

## Jim Taylor on Leadership



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*In 2005 Thomas Group (TGIS) was ranked number One Fast Track Company in the DFW area by the Dallas Morning News and ranked Number 4 on NASDAQ in market cap appreciation in 2005. In 2006 Jim was awarded and is the proud recipient of the International business "Stevie Award" for Best Turnaround Executive of the year recognizing executives and their respective company's great performances.*

*Which leadership qualities in great leaders do you most admire?*

It is important to note that, by nature, leaders attract followers. Also, great leaders bring out the best in others. In fact, they inspire others to bring out the best in themselves. Great leaders measure their importance in terms of what they have helped others to achieve by working together. For example, Abraham Lincoln's leadership which preserved the Union, FDR's leadership which enabled the United States to recover from the Great Depression, and Winston Churchill's leadership during the early years of World War II, a period he once referred to as England's "darkest hour."

What I admire most in great leaders is what attracts so many others to follow them. We respect great leaders, we trust them, and we share common values with them. Moreover, we are willing to make personal sacrifices, if necessary, to achieve usually very important objectives. That has been true of great leadership for thousands of years. For whatever reasons, truly extraordinary men and women seem to appear when we need them the most. They attract support for a common cause and then lead the way to achieve the goal, whatever it may be.

*In Good to Great, Jim Collins discusses what he calls "Level 5" leaders who "channel their ego away from themselves and into the larger goal of building a great company. It is not that Level 5 leaders have no ego or self interest, they are just incredibly ambitious—but their ambition is first and foremost for the institution, not themselves." Your response?*

I could not agree more. It is significant that the most highly regarded CEOs all use first-person plural pronouns when talking about their companies. The title Charles Lindbergh chose for his account of the flight to Paris is "We." He wanted to acknowledge all the people who were involved with that historic flight. Collins is absolutely correct. What he calls "Level 5" leaders have egos which are so healthy they do not feel compelled to take all the credit for their success. They are literally obsessed with helping to achieve the organization's goals.

*Over the years, you have worked closely with countless corporate CEOs and their counterparts in the military services. What common leadership challenges do they face each day?*

There are several. How to get more done and do it better with less...and at a lower cost. How to develop a *deep reservoir* of talent. How to activate self-motivation in others. How to make the right decisions when a crisis occurs. How to delegate effectively. How to manage available resources prudently. How to prepare for an uncertain future by identifying and then measuring degrees of probability. Of course, leaders of not-for-profit organizations also face the same challenges. Here is one more: How to get everyone actively and productively involved with a shared commitment to the "The three Cs": Communication, Cooperation, and Collaboration. That is as true of Thomas Group as it is of any of our clients.

*Much has already been said and written about "values-driven leadership." What does that phrase mean to you?*

Precisely what it suggests: People whose impeccable character earns and sustains the trust of those whom they lead. This is what Daniel Goleman means by *emotional intelligence*. Actually, there have been several recent examples of executives who were *driven* but by the wrong values, such as greed and ambition.

That is not what I think of immediately whenever I encounter the phrase *value driven*. I guess you can say I see it as optimistic versus lack of values. You never have enough talent in any organization.

*In your opinion, what are the most common misconceptions about effective leadership in the business world?*

That there are *silver bullets* which when fired at problems will solve them. That simply is not true, nor is the remarkably widespread and durable misconception that there is only one path to success; all you have to do is find it. Effective leaders come in all shapes and sizes and achieved their prominence after completing quite different journeys—for example, business leaders such as Alfred Sloan, Walt Disney, Sam Walton, and Bill Gates. I am all for having role models. It is a misconception, however, to think that all you have to do is to mimic a business leader or two and you will be as effective as they are. Here is another misconception: that there are *short-cuts* to success. If that were true, everyone would be an effective leader!

*Not everyone becomes a CEO and, in fact, few people do. That said, how could those below the senior management level “think like a CEO” and thereby be effective leaders also?*

Here are a few suggestions. Pretend that you are the sole owner. You have absolute control. Now what? Prioritize needs. What must be done now, soon, and eventually? Stephen Covey says that most people spend too much time on what is urgent and not enough time on what is important. I agree. Here is another suggestion: Think in terms of first-person plural pronouns: What are our greatest opportunities? What can we accomplish together?

All organizations need leadership and at every level. That is, people who take appropriate action without prodding. They eagerly go that *extra mile* to do whatever must be done...and do it right. The most effective CEOs see the so-called Big Picture but are also ever attentive to details. So should everyone else. Most of the time, leadership is synonymous

with initiative. To think like a CEO is to recognize what is best for the enterprise and for the customers the enterprise is privileged to serve. It is no coincidence that each year according to *Fortune* magazine, the most profitable companies are also rated the most highly admired companies. To think like a CEO is to think in terms of what is best for everyone involved. It is that easy...and, yes, that difficult.

*Let's shift our attention to innovation. How can an organization create a culture, which nourishes innovative thinking? What can a CEO do to help achieve that?*

I think it all starts at the top: the CEO and other senior managers. In *Dealing with Darwin*, Geoff Moore offers these observations: “Managing innovation requires executives to foster a bottoms-up stream of innovation opportunities. Managing innovation also implies maintaining a portfolio of strategies since different categories will respond to different types of innovation. This creates a level of complexity that can create confusion in the broader organization, with teams being asked to pursue one form of innovation here and another there.”

Innovation initiatives have paramount importance at Thomas Group. The challenge to our senior managers is to ensure that the complexity of those initiatives does not create the confusion to which Moore refers. Our Resultants face a comparable challenge when working closely with clients. Process improvement initiatives are also complex. They succeed only when there is clarity of purpose; a focus on objectives, and rigorous measurement every step of the way. Otherwise, “confusion” can indeed result.

*Several coaches are praised as great leaders.*

They should be, and not only the most famous like Rockne, Lombardi, Bryant, Landry, and Wooden. We should also praise the men and women who coach teams in our schools...and parents who coach in other youth sports programs. The best of them are great teachers. They really know their stuff. They improve skills, of course, but they also develop character. When you think about it, participation in sports can offer a great deal of value in terms of preparation and competition, conditioning, teamwork, playing by the rules, good sportsmanship, etc. The best coaches are great leaders.

Winning games is important to them, of course, but not the only way they measure their success. Eddie Robinson coached some great teams at Grambling but when he retired, he said he was proudest of the players who had become clergymen, doctors, attorneys, dentists, business executives, and teachers...and who were also good husbands and good fathers...also good citizens. Joe Paterno says the same thing about his former players at Penn State.

### *How important is charisma?*

In certain situations, I guess it can have at least some importance but I personally think that charisma is frequently overrated. In *Good to Great*, Collins and his research associates found that “the moment a leader allows himself to become the primary reality people worry about, rather than reality being the primary reality, you have a recipe for mediocrity or worse. This is one of the key reasons why less charismatic leaders often produce better long-term results than their more charismatic counterparts.”

I consider it especially significant that the names of the CEOs of the eleven great companies that Collins identifies (each a “Level 5” leader) are probably unfamiliar to the general public. To the best of my knowledge, none has ever been described as *charismatic* but all are highly regarded for the quality and consistency of the leadership they have provided to their respective companies. With few exceptions such as Herb Kelleher, the so-called *charismatic* CEOs who have attracted so much media attention have been mediocre leaders, at best. It turns out that several of them were corrupt. Some led their companies into bankruptcy.

### *From your perspective, which U.S. president offers the best role model for today’s leaders, not only for CEOs but also for others throughout all levels of an organization?*

Actually, I would have to suggest two: George Washington and Abraham Lincoln. Washington led his troops to victory during the Revolutionary War and then served for two terms as the new nation’s first president. By all accounts, Washington was an exceptionally decent as well as level-headed person. To his great credit, he led an army of volunteers to eventual victory although they were underpaid (if paid at all), poorly clothed and fed, and ill-equipped for combat with what was then the dominant military force in Europe. Later, under his leadership as president, the 13 quite different colonies became united.

Later, under Lincoln’s leadership as president, the Union was preserved. Had he lived to the conclusion of a second term, he would have ensured that (as he proposed in his second Inaugural Address) the Union would proceed “with malice for none, with charity to all.” How revealing of his character and judgment that he included in his cabinet his most formidable political rivals, that he selected Ulysses S. Grant to be commander-in-chief of the Union forces, and that he was already hard at work on plans to welcome the Confederate states back to the Union when he was assassinated by John Wilkes Booth.

Washington was an aristocrat and major landowner in Virginia; Lincoln was an impoverished attorney in Illinois—quite different in so many other ways, also. But I think they both offer an excellent role model of character, judgment, persistence, and—yes—courage.

### *Jack Dempsey once said that champions “get up when they can’t.” Your thoughts about courageous leadership?*

As Washington and Lincoln demonstrate, it takes courage to make the right decisions, especially when there is great pressure to do nothing or to make a *popular* or at least *safe* decision. I remember the Tylenol scandal in 1982. Seven people died. It was eventually determined that someone had tampered with a few bottles of Tylenol. At that time, James Burke was chairman and CEO of Johnson & Johnson. Demonstrating courageous leadership of the highest order, Burke immediately led the company to spend about \$100 million on a recall of 31 million bottles of Tylenol which, before the tampering, had been the country’s best-selling over-the-counter pain reliever.

All courageous leaders have what is often described as a *moral compass*. It guides them to do what is right. Obviously, James Burke had one and there are lots of other examples in the business world. My point is not only the CEO but literally everyone else within an organization should demonstrate ethical leadership in all of his or her relationships. Long ago, someone once told me that character is who you are and what you do when no one is watching. I believe that. Know what is right and do what is right. Not always easy to do but, I sincerely believe, what is right is what must be done.

*Based on your extensive experience in the business world, what single quality do all great leaders share?*

It is difficult to select only one. In response to several previous questions, I suggested several different qualities or values, which I think, are very important. All great leaders have them. If pressed to select only one, I guess it would be vision. I am reminded of the famous quotation, "Some people see things that are and ask, why? Other people dream of things that never were and ask, Why not?" As I observed earlier, great leaders attract followers who respect and trust them while they, together, pursue the same vision. Perhaps it is political or religious freedom. Perhaps it is military victory. Perhaps in business, it is achieving what Jim Collins calls a "Big Hairy Audacious Goal." Whatever.

*One final question. Which specific decisions must CEOs make now which could have much more serious consequences than ever before?*

Oh boy. That is a really tough question to answer. Here are two kinds of decisions which seem to be much more difficult to make now than ever before. First, what should be the nature and extent of involvement in international trade? That is a high-risk/high-reward situation, especially in the Pacific Rim markets. Globalization initiatives will increase and intensify. I expect to see all manner of partnerships and strategic alliances. Given all the options and opportunities as well as perils, it is quite a challenge for any CEO to decide which strategy is most appropriate.

Here is another difficult question to answer: How to attract and then retain the best and the brightest people you need? There really is a *talent war* underway. I expect to see even more outsourcing during the next 12-18 months but, even so, competition for the best talent is certain to intensify, especially competition for what Peter Drucker refers to as "knowledge workers." They comprise any organization's most valuable asset and now have many more career options than ever before. Hence the importance, as I already indicated, of identifying them, hiring them, and then retaining them.

Today, everything seems to be moving so much faster. Change really is the only constant. The Internet has eliminated traditional concepts of time and space. In fact, there will always be challenges. I prefer to view them as opportunities. Long ago I realized that most human limits are self-imposed. All of us at Thomas Group know that great challenges await us in months and years to come. We approach them together, aware of the perils but excited by the opportunities. 