

LIVING
THE **7**
HABITS

Stories of Courage and Inspiration

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Look for three things in this story: first, the constant, personal struggle that never lets up; second, how fragile trust is—how the Emotional Bank Account, if not attended to with regular deposits, will gradually evaporate away; third, how the 7 Habits really is hard, bottom-line stuff, not just soft, touchy-feely study material.

My life in recent years has been caught somewhere between two books I keep on a shelf in my office, *Barbarians at the Gate* and *The 7 Habits of Highly Effective People*. However, this is not so much my story, as it is the story of the remarkably resilient people of Nabisco and their efforts to succeed in the face of wave after wave of significant change.

RJR Nabisco is the \$25 billion company that in 1988 was the target of the world's largest hostile takeover. That leveraged buyout is the subject of *Barbarians at the Gate*, a book that chronicles the LBO feeding frenzy which took over Wall Street in the late 1980s.

Three years after RJR Nabisco was taken over by the leveraged buyout firm of KKR, who were cast as the Barbarians in the book, I joined the Nabisco U.S. Foods Group as the vice president and general manager of one of its smaller divisions. I came from simple Midwestern roots with a simple Midwestern work ethic. I developed a reputation as an executive who delivered strong performance at two large Midwestern food companies. I considered myself a principled businessperson who cared about the people I worked with. I had always tried to balance my commitment to increasing shareholder value with a genuine concern for the welfare of those who worked for and with me.

My ability to realize that balance has always been challenged in the workplace, but never more than during my seven-year tenure with Nabisco. The magnitude of the leveraged buyout created enormous pressure to perpetually produce greater returns to justify the record-setting investment. Ultimately, the demand for profit growth exceeded our capacity to produce it—creating an enormous strain on the business and on the employees.

One of the mottoes within the corporate culture was “Whatever It Takes”—in other words, you did whatever it took (within legal, moral, and ethical bounds) to deliver the expected results in the moment, in the quarter, and in the year. Each successive quarter became the most important quarter in the company's history. You delivered and dealt with the consequences later. If you didn't deliver as expected, it was easy to feel that your career was at risk.

My challenge coming into the company was not only to deliver up to ex-

pectations every year and every quarter, but to find a way to lay a foundation for long-term success as well. The difficulty was that the company was doing things to meet short-term expectations that simply could not be sustained over time.

As I faced this new environment, I needed tools that were aligned with my own core values and that would be leverageable in this new setting. I found such tools in the *7 Habits* I had picked up in an airport shortly before joining Nabisco. As I crafted my own Personal Mission Statement, the principles contained in the *7 Habits* deeply resonated with my own core values. Looking back on it now, nearly ten years later, the vision of my life contained in my Personal Mission Statement has provided me with the inner strength necessary to weather the many storms and moments of doubt that I have encountered in both my professional and personal life.

When I arrived at Nabisco, I found an organization filled with good people who wanted to succeed. There were strong underlying business fundamentals in place. But I also found employees who were powerfully traumatized by the LBO and who were understandably suspicious of newcomers like myself. Succeeding at Nabisco would not be easy. In fact, during my early days with the company, I often wondered what I had gotten myself into. On the other hand, however, the situation energized me. That challenge was the reason I had been attracted to Nabisco in the first place. I saw an enormous opportunity to make a difference.

I certainly got the challenge I was looking for. My first assignment in Nabisco as vice president and general manager was to develop a winning business proposition and culture in the \$400 million Fleischmann's division. We made great headway, delivered our financial commitments, and began to create a high-performance "Can Do" culture characterized by a remarkable degree of esprit de corps. Unfortunately, I was only in that position for nine months when I was asked to move to Nabisco's largest operating company, the \$3.5 billion Nabisco Biscuit Company, as senior vice president of marketing.

As I entered the Nabisco Biscuit Company, the organization was in a painful state of disarray. The prior-year performance had been very disappointing and the marketing department, which I was to head, had experienced an extraordinarily difficult year under the previous leader, who had left the company. Clearly, we had to get both the business *and* the organization on track—and quickly! On the business front, we quickly focused the organization on a game plan that leveraged our remarkable ability to innovate with our unprecedented brand strength and our unique selling system. To get the business on track initially, we necessarily took a very hands-on, structured approach fo-

cused on delivering against a clear set of near-term priorities. Fortunately, that game plan ultimately led to the three best years of performance in the company's hundred-year history.

In many ways, that was the easy part. We also had to create a winning culture. Once again, I was most fortunate to be thrown into the breach with a group of talented people who had, only momentarily, lost their sense of direction. To get a better handle on the situation, I ordered a survey of employee attitudes using the Center for Values Research. Their expert who interprets the results is a wonderful, slightly crusty veteran of thousands of these surveys. His final report clearly stated that out of all the surveys he had ever done, ours had produced the worst results. The only way he could characterize our culture was "swamp water." He said our employees had the lowest trust levels he'd ever seen.

He was right on target, of course. I'd never encountered such a numb and distressing environment. After receiving the "swamp water" report and sharing it with my executive team, we decided that it was critical that we take a serious approach to helping us evolve from what I would call a dependent, highly reactive sea-of-victims culture to one that was highly proactive and increasingly interdependent. Encouragingly, this direction struck a chord with most of my executive team.

As we approached the end of our first year, we decided to provide 7 Habits training for everyone in our part of the organization. We did it because we were convinced that you can't just motivate people to change, you have to provide them with the tools. Looking back, it proved to be a critical step because it offered a tangible sign to all of our employees that the company (as embodied by our leadership team) did care about their personal and professional development. It spoke to them on both levels. It said that we know you are a person, as well as an employee. It also spoke to one of my core beliefs: we can't expect an employee to value the organization until we have tangibly demonstrated that the organization values that employee. Ultimately, it's that simple.

We found that we really needed to start the training with the three foundational habits. First, we started celebrating people who had a proactive mindset [Habit 1: Be Proactive]. We began holding town hall meetings in which employees were recognized for taking initiative and displaying proactive qualities. Historically, this organization had celebrated people who put out fires, but we wanted to go beyond that. We wanted to encourage proactivity, so we rewarded and promoted people who headed off problems before they ignited, as well as those who put out the fires.

Next, we moved toward helping the organization start to focus on what was truly important. We created a team comprised of people across our organization from all levels and asked them to help us create a sense of direction (a mission) for the organization [Habit 2: Begin with the End in Mind]. We had to tackle this task pretty gingerly, though, because we were still operating in a skeptical environment where many people were still functioning in a reactive mode, questioning whether we or they could really influence the future. The skeptics viewed our approach to leadership and team building as “soft” and they questioned our “toughness.” They criticized the “lovey-dovey-Covey” approach and they had the false impression that “all they want to do is hold hands and sing ‘Kumbaya.’” So, we took it slow, put one foot in front of the other, and gradually built up the organization’s confidence, as we delivered on our commitments and displayed disciplined mental toughness.

It took a good year to establish a more proactive mind-set, establish our mission, and begin to earn some credibility in the organization. Next, we went to work on a strategic plan to achieve our goals [Habit 3: Put First Things First]. This strategic plan needed to be different—we had to make sure we had the wherewithal to stay focused on the plan. It couldn’t be like the traditional strategic plan where you developed it only for the presentation and then used it as a doorstop after the meeting. So once we developed our plan, we started building the framework of the plan into the fabric of our daily operations. We started to view the three-year plan as a twelve-quarter plan—making sure that every quarter we were on track to deliver our strategic plan commitments.

Most of this work occurred during the year following the “swamp water” report. Then we did another survey. I’ll never forget the old guy’s words on the tape he sent back with the analysis. “This is unbelievable,” he said. “It is one of the most remarkable turnarounds I have ever seen. You have gone from swamp water to Perrier!”

The following year, we did the survey again, and the results were even better. “This is incredible,” he reported. “You have gone from swamp water to Perrier to champagne!”

Without a doubt, those two and a half years in the Nabisco Biscuit Company were among the most rewarding years of my professional life. Once again, I was privileged to work with many good, caring, and committed people, who hungered to do better . . . and, together, we did.

As good as I feel about the accomplishments we’ve made and the tools we’ve tried to give people through training, my deeper satisfactions have come

through my personal efforts to establish relationships with our people and to build a positive, abundant, and affirming culture.

One thing I've done over the years is "declare myself" with my people and organization each time I've moved into a new responsibility. Day one (or maybe two), I spend about an hour with each direct report and spell out what's important to me, what I believe in, and why I do the things I do. I tell them ahead of time, "I'm going to share with you some things about me, and I would be honored to know some things about you. I want to take the mystery out of this relationship as quickly as possible so we can get on with the business of doing better. Then you can start measuring me against what I tell you. I believe you'll discover very quickly on that I will act with integrity."

I've found that doing this early and in a fairly personal way with my direct reports, and then more generally in writing with the broader organization, is an incredibly powerful tool. It creates a new beginning and sets in motion a dynamic of building trust.

Another thing I've tried to do with the organization is emphasize learning and personal growth [Habit 7: Sharpen the Saw]. Over the years I have become a student of leadership and business and I have developed an extensive library on those subjects. I am constantly giving books to employees that seem relevant to their professional development. I also have an Executive Book-of-the-Month Club to whom I distribute all kinds of reading materials to stimulate thinking and growth. Fundamentally, I've come to the point of view that life is very Darwinian when it comes to professional (or personal) growth—you either grow or die, there is no in between. As for myself and our organization, we will grow or die trying.

In terms of my own personal development, I've also built a network of friends, former associates, and advisors who help me keep my thinking and my leadership development fresh and moving forward. I try to stay in touch with them regularly. I trust their caring objectivity and find it essential to my growth.

I have also learned the value of saying thank you and acknowledging people [Emotional Bank Account]. Around fifteen years ago when I was going through my one (and hopefully only) outplacement experience, my counselor challenged me to send everyone I encountered during my search a thank-you note within twenty-four hours of my interaction with them. While my track record on this front was far from perfect, I discovered it was a highly distinctive process and it paid dividends. On a more personal level, I just felt better about myself for doing it. As a result, to this day, I am constantly looking for opportunities to affirm positive behavior in the organization. Every day, we are doing

thousands of things right and I believe it is critical for management to celebrate those contributions. To be sure, we are also making mistakes and we need to deal with them in an equally swift and decisive manner. Unfortunately, unless one is vigilant, it becomes easy to find the mistakes and equally easy to overlook the contributions. If a secretary goes out of their way to help me on something, I make it a point to say thank you. If I become aware that an employee has done something exceptional, I'll dash off a note to them. Whenever I become aware of someone joining the company, leaving the company, or changing jobs within the company, I try to get off a personal note acknowledging their contributions in some way.

By writing five to ten of these notes a day, I've probably sent over ten thousand in my tenure with Nabisco, and have, once again, learned that you get phenomenal returns. But I don't do it looking for a return. I do it because it is fulfilling to me. I also do it because it is unrealistic for me to expect extraordinary effort and performance from people if I don't personally create an environment where people feel special and extraordinarily valued. As a business leader, you can never forget that your every action is being scrutinized by the organization. People watch you and they read you. They are hungry to make a personal connection with you and the greater organization, but they are also quick to judge you. That is why it is so important to declare yourself as a leader and walk the talk. If you do, you build credibility and trust; if you don't, you don't.

Even with all the progress we've made, I honestly can't say everything is perfect. After leading the Nabisco Biscuit Company marketing effort for a little over two years, I was moved to be president of the sales and integrated logistics organization, where we embarked on a massive upgrading effort which also substantially lowered our cost base. As part of the upgrading effort, we put in place a talented team of sales and logistics professionals who are continuing to lead that organization to even higher ground today. After making headway there, I was promoted to run a larger group of companies doing \$3.5 billion in sales with over seven thousand top-notch employees, which is what I'm doing now. Each time, I've had to start my leadership work over again from ground zero and I've had to watch as some of the momentum I established in my former assignments took on a new direction under new leadership.

I was recently at a conference standing in front of a roomful of presidents and chief executives sharing my leadership experiences. Eventually, I began describing how I had been promoted to a position where it was increasingly difficult to have day-to-day influence on the culture of the company. Also the en-

tire company had fallen on difficult times and we had the first CEO change in my seven-year tenure with the company. Everything we did was understandably being questioned and all of the hard work undertaken in the prior seven years was lost on the new leadership.

I went on to say that the last year had clearly been the toughest of my twenty-four-year career. We had dramatically reset the course of Nabisco. We had divested over \$500 million of businesses which were strategic misfits. We had reduced head count nearly 30 percent to set the cost structure properly. We had redefined the roles and responsibilities of everyone in the organization.

From a purely business perspective, it had been a very fulfilling experience. We had made and implemented the tough decisions in a swift, decisive, and successful fashion—and we were already beginning to reap the rewards of those efforts. For the first time in my seven-year history with the company, the long-term course of Nabisco was on solid footing.

At the same time, however, it was a huge cultural change which wreaked havoc with the life of each and every employee. Friends were being let go by the company, roles were changing, and the future, at times, was uncertain. Anxiety was in the air. Through it all, we tried to honor every individual to the best of our ability but, in the end, I felt like I had cashed in every one of those ten thousand chips in the Emotional Bank Account created by writing those encouraging notes.

I described how I was beginning to doubt whether my contributions were being valued. It was unclear whether the new CEO was satisfied with my performance and I wondered how much the organization cared that I was trying to do the right things for them *and* the shareholders.

Right in the middle of my presentation, I came to a deeply disturbing realization. I was getting worn down by the enormity of the challenge. I was becoming a victim, becoming reactive. I was starting to drift into a highly dependent state where the glass was chronically half empty. I realized that I had to start all over in proving myself and my methods. Yet I wondered if I had the courage, the strength, and the stamina to rise to the occasion yet again.

As I returned home from the conference, I reexamined my situation in depth. As I thought more about my situation I become more encouraged. Once again, the people of the Nabisco U.S. Foods Group were rising to the challenges of the day and delivering remarkable performance in the face of unprecedented change. We were growing sales and overdelivering our earnings commitment. At the same time, we were setting the table for continued success

in the future. I took heart from their efforts and said to myself, "Wait a minute. We *are* doing the right things here and we *are* making a positive difference. I know it and I don't care if anybody else knows it or not. I'm just going to have to redeclare myself in this new environment and keep on keeping on."

I reminded myself that no one ever said leadership would be easy and that everyone is going to have their moments of doubt. When my moments of doubt set in, I take what I call my deep dive; I plunge back into my Personal Mission Statement and get reconnected. To that end, I have a framed copy of my mission statement on my desk and I always carry a copy in my briefcase. I make it a point to constantly be revisiting and reflecting on my values and my roles in life. In fact, I've found that my energy level almost depends on that kind of self-reflection each morning. I get up before anyone in the family is awake and I spend about thirty minutes just collecting my thoughts in a comfortable chair with a cup of coffee either in the garden or inside. Then I exercise for fifteen to thirty minutes. It's my own little way of renewing myself, getting in touch with nature and with life. In fact, the days I don't do it, I can sure feel a difference.

I've found that just as it's important to do the small things at work, I need to do the small things at home. I try to have a personal connection with each member of my family every day. I used to be in the office early every morning. Now, I stay home and try to connect with each of my children over breakfast and take at least one of them to school every day. These personal connections with them have become important to me. I also try to connect with my wife each morning. She's usually up later at night, which is her personal quiet time, so she doesn't get up as early as I do. This gives me a great chance to help her get started on her day in a warm, gentle way and then be off. I find my relationship with my wife, which is the most treasured of all my relationships, to be the one that most easily gets short shrift during the day. So, at least momentarily, we try to have a brief but meaningful connection every morning. Once I re-take the plunge and have my daily victory every morning, I have renewed energy for my day.

Another step I've taken to maintain my energy and focus is to annually take a sabbatical. I go off by myself every fall for three to four days to revisit my personal mission and my professional direction. I find a supportive environment where I can escape the daily grind, get close to nature, and reflect on my life journey. It is a provocatively refreshing experience.

Professionally, my career experience with Nabisco has been challenging but rewarding. Time and again, the people in the organization have demonstrated that they have the capacity to build a principle-centered culture *and* de-

liver superior business results. I take heart from their efforts and I realize that I, too, have that same capacity—even if things have changed and I have to start all over.

I honestly couldn't live any other way. And, I'm starting all over again . . . and looking forward to the journey.

⊗ “Yesterday’s meal does not satisfy today’s hunger.” If Emotional Bank Accounts are not continually attended to, particularly with the people we are working with and living around every day, inevitably yesterday’s deposits will evaporate and simply will not satisfy today’s need. Think of the amount of courage, patience, and persistence it took for this president to practice these principles in faith. It was like swimming upstream against very powerful currents of culture, business context, and market pressures. Idealism and pragmatism came together. Principles consistently practiced simply have to be consistently practiced again today and tomorrow. That’s why it is so important to institutionalize the principles into the everyday processes, structures, and systems of an organization. Only then will the organization be freed from being dependent upon the deposits that leaders make into the Emotional Bank Account. In other words, you design the recruiting and selection system, the training and development system, the communication and decision-making system, the planning system, the information system, and the reinforcement systems of both psychic and financial compensation—all to be in harmony with the underlying principles and values built into the mission statement. Then the principle center, the soul of the organization, can be continually reinforced in its day-to-day operations. The real key is to get the 7 Habits working at the personal, the interpersonal, the managerial, and the organizational levels. There is an interactive synergy between all four levels. Creativity feeds upon itself.

In this inspiring story, we also see an enormous amount of Sharpen the Saw renewal activity—personally, interpersonally, and managerially. This is an amazing president who understands the importance of P and PC (performance and performance capability), the goose and the golden egg—that the essence of effectiveness is being able to get results now in a way that eventually enables getting even more in the future.