

SERVANT LEADERSHIP & SHAREHOLDER VALUE

Texas CEO Boot Camp



JOHN CASEY & ASSOCIATES
Bringing people together for winning results.

A Quick Thought on Fun and Trust...

Fun and Trust:

“I realized early on that if you create a company where employees enjoy coming to work as much as going home, and where there’s a high level of engagement, mutual trust and respect, no one can **beat you.”** Paul Silvis, co-founder of Restek, one of 2007 Top Small Workplace winners.

Our Agenda

Where are we today?

Define employee engagement

Define servant leadership

Define shareholder value

Prove the thesis that servant leadership drives employee engagement that drives shareholder value

Discuss implementation considerations and ideas

Where Are We?

- How many believe they have a high degree of employment engagement in their organizations today?
- How many consider themselves servant leaders?
- How many have employee incentives that focus on driving shareholder value?



My Journey before Servant Leadership

- Early life growing up in business family in the “Flower Children” generation of Baby Boomers
- Harvard Business School
- Running a coffee coop in Peace Corps in Africa
- Sales in PepsiCo International in southern Europe
- Put a farm in Egypt for PepsiCo
- Entrepreneurial spirit with four start-ups (Italian bakery café, CEO Netweavers, Cooking Fresh and John Casey & Associates)
- Four kids, still married to my wife Fran after 46 years.



My Journey to Servant Leadership

- HR Class by AMA and **the Inverted Pyramid** – Keeping the front line employees happy drives sales and profits.
- CFO of Pioneer Flour Mills for ten years learning about shareholder value Drivers.
- CEO Netweavers – “Providing Servant Leaders for Business”
- Greenleaf Foundation, TD Industries, Jack Lowe and Ann McGee Cooper
- Founded John Casey & Associates, search firm matching clients and candidates who believe in servant leadership as defined in our **Five H Culture™**:
 1. **Hard working**
 2. **High Achieving**
 3. **Humility**
 4. **Happy in Your own Skin**
 5. **Honesty, Integrity and Open Communications**



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Greenleaf's Servant Leadership

Bob Greenleaf's definition:

The servant leader is servant first... It begins with the natural feeling that one wants to serve, to serve first. Then conscious choice brings one to aspire to lead. That person is sharply different from one who is leader first, perhaps because of the need to assuage an unusual power drive or to acquire material possessions... **The leader-first and the servant-first are two extreme types.** Between them there are shadings and blends that are part of the infinite variety of human nature.

The difference manifests itself in the care taken by the servant-first to make sure that other people's highest priority needs are being served. The best test, and most difficult to administer is: Do those served grow as persons? Do they, while being served, become healthier, wiser, freer, more autonomous, **more likely themselves to become servants?** And, what is the effect on the least privileged in society? Will they benefit or at least not be further deprived?



Foch & Ponton's Servant Leadership (2015)

- 1 Values people** - Servant leaders value people for who they are, not just for what they give to the organization.
- 2 Humility** - Servant leaders promote others. Things happen through others; they cannot do it alone.
- 3 Listens** - Listens receptively — nonjudgmentally. They want to learn from others; to understand follower/associates, they have to listen deeply. Seek first to understand and know when or where service is needed.
- 4 Trusts** - Servant leaders trust others, are willing to take risks to serve and so are trusted as authentic and dependable.
- 5 Cares** - Servant leaders have people and purpose in their heart. They display concern, kindness and desire to serve .
- 6 Integrity** - Servant leaders are honest, credible, and trusted. Integrity is knowing what your values are, developing a set of shared values with the people you serve, and then remaining true to those values. This provides clarity and drives commitment. Servant leaders need to be first in ensuring that their behaviors are consistent with their values and with the shared values they develop with others. This includes a strong self-awareness.
- 7 Serves** - The servant leader is servant first.
- 8 Empowers** - Servant leaders empower others and expect accountability.
- 9 Serves others' needs before their own** - Servant leaders serve others before self.
- 10 Collaborates** - Servant leaders reject internal competition and pitting people against each other, bring people together. Because servant leadership is about pursuing a purpose for good of whole, skilled collaboration is essential.
- 11 Loves Unconditionally** - Unconditional love is a strong phrase with Christian overtones, but it is a radical and powerful starting point for servant Leadership because it becomes the primary motivator for the way you treat others.
- 12 Learns** - This includes learning from those below them in the organization. Servant leaders are willing to learn from all directions and never rest learning about future trends and opportunities, perspectives of their internal and external stakeholders, emergence of new ideas and technologies related to their business, and art and science of leadership.

Employee Engagement Defined

“Employee engagement is the **emotional commitment** the employee has to the organization and its goals. This emotional commitment means engaged employees actually care about their work and their company. They don’t work just for a paycheck, or just for the next promotion, but **work on behalf of the organization’s goals.**” – Kevin Kruse

Drivers of Employee Engagement - Gallup

- **Trust and integrity**
- Nature of the job
- Line of sight between employee performance and company performance
- **Career growth opportunities**
- **Pride about the company**
- **Camaraderie with coworkers/team members**
- **Employee development**
- **Relationship with one's manager**



Engagement and Performance - Gallup

Gallup Studies Prove:

Engaged employees lead to...

Higher service, quality, and productivity, which lead to...

Higher customer satisfaction, which leads to...

Increased sales (repeat business and referrals), which leads to...

Higher levels of profit, which leads to...

Higher shareholder returns (i.e., stock price)

In a Gallup study companies with highest levels of employee engagement were **22% more profitable and 21% more productive.**



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Engagement and Performance - Hewitt

Hewitt studied engagement results for 1,500 companies and reported the following:

- Where 60 to 70% of employees were engaged, average total shareholder return (TSR) was **24.2%**
- In companies with only 49 to 60% of employees engaged, TSR fell to **9.1%**
- And companies with 25% or fewer engaged employees reported a **negative** TSR

Engagement and Performance – Great Place to Work

The Great Place to Work Institute is the survey company that drives the Fortune Top 100 Companies to Work For® along with similar “best place to work” lists across 45 countries. Studying their database of “over **10 million employee voices**”

- Committed and engaged employees who trust their management perform 20% better than other employees
- Companies with committed and engaged employees have half the voluntary turnover rates of their competitors
- **The financial performance of the publicly-traded companies on their 100 Best Company List consistently outperform major stock indices by 300%.**



Shareholder Value Defined

“The expected increase in future cash flows discounted at the cost of capital (weighted rate of return expected by shareholders and the cost of debt)” Creating Shareholder Value by Al Rappaport

Pioneer Flour Mill’s practical approach to tie bonuses that **encourages risk taking** that increases shareholder value:

- Determine cost of capital
- Discount increase in operational cash flows by cost of capital
- Subtract increase in investment in PPE and working capital
- Net is increase in value of company
- Bonus is percent of increase in value paid to employees (10-15%)
- Payouts over three years

Most important reason for Servant Leadership...

Fun and Trust:

“I don't know what your destiny will be, but one thing I know: the only ones among you who will be really happy are those who will have sought and found how to serve.”

Albert Schweitzer

Action Plans I

Where Are You Today:

- Do you want to make the changes?
- Does your leadership team want to make the changes?
- Measure employee engagement at the department level
- Assess managers for characteristics of servant leadership
- Formulate a baseline of key performance indicators
- Other?

Action Plans II

Implementation:

- Decide on whether to use outside resources
- Form an **Initiative Steering Committee**
- Define timelines and goals
- Develop and implement a KPI reporting process
- Communications devices
- Visual aids
- Other?

Action Plans III

Ongoing:

- Go public
- Website
- Define ongoing training and coaching for **new employees**
- Mentorship programs
- **Performance reviews tied to servant leadership**
- Other?



Bibliography of Top Sellers

Servant leadership

The Servant Leader by Autrey

Seven Pillars of Servant Leadership by Sipes and Frick

Servant Leadership by Greenleaf and Spears

Leadership by Northouse

Focus on Leadership by Spears and Blanchard

Employee Engagement

Employee Engagement 2.0: How to Motivate Your Team for High Performance by Kevin Kruse

Carrots and Sticks Don't Work: build a Culture of Employee Engagement with the Principles of RESPECT by Paul Marciano

Employee Engagement for Everyone: 4 Keys to Happiness and Fulfillment at Work by Kevin Kruse

Employee Engagement: Tools for Analysis, Practice, and Competitive Advantage by William Macey

Intrinsic Motivation at Work by Kenneth Thomas

Shareholder Value

Creating Shareholder Value by Al Rappaport