

Why Servant Leadership Works

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[Opening remarks omitted]

Being here at the Halekulani brings back a lot of memories. My family came to Hawaii in 1962 aboard the Matsonia. When we docked at Aloha Tower, there was a band playing, and hula girls were dancing, and boys were diving for coins. As we disembarked, each of us was given a lei. It was a great way to arrive. We stayed for a few weeks at the Tradewinds Hotel, across from the Ilikai, except that back then, the Ilikai didn't exist—it was just being built. We listened to the pile drivers all day. The Ilikai was controversial, because it was going to be so tall. Today, you can barely pick it out on the skyline. Things have certainly changed.

We used to come to the Halekulani from time to time for Sunday brunch. The hotel had a lot of little cottages then. It was really charming. I think the word I would use for the hotel today is elegant, or even exquisite. But one thing that has been consistent for the past 45 years is the excellent service. The hotel staff always makes you feel welcome, and is very attentive to your needs.

And that's a good starting point for us. The simple fact is that every organization exists to meet somebody's wants or needs. Whether the organization is public, or private, or non-profit, or academic—whether it's a business or a government agency or a social service organization or a school or university—the purpose of the organization is to meet people's needs. Our organizations may receive income in different ways—from sales, or fees, or donations, or tax revenues—but each of us goes to work each day to meet people's needs. We help people to get food, clothing, shelter, health care, education, or recreation. We enhance lives, or protect lives, or save

lives. In short, we make a difference in other people's lives. That is a noble thing. While serving others, we gain meaning and purpose for our own lives.

So if the purpose of every organization is to meet people's needs, then it is important to ask: What kind of leadership is best suited to meeting the needs of those we serve? I will refer to those we serve as customers, but I mean to include anybody our organizations exist to serve—customers, clients, patients, students, members, participants, or citizens. It is important to know what kind of leadership serves them best, because serving your customers is not only the reason for your organization's existence, it is also the key to your organization's success. This is a bottom-line question.

Listening

Here's what I think you need to do to be really successful at serving your customers. First, you need to do a huge amount of listening. Find customers or potential customers and ask them about their wants and needs, their hopes and dreams. Gather feedback in as many ways as possible from your colleagues who work directly with customers. Conduct informal interviews, formal interviews, surveys, discussion groups, and focus groups. Do marketing studies and needs assessments.

Spend a lot of time asking, listening, watching, and thinking about what you learn. This will get you close to your customers, so you can determine what they want and need. Once you know what they want and need, you can focus on how to provide it. And if you are able to provide it, you will be very successful as an organization. You will have very happy customers.

The main point is that you don't begin with the answer. You don't begin with your own knowledge or expertise. You begin with questions that help identify the wants and needs of your customers. Not nearly enough organizations do this, or if they do it, they don't do enough of it.

One problem is that most organizations are run by experienced professionals who know a lot about what their customers want. They know a lot, so they aren't driven to learn more, which means that *they don't know enough*. Times change, demographics change, the market changes, and they get out of touch, out of synch with their customers. When sales begin to slip, they increase their marketing and sales efforts instead of increasing their

listening efforts. This is unfortunate, because nothing is harder than trying to sell a program or product or service to people who don't want it. If you are good at listening and responding to what you hear, people will be *asking* for your product or service, instead of resisting it.

One of the most relentless listeners I have ever met is Richard Pieper, Chairman of PPC Partners, Inc., headquartered in Milwaukee. PPC Partners owns a series of electrical service and construction firms. Dick joined Pieper Electric as President in 1960, when the family-owned business had eight employees doing \$250,000 of business per year. Today, PPC Partners, Inc. employs 900 to 1,100 people, does hundreds of millions dollars in sales, and is one of the top electrical contracting firms in the United States.

One reason for the company's dramatic growth is that Dick is always getting feedback from colleagues and customers. He is always asking and listening, inside and outside the company. After every company meeting, he asks each person who attended to give a complete evaluation of the meeting, with recommendations on how to make the next meeting better. Dick even has a Chairman's Office Survey in which he asks each employee to rate him and his executive assistant on their quality of service, reliability, knowledge, and timeliness. Then of course there are regular surveys of customers. The comments are studied, and follow-up is comprehensive. At Dick's company, listening is a broad-based, systematic process with a focus on constant improvement.

Part of the listening process is testing products or services in their early stages of development, to make sure they are aligned with customer needs. Years ago, when developing a new four-wheel, all-terrain vehicle (ATV), Suzuki Motor Company engineers took prototypes of the ATV to the apple orchards of Washington State and asked the workers to try them out. The engineers watched and listened to the feedback they got from these early users. For example, the workers said they needed a basket for tools and insecticides, so the engineers added a basket.

One day, a manager took off into his orchard with an ATV, and was away a long time. The engineers began to worry. Did he have an accident? Did the prototype break down? Finally the manager returned with a big smile on his face. "That was fun!" he said. "I want to order 20 of these." It was only after listening and testing that the engineers knew that their product was ready to market.

Inverting the Pyramid

To do a good job of listening, you need to be sure that everyone in your organization, from top to bottom, is paying attention to your customers every day.

That is hard to do if you operate with a traditional hierarchy, shaped like a pyramid, with only a few people at the top—the President or CEO, CFO, CIO—and then more middle managers, and then the largest number of people at the bottom, the people who deliver the programs, products, or services. You have to invert this pyramid, or at least lay the pyramid on its side, if you want everybody to stay focused on customers.

The reason is that in the traditional pyramid, people pay more attention to their bosses than to their customers. People are looking “up” to their bosses, rather than “out” to the customer. The problem is that pleasing your boss may have nothing to do with pleasing your customers. You can please your boss, and she can please her boss, and he can please the Board of Directors, without anybody really paying attention to the wants and needs of the customer. So you have to invert the pyramid, or tip it over, so that everyone can focus on the customer.

Of course, if you are the leader, it makes sense to stand at the top of the pyramid long enough to articulate the mission and the vision and establish the goals, so that everyone knows where they are headed. But then you need to focus on implementation, or the mission and vision and goals will come to nothing. Focusing on implementation means helping your direct reports, who help their direct reports, who help the customers. You make sure that everyone has the training, and the resources, and the time to implement the vision and serve the customer. You run interference for your direct reports when they need it. You give them the help they need to be effective.

Dr. Steven Sample, President of the University of Southern California, has led USC in a remarkable period of growth during the past 15 years. He tells a story in his book, *The Contrarian's Guide to Leadership*, about an early lesson he learned. At the tender age of thirty, he was named deputy director for academic affairs of the Illinois Board of Higher Education. The board's chairman, George Clements, was a successful business man.

Sample recalled that when he started work, Mr. Clements advised him to spend only 10 percent of his time hiring, evaluating, exhorting, praising, and motivating the people who reported directly to him. Clements said: “For the remaining 90 percent of your time you should be doing *everything you can* to help your direct reports succeed. You should be the first assistant to the people who work for you.” Sample said that throughout his career, that has been excellent advice. He helps his people to implement.

Building a Leadership Team

Another problem with the traditional pyramid is that the person at the top of the pyramid—let’s call that person the President—has difficulty getting accurate information or testing his or her ideas. The President is usually not part of the grapevine, and people tend to tell the president only what they *want* the president to know, not what the President *needs* to know. Information gets filtered. And not too many people are comfortable telling the president that his newest idea is a lousy one. Unless they have already announced their retirement or have another job lined up, they just aren’t going to tell him what they really think. So the President can lose touch, and may come to think of himself as exceedingly brilliant and nearly infallible. His ideas must be great. After all, nobody is challenging them.

This problem is actually easy to solve. What you need leading your organization is not an individual chief, but a team. You need a council of senior leaders and managers who trust each other, share information, and test each other’s ideas. You need a team of senior leaders whose members are comfortable talking to each other as equals. The President or CEO should be *first* among equals, with the authority to make the final decisions, but she needs to be accessible, open to challenge, and receptive to the real news, not the filtered news. This will help connect the President with the rest of the organization and the customers it serves.

Developing your people

Okay—you are committed to listening, and you have inverted the pyramid or at least tipped it over so that everyone can focus on the customer. Your President is part of a team, and is no longer isolated from the rest of the organization. You’re off to a good start.

Obviously, your organization's ability to listen to and serve your customers will only be as good as your people—your colleagues, associates, or employees. Most of us work in service industries or knowledge industries, in which our people are by far our biggest asset. You will want to train and develop your people, so that they are good at listening and serving your customers, in addition to having whatever technical skills are required by their jobs. If you take care of your people, they will take care of your customers.

TDIndustries is a highly successful air conditioning and specialty construction company based in Dallas. It has been on *Fortune* magazine's list of the 100 Best Companies to Work for in America. In fact, it has been on the list every year since the list was started, so *Fortune* magazine has put TDIndustries in its Hall of Fame. The company's "Mission Statement" is not about profit, or market share, or leadership in technology. The Mission Statement is about developing people. It says: "We are committed to providing outstanding career opportunities by exceeding our customers' expectations through continuous aggressive improvement."

The Mission Statement is elaborated by saying, "We believe in continuous, intense 'people-development' efforts, including substantial training budgets." In a world in which employee turnover is very expensive, TDIndustries has the competitive advantage of attracting and keeping excellent employees. They do it by constantly developing their people.

Coaching, not Controlling

One of the best ways to develop your people is to constantly coach and mentor them. If you want your employees to know how to serve your customers, you need to coach your employees, not control them.

In a lot of old management textbooks, the assumption was that a manager is there to "control" his or her unit or organization. The people who report to the manager constitute his or her "span of control." The manager's job is to "keep things under control."

The problem with focusing on control is that *nobody really controls anybody else*. Each of us controls our own time and attention, but nobody else's. A leader may have "authority" and may issue an order, but followers

have to accept the leader's authority and decide to comply with the order, or nothing will happen.

Yes, a leader can threaten punishment, but even then, individuals have to decide if they are going to cooperate or accept the punishment. If you work in the kind of organization that allows you to fire a person who resists authority, you can go ahead and fire that person, but the person still hasn't complied with the order. And when that person leaves, you have to pay the cost of lost productivity while a new person is being hired and trained and brought up to speed as the replacement.

So giving orders is not enough. You have to make sure that people understand the order, see the purpose of the order, and are willing and able to do what needs to be done. You can't *make* them do that. It would be like ordering someone to be charming. It doesn't work. A far better approach is to inspire, to engage, to coach, and to mentor.

This approach is especially important in working with your best employees. Jack Lowe, Jr., Chairman of TDIndustries in Dallas, points out that "Your best employees have the talent and ability to leave your company and find work elsewhere if they want to. So you should lead them the way you lead volunteers." That means coaching, not controlling. That means engaging and inspiring, not threatening.

The second reason for coaching instead of controlling is that in most businesses, today, we want people at all levels of the organization to exercise good judgment in responding to the needs of customers. We can write rule books and procedure manuals, and make our operating procedures more and more detailed, but there will always be cases that don't fit the rules. Judgments have to be made, and they should be made by the people closest to the customer and the situation. If we are good at coaching, our colleagues will understand the organization's mission and vision and strategic plan and values, and will be able to make good judgments.

Unleashing the energy and intelligence of others

If you are training and developing your colleagues, and you spend time coaching and mentoring them, then you will be comfortable allowing them to make decisions. You can unleash the energy and intelligence of your employees.

Not unleashing the energy and intelligence of others is extraordinarily sad and wasteful. Knowledge and skill are needed at all levels, and everyone counts. It doesn't make any sense to have lots of people in an organization, but let only a few people—those at the top—use their full potential. The people at the top of the pyramid can't *know* everything or *do* everything. They are only human; they have limits. Meanwhile, the organization is paying for *all* its people. Why not engage them fully in the work at hand? When everybody is fully engaged, the organization will be better able to understand and respond to the needs of colleagues and customers.

Giving people choices actually improves their performance. Research done by Dr. Kenneth Thomas on motivation at work suggests that a sense of choice is a key intrinsic motivator. If you give your colleagues choices regarding the way they accomplish their work, they will be intrinsically motivated. Research shows that people who are intrinsically motivated are more productive, more committed, more innovative, and less likely to burn out. So it makes a lot of sense to unleash the energy and intelligence of all your colleagues, associates, or employees and let them make choices.

What we call it: Servant Leadership

Now, we started with the question: What kind of leadership is best suited to meeting the needs of those we serve? That desire to serve the customer, to really meet customers' needs, led us to a set of leadership practices. We talked about listening, inverting the pyramid, building a leadership team, developing our colleagues, coaching instead of controlling, and unleashing the energy and intelligence of our employees.

A lot of experts on leadership and management think that these practices are very important to an organization's success. These experts include Ken Blanchard, Jim Collins, Stephen Covey, Peter Drucker, and Meg Wheatley.

People use different words to describe these leadership practices. You could call it service leadership, or serving leadership, or needs-based leadership. My organization calls these leadership practices *servant leadership*.

Where did those two words, “servant leadership,” come from? They didn’t come from a bunch of guys sitting in a hot tub somewhere along the California coast. Nor did they come from theorists in an ivory tower on a university campus. They came from an experienced businessman.

It is my privilege to serve as the CEO of the Greenleaf Center for Servant Leadership, which is based in Indianapolis. The Center was founded by Robert K. Greenleaf. Robert Greenleaf was a highly respected businessman who worked for AT&T for 38 years, from 1926 to 1964. Toward the end of his career, he was AT&T’s Director of Management Research. It was his job to figure out how leaders and managers at AT&T could become more effective.

After Greenleaf retired in 1964, he reflected and decided that there had to be a better model than the power model of leadership he saw at AT&T. In 1970 he published an essay entitled “The Servant as Leader,” in which he coined the phrase “servant-leader” and launched the modern servant leadership movement in America. We have sold hundreds of thousands of copies of that essay since it was first published.

Greenleaf distinguished between leaders who are “leader first,” and those who are a “servant first.” Those who leader-first are power-oriented leaders, while those who are a servant first, are servant leaders. Here is his definition:

The servant-leader *is* servant first... It begins with the natural feeling that one wants to serve, to serve *first*. Then conscious choice brings one to aspire to lead. That person is sharply different from one who is *leader* first, perhaps because of the need to assuage an unusual power drive or to acquire material possessions...The leader-first and the servant-first are two extreme types...

The difference manifests itself in the care taken by the servant-first to make sure that other people’s highest priority needs are being served. The best test, and difficult to administer, is this: Do those served grow as persons? Do they, *while being served*, become healthier, wiser, freer, more autonomous, more likely themselves to become servants? *And*, what is the effect on the least privileged in society? Will they benefit or at least not be further deprived?

Basically, Greenleaf abandoned the power model, and articulated the service model. That was a bold move, because the power model of leadership is the dominant model in our culture. However, there are a lot of problems with the power model. Here are the problems that I have seen in my own work experience.

First, the power model of leadership focuses on *having* power, not on using it wisely. Power is an end in itself.

Second, the power model of leadership promotes conflict between power groups or factions. People are taught that leadership is about power, so they establish themselves in power groups that compete with other power groups. These power groups become so focused on their rivalries with each other, that they can't focus on solving problems or seizing opportunities. They are also reluctant to cooperate with each other, because if things go well, they might have to share the credit, and that would change their relative power.

Third, the power model defines victory in terms of who gains more power, not in terms of who accomplishes the most for his or her organization or community. Those are some severe drawbacks.

Unfortunately, there are two more problems with the power model, and that is the impact that it has on the leaders who use it. First, people who seek power, often become irrelevant as leaders. They focus on what they want, instead of what other people want, and they lose touch with the people they are supposed to be serving. Second, people who seek power can never get enough of it. It becomes a kind of disease. They always want more, and more, and more. This easily results in spiritual corruption and an unhappy life of self-torment.

Now, we live in a real world. Power abhors a vacuum, Somebody is going to exercise power, and it makes a difference who that somebody is. A servant leader can exercise power. The difference is that servant leaders see power as a tool, a means and not an end. Other tools are usually more important—like coaching and mentoring. And when servant leaders do exercise power, they exercise it on behalf of others, not themselves.

Because servant leaders focus on the customer, they get bottom line results. They also lead very meaningful lives. There is a lot of meaning and

satisfaction in identifying and meeting the needs of others. There is a lot of meaning and satisfaction in listening, inverting the pyramid, developing your colleagues, coaching and mentoring, and unleashing the talent and energy of your employees. You get to see your people grow, and your organization grow, as you work together to serve your customers.

I like to say that servant leaders get material results for their organizations and spiritual returns for themselves. The spiritual returns are in the meaning and satisfaction that come from making a difference in the lives of colleagues and customers.

In the end, it doesn't matter what we call this kind of leadership or where the idea came from. What matters is that it works. What matters is that we will be most successful when we truly meet the needs of our customers. That is why our organizations exist. And that is the only good reason for leading.

Thank you.