

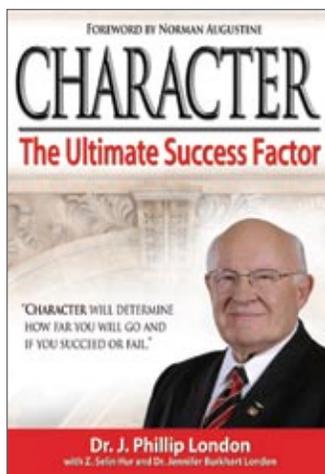
# Book it: Best bets for board reading

*From a roundup of new books, insights on reputation, character, career risk, leadership transitions, achieving exceptional performance ... and customers vs. engineers.*

## ‘If I have learned one thing...’

*From **Character: The Ultimate Success Factor** by J. Phillip London. Copyright ©2013 by the author. Published by Fortis, an Adducent imprint ([www.adducent.co](http://www.adducent.co)).*

**A** COUPLE OF YEARS AGO, I gave a speech at an event for small businesses in government contracting. It had been decades since CACI was considered small. Nevertheless, the event organizers thought attendees would benefit from my experiences. At the beginning I talked about the value of small businesses in our industry, and how they are important partners to larger firms like CACI. But the focus of the speech was about the importance of a strong, ethical culture and putting it in place from the beginning of the company. I said: “No company or organization can thrive, no small business can grow into a big business, without first knowing who you are. If I have



learned one thing in my nearly four decades of government contracting, it is this: Without a solid, ethical, accountable corporate culture, you will not succeed (continue to grow and be respected).”

Later, many people thanked me for talking about culture. Several of the small business leaders were in the process of

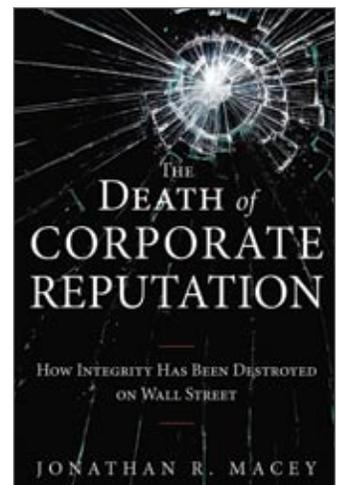
shaping their cultures as the core of their growth. In every organization, *character drives success*. As the famous hotel chain entrepreneur, J.W. Marriott, once said, “Success is a combination of many things, but a good character is the foundation of the kind of success that will bring you real happiness.”

**Dr. J. Phillip ‘Jack’ London** is executive chairman of CACI International Inc., a \$4 billion information technology and professional services company ([www.characterthebook.com](http://www.characterthebook.com)).

## A collapse in market demand for reputation

*From **The Death of Corporate Reputation** by Jonathan R. Macey. Copyright ©2013 by the author. Published by FT Press ([www.ftpress.com](http://www.ftpress.com)).*

**M**Y GOAL is to describe the role that reputation once played in fostering the high-trust environment that is critical to the successful operation of capital markets and corporate financing transactions generally and to try to explain what has caused so many firms in the financial industry to lose interest in cultivating and maintaining their reputations for integrity. Corporate finance and capital markets traditionally relied heavily on the ability of companies and other firms to develop what is known as reputational capital. For the industries on which I focus in this book, credit rating agencies, law firms, investment banks,



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stock exchanges, and accounting firms, reputational capital historically has been the primary mechanism by which businesses establish trust in markets and in contracting relationships.

I argue that there has been a collapse in the market demand for reputation, at least in heavily regulated countries like the United States that increasingly rely on regulation rather than reputation to protect market participants from fraud and other forms of abuse. It used to be the case that for a diverse array of companies and industries involved in capital markets, nurturing and maintaining the organizations' reputation was absolutely critical to their growth and continued success. I argue that this simply is no longer the case, at least in the U.S.

**Jonathan R. Macey** is Sam Harris Professor of Corporate Law, Corporate Finance, and Securities Law at Yale University and a professor in the Yale School of Management.

## A powerful tale of listening to customers

From *Power* by Sarah Morgans and Bill Thorness. Copyright ©2013 by J.D. Power III. Published by Fenwick Publishing Group Inc. ([www.fenwickpublishing.com](http://www.fenwickpublishing.com)).

ONE OF DAVE POWER'S clients [in the early 1960s, when he worked at a market research firm] was the McCulloch Corp., then the leading chainsaw manufacturer in the United States. Robert P. McCulloch, an engineer by training, had developed the first professional chainsaws, and his business prospered by serving professional lumberjacks, who considered McCulloch chainsaws to be the best tools available. But when McCulloch Corp. attempted to enter the residential consumer chainsaw market, its products met with resistance and failed to sell. The company asked Dave to figure out why. He found that the company had estimated sales based on the number of trees in each region. "But trees don't buy chainsaws," Dave pointed out to McCulloch, "people do."

He suggested that if McCulloch wanted to sell chainsaws to the residential market, it had to listen to what those customers wanted. Based on research findings, he suggested that home-use saws had to be much lighter in weight, easier to start, and quieter than their professional counterparts. Profes-



sional chainsaws were designed to survive 200 hours of heavy use and were so finely tuned they required periodic servicing. Dave's research indicated that residential chainsaws were typically used only two to four hours per year, and six months would often go by between uses, at which point the consumer would expect the chainsaw to start. The chainsaws McCulloch injected into the residential market were wholly inappropriate for the targeted consumers. A homeowner did not need a chainsaw that would last 50 to 100 years but one that would start right up after a winter in the shed.

Dave's research-driven advice was not eagerly received by McCulloch engineers. As Dave discovered, engineers are notorious for concluding that consumers should accommodate themselves to well-engineered products. Nevertheless, McCulloch made its chainsaws lighter, quieter, and easier to use. Sales picked up.

His success with McCulloch earned him a new job: the company hired him to be their director of corporate planning. It turned out to be his last position before beginning his own company, and it also reaffirmed the basic tenets he would use to run J.D. Power and Associates: be objective, let the data speak for itself, and above all, take an independent approach, which allows you to see both the forest and the trees.

**Sarah Morgans** is an editor of authorized histories of notable corporations and entrepreneurs, and **Bill Thorness** is a Seattle-based writer and editor ([www.davepowerbook.com](http://www.davepowerbook.com)).

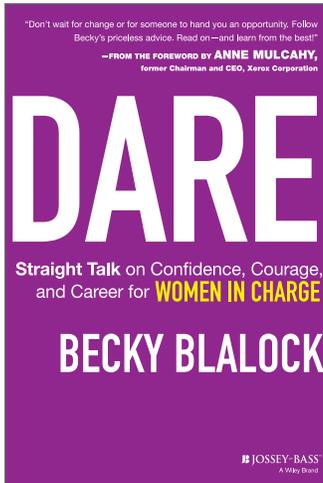
## 'This might just be the end of my career'

From *Dare* by Becky Blalock. Copyright ©2014 by the author. Published by Jossey-Bass ([www.josseybass.com](http://www.josseybass.com)).

I KNOW FROM PERSONAL EXPERIENCE how frightening it can be to venture into a new role that takes you far out of your comfort zone, the intellectual region in which you feel yourself to be an expert. But I also know from that experience that we grow most when we personally feel most at risk.

At one point in my career I had what I then considered a "dream job," assistant to the CEO. This wasn't an administrative position; it was one of the roles the company used to groom high-potential leaders. I was the first woman in the role, and it made me part of the executive team. One day the CEO came into my office and said that he and the executive committee had met and decided I would be a good fit for a brand-new job they were creating. It was regional chief information officer, with responsibility for running the IT function of several subsidiaries and reporting up to the enterprise CIO.

I almost fell out of my chair. My training and my career background were in accounting, finance, and marketing. As for computers, I didn't know anything except how to use one,



ful as they were, and simply set about establishing goals and learning the new job.

**Becky Blalock** is the former SVP and CIO of Southern Co., a Fortune 500 utilities company, and now serves on boards of companies in the energy, information technology, and health care industries ([www.beckyblalock.com](http://www.beckyblalock.com)).

## Eye on the finish line

From **When Leaders Leave** by Priscilla Rosenwald and Lesley Mallow Wendell. Copyright ©2013 by the authors. Published by MarketShift Inc. ([www.marketshift.net](http://www.marketshift.net)).

**W**HEN A FOUNDER or long-term leader tries to maintain disproportionate power and influence over the organization, the dysfunction is palpable. Some of the main clues that this may be the case are:

- The organization has become exclusively identified with the founder/leader.
- The founder/leader is surrounded by cheerleaders at the board and staff level where loyalty (rather than good ideas and ongoing feedback) is the most important value.
- No succession plan exists.
- There is limited professional development for current staff leadership.
- The board often “rubber stamps” the founder/leader’s actions and does not probe basic financial or programmatic questions.

It is fairly common that a founder or long-term leader

and sometimes I needed help with that. But, then, how do you say no to the CEO? So I swallowed, grinned broadly, and instead of falling out of my chair, popped up from it, took his offered hand, and thanked him for the wonderful opportunity.

That’s what I *did*. What I *felt* was great fear of failure and a tremendous amount of self-doubt. It even occurred to me: *this might just be the end of my career*. Yet I decided to accept these feelings, painful

as they were, and simply set about establishing goals and learning the new job.

simply does not know how to gracefully give up the reins. Often, this is because his or her personal sense of self-worth is still tied to the organization.

Thinking about how to move on while leaving a legacy can be a source of anxiety for long-term leaders. Executives who do make a successful transition at the end of their run often focus from the very beginning of their tenure on the kind of legacy they want to leave behind. They set their sights on the finish line early on.

**Priscilla Rosenwald** is founder/principal of Leadership Recruiters and **Lesley Mallow Wendell** is founder/principal of Rosewood Consulting Group ([www.transitionworks.com](http://www.transitionworks.com)).

## How to defy gravity

From **The Three Rules** by Michael E. Raynor and Mumtaz Ahmed. Copyright ©2013 by Deloitte Development LLC. Published by Portfolio Penguin ([www.penguin.com](http://www.penguin.com)).

**D**ESPITE THE INEVITABILITY of a return to earth, some glider pilots do fly higher, faster, and farther than others. Using the same equipment in the same circumstances, some pilots — the exceptional ones — remain airborne far longer, soar far higher, and travel far greater distances than others.

Similarly, some companies are exceptional. They are able, for a time — and occasionally for a long time — to overcome inertia, resist entropy, and adapt to competitive or environmental changes. They create better performance and sustain it for far longer than anyone has a right to expect. Nothing lasts forever, but then, that is not the goal. The objective is to deliver the best possible performance for as long as possible.

Every glider lands eventually. But how long it stays up, how far it flies, and the heights it reaches are all profoundly affected by the pilot’s choices. It is our belief that by consciously adopting the three rules — *better before cheaper, revenue before cost, and there are no other rules* — you can reasonably hope to deny gravity its due for just that much longer.

**Michael E. Raynor** is a director at Deloitte Services LP, where he works with clients on corporate strategy, innovation and growth, and **Mumtaz Ahmed** is a principal with Deloitte Consulting LLP and the chief strategy office of Deloitte LLP ([www.thethreerules.com](http://www.thethreerules.com)).

