

# ***Servant Leadership - The Link to Superperformance***

**APLN HOUSTON  
APRIL 8, 2009**

***Dave Guerra***



# **Exercise**

## ***Test Your “SLQ”***

### ***Who Said It?***

- ***Decide at Your Table Which of these Individuals is Responsible for Which Statements?***
- ***Draw a line from Individual to Corresponding Quote***

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# **Exercise**

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# *Robert Greenleaf*

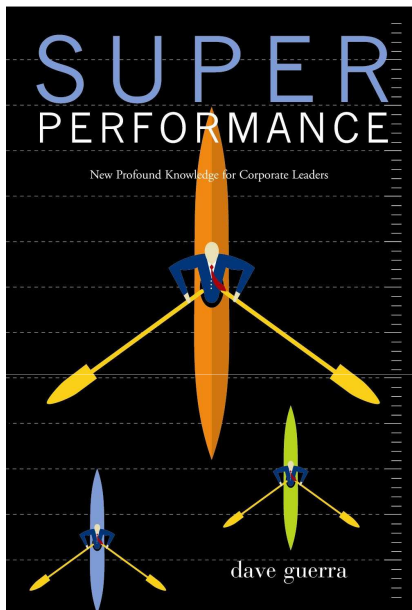


***SVP Operations Research at  
AT&T in the 1960s to 1970s***

***Author of “Servant as Leader”  
(1980)***

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# *A little background on Superperformance:*



**Superperformance  
is an optimization  
approach.**

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# *The Superperformance Formula*

## *Cracking the Code*



***Process x Culture = Superperformance***

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# *Superperformance Definition*

Industry-Outperforming Return on  
Investment (ROI) sustained **over time**  
(at least 12 years)

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# *Sustainability*

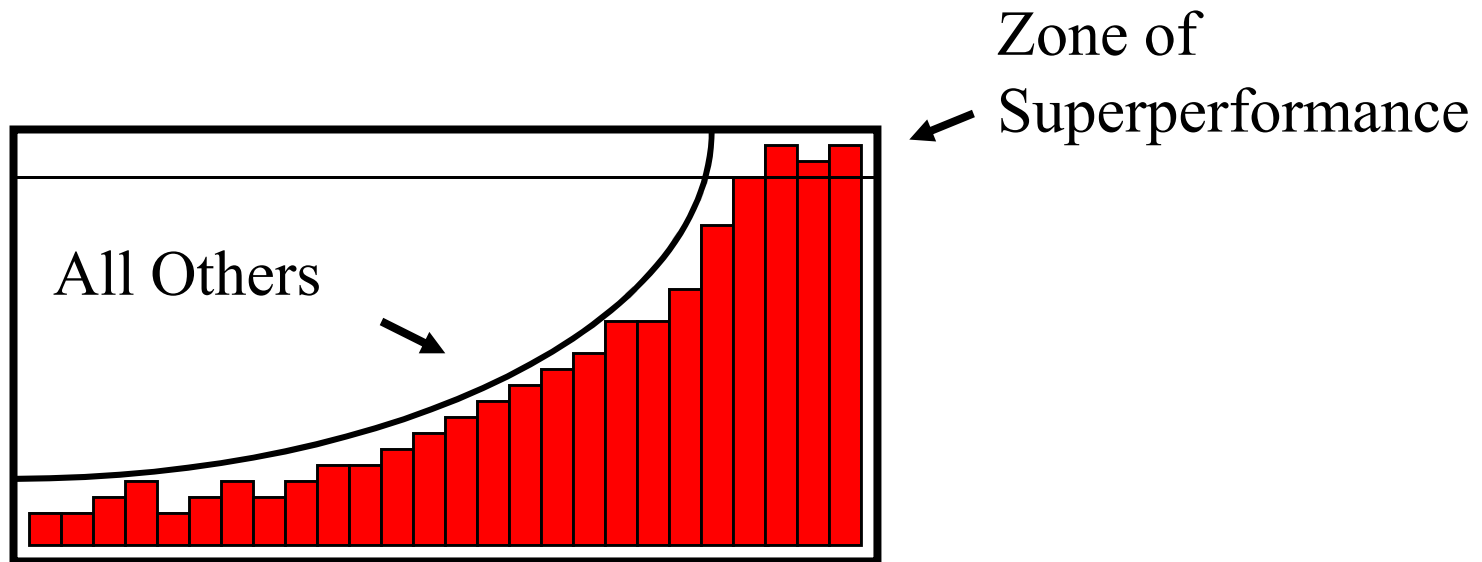
**“Our favorite holding period is forever.”**

**Warren Buffett**

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# A Different Zone of Performance



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# 10 Industries

- **Capital Investing**
- **Airlines**
- **Software**
- **Classic Jewelry**
- **Healthcare Products**
- **Regional Banking**
- **Food Distribution**
- **Automobiles**
- **Motorcycles**
- **Retailing**

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# 10 Superperformers

BERKSHIRE HATHAWAY INC.



Johnson & Johnson

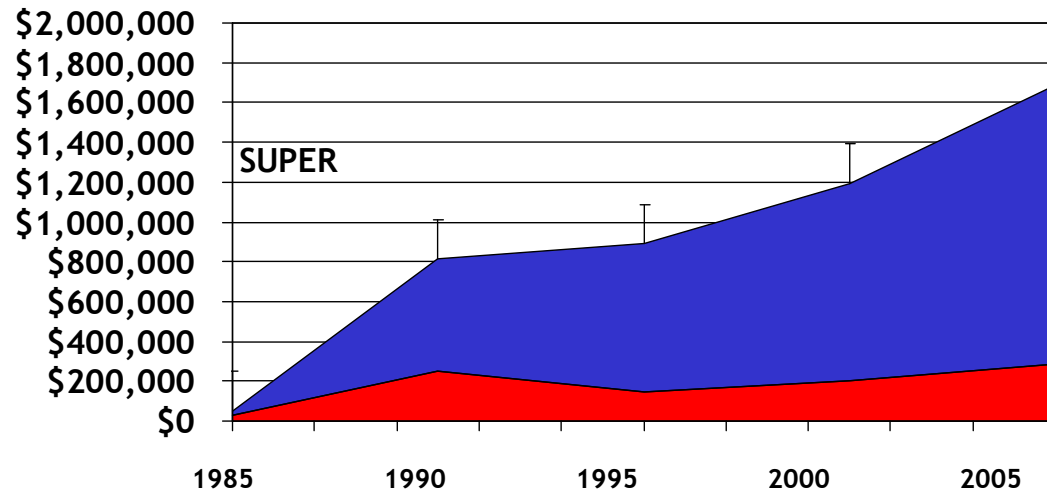


WAL★MART

TIFFANY & CO.

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# The Superperformance Fund



## 20 Year Performance Super vs S&P 500

**\$25,000 Initial  
Investment**

**\$288,000**

**VS**

**\$1,400,000**

Courtesy Aim Investment  
and Morningstar.com

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# 8 Simple Rules

**Rule 1:** The Superperformance Formula is  $P \times C = SP$ .

**Rule 2:** Superperformers superperform over time.

**Rule 3:** The paradigm shift of Superperformance is from machine to organism.

**Rule 4:** Superperformance is produced by super managers and super leaders.

**Rule 5:** Superperformance is transformed flow.

**Rule 6:** Superperformance is unleashed passion.

**Rule 7:** Superperformance requires metamorphosis.

**Rule 8:** Superperformers oscillate to continue superperforming.

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# *Implications of Superperformance*

- *Introduces a **new** management science*
- *Instills a set of principles and methods for transforming short **and** long-term performance*
- *Provides a **simple** strategy for taking things to a new level*

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# *Complementarity*



*“... One day this will  
be the common  
knowledge of  
school children.”*

*Niels Bohr*

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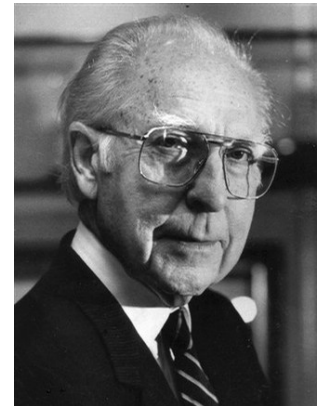
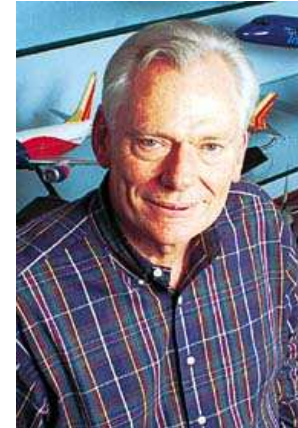
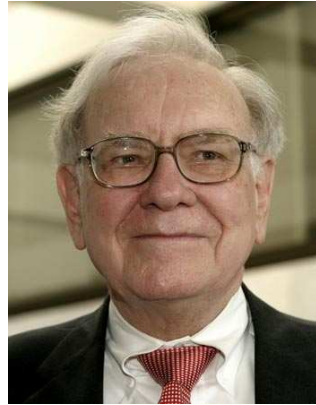
“Manage Process, Lead People.”

*Superperformance Proverb*

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# Who are the people at the top?



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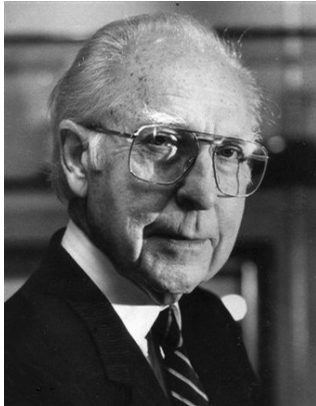
# *The Superperforming CEO*

## *15 Distinctions*



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# *Belief in Unlimited Potential of People*



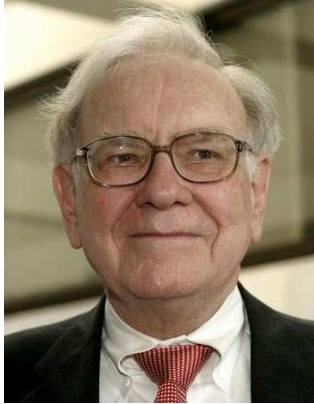
*“We have the greatest number of honorable people I’ve seen assembled at this company. That’s the reason I still like to come to work.”*

*John Baugh, Sysco*

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# *Take the Long View*



*“Our favorite holding period is forever.”*

*Warren Buffett, Berkshire Hathaway*

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# *Use Coaching*



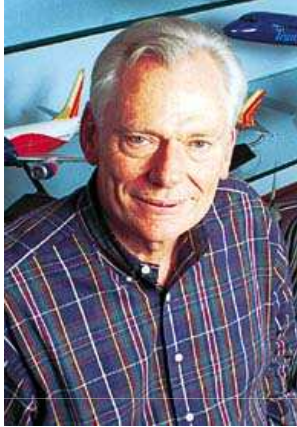
*“We are trapped in too narrow a context without some access to outside intervention-to an outside view. Coaching provides a way to have a view from the outside.”*

*George Martinez, Sterling Bank*

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# *Find and Stay in Your Niche*



*Our business model was simply: “If you get your passengers to their destinations when they want to get there, on time, at the lowest possible fares, and make darn sure they have a good time doing it, people will fly your airline.”*

*Herb Kelleher, Southwest Airlines*

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# Tacking



*“It has to do with being aware of both aspects of the duality at the same time. You have to manage not to get them too far apart. You have to have coordinated action between the two, usually this is missing, they usually operate independently in silos.”*

**George Martinez, Sterling Bank**

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# *Responsibility as a Choice*



*“You have to create the conditions so that people are doing it because they want to, not because they have to.”*

*Richard Teerlink, Harley Davidson*

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# Share the Wealth

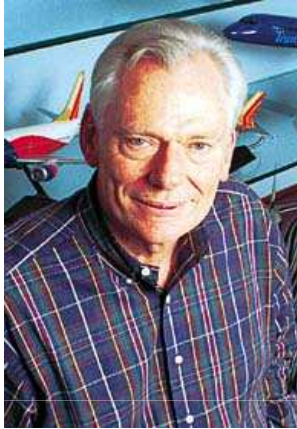


*“I was so doggoned competitive that I was blinded to the most basic truth . . . the more you share profits with the associates-whether its in salaries or incentives or bonuses or stock discounts - the more profits will accrue to the company.”*

*Sam Walton, Wal-Mart*

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# *Value things Hardly Valued*

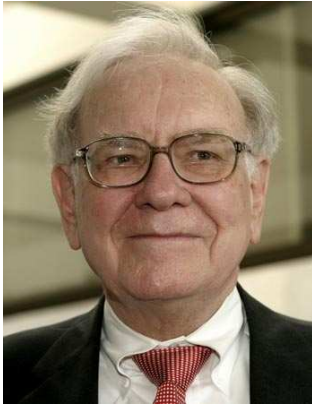


*“People who think of business only in terms of the visible numbers are missing the heart of business, which is people.”*

*Herb Kelleher, Southwest Airlines*

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# *Everybody Win*



*“I've always made it clear to Berkshire's shareholders that my wealth from the company would go to philanthropy, so the fact that I'm starting the process is basically a nonevent for them.”*

*Warren Buffett, Berkshire Hathaway*

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# *Fulfilling Life's Purpose*



*“As a leader your principal job is to create the environment so that others can do great things.”*

*Richard Teerlink, Harley Davidson*

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## *Instill Safe, Open and Honest Conversation*



*“A company is stronger if it is bound by love rather than by fear.”*

*Herb Kelleher, Southwest Airlines*

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# *Use the Power of Context*



*“The goal of the company is not to monetize anything. The goal is to change the world -- and monetization is a technique to do that.”*

*Eric Schmidt, Google*

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# *Operate as one Team*

*“People are the product.”*  
*Ted Bauer, AIM Investments*



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# *Everybody Win*



*“For business leaders, trust is the vital fuel that makes our system function effectively.”*

*Bill George, Medtronic*

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# *Continuously Emerge*



*“The future is not what it used to be.”*

*Eric Schmidt, Google*

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# ***Exercise***

## ***Am I a Servant Leader?***

- ***Read the Questions to Yourself***
- ***Discuss In Your Group Which Are the Most Valuable***



**How do you tell a servant-leader is at work?**

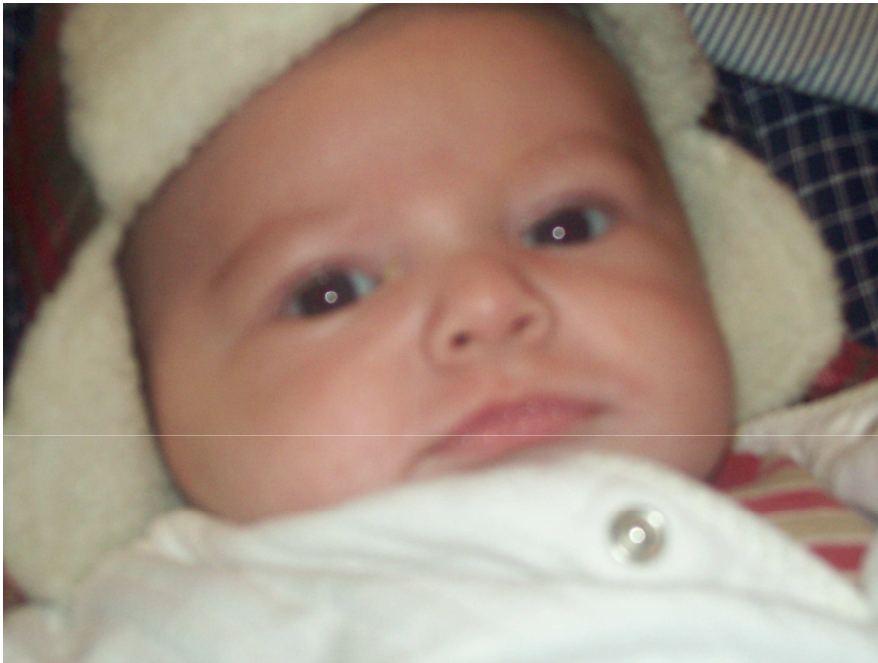
**Do the people around the leader grow?**



## George Martinez

“Command and control takes a lot of authority and self-worth away. Once people are enrolled, they are doing it for themselves. They become self-motivated. It is inside-out. Then alignment happens. It is never insisting. It self-organizes. It is always pull versus push. It is always choice versus no-choice. You have to create the conditions to engage intrinsic versus extrinsic motivation.”

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**Thank You!**  
**Dave Guerra**  
*(father of Stephen  
James Guerra)*

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