself.

So where does the development of character and integrity or the exercise of self-restraint and impulses of evil come from in running a business? Can the business firm of the 21st century become a moral community for the development of human character? A community with a soul? A community where in the process of serving customers and making money, it is ok to raise the question of God as a source of moral authority? A community where truth is not an option, but a mandate? A community that expects of its leaders truth and transparency in the conduct of their personal as well as their business lives and in their commitment to serving the interests of others above their own interests?

As we mix the skills and talents of people at work, and work becomes a place where we attempt to accomplish certain social goals as we seek to correct imbalances in the mix of opportunity, culture, race, and gender, can't we also be about the process of developing the whole person and nurture their character and spiritual development? Why isn't this also part of the social responsibility of a firm?

For me, as a Christian, a follower of Jesus Christ, I have sought to live my faith in the workplace in such a way that it was not imposed upon my colleagues and fellow workers but instead could be examined, tested, understood and in some cases embraced by them as they sought not only to do things right, but also to do the right thing.

One of the best ways that I found to lead in the development of our firm as a moral community was to seek to serve as I led and to reflect the principles that Jesus

taught his disciples, as he washed their feet - that no leader is greater or has 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. My ethics became a reality as I was able to serve those I led.

Servant leadership has been a learning experience. 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 first joined ServiceMaster team now over 28 years ago, and I will close my remarks today with a story of that early learning experience.

My predecessors in the business, Ken Hansen, who was then chairman of the company, and Ken Wessner, who was then President and CEO of the company, were both involved in recruiting me to join the firm. They wanted me to come and initially head up the legal and financial affairs of the company, reporting directly to Ken Wessner. Prior to my joining ServiceMaster, I had practiced law for ten years and had also served as college administrator and faculty member.

The interviewing process took several months, and as we were coming to what I thought of as the final interview to confirm compensation and starting date, I decided that I needed to know more about what it would take to be CEO of ServiceMaster. I was in my late 30's and knew that this would be an important career decision. I wanted a chance to get to the top and understand what it would take to get there. As I pressed the point and tried to get some assurance of how I could become CEO,

Ken Hansen stood up and told me the interview was over. Ken Wessner then ushered me to the front door. As I left ServiceMaster that morning, I concluded that it was over. I had blown the opportunity.

A few days later, Ken Hansen called me on the phone and asked me if I wanted to have breakfast with him to discuss what had happened in his office. When we sat down for breakfast, he simply said: Bill, if you want to come to ServiceMaster to contribute and serve, you will have a great future. But if your coming is dependent on a title or position or ultimately the CEO's position, then you will be disappointed. To be successful at ServiceMaster, you will have to learn to put the interest of others ahead of your own.

His point was very simple. Never give a job or a title to a person who can't live without it. Determine at the front end whether the leader's self-interest or the interest of others will come first. Know whether he or she can define reality by being willing to do what they ask of others.

I took the job and Ken in his own way tested my commitment and understanding of what he had told me. I spent the first six weeks of my ServiceMaster career out cleaning floors and doing the maintenance and other work which was part of our service business. There were lessons for me to learn, the most important of which was my dependence upon and responsibility to the people I would lead.

Later on in my career the faces of our service workers would flash across my mind as I was faced with those inevitable judgment calls between the rights and the wrongs of running a business. The integrity of my actions had to pass their scrutiny. When all the numbers and figures were added up and reported as the results of the firm, they had to do more than just follow the rules or satisfy the changing standards of the accounting profession. They also had to accurately reflect the reality of our combined performance – a result that was real – a result that you could depend upon. A result that would reflect the true value of the firm. Otherwise I was deceiving myself and those that I was committed to serve.

Drucker has referred to this type of leadership as reflecting the ethic of prudence. Prudence that demands of leaders to be an example by what they say and report and by the way they live. In Drucker's judgment, the leader has only one choice - a choice between direction or misdirection, between leadership or misleadership. Responsible leadership requires the choice of an ethic of service and example of right behavior.

Leadership is both an art and a science and as I said earlier, the results of a responsible leader will be measured beyond the workplace and financials of the firm. The story will be told in the changed lives of people.

In seeking to lead an organization as a moral community for the development of human character, one should recognize that it is not always comfortable. At times it feels like you are in a rowboat rowing upstream. There will always be an abundance of

skeptics with questions raised regarding a goal which mixes the principles of faith and work, God and profit.

The values and moral standards that I have referred to in these remarks are not new. They are timeless. They represent an ethic that can be applied to the leadership of any organization or institution of society.

Character and integrity can be developed and learned. Leadership must set the example. People's minds and hearts need to be touched and, in some cases, transformed. It can not be accomplished by simply adopting more laws and structures and mechanical rules.

It was C. S. Lewis who reminded us: "There are no ordinary people. You have 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 whom we joke with, work with, marry, snub and exploit." What is a business without people and integrity? What is leadership without the example of service and an ethic of right behavior?

For me, seeking to serve as I have led has been the salt and light of what I believe – the reality of my faith.

