Speaker 1: Jim My name is Jim Bulloun, you can call me Jim. I’m going to talk about, I guess, my life. I’ve had a number of careers, and maybe the place to start is with my great grandparents who came to this country from Bohemia in the middle of a depression in the Austro-Hungarian Empire around 1875 or so. They got on a boat and then came to Philadelphia, got on a railroad, went to Arkansas where they picked cotton for seven years to pay for their boat ride, and then went to Iowa, bought a horse and a plough and 80 acres.

 My dad was born in 1904 and 20 years later his mother who had a third grade education decided that her boys and her daughters would go to college. They were the first kids from Tama County to go to college. It was universally opposed by all the other farmers and the priest. The priest thought rightly that they would come away from college with fancy new ideas and he was right. Dad became a high school teacher of vocational agriculture and met my mom and married her, which wasn’t received really well at the beginning because she was not Bohemian, she was not Catholic and she had no land. Eventually I came along and that seemed to heal the breach.

 Dad taught high school for 15 years and always wanted to go to graduate school. In 1944 we got on a train and moved to Alaska, went to Seattle, gone on a boat. This was still wartime and dad was superintendent of the USDA Department of Agriculture experiment station, first in Fairbanks and then in the Matanuska Valley in Wasilla.

 I went to Palmer Elementary School. For years I thought the Palmer method of handwriting was unique to our town. It wasn’t until we moved back to Iowa in 1949 that I realized other people used it too. It was pretty hard to learn sports in Alaska because we didn’t have the facilities, we had a very short summer, and so the best I could do was baseball, and I did play baseball in high school. I went through Wells Junior High School and then high school in Ames after my short tour to Illinois and back again.

 Dad got his PhD in poultry nutrition, was a minor in biochemistry and a minor in statistics, which I guess is pretty remarkable. He did it in three years, near straight A’s, working as a carpenter on the side. We were living in half a Quonset hut on the Ames campus, and I had jobs all the time. In eighth grade, I raised 200 chickens from little bitty chicks to big chickens. I sold the eggs door-to-door, and eventually I sold the chickens.

 In the summers I would work hoeing corn on the experiment plants. My dad owned a farm that my uncle farmed, and I would go out there and I would cut what’s called rogue corn out of the soybeans. Rogue corn is what grows up naturally after the field has been corned the year before. My machete and I would go out there and cut rogue corn. I painted barns, I worked as a janitor in the summers, I worked at the Dairy King.

 I really didn’t know what I was going to do all the way through junior high and most of high school. Probably halfway through high school, I got organized. I was always a pretty serious kid, but I started thinking about things like how big is infinity, and if God created the earth who created God. I got into one of these endless loops that you can’t get out of. I finally decided that you can’t prove some things, and that there is a mystery of life that human beings don’t understand yet, and that’s okay, that I should be willing to take risks with my life, I shouldn’t be so cautious. I should not say no to things that are offered to me, like “Come on, Jim, let’s go swimming.” “No, I don't want to go.” Or “Come on, Jim, let’s join the football team.” “No, I don’t think so.” I was doing a lot of that.

 Finally as a junior high school I decided I better try things. I guess the first one was President of the Hi-Y, I got elected. Second one was in a play, the third was that I organized the radio club of Ames High School, and then the fourth was baseball. I wasn’t good at any other sport, but I just worked and worked and worked at perfecting a curveball. I had a peach basket that I nailed on a tree and I threw baseballs at it until I could get really good. I’m still proud of the 0.95 earned run average I had when I was a senior.

 Also I was a terrible batter. I could not get the bat around, so I would block the ball out. It would go out down the right-field line spinning, and it would bounce on the ground and go way outside. By the time they got it, I was on third base. I had more triples than anybody else, simply because I was a terrible batter. That was a lot of fun to play baseball with that team.

 I competed for a Navy scholarship, and on the Navy scholarship I went to Iowa State. Having grown up in Ames and Alaska, I thought Iowa State is probably one of the best engineering schools in America. I was afraid of the Ivy League, I didn’t understand what went on the East Coast. I’d never been east of the Mississippi River so it intimidated me, so I went to Iowa State. I pledged to fraternity, I wasn’t a very good fraternity member because I was more – frankly I was comfortable living at home and having mom cook dinner for me and do the laundry.

 I probably wasn’t a really good joiner, but I was politically ambitious, so I found myself drifting from electrical engineering into industrial engineering, and from engineering in general into politics. I ran for and became a Student Senator and then Student Body President. I think that was a good exercise. Although once I got to be Student Body President, I had to figure out so what, what am I supposed to do? I invented a project which was to improve the grading system and worked on that. I came out of Iowa State with a pretty good record.

 I was in love and got married and decided to join the Civil Engineer Corps so I could stay on land. I was not a CB which is run by the civil engineers, but I was in the Public Work Center on Guam for two years. Then we had a typhoon come through with 200 mile an hour winds, and it blew everything down. I was reattached to the officer in charge of construction. My responsibility was the Air Force Base at Anderson Air Force Base. It was a strategic air command base. I was the go-between between the Air Force and the Navy and the Architect Engineer for the nine months that I remained on Guam.

 I knew I didn’t want to practice engineering, and I didn’t quite know what to do next after the Navy. I was pretty sure I didn’t want to stay in the Navy. One of the officers there gave me a book on systems analysis of weapon systems and I thought that was pretty interesting. This was in the era of McNamara and the Whiz Kids applying quantitative analysis to the evaluation of weapon systems procurement. I read that, and I said, “What else do you have?” He had a book on microeconomics that had decision tables, decision trees, linear programming, discounted cash flow, ways to think about choosing among alternative courses of action.

 I said, “Gee, that’s really interesting. Where do I study that?” He said, “There is a place called Harvard Business School.” I said, “What’s that?” because I’d never heard of it. I found a guy on Guam who had been there and he showed me the cases. He encouraged me to apply. I took the test up at the College of Guam, sent it off, applied with Harvard Business School, got admitted. After I showed up in Boston, I found out there were other business schools too, but I didn’t know at the time they were. I just loved it.

 For two years I was not interested in student politics, I was just interested in doing well in those cases. Three cases every day, lots of reading the night before. Unlike a lot of other education, the point is not, what did you learn from the case? The point is, Monday morning, what would you do? You are the guy or gal in charge, what would you do? The whole focus changes from what can you tell me about what you learned and observed to what would you do and why? Some of these cases were 20 pages long, not unlike real life.

 The skill they were trying to teach is how do you sift through lots of noise to find out what’s important and what can you do to be productive moving forward, changing things. It turned out this was just the ticket for me, and I having been an okay student at Iowa State, I turned out to be a really good student at the Harvard Business School. I couldn’t get a job in Boston in the summer because I wasn’t an electrical engineer. Those were the days when computers were important and it was hard to get a job in the summer in Boston.

 I got this nice letter from these people at McKinsey and Company. Never heard of McKinsey and Company, so I went down to New York, interviewed him and they were great people. I found out from some of my professors that it was a really first-rate firm of people who were problem-solvers for business. Mr. McKinsey was an accountant at the University of Chicago who wrote the early textbooks about managerial as opposed to financial accounting. Financial accounting is the accounting that says the books are clean, it’s all there. Managerial accounting is, here is how you can make decisions that will improve the performance of the company: Product line, profitability, customer profitability, things like that.

 Marvin Bower who was a lawyer at Jones Day in Cleveland met him. Marvin had both an MBA and a law degree and he had been the secretary of workout committees for failed bonds in the depression. He recognized the need for this kind of talent to help businesses turn themselves around when they get in big trouble, or if they want to do better if they are a good business.

 At the time the so-called management engineers were pretty much people who worked in a factory floors, warehouses, they were efficiency experts. They weren’t terribly well-educated, they were working out of their experience rather than their analytic capability. Marvin saw an opportunity to take the technical skills of McKinsey and marry them with the professional abilities of the great law firms of the time.

 What were those? To tell the truth, maintain confidences, do a better job than the situation calls for. Can you imagine, do a better job than the situation calls for? You can’t write a contract to enforce that, but what if you had a firm that you trusted to always do a better job than the situation calls for. Always place the client’s interests first. Don’t run up the billable hours just to do it. Have impact. Do what’s good for the client and don’t pay so much attention to what’s good for the firm, at least in the short term. Have faith that if you do what’s right for the client, the byproduct will be that the firm will be successful.

 McKinsey and Bower got together. McKinsey became CEO of one of his clients, Marshall Field and Company, caught pneumonia on a trip down to Fieldcrest in North Carolina, died. Marvin Bower in his 30s became head of the firm, moved to New York, called the firm McKinsey & Company. Why? Because if we called it Bower, everybody would want Bower on the team, and he wanted a bigger firm. Very clever man, Bower, very selfless man, cared deeply about the firm.

 I met Marvin Bower and I met the other people and I decided to join McKinsey, but I said I want to go to San Francisco. I was still frankly intimidated by the East Coast, I didn’t understand it, people in New York don’t talk the way they do in Iowa. They particularly didn’t in those days and I’d fallen in love with San Francisco on the way to and from Guam. We went there, our son was born, our daughter was born, we lived there 10 years. I became a partner fairly quickly. I did a combination of a lot of work on forest products, some work down in Silicon Valley, some work with people who made french fries, but most of it was forest products with several different companies.

 Just one example, I spent nine months in Terrace, British Columbia, trying to figure out how to get logs from the forest down into the pulp mill in Prince Rupert better and cheaper. Then I would turn around on my next project. I would go help a Napa Valley winery figure out the economics of wine production and how they could change their business strategy to become more successful. Then I go down the peninsula and I’d work with a computer tape company to figure out what their marketing strategy ought to be and how they ought to change their product mix to recognize the value of early introduction of new products.

 10 years later, my best friends in the firm had moved to Amsterdam in one case and Australia in another case. I was getting a little restless. Everything seemed to be going well. We had a next generation of leadership in the office, and I volunteered to go to Tokyo. Tokyo had been started about four or five years earlier. We really didn’t quite understand how to be helpful to Japanese clients, but we knew it was a very important economy and we should be there.

 We had zero revenue the first year I was there. Remember, Marvin Bower said, “Don’t pay attention to that side of the business. Do your best and you’ll be successful.” But do your best at what and with whom? We finally figured out that what the Japanese could learn from us was marketing strategy and business strategy that virtually everything they had done had been profitable, but they were entering an era where it was going to be tougher for them. Some of their business would be profitable, some would not. In part I remember when I was in Japan, and the process of denial American business went through for 10 or 15 years. It’s a piece of junk, it won’t make good copies, it’ll fall apart in a couple of years, it must be being subsidized by the government, it’s their tax structure.

 American business had the ability as all human beings do to deny the reality of the Japanese revolution for 10 or 15 years. Then we finally got it say around the 80s or so, and put Six Sigma into GE. Michael Milken revolutionized corporate finance and caused shareholders to say, “Hey, your job is to improve the performance of the company. It’s not to preside over what your grandfather gave you.” So people got interested.

 A lot of our attitude toward Japan back then is now our attitude toward China. It’s this huge thriving organization that is taking advantage of us poor, weak Americans. That’s nonsense. The Japanese were not Superman, and they’ve run into problems. The Chinese are not Superman and they’re running into problems. They’re just all human beings and we can compete with them. People like to talk about the hollowing out of manufacturing in America. It is true, we have about half many people in manufacturing as we had 30 years ago, but it’s also true we have more manufacturing output. It’s information technology and modern methods that have created this.

 It’s why we had 40% of our workforce on the farms 100 years ago and now we have one or 2%. All that revolution happened in farming, it’s happened in retail with the creation of Home Depot and Walmart, and it’s happened in manufacturing. I think it’s particularly serious now because it happens faster. The pace of change is faster now than it’s ever been, and it’s going to continue to be fast. What is slowing it down, I think is the regulatory complexity and the fact that a lot of our regulatory burden is now moving from the good to the perfect. The perfect is 10 times as expensive as the good.

 It’s all well intended, but it’s like Gulliver in the land of Lilliputians. You can look at any single string and say, “Oh, gee, that makes sense.” But by the time you cover him up with 1000 strings, he can’t move. That’s happening to our manufacturing sector. Meanwhile, it’s also happening in healthcare and education. In those two sectors, unlike manufacturing and agriculture before, there isn’t the same free market movement that forced people to change their strategies, change their productivity over time. We don’t have the same productivity improvement going on in those two very important and fast-growing sectors. How we unlock that? It’s going to be one the great questions that faces America in the next 10 or 20 years.

 Transportation too. If I were [Zara 00:24:54] tomorrow, I would put a peach pass on every vehicle in Georgia and I would charge for the use of our roads. That would indirectly create a market for public transportation. I would give every poor person a voucher for transportation and let them make their own choices. Everybody would be better off. You could get from one place to another faster with reliability. There would be bigger labor pools, and we could afford to finance improvements in transportation that we want to.

 If I were to put that up for vote tomorrow morning, it would go down in flames 99 to one. It’s the way Stockholm has gone, it’s the way Singapore has gone, and it will eventually get here. We need to find ways to use pricing and the free movement of people in and out of different activities to improve our productivity. In that way we can take care of ourselves and we won’t have to worry about entitlements and debt and so on, we’ll grow the economy. That’s my view anyway.

 I have great faith in the Japanese people. I just think they’ve been in a slump for 20 years because their politics just could not come to grips with this. The farm vote in Japan is just absolutely dominant. In no way folks were going to vote to permit the productivity improvement that was necessary, but now they’re moving in that direction, and I think they’ll solve the problem. After all they solved the pollution problem, that’s it.

 Another thing we got to consider about China, 40 years ago in Japan you couldn’t see across the street, it was terrible. They cleaned it up in about 10 years. China will do the same thing. I think it’s the march of GDP per capita. We’ve brought two billion people out of poverty worldwide in the last 40 years because of productivity improvement, movement of the free market and other things too, government of laws, education, good healthcare.

 If people are free to improve things, it really makes a difference. Look at the resistance of the Teachers Union to the innovations in elementary and high school. Look at the resistance of the Taxi Union’s to Uber. People just care about their rice bowls. If they’re organized in such a way, and dangerously if they can influence the political processes such that the funeral managers in Louisiana can stop a monastery from making wooden coffins and sell them for 500 bucks, then you slow down productivity.

 In Japan when I was there in order to put up a department store in, a Walmart type thing, you had to have the 100% agreement of all the retail stores within a two block area. Guess what? That’s really hard to do because they are either going to want to charge a huge amount of money for their vote, or they are just going to want to say, “No, I like it the way it is.” This that’s why they have twice as many people where they did at the time, had twice as many people per capita engaged in retail and wholesale trade as we do. It is half as productive.

 Some people say, “That’s great. We’ve got tiny little streets and neighborhood shops, and that’s the way it should be.” We want everybody to look like Europe. It’s just terrible that people should be free to drive their own car to their own house. We’ve got to put a stop to that. Stack them one on top of another, make them use trains. We began to say, what is business strategy? How do you come to grips with it?

 We also developed a way of working with our Japanese clients that was at the leading edge in the firm. We’d have a team of eight or 10 young Japanese managers who were bilingual from the client. They would be assigned full-time to work with us and we would plan the engagement, we would plan the fact-finding and analysis and we would make clear that while they were on that team, they were not there as a legislator. They were not there as the senator from manufacturing or the senator from marketing, they were there as a problem-solver. They were loyal to that team, and they were loyal to fact-based analysis.

 That appealed to the Japanese clients, so we worked in the rubber tire industry, we worked in the copier industry, the photographic industries, we worked in banking. By the time I left four years later, we had Japanese partners and the office was successful and starting to really grow. We had about, I think 16 people by the time I left. It was really ready for me to come back home and run.

 Daniel who was then the Managing Director wrote me a very nice note and said, “You can go back to San Francisco, you can come to New York and serve clients, you can go to Cleveland or Chicago where we are probably going to need another Office Manager in a couple of years or you can go to Atlanta where we have eight people. It’s a brand-new office started by my partner at Michael’s the year before. We’d like to have a Director there. I was a Director by this time. I really like you to go to Atlanta but you need to look at it and think about it.”

 My children were entering sixth and eighth grade, and I thought for myself if I were to stay in Japan longer, I would become more knowledgeable about Japan and the Japanese companies, but I wouldn’t be at the leading edge of what the firm does worldwide or what America does. I really needed to decide either to stay in Japan and become a Japanophile permanently or move back to the country, and I’m a [new 00:32:35] American. I want to be back here.

 I thought it would be better for my kids going into sixth and eighth grade to relocate when they could go through junior high and high school here. I liked the social and community spirit of Atlanta. Atlanta is really almost unique in America in the community spirit people feel, that business people feel it’s their obligation and their opportunity to participate in the work of the community and to know each other and to be engaged in the community.

 People tend to go to church here, they tend to support the Boy Scouts, Community Chest. There are active relationships among the universities and the business community here. In other places I’ve been, there is a separation. Everybody has heard of Ivan Allen, the mayor. His father wrote a little pamphlet called ‘Altitude and Attitude: The Secret of Atlanta.’ We are at 1000 feet high, so we are not a really hot and muggy southern city that the rich people want to escape in the summer, you can live here. And attitude, at the time of the Civil War, there were what 25 or 30,000 people here and this was not a wealthy city. The wealth was all in Charleston or Savannah or Mobile.

 A lot of the folks who came here didn’t come up from the Coast, they weren’t wealthy. They were Scotch, Irish, they were Jews, they were Catholics, they were people who migrated down the chain of mountains down through the Piedmont and wound up at this tiny little railroad intersection called Atlanta. I don’t know whether it’s because they came from different parts of the country or they didn’t have a lot of money when they started, but they were all hard-working ambitious people who came here to form this place and they started Rotary and they did all kinds of stuff together.

 It’s a very welcoming city. I think all the southern cities are more welcoming and open to people from the North or Midwest than they used to be, but Atlanta particularly. If you move here and you’re willing to pitch in and help, you are welcome, they are glad to have you here. Folks are folks wherever they are, but I think this is a particularly welcoming city. In some places I’ve been there is too much comfort.

 When I started my career in San Francisco, it was not unusual for a client to order two martinis for lunch. They were both for him, not for me. Then sort of waste the afternoon, maybe go play golf. I just didn’t feel comfortable going back there. I know it’s different now, I know Silicon Valley has happened, but I really like Atlanta and I liked it at the time and it appealed to me to lead an office that was just starting where I was clearly the senior guy. Right or wrong, people would look to me for what is this thing called McKinsey, and I had some ideas about it.

 1979 we came back to Atlanta, and we really struggled for the first five or 10 years. We did some good work, we developed our community reputation, but it was up and down. Then finally it all started to click. I passed the leadership of the office on in 1994, and then some great new partners some of whom are still there and some of whom have retired. In 1996 I was at the McKinsey Board meeting in New York. It’s snowing outside. By this time I was, I think 57.

 The first topic on the agenda is led by a couple 42-year-old guys. The topic is: What are we going to do about these poor tired old people in their 50s? We need to help them retire with grace and dignity. That went on for about an hour or two. I thought a lot of what they were saying was just silly. Today’s 55 is yesterday’s 75 or 65. Not only that but 55-year-old people are not consumed with raising babies and just getting started in their careers. They’ve got lots of flexibility and ambition. Not all of them, but some of them do.

 I thought it was silly but I looked around the room of the 16 people on the Board, two or three were my age, all the rest were younger. At that time we had a 60-year-old mandatory retirement age. I said to myself, all these friends I’ve developed all these years, they are going to be gone in a couple of years. I got back to my hotel room and I had a message from Bob Holder, and I called him. He was the head of the search committee that was searching for a new CEO for National Service Industries.

 I had explained to Bob six months earlier and to Ray Riddle a year earlier that I wasn’t interested, I was happy doing what I want to do. I called him back and he said, “You’re just a breath of fresh young energy and enthusiasm that we need to turn this company around. I’m not taking no for an answer. We’ve exhausted the search and you have to take the job.” I looked at myself, what am I? Am I this poor, tired old man that needs to be retired or am I this breath of fresh young energy?

 I thought about it and I had a conversation with my family. I think my children knew that if I turned this down I would never forgive myself. That just like I thought back in junior high – when I was at junior and high school. When you get an opportunity like this, even if you’re scared, you have to try it or you will never find out what it was like. The regret of not having tried is much worse than the regret of having tried and failed. Believe me, I’ve done both. I have not tried and I have tried and failed. Not trying is a much bigger regret. I did it.

 I don't think my wife was particularly, I know she was not enthusiastic about it, but I said I would do it. I guess it was March 1996, I went to work for National Service Industries. We had a great Board, just outstanding CEOs of Atlanta. Bernie Marcus, Home Depot; Ross Johnson, R.J. Reynolds; Jim Kennedy, Cox; John Medlin, Wachovia; Bob Holder himself, Holder Construction, wonderful people. Herman Russell, Russell Construction. Great people.

 The company at the time was about $3 billion in sales. It was a Fortune 500 company, it had a wonderful record for 20 years and then have been flat for the last 10 years. Erwin Zaban, the Founder, a wonderful man had built all this terrific record on the basis of, find a good small business with a good General Manager, pretty much leave him alone, but make sure that the finance and the legal aspects are covered. He had it built a terrific record with that, but for the last 10 years it had sort of drifted.

 These attractive, 40, 45-year-old people he had hired were now in their 60s moving toward retirement. The strategies that had made their businesses really successful for that 20, 25-year period of time were getting rusty. Now when you are in your 60’s and headed for retirement, you’re not a real big risk taker. You’re not in a mood to break a lot of China, ease out people who should be eased out. Hire new folks, change things around. It wasn’t working.

 National Linen Service, Atlantic Envelope, North Brothers Insulation, Zep Chemical and Lithonia Lighting were the five companies in the company at that time. I hopped on stage and said, “I’m excited about this and I don’t know what we are going to do, but I’ll tell you three things. I believe everything can be improved.” I still believe that. “Performance is a team sport, not an individual sport, and we work for the shareholder.” Everybody cheered, and then I went to work.

 I realized in hindsight that it was harder than I imagined. When you work it McKinsey & Company, all you have to do is stumble outside your door and you run into six young people who are highly motivated, highly skilled, want to help you, and guess what, real life is not like that. Not everybody is young, not everybody is highly skilled, not everybody is highly motivated, not everybody is trustworthy.

 When you go into a new organization, that’s a more realistic profile of all of life. You discover that over time and you don’t know who to trust, you don’t know who is a good performer. You don’t know who is a good performer but a bad talker; and who is a good talker but a bad performer. It takes a little while to figure that out. But I went in with the attitude that all these businesses could be improved. I quickly realized that the insulation company couldn’t and wasn’t something we should work on and we sold it that fall. Then we worked hard on all the other businesses.

 Finally, we realized they just didn’t fit in the linen business, in the envelope business. Probably belonged to somebody else rather than us, and so we started selling off parts. Then we decided that we should leave the envelope business, the linen business, all of the obligations about asbestos and zero debt and a lot of cash in National Service Industries. We should spin off Zep Chemical and Lithonia Lighting into a new company called Acuity Brands. We took our Chief Financial Officer and made him CEO of National Service Industries. I went over with Lithonia and Zep and I hired a man named Vern Nagel to be Chief Financial Officer.

 Then we went to work on that for three years, and we started in a terrible spot because we had all the debt and we did this coincident with 9/11. The twin towers came down, business came to a grinding halt. Our credit line got called, so we had to develop a new credit line with somebody else. It looked like we were going to violate the covenants on our debt, and we pulled through that. We launched a modernization of purchasing program that had the potential to save five or 10% of a billion dollar a year purchasing budget, which has ultimately had a lot to do with our performance improvement.

 Vern went to work and learned the company in the next two years to the point where we made him, I recommended in the Board, made him my successor. After a total of eight years there, we now have in Atlanta an outstanding two companies: Zep, that just got sold; and Acuity Brands, which is the surviving lighting fixture and controls company. That’s now worth about six or eight times what the whole company was worth when I went there, gee, now 19 years ago.

 I wouldn’t say I enjoyed it all as much as I enjoyed McKinsey. I loved McKinsey. I loved problem-solving, but I am really glad I did it, and it’s turned out to have had good impact. Let me add to what I said about the transition from McKinsey & Company to NSI. If you are ever asked to be a leader of an organization, I don’t care if it’s a small group or a company with 50,000 employees like we had. As quickly as possible, get clarity around what the purpose is, and get people focused on that purpose.

 Now in some cases that might be cost reduction. If you have a very profitable company but it’s not growing or declining, it might be growth. It might be, let’s not do either for a year or two, let’s upgrade the people or do a better quality job, but get clarity around what our purpose is. Base that clarity on your own fact-based analysis of what reality is, and then insist on it with your group that this is our purpose. This is our objective function if you are an Operations Research guy.

 Then, give people a little slack, but pretty soon [soared 00:50:55] folks out. On two dimensions is their will and is their skill. Think about a four box matrix, and people generally fall into someplace on that spectrum. Be realistic about that. Adapt your leadership approach to the individual based on where they are, what they need from you in that matrix. Let’s imagine you have somebody who is high will, high skill and agrees with the objective function. Agree with him on the objective and get out of their way. They don’t need you to supervise them every half hour. They don’t need you to believe them. They don’t need anything from you really except some resources once in a while, but agree on the objective, get all their way because they have high will, high skill.

 Let’s imagine you’ve got somebody who agrees on the objective and they have high will, but their skill is low. Figure out pretty quickly, can you teach them? Can you help them learn? If you can, put them into a learning environment or into a different job where they can cope because they are willing and they agree on the objective. If you conclude that they can’t learn, then help them ease out of the group because their next year or two is valuable to them and a drag on the company. Help him get started in something they can be good at someplace else and do it quickly.

 If somebody is let’s say high skill, low will, maybe they disagree with the objective. maybe they are 63-years-old and they don’t want to take any risks. Figure out what it is or maybe they’ve got family problems, high skill, low will. Sort it out, find out what’s going on. Unless they can fix the [wheel 00:53:27] problem, maybe you can fix it, maybe their incentives are wrong, maybe they’re in the wrong job, who knows. But unless you can fix it, get them out. If you find somebody who is low will, low skill, fire him immediately. Don’t let him stay in the group because they’ll corrupt the rest of the group.

 That would be one thing. Get clarity around the objectives, sort people out in terms of will and skill and act accordingly, reform the team accordingly. That sometimes means helping people, that sometimes means getting them out of there. It’s your job as a leader to do that. I think if I were to criticize myself, I was not sufficiently demanding with my managers about what the purpose of the exercise was. I was very willing to help them, I was very willing to help them problem-solve, figure out what to do, but I wasn’t willing enough to look them in the eye and say, “Pete, your earnings are here, figure out a way to get them up to here within a year or two, or I’ve got to figure out somebody else who can. And I look forward to seeing how you solve that problem.”

 I was more willing to say, “Pete, let’s you and me figure out how to get earnings up.” All of a sudden the problem is here, instead of on Pete. I think I learned that over time, but I was too accustomed to helping people at the beginning. I think as you see in Twelve O'Clock High, a leader in a crisis situation particularly, but in a low performance situation too needs to be crystal clear about the objectives and sort people out according to will and skill.

 Transparency really makes the job of a leader easy, if you can be transparent. One of the problems, for example, in a professional firm is that some people are always busy, too busy, some people are always not busy enough. The ham-handed view of that is to measure utilization or billable hours, and post it on the board. That’s a terrible approach. It’s demeaning, it doesn’t encourage people to help each other, it’s commercial, and we’ll ultimately destroy a good professional firm.

 When we had issues like that, what we did was to get everybody in a room and have each partner go up to a butcher board, a piece of big paper and write down on the paper, this year and next year what am I doing for clients, for development of our practice or our technology, for leadership of the firm and for the community. You get a feel for how busy people are. Have them do that in front of everybody. Not just with you, the leader as sort of the center of a spider web but with everybody else.

 After you get two or three of those up there and then taped up on the wall, then it becomes pretty obvious. You can ask a few leading questions like, “Jack, it looks like you’re really overloaded over the XYZ client. Pete, you’ve got a little bit of extra capacity. I wonder if the two of you could work together on this thing that Jack is trying to get started over at the XYZ Corporation.” “Well, yeah, I guess we could.”

 Just a little bit of a nudge like that with the help of transparency can do so much better than if I were to go to Pete and say, “You really ought to get Jack involved on your client over here,” because Pete could give me a thousand reasons why Jack is probably not just perfect for that situation. It is awkward to bring somebody new in and do all of that. If you get transparency working for you, you can accomplish miracles and the leader doesn’t have to work as hard.

 I’ve also, all along this time I’ve enjoyed being in other businesses and working on community activities. We’ve put together a team that designed the Georgia research alliance 35 years ago. That is a really successful effort now that started off trying to steal eminent scientists from other universities around the country. We now have 70 of them, and it’s migrated into a stimulator of entrepreneurial activity all around the state, an encourager of the universities working together.

 I’ve been on the Georgia Port Authority and I’ve been on the Board of a joint venture of South Carolina and Georgia to build a new container port called the Jasper Ocean Terminal port. I’ve been on that for eight years. Savannah is going to be the biggest port in the country. By the time we put those two ports together, which will have enormous impact on the rest of the state and Carolinas too. I’ve worked on the Boy Scouts, I’ve worked on United Way, I’ve worked on the Woodruff Arts Center, I chaired the Woodruff Arts Center, I chaired the Commerce Club. I just seem to have a habit of getting into all kinds of stuff.

 Right now I chair the Real Estate Investment Trust that managed by Invesco, and I’m on the Board of Enzyme Deinking Technologies that develops an enzyme cocktail to take wood fibers and make them more useful for papermaking. You can make paper and cardboard with less fiber, stronger fiber faster. I’m on the Board of Bright Light Systems that is to replace these great high mast lights with plasma instead of high-pressure sodium.

 I’ve made a lot of angel investments in small companies because I said when I retired from Acuity Brands that I’d like to take about 10% of my net worth. Even if I lose it, I’d like to encourage the formation of new businesses in Atlanta. I’ve done that and then I’ve gone back to Iowa state and I’ve worked with them to endow a chair around a guy named Balaji Narasimhan, who is attempting to develop nano-encapsulated vaccines.

 Lots of stuff you can do with that. If you have nano-encapsulated vaccines, you don’t have to refrigerate them, and you can design the capsule in such way that it will go to a particular place in the lung if you were, it will do the most good or it might even take a medicine to a pancreatic cancer, for example. We are about six or eight years away from commercialization of that, but this will, the Chair in honor of my grandmother, who the person with the three third-grade education who made sure my dad went to college. This guy is going to get that done. It’s interesting that he is an Indian. He wasn’t born in this country, but he is an Indian and his wife is Indian and now they are Americans and they live here in Ames, Iowa, and they are contributing to the country.

 My children have grown up healthy. One lives in Wilmington and her husband is in the movie business as a cameraman and she has two great children; and one my son lives here in Atlanta close by. He had a typical corporate career for 20 years and then decided to buy a small business. He owns this small business and they have two boys who are now junior and sophomore in high school and thinking about where they are going to go to college.

 I and my wife have been married for 10 years, and my wife has two children, one in San Antonio, one in Atlanta. There are only about four blocks from us too and they have two little girls. Life is good. I go to Trinity Church here, I play golf with my friends. I still keep an office downtown. I’m going to meet a guy down there this noon.

 What have I learned from all this? I guess one thing I learned about moving from McKinsey to a work situation is that when you are in a professional firm like a McKinsey, you really get good at writing, fact-finding, analysis, persuasion, leading small problem-solving teams, bringing everybody along, being a facilitator, a facilitative leader, a servant leader. I found out when I went to NSI that I probably would’ve been better, I probably would’ve gotten all that done faster if I had just made a decision and tell people what we were going to do. That I tended to rely too much on my persuasive capability and my fact-based analysis, and I would’ve saved time and helped people relax more if I just said, “Here is the decision, now we are going to go in that direction.”

 I don’t mean to be a dictator or and I couldn’t possibly be. It’s not in my nature, but I often think about that movie, Twelve O'Clock High with Gregory Peck that there are some situations where the requirements of leadership are to bring order into a situation and tell people what to do and what the expectations are rather than to try to persuade them. I think when I entered NSI, I was really good at persuasion. I had been really good at McKinsey for 31 years, maybe not 31 but at least 20 or 25.

 I had to learn a new set of skills and I was pretty good by the time I left. I think Vern is much better than I am at that, and he has taken the company to a whole new size, but that was a lesson I learned. I think I’ve learned that it is good to try things even if you think it’s going to be scary because you lead a much more interesting life. I think I’ve learned that it really is true if you set out in your life to help other people and solve problems and make an impact, then chances are you will be financially successful and successful in the career sense as a byproduct, but you’ll also be very satisfied and happy, because even if you don’t do it perfectly, at least you’ll feel that you are contributing.

 People will gravitate to that, they will see that and they’ll want to help you. If you set out to say, I want to make a lot of money, I want to get promoted fast, I want to do all those exogenous signs of promotion, chances are you’ll get there, but you may not end up happy and you may not do that much good with your life. I would say all the stuff that you tried to learn in kindergarten and in Boy Scouts and that your mother taught you, they are all good things, they are good ways to live a life. The byproduct to that will be that you’ll be successful if you’re reasonably ambitious.

 My dad told me about every five minutes, “Jim, get up and do something.” I would say, “Dad, well, what?” He would say, “Well, look around. There is lots of things that need doing.” Then, of course, he grew up on a farm. On a farm you never get finished. There was always a fence to be mended or rogue corn to be cut or a cow to be milked, pigs to be slopped. There is always something going wrong, something that needs to be fixed, and that was dad’s life. He loved being a professor, but part of what made him good was that he had initiative and he always was doing something, working all the time.

 My mom was hard-working too, but her mantra was be a good person, just be a good boy. I think there is truth at both of those. Get up and do something and be a good boy. As I look back over this 77 years, I can imagine lots of things I might’ve done to have been a better boy, and lots of things I might’ve done better to get up and do something. I still think, even though I didn’t do either one of those perfectly, I think that’s good advice.

 I wish I had asked my parents and other adults at the time I was in high school or college about these things and heard what they had to say. Now they are dead and I can’t ask them anymore. I have to say I try to have these conversations with my grandchildren and they are really not interested, or they don’t know how to ask the question.

 We are on good terms, but they’re so overwhelmed with their school activities and they have an underlying presumption that I can’t possibly understand what they’re dealing with, that it makes it difficult for them to ask me any questions. Maybe that’ll change if I have enough lunches and dinners with them over time. I’m continually impressed with the fact that my experience with my folks and uncles and aunts is now being repeated between me and my grandchildren. Maybe that’s just human.

 I had been single for a year or two, and I met this wonderful person to whom I’m married now and I told Mark O’Connell that I was in love and I was going to get married. Mark said, “Come over here,” and he took me over into a corner of the room. He said, “I’ve made a study of love. You better pay attention right now.” He says, “I know you, Bulloun, you are impulsive and you get up and do things.”

 Here is what you ought to think about. First of all, is this person your friend, your best friend? A good test of that is if you’ve got a secret, is this the person you want to tell it to first and see their reaction. First question, is this person your friend? Second thing, are you proud of this person? Would you like to take this person into any environment you’re going to go and point to him and say, “That’s my wife and I’m really proud of her.”

 Third, do you care about this person? Are you genuinely interested in their future, how they feel, what they can do to develop their fullest potential. Do you really care about them? Fourth, chemistry. Do you have chemistry? Be sure you don’t start with four or don’t let it get out ahead of the first three of friendship, pride and care. Chemistry is important but don’t let that take over the other three.

 I thought what Mark said and my wife fits all four of those, and we’ve had a wonderful 10 year marriage. I did also reflect on my life and I thought about a fifth that you should add to the four. Does that other person feel the same way about you? Because if they don’t, don’t do flip-flops trying to persuade them to get into a marriage with you, just because you think they could be your friend, you are proud of them, you care about them and there is chemistry.