

3 Takeaways Podcast Transcript

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Ep. 152: Former Ford and Boeing CEO Alan Mulally on Love By Design, the Secret Behind Two Remarkable Turnarounds

INTRO male voice: Welcome to the 3 Takeaways podcast, which features short, memorable conversations with the world's best thinkers, business leaders, writers, politicians, scientists, and other newsmakers. Each episode ends with the three key takeaways that person has learned over their lives and their careers. And now your host and board member of schools at Harvard, Princeton and Columbia, Lynn Thoman.

Lynn Thoman: Hi everyone, it's Lynn Thoman. Welcome to another 3 Takeaways episode. Today I'm excited to be with legendary business leader Alan Mulally. Alan is famous for saving not one, but two of America's greatest industrial companies. First, he saved Boeing from collapse after the terrorist attacks on New York and Washington in 2001 caused most of the world's airlines to cancel their orders for new planes. And then, after he saved Boeing, he saved Ford. Many call him one of the greatest CEOs of all time. As CNBC's Jim Cramer said, "The guy worked his turnaround magic at Boeing, and now at Ford, he's taken a laggard and turned it into an industry leader." When Alan took over as CEO of Ford, Ford had too many factories, too many workers, too many dealers, mediocre designs, and poor quality. By the time he left, Ford was a leader in technology, in design, quality, and even beat Toyota in fuel economy. Even as Alan radically transformed Ford, closing over 20 factories and letting go over 50,000 employees in North America alone, he was adored by Ford employees. Men and women throughout Ford would rise to their feet and cheer when Alan walked into a room. I'm looking forward to finding out Alan's secret sauce for saving both Boeing and Ford and for gaining the love of his employees. Welcome, Alan, and thanks so much for our conversation today.

Alan Mulally: Wow, Lynn, that's a fabulous introduction. Would you mind just going over that again for me?

LT: Happy to. I can add to it! There's so much I couldn't even fit into that long introduction!

AM: It's great to be with you, Lynn.

LT: Thank you so much, Alan. Can you share with us your leadership formation and lifelong service?

AM: Absolutely. And Lynn, I think that's a great place to start. So, thank you because who we are is going to have more to do with what we accomplish than anything else, as we all know. I grew up in the Midwest and we had very little resources, but we had a lot of love in our family, led by my mother and my father. And it was very interesting because they had their principles and practices they believed in and they lived by. And every day when my sisters and I would leave to go to school, they would catch us at the door and they would share those principles and practices with us just to make sure that we were progressing in that direction. A couple of examples, one day my Mom would say, "Now, remember Alan, the purpose of life is to love and be loved." And I'd say, "Oh Mom, I think that makes so much sense." And then she'd say, "Remember in that order, honey." Oh, okay, yeah, I got that. And then the next day my Dad would say, "Now remember

Alan, to serve is to live." Oh, absolutely. And I watched my Dad serve and my Mom serve at the University of Kansas. And here's some more, seek to understand before you seek to be understood, and you bet that's great.

AM: One that really got me was by working together with others, you're going to be able to make a big difference for the greater good. And remember, I'm living in Lawrence, Kansas, so that's my window to the world. And so the next day they'd say, "Now also expect the unexpected and expect to deal with it in a positive way." Yep. That's good. And lifelong learning and continuous improvement. This one changed my life. "Respect everyone. We are all creatures of God and worthy to be respected and loved." Then "Develop an integrated life, which is your life's work." And also, "It's nice to be important, but it's more important to be nice." Thanks, Mom. Thanks, Dad. Okay. So I was just a regular grade school and high school kid, and I just wanted a pair of Levi's, maybe some Weejun shoes, and maybe a car someday. I just wanted to fit in and maybe go to the University of Kansas someday. So I realized from my parents that this serving was my way of being able to make a difference and also be appreciated for serving. The jobs I had just went on and on. I started with the paper route, the TV Guide route, started a lawn mowing business, and worked for Dillons grocery store, as a bagger and then a checker. And I worked for the construction company, for the farm, for our relative's ranch construction.

AM: And then when I started college, then I always worked for my university professors in engineering, helping them do their books and helping them with their testing scores and reviews and everything like that. So I just couldn't believe the response I got from serving. And people, I'd just use working at the grocery store and also as a bagger, so it'd be cold, it'd be rainy or snowy, and I'd bag up all the groceries and I'd carry it out to the car and I'd put them in the car, make sure they're dry, and take care of the people, make sure they got in the car, and they'd give me these huge tips. And then I'd say, thank you very much. And also ask them, what can I do to be even of more service? And they'd tell me that, and the tips would go up. And then, when I was a checker, and this is, I'm the only one that I've heard this happen to, as they came through the line, they would actually give me a tip when I was checking the groceries out. And one time the leader of the grocery store, saw this, and he came up to our customer and me and said, "What are you guys doing exchanging money here?" And the customer said, "We really like Alan's service. And he asked us if we had found everything. He asked us if we had our coupons for the discounts on some of them. So we're just tipping him. He's fantastic." And so, he smiled at me and said, "Please continue serving, Alan."

AM: And so clearly this formation of me as a person then carried all the way through high school and then college. And I got really interested in aerospace engineering. And I was very fortunate that my thesis advisor had just come from Boeing and he was head of aerodynamics, and he introduced me to Boeing, and we did research for them as a graduate student. And then he took me to Seattle. I had never been outside of Kansas. And I saw these phenomenal airplanes, and I talked to all of the engineers, and I was just in awe, and asked them, "What is this about?" And they said, "Well, the airplanes are really, really neat. But why we all love this is that the airplanes get people together around the world. And we have all found that if you get people together, they find out that we have more in common than we're different, then we can choose to work together for the greater good." Holy cow. Thanks, Mom and Dad. I found a new place to serve. So I had the honor to serve on every Boeing airplane, on the 707, the 727, the 737, the 747, the 757, 767.

AM: And then Boeing asked me to be the head of engineering and all the design for the 777 airplane program. And then when I was the CEO of Boeing, we launched the 787. And if you look

at all the airplanes that are flying today, going around the world, all those seats flying, that's 70% are in Boeing airplanes. And that's why a lot of people say, if it's not a Boeing airplane, you shouldn't be going. So anyway, I love Boeing, I was there for 37 years. I combined my formation, my principles and practice as a human being with this unbelievable education and project and program and business management at Boeing. And then I get a call from Bill Ford, and I never thought I was going to leave Boeing, but I had a couple of Ford vehicles when I was growing up and sometimes if my sisters and I have an accident or something, we'd take it to the Ford dealership and a lot of times they would fix it and not even tell our parents.

AM: We all had a warm feeling about the Ford Motor Company. So, I kept asking Bill questions - Bill is so neat, he's a phenomenal leader. He is the titular head of the Ford Motor Company, and he wanted me to understand everything and he also wanted me to join him. And so, at the end of the day, I decided to help him, and I left Boeing and I was there for eight years. And you described our journey at Ford really well. So, at the end of the day, that formation both early on and in program and project and business management is what led me to these working together principles and practices that I've used to create value for all the stakeholders and greater good.

LT: Why did you take the job at Ford?

AM: That's really an interesting question. I loved Boeing, and the more I learned about Ford from Bill, the more interested I got in it because I knew that Boeing and Ford were the arsenal of democracy. Those two companies are the reason we are free as the United States of America, and the reason that we made it through World War II. And so, I'm being asked to serve a second American and global icon. And so I seriously learned everything I could about it. Nicki and I have been married for 52 years, we have five children, and we've always had a version of working together with our family. They were right there, learned everything they could, and they would encourage me, "Dad, let's go, we want to drive a new Mustang. And we know all the airline people and all... Everybody else. We want to meet the dealers and everybody else." And so at the end of the day, I decided, with their help and encouragement, that I was going to go serve at Ford because I was being asked to serve a second global and American icon. And I'm so glad I did, Lynn, so glad I did.

LT: When you started at Ford, you said, no matter how bad Ford Motor Company's problems are today, they aren't as bad as Boeing's were on September 12th, 2001 and then you later said they were much, much worse. What was the state of Ford when you started and also when you left?

AM: Well, that's terrific that you shared that, because that is absolutely true. And Boeing is... It's huge and it's sophisticated in that the products are some of the most sophisticated in the world and the 777 flies halfway around the world safely and efficiently. You think about dynamics and the structures and the flying qualities and the fuel efficiency and the safety and the systems engineering, and just phenomenal vehicles. So when you look at Ford, they had purchased Aston Martin, Jaguar, Land Rover, Volvo in addition to Ford. And so if you look at all of the vehicles and all those different brands, there were 98 different models, 98. And they're trying to be world class and making 98 different vehicles. And you think about these vehicles, it's the same technology as an airplane.

AM: The airplanes have a lot more redundancy and safety features. But the same thing about safe and efficient transportation is exactly the same as Ford and as Boeing. And so the way you said

that, is exactly the way I felt. I knew how to deal with complex issues and change and innovation and creating new products, but this was unbelievably complicated, which again led me to help lead our team to really focus on Ford. Isn't that interesting that we chose to focus on Ford, not all the other brands, because that was 70 to 80% of our business and people knew Ford all around the world. And so the first thing that we did, is we divested all those other brands. We had invested in them along the way, so everybody that we sold them to got a good deal.

AM: But we were going to focus 100% on this Ford brand. And also, we needed to create a competitive brand and have new negotiations with the unions and also on the work rules and our efficiency, and the quality needed to go up again. And then on top of that, we needed to invest in all the new products and services that we did to have this complete family of small, medium and large cars, utilities and trucks. And also, we needed to take out a small home improvement loan from the banks to finance all of this fantastic work. And then, the biggest thing is that we needed to work together as one team worldwide, which Ford had gotten so far away from because every country around the world had a different Ford. And so there's very little synergy around the world, and we were competing with the best manufacturers in the world. So I asked Bill, "So Bill, what's our forecast for profits this year?" And this is in September when he is recruiting me. And he said, "Well, our forecast, Alan, is we're going to lose \$17 billion."

AM: And, Lynn, four months later, we achieved it. We lost \$17 billion. So this wasn't a forecast accuracy issue. This was we needed a different vision for the company, a different strategy for achieving it. And we needed a relentless implementation plan to make it happen. So I arrive, and they picked me up in a Land Rover. I'm going, I just left Boeing to come to Ford, and they picked me up in a Land Rover! So, I said, I wonder what everybody's working on here. And then we drove over to Dearborn, from Detroit. And here's the world headquarters, 12 stories high, this beautiful blue oval Ford in the middle of it, three stories high on the top. Anyway, all of a sudden we started to go down, the doors open up, and I realized we're in the garage in the basement. And it's kind of dark, but I'm looking around and I don't see any Ford vehicles.

AM: Whereas, I'm sitting in a Land Rover. And I see Aston Martins, Jaguars and Land Rovers and Volvos, I'm going I wonder what everybody's working on here. This is the world headquarters of the Ford Motor Company. It started getting clearer and clearer, as I gathered more and more data, that what we really need to do was focus on the Ford brand, and make a complete automobile family of cars, utilities and trucks, small, medium, large, that have world class quality, fuel efficiency and safety, and affordability. And we're really implementing Henry Ford's original vision again, of opening the highways to all of mankind with these Ford vehicles.

LT: When you started, Ford was losing money on every car it made in North America. And there's a story that consumer focus groups, when the consumers were shown cars, when they saw a Ford logo on a car, they valued the car several thousand dollars less. What was the state of the company when you left Ford?

AM: Wow. Well, the neat thing about the way you said that is it's absolutely true. And everybody knew that Ford was in trouble. And now that you've asked me these questions, you can see why, because we just couldn't be world class with all these different brands. When we focused on that Ford brand, everybody got so excited, because now we're going to have a complete family of vehicles more than anybody else, cars, utilities, trucks, that are going to be world class. We borrowed \$23.5 billion, that small home improvement loan, to be able to restructure the business to

then invest in all the new products, and then save the business and then grow the business in a profitable way so that we could satisfy and benefit all the stakeholders and the greater good, with safe and efficient transportation. So people were... They knew what the situation was.

AM: And what they wanted to know right away was. "Alan, what are we going to do? What's the plan?" So I started sharing that as we made those decisions. And of course, the more they understood it, and then the more the progress we made, the more excited they got. And we also included all the stakeholders. So now everybody was helping us, the dealers were helping us, the suppliers are helping us investors, the bankers, the communities in which we operate, the governments around the world. They are watching us, just like you described at Boeing with the terrible terrorist attacks, save Boeing, we were now, not only saving Ford, but we're creating an exciting, viable and profitably growing Ford, for the good and the benefit of all those stakeholders and the greater good with safe and efficient transportation.

LT: You essentially bet the company, raising that \$23 billion. But what did you actually do to turn Ford around?

AM: I'm going to share that with you. And then I want to come back to another element of your question, is that was the data, that was, the situation when I arrived. And so another way you're asking this, I'm going to answer the question about what we did to turn Ford around and then grow it. And then I'm going to share with you what the data said about what we did from that initial part of losing \$17 billion. The only thing I know is what I shared with you during my formation as a person and as a leader. Every morning, every night, I say thanks Mom and Dad, and also learning all about program and project and business management from the Boeing Company, which is a world class corporation. So I had these two things in my formation that were just phenomenal.

AM: So at Boeing, we developed a working together management system, because we have hundreds of thousands of people that are involved in working on a new airplane like the 777. I'll just use the 777 as the example. It takes five years of creation to make a new airplane. There are hundreds of thousands of people that are supporting it around the world and the technologies are unbelievable - the structures, the avionics, the electronics, the materials, they're very, very sophisticated products. So we're always on the leading edge of innovation and creativity. And creativity is not a linear experience. As we all know, it's actually iterative. And so we're going around and around and around refining the design, until we are able to accomplish all of those objectives that we commit to the airline. So we developed our working together management system that allowed all of those participants to work together to make this happen.

AM: And we actually delivered the airplane on schedule, five years on schedule, to the day, started out with nothing, we have nothing. And now we have an airplane with 4 million parts that are all flying in formation, and delivering all of these requirements to the airlines. And on day one, they're flying long range halfway around the world on the original airplane. So the elements of that system are these: One is people first, love them up. These are talented people, you want to create a culture of people working together that has talented people, that is a safe environment where they can share what the real situation is, and they're highly motivated by a compelling vision of what they're doing. And you can imagine how excited you'd be to be working on a new airplane or a new car. So love them up. Again, thanks, Mom and Dad. They're creatures of God, who've been really important. They're worthy of respect and love. "Man, did we ever need you, and we're going to say thank you every day for all your great work." And then another one is include everyone. And I mean, include

everyone, all of the stakeholders.

AM: And then the next one is come together around a compelling vision and a comprehensive strategy and a relentless implementation plan for delivering this compelling vision. And so that's where safe and efficient transportation comes from. In Ford's case, that's where opening the highways to all mankind where people can move around, and Boeing of getting people together around the world. It's so compelling that people will dedicate their lives to making it happen for you. So those are really important. Then, the next one is you have to have clear performance goal. It's really important to have one plan and that everybody knows the plan and you use facts and data on what the status of the plan is, and the areas that need special attention, because this is a creative process and there are things that are going well, there are things that are not going per the plan, but they're not problems. All of the leaders will actually color code their elements of the plan with green and yellow and red.

AM: Green, it's on plan, yellow, we have an issue but they have a solution or red, they have a new issue but they don't have a solution yet. But red doesn't mean it's a problem - red, we clap for them, and we say thank you, thank you for sharing with us this situation you're in. You're not red, you're not the problem, you're the answer, and you're the answer because you have shared this with us right away. And then we all go to work to work on the areas that need special attention. And when I say everybody all those stakeholders that I described, we share it with everybody, including the finances, the product, the process, the people, everybody. And then of course the attitudes are really important. The key ones there are the expected behaviors. So have a proposed plan, positive, can do, find a way attitude, these mindsets are just key.

AM: And you notice these are very, very sophisticated words, Lynn, like respect each other, listen to each other, help each other, appreciate each other. Very sophisticated. You notice it doesn't have a lot of values and beliefs and things we can't see. What we care about is we want to see those behaviors because then we can hold ourselves and the team and all the stakeholders accountable. And here's what I know after doing this for 45 years, Lynn, if you hold yourself and the team accountable for operating with these behaviors, then everybody feels so good about what they accomplished that all their beliefs and all their values move in a really positive way that actually allows you to be this way. Emotional resilience, trust the process, and that's the process of working together. So when you have an issue, you've got it out in the open. Go right back at the top. Do you have all right people included? Do you have one plan? Are you working it together? And you're going to solve it because you've got the whole talent, all the talent working on it. The last one is really important, Lynn, because it's enjoy the journey and each other. Now, you can imagine how much fun this is.

AM: And you want to make it fun because you're creating something out of nothing that is powerful, that's going to serve the world. You're going to do it in a very creative way where you are counting on working together because you need everybody to do it. And so there's not a day that goes by, Lynn, where I don't say thank you, thank you, thank you, thank you for getting a chance to serve two American and global icons and thank you for introducing me, and getting a chance to work together with all these talented people. And so there's one caveat to that principle. That is never a joke ever at anybody's expense. And the reason is joking or making fun of others is never funny. And people will go along to get along. But what happens to working together is if you feel like you're going to be the brunt of a joke or made fun of in this kind of a high performance environment where we need to know everything and we're thanking everybody for that, then you're

going to be very cautious about sharing a red or a yellow.

AM: And so now you're managing a secret. Now you can't manage the place because you don't know what the real situation is. So the most important part or most important contribution of the leader in the leadership team is to hold themselves responsible and accountable for following this working together process. And that's to create the value roadmap and the leadership team where everybody's included, the business plan review where every week we review the status, and then we know the reds, yellows, and greens. Every week hold ourselves and all the participants accountable following that process and following the behaviors. So we had them all on one card - we've got the business plan on one side, and the expected behaviors on the other. If you decide to go after somebody or put somebody down, we just stop the meeting and look at you. How's it going? Have you noticed the reaction you're getting treating somebody like that or acting like you're really smart or asking rhetorical questions where you're trying to show everybody how smart you are?

AM: That's not what we're about. Oh and by the way if you don't want to adopt these principles and practices, it's okay. So I'll have people say, Alan, it's okay, I'm so smart and I'm so needed that I don't need to follow these principles and practices of working together? I say, Well that's not exactly what okay means. What I mean by okay is that you are deciding what you want to do. If this doesn't work for you, you know why we're doing it. We need the hearts and minds of everybody. This is really competitive. We're making very sophisticated products. And so we need the hearts and the minds. And so, if it doesn't work for you, it's okay. It is just a sign to move on, to find a job where you won't have influence as much because we can't stand that at this level. And by the way, I'd like you to go home tonight, and I'd like you to talk to people that you love and people that love you. I want you to tell them this conversation that we had.

AM: Because I want you to come back tomorrow and tell me what you decided. I don't want to guess. If you need help, you want help, we'll get you a coach. And by the way, remember, all the members of our leadership team, they're all on the team, and we all have two items every year that we're working on that help make us a better leader individually and as a team and as a business. And so you'll apologize to that person you went after yesterday or today and tell everybody you're going to change those behaviors and ask us for our help, and we're all going to help you. And I think you're going to love it. But if it doesn't work for you, we wish you the very best. So those are the working together principles and practices. And really, it's the culture of love by design that we create on every airplane program, creation of every vehicle, creation of every business. And we've done that for 45 years.

LT: Before I ask you about the love by design, what were the defining moments for you at Ford?

AM: I'll tell you what, that just was the biggest defining moment, and I was so concerned about whether I would get to that moment. So I arrive, I share, I meet everybody. Bill introduces me, they were all calling Boeing and all my friends and everybody else around to find out, "Who the heck this guy is?" I didn't know this at the time, but I was the first leader of a major automobile manufacturing company that came from the outside. And so even in the press conference, they said to me, so Alan, what does it mean to us that you don't know anything about this business, automobiles, and we're in trouble, and it's so complicated. And that's why I rubbed my chin very thoughtfully, Lynn. I said, "Well, I sure agree with you. You'd look at an average car or a truck, they have around 10,000 parts. And you think about the quality and the fuel efficiency and the safety and the systems engineering, very, very sophisticated products. I might point out that the 777

airplane has 4 million parts, and it stays in the air."

[chuckle]

AM: Next day, three inch headlines in Detroit News. I think we got the right guy. So the most important thing to me is to get this culture started, this culture of love by design where they all knew the behaviors, they all knew the process. And so I started the business plan review. I told them all about color coding, I answered their questions day in and day out individually and as a team. And we got to the place where we're starting to work together and kind of enjoying each other and they're getting their slides color coded, and business plan review takes about an hour and everybody is connected around the world and we go through the color coded charts. They're about 300 charts, and they're all colored green. And we already told them now... The Chief Financial Officer has shared with them that we're going to lose \$17 billion. I stopped the meeting a couple times, and in my nicest way, I said, you know now, you didn't know it before, that we're going to lose \$17 billion this year.

AM: Is there anything in your area of responsibility that's not going well, one or two things? Eye contact down to the floor. No one was going to say anything because the culture was, you only brought an issue up if you had the solution, because that's the way most businesses still are today. So that's why everybody is managing a secret and we don't get things done in a timely way. So this went on for a few weeks, and I was going to give up, like we kept stressing the behaviors, kept stressing the plan. And then, Mark Fields was the leader of the Americas, and they were launching an Edge in Oakville, Canada. And we'd also agreed they we're only going to deliver the highest quality products from then on as Ford wasn't doing that then. And so they ran into an actuator issue on the liftgate, and so he stopped the production, which is a big deal in any manufacturing business. But we had decided, principles and practices, we were only going to deliver the highest quality. And so he had, I don't know, a couple hundred thousand vehicles sitting down in the tarmac.

AM: He's getting ready for the meeting, the business plan review, he's going over the data with his team, it gets to the launch charts, and it's green for this launch. And he said, "We just stopped production. I think that's one of those red things Alan's talking about." And the team says, "Well what's your point?" And he said, "Well, I think what he's saying is we can't manage a secret so we need to share this now even though we don't have an answer and ask people for their help." One of the vice presidents said to him, "It was really nice to know you, Mark. Good luck."

[chuckle]

AM: And so we walk in the next day, I start the business plan review, green, green, green, green, and up comes Mark's chart, red, red for technical readiness, red for schedule compliance, and red for the financial impact. And so the whole room got quiet, and we're sitting at a round table, 11th floor at the world headquarters. Everybody's connected around the world and the eye contact all goes to the floor. And they're looking at me, they're looking at Mark. And I started to clap, and they told me later, they all thought that was a sign, Lynn, the two large doors behind me were going to open up, two large human beings, were going to come in and extract Mark, and he'd disappear because he didn't have a solution. And so I clapped, and I said, "Mark, that is great visibility, and that's what working together is about, that we can share what the situation is, so we can work, turn the reds, yellows, and green."

AM: And I said to the team, any thoughts, initial thoughts on how we can help. Three different members offered their thoughts. And one, Joe Hinrichs, phenomenal leader, who's now the CEO of CSX, and he's head of manufacturing worldwide. And he said, "Okay, I've seen that issue before. We'll get some manufacturing engineers up there to Oakville, Canada. We're going to get a fix for it, and then we can change the vehicles out and start the production." And so next week, there's only one red chart again, that was Mark's. They're all looking at me and they're looking at Mark.

[chuckle]

AM: And here's Mark, and he's still there. And they're going, "Whoa, what happened here?" I'm being very positive. And he didn't have an answer, and I knew he's going to figure it out. So that goes by and then, and I'm thinking to myself, this is the key, this is the culture we're trying to create. And if we can't get this culture, just like I knew at Boeing on all those airplanes, we're not going to be able to get this done. And so he... turns to yellow, they have a solution. Turns to green, the vehicles start flowing all around the world. So then guess what the color of the 300 charts look like the following week.

AM: No, they weren't all red, but they looked like a rainbow because there's always lots of things that are going great. But now everybody sat back and everybody knew now what the situation was, what areas need special attention, and then, wham, when we went to work. So you can imagine that now we nurtured this culture, nurtured it, and nurtured it, and nurtured it. It just got better and better and better. And then we just worked them in real time as it came up, and we found better solutions. And within two years, we went from that \$17 billion loss to a \$6 billion profit. And then from then on we kept growing.

LT: Wow. Alan, you are one of the warmest and happiest people I have ever met. You hug people, you squeeze shoulders, you always want to support people and help people. Your emails are a delight. I don't think I've ever seen as many smiley faces in emails as yours, and all of that is extraordinary, and it's lovely, but one doesn't think of those as qualities that any other CEOs have. What is your management style?

AM: You are really, really thoughtful. [chuckle] and thank you. And it's a really important question. In that formation part that you asked about, which is so important, where I ended up at a relatively very young age, I was in grade school, and in high school by then, was I was leading by humility, love, and service. That's what I believed in. That's what got me my Levi jeans and my Weejun shoes and my car someday. But what really got me was that I loved it. I loved the serving. I knew that humility was absolutely key to that, to loving up all the participants as human beings, talented human beings, to love them up and thank them. And also to create this culture where they'd be appreciated all the way along. It's not just about me. I have this compelling vision where they were working for something that was bigger than me. They weren't working for me because I told them to do something. We were creating safe and efficient transportation. They felt so good about that, and they all benefited from it, plus all the stakeholders benefited from it.

AM: When you're profitably growing a company, you can't take care of all the stakeholders if you're not profitably growing because then you're dying. So you've got to be growing the business, and that means you're innovating and creating better and better products in the consumer's eyes and including all the stakeholders. So I moved from a technical expert on aerospace and aeronautical engineering to every step of the way where I was asked to serve of leading and managing. And

pretty soon, just like Peter Drucker tried to explain to all of us a long time ago, we're managing the knowledge workers. I'm not the smartest person in the room, but what I can do that no one else can do as a leader is establish and nurture this culture of love by design. That you are doing this and we are doing it based on respect for individuals. And everything that I shared with you about those principles and practices is a demonstration of your love for the participants. Because how do they feel? They feel love. And so it's a culture of love by design. I love the design part, as a designer because we designed it [chuckle]. What do you think?

LT: I think it's amazing. I think it's amazing that you did two turnarounds, very tough turnarounds, using love by design.

AM: And as you know, all those notes, all those phone calls, any interaction with me, but not just me now, the entire leadership team and to all of the stakeholders that had joined us on the team, no one violates those principles and practices, the behavior. Or we have that conversation about "it's okay, we still love you, you're a human being, wish you the best. But that's not what we're about. We're here to create a bright future for everyone in the greater good. That's what we're here for." Once you've made that commitment and you create a culture that allows you... Because culture is who you are, what you do, why you do it, how you do it. So it includes everything. Well, no one wonders what the culture of working together is. They know exactly what it's about. And as you know, in addition to your writings, there are so many great pieces of work that have been done by you and your colleagues to capture what it's like to create this culture, but also to be in it and what it feels like, and the results.

AM: One thing I wanted to answer, so how did that go with Ford? What was the result? Well, let's just talk about all the stakeholders. Let's start with the consumers. So we went from losing market share to gaining market share. We also were rated the finest fleet and family of small, medium, and large cars, utility, and trucks. We didn't take government funding. We also became the number one brand in the United States. We also became the fastest growing brand in the world, in the consumer world. And this is all facts and data, they love Ford. We didn't take government money. 70% of all the people watched the hearings, where I went back to testify on behalf of my bankrupt competitors, GM and Chrysler, we didn't need the money. And 70% of the people in the United States saw some of those hearings and they started arriving at Ford's doors because they now knew they had all these vehicles that they didn't know about and the sales just skyrocketed. So now you look at the employees, the employee survey for involvement was maybe around 25%, for satisfaction, maybe around 35 or 40%. And that includes, do they believe in the product, the strategy, the team, where we're going? And so that's not very high. That means that 50 to 60% of all the people are working for a salary but not to create a vision of the future.

AM: And so when I left, the percent positive was over 90% of all the employees and all of the stakeholders, employees too. And then you look at the suppliers and 70% of the dollar value of a vehicle is with the suppliers, and so your relationship with them is really important. And we went from, when I arrived being second from the bottom, either second from the bottom or the bottom of all of the manufacturers on the relationships that they treasured because we were in trouble, we weren't working together people, and we weren't doing very well. And when I left, we were almost tied at the top with Toyota, at that time the finest company in the world and we were right there next to them. So the suppliers loved working with us. And you can imagine what that's like on your plan to profitably grow when you have all the people that are lined up with you. And then when you look at the bankers, we took out that small home improvement loan of \$23.5 billion and we paid it

back on time and they made money. Very, very satisfied. And then the investors, holy cow, the intraday low on the stock price at Ford was a little over a dollar, maybe \$1.10 or something like that. And when I left, it was \$17.74 or 84 cents, which is approximately a 1774% increase in the stock price.

AM: Can you imagine how many people are really happy about Ford in addition to their great products and services? And then you look at the communities, and as you said, what we had to do initially to right-size the company, we also then, by growing the company, we started bringing back all the people that wanted to work there. And so you can imagine all the communities in which we operate around the United States and around the world, they're so happy about that, because it's helping with the economy and growth. And then the governments were really happy because we were meeting all the requirements for all the products and the services, so their job was easier and a lot more fun, and that's about all of them. So you can imagine that's where we started, and you understand now really well and you're sharing it, how we did it and there was the result.

LT: It is amazing. Alan, I love that you apply some of the same approach to your family, can you talk about that?

AM: Well, I can, and the kids, they always think this is funny whenever I do it, where... I mean they think it's fun because they had so much fun doing it. As I mentioned, Nicki and I been married for 52 years and we have five wonderful children, and that was the plan. And so when we started having them... When you have seven people in your house, you need to have a business plan review every week, just to come together on the compelling vision and the strategy for achieving it and what the status is. Plus, you've got to put everything away and get the laundry done and get the schedules all lined up. So I said to Nicki, "So Nicki, let's start a business plan review here in our house every week." And she said, "Honey, this is not a business, this is our family."

AM: So I went away and I thought about it. Okay, so I came back next week and said, "Okay Nicki, let's have a family meeting every week." She said, "What would we do in the family meeting?" I said, well, we'll come back from church on Sunday, because we always have everybody there, we'll come right to our house. And then the first agenda item was, we'll go through the house, including us, everybody, pick up your stuff, get it back to your cubby, or get it back to your room, because it looks like a bomb's gone off after a week of seven people wandering around the house. The second agenda item was everybody go back to their room to get their laundry, bring it down to the laundry room and we'd always have two washers and two dryers because it's not a compelling vision to have to do laundry every day of the week.

AM: So we'd get all the laundry done, bring it back down the kitchen table, put it all out on the kitchen table and then we'd all sort the socks and everything else. And everybody loved that because none of us thought it was a compelling vision to have to sort socks for everybody else. Plus that's really hard to do anyway, technically. So that would get done in five minutes because we had everybody there. Then we'd go sit down at the table, everybody would go back to their room, get their schedule in their spiral notebook, get out their schedule, and we'd go around the room. This is when they're in kindergarten now, Lynn, and they go through their schedule and they'd say, "Okay, I got teacher's conference, I've got sports here, and I've got an activity over here, and so I'd really like some help on this or that."

AM: And then we'd go around and help each other, I would write down the things that I would sign

up for, take them back to Boeing, share them with my assistant. She'd build it in my schedule. Not easy. And sometimes, I wasn't there, but everybody knew where I was and I'd be back in an hour or whatever after I supported the family. So we did that, that worked out great. Now, one thing about that, it's unbelievable, is that we also managed that meeting so you could share with each other how it was going. I'll give you one example about the power of that. So one of our daughters had a dance recital, I think it was a recital. And our oldest son, who was driving at the time, signed up to pick her up at school, take her to the dance recital.

AM: And so we get to Sunday family meeting, we get to the place where we go around the room and Molly says to Chris, and we practiced this way of talking to each other too. You couldn't do it in a mean way, you had to be civil, you had to be nice, you had to share your thoughts, you weren't going after somebody else. Molly said, "So Chris, I just want to share with you that it was pretty devastating you didn't pick me up per our agreement, I missed the recital and you had a lot of things probably going on and stuff, but I just wanted you to know how neat it is to be able to count on you when we make these agreements." And of course everybody around the table, was, well, writing down stuff too, making sure they're not going to be next to be called on.

AM: So they got to the place where you can imagine it was the coolest meeting in the world, is we were all just growing. Oh, then one other thing was as they got a little bit older, I added another agenda item that said you need to tell us ahead of time, ahead of the week, if you're going to do something that is going to... that we're all going to be really proud of, then let us know ahead of time. If you're also going to do something that we'll be really embarrassed about or feel awful about that you're going to do, let us know that too. Now, that didn't solve everything that [chuckle] they did. It really had them thinking about it. So we get together twice a year, all of us together with the grandkids, and they always want to go through the family meeting and talk about the funny things that happened during it. So that's fine. And then sometimes they would, when they were talking, it made me wonder whether they really, really enjoyed it. And I said to them one time, so if you didn't really enjoy the family meeting, why were you always there, always on time and stayed for the whole thing? And they said, "Dad, do you remember what the last agenda item was on our family meeting?" I said, no, I don't. They said, "You passed out the allowances."

[laughter]

AM: That was our version, and so everybody always asks me, "So what are our kids doing now?" Every one of them, with their families, are doing a family meeting every week with that same agenda, because working together works when you know what the vision is, you know the strategy, you know the expected behaviors, you have a process for it, and you have this mindset of working, positively working together. Wow, very effective.

LT: Alan, before I ask for the three takeaways you'd like to leave the audience with today, is there anything else you'd like to mention? Or what should I have asked you that I did not?

AM: Well Lynn, your questions were terrific, I don't have anything else that I would add. I think that in your work where you continually capture the human being, on who they are and what they do and why they do it and who they are especially, which is going to have more to do with their effectiveness, is fabulous. And then to ask questions about how they implemented that and what works for them and what didn't work. So I think you have a very, very good process to share some very important lessons learned with everybody, so thank you.

LT: Thank you for your leadership of Ford and Boeing and for your extraordinary leadership style.

AM: With respect to your three things. I just think that's really fun. For 3 takeaways, I love the title of your whole podcast is 3 Takeaways. So the first takeaway, these are learnings that everybody's going to have, is the extraordinary power of people working together, the leadership and the management system and the culture of love by design to create value for all the stakeholders and the greater good is unbelievable. So that's the first one. So having a process and following that process. Wow. So then the second one is... You know where I'm going. The second takeaway is who's responsible for this? The leader and the leadership team and all of the stakeholders have been included, because if the leader does not believe this and doesn't know how to operate this way and doesn't stand tall for helping everybody move in this direction, it's not going to work. So the second takeaway is the leader... This is like a newsflash, Lynn. The leader is really important, and the leadership team is really important, including all the stakeholders. And then the third one is the leader accepting that responsibility and acting on it and holding them accountable for doing it. So the leader's got to be that person, and then the leader and the leadership team have got to hold themselves accountable. So those are the three things. It's all to enable and nurture this culture to creating value for all the participants.

LT: Alan, this has been wonderful. Thank you so much for sharing your leadership and your love by design. It is truly unique.

AM: Thank you for asking me to share it, and I think what you're doing with your 3 Takeaways is great because the whole world, as we all know, is looking for leadership that is pulling people together to work together for the greater good. It's the most important thing that we all learned to do. So, thank you for your contribution.

LT: Thank you.

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