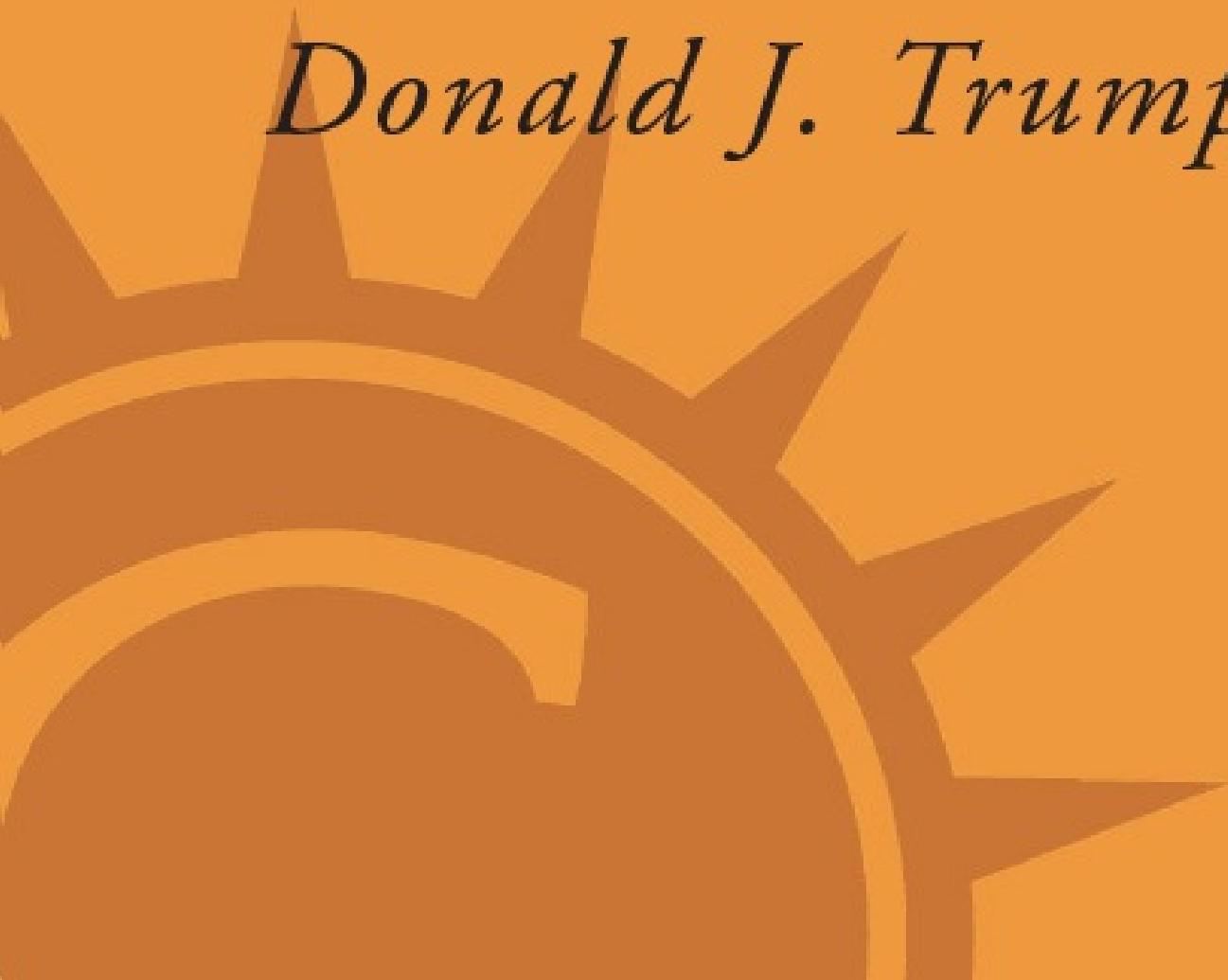


THE WAY TO THE TOP

The Best Business Advice
I Ever Received

Donald J. Trump



DONALD J. TRUMP

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John H. Williams, Jr., *Vice Chairman of Stein Mart*

Dale Winston, *Chairwoman and CEO of Battalia Winston International*

George Zimmer, *CEO of Men's Wearhouse*

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To my parents, Mary and Fred Trump

Acknowledgments

I would like to thank all the contributors to this book for their time and expertise. I am very grateful for your enthusiasm for this project from the onset and know you will be pleased with the results.

My special thanks to Norma Foerderer, who has coordinated this venture, watched over the development, and has made it a pleasure all the way for everyone involved. Also, thanks to Bernard Diamond, General Counsel at The Trump Organization, for his invaluable assistance.

THE
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Introduction

DONALD J. TRUMP

You can't know it all. No matter how smart you are, no matter how comprehensive your education, no matter how wide-ranging your experience, there's simply no way to acquire all the wisdom you need to make your business thrive.

So I asked the brightest, most successful businessmen and women I know—and some I *don't* know—what was the best business advice they have ever received. I decided to pose the question to people who run both large and small companies. After all, it's definitely not the big guys who have cornered the market in business smarts. Indeed, to run a small company in America takes as much—perhaps more—work, intelligence, and perseverance than it takes to be a Fortune 500 CEO with more resources at his or her disposal.

I was both pleased and humbled by the depth and thoughtfulness of the responses I received. Barbara Berger, President of her family-run business Food City Markets, gave a seemingly dark warning as the best business advice she ever received: The sun doesn't shine forever. Anyone who's ever been in business needs to heed Barbara's words, because every business has its dark days, and you need to be prepared for that. Knowing that this is part of the life of every company is vital to overcoming the inevitable problems and disasters that businesses face and surviving to see the sun again.

From Jim Cantalupo, Chairman and CEO of the McDonald's Corporation, comes this: Strive to satisfy the customer. That essential pearl of wisdom, so obvious, but often forgotten, was given to Jim by Ray Kroc, McDonald's founder.

Terry J. Lundgren, President, CEO, and Director of Federated Department Stores, offers advice as basic as it is often ignored: Bloom where you are planted. As much as we would all like to begin our

career in the executive suite, nobody starts out there. And the best way—the only way—to get to the top is to do the best that you can in what you are doing right now.

I could go on and on summarizing what the contributors to this book have written because it's such fascinating and important business advice. But I want to add something else before I let the show begin: there is no substitute for experience. None. But experience comes in two different flavors: your own and the experience of others. Most people can learn from their own experiences quite well, but many people simply ignore the experiences and lessons of others. This is foolish. If you rely entirely on learning from your own mistakes, it's inevitable that you will make too many, possibly disastrous, mistakes. Pay attention, people! Learn from those around you. There's no excuse for making the same mistakes that others have made. If you do, it's your own fault and you should expect no sympathy, no compassion.

The other side of this coin, however, is that you can benefit from others' wisdom. It's not just the mistakes that people in business have made that are valuable, it's the good decisions, the inspiration, the insights and revelations that people in business have to offer. Watch, listen, and learn. You can't know it all yourself—anyone who thinks that they do is destined for mediocrity.

Let me offer my sincere thanks to everyone who took the time to contribute to *The Way to the Top*. In this book you'll find all sorts of wisdom. Learning from the mistakes others have made will help keep you out of trouble; the good lessons—the *best business advice*—will propel you toward great success.

George ABERCROMBIE

President and CEO of Roche North American Pharmaceuticals Operations

I've been very fortunate to have worked with prescription drug products for my entire career, products that make a real difference in the lives of hundreds of millions of mothers, fathers, grandparents, children, and friends around the world. In my mind, there aren't many other businesspeople that can make such a claim.

After working as a pharmacist in North Carolina, I began my career in the pharmaceuticals industry as a sales representative. As I started out calling on physicians and other health care providers, discussing the efficacy and safety of our products, I was given a simple yet powerful piece of advice that has guided my thinking about this business ever since: *sell the medicines as if they would be used by my family, my friends, or myself.* This meant explaining the drug's side effects in as much detail as its benefits, resisting the urge to sugarcoat the drug's value in order to drum up sales. I would give health care providers all the information they would need to make the best choices for their patients. To this day, the humanity of each patient guides me in my work.

Put yourself in the customer's shoes

Adam M. ARON

Chairman and CEO of Vail Resorts, Inc.

As much as possible, deal only with good and honorable people. If you deal with good people, you won't need a contract, and if you are dealing with bad people, no contract can protect you.

Don't worry about contracts

Gerard J. ARPEY

President and CEO of American Airlines

Right after I had been named Chief Financial Officer of AMR Corporation, former AMR Chairman and CEO Al Casey gave me this guideline: “Borrow money when you can, not when you need to.” Without a doubt, it was the soundest piece of business advice ever given to me.

Be leery of loans

Diane N. BARK

President of DHB Financial Services, Inc.

I've really had to learn everything by doing it the hard way, without the benefit of any business advice. Sometimes I think that's what makes a person successful. Making mistakes gives one a great opportunity to grow and learn.

If there is any advice that I wish I had gotten, it would have been this: be passionate about your work because it will make your life so much more enjoyable in the long run. Don't do anything just because it will make you a lot of money. Most of all, listen to your heart and your mind and they will guide you in the right direction.

Follow your heart

Thomas J. BARRACK, Jr.

Founder, Chairman, and CEO of Colony Capital, LLC

Don't confuse efforts with results.

Only results count

Napoleon BARRAGAN

Chairman and CEO of 1-800-MATTRESS

I have been a merchant selling mattresses for more than twenty years. I pursued the best brands, the best quality, the best value, and the most innovative constructions to ensure I offered my customers the best. My pursuit of this information resulted in long and arduous reviews of the marketing materials that are carefully developed by each manufacturer.

Several years ago I had the good fortune to hire a vice president of merchandising who had a wonderful résumé in the mattress business. Shortly after settling in, he said, “Let’s open them up and see firsthand what’s inside the mattresses we sell.” We opened our offerings, and our competitors’ offerings, and we discovered that packaging and marketing materials cannot be the only source of information.

I have always been, and want to continue to be, a trusting person, but that does not negate the need to follow my vice president’s valuable advice: Understand the content, and follow the pledge Microsoft has adopted: Trust, but verify.

Trust, but verify

Anne BEILER

Founder and CEO of Auntie Anne's, Inc.

Keep going, gather good people around you to do what you can't, and focus on your gift.

Recipe for success

Marc BENIOFF

Chairman and CEO of salesforce.com

Strange as it sounds, the best business advice I ever received wasn't about how to make money—but how to give it away.

In 1997, while I was an executive at Oracle Corporation, Colin Powell stood up with the five living presidents and launched America's Promise—a program that challenged the nation to make a greater commitment to its youth. That motivated Oracle CEO Larry Ellison to start a corporate philanthropy program called Oracle's Promise, and I was tapped to spend \$100 million to get computers into schools. All of a sudden, I was living in two worlds. I spent half of my time in management meetings and the other half at schools in south-central Los Angeles, Washington, D.C., Northern Ireland, and Israel.

Although we placed thousands of computers in schools worldwide, our small team felt as if the efforts fell short of leveraging Oracle's full philanthropic potential. I thought back to Colin Powell's call to America's companies to "take the lead" in getting involved in youth service projects and to give employees paid time off to participate in these programs. I realized that philanthropy was about more than giving away money and I knew that if we had been able to draw on Oracle's full assets—its employees, its customers, and its partners—we could have made an even bigger contribution.

That was a defining moment that helped inspire my concept of "integrated philanthropy," the practice of emphasizing social service from the inception of a company. Shortly after I started salesforce.com, the company launched the salesforce.com/foundation, a 501(c)3 public charity with a mission of integrating philanthropy and business. In tandem with private funding sources, salesforce.com placed more than 1 percent of the new corporation's shares into the foundation. It also committed to donating 1 percent of profits to the community and 1 percent of employee working hours to community service. The 1-1-1 model—equity, employee time, and profits—ensures that as the business grows so does its contribution to the communities in which it operates.

Colin Powell calls the mission to get corporations involved in volunteering a "crusade." If embraced, the possibilities are astounding. Just consider what would happen if a top-tier venture capital firm required the companies in which it invested to place 1 percent of their equity into a public charity serving the communities in which they do business. The potential of corporations who embed "doing good" into their business structure is boundless.

In July 2000, salesforce.com/foundation opened its first computer center, providing free access to underserved youth, with Colin Powell in attendance. Since then, we have created nineteen such resources in San Francisco, a mobile computer lab in Hawaii, and twenty-four centers in nine other

countries around the world, including Kenya, Romania, India, Israel, Laos, Germany, Nepal, Ireland, and Afghanistan. These community technology centers have reached more than fifty thousand people worldwide. Employees have performed eight thousand hours of community service, and corporations including AOL, Gateway, and Cisco have joined our effort, donating services, time, and expertise to these centers. We now have four foundation offices operating on the West and East Coasts of the United States as well as in Europe and Asia. Additionally, about half of the employees made stock or cash contributions in 2003 and we also received donations from outside individuals. It's my personal goal to raise \$100 to 200 million for the foundation over the next five years in cash and equity contributions.

The salesforce.com/foundation has enriched our communities—as well as our company and our lives. The foundation is the secret weapon that keeps us grounded. People are here to do more than just make money; they make a positive impact on the world. One IT staffer spends every Monday at a salesforce.com/foundation technology lab, sharing his professional skills with the students he mentors; a member of our sales team works through a literacy program to provide support and a positive influence to an at-risk student; and our vice president of marketing teaches adults with no computer experience the skills they need to land a new job. Our employees know how to make community service a part of their lives and they know the rewards of giving back. I know that some of these people will go off and start their own companies and I hope they will take with them the model that Colin Powell has inspired us to build at salesforce.com.

Contribute to the community

Barbara G. BERGER

President of Food City Markets, Inc.

My dad, Robert Katz, founded our family business in 1953. While he was a visionary in the supermarket business, he was also very cautious in analyzing new locations. He always wanted to be prepared for any severe setback in business. When he died in 1996, I became President. I can still hear his voice, imparting his cautionary wisdom: “The sun doesn’t shine forever.”

While growth and expansion are always a priority, plans and preparation for major downturns and new competition can save a business in bad times.

During an upturn, prepare for the downturn

Simon BERGSON

Founder, President, and CEO of Manhattan Beer Distributors

My father's guidance, experience, and positive mentality have influenced me profoundly. After surviving fifty-eight months in three German concentration camps during World War II (Mauthausen, Sachsenhausen, and Auschwitz), he emigrated to America. Upon arriving with me, my elder two-year-old sister, my mother, and a mere six dollars, he started a men's clothing business that eventually became an established company. When I started my beer distribution business in 1978, he gave me advice that was not only an explanation for his success and outlook, but also a familiar saying that permeated my childhood Brooklyn neighborhood of immigrants:

“America is a great country; the harder you work, the luckier you get.”

The harder you work, the luckier you get

Angelica BERRIE

CEO of Russ Berrie and Company, Inc.

My late husband, Russ, died unexpectedly and left me to run the family business. I think often of the advice he once gave me, for it has served me well: “Don’t be afraid to make mistakes. You can always fix them after. What is important is to get the facts and make a decision. Remember that no decision is still a decision.”

Make mistakes

Garry BETTY

President and CEO of EarthLink

Never accept the conventional wisdom that something cannot be done, and then, be willing to invest the sweat equity to make it happen.

And it wouldn't hurt to keep this idea in the back of your mind: If it sounds too good to be true, it probably is.

There is no substitute for hard work

Robert J. BIRNBACH

President and CEO of Primordium Holdings, LLC

Be honest with yourself and do what you are comfortable doing instead of concerning yourself

1. with what you think others want you to do. Good things, in various and unexpected ways, will occur naturally.
2. Ideas have consequences. Whether you realize it or not, you become what you believe.
3. You should always be willing to reassess the value of things. A corollary to that is, the value that others place on something is secondary to its value to you.

Align your work with your values

Cathie BLACK

President of Hearst Magazines

Early in my career, I was talking with a friend and mentor about why some people are real leaders and some people only seem to have the title. “The first step to being a real leader is to figure out exactly who you are,” she said. “And be that all the time.” It was great advice. Throughout my career, I’ve worked hard to make sure that when an employee encounters me on any level, he or she does not have to figure out who I am and what I stand for. It’s a matter of creating your own personal brand. And like any strong brand, you have to back it up by what you do.

This kind of consistency seems to be growing more important as our confidence in leaders is slammed by constant body blows. People want to trust in leaders, but they have a lot of reasons not to. The day of the leader as icon has passed. Trust must be gained rather than conferred. People will give it only to someone who is real—to a person, not a title. A person who over time and through all conditions proves to be exactly who she says she is.

Be who you are all the time

Robert BOHANNON

Chairman, President, and CEO of Viad Corp

Richard Gregory, my first manager at General Electric Capital Corporation, offered me some advice early on in my career that holds true for all young workers.

Picture it. You're just starting out in your career. When someone offers you a new job opportunity, don't ask how much money you will make or what your title will be. Ask these two questions instead:

1. Who will I report to and what can he or she teach me?

Regarding that individual, how is he or she perceived within the organization? (Osmosis is always at play. If she is viewed as a leader and winner, it will rub off on you. If she is viewed as an ineffective leader, that, too, will rub off.)

Investigate future bosses

Malcolm A. BORG

Chairman of North Jersey Media Group

As a young businessman, I followed this valuable strategy in developing work relationships: pay attention to what you like and don't like about the way you see people "handle" other people. When you become a manager of others, follow the lead of the people whom you admired as managers and disregard the actions of those you didn't.

Imitate people you admire

Robert C. BOWEN

Chairman and CEO of Scientific Learning Corporation

My grandmother counseled me repeatedly at a very young age that the most important decision I would make throughout my life and in all my endeavors would be with whom I elected to associate myself. Whom I chose as friends, as business associates, as mentors, and what I chose as a workplace would not only determine my successes, but more importantly who I would become. The times I have compromised this advice have led to some of my greatest failures. Fortunately, I have mostly stayed true to her wisdom. The result has been a rich and rewarding life, from both personal and business perspectives. The highly principled people with whom I have been fortunate enough to associate have enabled me to achieve well beyond what would have been reasonable to expect, despite some major disappointments and setbacks along the way.

Be careful with whom you associate

Mark A. BROWN

President and CEO of Trump Hotels and Casino Resorts

The business principles that have most effectively guided my twenty-four-year career in the vibrant gaming industry were instilled by my late father, John “Jack” Brown, a highly respected Union leader and a labor movement pioneer of the Hotel and Restaurant Employees Union in Atlantic City.

Through my father’s actions, I witnessed at an early age how important it is to show employees respect and treat them with dignity and how critical their contributions are to an organization. I saw my father treat his Union members in a sincere and caring way, regardless of the nature of their problem, or more importantly, of their stature in society. I have tried to emulate this approach in my business environment, with a high degree of success and personal satisfaction.

During a period in our nation’s business history when mistrust and skepticism are commonplace, I have found honest and respectful two-way communication with employees to be a primary factor in long-term company success, as well as in individual career growth and enrichment. Companies often underestimate employees’ business acumen and, as a result, withhold important information from the employee workforce. Although I do not think this is done maliciously, it reinforces the false belief that senior management has all the solutions. I have made it a mission to communicate to employees as much information as possible for a few key reasons. First, as stakeholders, they deserve to know both positive and negative news regarding their company. More important, I rely on their support and involvement in the operation of our business, and by engaging their minds, together we unleash an incredible collective power, which translates to a significant competitive advantage.

Larry Bossidy, former CEO and Chairman of AlliedSignal and Honeywell International, once said, “At the end of the day, I bet on people, not strategies.” I have tried to live by these words, and I thank my late father for instilling in me a passion for people and a deep respect for the simple premise that people should always come first.

I would be remiss if I did not acknowledge and recognize an inspirational business leader integral to my own career development—and the author of this book—Donald J. Trump. Although Donald is well-known for his dynamic business savvy, he is not given enough credit for practicing the philosophy I have described here. Donald has fostered and encouraged a commonsense business environment, and I thank him for believing in my ability to implement these principles in our company.

Bet on people, not strategies

William C. BYHAM

Chairman and CEO of Development Dimensions International, Inc.

Early in my career, I worked at the world headquarters of JC Penney. One of the senior executives there had a test through which he put all major decisions: “What would be the best thing that could happen from this decision and what would be the worst thing that could happen from this decision?” I observed him go through the analysis generated by this test many times and I was impressed enough to adopt it myself. It has served me well. Often I have identified a public relations problem or a key client risk that outweighs the minor benefit which would come from a particular action.

Put your decisions through rigorous analysis

Gregory B. CALHOUN

President and CEO of Calhoun Enterprises

Anytime your output exceeds your input, your upkeep will always be your downfall. So never spend more than you take in.

Balance your accounts

Jim CANTALUPO

Chairman and CEO of McDonald's Corporation

I joined McDonald's Corporation as controller in 1974. Ray Kroc, the legendary founder of the company, was then still actively involved in managing the business, so I was very anxious to do a good job in presenting my reports to him. When I handed him the reports, I noticed that he went directly to the sales and guest-count data, grumbling at the regions that were lagging, and smiling and nodding his head at the regions that were exceeding expectations. When he finished, I asked him if he wanted to know how our profits looked.

"Listen, young man," he said, "there's something you need to know about McDonald's. If we focus on satisfying our customers and take care of the top line of our business, the bottom line will always follow."

Thirty years later, I still consider that the best business advice I ever received. The key to McDonald's success today continues to be both making the customer the boss and growing top-line sales at our restaurants by satisfying our customers better than anyone else. When we do that, everything else falls into place.

Take care of the top line and the bottom will follow

Gregory D. CASH

President and CEO of Vasomedical, Inc.

Two tenets of communication, “the size of the cannon” and “the twenty-four-hour rule,” have proven very useful to me in business.

I have found, as I have moved up in organizations over the course of my career, that increasingly I need to be much more careful about what I say and how I say it. People tend to listen closely to senior management and read more into their pronouncements. Things passed off as casual statements when uttered by middle managers tend to carry more weight when spoken by senior-level staff. For instance, I once noticed a mark on a wall and commented on it, only to later find the entire hallway had been repainted based on that small statement. Always put yourself in the place of the audience when sending a message, because the size of the cannon making the noise is significant.

Bearing this in mind, I have adopted what I call the twenty-four-hour rule. Whenever I receive a communication that elicits an emotional reaction, anger in particular, I am very careful about how I respond. If there is a chance that my drafted response is tainted by anger, I set it aside overnight or for a twenty-four-hour period. I then reread what I have written to determine if it reflects my true views or if emotion may have caused me to say something I might regret later. I then revise the communication to reflect the less emotional state I am in after the cooling-off period. This rule applies to letters, memorandums, and especially e-mail communication. E-mail is potentially the most dangerous, as it is so easy to press the SEND button versus posting a letter or circulating a memo.

Communicate with care

Robert B. CATELL

Chairman and CEO of KeySpan Corporation

Work hard and do the best you can do no matter what job you are given. Don't get caught up in the politics of a corporation, and treat all individuals as you would like to be treated.

Give your best to your work and your colleagues

Bob CHAPEK

President of Buena Vista Home Entertainment

On my first day at J. Walter Thompson in Chicago, my first employer out of graduate school, my then-immediate supervisor, Myron Lyskanycz, sat me down. He explained that I would never get ahead in the business world by doing what was expected of me. No, that would only lead to stagnation and mediocrity. Instead, I would need to perform well above and beyond those expectations. I would need to find spare time to deliver business-building initiatives that were not actually part of my job description and duty. That was the only way to get ahead: complete what was expected, and then exceed it wildly with a proactive initiative designed to build the business, and, in turn, my career.

Go beyond

Joseph T. CHARLES

President of Charles Industries, Ltd.

When developing a product, make sure that it is market driven. Great products that lack champions, identified markets, or customers are destined for failure.

Let the market drive what you do

Abe CHEHEBAR

CEO of Accessory Network Group and Ghurka

The final result of the eye-for-an-eye, tooth-for-a-tooth theory is two toothless blind men. In the end, good old common sense and logic always prevail.

Revenge doesn't make sense

Thomas CHEN

President of Crystal Window and Door Systems

My parents told me to remember my roots, and over the past fifteen years this has proved to be much more than a lesson in humbleness. It is a very sound way of conducting business and managing people.

I came to the United States from Taiwan in 1982, when I was twenty-seven. I had only a high school education, very little money, and no English language skills whatsoever. I worked hard at several jobs while studying English at night. Eventually I took what I learned and started my own company, making and installing window guards, and, ultimately, manufacturing windows. Today, Crystal Window and Door Systems does nearly \$50 million in sales, serves 25 states, and employs 350 people.

For me, as an employer, “remembering my roots” means remembering what it was like to come to a new country, learn a very different language, and work virtually around the clock to earn a living. I hire many new immigrants because I know what they are going through and I know what they have to offer.

I have offered professionally conducted on-site English language lessons to all my employees and I bring in consultants to work with key personnel on American business practices. I find many of today’s immigrants come here with great educational training, strong computer skills, and a work ethic of epic proportions, yet they lack the proper environment in which to thrive. Crystal tries to provide that as an “immigrant-friendly” workplace. It is as beneficial for me to help these new Americans as it is for them to help me and my firm.

I am honored that many Chinese and Taiwanese immigrants looking to launch their own businesses in my community consider me a mentor. In addition to counsel, I am often able to provide seed money as an investment for their future as well as mine. More important, the business connections and relationships forged through mentoring have been steadfast and very worthwhile, literally opening many new and profitable doors and windows.

When I was asked to join the Board of Directors for the Queensborough Community College (QCC) Fund, I jumped at the chance. In that capacity, I am able to influence and advise, among other things, QCC’s Port of Entry Program, which helps immigrant students assimilate into the American academic and business world more effectively. Several QCC graduates of this program have worked with Crystal over the years. Crystal recently established a \$250,000 scholarship endowment fund for the QCC Port of Entry Program to ensure its continued success, and I look forward to bringing many future graduates on board at Crystal.

My parents were right. Remembering my roots has proved to be sage business advice, for what I give, I receive many-fold in return. I am certain that remembering old roots has made putting down new roots here in America all the more meaningful and more successful.

Remember your roots

Steve CODY

Managing Partner and Cofounder of Peppercom, Inc.

One of my valued mentors was the CEO of an international management consulting firm who, at the time, was in his mid-sixties and suffering from severe emphysema. I was about twenty-eight years old and just beginning my career in public relations. In five years of reporting directly to him, he never failed to be polite to me and always answered each and every one of my questions with patience and sagacity. When I once thanked him for his kindness, he said to me, “I’m being kind to you because I want you to understand how important it is to be kind to younger people. I want you to help younger people as you grow and mature the same way I have with you.” While those words were simple, they have been extremely important to me and have helped me build an international public relations firm that is consistently rated by our employees to be one of the best workplaces in America.

Another mentor was a CEO who, at the time, was head of one of the larger PR firms in the country. At one point, we were involved in pitching a significant piece of new business. As we prepared, he and I went back and forth on whether to take a conservative or provocative approach in the proposal we’d be submitting. I erred on the side of caution and he demurred. We went into the pitch and found out later that another firm had beaten us. This CEO’s postmortem advice was to not be afraid of failure. He told me that if I wasn’t afraid to risk failure, I’d probably never succeed. That advice proved prescient: it took a major failure at a large agency in order for me to take the risk of starting my own business eight years ago. Today, my firm is one of the top independent public relations firms in the country. I’ve succeeded because I was willing to take a chance.

Help others grow, and take risks

Barbara CORCORAN

Chairman and Founder of The Corcoran Group Real Estate

JANUARY 1991, NEW YORK CITY

“Where’s the kitchen?” I asked as the superintendent opened the door to yet another dreadful apartment.

“This one doesn’t have one,” he said, “but the pipes are all there.”

I had already scheduled the sales meeting to announce the closing of my business when a big developer called and asked that I appraise a group of eighty-eight apartments in six buildings that he and his financial partners owned on the Upper East and West Sides. The apartments had languished on the market for three years and were leftovers from the go-go years when the real estate market did a jackknife dive and ended with a splat.

The developer, Bernie Mendik, and his investment partner, Equitable Insurance, had a \$50 million underlying mortgage on the buildings, leaving each apartment’s monthly maintenance charge 40 percent higher than the rest of the market. The high maintenance, along with the difficulty buyers were having in finding financing, made the apartments virtually impossible to sell.

I looked at the white-tile, white tub, white-sinked bathroom badly in need of caulking. “At least there’s a bathroom. It’s lovely!” I commented, and closed the door.

Finding buyers for these apartments would be no easy feat. Prices had plummeted 40 percent since the stock market crashed in ’87 and every would-be customer in New York City still believed that if they waited, they’d be able to buy any apartment for less the following day.

I returned to the office and called Mr. Mendik. “I’m afraid I have bad news, Bernie,” I began. “There’s just no way your apartments can be sold in this market. They’ve been listed for more than three years and there aren’t any takers. I’m sure you’re aware that the apartments need a ton of work and the maintenance charges are way out of line with the rest of the market. I’m sorry, Bernie, I really wish I could help.”

“Barbara,” Bernie responded with his trademark enthusiasm, “you’re a smart girl! You’ll figure it out.” And he hung up the phone.

SUMMER 1962, TOMS RIVER, NEW JERSEY

We were sitting outside on Grandpa's screened porch after lunch when I heard a lot of noise at the farm across the road. "Mom!" I yelled with my hands cupped on the screen door. "There's some fancy cars pulling up to the farm. Can we go see what's going on?"

"Just a minute," she answered, "and we'll all go together. Ellen, help me finish the dishes, and, Denise, put away the cups. John, sit on Grandpa's lap there, and, Eddie, wipe your face. Barbara, stay right there, and keep your eye on Tommy, Mary, Martin, and Jeanine."

By the time my mother walked across the road with her six children trailing behind, there was a line of fancy cars, and a line of fancy city folks to go with them waiting by the gate.

"What's going on today?" my mother asked a lady in a very shiny dress.

"What's going on?" the lady repeated, flapping a fan in front of her face. "What's going on is that that farmer lady gave me an appointment at noon and then let *that* woman there ahead of me."

"I had an appointment at noon, too," grumbled the bald-headed man behind her.

"And so did *we*," a very skinny lady said, standing with a man by their blue convertible. "And, by the way," the very skinny lady added, "you're behind *us*."

"Oh, I don't have an appointment," my mother explained, as she straightened the hem of her housedress. "We're just visiting relatives next door."

"What's everyone waiting for?" Denise asked.

"For the puppies," the lady with the fan said as if we should know. "They're Jack Russells, and they have three of them for sale right over there next to the barn."

"You better make that *two*," a lady with a poufed head of blond hair said as she walked past cradling a tiny brown-spotted puppy. She was making baby sounds. "I got the absolutely cutest one of all! Just look at his sweet little face!"

The people waiting in line bristled, and Mom moved us out of the way as the line squeezed closer together. "Come over here, kids," she directed, as the fan lady hurried through the gate, "and I'll tell you what's really going on." Mom laughed to herself as she explained: "The farmer's wife was smart enough to get everyone to come at the same time because she knew it would make everyone want a puppy!"

"But why would it make everyone want a puppy, Mom?" Ellen asked.

"Because everybody wants what everybody wants. And when there are ten buyers and only three puppies, every dog becomes the pick of the litter."

I had an idea! What was good for the puppies would be good for apartments, and the next day, I called Bernie back to make an appointment. Bernie liked my new idea and asked me to explain it to his partners later that week, which I did. Next, I explained it to three serious men from the underwriting banks, and later explained it to the even *more* serious men from the lead lender, Chase Manhattan Bank. And finally I explained it to the *most* serious men of all from the Equitable Life Insurance Society of the United States, the majority investor. They all seriously liked it.

By the fifteenth of January, my last-ditch plan to save my business was in full swing.

“Here’s how it works,” I said to Esther Kaplan (The Corcoran Group’s Vice President) and to one of my best agents, Tresa Hall. Tresa had agreed to be the project’s Sales Manager. “I’ve priced all the studios at \$49,500, all the one-bedrooms at \$99,500, and all the two-bedrooms at \$165,500.”

“Even the high floors?” Esther interrupted.

“Yes, high floors, low floors, front apartments, and back apartments, *all priced the same*. Apartments with views or no views, those with new kitchens, old kitchens, or no kitchens at all, all priced the same!”

“But how’s that possible?”

“I added up all the original asking prices, divided by the number of units in each building, and then deducted ten percent, because that’s what people would have negotiated off the price anyway.”

Esther shifted slightly in her chair.

“And I’ve also taken away every objection that a buyer could possibly have. There’s no board approval needed and one of the banks with a big stake in the building has agreed to provide the mortgages. Also, there’ll be no monthly maintenance charges *for two whole years!* None.”

“*None?*” Tresa repeated. “But that’s crazy! Who’ll pay the maintenance each month?”

“The sellers will,” I answered, “because it’s included in the sale price. We’re simply giving the buyers one less check to write each month and moving the high-maintenance objection out of the way.” I pulled out a sample contract and continued, “We’ll have the eighty-eight contracts prepared in advance by the seller’s attorney, and we’ll stack them high for everyone to see. The buyers will sign them right then and there the morning of the sale.”

“But that isn’t legal, is it?” Esther queried, as she tilted her head to the left. “Barbara, you know buyers have to show the contract to their attorney before they can sign it!”

I pulled out the big rubber stamp I had had made and with one quick motion imprinted the sample contract on my desk with bold lettering:

CONSULT YOUR ATTORNEY

You have *two weeks* from this date to cancel the contract and receive your full deposit back.

Esther and Tresa looked cautiously optimistic.

At the next Monday meeting, I announced to our salespeople that we had eighty-eight new co-op apartments for sale, that they were located in six different buildings on the Upper East and West Sides, and that we were going to sell all of the apartments on the same day for the same price. “Pick any studio for \$49,500,” I said emphatically, “any one-bedroom for \$99,500, or any two-bedroom for \$165,500!”

When I wouldn’t disclose the apartments’ addresses, everyone wanted to know where they were even more. “This is not a sale open to *everyone* and it will *not* be advertised.” I had no money for advertising, but didn’t share that fact. “We will distribute the exact addresses and unit numbers *only* on the morning of the sale. I ask that you please tell only, I repeat *only*, your very best customers. And, of course, you can also tell your family. The sale is limited to *one per customer* and will take place three weeks from today, first come, first served. Nine A.M. sharp!”

Everyone looked intrigued, and after I ended the meeting, I could still hear the buzz from my office.

Two weeks before the day of the sale, I added fuel to my fire by worrying aloud to a few salespeople, “I’m a little concerned that we might not have enough to go around.” My whisper campaign created a virtual frenzy.

A week before the sale, accusations began to fly that someone had gotten hold of “The List” and that she was already telling her customers which apartments were the best ones. I quelled the rumor at that Monday’s meeting.

“No one has the list!” I stated emphatically to the crowded sales floor. “I repeat, No one has the list! There’s *only one list*, and it’s safely locked in Esther Kaplan’s drawer. Esther, please show them!” With that, Esther played magician’s assistant and walked over to her desk, where she unlocked the drawer and pulled out the sheets of typed paper. As she held them up and turned from one side of the room to the other, fifty salespeople wiggled forward for a better view.

“Thank you, Esther,” I nodded. “Now, please lock it back up!” *Everyone* watched as Esther put the list into an envelope, put the envelope in the drawer, locked it, and dropped the key into her purse. “Everyone will get the list next Monday morning, nine A.M. sharp!”

FEBRUARY 1991, NEW YORK CITY

“Stand back!” Tresa Hall, a former flight attendant, commanded the chaotic, shoving throng of buyers. “I repeat, stand back and clear the doors!”

I was shocked to see the crowd of buyers stretching to the end of the block. “Excuse me, excuse me, please, excuse me,” I repeated as I made my way up East Sixty-ninth Street.

The line had started at 4:00 A.M., and by 8:30 had grown to include hundreds of people desperate to snag an apartment. Tresa’s voice cut through the crowd. “We will distribute the list of apartments momentarily,” she said, demonstrating with broad flight attendant arm motions. “And we’ll be handing it out starting in the front and will work our way to the back of the line as quickly as possible. Please note that a map is attached to the back of each list with all the addresses and apartment numbers clearly marked. There are salespeople stationed on every floor in each of the buildings, the apartment doors are open, so that you can go in and look at any apartment you choose. Once you’ve made your decision, however, you must return to *this* table in *this* lobby to sign the contract.” She directed all eyes toward the banquet table, which stood in the lobby with eighty-eight waiting contracts stacked high.

“When you are ready to sign a contract and leave us your ten percent deposit check, the apartment will be *immediately* taken off the market. Please have several apartments you’d like to try for, as your first choice may already be taken! You’ll be given a copy of the signed contract to take with you for your attorney.

“Okay, then” Tresa finished, and with great ceremony said, “we’ll now hand out the list of apartments!” The crowd inched forward and I wondered if I should have hired a few uniformed policemen to protect her, or at least for dramatic effect.

Like a Macy’s One-Day Sale without the clothes, people began to run the moment the list was in their hands. In the mayhem, everyone had a strategy for charting, hunting, darting, looking, rushing, signing, and buying. Some people waited on elevators, while others bolted for the stairs. Some worked alone, while others worked in pairs.

The first successful buyer had flown in from Paris and had camped in line since four in the morning. He signed a contract for a one-bedroom on the highest floor, sight unseen, six blocks away.

One savvy couple had a pair of cellular phones and were calling each other back and forth as they dashed through the buildings looking at apartments. It was the first day I saw cell phones in use. When they decided on an apartment they liked, the husband ran to the table while his wife kept looking, just in case. As he signed the contract, he called his wife on her cellular phone and said, “Honey, we got one, you can stop.”

One man rushed back to the contract table announcing he liked the C line of apartments in the building. “It doesn’t matter which floor, I just want to buy a C, any C.” When we told him that all the C’s had been sold, he decided he liked B’s too, “any B.”

We started the day with eighty-eight apartments that nobody wanted and our company near bankruptcy. By day’s end, eighty-eight proud new owners were celebrating their good fortune, and we had eighty-eight checks to deposit and had earned over a million dollars in net commissions. I

continued to build my business until 2001, when I sold it for \$70 million.

So, the best lesson I ever learned in business was from my mother:

When there are ten buyers and three puppies, *every* dog is the pick of the litter.

When there are ten buyers and three puppies, every dog is the pick of the litter

Jerry COUVARAS

CEO of Atlanta Bread Company

When people emigrate, as I did, they tend to change fields to find a “new opportunity.” I think that’s a mistake. In South Africa, I was an investment banker with holdings in three retail food operations. Before I moved to the United States, I met with a successful entrepreneur. I asked him, “What should I do when I get to America?” His advice: “Stick to what you know.”

So I stayed in the food business. If you’re a plumber, become a better plumber. If you studied to be a doctor, be a better doctor. Stick to what you know. The grass always seems greener on the other side, but it’s not. Build on your experience rather than jumping ship. It’s easier to do different, new, and exciting things—but often it’s smarter to stay the course.

I pass this advice on to my franchisees—stick to Atlanta Bread Company and you will get better and better. Look at me: I purchased my business in 1995 when it had two locations. Today there are almost two hundred. Look at Trump—he stuck with it; you can, too.

Stick to what you know

Michael J. CRITELLI

Chairman and CEO of Pitney Bowes Inc.

Ian Morrison, former president of the Institute for the Future, told me that I had two choices as Chairman—to either be a steward or to be a change agent. And that in reality the only choice I had was to be a change agent. The trade-off for being a change agent was that I probably wouldn't get much credit at the time because a lot of the benefit would come after I was gone. He also taught me that the pace of revolutionary change is usually overestimated in the short run and the magnitude of such change is usually underestimated in the long run.

Recognize that the rewards of success may come late

Michael DAN

Chairman, President, and CEO of The Brink's Company

During one of my first job assignments, when I was twenty-two, I was faced with a very difficult decision. I asked the founder of the firm for guidance. He replied, "It's your job to weigh all the available information and make the call in the best long-term interest of the firm. If you do that, you will be fine."

That advice has steered me throughout my career and never failed my company or our people.

When you don't know what to do, just make the best call

Karen N. DANZIGER

Executive Vice President of The Howard-Sloan-Koller Group

Accept, change, or leave.

In other words, don't try to change that which cannot be changed. Accept that which is a given, change what you are able to, or move on to something else.

Accept, change, or leave

Thomas F. DARDEN

Chairman of Quicksilver Resources

1. Go where the traffic isn't.
2. You will never achieve more than you are willing to settle for.
3. The only currency that has finite limits is time—so spend it wisely.
4. You make your money when you buy, not when you sell.
5. Get in too late and get out too early (that's how I made all my money).
6. Do business with good people.
7. Be one of those good people and people will do business with you.

Seven simple principles for building a successful business

John DASBURG

Chairman, CEO, and President of ASTAR Air Cargo

Adam Smith got it right in the eighteenth century when he said that a market economy is only sustainable with an educated citizenry and when large organizations don't have significant political influence. Without an education, people lack opportunity and are more prone to rebellion. When large businesses have too much political power, it leads to monopoly, followed by consumer and political rebellion. Therefore, all business leaders have a responsibility to support public education and oppose the concentration of political power in business.

Support public education, not political power in business

Richard E. DAUCH

Cofounder, Chairman, and CEO of American Axle & Manufacturing

In 1990, when I was Executive Vice President of worldwide manufacturing at Chrysler, Lee Iacocca, the Chairman and CEO, thoughtfully shared with me advice that set me on a course to become Cofounder, Chairman, and CEO of American Axle & Manufacturing, the tenth largest tier-one automotive supplier in North America and the twenty-fifth largest in the world.

Mr. Iacocca's advice was complex in its simplicity. He said that if my ambition was to be the leader of a significant industrial corporation, I would have to do what he had done more than a decade earlier, when he completed a legendary resurrection of Chrysler as it spiraled toward bankruptcy. I would have to make my own mark at a different corporation. I would have to either resuscitate a floundering automotive company as he had done or create a new one. Given Mr. Iacocca's renowned success, I took his advice to heart and decided to create my own company.

Mr. Iacocca arrived at Chrysler Corporation in dire straits, but he got right to work. He surveyed the situation, developed a plan, and then hired the right people with the right automotive design, manufacturing, marketing, finance, and applied engineering experience to get the job done. He convinced the federal government that he had a sound business plan and obtained government loan guarantees, which Chrysler was able to pay back seven years early. Mr. Iacocca and his team succeeded in saving tens of thousands of jobs and an automotive nameplate that might have been lost forever. I am proud to have been part of that distinguished team.

Mr. Iacocca's advice inspired me to retire early from Chrysler Corporation, giving me the time and energy to focus on an automotive-related business that I could create—one that would meet my personal and professional standards and ambitions. I knew that choosing the entrepreneurial approach of founding and forming a new company would involve a great amount of personal and financial risk. It would also require a tremendous amount of energy, enthusiasm, and focus.

After careful evaluation of all of the pertinent issues and choices, I put Mr. Iacocca's guidance to the test by leading a small investment team that purchased five of eighteen assets that General Motors had for sale. The company had lost more than \$20 billion between 1991 and 1992; it was hemorrhaging red ink and needed to divest itself of unprofitable, troubled operations. The driveline and forging assets that we purchased were among the most challenged in General Motors's asset portfolio. The business units had outdated manufacturing processes and products and dispirited workforces. This would be a Herculean management and leadership challenge. It would be right up my alley.

I recognized the risk, but I was familiar with the driveline and forging operations. Earlier in my

career I had served as plant manager at GM's flagship plant, the Chevrolet Detroit Gear & Axle complex. I was convinced that I could create a profitable, multibillion dollar, multinational company, one that would be a value-added driveline systems supplier for General Motors and the other world automotive original equipment manufacturers.

It was a situation not dissimilar to what Mr. Iacocca had encountered in 1978 at Chrysler Corporation. The big exception was that I would be an owner of the assets. I would have to lay it all on the line, assuming considerable personal financial risk along with my investors.

Less than a decade after the official operating and legal start of American Axle & Manufacturing, the company has become the ultimate entrepreneurial and executive success story, in an auto industry that has seen more than its fair share of failures and misery. By taking Mr. Iacocca's advice to heart, I have been able to create a company that fulfills and satisfies both my personal and professional goals and that has been extremely rewarding for all shareholders and stakeholders.

We were able to retain the original 7,500 jobs that flowed from General Motors Corporation. Today, the workforce is 12,000 strong and strategically located in twenty-three locations on four continents. The company has been profitable all nine years of its existence. In 1999, through a successful Initial Public Offering (IPO) process, we converted the company from a private firm to a company publicly traded on the New York Stock Exchange (NYSE) as "AXL." Since that time we have generated seventeen straight quarters of performance that have met or exceeded Wall Street expectations. Revenues have more than doubled since 1994: they have grown from approximately \$1.6 billion to \$3.5 billion.

We have built a world-class quality and technology product portfolio possessing outstanding performance capabilities, and customers have expanded from the original two to more than seventy-five. We originally shipped product to two countries; now we ship to twelve.

The company's execution of challenging investment decisions regarding revitalizing old facilities and investing in new product, process, and systems technology earned it a place on the Fortune 500 in 2002. In 2003, AAM moved up to number 450 on that prestigious list, and we have also been honored through the *Forbes* Platinum 400 as one of America's *Best Big Corporations*.

Nearly \$2.5 billion has been invested to rebuild and modernize AAM's original plants and infrastructure, and this activity continues to be done strategically and thoughtfully with an eye to achieving a positive return for our investors. As a result, AAM was awarded the 2001 Shareholders Value Award from *Automotive News* and PricewaterhouseCoopers with a total return on investment (ROI) of 169 percent.

I grew up on a working dairy farm in Ohio and my parents were my role models. They were hardworking, entrepreneurial Americans who encouraged their seven children to be bold, brave, bright, and courageous. They also taught us honesty, integrity, human compassion, and caring. Teamwork was expected and leadership was allowed to develop in the environment that they provided.

The strong sense of fundamental values and teamwork instilled in me by my family set the stage for the man I would become. It was the advice I received from Mr. Iacocca that helped set the stage for the owner-operator-entrepreneur that I enjoy being today.

Make your own mark

Harris E. DELOACH, Jr.

President and CEO of Sonoco

Charles W. “Charlie” Coker, Sonoco Products Company’s current Chairman of the Board of Directors and former CEO from 1976 to 1998, once gave me these words of wisdom:

“Sonoco has prospered for over one hundred and four years because of the achievements of its people. Such prolonged success can come from nothing else. A company, after all, is a collection of people who create products, make it all work to achieve financial results, and, ultimately, create its reputation. The right people build businesses!”

I have found that the biggest successes and failures in business are most often determined by whether or not the right people are in the right jobs. You can have the best strategy, but it has no value without the right people to execute it. Conversely, if you have the wrong strategy but the right people, they will correct it. The right people truly do build businesses.

The right people build businesses

John M. DERRICK, Jr.

Chairman and CEO of Pepco Holdings, Inc.

My career has been spent in the energy and utility business, where knowing and serving your customers well is critical. It was in the Navy, however, where I learned a crucial piece of business advice. I was a Civil Engineering Corps officer specializing in base public works operations. Staff officers in the Corps had oak leaves on their sleeves and the line officers we supported had stars on their sleeves. When I paid my initial call on the Commanding Officer, he asked if I knew what my job was. I responded, “I think so, but perhaps the Captain should elaborate.” He said, “Your job is to serve the people with the stars on their sleeves.” In other words, know your customers and devote yourself to their well-being—a simple and direct piece of advice that has guided me for more than forty years.

Serve the ultimate boss, your customers

Richard “Bo” DIETL

Chairman of Beau Dietl & Associates

Upon retiring from the New York City Police Department in 1985 as one of its most highly decorated detectives, I started a security and investigation firm. The success of my business can be directly linked to my going out every night to network continuously. Although my networking detracted from my being a good father and a good husband, it was the sole reason that my business was and is successful. Being able to go out and make those important contacts makes for a thriving company.

One of the most overlooked parts of a network are the assistants to the people you are trying to cultivate. As a chairman and chief executive officer, I have absorbed some valuable truths regarding assistants. If you are doing business with a chairman or CEO of a company, become friendly with their assistant—even if you already know the boss. Having a good relationship with the assistant will secure a spot for the meeting you’ve been wanting but have had trouble fitting on the executive’s calendar. After the assistant schedules the meeting, the chairman or CEO most likely will not change or reschedule it.

Also, when hiring an executive assistant, I do not go with the candidate with the highest IQ; I go for the one who has the best all-around attitude. I prefer someone giving me 100 percent of what God gave them than someone with a high IQ giving me 50 percent. Having a good attitude makes for a successful relationship between the boss and the assistant.

The value of assistants

David DOMBROWSKI

President, General Manager, and CEO of Detroit Tigers, Inc.

Early in my career with the Chicago White Sox front office, Roland Hemond, then the general manager, advised me not to worry about what I couldn't control and to stay focused on what I could. One day we entered the park together when it was raining. There were many questions on my youthful mind regarding what we were going to do in regards to the rain delay, how we would get through the day, and how our game would be affected.

Roland told me to not worry about the weather. It was something we couldn't control and was an element we had to deal with in our game. He said that if we ended up having a rainout, we would then deal with all of the necessities that were caused by the cancellation. This sound advice not only led to my dealing successfully with many rain delays, but also in dealing with other aspects of my professional and personal life.

Don't worry about things you cannot control

Donald L. DRAKEMAN

President and CEO of Medarex, Inc.

The best advice came from my father, Fred J. Drakeman, an international business executive. He said, “People will do what you measure and review.” This does not mean just focusing on the annual performance review, however. Managers should monitor and review employee tasks and accomplishments in real time, in order to ensure that everyone accomplishes their goals.

If you review it, they will do it

Ron DRAPEAU

Chairman and CEO of Callaway Golf Company

Andre Horn, then the Chief Financial Officer of Joy Manufacturing Company, now Joy Global, offered me some valuable advice on integrating an acquisition (which could apply to any major project): “Run it like the French Cavalry: plan long, order short.”

Plan long, order short

Leon DREIMANN

CEO of Salton, Inc.

My mentor, Gunter Petz, once said: “Half drunk is a waste of money.” If you’re going to do something, do it right, with 100 percent commitment.

All or nothing

Archie W. DUNHAM

Chairman of ConocoPhillips

I received some good advice in the United States Marine Corps, something called the Five *Ps*: “Prior planning prevents poor performance.”

Received may be too mild a word. The mantra was pounded into my head, just as it was pounded into the head of every newly commissioned lieutenant who served with me. (In the Corps, it was actually the Six *Ps*, and you can guess what the fourth P was. But five or six, the principle is the same, and I’ve been grateful for the lesson ever since.) Whether in the military or in business, preparation is critical. One reason why the Marines are so successful is the thoroughness with which they plan: they think about alternatives, they anticipate what could go wrong, and they provide for contingencies. When I participated in maneuvers as a young lieutenant, I kept a notebook where I logged every mistake and every area where I thought we could improve. Then I shared the benefits of this ongoing education with the young lieutenants who followed me. I did the same thing in the business world as I rose in the corporate ranks and trained the young, up-and-coming managers. The result was that for the rest of my career, I almost never went to a meeting unprepared. Equally important, I had a management team behind me that was trained to think the same way.

Prior planning always paid off—and never more so than when the time came to realize my longtime dream of making Conoco an independent company again. Conoco had merged with DuPont in 1981 to avoid a hostile takeover. By 1998, the original justification for the merger had evaporated, and there were compelling reasons for us to break free of DuPont.

But regaining independence was a massive undertaking that required the most meticulous planning. That we succeeded in realizing our objective was due entirely to our attention to detail.

We had to marshal compelling arguments to persuade DuPont’s board that it was in the shareholders’ interest to allow us to separate. That meant extensive in-house planning and research. But we didn’t trust our own brainpower alone. We brought in outside investment bankers and financial experts—first, to help us make our case to the board, and then to lay the groundwork for the Initial Public Offering (IPO). We also hired our own legal counsel to help us negotiate our way through the transition, rather than relying on DuPont’s legal department. Extensive planning preceded every step in the process.

In the end, our planning was rewarded even beyond our greatest expectations. When the Conoco stock began trading on the floor of the New York Stock Exchange on October 22, 1998, the IPO was greatly oversubscribed. In fact, at \$4.4 billion, it was the largest IPO in U.S. history up to that time.

On the morning after, my wife, Linda, and I rang the opening bell of the New York Stock Exchange to celebrate Conoco's triumphant return as an independent, public company. Conoco was once again free to pursue its growth objectives as the fifth-largest energy company in the United States.

It was one of the proudest moments of my life. Amid the euphoria, I paused to remember the Five Ps—because it was planning that put us there.

Five Ps

Gerald D. EDWARDS

President and CEO of Engineered Plastic Products, Inc.

It is natural to let our egos guide our business decisions. After all, as entrepreneurs, we spend years fueling and feeding our egos with each storm we weather and each setback we overcome. You count your exploits and realize that your business has survived and flourished because of you: your hard work, your intelligence, your powerful skills of negotiation, and your acute business acumen.

Then one day you awaken to the realization that you have survived first by the grace of God Almighty, and second with the help of talented, dedicated employees. *You need to downsize your ego.*

In other words, put your egotistical thoughts on a diet. Only through humble eyes can you see the world as it really is and savor the taste of success. Humility will guide you to use the things you don't know to your advantage. You will begin to seek out the brightest and best talent you can find without feeling threatened. You will begin to feel comfortable even if you aren't the smartest member of your management team. You will begin to hire people that complement you by adopting this valuable philosophy: show me a person smarter than me, and I'll hire them.

Downsize your ego

James P. EVANS

CEO of Jenny Craig, Inc.

In 1982, my former boss, the President and COO of Hyatt, gave me this advice: Forget all the marketing stuff. Worry about the people you hire. Focus on getting the right people in the right place on your team, and the rest will follow.

Get the right people first

Steven T. FLORIO

Vice Chairman of Advance Magazine Group

One day, when I was about twelve, I was down in my carpenter grandfather's basement workshop when he said, "You should start earning your own money. You clean up this wood shop and I'll pay you what it's worth."

So I spent the next three hours making that place shine. I swept up all the wood shavings; I wiped down every piece of equipment and made it gleam. I stacked all the wood neatly.

Then I found my grandfather and we went back to the shop. He looked around for what seemed like a very long time. Then he nodded slowly and said, "Fantastic!"

You can imagine how proud I felt.

Still nodding his approval, he reached into his pocket and handed me my wages—a quarter! Twenty-five cents.

A quarter?! I couldn't believe it. Even in 1960 a quarter for three hours of work was nothing to an American kid.

He said, "I want you to learn something about the world.

"In the real world, cleaning up is useful, but it's not worth much. Anyone can do it. It's worth, maybe, a quarter.

"Now, if you had built something useful with these tools, a bookcase maybe—something that was functional—that would have been worth a bit more.

"But if you had envisioned something new, something no one had ever thought of before, and if you had built that, pouring your heart and your soul into it, well, that would have been worth a lot of money. Remember that."

And I have. To this day, I still carry that quarter.

It reminds me of the importance of envisioning and building something excellent, something that will last long after you are gone.

And that kind of vision and love of craft is not something you can get from most businesses. You certainly don't get it from a business plan or a five-year projection. You get it from your heart. It's got

to be something you feel in your heart. That's where it all begins.

Build something of lasting excellence

J. Roger FRIEDMAN

President of Lebhar-Friedman, Inc.

My father, Arnold D. Friedman, started Lebhar-Friedman, Inc., a publishing company, in 1925. We usually had lunch every Wednesday. It was during these meetings that he spoke about values and imparted advice gleaned from his success, advice based on principles that still apply today.

The first of these values was honesty. “Treat other people as you would want to be treated yourself,” he said. “Never cut corners. A business arrangement or deal can only be successful and long-lasting if it benefits *both* parties.”

He also cautioned me: “Admit when you are wrong. Be more *flexible* and not so rigid. If you become fixed in your beliefs and opinions, you will be ossified and eventually unable to move.”

He valued equilibrium. “Have a sense of balance in your life,” he said. “There are far more important things in life than business . . . there is your family, your home, your health, and you must be able to enjoy the pleasures of life. We are only going to pass through this world once!” In other words, when things got difficult and problems arose, my father would always say “*Illegitimi non carborundum est*” (“Don’t let the S.O.B.’s wear you down”).

Then there was the lesson taught by a friend at General Foods, an individual by the name of Clarence Francis. Mr. Francis attributed his success, as my father did and I do, to the fact that he never hired people he didn’t like. Life is too short to have individuals within your business family whose company you do not enjoy and with whom you do not want to spend any time. Individuals we hire should have the same values, the same ethics, and a similar outlook on life.

Last, but not least, my father had a great sense of humor, and I was fortunate to have inherited that valuable trait. Many times in business dealings involving large sums of money and a number of people, a sense of humor turned out to be my greatest asset in sealing a deal or just easing the tension at a difficult moment.

My father’s outlook on life was based on his southern upbringing, his belief in fairness and a “do unto others” philosophy. These values are as relevant today as they were seventy-eight years ago.

Treat people how you want to be treated

George G. GELLERT

Chairman of Atalanta Corporation

When I visited Taiwan many years ago, the person taking me around town was introduced to me as a chauffeur. Nonetheless, I enjoyed his company very much and I was very pleasant with him. That evening, through a more skilled translator, I discovered that he was actually the owner of the company I had visited. That was the beginning of a great business relationship, and a great illustration of the best business advice I have ever received: whenever you meet somebody, whatever his or her position may be, be gracious and friendly because you never know.

Treat everyone politely

Frances GERSHON

CEO of U.S. Toy Company/Constructive Playthings

My father was a cantor, and he thoroughly loved performing in the synagogue and creating an aura of prayer among the congregants. He told me to choose an occupation (as he did) that I would enjoy and find fulfilling.

I chose to become an early childhood teacher because I loved working with young children and making their first school experience a happy, positive one. I hoped I instilled in them a love of going to school. But after several years of teaching, I realized that there was no store in the Kansas City area specializing in playthings and equipment to meet the needs of the fast-growing day care business. I decided to fulfill that need.

After fifty years on the job every day, I still love coming to work at U.S. Toy/Constructive Playthings. Helping to choose the best products for our catalogs and stores is most gratifying to me. I continually search for new and challenging items that will not only help young children to develop mentally and physically but will also be fun for them. I hope that I have made a worthwhile contribution to their lives by providing them with the teaching tools for enjoyable learning.

If young people can choose a profession or business that will give them such satisfaction, they will be successful, both monetarily and mentally.

Follow your bliss

Kristina GOBBLE

President of EMK Design

Don't expect a profit for the first five years. This idea has helped me relax and let my investment in my business grow over time. Finance gurus often suggest letting investments sit for five years before evaluating whether to abandon them and the same has been true for my business. I have been a sole proprietor for over six years and I have found that most of my business growth has come in the last two years. I have also seen my word-of-mouth referrals increase three-fold during the last two years, which tells me that the "five-year rule" applies to business as well as investments.

Be patient

Rick GOINGS

Chairman and CEO of Tupperware Corporation

This concept has served as an important influence in my operating philosophy throughout my career. In essence, it speaks to empowerment within an organization. It has guided me to discuss expectations with my management team, agree on deliverables and a timeline, and then get out of their way and let them perform.

It also speaks to the dynamics of how, I believe, the best companies are led. There is a leader presiding over the organization, but decision-making rests with units of leadership scattered throughout the company, rather than with the CEO. These are the companies that are able to continuously renew their business model and achieve sustainable competitive advantage.

The stars can't shine until the sun goes down

Fatima GOLDMAN

Executive Director of Federation of Protestant Welfare Agencies, Inc.

My first job straight out of college was as a family counselor in a day care center in the Bronx. The early teacher and children congregated in the large open lobby area until all the classroom teachers arrived to take the children to their respective classrooms.

One morning I arrived feeling grumpy and irritated so I walked through this boisterous group of three to five year olds without acknowledging anyone. One four-year-old, rightfully indignant at my behavior, piped up, “So, you don’t even say good morning to the kids??”

Never enter your office—or any place for that matter—with greeting those whom you pass. A simple and sincere “Good morning” goes a long way.

Say “good morning”

B. Thomas GOLISANO

Chairman and CEO of Paychex

In 1967, a sales manager at Burrough's Corporation mentioned a very valuable concept to me, a young sales rep. He said, "If you want to make \$100,000 a year, all you have to do is find a hundred people who can make you \$1,000 or a thousand people to make \$100." (Keep in mind, this is in 1967 dollars.)

It was this piece of advice that inspired me to become an entrepreneur and create my own business, Paychex.

Find paying prospects

Jim GOODNIGHT

Founder, President, and CEO of SAS

SAS has been a privately held company for more than a quarter century. But during the dot-com boom, we dabbled with the idea of going public. We have an extremely viable product, a great customer base, and a solid business model. Before we took the IPO plunge, however, we asked our employees what they thought about the idea. Surprisingly, nearly 90 percent said that we shouldn't do it. So we didn't. And then the dot-com bubble burst and the economy slowed.

So the best business advice I ever received didn't come from one person, but from the collective voice of our eight thousand employees.

Talk to your employees

M. J. GORDON

Chairman of Tootsie Roll Industries

In 1946, after serving for almost three years as an Army officer in World War II, I was about to report for work in our family's extremely competitive women's hosiery manufacturing business. My father sent me off with this advice: "Son, remember to buy low and sell high." In addition, he told me that if I really wanted to secure high prices regardless of competitive conditions, I should seek a business protected by a strong trademark, a patent, or a secret process. I took those words to heart. In order to *sell at a high, branded price*, I invented a new brand called Ironwear Insured Hosiery—insured against runs regardless of cause.

Insuring women's hosiery against runs had never been done before. We were pioneers. At the factory, we used indelible ink to stamp a registration number on the thigh portion of each stocking in a pair. We inserted with each pair a registration card with the same number. The store clerk filled in the expiration date on the card for each pair sold. The first pair purchased at one time was guaranteed for seven days from the purchase date, the second pair for fourteen days, and the third pair for twenty-one days. Ironwear hosiery, which contained a patented double-knit feature that prevented runs at the gartering point, was an instant success, and kept growing among our customer base of older, heavier women whom our salesmen respectfully referred to as "the ploppers." Returns of damaged hosiery amounted to less than 1 percent of sales.

In 1962, after serving on its board for ten years, I became Chairman of the Sweets Company of America, makers of Tootsie Rolls and Tootsie Pops. I renamed the company Tootsie Roll Industries, Inc. From 1962 to 1977, I ran both the candy company and the hosiery company (which had expanded to branded sweaters and leotards). Both companies were growing. In 1977, I decided to sell one business and concentrate on building the other. It was then that I considered my father's advice about protection from price erosion. Tootsie Roll had a product loved by children since it started in 1896, and an old established brand. Listed on the New York Stock Exchange since 1922, it had a secret process for making both Tootsie Rolls and Tootsie Pops. The women's knit-goods business, on the other hand, operated under the name Hampshire-Designers', Inc., was on the American Stock Exchange, and was only partly branded. It had many strong competitors making similar basic products.

The choice was easy. I sold the knit-goods business and concentrated on building Tootsie Roll Industries. And it paid off handsomely. Sales grew from 20 million in 1962 to about 400 million in 2003. Net profits grew from \$750,000 to over \$66 million in 2003. By buying low and selling high in recent years, we were able to reach a high of over 18 percent net profits on sales, in an industry that averages about 5 percent net profit on sales.

We did benefit from selling high, but the real skill is in buying low and keeping expenses down so as to maximize the margin between your selling price and costs. To do so, it is vital that the CEO shares responsibility with his purchasing head in all buying of key materials. In both the knit-goods and the candy company I developed methods to keep our purchases of raw materials, packaging, and energy as low as possible. One of the techniques we use to find out how low the vendor will go is to offer a price a little below the lowest price at which we believe that anyone has purchased the item. We evaluate the pitch of the vendor's screams to get a clue as to how far from bottom we are and then bargain hard to get to the lowest price he or she will take.

In addition, we will hedge part of our raw materials in the futures commodity markets when we see prices that are fairly low historically. Sugar, vegetable oils, corn (for corn syrup), and other agricultural products have future markets where we can gamble one or two years out to lock in favorable prices on items we use. Again, we can't be hogs, seeking to get the lowest prices ever, because hogs usually get slaughtered. But prudent advanced buying, especially during price dips, pays off in lowering our costs. We can also lock in fuel or energy prices for future delivery to fix prices either to take advantage of historically low prices or to protect against future shortages.

The point is to protect and expand the gross margins of your business. Another way to widen margins is to keep your manufacturing plants ahead of the state of the art by inventing your own machinery or modifying standard equipment to be faster and more reliable. This can help keep labor costs and fringe benefits down. We have all seen businesses that do a lot of volume but are left with no profit or with a loss, but by keeping your gross margin solid and tightly controlling your expenses below gross margin, you'll come out on top in any industry.

Buy low and sell high

Mark GRANATA, Jr.

President of RFR Realty, LLC

Be careful what you wish for, as you just may get it!

Know what you want

Earl G. GRAVES, Sr.

Chairman and CEO of Earl G. Graves Limited and Publisher of Black Enterprise Magazine

Advice doesn't always come to you verbally. After a lifetime in business, I still learn less from what people say than from what they do. By that yardstick—or any other you could name—the best business advice I ever received came from my father.

His name was Earl Godwyn Graves, a child of immigrants from Barbados who was orphaned in America at age fourteen. He was a hard man in many ways, a strict father who believed in discipline. Growing up with him wasn't exactly fun, but he taught me from a young age how to make money—and how to keep it.

At fourteen, I landed my first salary job as a Western Union messenger. I made sixty-five cents an hour. Dad would take a cut for the household, put some away for my savings, and then give the rest of it to me. Without "telling" me, he showed me that *earning* money was not the same as *having* it. If I was going to have money, I was going to need the discipline to save, the sense to invest, and the willpower to put my personal and material needs last.

But I honed the courage, tenacity, and confidence it takes to develop a business after following some advice from the Army. When I was discharged from the Army as a first lieutenant—having attended airborne and ranger schools—a senior officer suggested that I do three things that would favorably impact my civilian life. He said that I should join the National Guard, continue my involvement with the Boy Scouts of America, and get involved in politics. I followed those directives. As an infantry officer, I commanded a company in my local National Guard. The Guard was then forming an elite unit of Special Forces, and in that unit, I ended up as a captain and a team leader in the Green Berets. I continued my service in the Boy Scouts of America, advancing from the local to the regional level. Eventually, I served as a member of the national board for more than twenty years. I still serve as its Vice President. In 1964, I made contact with the national office of the Democratic Party, where I volunteered in Robert Kennedy's campaign bid to become senator of New York. Pleased with my efforts, the newly elected senator invited me to join his staff in 1965. I served as an administrative assistant to Senator Kennedy from 1965 until his tragic death in 1968.

The success that I've had in business started from childhood, extended through my developing years, and was sharpened by these two blocks of advice and my broad cumulative experience.

Experience is a good teacher

Alan C. GREENBERG

Chairman of The Bear Stearns Companies, Inc.

My father owned some retail stores in Oklahoma and he taught me many things about running a successful business. Two of his principles made a tremendous impression on me. First, a great deal of his sales were based on credit. When a customer without a charge account came in and wanted to buy some small item, my father would walk up to the credit department and say, "Open a charge account for this young lady." The customer was amazed and flattered. My father said, "That lady will be a customer forever, and if she doesn't pay for this small item, she can only beat me once." He had the credit department in all the stores act accordingly. I use this theory of "The person can only beat me once" all the time.

The second commonsense rule drummed in my head was "If you have stale merchandise, sell it today regardless of price, because tomorrow it will be worth less." This theory of getting out of stale merchandise and into fresh positions certainly can be applied to the stock market. If you study the stocks on your own, you will see how much better off you would be if you sold the poor performers and moved your money into well-managed companies. Not every industry has the liquidity of the stock market or the retail business, but even where there is less liquidity, the theory works. Few people want stale bread today, and nobody will want it tomorrow.

Keep it fresh

Paul R. GUDONIS

Chairman and CEO of Genuity Inc.

The man with the plan leads the way.

Know where you're going, and others will follow

Christie HEFNER

Chairman and CEO of Playboy Enterprises, Inc.

While it is difficult to distill lessons learned down to “the best,” I do believe that among the most important advice I ever received was the need to think like a good journalist. In other words, before you take a position or make a decision, gather information and different perspectives. Don’t be afraid to ask questions or say you don’t know. Run meetings in a way in which you ask each person to offer her or his point of view. Try to get everybody to think about and articulate the advantages and disadvantages of a course of action. I find that doing things that way has greatly improved the quality of my decision making.

Think like a reporter

Mark HELLERSTEIN

Chairman, CEO, and President of St. Mary's Land & Exploration Company

In *Good to Great*, Jim Collins shows that all great companies define and pursue a hedgehog strategy. That's the intersection between what the company can be best at in the world, what it's passionate about, and what makes money.

What is good for a company is equally good for the individual. Many years ago, I discovered my own hedgehog, allowing me to springboard my career from an independent public accountant, to treasurer, to CFO, to President and CEO of one of the most successful independent exploration and production companies in the United States.

Talent is the seed for passion, since you tend to like the things you are good at. Once that seed is nurtured with some success and positive feedback, you are motivated to practice or learn more about your field of endeavor. With effort, your talent grows, as does the reward and motivation, and soon you find that you are extremely passionate as well as motivated to the point where someday you believe you may become the best in the world at it. If the talent and passion can be used to make money, it is a hedgehog. If not, it is a hobby.

After taking a bookkeeping class in high school, I entered an intern program and worked for a small non-CPA accountant. I built a foundation of knowledge that gave me an edge when I took accounting classes in college. I was always good at understanding numbers and mathematical relationships. Once I had a base of experience and knowledge it moved me to the top of my classes. Because I understood the material so well, I became passionate about it and worked that much harder and received significant recognition. I graduated top of my college class in business and accounting. When it was time to prepare for the CPA exam, others in the review class studied the practice problems once. But I did them multiple times and began to understand that my depth of knowledge was far greater than others in the class and began to think that I *could* be the best in the world at this. I continued to study three times as hard as everyone else and when the time of the CPA exam came, I was ready to be the best in the world. And sure enough, I got the highest grade in the U.S.A. out of 38,000 participants.

Although I was working as an auditor for Arthur Andersen, then one of the top national CPA firms in the country, I found the work to be routine and uncreative. My passion was to have an impact on companies. After three years I went to work for an oil and gas client where I began to develop a special talent to pull massive amounts of detail together and in a simple, straightforward manner paint a picture of where we made and lost money and why. This ability allowed me to advance in the corporate world from looking at historical performance to helping plan strategy to structuring and negotiating deals. Ultimately, I have risen to CEO by using this same talent to create economic discipline within a creative and highly technical business, together with deal structures that create

value and incentive programs that align shareholder and management /employee objectives to create superior performance. For me, this hedgehog has allowed me to create wealth for myself while creating value for the company.

Find your hedgehog

Lloyd L. HILL

Chairman and CEO of Applebee's International, Inc.

Honesty. Integrity. First, Last, Always.

"Life is not easy; least of all is it easy for either the man [woman] or the nation that aspires to great deeds."

—Theodore Roosevelt

Be truthful

Henry R. HILLENMEYER

Chairman and CEO of Cooker Restaurant Corporation

When I was still in my twenties, I was tapped to be president and CEO of a computer company. In a Board of Directors meeting one day, I was defending one of my officers who was under criticism from some of the board members. A gruff old Italian gentleman on the board maintained silence during the meeting (I think in order to avoid embarrassing me), but he came up to me after the meeting, put his arm around my shoulders, and said, “Henry, my boy, just remember one thing: if you walk with the lame, you will learn to limp.” I never forgot it.

If you walk with the lame, you will learn to limp

Gary HIRSHBERG

President and CEO of Stonyfield Farm, Inc.

Shortly after the crash of 1987, my then little and struggling yogurt company took a severe nosedive. A contract packer had gone bankrupt and we were left with all the bills but none of the manufacturing capacity. So we moved all of the production back to our little hilltop farm, back to our long-since-outgrown prototype yogurt “plant,” dusted off the cobwebs, and proceeded to meet orders, albeit unprofitably for the next fifteen months. This location had about eleven months of winter and one month of poor sledding, so our employees were busier plowing, shoveling, and otherwise plugging leaks than making yogurt. As a consequence, I went into a severe and pitched search for funds. Every week that passed would be a week when I had yet another \$8,500 payroll to meet and \$25,000 in milk, fruit, and packaging to purchase. Ultimately, we lost about \$20,000 per week, looking like a pretty ugly duckling when it came to impressing the investors.

I met dozens of venture capitalists in this era and all of them left me pretty disheartened. Many saw through the chaos and recognized a potentially valuable brand, but all tried to steal us blind. During one especially dark period, a friend sent me an L.L. Bean walking stick that contained a flashlight and a compass neatly screwed inside. Attached was a note that I immediately tacked on my wall and have looked at every day of the sixteen years that have elapsed since. His note read: “Dear Gary, Use this to walk tall, find your way out of the wilderness, and pierce the darkness of despair.”

Today, as I sit at the helm of the nation’s third largest and fastest growing yogurt company, I now know that *determination* is probably the most undervalued and underappreciated prerequisite to success, and this little note did a lot to get me pointed in the right direction. By the way, I never did take any money from those slimy venture vultures and found my own way instead.

Another guiding principle came to me when I was just starting out in the yogurt business. Then we were milking cows and putting our thumbs in countless dykes as we tried to stay afloat, and I had no idea what I was doing and could not distinguish which among the countless tasks that lay before me should be the highest priority. I knew that we needed to keep our quality high, manufacturing and transportation costs under control, sales pitches sharp, marketing materials magnificent, employees satisfied and growing, cash flowing, and all the while ensuring that our mission and core values were not compromised. But in the inevitable pressure cooker of rough times, particularly in start-up, it was clear that something had to give. As a pathological optimist, I had no clue which of these fundamental requirements could possibly be allowed to slip a bit.

So I cold-called the CEO of Veryfine Juices, another local brand that I admired enormously, and which had been owned by the same family for over a century. I weaseled an invitation to go down to the Veryfine plant for lunch. After sizing me up for about an hour, the CEO offered this poignant, terse,

and very Yankee summary that has been among my guiding principles ever since: “Keep it tight,” he offered. In other words, keep your expectations for income conservative, and ruthlessly watch expenses. I have run things pretty tight ever since, and today we’ve grown from five cows and about \$50,000 in local sales to a national firm with over \$150 million in sales—the largest organic yogurt company in the world.

Stay determined (but keep it tight)

Stanley S. HUBBARD

Chairman and CEO of Hubbard Broadcasting, Inc.

My dear dad uttered valuable advice on integrity, hard work, and loyalty, but this one on communication stood out: “Flies never enter mouths that are kept closed.”

Sometimes nothing needs to be said

Dawn HUDSON

North America President of Pepsi-Cola, Inc.

Keith Reinhard, Chairman of DDB, once advised: “If you can’t write your strategy or idea on the back of a business card, it’s too complex to execute.”

Keep it simple

Susan M. IVEY

President and CEO of Brown & Williamson Tobacco Corporation

As a senior manager once said to me, “As you move up in an organization, there is an increasing importance on ‘how you get things done’ and a decreasing importance on ‘what you get done.’ It’s all about leadership and a focus on the ‘how.’”

How, not what

Bradley S. JACOBS

Chairman and CEO of United Rentals, Inc.

Ludwig Jesselson, chairman of Philipp Brothers, which later merged with Salomon Brothers, gave me a lot of helpful words of wisdom during my early years in business. Although he died in 1993, Mr. Jesselson's words still serve me well, and I think they would be of use to anyone in business.

1. Don't try to convince anyone of anything. Instead, find something of which you're really convinced. If you believe deeply in something, your enthusiasm will be contagious.
2. Find your spiritual center—whatever that means for you—and don't lose it.
3. When someone you trust betrays you, don't seek revenge, and don't wish that person ill. Adopt a detached state of mind and just consider him gone from your life.
4. Understanding what drives another person—what wakes him up in the morning, what he's after in life—is critical to forming a mutually productive relationship. You have to understand the needs and goals of your partner before you can fulfill them.
5. Be discreet. Indiscretion sends all the wrong signals and lets others know that you can't be trusted. Someone who knows that he can count on you is more likely to do business with you.
6. Build and maintain a good reputation. Ultimately, business is about trust. If you want to be in the game for the long term, what people think and say about you matters a lot. This is particularly true when people invest money with you—they are taking a risk and they want to know that they can trust you.
7. Fortunes come and fortunes go. You are only really financially self-sufficient if you can make it again from scratch. The self-confidence that comes from knowing you can repeat your success gives you a terrific mental edge.

Know who you are and what you believe in

Thomas S. JOHNSON

Chairman and CEO of GreenPoint Bank

My father gave me this true and wise advice: “You’re not a man until you have had to fire someone and you’re not a good man unless every time you do it you hate it.”

On growing up

Curt JONES

President and Founder of Dippin' Dots, Inc.

During a particularly trying time, when a competitor was zeroing in on our existing customer base, my former boss, Dr. Pearse Lyons of Alltech Biotechnology Center (now Alltech, Inc.) in Lexington, Kentucky, reminded me that “people buy from people.” He told me to not worry about the attacks and price undercuts on our product but to continue to forge the relationships and trust that got us where we were.

At an earlier stage in our company’s history, my sister, Connie Ulrich, who received her MBA from the University of Illinois, always reminded me to “focus on the present” and to not worry about what happened yesterday. In the early days of a fledgling business, this was very instrumental.

Trust, let go, and focus on the present

Jerry JONES

Owner and General Manager of Dallas Cowboys Football Club

My father, Pat Jones, who was blessed with more natural business instincts than any man I have ever known, gave me three very important guidelines.

1. As a young person, hang out with older people. It is important to associate with older people who have a track record of accomplishment in their professional careers. Interaction with those people allows you to benefit and grow from their knowledge, experience, and wisdom. Never pass up an opportunity to develop relationships with those who have gone before you and achieved, in any field. Ask questions of them and learn to be a good listener.

2. Philosophically, have a big front door and a small back door. This involves bringing a lot of opportunities for revenue and growth into your operation, while allowing a very small number of those prospects to go unexplored. It is an attitude of being open and available to aggressively pursue and develop as many opportunities as you can. You reel in your fish nets, but you don't let much leave the boat.

The small back door also relates to having key managers who are capable of performing multiple tasks. Have a small number of talented people. Develop them. Take care of them. Allow them to produce and grow. Then hold on to them and don't let them leave. If you do retain large numbers of employees, it is important to do so in the areas that involve creating revenue.

3. Sometime the greatest runs in football are the ones that just get you back to the line of scrimmage. Many times an individual is very successful if he or she is consistently capable of being able to stay in the game. In terms of taking entrepreneurial risks, I know of very few really successful people who made the correct decision much more than 50 percent of the time. They became successful, however, by cutting their losses and getting back into the fight.

Father knows best

Thomas M. JOYCE

President and CEO of Knight Trading Group

During my years at Merrill Lynch, I worked for some of the finest people I have ever met. Two in particular set the tone for the organization back then, Dan Tully, the CEO, and Steve Hammerman, the General Counsel. One of the main focuses they imparted to the organization was “ROI,” Return on Integrity.

Having spent more than twenty-five years in the investment industry, it has never been more clear than it is today that “integrity” is the foundation upon which one builds a career. We all make tactical mistakes in business and we all have the occasional error in judgment, but we learn from them and ultimately become better business people for the experience. But once one’s integrity gets called into question, opportunities seize up, clients begin questioning relationships, and one’s leadership authority wanes. A perceived lack of integrity is the death sentence in business. My experience is that ROI is the most important “metric” of all.

A true leader uses this integrity in combination with optimism. Optimism comes naturally to many leaders, but a quote attributed to Dwight Eisenhower in his biography authored by Kenneth Davis sums it up best. General Eisenhower said, “Optimism and pessimism are infectious and they spread more rapidly from the head downward than in any other direction. Optimism has a most extraordinary effect upon all with whom the commander comes in contact. With this clear realization I firmly determined that my mannerisms and speech in public would always reflect the cheerful certainty of victory—that any pessimism and discouragement I might ever feel would be reserved for my pillow.” In my experience, the finest, most successful people I have met are resolutely positive and optimistic, always believing they will achieve their goals. There is nothing more inspiring and stimulating than being in the company of optimists. It is at the core of true leadership.

Return on integrity is the main metric

Parker S. KENNEDY

President of The First American Corporation

Early in my career, a leader in our company told me that “sales is a profession” and “sales is as hard as any job in the company.” He added that there must be a sale in order for the production employees to have anything to do.

Everyone in the company should have the skills of a salesperson.

Nothing happens until a sale is made

Richard L. KINZEL

Chairman, President, and CEO of Cedar Fair, L.P.

Having no formal college education and starting at Cedar Fair as a food service supervisor in 1972, I had to learn from experience, mentors, and business associates.

Shortly after being named President and CEO in 1986, I heard a comment I have tried to live by and have preached to my general managers: “Pigs get fat and hogs get slaughtered.” That is, businesses, empires, and families can be destroyed by greed. In business, greed can manifest itself in pricing, investing, and capital expenditures. In one’s personal life, greed can cause a lack of balance between professional responsibilities and family obligations. Greed must be ultimately controlled by good common sense.

Pigs get fat and hogs get slaughtered

Michael B. KITCHEN

President and CEO of CUNA Mutual Group

No matter what your organization, the ability to get employees fully engaged in leading and running the business is absolutely critical. I learned this when I started working after college, and it's been reinforced throughout my career—especially now as CEO of a Fortune 750 financial services organization.

When companies engage their employees, they are rewarded with innovation, greater loyalty, increased productivity, less tolerance for poor performance, and an overall increase in morale. It doesn't have to be difficult. Simply ask employees for their help. What ideas do they have to improve the company? What's working well? What isn't working well? Where can we save money? How can we grow the business?

You have to be prepared to respond to employees. Acknowledge their ideas. Pursue their ideas. Take the best forward. Will all ideas submitted be worth pursuing? Of course not. But there will be a good number of good ideas and, on occasion, some absolute gems that make a big difference for your organization. More importantly, employees will feel more connected—because they really are. That stronger connection means a happier workforce, a more productive workforce, and, at the end of the day, a stronger company.

When corporate leaders engage employees in leading and running the company, the level of trust in the organization also grows. The entire organization feels a commitment to the success of the company. Today, we're seeing too many examples of corporate greed. When tough economic times hit, these organizations have a hard time rallying support among employees if changes need to be made to wages and benefits in order to keep the company financially strong or just to keep the company financially solvent.

When our company recently faced unprecedented economic challenges, we had to take action to reduce expenses. Were we in danger of going out of business? No—we had no burning platform. We simply didn't want anything to happen to our financial strength. How did our company generate the expense savings we needed? We shared our story with employees. We asked for their ideas. We showed what had been happening in the industry, how jobs had been lost. We demonstrated that we wanted to be different—we didn't want to take the simple route of job cuts to come up with savings.

Our employees responded with hundreds of cost-savings ideas. They agreed—by a large margin—to a wage freeze and other benefits changes. They increased their commitment to spending company resources wisely. The result: many millions in savings—pretty significant for a company that produces \$3 billion in annual revenues. More importantly, employees were partners in solving the

problem and, I believe, have a renewed commitment to helping the company be successful.

Was it easy? No. Success is rarely easy. But, by continually engaging our employees in leading and running the company, we are a stronger company today and are positioned to remain the clear leader in our marketplace.

Engage your employees

Michele KLEIER

Chairman and CEO of Gumley Haft Kleier

Have someone in a high position become your mentor. That person will become your protector, confidante, and biggest supporter and defender. In return you will become the senior person's eyes and ears for the rest of the company.

Find a mentor

Robert B. KNUTSON

Chairman of Education Management Corporation

A former associate in the banking business, who had started what is now a brand-name executive recruiting company, gave me some very valuable advice about growth.

After I recited how well I was doing with the small private company I had joined as President, how we'd increased revenues from \$2 million to more than \$20 million in just a few years, and how I was taking on some outside directorships in other private companies, he asked me, "Are you really focusing on all the opportunities to grow your own business? Isn't that a better use of your time?"

He was right. I pared back my focus to my own company, and it was well worth my time. Growth didn't happen overnight, but, thirty years later, we've been one of *Forbes*'s 200 Best Small Companies four years in a row, our current revenues will be well north of \$800 million, and the extent of our education business goes far beyond what I might have conceived in those early days.

Focus on your business

Robert J. LAIKIN

Chairman and CEO of Brightpoint, Inc.

1. Friends are far more valuable than money.
2. It takes years to build trust and only seconds to destroy it.
3. Buy low and sell high.
4. Learn to separate thought from action.
5. A person who is nice to you, but rude to a waiter, is not a nice person.
6. Being rich has nothing to do with money.
7. You can get by on charm for about fifteen minutes. After that, you'd better know something.
8. Focus on what you have, not what you have lost.
9. If you fail to plan, you are planning to fail.
10. By the time a man realizes his father was right, he has a son who thinks he's wrong.

Follow the ten business commandments

Daniel P. LANDGUTH

Chairman and CEO of Black Hills Corporation

There is nothing more stubborn than the facts.

Truth will tell

Karen Gilles LARSON

President and CEO of Synovis Life Technologies

You're only as good as the people who work for you.

Choose employees wisely

Jean G. LEON, RN

Executive Director of Kings County Hospital and Senior Vice President of the Central Brooklyn Family Health Network of New York City Health and Hospitals Corporation

Those considering a career in business should develop a set of realistic goals. It is additionally beneficial if the goals can be ranked in order of importance—this may include aspects such as desired annual income, location, or personal fulfillment. (Choosing an industry that you enjoy and are knowledgeable about can make the difference between enjoying two days out of the week as opposed to seven.) After you have laid out your goals in front of you, a useful next step is to develop some clear strategies that will lead you to them. Your ability to stay focused on your goals will many times inform you whether you've chosen realistic ones.

Set realistic goals

Timothy H. LING

*President and COO of Union Oil of California**

*Editor's Note: Timothy Ling passed away January 28, 2004.

When I was attending business school at Stanford in the late 1980s, it seemed like all of big business was dominated by the “great men” of the board rooms—folks like Jack Welch, Larry Bossidy, Andy Grove, and Warren Buffett. I can still remember thinking how important it could be to my career if I could receive some advice from executives of that stature and fame.

Fifteen years later, as the president of Unocal, a Fortune 200 energy company, I have indeed had the opportunity to meet and talk with a number of noted business leaders. Ironically, the best business advice I ever got wasn’t from one of these high-powered guys. Rather, it came from someone who was finishing out his long career with Unocal as I was coming in to be the company’s CFO in 1997. A gracious North Carolinian with a Duke pedigree, Fielding Walker had spent the bulk of his career climbing the corporate ladder at Unocal and had made it all the way to running one of the company’s largest divisions. He was anxious to start his new career as a painter (a career move he has now successfully completed), but as a favor to the then-CEO Roger Beach, he delayed his retirement for a few years in order to serve as an advisor to the CEO and senior executives on organizational and personal development issues.

When I joined the company, there were many things that I believed needed to be changed in order to give us a good chance of long-term success. With the naiveté of a former consultant, I embarked upon an aggressive and in hindsight overly comprehensive agenda for change. My personal combination of inexperience and impatience drove me at a rate of a hundred miles an hour in pursuit of a quick turnaround.

Needless to say, I was soon confronted with the reality that in a big company environment, change has to be dealt with in a fairly holistic way. That is, leadership has to focus on a few critical things which have to change and then bring the organization along to be able to execute these changes. Once the big changes begin taking shape, other issues can be addressed that build upon the momentum of the overall big picture changes. Six years later, I can confidently say that the company is now on an exciting path, patiently executing a simple strategy which should position Unocal well for the next phase of its future.

For me personally, however, my struggles in learning how to be an effective senior executive really started after we slowed down and focused our change agenda at the company. Some of the things we had to do were fairly major departures from what the company had been used to doing, and, not surprisingly, would be difficult and involve major dislocations. Thus it was natural that the changes

would spur lots of emotion, unhappiness, and resistance among some of our employees and other affected stakeholders. And, indeed, as we began to roll out and execute some of the changes, I became a lightning rod for the organizational resistance and personal displeasure. Internet message boards churned with nasty and very personal comments attacking me.

I had grown up as a fairly well liked and reasonably popular kid. I played sports all through high school and always prided myself in being supportive and encouraging to everyone on the team, whether they were the all-state star or the guy with the really clean jersey who never got to play. I was elected co-president of my business school class, running on a platform of being a guy who pretty much knew everyone in the class. As an adult, I had always taken pride in being able to relate to and learn from everyone I met, whether they were the CEO of a big company or the guy who came to cut my grass every week.

Now, for really the first time in my life, I was faced with the reality that, at least for some segments of the population of my company, I was not a very popular guy. Maybe that was always the case in my life before Unocal, but without vocal message boards I went along in happy ignorance. Anyway, in retrospect, it really got to me. I began to question myself and my ability to stay focused on the major changes that were needed. Maybe incremental change versus more radical change was the right answer. I found myself tempted to say things to the employees like, “Once we’re over this, things will go back to normal,” even while recognizing that they probably wouldn’t and any short-term healing that might be gained would be overwhelmed when the reality hit that in today’s environment, “normal” just means more change.

Fielding Walker had noticed that I was struggling and sensed that I was losing my edge and ability to stay focused and confident in helping to execute the needed changes. He reminded me what was happening at Unocal was not unique. It wasn’t really about me personally; it was about the anxiety, fear, and anger inevitably arising from major change.

Logically, I knew that he was right. I had worked as a consultant for McKinsey, where we researched the topic of change and had actually published a book called *Real Change Leaders* in which employee resistance to change was one of the key topics. But this wasn’t a *logical* issue for me—it was personal and emotional and that is why logic wasn’t helping me.

Fielding figured this out. He came into my office, and in his calm southern drawl, said, “Tim, I think what you are really struggling with is approval. You’re a guy who likes people to approve of you. Until now you’ve been in situations where your personality and makeup allowed you to have that approval. Now you’re in a situation where it is impossible for you to do the right things for this company and at the same time be approved of by everyone—it just can’t happen. You need to think very clearly about who you really are seeking approval from.” This notion of being purposely discriminating about where and whom I was seeking approval from was simple, but for me incredibly insightful and illuminating.

He continued. “Could just be me, but my guess is that you might not want to put disgruntled ex-employees or managers who can’t get the job done on your list of who you are seeking approval from.

Be respectful in your interactions with everyone but be a lot more selective in terms of whose approval you seek.”

A twenty-minute casual conversation with a wise and caring person who was my friend as much as my counselor gained me some incredible advice. I quickly came to realize that seeking approval from my wife and family would help to keep me grounded and living my personal values, not just at home but at the workplace as well. At the office, I recognized that I needed to seek approval from just a few key constituents—my boss, our Board, and our key team members.

Today I continue to take Fielding’s thoughtful words to heart. When you must make difficult decisions, you’re not going to be liked or approved of by everyone. I gain comfort in the knowledge that by doing what I believe is right for the company and performing well for those people whose approval I seek, in the long term I will have done my best for my company and our employees.

Serve the company, not the chattering crowds

William H. LONGFIELD

Chairman and CEO of C. R. Bard, Inc.

Do the right thing.

Be one of the good guys

Terry J. LUNDGREN

President, CEO, and Director of Federated Department Stores, Inc.

New to the retail business and eager to learn and make my mark, I became frustrated because I wasn't being challenged enough and wasn't learning as much as I expected from my boss. I had been on the job as an assistant buyer for a mere eighteen months when I complained about my situation. I was told by my college recruiter, who had played an integral role in my decision to join the company, that I should "Bloom where you are planted."

My attitude and focus were forever changed. My attention shifted from *where I was* to *how I was doing*, specifically *how I could make the most out of my current situation*. I learned quickly that although you can't always control where you are planted—to which department or specific project you are assigned—you *can* control the experience while you are there. Committing myself to doing the best job possible regardless of my assignment while maintaining a positive attitude became my focus. From that point on, I can honestly say that I have always been promoted to a larger and more challenging assignment before I became bored or complacent.

During my career, I have found that the ground in which we find ourselves planted varies in composition. Sometimes it is fertile and healthy, making growth seem a part of nature's course. At other times the soil may be dry, cracked, and rocky, making growth more challenging. I learned that I could prosper in either situation as long as I stayed focused on my responsibility to be the best that I could be regardless of where I was planted. And, if I performed at my maximum capability, I might actually leave the ground a little more fertile for the person who would ultimately take my place.

Today, I sometimes share this lesson with our young associates. I tell them to focus on what they can control—their performance and their attitude—and that regardless of where they excel, they will likely be recognized and eventually given assignments that will be more challenging and more desirable. And most importantly, I remind them, with each transplant comes another opportunity to bloom.

Bloom where you are planted

John J. MACK

Co-CEO of Credit Suisse Group and CEO of Credit Suisse First Boston

We usually think of “advice” as something that someone tells us, but I learned my most valuable lessons in life by example, by watching people around me both when I was growing up and when I was trying to stay true, in my business career, to the values they taught me. Yet, if there is one piece of advice that has been important to me, it is “Always remember where you came from.”

I was raised in a small town in North Carolina where everybody knew one another and treated one another fairly and with respect, no matter who you were. When people gave their word, you knew you could count on it. In business, I’ve worked hard to be straight with people and to do what I say I’ll do. Whether you are doing business on Wall Street or in a small town in North Carolina, nothing is more important than your integrity.

When I was growing up, my father worked long hours to run his small business, but, like my mother, he always found time for other people. They gave back a lot to the community, and while we had a big family, there was always room at our dinner table for friends and neighbors. My family was a great source of support and compassion, but they also taught me to be resilient and to keep things in perspective. Nothing teaches you to have a thick skin better than growing up as the youngest of six brothers.

I have lived in New York for a long time now, and have been very fortunate to have some success in the business world. But I try to get back to North Carolina whenever I can, because no matter what the opportunities or challenges I face, it always helps me to remember where I came from and the values I learned there.

Always remember where you came from

Brad MARTIN

Chairman and CEO of Saks, Inc.

Communicate simply, clearly, and truthfully.

Customers, employees, and investors are smart. They don't need business people who use complicated words or who are less than candid in their communication. Tell the truth and keep it simple.

People are smart. Tell them the truth.

Jim McCANN

CEO of 1-800-FLOWERS.COM

Tough times can become opportunities for growth, for you and your business. Sometimes life pulls a Mike Tyson and chews on your ear, or throws you a curve ball, right in the eye. There are people who never get up off the ground when life hits them in the stomach, but the good ones *always* do. The true leaders—like The Donald—dust themselves off and move ahead, often coming back even stronger than they were before the difficult times. The ability to recover quickly, despite whatever challenges or obstacles are in your path—that is a key ingredient in success.

When life smacks you down, you *must* get to your feet and get back into the game. *Make lemonade out of lemons. Never let them see you sweat. Smile though your heart is breaking. . . .* The clichés are endless, but the principle is true: recover quickly, and you'll always be successful.

Think of the down times that life throws your way as just other chapters in the book about your life—a book that is constantly being revised. The challenges that you face—and eventually overcome—will only make that book a much better read.

Recover quickly and you'll always be successful

Scott McWHINNIE

President and CEO of PEZ Candy, Inc.

Choose a single-minded career goal, stick to that goal throughout your career, and stay within your chosen functional area and industry.

Selecting such a goal early in your working life will greatly ease the process of making career decisions. Of course, one of the hardest parts of this plan is to figure out in what field you will be the happiest—accounting, marketing, finance, manufacturing—and therefore probably where you will excel. This decision should be made either after some work experience in which you naturally are exposed to a variety of careers, or through business education, which can range all the way from reading business books and newspapers to entering an MBA program.

Once you choose your field, I think that, in most cases, you will be more successful in the long run if you stick to one functional area and related industry. Of course you can move around, and in some cases this could be successful; however, you can imagine a potential employer or headhunter looking at a résumé and wondering why you couldn't make a decision and stick to it or why you weren't smart enough to know what you wanted to do in the first place. And it is likely that if, for example, you have been in finance your entire career, you are probably better at it and can offer more to the potential employer than someone who has moved around and never really became proficient at anything. Make sure that all of the moves on your résumé have a logical progression. Sometimes it is very tempting to take a new position that is off the beaten track because it pays more, but it will probably be better in the long run to take a job that represents progression and really fits your previous career track, even at less money.

This advice has served me well. In the Harvard MBA program, I discovered that I loved consumer product marketing, and I came up with a single-minded goal to be a general manager some day. I specifically looked for and started out in an entry-level marketing position with a major consumer package goods company that was well known for its marketing training. I moved my way up the ranks, changed companies when I had to, but stuck to my field and industry until I accepted an offer to be President and CEO of another well-known consumer products company.

Set a goal and stick to it

Alfred T. MOCKETT

Chairman and CEO of AMS

In 1984, I flew from Tulsa to Boston, Massachusetts, on behalf of the Telex Corporation to bid for the assets of Raytheon Data Systems, a discontinued operation of the Raytheon Company. In the fray with fifteen would-be contenders, I raced to Lexington with our offer. The then-Chairman, Tom Phillips, stepped out of a Board meeting. I gave him the sealed manila envelope containing our bid. He didn't open it; instead, placing it on the table between us, he turned to me and said, "Tell me, Mr. Mockett, what are you going to do for my customers and what are you going to do for my people? For if you can take care of my customers and can take care of my people, the numbers will take care of themselves"—and they did. We were the successful bidder and the acquisition played out extremely well.

I've spent the nearly twenty years since these words were spoken embroiled in the corporate wars, having been on every side of every possible business combination or disaggregation. Those words of Tom Phillips have served me well as the first question to ask before undertaking any M&A activity.

As a postscript, I returned to Tulsa triumphant with the deal in hand. My chairman, the crusty son of a Greek immigrant, turned to me and said, "Well, Mockett, you bought it, now you damn well go run it!" If more chairmen were to adopt this approach, there would be far fewer mergers and acquisitions in this world.

Take care of the people and the numbers will take care of themselves

Mitchell B. MODELL

CEO of Modell's Sporting Goods

Young men and women beginning their careers should work hard, get to know every aspect of the company, and always ask questions.

And don't be afraid to ask for help. At Modell's Sporting Goods, we have an elite group of people, our Board of Advisors, who give us great feedback. Their wisdom and guidance has helped Modell's grow as a company and has also helped me grow as a leader.

Work hard and ask questions

William T. MONAHAN

Chairman and CEO of Imation Corporation

Whether you run a small private business or a large corporation, the words *no* and *free* impact success every day.

No is the best word in the business vocabulary. If you are not willing to say no to bad business, no to poor deals, and no to poor returns in order to focus on better opportunities, you cannot win. Your bandwidth will be spread too thin, and losing or dying programs will take up more time and assets than dynamic, developing opportunities. It is amazing how few people can deliver a sustainable *no* and move on to successful investments.

Free is the worst word in business. Free offers, free samples, free trials—all have the value that the customer paid—zero. Huge amounts of investment, resources, and assets are spent on items that offer a low value for the customer. If you have value, charge for it. If the value can't be sold, you either have poor salespeople and approaches or you really don't have the value you think you have.

Remembering the meaning of these two words has proven accurate every time they have helped drive value creation while eliminating the influence of value destroyers like competitors, bad customers, and one-off buyers.

The two most important words in business are no and free

Alan MULALLY

President and CEO of Boeing Commercial Airplanes Group

The purpose of business is to create value year after year, forever. Value equals discounted cash flow, which equals revenue multiplied by margins plus the change of net assets. So, create products and services your customers want, and do it more productively than your competition. To accomplish that, you need a skilled and motivated team.

Make it better and cheaper

Dennis M. MULLEN

Chairman, President, and CEO of Birds Eye Foods, Inc.

An associate whose wisdom and advice I value greatly provided me with the one phrase that's helped me most in my twenty-five years in the food industry. Although it's not a new or complex philosophy, I'm grateful to Kent Roberts, Vice President of Organizational Effectiveness for Birds Eye Foods, for leading me to the mantra I now embrace:

"Don't judge me by my words alone, judge me by my actions."

I want our associates, and any stakeholder of Birds Eye Foods, to understand that what I *say*, I am committed to *do*. This honesty in communications is a commitment we have made. It's part of an overall Birds Eye Foods communications strategy to explain to our audiences, internal and external, *why we do what we do*. And, while what we say may not always be what people want to hear, we've created an expectation that what we say *is* what we will do. In other words, we only make promises we can keep—and we keep the promises we make. Many is the time when I've met with employee groups to explain why their facility may be reducing its production—or even closing down entirely. These are tough audiences hearing tough news. It's uncomfortable news to hear and, believe me, even more uncomfortable to say. But a leader cannot just say things because they're what the audience wants to hear. Or because they will make that particular group feel good at that particular moment. We must weigh our words carefully and speak the truth. We make tough decisions every day, and the reality is that they're not going to make everyone happy. That's business. The true measure of a leader, however, is the willingness to say the unpopular thing. To sometimes report the bad news. To speak the truth.

Judge not by words alone

John H. MYERS

President and CEO of GE Asset Management Incorporated

After working thirty-three years for General Electric, a company that many consider to be the best managed in the world, I've had the good fortune to work in an environment full of terrific role models and leaders, people like Jack Welch, Reg Jones, Larry Bossidy, Bob Wright, and GE's newest CEO, Jeff Immelt. As the infamous American philosopher Yogi Berra once allegedly said, "You can see a lot by just watching."

Watch what other successful leaders do, how they do it, and what worked or didn't work for them. The rules of business aren't like writing a term paper in college. Plagiarism isn't a guaranteed F or expulsion; it's a best practice. Copying successful people and their ideas, emulating them, and improving upon them is a strategy we shouldn't be embarrassed about. There aren't too many original, creative thinkers in business like Thomas Edison, Bill Gates, or Henry Ford. I know I'm certainly not one of them. There are, however, many successful business people that we can all learn from.

For example, in 1988, a friend referred a sixty-eight-year-old man to me in hopes that GE's Pension Fund would invest in his start-up golf club company. I agreed to meet with him and I can remember thinking that I should be courteous because of the connection to my friend, but I had already decided that I wouldn't invest. After all, who would back a sixty-eight-year-old who had been passed over for the top job at Burlington Industries fifteen years earlier and who had dropped out of the corporate business world to start a winery in Southern California? And who would invest in the golf club industry where few people, if any, had ever made any money?

All that changed when Ely Callaway walked into my office carrying a set of golf clubs over his shoulder. I proceeded to listen to his business plan and then recited all the reasons (which I had prepared before the meeting) why I couldn't invest GE's money in his company. Ely wouldn't take no for an answer. He rebutted my points one by one and convinced me to do some more research on both him and his ideas. The rest is history. I gave Ely \$4 million for a majority interest in Callaway Golf, and Ely went on to create the world's number one golf club company from scratch.

He proved to be a marketing genius, attacking a market saturated with products that were branded differently but all essentially clones of one another. Right from the beginning, he priced his product at the top of the line and kept Callaway's distribution away from the discounters to create and maintain demand. When I questioned this practice, he told me that once you establish a perception of a discounted pricing strategy, you can never change it to a premium-priced brand.

He initiated a "Distinguished Golfers Advisory Board," consisting of high-profile, well-known

people like Sam Nunn and Jack Welch, whose only responsibility was to play with his clubs and provide feedback to him on how the product performed. Of course, having Callaway clubs in the hands of these distinguished people created visibility for its products and word-of-mouth advertising for free. Soon Callaway Clubs were featured in the golf pro shops of some of the country's most prestigious country clubs. I could go on and on with story after story about this incredible man but the biggest lesson I learned was that the most important ingredient for a successful investment is people. GE didn't invest in a golf club company. It invested in Ely Callaway, a man with a vision, a passion to develop it, and an unwillingness to accept no for an answer. GE's original \$4 million investment eventually returned hundreds of millions to its pension fund, and some great personal lessons in business from an extraordinary entrepreneur.

Another terrific teacher was Dale Frey, a forty-year career GE veteran for whom I had the privilege of working in three different businesses representing more than half my total years with GE. He retired from GE as President of GE Asset Management in 1996, and I was selected to succeed him.

In 1977, however, I had just returned from three years in Italy working for a GE subsidiary. Dale was the Chief Financial Officer for all of GE's international businesses, and he offered me a position as Manager—Business Analysis, reporting directly to him. There was only one catch to the job offer. I had to shave my mustache, cut my hair, and get rid of the cowboy boots before coming to work. I readily accepted, and Dale and I quickly developed a close and candid business and personal relationship.

Dale was an aggressive, motivated leader with great business instincts and he always encouraged an open dialogue with the people who worked for him. His tough, gruff exterior was intimidating, and he was nicknamed “The Bear” by the organization. He was proud of the nickname and thought it stood for Grizzly Bear, but I always felt it was more like Teddy Bear because of his deep compassion and sensitivity for the people who worked for him.

Shortly after I began, we debated the pros and cons of a new business policy Dale wanted to implement across the international organization. I was on one side of the issue and Dale was on the other. We debated it between ourselves, tempers flared as they sometimes did, and Dale finally made his decision and overruled my objections. He was the boss and that was that. Next subject.

The following week, we held a meeting with all the regional division CFOs and Dale asked me to present the new policy. I started out explaining the policy but soon was lost in a free-for-all as the division CFOs also disagreed with it, making many of the same points I had made to Dale privately the week earlier. Finally, I acknowledged that I really agreed with them and that I didn't think the policy change was a good idea. The discussion continued until finally Dale stepped in and said he heard and understood the disagreements but that he had made his decision and it was final—we would go forward with the new policy.

After the meeting was over, Dale asked to see me privately in his office. I prepared myself for the worst. Surprisingly, Dale seemed calm. He asked me whether I had seen the movie *The Godfather*. I

said I had. He then asked me to recall the scene where the Don (Marlon Brando) and his eldest son, Sonny, were meeting with the other families, discussing whether they should get into dealing drugs. The Godfather was firmly against it, but Sonny questioned his father during the meeting and clearly showed to the other families he disagreed with his father's position. Of course the other families saw the dissension and attempted to "whack" the Godfather so that they could cut a deal with Sonny and get into drug-dealing.

The moral of the story, Dale said, was that disagreement and debate within "the family" is necessary and appropriate but dissension outside "the family" shows weakness to the competition. He wanted my views and independent thinking, but once a decision was made, we needed to work together and be united in implementing it. Otherwise, it just wouldn't get done.

This story illustrates how leaders should act. They should surround themselves with people who are not too timid to give their independent views and opinions, people who are open and candid, not a bunch of yes people who agree with everything the leader says. Within GE we call it constructive conflict. Then, just as importantly, when a decision is made, in order for it to be effectively implemented, the leadership team has to be fully supportive and engaged to sell it throughout the organization.

A leader needs to have the confidence, courage, conviction, and vision to lead. Leadership is not necessarily a popularity contest. Building consensus through success is more important than sensing what direction the wind is blowing and following it.

Finally, I've had the opportunity to observe firsthand some great investment styles from some of the real investment pros of my generation, people like John Angelo, Lee Cooperman, Larry Fink, Bill Grant, Ken Langone, Julian Roberston, Art Samberg, and Fayez Sarofim. But probably the most influential investor I've known—certainly the most eccentric—is a guy whose advice and counsel I seek out every day. His name is Bernie Feshbach and to me he's been the lost and found of Wall Street. Bernie was a World War II Purple Heart award winner who was wounded at Okinawa. He grew up in the Bronx and after the war tried his hand at pig-farming, oil wild-catting, selling used cars, selling women's dresses, and working as a stockbroker. He's very well traveled and very well known throughout financial circles; he always wears his bow tie and his designer suits; and he knows all the maître d's and concierges at the best restaurants and hotels all over the world. But more important, he knows where all the hidden closets are on Wall Street and where all the bodies are buried. Bernie's about to celebrate the fortieth anniversary of his fortieth birthday later on this year and as such has experienced more market cycles than anyone I know. Every deal I ever did with him or recommended by him was a success.

But Bernie's real value to me can't be measured by the deals we did or didn't do. It's my having the ability to pick his brain. Bernie's never been shy in voicing his opinions to me or of me, and his thoughts are incredibly valuable. Everyone needs a truly independent sounding board, preferably one that knows what he's talking about and without a personal stake in the outcome. Every business leader needs to find a Bernie Feshbach.

All of my experiences with my mentors have driven me to surround myself with the most talented and goal-oriented people with the highest integrity that I can find. I try to counsel them, advise them, teach them, and be a role model for them, but not micromanage them. To quote the person who most influenced the early years of my life, my mother, Edna May Strothoff, when describing how she raised her children: “I gave them roots, and then I gave them wings.” Successful business leaders should follow the same simple advice.

Copy successful people

Josie NATORI

Founder and CEO of Natori Company

The poet Nikki Giovanni once said, “Mistakes are a fact of life. It’s the response to error that counts.” I couldn’t agree more. I have always been a risk taker and a gambler at heart, and if you operate that way, you screw things up from time to time. But I don’t spend a lot of time feeling regret. I’ve consistently *learned* from my mistakes, and to me, even if they’re costly—and some of them have been—if I learn something new, I consider it a positive experience.

Learn from your mistakes

Marilyn Carlson NELSON

Chairman and CEO of Carlson Companies

Perseverance—never, ever giving up—is the final line of our Carlson Credo, our family’s guiding principles: “Whatever you do, do with Integrity. Wherever you go, go as a Leader. Whomever you serve, serve with Caring. Whenever you dream, dream with your All. And never, ever give up.”

My own personal and business life is rife with instances where hanging onto a plan, a hope, or a dream—in some cases just a little longer than one’s competitors—resulted in success. After all, it’s not the final blow that breaks the rock, but all the others before it. This approach helped my father build our business in sixty years from an unknown trading-stamp company founded on a borrowed \$55 into a global organization that nets \$20 billion and operates popular brands like Radisson hotels, T.G.I.Friday’s restaurants, and Carlson Wagonlit Travel.

Today my father is gone, but his advice lives on, inscribed on a bronze statue for which he posed on the occasion of our company’s fiftieth anniversary. The night before casting, the sculptor called him and asked him what advice he would like to leave for future generations. The sculptor wanted him to write it on the back of the statue for all time. Without hesitation, my father wrote the following: “*Illegitimi non Carborundum*,” which is Latin for “Don’t let the bastards grind you down.”

Illegitimi non Carborundum

Don NIGBOR

Chairman and CEO of Benchmark Electronics, Inc.

More than twenty years ago, when I was a young department manager, my mentor told me this: “In a given situation, do not rely on a single solution to solve a problem. Develop a parallel path that could be used in the event the original solution does not come to bear.”

Keep your options open

Jim O'CONNOR

Chairman and CEO of Republic Services, Inc.

Once when I was negotiating a business deal, the person with whom I was negotiating gave me some straight, commonsense advice. He said, “Jim, don’t worry about my money, worry about yours.”

Mind your own money

Gene O'DONOVAN

President of Montana Mills Bread Company

“I follow the money. That all I care about, that’s what I do.”

I heard these words in a gangster movie or documentary, straight from the boss’s mouth, and in raising money for my company and then selling it to Krispy Kreme, I followed this valuable advice.

Follow the money

Nancy OLASKY

President of Olasky and Associates, Inc.

When I took over my father's CPA business upon his retirement at seventy-eight years of age, he told me to always remember this:

"Those who say the least have the most to say, while those who have nothing to say are the ones who talk the most."

I found this to be very true, not only in business but in our everyday lives.

Keep it short, and to the point, and you'll grab everyone's attention. When you babble, people become quickly disinterested.

Keep it short

Jeffrey P. ORLEANS

Chairman and CEO of Orleans Homebuilders

Sometimes it takes only the simplest wisdom to steer you on the right course.

At a time when I was running two different home-building companies that were a thousand miles apart, I had a talk with my friend Ed Snider. As the original owner of the Philadelphia Flyers, Wachovia Spectrum, and Wachovia Center, to name a few, Ed knows a thing or two about business. He saw me struggling to run the family business in Philadelphia started by my grandfather and the Florida company started by my father. If I could have, I would have split myself in two to manage them both. What I lacked was precisely what I had been to my grandfather for years: a management “team” onsite. Yes, a one-man team, but a resource that freed my grandfather to do what he needed to do.

“Get yourself the right people—the best people,” Ed Snider told me.

The lightbulb went on and, thanks to Ed, I had my “Eureka!” moment. I understood for the first time that even the greatest entrepreneur isn’t going to get ahead without a competent organization behind him. A one-man band can play out of tune, and creativity is easily extinguished when a team isn’t there for backup. I needed to find the right team.

It wasn’t easy. It took some trial and error. I wouldn’t settle for a good management team. I demanded the best one.

Years later, I look back and realize how profound Ed Snider’s “simple” advice was.

And I have never, ever regretted taking it.

Get the best people. They’ll do the best job.

Vincent F. ORZA, Jr.

Chairman and CEO of Eateries, Inc.

The guy on top of the mountain didn't fall there!

Success comes from hard work

Guy OSEARY

Copartner and CEO of Maverick Recording Company

Four people have given me sound nuggets of wisdom that have helped me keep business in perspective.

When I was nineteen, I complained to David Geffen about some other people in the entertainment business who were making a lot of money and who I didn't think deserved it. David turned to me and said, "You need to be a racehorse. Do you know what racehorses do?" I answered, "They race." David replied, "No, they wear blinders! If they looked to the left or right, they would lose. Don't look to the left and don't look to the right. Wear blinders and race your own race!"

One day, when my Kabbalah teacher, Eitan Yardeni, asked how I was doing, I told him I needed a break. I was thoroughly exhausted, overwhelmed, and overworked. Eitan then said, "Do you know what you should do now?" I thought he was going to encourage me to take some time off. But instead he replied, "No, go work harder! Be careful what you ask for because you may get it." Eitan was right. If I ask for a break, God may hear me and I may get one—a long one. I took this advice to heart and started to work even harder.

At lunch one day with my friend Ron Burkle, I shared with him my disappointment over a particular investment and what a big mistake it turned out to be. He told me, "It's only a mistake if you haven't learned anything from it." It's such a simple comment, but it helped me move on and not beat myself up for the loss.

And finally, I was chatting with my best friend Anthony Kiedis one day, and I asked him how he was doing. He replied, "I have a roof over my head, a fridge packed with food, and good health. How bad could things be?" It may sound obvious, but it's something I find myself continually taking for granted. I consider Anthony's comments a reminder of how blessed I am.

Never lose perspective

Charlotte VM OTTLEY

President and CEO of C. Ottley Strategies, Ltd. (COS)

Minding your own business has many different meanings, but the bottom line is that you can't take care of anyone else until you have your own business in order. The mastery of minding your own business lays solely within you. Over the years, I have found that regardless of the business or social environment, a few statements about *Minding Your Own Business* have been invaluable.

Take care of your own affairs or someone else will do it for you at your expense.

Don't go looking for trouble, you will always find it.

While you are paying attention to someone else's affairs, who is minding yours?

Revenge is very time consuming and draining and once realized has short-term fulfillment.

Be true to yourself, take pride in it, and share it.

Keep your business to yourself by being a better listener than a talker.

Mind your own business

Herbert PARDES, MD

President and CEO of New York–Presbyterian Hospital

I was told to always bring your superiors good news. The fact that you bring good developments and outcomes to the people to whom you report serves both your interests and theirs. Implicit in this advice is that a good leader takes vicarious pleasure in the successes of his or her staff. Staff, for their part, then feel a generosity on the part of the people to whom they report, which encourages them to do good things that will be appreciated by their superiors. Leaders who conduct themselves in this way gather around them people who are successful and strong rather than people who are weak and threatened.

Also, I was encouraged to welcome criticism and suggestions for ways of improving, to look at them as opportunities to inform me and expand my perspective on issues. This advice served me well —what might be seen as critical or unpleasant can often be turned around to be highly constructive. For example, complaints from people are often dismissed on the assumption that the complainers will be unreasonable or vitriolic if contacted directly. I have found just the opposite. When the senior leader of an institution responds to people who are complaining often, it impresses other people and turns critics into friends.

Share with your superiors and learn from criticism

Richard D. PARSONS

Chairman and CEO of Time Warner Inc.

Do what's right.

Take the high road

Jerry PERENCHIO

Chairman and CEO of Univision Communications, Inc.

Lew Wasserman at MCA/Universal told me this:

Always take the high road and never lose your sense of humor.

Do good. And laugh.

Peter J. PESTILLO

Chairman and CEO of Visteon Corporation

The most efficient investment is in people, not machines. Give them the tools, the resources, and the training required to do their job. Clearly communicate the tasks you expect them to perform and then presume they will do those tasks. If you have accomplished this, you will eliminate the expenses of auditing, review, inspection, and supervision.

Invest in employees

Frederick WARBURG PETERS

President of Warburg Realty Partnership, Ltd.

My mother recalled my grandfather, who was the CEO of Abraham & Straus department stores, saying to her, “You should never permit your business to pay for your personal expenses. There is more to business than money; you have to strive to live your life as an honorable person. My business has been extremely fair to me, and I need to be fair in return.”

These words have had a profound impact on me. In my own career, I wanted to continue the tradition of family integrity that my grandfather had so clearly embraced. As a result, I have never let my company pay for a meal, a taxi or limousine, or anything else that was not clearly business related. What I can’t afford, I don’t buy. I can’t think of a better way to honor my grandfather’s memory.

Keep the business away from the personal

James PIGNATELLI

Chairman, President, and CEO of UniSource Energy Corporation

1. Don't bullshit me and I won't bullshit you, and together we might make the right decision.
There are only two bad decisions: (a) the decision not to make a decision when there is time to
2. make a decision and (b) a decision not to change a decision when you know that the earlier
decision was wrong.
3. A decision made with perfect information is too late.

Simply make the best decision you can

Charles P. PIZZI

President and CEO of Tasty Baking Co.

Ask your employees, “What do you think about our business?”

Talk to the workers in the trenches

Steven PLOCHOCKI

CEO of InSight Health Corporation

Growing up as a young boy in a working-class neighborhood in Detroit, my first role model was my father, a survivor of the Nazi concentration camps. Never earning more than \$25,000 to support a family of five, he taught me early on about work ethic and values. He also showed me how the human spirit could prove to be incredibly powerful, when properly motivated and focused.

It was these humble beginnings that set the stage for the way I would later manage business and motivate employees. While growing up, I gained a distinct understanding for people spanning all walks of life, and I knew there would be no shortcut to success. I also knew that whatever I wanted to achieve professionally had to be earned through hard work, dedication, and by developing an affinity for the people with whom I worked.

As an avid athlete, I played a variety of sports my entire life—from grade school to college. I believe sportsmanship significantly contributed to my professional success and armed me with many of the tools necessary to head a large corporation. My passion for sports and my drive to win taught me the value of teamwork and setting and attaining goals. There could have been no better preparation for transitioning from the playing field to the health care field.

Today, as CEO of a large health care corporation, the lessons I learned early on—some the hard way and some through advice of wise souls, like my father, coaches, teammates, and former bosses—serve as the foundation for my progressive management style.

At the beginning of my career, I excelled as a salesman. When a boss asked me to move and take over a new territory, I was hesitant to make a change because I had built the best territory in the company. But he advised me that the only way to grow and succeed was to step out of my comfort zone. After thinking about this long and hard, I uprooted my family from Detroit—where I was comfortable and settled—to Kalamazoo, Michigan. And when I relocated my family again in 1992 to California to aid a company on the brink of bankruptcy, I strayed from my comfort zone again. These changes taught me how to take risks and overcome fear, and I realized that I should never settle. The more you embrace change and welcome challenges, the more you overcome fear. And, the more experiences you undergo, the less fear you have.

I try to teach this philosophy to employees every day. I work hard to foster teamwork and create solid, collaborative relationships between senior management members and different organizational ranks. I also strive to build bridges between various departments within the company and to remain a highly visible leader. My goal is to encourage, engage, and inspire across all levels of the company.

I have learned firsthand how this cohesive team approach and employee involvement can change the face of corporate America. By implementing systems that raise accountability among employees and offer incentives for good performance, we drastically motivated our team and took them all for a wild ride down the corporate restructuring path. A few years later, we all emerged better and stronger from it.

I often reminisce about the specific lessons I learned but welcome the fact that I am still learning. And teaching. If we can prepare the leaders of tomorrow today by offering sound, simple advice, then we are sure to have many great successes on the horizon.

Never stop striving, never stop learning, never stop teaching

Ernesta G. PROCOPE

President of EG Bowman Company, Inc.

I have followed this wise advice: “Your product (in my case, commercial insurance brokerage) is not ethnic. Therefore, your marketing strategies should be directed to economic mainstream America.”

Tailor your marketing to your market

Roxanne QUIMBY

President of Burt's Bees

One of our sales representatives zeroed in on a key aspect of success when conducting a sales presentation: If they don't have the authority to say yes, then they don't have the authority to say no.

Deal directly with decision makers

Rich REESE

President and CEO of Jim Beam Brands Worldwide, Inc.

My grandfather, a farmer, told me that hard work and preparation will overcome a lot of obstacles. I have never forgotten that advice.

Coming out of a twelve-year professional baseball career without the cushion of a college degree, I had to prepare and work very hard. I encourage all of the scholars of the world to understand that there are very capable people who were not fortunate enough to be able to attend college.

If you apply the preparation and the hard work, you will go far. But while you're striving for success, keep this sentence in mind, one that's been around a long time: "I don't know the key to success, but I know the key to failure—trying to please everyone."

Preparation paves the way

Jerry M. REINSDORF

Chairman of Chicago White Sox and Chicago Bulls

When I was leaving home to attend college, afraid that I could not compete in a larger world than high school, my family physician said something interesting. He told me that the most successful people, which he defined as the top 10 percent, were not that smart. They were just not as dumb as the bottom 90 percent.

He also told me that there was no competition at the top, but neglected to mention that there's plenty of competition on the way there.

You are smart enough

Peter G. RIGUARDI

President of the New York region of Jones Lang Lasalle

My father, Edward Riguardi, alongside whom I am fortunate to continue to work, told me this: You no longer have just your name. You have your name and whatever people say after it. As long as what they say is good, everything else will take care of itself.

Honor your reputation

Richard ROMANOFF

CEO and President of Nebraskaland

Problems are a good thing. Any company that doesn't have its share of complicated problems probably doesn't have a very hearty business.

If your problem lies with your boss, watch out. There is a danger in asking for a new czar. No matter how bad your current boss, supplier, or business associate is, at least you know him. A new one can always be worse.

But in the middle of any difficulty lies opportunity. When things are going good, no one wants change. Greet difficulty as an opportunity for creative and financial enhancement.

And keep in mind that those toughest potential customers, who seem impossible to crack, will turn out to be your most loyal ones.

Problems can lead to prosperity

Peter J. ROSE

Chairman and CEO of Expeditors International of Washington, Inc.

In my forty-five years of working, I've been given plenty of advice—some sage, some useless. My father provided some of the former: “Never get so drunk at a company function that you'll regret it in the morning.

“Never take anything from anyone in the way of kickbacks, payoffs, bribes, and/or extravagant gifts, which will come back to haunt you, and they always do.

“Be honest, have integrity. No one can take that away from you.”

And so did baseball great Satchel Paige, although I didn't know him personally: “Don't look back. Something might be gaining on you.”

Together with these nuggets, I've taken scattered bits of advice and compiled a personal credo:

Friendly competitor is an oxymoron.

Most mergers and acquisitions don't work.

Avoid scams, e.g., Y2K, dot-com, stockbrokers, consultants. This saves money and grief.

Be a mentor.

Be a leader, not a boss.

Don't be political on the job, but be politically aware.

Be patient!

Don't ever be a “yes” person; stand up for what you believe in.

One is never finished learning.

Degrees don't matter; one must have drive, ambition, hustle, street smarts, and common sense.

Computers are an assist, not a solution.

Use the DELETE button often.

And finally, remember people pull for you only on the way up; once you've made it, they want to see you fall and stand over you, saying, "I knew you wouldn't make it."

Notes on 45 years in business

Laurie SCALA

President of Clean Water Technologies, Inc.

Pick a career that you *really* love, and then you will love what you do. And if you love what you do, you'll be successful!

Love what you do

Joel A. SCHWARTZ

President of Benihana Inc.

When I was just starting out in my career as President of Benihana, I was deep in negotiations for a new lease transaction. The other side was putting pressure on us to conclude the transaction by a certain time or they would walk away from the deal. I was ready to agree to their terms; however, my attorney advised me to never let a calendar or clock make a deal for me. I didn't, and we went on to make a much better and more appropriate deal for a lease than the original.

Never let a calendar or clock close a deal

Tim SEAR

Chairman, President, and CEO of Alcon, Inc. and Alcon Laboratories, Inc.

Don't join a company or organization of any type unless you are totally comfortable with the prospect of working with the people you met in the interview process. Did you like them? Would you trust them? Does the team seem bright, positive, and destined to succeed?

And whatever the financial incentives, don't commit yourself to a product, service, or profession that you won't be proud of, that you won't be eager to tell your family and friends about. You are going to spend the majority of your time making, selling, promoting, and extolling the virtues of something that you will be intimately associated with in your mind and everyone else's. Choose well.

Align yourself with a company of similar values

Ivan SEIDENBERG

Chairman and CEO of Verizon

When I was eighteen, I got my first job, as a janitor in an office building in Manhattan. I was the guy who opened the door, swept the floor, polished the chrome, and ran the freight elevator. My boss was the building superintendent, an older guy named Bill. Bill hardly ever said anything, but he worked like a dog—harder than anybody else on the crew. It seemed to me that if my boss was working that hard, then I should, too, so that's what I did.

Once in a blue moon, Bill would actually talk to me. One day, he saw me reading a book and asked me about it. I told him I was putting myself through college at night. About eight months later, he came up to me and said, “You know, there are companies that will help you pay for college while you work full-time.” I asked him which ones—he said to try the electric or the phone company—and I did what he said, applying to New York Telephone. I started a career in communications there that's lasted almost forty years.

When I asked Bill why he took eight months to get around to mentioning this to me, he just shrugged and said, “I guess I wanted to see if you were worth it.”

Your values, work ethic, and personal standards are always visible, whether you're a janitor or a CEO. I've always conducted myself in business according to that very simple rule: Work hard . . . because somebody's always watching.

Work hard. . . . Someone's always watching.

R. Scot SELLERS

Chairman and CEO of Archstone Smith

Spend time building relationships, not chasing accomplishments.

We were created for relationships, and it is in the relationships, not in the accomplishments, that we find our fulfillment. Not only does the pursuit of meaningful relationships with others produce a more rewarding life, but it is also good for business. People like to do business with those whom they like and trust. Honest relationships lead to long-standing business partnerships and significant future opportunities.

Building relationships requires a focus on the needs of others instead of ourselves. This attention to others produces strong loyalty from many different constituencies, including employees, customers, business partners, and those to whom we report, all of which is good for business.

The relationship-focused executive places an even greater priority and emphasis on family relationships than those at the office. Without deep, lasting relationships at home, business and financial success is of little value.

Personal relationships trump trophies

Robert E. SELSAM

Senior Vice President of Boston Properties

To give or get a “yes” answer, meet face to face. For a “no,” use the phone.

“*In person*” propels progress

Mayo A. SHATTUCK III

Chairman, President, and CEO of Constellation Energy Group

I was President of Alex. Brown & Sons, the oldest independent investment bank in the country before it was sold to Bankers Trust in 1997. A principle had guided the firm for almost two centuries, and it was: “Customer first, firm second, individual interests third.” This simple statement was the abridged version of a 1909 quote from John C. Brown, one of the founder’s descendants:

I would like to leave with those who are to follow . . . a sense of commercial honor, an absolute fairness in all dealings, a willingness to suffer pecuniary loss if need be, rather than to tarnish by one unworthy act the good name of the Firm.

At Alex. Brown, we asked all employees to literally sign a value statement that included this principle. Throughout the years, I witnessed and participated in hundreds of discussions that fell back to this core value statement. It guided us through some difficult and many prosperous years. Besides protecting the firm’s reputation and its relations with its customers, it also had the effect of fostering teamwork and the idea that no one individual was bigger than the firm.

As we forge ahead in the twenty-first century, it’s particularly interesting that the values set two centuries ago—a focus on clients’ needs, uncompromising integrity, and a commitment to quality and excellence—are still the fundamental foundation to success in business.

Customer first, firm second, individual interests third

Stephen B. SIEGEL

Chairman and CEO of Insignia/ESG Inc.

During a presentation, conversation, interview, or a sales pitch, too many people really do not listen to what is being said to them. Instead, they are anticipating opportunities to state their case or to make their pitch. This will almost always, whether you're a manager, salesperson, or someone on an interview, fail to create a connection between you and the other person involved in the conversation. Important opportunities to pick up information and apply it spontaneously to the task at hand are lost, and the probability of success in whatever the endeavor declines substantially. Learn how to listen—don't just wait to talk.

Listen—don't just wait to talk

Henry R. SILVERMAN

Chairman, President, and CEO of Cendant Corporation

Our system of capitalism is built on the presumption of honesty, respect for the rule of law, and the assumption that institutions of stature and credibility will tell the truth.

In my thirty-eight years in business, I have gained a number of deeply practical insights—the most important of which is that in the end you must rely upon the truthfulness of the people you are dealing with. We have all come to know that every good partnership—whether in business or marriage—is based on trust.

So how do we deal with the subversion of our financial system? What do we rely upon? The answer is quite simple: our own integrity. We have an unwavering obligation to *tell the truth, tell it all, and tell it now* to shareholders, employees, and customers who have placed their trust in our companies.

These constituents and our markets have suffered greatly from the frauds at companies like Adelphia, Enron, and Worldcom. Our responsibility as business leaders is to restore the trust and hopefully the wealth by building and maintaining public companies that foster candor, openness, and above all, integrity.

Tell the truth, tell it all, tell it now

Larry A. SILVERSTEIN

President of Silverstein Properties

I was told many years ago by the man whose name I carry that “It takes a lifetime to build a reputation and one foolish act to kill it, and that it is our most precious possession as we have to earn it, and money cannot buy it.” When I asked how we know which way to turn when in a quandary, he suggested the *New York Times* test: “If you can’t put it in bold type on the front page of the *New York Times* because it might embarrass you, don’t do it!” He added, “Take the high road and do what is right when dealing with people. Treat them exactly as you wish to be treated.”

Act as if the world can see how all your affairs are conducted

Irina SIMMONS

President and Treasurer of EMC Corporation

Surprise lessons in one's career can occur anywhere. Mine happened during a weeklong leadership development program with a number of my peers at EMC Corporation. I had joined EMC as Assistant Treasurer two years earlier, in 1995, with a responsibility for establishing and growing the Treasury function. I knew I had joined an exciting organization. In the mid-1990s, EMC had emerged as one of the hottest, most innovative companies in the information technology industry. In fact, in 1995, EMC's sales grew 39 percent to nearly \$2 billion and it overtook IBM as the mainframe storage market leader—a market EMC had zero share in just five years earlier. The following year saw another record in both market and financial performance.

All of this growth and expansion brought new challenges to the Treasury function. I had many new ideas I wanted to implement, and I was determined to prove to everyone that I had the smarts, judgment, and experience to be the company's Treasurer, a position then held by my boss, who was also the Chief Financial Officer.

My relationship with the CFO was a bit combative at first. I was trying so hard to be viewed as the authority on treasury matters that our interactions were often argumentative. I felt that my strengths went unrecognized and that I was not progressing toward my goal. This made me angry and defensive.

After sitting in the leadership development program for two days, listening to all the behavior styles and tactics that I thought I was already following so well but were not getting me where I needed to be, I pulled aside the instructor to discuss my personal dilemma.

"I try hard to prove that I can handle things, and that I can run the show independently, but my boss just doesn't seem to view me in the right light. What am I doing wrong? Or is he the problem?"

My instructor looked at me, and asked: "Does he trust you?"

Honestly, if someone had slapped me across the face, I would not have been more surprised or taken aback. "Trust?" I said. "What does trust have to do with anything? I come in every day, I get my job done, I do it well. . . . Where does trust come into this?"

As a young woman trying hard to prove my value to the company, I had always focused on skills like creativity, initiative, technical expertise in my function, energy, and, above all, business results. The fact that it was remotely possible that my boss did not trust me, not as a matter of honesty or ethics, but rather as a matter of how I could influence the outcome of situations or solve problems, blew me away. Once I started to examine my behavior in that context, it really made a difference.

The trust needed was on a personal level, not a business level. The key to developing such trust in a working relationship is directly tied to how you interact one-on-one with others. If you maintain a defensive posture, you immediately raise questions about your self-confidence. This is a warning bell to anyone trying to believe that you can handle business issues. My style of challenging my boss was making him uneasy about my ability to handle complex, multifaceted problems. Even though I knew I was ready and fully capable of handling these situations, I clearly needed to work on how I was conveying my capabilities to my boss.

While my instructor's comment surprised me, I immediately recognized that, in fact, he was right on the money. I worked on modifying my style to portray confidence and balance, not challenge and conflict. Within two years, not only did the board promote me to the position of Treasurer, but relationships with many of my peers and superiors in executive management also took a dramatic turn for the better. It was certainly the most important turning point in my career.

Develop trust

Del SMITH

Founder and Chairman of Evergreen International Aviation, Inc.

Soon after my 1930 birth in Seattle, I was placed in the Sacred Heart orphanage. Mr. and Mrs. Smith adopted me when I was almost two years old. Tragically, my father died shortly following the adoption, leaving me and my adoptive mother penniless. As a result, “Grandma Smith,” as I lovingly called her, raised me on her own. Growing up poor just made me more ambitious. I used my struggles as a launching pad, building on a strong religious value system that the devoutly Christian Grandma Smith instilled in me.

My mother taught me about work ethic, success, honesty, faith, leadership, and perseverance. Integrity and honesty are so important. I think you have to be honest with your maker, honest with the people you deal with, and honest with yourself. Over the years many MBA students have asked me whether you can be successful in the business world and still be honest. My response is always the same—you have to be honest or you won’t make it.

Be honest

Frederick W. SMITH

Chairman and CEO of FedEx Corporation

Mr. Abe Plough, the founder of the outstanding company that bore his name, pointed out to me that “the secret of having a good business is to be in a good business!”

Choose a workplace wisely

Robin B. SMITH

Chairman of Publishers Clearing House

Many years ago, I was working at Doubleday as a Group Product Manager in the Book Club. I received a call from a recruiter about a job at Charter Communications (then the holding company for *The Ladies' Home Journal*, Greenland Studios, Hamilton Mint, and an in-house ad agency) that involved running the mail-order properties, including the house agency.

My interview was with Ed Downe. During the interview, Mr. Downe said to me, “Your problem is that you think like an employee, not an owner. You need to think like an owner.”

As it turned out, I didn’t take the job because Doubleday countered with an offer to make me President of the Book Clubs, but I have thought of Mr. Downe’s words often.

Think like an owner

Carmine N. STELLA

President and CEO of Capital Beverage Corporation DBA Diversified Distributors Network

Do your homework. It sounds like a parent talking to his child, but good business is as basic as that concept. Before you make a decision, proper due diligence on the subject is the most effective tool in business today. People tend to exaggerate, manipulate, and downright lie about the subject at hand. You need to research your position thoroughly and evaluate your next move. Then, most important, you need to make a decision. You may not always be right in your decision, but you will be more right than wrong.

Do your homework

Thomas G. STEMBERG

Chairman of Staples, Inc.

In 1985, when I was debating whether to start an office superstore chain or buy a grocery chain with Leo Kahn, I had an update meeting with Walt Salmon, my mentor and a marketing guru at Harvard Business School.

He asked whether I thought I could execute groceries better than Northeast industry leaders Shaws or Stop & Shop. I danced around the answer.

He stopped me and said something profound: “Tom, why don’t you find a category that is underserved by modern distribution channels? Ideally one that is big and growing and one you could apply your distribution expertise to? Much like Home Depot and Toys “R” Us have done.”

I responded, “Well, Walter, as luck would have it, I have been working on an idea. . . .”

My idea was Staples, and the office-supply superstore was born.

Tap underserved, unexplored markets

John J. STOLLENWERK

President of Allen-Edmonds Shoe Corporation

Advice is only as good as the person divulging it. My mentor, Don Schuenke, is a great person with great advice.

Don told me, “You know, John, in business and in life, you’re never done. You can never just sit back and rest on your laurels.” And at sixty-three years old, I still live by that advice every single day—with the way I run my company and how I approach life in general.

One of the ways to continually advance a business is to take risks. And this can be a daunting prospect. But one must be able to take risks and try new things and even fail sometimes. Some of the most bountiful lessons actually do come from failure. If we don’t keep challenging ourselves and each other, continue pushing the envelope, we run the serious risk of becoming stagnant. A company that is stagnant will eventually fail and a person in a state of torpor isn’t experiencing life to its fullest. After all, who wants to sleepwalk through life? So while the advice may seem simple, it’s actually predicated on continually choosing to do those things that are often most difficult.

Always keep reaching and risking

Thomas C. SULLIVAN

Chairman of RPM International Inc.

My father once said this: “Go out and get good people, create the atmosphere to keep them, and let them do their job.”

Hire and cultivate talent

William H. SWANSON

CEO and President of Raytheon Company

My dad always told me, “When you were born, you were given a good name. Return it the way you got it.” I always urge Raytheon’s program managers to lead their programs with the same care, as if their names were on their programs. Our customers notice this; they feel the commitment.

I also picked up several other valuable pieces of advice along the way that I have pressed into service many times:

1. “Look for what is missing. Many know how to improve what’s there, but few can see what *isn’t* there.”
2. “Learn to say, ‘I don’t know.’ If used when appropriate, it will be often.”
3. “If you are not criticized, you may not be doing much.”

Guard your reputation

Patrice TANAKA

CEO and Creative Director of Patrice Tanaka & Company, Inc.

“Share your cookies and toys” was my mother’s strongest admonition when I was growing up. Her words ring as true for me today in the boardroom as they did on the playground. Whatever success I’ve achieved in business is the direct result of sharing my cookies and toys with the five cofounders/co-owners—who have all worked together since 1990—and with the amazing employees of our New York-based public relations agency.

Together, we have built an agency that is known for creating great work, a great workplace, and great communities that work (i.e., healthy, sustainable communities). Our efforts have resulted in Patrice Tanaka & Company, Inc. being recognized as the “#1 Most Creative” and the “#2 Best Workplace” among all PR agencies in the nation (*Inside PR*, 1998) as well as the “#1 Most Esteemed PR Agency” in New York (Thomas L. Harris/Impulse Research, 2000).

Share your cookies and toys

W. R. TIMKEN, Jr.

Chairman of The Timken Company

Family wisdom is everything. My great-grandfather, Henry Timken, told my grandfather this: “Above all, don’t set your name to anything you will ever have cause to be ashamed of.”

Two generations after Henry Timken, my father, W. R. Timken, told me this:

“Hire the most capable people, develop them well, and let them work you out of a job.”

Listen to your ancestors

James S. TISCH

CEO of Loews Corporation

Too often business people feel a need to take action where no action is necessary. Likewise, they often feel the urge to invest even though the time may not be appropriate. Out of this sometimes destructive pattern of reflexive action has arisen our maxim: "If there is nothing to do, do nothing."

The corollary with respect to investing is: "When there is nothing to buy, make sure you have asbestos-lined pockets so that money will not burn a hole in them."

Inaction is sometimes the best action

Preston Robert TISCH

Co-Chairman of Loews Corporation and Chairman and Co-CEO of New York Football Giants

Since my brother and I started working in a family business, we learned as we went along.

We found that communications—keeping an open flow of ideas in an atmosphere of absolute candor—is most important to successfully manage people. There are few impediments to good management more serious than the universal human tendency to conceal or ignore negative information. Our goal has always been to develop mutual trust and a feeling of confidence among our employees, which would enable them to feel comfortable sharing the negative as well as the positive information with us immediately.

We believe it is the first responsibility of corporate management to establish and maintain an atmosphere that invites maximum response from the employees. You cannot command people to be resourceful and imaginative—and yet, those are the qualities we need most in operating management. We need to develop people who have the confidence and courage to act effectively and decisively on their own—managers who go way beyond what they are told, who act on their own sense of what can be accomplished. Motivating and involving employees is essential to building a successful business.

Encourage and involve employees

Robert I. TOLL

Chairman and CEO of Toll Brothers

In the *Apologia* by Plato, Socrates says, “It is a wise man who knows his own ignorance.”

The other best advice I got was from my father, who admonished me that we are already rich, the idea was not to die poor. If you never lose any money, you’ll die stinking rich.

Die rich

John M. TRANI

Chairman and CEO of The Stanley Works

Execution is 80 percent of the game. That's not generally taught in business school, or in any school for that matter. In school, one learns that the grand strategy, the overarching insight, the study of the landscape will yield true business success. Yet, when examining those companies that win versus those that don't, that learning rings hollow. It reminds me of the Green Bay Packers in the Vince Lombardi era. The team ran what was termed the Green Bay sweep over and over again. The opponent knew that the play was going to happen several times a game. It didn't matter. What did matter was the execution of the play: the people doing it and the process utilized. For the same reason, business models are difficult to duplicate. That's why those who learn the art of execution win, and those who do not fail.

Execution equals success

William F. TYREE

President of The Tyree Organization

Never forget that it is always easier to say no to a vendor than it is to say no to your bank.

Remember who controls the purse strings

Charles J. URSTADT

Chairman and CEO of Urstadt Biddle Properties, Inc.

Stock prices are opinions, but dividends are facts. So like Sergeant Joe Friday said, please just give me the facts.

Get the facts

Jack VALENTI

President and CEO of Motion Picture Association of America, Inc.

When I was sixteen years old and a newly hired rookie in the advertising department of Humble Oil Company, the boss of the department, Garner Allen Mabry, talked to me. Mabry, a Shakespearean scholar known as “Pop,” said, “Jack, remember this: Never take a job just for the money, for soon, like every living organism, you’ll live beyond your means and you’ll probably be miserable in your job. Always strive to take a job doing something you truly love to do. If it’s money you seek, it will come to you in barrels-full, because if you love what you do, you’ll no doubt do it very well and folks who want the best will beat your door down to employ you.”

I’ve followed that advice, which is why in my entire working career I have always been ready to wake up in the morning eager to start the day. I love what I am doing. It’s been a great life and only getting better.

Don’t follow the money. Money will follow you.

Lillian VERNON

Founding Chairman of the Lillian Vernon Catalogs and www.lillianvernon.com

It wasn't just the wisdom that my father imparted to me, it was the way he lived his life that left an indelible impression. He was my mentor, my role model, and my inspiration. I owe a large part of my success as an entrepreneur to his belief in my talent and abilities.

My father took pride in owning his own business from the time I was a little girl growing up in Germany, when he was a successful entrepreneur. He had the insight to move our family to the United States just before the onset of World War II—a move that ultimately saved our lives. With little money, few contacts, and limited knowledge of the English language, he started a small leather-goods manufacturing company in Manhattan and made a good living. Unlike other men of his generation, he welcomed having women work by his side and he didn't believe that a woman should stay home if she wanted to work. My mother assisted him in his factory all day, and when I was old enough, he asked me to help. My father sensed that I had a flair for fashion and he knew I loved to browse through the many interesting shops that lined the streets of New York City. He was developing a line of leather accessories for young women like me so he sent me on shopping excursions in search of new designs. The leather bags and belts I chose became best-sellers. I didn't realize it at the time, but my father was nurturing my talent for merchandising. Thus the seed was planted for what was to become my mail-order entrepreneurial venture several years later.

In 1951, when I placed my first ad in *Seventeen* magazine for a personalized handbag and belt, it was my father's encouragement that inspired me, despite the doubts of others. I was newly married and expecting my first child, and my husband couldn't understand why I wasn't content being a wife and mother. Although my mother worked, she felt that I should devote myself solely to my family and concentrate on raising my child. I was growing apart from my friends, who were traditional stay-at-home housewives, since we had little in common. Through it all, my father's faith in me never faltered.

My father told me I had talent and a good idea for starting a business and I should never let anything get in the way of fulfilling my dream, or I would regret it for the rest of my life. It didn't matter to him that I was a woman about to give birth. He believed I had to be happy, and if that meant starting a company so I could put my skills and energy to good use, then I should do it. My father also warned me that starting a business as a woman would be difficult, but I would learn and grow stronger each day. Giving up wasn't an option because he knew I wasn't a quitter.

I made a pact with myself never to disappoint him. His advice and support are among the reasons my life has been blessed with success and good fortune.

So don't let challenges, setbacks, or detractors defeat or discourage you. If you believe in yourself and think positively, you will succeed!

Believe in yourself

Alberto VILAR

Founder and President of Amerindo Investment Advisors Inc.

I have spent the last three-plus decades investing in emerging electronic and health care technologies, both as a venture capitalist and as an investor in the first few years of the public stock market life of new companies. Over the years, I was a very early investor in a good number of the most successful companies technology ever generated, such as Microsoft, Oracle, Cisco, AOL, and Amgen. Because the technology of each of these companies was new and unproven when I invested, and because there were no real markets for the new technologies at the time the investments were made, I had to learn the hard way, which was by experience, as opposed to through advice. Over the years, I learned two principles of technology investing. First, be very early in investing in a new sector; and second, initiate a major investment and stick with it through all the walls of worry young companies are forced to climb due to market uncertainties, gossip, regulation, and economic cycles. Real money is made by identifying key new industrial sectors at a very early stage and then proceeding to invest in the companies likely to gain a dominant share of that sector's market. (In the 1990s my investments in Cisco and AOL increased 1,200-fold.)

Invest early and stick to your choice

Seth WAUGH

CEO of Deutsche Bank America

I was once told that when making a controversial or complex decision, one should always apply the following test: what would your mother's reaction be if she read about it (and your involvement) on the front page of the *Wall Street Journal*? Would she be proud, ashamed, intrigued, confused, happy, sad? This test has become even more relevant in light of the recent crisis of confidence that the public has in business leaders—and it must be applied across one's entire organization. Any and all decisions should be able to stand up to the light of day, following the golden rules of common sense, decency, and fairness. Decisions that compromise those principles inevitably end up bearing a cost. This might be financial loss, the loss of reputation, or the loss of a relationship—and is frequently all three. Clients have often told me that they want two fundamental things from a relationship: Trust and Consistency. Any decision that destroys the first or undermines the second may be a decision you spend your life trying to get beyond.

I have always believed that a company should be greedy for the long term. Doing the “right thing” consistently is the path to that end. Short-term greed is the slippery slope to irrelevance, or worse, disaster.

Don't compromise your principles

John H. WILLIAMS, Jr.

Vice Chairman of Stein Mart

When I was in my mid-twenties, a new manager not long out of college, an early mentor named Frank Culhane took me aside. He said that to be successful in management, you should surround yourself with good people and then let them do their jobs. Today that seems so obvious, but as a twenty-something new manager, I must say that it indeed served me well over the years.

Let good people do their jobs

Dale WINSTON

Chairwoman and CEO of Battalia Winston International

The best way to get good business advice is to create a forum that enables you to seek counsel. In our case, as the executive search firm of Battalia Winston International was beginning to grow, we created a Board of Advisors. We met with them on a regular basis and shared with them information about our business, our successes, and our failures.

Founded in 1963, our national search firm began with only one office in New York. It was becoming evident to us, through the Board's advice, that in order to continue to be national, we needed to open offices elsewhere. The key advice we received from our Board was to take what we had done in New York and to "duplicate and replicate" it in other parts of the country, as well as the world.

Today we have five offices in the United States and, through our association with the Accord Group, thirty-six offices throughout the world. Thanks to this advice, we are now ranked among the top fifteen search firms, both in the United States and worldwide.

Not only companies, but also individuals, need to create an opportunity to receive advice. I have often advised executives to create their own advisory groups—to find two or three people to consult with about their own careers, and to meet with them on a regular basis.

Seek counsel

George ZIMMER

CEO of Men's Wearhouse

Don't be afraid to charge enough for your products or services.

Know your value

About the Author

DONALD J. TRUMP is known worldwide for his business acumen. He is the very definition of the American success story, continually setting the standards of excellence while expanding his interests in real estate, gaming, sports, and entertainment. In New York City, the Trump signature is synonymous with the most prestigious addresses, including the renowned Trump Tower, the Trump International Hotel & Tower, the Trump World Tower, Trump Park Avenue, and 40 Wall Street. He also has acclaimed golf courses in Florida, California, and New York, and owns the famed Mar-a-Lago Club in Palm Beach, Florida.

Trump is the number one *New York Times* bestselling author of *The Art of the Deal*, *Surviving at the Top*, *The Art of the Comeback*, and, most recently, *How to Get Rich*. All told, these books have sold millions of copies.

In 2004, Mr. Trump co-produced and starred in the NBC hit show *The Apprentice* and he is also partners with NBC in the ownership and broadcast rights for the three largest beauty competitions in the world.

An ardent philanthropist, Trump is involved with numerous civic and charitable organizations.

Also by Donald J. Trump

Trump: The Art of the Deal

Trump: Surviving at the Top

Trump: The Art of the Comeback

The America We Deserve

Trump: How to Get Rich

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Published by Crown Business, New York, New York. Member of the Crown Publishing Group, a division of Random House, Inc.
www.crownpublishing.com

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Library of Congress Cataloging-in-Publication Data

The way to the top : the best business advice I ever received / [compiled by] Donald J. Trump.

p. cm.

1. Success in business. I. Trump, Donald, 1946—

HF5386 W26 2004

650.1—dc22 2004005683

eISBN 1-4000-8196-3

v1.0