

Leadership

David Humphreys
Missouri Southern State University
February 19 2015

Before we get started today, I want to mention that I have some books for you here which are free if you want to take one or any of these which contain good essays on a variety of leadership topics.

The first one is *The Compliance and Ethics Professional* article with an interview with my Chief Compliance Officer Art Weiss, our Chief Legal Officer, and myself about compliance and ethics in business and so that's a good article to read. The second one is a pamphlet called *Toward a Free and Virtuous Society*. The book proposes that the best way to bring people out of poverty is through free markets rather than through redistribution. At the same time, a society ought also to be virtuous. And so, there is an overlay of virtuous activity within a free market society that is optimal. We should not be engaged in "non-virtuous activity"; of course the disagreements come over what is or isn't virtuous --- and even if you can agree on what is virtuous, there can be differences of opinion even within free market advocates as to whether the state should regulate or prohibit what some people find to be non-virtuous. As a leader I think you have to think about what you want to accomplish. For example, a libertarian free market would support the fact that prostitution and pornography are just free exchanges between consenting adults. But perhaps there needs to be some virtuous overlay there to decide whether you want to be in that business or not.

And then the final book I have here is *The 5 Temptations of a CEO* and I'm going to talk about this more at length today. I stumbled across this book probably 20 years ago and it's an allegory. It is interesting that it is written from a Twilight Zone perspective of a fellow that is a brand new CEO and he goes home on the subway where he meets a series of phantom people who give him advice and help him conquer his fears of being a new CEO in a business. I would really recommend anybody that's interested in business or leadership in any kind of position at the top of any organization, in middle management or leadership position, this is a great book to understand a lot about leadership and maybe about yourself.

So what I thought I would start tonight with is about talking about this topic.

What does it take to be a good leader? Now, we would assume that you are going to need a variety of good skill sets. If you are managing a business where you're going to need to be able to read an accounting statement, you're going to need to have that skill. If you are practicing law you probably need to have gone to law school. But what I really want to focus on is not necessarily the skill set of leadership but really the fundamentals of what does it take to be a good leader. What fundamentally must you achieve? So I'm going to ask what would you think that a good leader needs to do/ needs to be? Serve their employees, what else.

Listen, OK

Open to different ideas – all right

Dedicated – OK

Charismatic!

Am I not doing it yet? So do you mean like Jim Jones at Jonestown or David Koresh or like who?

Integrity? You've seen this before

What else:

Hard working – good work ethic.

Vision? What kind of vision?

Communications skills and be able to communicate where you're going.

Anything else?

Humble

Humble – OK

This is a good crowd – tough crowd. Good crowd.

There are lots of books on leadership with all sorts of good ideas. There's *Good to Great*. There's *7 Habits of Highly Effective People*. I know there is a book called the *21 Principles of Leadership*. So, they've got at least 21 things you've got to do or be. That's also in my leadership style, I can't remember 21 things and I just assume no one else can either. What is the essence you really have to achieve?

We've heard a lot of good thoughts. In all of those thoughts and frankly some of you have surprised me with your answers. Because usually I hear hard working, communications, vision. Charismatic is a good one. There are some very good shy leaders; nevertheless, you can't be too shy and hide in your office all day long. But to me the key is this: TRUST: this is the key to leadership in any sense of the word. Whether it is leadership of a team, a football team, a basketball squad, whether you are coach, leading a business regardless of where you fit in some activity – if you are the leader of that activity this is the key. I say that because if you don't have trust – and I don't just mean of yourself – or of other people, but people need to trust you as well. I don't know which trust you meant, but trust to me is the fundamental piece of any leader. If you don't have trust it won't work. With trust – first of all maybe the charismatic or the communication piece you need to be able to inspire trust in others. Somehow you need to be able to communicate to people that they can trust you. That is not just by words, that is by example. If you say one thing and you do another, that will probably undermine that degree of trust.

I worked for a couple of interesting people in my career and this was long ago and far away so I can talk about them a little bit -- obliquely. I remember one fellow told me that if this happens with these customers do this. If they do this, you need to react in this way. You need to say this to them. You need to do this. So when that happened I did exactly what he said and they were very upset. And they called my boss. And my boss said What Did Y Do? I said I did just exactly what you told me to do. I handled it just like you said I should. He said: what did you do that for?

So what happened? The next time he told me something to do. How do you think I reacted? Cautiously! Cautiously! Well, maybe this isn't going to work -- because I got really chewed out for doing exactly what he told me to do. So I really couldn't trust him to back me up even when I was doing what he told me to do. His example of that was so clear it undermined my ability to work for him.

I had another boss, long ago and far away who enjoyed games. He enjoyed the games of managing. He enjoyed watching anyone scramble more than he enjoyed leading. He would speak in what I would call "diplomatic speak". He would say something using language which was susceptible to more than one interpretation. He would say things like: "David, I really think, I really think --don't you -- that it would be a really good idea if you would like to stay an additional year in this position. What do you think about that?" By this time I knew him well enough not to trust him. I knew that if I said that's an interesting idea or wow I'll consider that, then he would go to the headquarters and he would say "David would really like to consider transferring here to me." He would have set me up.

If you see that happen enough time where you cannot trust the people you work for, then you behave in a very defensive style. I learned as much from anybody as I learned from him. Because I learned how to duck. I learned how to listen very carefully and try to figure out what the agenda was. As a result of that, when you are in that kind of mode, you cannot act freely. You can't do your best because you're not sure where you're going to step on a landmine. If you're up here on stage and you know people who work for you and you say one thing or do another or you play vicious games. You will lose everyone's trust. They may still work for you but they will be very cautious. They will not know where they stand, and it will be very unclear environment. They will not know what to do next. That is a very important thing. The other thing you have to do as a leader and this may be more important: you have to be able to trust the people that work for you, the people that you're leading You have to be able to communicate to people that you do trust them and you trust their judgment. You trust them to tell you truth. You're not sitting there all day long saying what are you doing? Did you do what I said? Did you do what I asked you to do? Let me check your work.

In any business relationship for sure, if you're an employee and your boss is always checking up on you to see what you're doing. It just implies that he doesn't trust you. You need to be able to think about "what am I doing as a leader in my organization that might undermine trust."

What am I doing that might undermine trust? Because if you do anything that does, it will affect you. It takes a lifetime to gain a reputation and a second to lose it. So you have to be

very careful in a leadership position to be sure that you are fairly clear about what you're saying but also that you don't make people feel that you're going to turn around and say that isn't what I said or treat them like they're not worthy of trust.

If you're treated like you're worthy of trust you will work a lot harder for someone.

My father grew up in a small town in Western Kansas. A town of about 600. And he used to tell a story about how he used to work for two different drugstores in town. And he said for one fellow he would get up at 4 in the morning and work for him and the other fellow he would work in the afternoon. The one that he did not like working for was always checking up after him. Saying you know what did you just do? Did you write the last charge down? Did you make sure and put the chocolate in the milk shake? Did you do this? Did you do that? The other fellow just pretty much let him do his job – I'm sure he kept an eye on him but he let him do his job. And my father felt like he was trusted by that fellow. He always said I worked a lot harder for the fellow that trusted me. I think that all people work harder for people that trust them. So for an organization trust is key – not just for the leader and his position but for the entire health of the organization. If people trust you they'll work a lot harder for you.

This is something I've discovered, I don't know if you've discovered it in your life, if you run into people that don't trust you, in your opinion, for no reason, that you haven't done anything that should cause them not to trust you. I've discovered this. They're usually not worthy of trust themselves. They're thinking about how maybe they'll take advantage of you. On the other hand they just figure that's how everyone behaves and he will expect you'll take advantage of them. Usually that's a cautionary tale. If you've got someone that doesn't trust you, you probably need to think twice about whether to trust him. I think I've learned that the hard way over the years. You start to pick up on that. But to me trust is fundamental in every aspect of life – particularly in leadership because you don't get too many chances to correct it when you screw it up.

Some of you raised some of these points here when we spoke.

Honesty, yea you've got to be honest. Honesty can be difficult sometimes – particularly where it is bad news. Or particularly where it is unpleasant. Or particularly where it might hurt feelings. Honesty is a critical aspect of a leader. Because if you're not honest, people will find out pretty quick. In fact they find out very quickly. And no one will deal with you and you'll lose trust immediately if you do something dishonest.

Integrity, of course. Do you have integrity to do the right thing? This little brochure here talks about an aspect of integrity which is how we view our compliance program. Integrity is really what you do when no one is looking. No one is looking at what you do. If they give you too much change at the cash register do you take it back and give it to the cashier and say you gave me too much. Or they give you an extra of something in the bag that you didn't pay for – do you take it back. That's integrity when you do that.

In this brochure we talk about operating and acting within the hash marks which is a football metaphor for how you should behave. In business, in particular, you have to act within the

hash marks because outside the hash marks it gets dangerous. But your integrity is at risk if you step outside the bounds. And so you really need to play very cautiously. So in a football the hash marks are inside the boundaries. Significantly inside the boundaries. The harsh marks are also in that part of the field where the light are very bright. Around the boundaries they are pretty dim. And you have referees in the world of business who have an interest and frankly some incentives to see you out of bounds so you don't want to be running down the field and accidentally step on an out of bounds line and have yourself called out. Particularly if that involves a criminal penalty or something really bad for the company. So you want to stay away from the sidelines.

The other thing that happens in business is that you're running down the sidelines and you look behind you and find that they've moved the sidelines retroactively and where you thought you were in all this time you've been out all this time. So if you play within the hash marks the likelihood of stepping out of bounds is much less. So that's a very important concept in terms of integrity. If you step out of bounds it will be made public somehow. Someone will find out about it that you did something bad – or wrong. So if you damage your integrity, you're going to damage the trust you have with your employees, perhaps with your customers, perhaps with your suppliers. So cautiously managing your activities as a leader and setting an example for that from the top is also very important. Integrity is critical.

Somebody said humility – you guys studied this before you go here! But I think that is one of the critical features of being a good leader.

You're in charge, you're the leader but if you don't have humility about that position, you will fail. You will fail. Because no one is going to follow you very long if they figure out it's all about you. If you're not humble about who you are and what you're doing and what you're capable of doing. Also humble recognizing that frankly a good leader surrounds himself with people who are smarter than he or she is. So you need to have some humility in also understanding that you need to select people who are smarter and better and faster than you are. If you don't you'll have a fairly weak team who are less smart, less good than you.

So being humble, I think is, one of the most important keys to developing trust. If you are humble people appreciate that and people may be more likely to trust you if you're not always trying to show how smart you are. And this I think – compassion for others plays into humility. Because you're going to come across situations where people on your team have things go wrong for no particular reason. They'll make a mistake at work. They have a problem at home. They're going to go through the same things that you go through in their lives. They're going to have issues come up from time to time. Some of those things you should be compassionate about. You don't have to be compassionate about the fact that maybe one of your leadership team went to Wal-Mart and shoplifted and then pled guilty. Who's going to trust him again, Right? That's not what I'm talking about. I'm talking about someone who maybe loses a parent or loses a child. Or has their house burn down or loses their house in a tornado. You

really need to think about, OK, put yourself in their shoes and what would that mean to me. What could I do to be compassionate about their circumstances?

The same thing is true at work. You need to be compassionate about people at work, because most people are trying to do their best. There are mistakes that are made and they happen all the time. The severity of them is sometimes very bad; sometimes not so bad. But you have to appreciate OK why did that happen? Is it this person's fault for just doing something stupid or is the process they are operating in designed to fail? That there's no possible way they could succeed? I've seen that recently in another business – not one I'm directly involved in – where the budget setting for this business was such that there is no possible way the manager of that business could succeed. The budget was set at an operating level that the manufacturing plant has never achieved, is unlikely to achieve and so no matter how well he does managing that plant, it's pretty much impossible for him to make budget so he's going to look bad no matter what. Now, that was done to him by someone he reported to who wanted him to fail and also wanted to be able to swoop in and take all the credit for saving the place. You just have to appreciate that when you survey the landscape of who's working for you, why are they failing? Well, they're not meeting budget. Why are they not meeting budget? Maybe the budget is wrong. You have to really appreciate that and be compassionate. Like this poor guy is going to get beat up all day long – this is a joint venture we're talking about – by the joint ventures partner guy because the joint venture partner's guy just wants to look good. Just wants to make the other poor guy look bad.

So, you have to be compassionate about situations like that too. You also have to think about – not only your fellow employees – but also the other people involved in a business situation. So, if you've got customers, sometimes customers don't pay you, sometimes there's a good reason for that. Lots of times there's not. You have to decide which it is. But, you can be compassionate about someone who just had their house burn down. You can be compassionate about someone who just had a spouse die. It's tougher to be compassionate about someone who just went on vacation and spent the money and didn't send it to you. You have to think about that.

Neighbors. We have manufacturing plants located around the country and we have neighbors. Some are closer, some are farther away. You have to have some appreciation for them. Just because they happen to live there and they moved in after your plant has been there for ten years is not a reason to ignore them or to treat them badly but you have to appreciate that they live there and that your operation probably affects them. How do you react to their complaints or to their concerns? Well, you react not angrily or defensively, but you react with some humility and some compassion for their circumstances.

Also, I think how you inspire trust is you have non-arbitrary decisions. In other words you have some basis for making the decision. Which is predictable. If people see you make decisions which are predictable because they understand your rationale or why you make these decisions and how you're probably going to make decisions in the future, then they can trust you because they understand why you're making the decisions you're making.

So, for example, let's say principled decision making. At TAMKO we have a set of principles which espouse uncompromising commitment to free market principles which include relationships with people, integrity in human relations and property rights for example.

So explaining what that means in a very broad sense I do that fairly often with our employees and I make them understand how we operate so it is very clear what they can expect and give them examples of how that fits. Also at TAMKO we also use a lot of data to make decisions and we have a certain way of doing things. So we now for now 33 years we've focused on Deming's continuous quality improvement and the measurement and data gathering required from that. And everyone knows that. So we use data and statistics and you understand how your processes work based on statistics so people understand what's required of them. We also have Six Sigma which is sort of Deming on drugs. Deming on steroids. It's a high powered mathematical quantitative modeling onto data. But again, it's a method of doing something so we understand how we go through a process to analyze and improve it and what's required to make decisions and what kind of decisions we're going to make.

So I think non-arbitrary decision making is important for gaining trust really because I would say predictability, again, is so important. You need to know what direction you should head in.

And then someone said charismatic. I would agree with you a little bit. I'm not terribly charismatic. I don't stumble around the stage with a wraparound mike. But I do think a visible passion is needed. If you're not somewhat passionate about what you're doing, why should people trust you? If you really don't care, if you really don't look like you care, if you can't stand up and say this is important and have people understand that you actually believe that, why should then think so? So, the visible passion or the charisma, if you will, yea, people need to believe it.

Now, you can be too charismatic. You can stomp around on stage and wow them and they'll walk out of there and go that guy's nuts. Or like he's scary. You can scare people with too much charisma, too. Way too much. No one wants to be led that much. Not me anyway. I sit there skeptically. That's my personality. I'm skeptical like, uhh I don't know. But I do think you need to have a passion.

From my point of view, these are the things that inspire trust: honesty, integrity, humility, compassion, predictable, decision-making based on something you can discuss and share so that people understand where you come from and then a passion to achieve your mission.

So, in this book *The Five Temptations of a CEO* by Patrick Lencioni he goes through a really interesting discussion of things that undermine your ability to lead and these five temptations are really discovered by this newly appointed CEO. It's a fictional allegory. As he goes through kind of a career start as the new CEO and the first fear and this will kind of tie into what I've just talked about in terms of humility and integrity and passion – things like that.

The first fear to overcome, the first temptation, is the fear of losing your own status. If you're in charge of something and you're the leader, you have to not have a fear of losing that position. It's not all about you. This is the most dangerous temptation. If you have a leader

that it's all about them, you're not going to trust them. You'll figure that out pretty quick that it's all about them. They'll do anything for themselves and you're not that important. And they're not humble; and they're not compassionate. So it's all about me or my career. It may be all about how big my paycheck is. I'm going to do everything I can to drive my paycheck. So that often means I'm going to design a bonus program so that I can succeed really, really well. That completely destroys the trust of anyone who's not in that bonus program.

So that's the first temptation.

The second temptation is the fear of being unpopular. I suffer from this a little bit. I do. Because, if you make difficult decisions that are unpopular you have to live with that. So it is a lot easier, if you think about this, it is a lot easier to just go along to get along and not upset the apple cart. But if you're going to do the right thing it's hard sometimes to avoid this. So if you're going to be afraid of being unpopular or afraid of upsetting people, you're going to have difficulty managing or leading anyone. People won't respect you either.

The next temptation is the fear of being wrong. This is somewhat of a perfectionist issue. If you're a perfectionist you probably never do anything because you'll never get all of the data, all of the information, all that you need to know to be able to make a decision. The reason you're afraid to make a decision without all the data is that you're afraid to be criticized for being wrong. If you're in a leadership position, part of your job is taking risks, making decisions. You have to overcome this fear of being wrong, this fear of criticism because at the end of the day someone's got to make these decisions. Now, like I say, I've worked for a bunch of different people over my career and I can remember a couple of leaders I worked for that were all about having me make decisions. That's because if it was wrong, I was wrong – they weren't. They just made a mistake in trusting me or something – that would be the explanation. I've seen that management style – which is a leader that doesn't make a decision. He farms out the tough decisions. He keeps the easy ones. The tough decisions he'll farm out; he'll delegate; and if it doesn't go right, that guy will take the hit. If it goes really well though, "I had the good sense to coach the boy". That's something to overcome as a leader. You have to be willing to take criticism; you have to be willing to be wrong. If you're wrong too much, you shouldn't be a leader. You have to be willing to take that risk.

This next one is my biggest temptation of all of these. I don't suffer too much from number 1; number 2 a little bit, but number 4: fear of conflict!

Fear of conflict – I don't like people who don't get along. So, if you're in a meeting and there is a disagreement --- I don't like that.

You all watch Downton Abbey? I can't watch that anymore. I seriously cannot watch Downton Abbey anymore. There's too much conflict. I hate Thomas so much for messing with my two favorite characters – the Mr. Bates – the butler and his wife. I just can't stand the conflict -- I just don't want to watch it at all. It makes me upset so why should I watch something that makes me upset. That's one of my avoidance techniques, not watching conflict.

You can't escape conflict in the real world. You can't just turn off the set. You have to actually show up. You'll get in a meeting as a leader where there is more than one person in the meeting, probably a couple of people couple of different ideas and a couple of different factions with different opinions. And, they're going to argue probably. If they don't argue if you're a good leader you should be concerned. If you discourage conflict; discourage debate, you'll end up with the wrong result. So this is one of the tougher ones for me about stepping up. Some people would say I have overcome too well, begun to love conflict. You have to be careful of that too. You have to be willing for there to be conflict in a business so that the best answers come forth and then decisions can be made.

You may be afraid of choosing one side or the other because you will make those guys mad, that's a fear of being unpopular, afraid of making decisions because you don't want to be wrong. You may just don't want to make a decision because you don't want the conflict so you say you guys work it out for yourselves, I'll be back. That's a technique too. Not a good one but it's one.

And this one is sort of the ultimate temptation to overcome which is the fear of being vulnerable. Lencioni would say this is the root cause of all these other temptations. Because if you can't handle being vulnerable, then you can't handle any of these others. In fact that actually drives all these other fears and these other temptations which you'll succumb to. So, these are his suggestions and I'm talking about this book because I think this book actually tells you the best way to be a leader of anything I've ever read. First of all, it's only 5 things it's not 21 and I can remember most of them, but it fundamentally ends up with the answer being trust is the most important aspect a leader can bring to the table.

So, if you have this fear of losing your own status and that's your temptation one of the suggestions is to make the company's results your measure of success. You may need to motivate yourself, but your motivation is based on the entire company.

This fear of being unpopular you solve it by working for the respect of the people that work for you as opposed to their praise or affection.

This fear of being wrong -- that's a tough one. If you really don't like making decisions without all the answers then you probably will never get anything done. And there are thinking styles involved here. You may be an adaptive thinker who likes very incremental change and doesn't like big leaps or you could be a very innovative thinker and so you request the question -- you answer the question you want to answer because you have a very creative mind. But if you are afraid to be wrong you're not going to say those things out loud. You're not going to make big changes. You're going to wait, and wait, and wait. What happens? Nothing happens. As a leader you basically cause your organization to be stagnant.

If you come into a football game and the quarterback is typically the leader in the huddle -- you come into a football game and the quarterback can't decide because . . . I don't know . . . what's the wind speed? What's the wind direction? Who did they send in to carry the ball? How big is the guy on the right tackle? He's only got 30 seconds -- that's the good part -- he's only got 30 seconds to actually make a decision. One of the really great leaders that I played for in high

school was this guy he was younger and he was just a different kind of guy and the player came in from the sidelines with the play from the coach who told us what play to run, and the guy came in he was so excited, he forgot the play. He goes 'what are gonna do? What are we gonna do?' And the quarterback said "we're gonna do OK". And we ended up winning the game. But to have the presence of mind not only – this guy was a junior in high school – not only to call a play, without authority to do it, and to calm everybody down basically he had all our trust. He had our trust. We could trust him. He was a good guy. We could trust him. When he says we're going to do OK – most of us were laughing. OK—it was great!

The fear of being wrong is something you have to overcome.

This fear of disharmony -- Lencioni says you really need a leader to encourage constructive conflict. You need to enable people to be willing to speak up; to be able to talk and to give their ideas without fear in a meeting. Not all people want to speak in a meeting. I'm a person in a meeting, I sit and I sit and I watch, I wait and I'll speak up at the last, typically. If I'm running a meeting, I don't have that opportunity. But if you as a leader don't tolerate conflict -- If you just say stop it – don't you all do that, you're not going to get many ideas. Eventually, people just show up and wait for you to decide everything and that's a very bad place to be as a leader. If you end up making all the decisions, what do you need them for? Really, you're going to get a lot better ideas when you get them out of other people.

This fear of being vulnerable -- if you can convince your team to challenge you, regardless of what say, regardless of how good you may be -- if you can convince them that you want them to challenge you and you want them to really have productive conflict with you then I think that's when you're really there.

So those are the keys to overcoming these temptations. I think for a really great leader to emerge because I think that great leader will have trust instilled in his organization. So if you instill trust you'll have the confidence to have a constructive conflict. It's OK to have conflict. It's OK to have debate. It's OK to disagree but that requires trust – not only from you and with them but in your team. If you can foster constructive conflict the team will have confidence to create clarity out of this debate. If you get clarity then everyone knows what is expected. So if you know what is expected, people can be held accountable and you can feel confident in holding people accountable for what is clear. There aren't any unclear objectives of any unclear requirements and so everyone knows what's expected. So on both sides, the people who have something to do they know what they need to do and the folks that have to hold them accountable know what the standard is. So, there's a degree of trust there that these are the rules. It's not going to be I told you to do this and when I did it you punish me. No, this is what we're going to do and when we do it and it fails – well, we tried.

And accountability: This is the fear of being unpopular makes this tough. If you have to hold people accountable when they make a mistake – it's not fun. It's not fun. And you don't want to hurt someone's feelings. It's more difficult, particularly if someone works directly for you; it's more difficult to hold them accountable. It's a lot easier for me to hold someone accountable who lives and works a thousand miles away. From here I'm a sniper. If I'm

holding someone accountable face-to-face, it's like having a knife. It's a different engagement. You don't want to be that guy. In dealing with that you have to hold people accountable but with some aspect of humility and compassion but that still doesn't allow you to give up the accountability.

The results will come from this – from having trust instilled in the organization. You will get results; which, again, if a company's results are your measure of success, you will have success.

So, the bottom line for me, at least at TAMKO, is what is it going to take to be a good leader at TAMKO or, in my opinion, anywhere else, it's relatively simple – I can think of one word. Achieving it can be very difficult. Achieving it really requires overcoming those five temptations which I think are very real. Living it in everyday life because again, you deviate from your principles, or you deviate from your standard of conduct, or you don't make decisions that are clear and if you make decisions that are arbitrary, you will lose trust very quickly. So, it requires some efforts in making decisions and thinking about what you're going to do before you do it.

That's it. thank you.

=====

Q&A

Q: I've been told you that you've been a part of Motive Matters. I just wonder what color you are.

A: What color do you think I am?

Q: I'm going to guess white.

A: Why would you think that? I'm very confrontational now – so why would you think that? Because White's when they face conflict leave. We take our marbles and go home.

Q: You mentioned that when you're in a meeting you tend to listen . . .

A: I gave it away. That's true. In the Motive Matters world I'm a white. I'm like 40% white, and then big yellow, a lot of blue and I have very little red. Most people before I disclosed that I was a white thought I was a red. Because I've overcome being white so much. But I believe in that. And this innovative/adaptive style of thinking, we actually do personality testing on that as well on some team members. On one end you're more adaptive so you think in small increments and perfectionism can really hurt you there on the other hand you'll be more innovative. So, that's not a book, it's actually a weapon. So we also have that Color Code which is another way of looking. So, when you're in a room if you know whether people are adaptive or innovative or whether they are from white, blue, red, yellow, it helps you. You can pick a yellow out in a minute. They're always talking and smiling – right. What I've also

learned: having some humility and compassion when you understand who other people are, you learn to work with them a lot better. So I'm on one end of this innovation scale – I'm pretty far over – and I get very frustrated with incrementalists. Now I know why. Because I'm always like – why can't you just do this? It's easy. And they're like no, we need more data. Why?

Q: I wonder if you could share an example of - when you were talking about integrity and you were making a decision and no one else would really know. I wondered if you would have a specific example that you would be able to share of a time when you had to _____ integrity?

A: Wow. It's been awhile. I can't think of one like that – truly. Other than like taking the change back to the cash register. I've done that. Taking the extra shirt they put in my bag back to the store and say you gave this to me by mistake. I teach my kids to do that. Probably in the business world the most difficult arena that I operated in was at a Wall Street law firm. It's an array of really smart people; really, really smart people and you're working on extremely time pressured stuff and what you see (which is the good stuff that you see) is you see people come together and help others on a project. Where it's not your project, they're underwater and can't get it all done. It's 10:00 o'clock at night and you'd like to go home; 11 o'clock and you want to go home, but people volunteer to help other people out. That's integrity, right? You don't abandon your colleagues, even if they're not your friends, you don't abandon them when they're drowning. Rising up to help them. I've seen it happen a lot where people needed help – not that they weren't smart enough to do it, they just didn't have time - it's just overwhelming. Let me tell one story: When I came back to TAMKO I discovered that my father's management style was very similar to the law firm I worked for in New York in that they basically trusted people to do their job. Ok. Sure, everybody does that, but no, everybody doesn't do that.

At the 400 lawyer firm, this is back in the '80's when United Airlines was selling off the Westin Hotel chain. We worked on this thing for a long time, a lot of weeks, and it basically culminated over a weekend. We went in on Friday and went home on Tuesday. The other law firms representing the other parties came into our offices and we negotiated various parts of the deal: the real estate, the securities, the banking, the loans, and the tax part. What I saw was our firm was very different because we had about 30 lawyers on this deal. The oldest one was maybe 29 and she was in charge and she wasn't even a partner yet. That was our team. The other lawyers that came and representing all these other buyers – we were representing United Airlines – the other teams represented the buyers were from five different law firms. The people that showed up weren't the people we had been talking to on the phone the past few weeks. We were talking to peers on the phone. The guys that showed up were people my age now, 50's and 60's, and we're all 25 to 28 and the interesting thing staying up over the weekend three days in a row, the 25 to 28 year olds can last a lot longer -- a lot longer – a lot more stamina. But what saw was they didn't trust their associates to come do what we were doing. So what I saw was we were trusted to do our jobs and I think at TAMKO we emulate that a lot. Like we give you responsibility and we say good luck – good luck God Bless . . . now we'll keep an eye on you we have some oversight mechanisms, we'll keep you from running off the sidelines, stepping out of bounds where you could go to prison, or you're going to be in

trouble or cost us a lot of money . . . but if you trust people to do that then they're going to do a lot for you. They're going to put all they've got into it. So that's probably the best story I've got in terms of what I've seen. In terms of the folks that were trusted to do their jobs. I've never witnessed criminal activity – thank God. Never had to worry about that. I don't have any war stories about that.

Q: What are some ways you develop future leaders within TAMKO?

A: Part of it is the hiring process. Part of it is leadership development. In the hiring process we hire people for leadership positions. We hire people into our Six Sigma program which is primarily quantitative in nature and we've had real success over the years with ex-military. So we have a lot of ex-military and particularly a lot of academy graduates: West Point, Naval Academy, some Air Force, a whole bunch of those guys. When they come out they want to get up at 6 am and work and they're smart and they've got good values. We start with that. Then from there we do things like this. I do a 2 hour presentation on Free Market Principles and what that means at TAMKO. This is how we operate, this is how we make decisions so, you should know this is how I think. You don't have to think like I think but I want you to know how I think. We share these books. We had a leadership development session yesterday – I wasn't there -- I didn't have to be there. I have other people communicating the very same thing that I would. We're able to build an organization where we're all on the same page. That's what you're doing – you're building an organization with talented people who understand where you're going. So part of that vision, part of that direction setting is understanding the rationale of why you do what you do so that the free market principles piece, the hash marks metaphor, is very much ingrained in our culture. So that's what we do in terms of building leaders. We bring them into Six Sigma organization and they're there for a couple of years. We say it's a fuzzy three to five years – no one's ever made it more than three. I'm not sure anyone ever made three because they're getting promoted too quickly. But we have discussions-- like we needed a plant manager for a plant in like West Virginia or Virginia somewhere and we didn't have anybody on the bench. You have to have a bench – that's what you're trying to build. We didn't have anybody on the bench at that time that had been a plant manager or right next to a plant manager or ready for it. We had this one fellow, so I'm sitting with my Executive VP Tim Whelan and we're talking about this one guy and he's only 28 years old – yea but I said: when we were 28 we were pretty smart. Right? Give him a chance. Worst he'll do is drown. We'll try to help him.

So you give people the opportunity, you try to get them ready for the opportunity, but then you've got to give it to them so that they get the chance to succeed or fail. You're going to have some failures. Rarely do we have someone that completely failed.

That's kind of our management training program – how we bring people through. We start with really good people and we kind of give them this vision and assuming they buy into that they take that into other positions in the company. So, we've pretty much infiltrated – I use the military term because they're military guys – infiltrated the organization with a lot of Six Sigma people who come out of a quantitative analysis background into manufacturing.

We do similar stuff in sales. I'm going to be talking in two weeks to the sales people about free market principles and also about strategy so that everybody understands the strategy. Communications are key. You just try to instill that so that everybody understands kind of what you're up to. I'm also in to not too many things to remember. You can't.

Q: When you were growing up did you ever think you were going to be a CEO of TAMKO?

A: When I was growing up my father was the CEO of TAMKO for 38 years and he never thought he was going to be that either. He married my mother and 11 months later I'm coming along – and my mother actually at that point she was CEO. He had a completely different job outside of TAMKO but she had to go to the hospital and have me, they were in the middle of union negotiations, and they needed someone to come and finish it. So, he came in and did that and ended up staying on for 38 years. So he never saw this as his career either.

I was always encouraged – which I think is a really good thing – to go do something else. So I was told “don't think about it – go find a job”. So, OK. I've got it. I'm not even going to assume that I've got a job here. I worked in the summers in the factory and I worked on the loading dock one summer. I lifted about 100 tons a day by hand. That's character building. Ok that's my career at TAMKO. So then, what do I do next? Well, finish college – what do you want to do? I don't know. I sold life insurance which I really hated. I really, really, really hated it. I was in Atlanta -- lucky enough to go with a guy who was teaching me how to do this -- to a law office on the 40th floor of a big tower downtown. Walked in and this guy's got an office – thick carpet, nice wood furniture, and wood paneling on the wall. I'm thought that's what I want to do. I want to be a lawyer. Seriously! It was all visual for me. It was the view and the carpet and the wood paneling. All I could think was I wanted to be on *that side* of the desk. So, I quit the next morning and actually came back to Joplin because I was broke. Lived at home and went to Missouri Southern for spring semester of 1980. Took accounting classes and business classes and took some more in the summer and then I went to law school. So I practiced law a couple of years here in Joplin and I found out I don't like people, I don't like trials, I don't like conflict. I liked law school. I liked the intellectual aspect of law. I didn't like trials – I just didn't like it. So I went back to school and got a graduate tax degree. I passed and I ended up with a job with a Wall Street law firm doing tax law. So that was my career and then that just kind of bloomed because that United Airlines deal with a big deal coming early in my career and from there was an opening in the Paris office in France for the law firm so I went there and worked there for a little over a year and I would have stayed there but I would never have been promoted (because you had to be coming out of New York) so I went back to New York and tagged base and then I was going to London for the rest of my life. That was my career path.

So, I came back to New York, tagged base, and about three months into that my father came to town and said have you ever thought about coming home to work for TAMKO? I'm going: no. It puts you in a tizzy, like what do you do? Should you do this? He's kind of asking you to and so I finally said, I don't know – he's 65 – as if that matters – he's 65 and oh God that's old and so I said he's 65 I'll give it a try and if it doesn't work out I can turn tail and go back to Paris. And so I told the law firm -- to the partners of the Tax Department and I said look I'm going to leave and go home. So the next morning they called me in and said look I know how much you loved

Paris – how about if we offered you Paris for life? They're not offering me a partnership but you're going to be in Paris for life which eventually would mean a partnership. Wow! What have I done? I loved Paris. I loved practicing law in Paris. But I'd already told my father I was going to come so I wasn't going to renege. So I came here and about six months into it I got a phone call. How would you like to come to Paris? So here I am. So 4 years into this I had the luxury of working for my father for about four years then he passed away. Had I not come back and had the overlap, I would not have understood the culture he built. So that's how I came to TAMKO. He died in 1993 in October and I kind of assumed this role immediately thereafter and had to deal with all this. But no, this was never my career path. In fact when I showed up to get the job my father offered me – he said well how much are they paying you up there? And I told him – and “wow, we can't pay you that.” We forgot to discuss that – it was a little bit of getting to know you. For me it was the best thing I ever did because I actually got to know my father as an adult and he got to know me as an adult. I had been away at school since I was 14 and I was never home in the summer time.

Thanks for asking – no, this was not my destiny in that sense.

For a while I missed reading about my deals in the Wall Street Journal. I missed knowing those people. The United deal was big but – when Popeye's bought Church's Fried Chicken they closed the deal across from my office in the conference room. One year later they filed bankruptcy because they borrowed too much money.