

# The CEO Forum

The Quarterly Publication **by CEOs for CEOs**

\$19.95



Insurance:  
**Amica**  
Robert A. DiMuccio  
Chairman, President & CEO



Credit Cards:  
**Discover**  
David Nelms  
14-Year CEO



Entertainment:  
**Topgolf**  
Erik Anderson  
Executive Chairman



Retail:  
**The Container Store**  
Melissa Reiff  
CEO



Airlines:  
**JetBlue**  
Robin Hayes  
CEO



Telecom:  
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Investments:  
**Trilogy Financial**  
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Technology:  
**TIBCO**  
Murray Rode  
CEO



Hotels:  
**The Ritz-Carlton**  
Herve Humler  
Co-founder & Chairman Emeritus



Food and Beverage:  
**Dunkin' Brands**  
Nigel Travis  
Chairman

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# The CEO Forum



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## Unleashing the Spirit

I am thrilled to share our inaugural issue of “10 Customer Experience Leaders.” We intentionally have selected a combination of great companies that you know but may not know all their practices, mixed with lesser known companies that you will benefit from knowing.

What inspired The CEO Forum Group team to undertake this is a deep, shared belief that at the heart of every great company is an intense focus on the customer. What’s exciting to me is that, by doing the interviews for this edition, I have learned significantly more about the commonalities of what makes a company a true customer experience leader.

For starts, a great call center is essential but it’s only a ticket to get into the ballpark. The great customer experience companies add processes for the entire customer journey, and the single most common trait of these 10 featured companies is that most actually do not focus on the customer first! The customer experience leaders focus first on their company’s culture — and that culture drives the customer experience. The customer experience leaders build scalable systems including: recruiting, training, compensation, flexibility, idea sharing, and accountability.

This reminds me of my first unofficial CEO interview, which was with Herb Kelleher, founder of Southwest Airlines. He sadly passed recently, and I now vividly remember when I asked him two decades ago, “What makes a great company?” His answer to me was so profound that I rushed to write it down ... “It’s love.” Then he defined love as “unleashing the spirit of the individual.” I was so inspired that I started managing my people by trying to unleash their spirit. Then I changed the way we all interacted with our customers: In every conversation we would try to understand and unleash the spirit of that client. That one conversation with Kelleher lead me to recognize the value of one CEO comment, and I believe it subconsciously planted the seed for me to view the customer in a new way and, in fact, to start my profession of interviewing CEOs.

As we look at great companies of our time, it is no surprise when we look beneath the hood of what drives Amazon. When Jeff Bezos started Amazon -- originally called Cadabra -- he announced, “Our goal is to be earth’s most customer-centric company.”

So if your goal is to be the Amazon of your industry, take ideas from this issue and see which you can incorporate. To help, we start each feature with a box outlining unique practices which led us to select the industry leader. Perhaps the best way to read this issue is to start off by reading each of the boxes and thinking through if there are ways you can import that concept into your own business. And who knows ... maybe your company will be selected for next year’s edition of “10 Customer Experience Leaders.”



A handwritten signature in blue ink, appearing to read 'RR' or 'Reiss', written in a stylized, cursive manner.

Robert Reiss

# Companies In This Issue



**Amica Mutual Insurance Co.**, the nation's oldest mutual insurer of automobiles, was founded in 1907. The company, based in Lincoln, Rhode Island, is a national writer of auto, home, marine and umbrella insurance. Life coverage is available through Amica Life Insurance Company, a wholly owned subsidiary. Amica employs more than 3,700 people in 44 offices across the country. For more information, visit [Amica.com](http://Amica.com).



**Discover Financial Services** (NYSE: DFS) is a direct banking and payment services company with one of the most recognized brands in U.S. financial services. Since its inception in 1986, the company has become one of the largest card issuers in the United States. The company issues the Discover card, America's cash rewards pioneer, and offers private student loans, personal loans, home equity loans, checking and savings accounts and certificates of deposit through its direct banking business. It operates the Discover Global Network comprised of Discover Network, with millions of merchant and cash access locations; PULSE, one of the nation's leading ATM/debit networks; and Diners Club International, a global payments network with acceptance in 190 countries and territories. For more information, visit [www.discover.com/company](http://www.discover.com/company).



**Topgolf** pioneered a technology to make golf more fun and engaging. It has emerged as a global sports and entertainment community, connecting people in meaningful ways. Topgolf blends technology and entertainment, golfers and non-golfers, children and adults – to create an experience that makes socializing a sport for everyone. Every venue features high-tech, climate-controlled hitting bays, a chef-inspired menu and Associates eager to help create the moments that matter. Learn more at [topgolf.com](http://topgolf.com).



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**The Ritz-Carlton Hotel Company, LLC**, of Chevy Chase, Maryland, part of Marriott International, Inc., currently operates more than 90 hotels and 40 residential properties in more than 30 countries and territories. With an unshakeable credo and corporate philosophy of un-wavering commitment to service, both in its hotels and in its communities, The Ritz-Carlton has been recognized with numerous awards for being the gold standard of hospitality. The Ritz-Carlton seeks to inspire life's most meaningful journeys and is a place where the genuine care and comfort of its guests is the highest mission. nd comfort of its guests is the highest mission.



**Dunkin' Brands** With more than 20,700 points of distribution in more than 60 countries worldwide, Dunkin' Brands Group, Inc. (Nasdaq: DNKN) is one of the world's leading franchisors of quick service restaurants (QSR) serving hot and cold coffee and baked goods, as well as hard-serve ice cream. At the end of the third quarter 2018, Dunkin' Brands' 100 percent franchised business model included more than 12,700 Dunkin' restaurants and more than 8,000 Baskin-Robbins shops. Dunkin' Brands Group, Inc. is headquartered in Canton, Mass.



*Presenting a keynote speech at an international technology conference.*

*“The most important Amica skill is empathy.”*



*The CEO Forum Group selected Amica Mutual Insurance Company as the customer experience industry leader in the Insurance category because Amica has built a model like no other. For starts, all employees are U.S.-based – many for over 25 years, at which time they actually get a brick honoring them placed in the courtyard at corporate headquarters. All 3,700 employees follow the principal of ‘doing the right thing’ always. No surprise, Amica has won an unprecedented 48 J.D. Power awards.*

**Robert Reiss:** Since 2000, you have won 48 J.D. Power Awards.

**Robert DiMuccio:** Yes, we have more than 3,700 great employees who helped win those awards. I didn’t win those; our folks won them and our culture won them. And every single customer contact was a little piece of earning those awards, because frankly, we do tens of thousands of customer contacts a month, and that’s how they’ve earned – one at a time.

**I saw a video about Hurricane Harvey and how Amica responded. There’s this one story where the Amica people went out on their own time and they cleaned up a customer’s house. What is your approach internally, where you build a culture so people are going to have that type of attitude?**

When Harvey hit, we sent a bunch of folks to be on the ground to service our customers and get them through a very difficult time. We needed additional folks in the field, and we moved them in from other parts of the country temporarily. Well, this gentleman didn’t have flood cover-



*“There’s nothing in a manual telling them to do that. That came out of our culture, a sense of empathy that our folks have for their communities and our customers.”*

age, but three of our adjusters on the weekend – I think it was Sunday – they had a day off, and went to his house and helped him with demolition, to sort through things and take the destroyed property out of the house.

There’s nothing in a manual telling them to do that. That came out of our culture, a sense of empathy that our folks have for their communities and our customers.

**Whose decision was it to give up their personal time to do that?**

These three adjusters decided this completely on their own. They thought, “What is the right thing to do here?” not just as employees, but as human beings.

In that same time period, the city was looking for some volunteers to help organize efforts, and they needed phone coverage. There were people that were trapped or had other issues that they couldn’t deal with on their own, and the phones in some cases were lifelines. So, one of our reps volunteered for a phone bank. She, in fact, said afterward that she used her Amica skills to organize the calls and get needed services to folks.

**When she says, “I used my Amica skills,” what does that really mean?**

Probably the most important Amica skill is empathy. Do we do the right thing? Do we help our customers? Do we assist them? Those are Amica skills. Also, it means the skills our people have learned over the years to help others recover from a loss, a catastrophe, a disaster.

Our people are really good at organizing and getting paperwork moving forward so that claims can be filed, so that things get done. We have to get folks in temporary housing in some cases. Those are all Amica skills that they learned, and then used in their own communities, which I thought was a wonderful thing.

**Are there two sets of Amica skills? One when there is a tragedy and one where there’s the day-to-day?**

At their core, they’re similar or analogous skills. One of the things that I think is really important in our culture is that we build relationships with our customers. That’s a key skill. In some cases, when we think of insurance, we think about helping someone put their life back together after a tragic loss. But in many cases, we’re working with folks during very exciting times in their life. What do you do when you buy your first house? You go to the bank, you get a mortgage, and right after that, you call your insurance company to get homeowners insurance. These are exciting times, and our employees share in these important life events with our customers.

I can remember when my wife and I bought our first house. We got the mortgage, and the bank was very helpful. And then, you know what? Back then, I didn’t work here, but I had Amica as my insurer. I called Amica during this happy time, and I can remember 30-something years ago, telling the Amica representative about the house and how excited we were. I remember telling her, “You know, we scraped together all our last nickels and dimes for the down payment.” She was happy for me. That rep had a relationship with me. I had a relationship with that rep and with the company. And she worked with me to find the coverage I needed.

So, these skills work both in a time of tragedy and in the day-to-day when someone is looking for guidance or counseling on what type of insurance they should have.

**It sounds like these skills are very Amica, and they already had these types of skills before you got here.**

Yes, I can’t take credit. This is a culture that’s over 100 years old. I’m just fortunate or lucky enough to be here. These skills have been built over generations. We have employees, families that have worked here two and three generations. The culture is deep, and people pass on that

*“One of the things that I think is really important in our culture is that we build relationships with our customers.”*

*“People who worked here for 20 or 30 years want the company to succeed in the future, and in some cases because their son or daughter or their grandson or granddaughter works here.”*

culture as a matter of importance, because people who worked here for 20 or 30 years want the company to succeed in the future, and in some cases because their son or daughter or their grandson or granddaughter works here.

**I know when you're here 25 years it is a badge of honor; you actually get a brick in the courtyard when you're here 25 years.**

Yes, a number of years ago, somebody much smarter than I designed our courtyard. And after 25 years of service, they engrave the employee's name into a brick and it's permanently placed in our courtyard. We have, I think, almost 2,000 bricks. It's perpetual, it's a tribute to somebody's years of service to the company, to our policyholders, to their peers and to their employee friends.

**What are some of the skills that you always look for when you're hiring people? I know you have over 3,700 people.**

Well, a core skill is empathy. There's a lot of analogous skills that go along with empathy, like listening skills. An insurance policy is a complex product. We want to make certain that we're meeting our customers' needs and that they fully understand. We encourage them to ask questions.

When a customer calls, our goal is to pick up the phone in three rings. And, we don't have time limits on our calls. Our objective is not to finish the call in a certain number of seconds or minutes. We ask ourselves, at the end of that phone call, did we satisfy that customer and fulfill the need they had when they called us? So, listening skills are very, very important.

The other thing is identifying needs. We want to make certain that you have the correct product, the correct coverages for your needs – not too much and certainly not too little insurance for what your risks are.



*Bob serving lunch to employees at a company picnic.*



*Bob taking some time out to read to children at a Rhode Island school.*

**How do you know what's exactly right for a person?**

Well, the start of that is listening to them. Even if people think they know what they need, it's still important to listen and ask questions. For example, I take my car in for service. I know it's not acting right. I'm not a mechanic, but I'll give the service folks an apt description of what I think is wrong with it. If they listen to me and ask appropriate questions, we can get to the bottom of what's wrong – of what I need.

We do the same thing with our customers. We identify and flush out needs. In many cases, customers will buy a product or a coverage because it fulfills a need that they had not previously identified.

**Part of the message is – when you call, everyone who answers is an employee of Amica; you don't outsource.**

We're a direct writer. If we were a manufacturing company, you'd call us vertically integrated. Our 44 locations are filled with Amica employees. Our branches are located throughout the country – there's one close to you in

the region where you live, and those folks understand the particular needs in a region. There are different needs in different parts of the country – it could be weather-related – and our folks will suggest the types of insurance products that are appropriate for you.

Also, the laws are different by state, and our folks are trained for this. So yes, when you call us, you'll be speaking to a well-informed Amica employee.

**You and I have spoken about Winston Churchill, about General Colin Powell. How would you summarize your belief as leader?**

Well, a leader, number one, has to be visible to folks, has to be human.

**I understand you're very visible around the company on a daily basis. In fact I've been told you buy lunch for the people before you and after you in the company cafeteria line.**

Well, there are times folks have done that for me, too. So,





*Addressing Amica's leadership at their annual management conference.*

*“Well, a leader, number one, has to be visible to folks, has to be human.”*

I appreciate doing for folks what folks have done for me. So, it's kind of a neat thing.

Both of these gentlemen, with both Winston Churchill and Colin Powell, they're admired very much. They were, in fact, very visible leaders, and they were not afraid to take positions that put them in a lonely place. Sometimes a leader has to take a position or make a decision that is not always popular. Or they have to stand alone for a while in order to sell that decision.

Folks sometimes have to be convinced that change or a particular approach is necessary. Both of these folks, Winston Churchill and Colin Powell, did that very well.

**You also mentioned something about the role of being CEO is to be the calm one. Talk about that.**

There are two things that I have always believed. One

is, “Always be the calmest person in the room.” That's incredibly important. If you're calm, if you're listening, you might pick up something that is really important. This adds a sense of calmness to other people – “Well, the leader is calm. So, maybe things are going to be okay.”

And the other thing that I say is, “Always be the grown-up in the room.” That's really important. Both of these things I say to my two grown sons. And when they were younger, when they were leaving the house, wherever they were going, the last thing I always said to them was, “OK, wherever you are, always be the grown-up in the room.” And over time, they kind of understood. I didn't have to explain what “the grown-up in the room” meant. They knew – hopefully, they knew inherently – what that meant. Those are really important skills.

**Talk about the future of Amica.**

Well, the future of Amica is bright. We are a direct writer. It's really important for a company to build relationships with customers, and we've done that. We want to be your provider for your entire life. We do that by building relationships, by building trust. We have nearly 900,000 what we call "Amica families," families that we service and protect and have relationships with. I want that to be a million families and two million families in the future.

Those relationships are really important. We have to earn the right to that relationship. Every single day, you can never lose sight of how important it is to reaffirm and earn that from your customers because they have choices. And we want their choice to be Amica.

*"Always be the calmest person in the room. That's incredibly important. If you're calm, if you're listening, you might pick up something that is really important. This adds a sense of calmness to other people – 'Well, the leader is calm. So, maybe things are going to be okay.'"*



Robert Reiss and Robert DiMuccio. Interviewed December 21, 2018.

Robert A. DiMuccio, chairman, president and chief executive officer of Amica Mutual Insurance Company, was born in 1957 and grew up in Providence, Rhode Island. He graduated from Providence College in 1979 with a bachelor's degree in accounting.

DiMuccio joined Amica in 1991 as a vice president in the accounting department. He was promoted to senior vice president in 1994, named treasurer in 1996 and elected chief financial officer in 2001. During these years, he remained a member of Amica's accounting department. He was named executive vice president in 2003, and president and chief executive officer in 2005. In 2008, he was elected the company's chairman.

DiMuccio serves on the Board of Governors of the Property Casualty Insurers (PCI) Association of America. In addition, DiMuccio serves on the boards of the Property & Liability Resource Bureau, the Greater Providence Chamber of Commerce and the Washington Trust Company.





David volunteering in a local classroom on behalf of Junior Achievement.

*"We make it easy for customers to talk to a customer service representative."*



The CEO Forum Group selected Discover as the customer experience leader in the Credit Card category because they have created a model pioneering practically all of the major new customer-centric industry processes. These include: being the first no annual fee card; the first cash back rewards card; free FICO scores; new customer protections like a free service to search your social security number on the dark web, and even an on/off switch so the customer can freeze their account.

David W. Nelms was chief executive officer of Discover from 2004 until his retirement at the end of 2018. Mr. Nelms was elected chairman of the board in January 2009, a position he held until stepping down as executive chairman in December 2018. The following interview, on April 24, 2018, sums up many of Nelms' significant leadership accomplishments over two decades helping Discover pioneer the new standards of customer experience in the credit card industry.

**Robert Reiss: David, during two decades leading Discover, what has been your focus?**

**David Nelms:** We've built a customer model that's different than anyone in our industry. According to the Brand Keys index, Discover has been number one in our credit card category 22 years in a row for customer loyalty.

Our philosophy is we treat customers right and we work hard to keep them. We make it easy for customers to talk to a customer service representative and 100% of our people are employees, they're not outsourced, and we make it very easy to not get stuck in a voice response unit



*“We launched a free service last year to search for your social security number on the dark web. If there’s been a hacking somewhere else and your information is out there, we can let our customers know for free, or if an account has been opened in their name, we pull from the credit bureau and provide that information for free.”*

but get right to them if they want to talk to someone. We are one of the only large credit card operations that is 100% U.S.-based.

But it goes back to the brand and the network. Most of our competitors operate branches; they have lots of products and they usually use Visa or Mastercard as a network. At Discover, we operate our own network, we have our own people where you really know what to expect when you’re dealing with us.

#### **What are the economics of operating your own network?**

It is more expensive just in terms of pure customer service, but the money we save in marketing and then remarketing to replace lost customers, we think saves us money. We actually have one of the lowest what we call “efficiency ratios,” meaning we are very efficient. We have one of the lowest total cost to revenues of any other big credit cards despite the model of doing it ourselves. And so, you get paybacks in terms of credit, in terms of retention, in terms of marketing, by having your brand, having good control and treating customers well and then keeping them.

#### **What else have you pioneered?**

Discover has pioneered a number of innovations in the credit card industry and almost all are built around our customer service model. If you go back, we were the first to introduce a no fee card and first cash reward card of any type. But in more recent times, if you think about how many innovations there have been in the card business, a disproportionate number of them are from Discover: free FICO scores, Freeze It which acts as an on/off switch for your card. All very simple but customers love them.

We launched a free service last year to search for your social security number on the dark web. If there’s been a hacking somewhere else and your information is out there, we can let our customers know for free, or if an

account has been opened in their name, we pull from the credit bureau and provide that information for free.

So, there’s a whole series of differentiating features to what Discover offers. But because they are differentiated and have a benefit to our customers, customers stay with us and they use our card. And so, we benefit ultimately in that way.

#### **You have about 16,500 employees. How do you engage them in your customer model?**

We have a series of values that we established 20 years ago that we really live by. The very first one is doing the right thing. And so, we always strive to do the right thing for our customers.

#### **What’s an example of doing the right thing when it has potentially negative consequences?**

Let me talk about a big company-wide decision. A number of years ago when it first became possible to send email reminders, we decided to start alerting our customers when they were about to be late on a payment, even though many of our competitors were not offering that. And our finance people said, “Well, we could lose money from late fees.” We made the decision anyway to start sending out email reminders so that our customers would not be late, they would avoid the late fee, and we think we benefited in the long run because our credit results are better and our retention is better. Sometimes on paper something looks like it may cost the company some money but if it’s the right thing to do for our customers we want to provide that service and not trick them into something. Instead, our goal is to nurture a long-term relationship.

#### **How do you hire people who have that type of philosophy?**

A large number of our employees come from referrals from people that they know. Who can better sell our culture than someone who is part of our culture! We also

*“A number of years ago when it first became possible to send email reminders, we decided to start alerting our customers when they were about to be late, even though many of our competitors were not offering that. And our finance people said, ‘Well, we could lose money from late fees.’ We made the decision anyway to start sending out email reminders so that our customers would not be late, they would avoid the late fee, and we think we benefited in the long run because our credit results are better and our retention is better.”*

tend to hire people straight out of school. We provide them work experience and additional education, and we also get to learn some of the newest skills and trends coming out of universities. So, those are two ways that we really focus on hiring employees.

**And what do you do to build that culture over time?**

One thing that’s different is that we’re really accessible. Either myself or our new CEO and President, Roger Hochschild, is in front of every one of our employees around

the country, talking about what we accomplished and what we’re going to focus on. Then we take live Q&A that allows our employees to ask us questions directly. So, that’s one way I can tell if we’re not meeting our promise either to our employees or to customers.

**Other than “doing the right thing,” what are your other values?**

They spell DISCOVER. So, innovation is our second one, simplicity, collaboration – which is key as you really can’t



*David speaking in front of employees after the company was recognized for winning an industry-leading customer service award.*



*David honoring employees that have won the Pinnacle of Excellence awards, which recognizes employees for displaying outstanding leadership behaviors and Discover values while delivering excellent business results.*

accomplish something on your own and need a strong team. Openness, volunteerism, enthusiasm and respect.

**Let's stop on innovation, as Discover has innovated practically every element of the credit card business. How do you build a culture of innovation where people are not afraid to fail?**

It's a combination of a few things - encouraging our people to innovate in their jobs in small ways, and it also means senior people have to be very involved and hands-on to help nurture and prioritize larger innovations. It also relies very heavily on customer feedback and when we hear something that is not consistently going right, we will find innovations to make a process better and faster. And so, a lot of ideas come from our customers. The final piece on collaboration is we get a lot of input from vendors and from people that may have new technologies to offer.

**What process does it go through so you capture the right feedback?**

We mine what we call customer feedback, and we focus extensively on complaints. We collect it from all different ways and figure out what are the biggest pain points. I [met] personally with the group monthly to go through trends. We have required customer listening for all of our officers, so they are actually listening to phone calls.

**How frequently?**

Once a month all officers need to listen to a call. We rotate the areas so that we get all areas of the company.

**Let's talk about digital and how it is impacting the customer experience.**

First of all, digital is allowing us to offer services and to gain efficiencies in ways we never could in the past. For instance, to be able to communicate with a customer real-time when they're checking out, to have a text message back and forth, to be able to push a disclosure to the person's phone. It's opened up a world of new op-



*“A large number of our employees come from referrals from people that they know. Who can better sell our culture than someone who is part of our culture!”*

portunities. Certainly, the on-off switch I mentioned or the email reminders were not possible in an earlier day.

One of the interesting things, though, is technology is still impacting some of the older ways that we deal with people. Phone calls are still important, and we’re using artificial intelligence to help guide our representatives to give them the right information and to actually do voice recognition as people call in and present them with the right screens. Sometimes people lose sight that it’s about the new app, but it’s also about enhancing the customer service model. Even direct mail is still important, so technology is really transforming our whole business.

**If you were to look at your crystal ball, how do you see technology transforming your business over the next few years?**

Artificial intelligence combined with cloud and big data will play a big role in transforming how we see and use technology. Very few industries have as much information about customers as we do, in terms of where they are buying and what their needs are. And there are very few banking products that are as used almost every day like a credit card. A mortgage is a big decision but it tends to be a one-time decision and then it’s on auto-pay so there’s not much interaction. Credit cards and debit cards are used every single day. I think going forward, we have the opportunity to apply technology to benefit customers, offer new and improved services, reduce our cost and increase value.

**Based on your two decades leading and transforming Discover, what characteristics do you believe are requisite for a CEO to be transformative?**

You need to be humble and you need to be willing to change. What’s right for one situation is not right for another situation. Technology is constantly changing and business is changing. And many people have been successful doing things one particular way, then times change and they’re not able to adapt to the new way. It’s essential to stay true to the basics of having a great leadership team: being accessible, listening and being willing

to help guide through a change and not just rely on what worked in the past.

**Talk about how you went through a significant change and how you handled it?**

On June 30, 2007, we were spun off as an independent, publicly traded company. We were probably one of the last big companies to go independent before the crisis. It was clearly a time of uncertainty and I had to worry a lot about the funding side and having the board of directors and shareholders aligned. There were many major decisions we had to make during an unpredictable economy. The company went through phases where we were growing faster or slower. I had to stay the course and not get too loose on credit when the times were good and then be able to say in tough times, “It’s actually a good time to grow and I know everyone else is shrinking right now, but we’re going to play offense here because of the economics.” That’s how you maximize the long-term shareholder value. So certainly, spinning off was one of my biggest changes.

**How did you go through your decision-making process in challenging times like that? Do you go to the board, your executives, your customers? Do you read? Do you talk with other CEOs? What’s your philosophy on decision-making?**

I mentioned that one of our values is collaboration. I make very few decisions on my own. There will be occasionally two branches and I’ll have to pick one or the other. But usually I’m more orchestrating the group to get the right data so the right decisions emerge. I’m creating the right environment for decisions to be made, but it’s much more about leading a team as opposed to being presented with three options where I have to pick one.

**So what is the core of your leadership philosophy?**

I like to win and I think we can win with collaboration. Particularly as a direct bank, we’ve extended beyond credit cards and have become one of the largest private student loan lenders in the country. We have a checking account that pays cash back. So, I think really at the core

is managing the environment to prioritize the opportunities to be able to best serve customers; maybe even serving their unmet needs. If we do that really well, that will benefit our employees, our shareholders and we will win.

**What do you think the next two decades at Discover will look like?**

I'd say that technology is accelerating, change is accelerating. Our growth is accelerating. So, I think the next two decades are going to be much better than the last two decades for us.

**Great having you on The CEO Show.**

Thank you, Robert. Great to be with you.

*“Discover has pioneered a number of innovations in the credit card industry and almost all are built around our customer service model.”*



*Robert Reiss and David Nelms. Interview aired April 24, 2018.*

*David W. Nelms was chief executive officer of Discover from 2004 until his retirement in 2018. Mr. Nelms was elected chairman of the board in January 2009, a position he held until stepping down as executive chairman in December 2018. He was president and chief operating officer from 1998 to 2004. Prior to joining Discover, Mr. Nelms worked at MBNA America Bank from 1991 to 1998, most recently as vice chairman. Mr. Nelms holds a Bachelor's degree in Mechanical Engineering from the University of Florida and an M.B.A. from Harvard Business School.*





Erik Anderson (center) poses at a Topgolf Nashville charity event with country artist Jake Owen (left) and Lady Antebellum's Charles Kelley (right).

*“When you think about how Topgolf started with the micro-chipped balls, we have been a digital-first company since day one.”*



*The CEO Forum Group selected Topgolf as the customer experience leader in the Entertainment category because they completely reinvented the sport of golf and made it into a mainstream multifaceted entertainment experience. Topgolf started with the technology of microchipped balls that has led Topgolf to become a favorite of millennials and corporate executives. This interview was actually featured in our technology issue, and because of the incredible popularity is the one company to be featured in both issues.*

**Robert Reiss:** Topgolf is like no other organization I know of in the entire world. As a matter of fact, this may come as a surprise to you, that when we set up our CEO interviews around the United States the first question that members of my team and I will ask: “Is there a Topgolf near where we are going?” Talk about what Topgolf is.

**Erik Anderson:** Topgolf is a global sports and entertainment community creating great times for all. It all started when we set out to make golf more fun and engaging by putting RFID chips in our golf balls to track the accuracy and distance of players’ shots. Players then aim for giant targets on the outfield and can play a variety of point-scoring games. Our sports entertainment venues were the first expression of the Topgolf brand. A typical venue is three levels and 65,000 square feet, featuring games, food, drinks, music, HDTVs and outstanding hospitality by our Associates. Our venues have become a gathering place for the community to host corporate meetings, birthday parties, bachelor and bachelorette parties and a variety of other celebrations. It’s a place where anyone can have a good time – even if you



*“Our tagline is that Topgolf is Everyone’s Game. Every day, we are helping people experience golf for the very first time. If you walk down our tee line at any given moment, you’ll see people of all ages, backgrounds and abilities. Of course, we also appeal to golfers too. Marc Leishman, who this year is a top 10 golfer in the world, was asked after a tournament how he had been practicing, and he’d been playing at Topgolf.”*

are a non-golfer. In recent years, the Topgolf brand has evolved to offer interactive experiences outside of our venues. Now you can play Topgolf 24/7 on your phone via our WGT Golf app. You can hit golf balls from the grandstands of your favorite sports stadiums with Topgolf Crush. You can visit a Topgolf Swing Suite to have a more intimate lounge experience inside hotels, casinos and even fitness centers. You can watch Topgolf TV featuring our original shows, and you can also see our Toptracer technology in major tournament broadcasts on primetime television. Last year, we also began licensing our Toptracer technology to driving ranges around the world. Topgolf will continue to evolve how and where people enjoy the game of golf.

**When you go to the venues, you don’t have to be a great golfer, it’s more about the experience.**

Yes, our tagline is that Topgolf is Everyone’s Game. Every day, we are helping people experience golf for the very first time. If you walk down our tee line at any given moment, you’ll see people of all ages, backgrounds and abilities. At Topgolf, you can wear what you want, cheer as loudly as you want and play for as long as you like. Of course, we also appeal to golfers too. Marc Leishman, who this year is a top 10 golfer in the world, was asked after a tournament how he had been practicing, and he’d been playing at Topgolf.

**Pete Bevacqua, the CEO of The PGA of America, was telling me that the PGA wants to bring more people to the game. It seems to me Topgolf is doing that.**

Topgolf is introducing more people to the game of golf on a daily basis than perhaps any other concept. It’s a very authentic golf experience because players hit real golf balls with real clubs, yet the environment is very fun and non-intimidating for new players. A 2017 survey of Topgolf guests by the National Golf Foundation revealed

that 53 percent of non-golfers say that playing Topgolf has positively influenced their interest in playing traditional golf. Twenty-three percent of the new golfers surveyed who have been playing for less than three years started playing golf after their first Topgolf experience. The survey also showed us that people are watching more golf after playing at Topgolf. Our philosophy is that what is good for golf is good for Topgolf, and vice versa, so we are proud to support the industry however we can. We have strong partnerships in the PGA of America, PGA TOUR and the LPGA.

**Right now there are 52 different locations. Describe the technology you’ve created to make Topgolf possible.**

Yes, we currently have 52 venues open worldwide – including 48 in the U.S., 3 in the U.K. and 1 in Australia. There are two core technologies that power our game experience. The original technology is the microchipped golf balls that provide instant feedback on how many points a player has scored and the distance of their shot. In 2016, we acquired Protracer, renamed Toptracer, which is a technology that tracks the actual flight path of a golf ball, including speed, height, carry, curve, etc. This technology is used on televised golf tournaments, at our Topgolf Crush events and is being added to our venues for an enhanced player experience.

**Let’s talk about how you are using digital to transform golf as an industry.**

*“In 2016, we acquired Protracer, renamed Toptracer, which is a technology that tracks the actual flight path of a golf ball, including speed, height, carry, curve, etc. This technology is used on televised golf tournaments, at our Topgolf Crush events and is being added to our venues for an enhanced player experience.”*

When you think about how Topgolf started with the microchipped balls, we have been a digital-first company since day one. Technology plays an integral role in our guests' and fans' experience. Technology is always advancing, and so is the Topgolf experience. WGT Golf, which we acquired in 2016, is the world's most popular digital golf game. Players can enjoy a Topgolf experience on the WGT Golf app and compete against other golf enthusiasts from around the world. We are using our Toptracer technology in our venues, on televised golf broadcasts, at Topgolf Crush events and to license to driving ranges worldwide. Our Topgolf Swing Suite locations use Full Swing golf simulators that feature a Topgolf game. We also have Topgolf TV in our venues that feature our original content shows, some of which are also available on Amazon Prime. Whether or not you live near a Topgolf venue, you can still experience the Topgolf brand in many other forms.

## **Talk about Topgolf's early days.**

The company set out to make golf more fun and engaging. We have evolved to connect people in meaningful ways and create moments that matter in their lives. We began with a very simple food menu and now have Executive Chefs in all of our venues and a kitchen staff of 75 who are prepping and cooking food nearly 24/7. Topgolf in the early days required players to get a bucket of balls, and now we have in-bay ball dispensers. We also have created dynamic private event spaces for corporate and social events. Music has become a key part of the Topgolf experience throughout the years as well. There have been a lot of people who have been an important part of building Topgolf – the founding twin brothers, Steve and Dave Jolliffe, along with Richard Grogan, who is our first Chairman and CEO and who introduced me to the company when we were the first investors. A lot of talented people have built this company that now touches millions of lives every year.

## **Let's walk through the history of Topgolf.**

The founding brothers were competitive and would try to see which one of them hit the ball the farthest and the closest to the hole when they played golf together. They had the idea of putting a microchip in a ball. The first ball prototype included a chip from a dog caller that they

took to a local police station to be scanned. When the prototype worked, they knew they were on to something. They had the opportunity to open the first venue outside of London in 2000.

## **Then in 2004, you came in as an investor. What piqued your interest as a private equity person?**

We'd seen the results in the U.K., which looked good, and Richard Grogan, who is a strong business leader, also brought me another person, Tom Mandel from Goldman Sachs. When I looked at it, they said, "We could replicate this." We were familiar with some of the bowling alley trends, so we thought this was something similar where you could replicate the economics.

## **Talk about your experience of taking something from an idea that was working in a smaller sense to something that became more ubiquitous.**

The original concept was golf-focused, nicknamed Target-Oriented Practice (Top) Golf. We had golf retail, we had a smaller kitchen and it was a "golfy" vibe. There wasn't a lot of digital signage or TVs as we were focused on the game. This version of Topgolf was still quite successful, but we started thinking we could be more.

The first transformation involved making the venue larger, with much bigger kitchens, and adding private event space. Over time, we evolved our retail business from being very golf equipment-oriented to offering trendy apparel and Topgolf gear. A business meeting with an executive from Red Bull Media got me thinking that we had the ability to develop our own original content and experiences outside of the four walls of a venue because we already had such a captive audience. This realization led to our acquisitions of WGT Golf and Protracer. We built an aggregation of talent, assets and technology that are allowing us to take the brand and the experience anywhere in the world.

## **Where's the potential of the media business?**

Topgolf Media now has the world's largest digital golf audience and an audience that is highly engaged. We're building content that brings our purpose to life. Our shows include: a cooking competition show, Chef Show



Erik Anderson presents a donation check to the Why Not You Foundation at the Topgolf Crush event at Safeco Field in Seattle.

*“Topgolf Media now has the world’s largest digital golf audience and an audience that is highly engaged.”*

down; a music competition show, Who Will Rock You?; a Topgolf competition show, Shotmakers, which aired on Golf Channel this summer; The Hook featuring Lady Antebellum’s Charles Kelley; Topgolf Tour, which tells the stories of the world’s best Topgolf players competing for a chance to win \$50,000; and In Focus, which showcases the inspiring stories of our Topgolf guests, associates and communities. Some of our content is now available on Amazon Prime, and we look forward to expanding our content distribution to other popular platforms in the future. Our Topgolf Media business is also focused on creating strategic partnerships, which serve to enhance our guest experience. We look forward to many more successful partnerships in the future.

### **You’re building a whole community.**

Yes, Topgolf is a global community that is fan-oriented and designed to connect people in meaningful ways and create moments that matter both big and small.

**Let’s talk about the word “transformation.” What do you see as the core characteristics for a CEO to have to lead a successful transformation?**

For me, it’s curiosity. Deep curiosity is really important. You have to figure out what’s happening and why. Courage is a necessity too. If I look at some other good leaders, I think of Ron Shaich from Panera, for example, and he’s on a great thing. He’ll tell you about how he had to transform his business.

**He’s an amazing guy. You know, if you invested \$1,000 in 1997, it’s worth \$9.8 million today.**

Ron talks a lot about courage. You also have to be agile, which means as you see what’s happening, you have to be able to pivot pretty quickly on the fly. The market is rapidly changing – exponentially changing – all the things we’re aware of, especially in the entertainment world.

### **If you had a mulligan in business, what was it?**

I would have had built some bigger venues. We have our flagship venue in Las Vegas, which has been transformational to our brand. That venue has two pools, and we



*“Deep curiosity is really important. You have to figure out what’s happening and why.”*

found that if we can create bigger and more engaging experiences, it keeps our guests captivated. We are going to do some more of those things. I also would have defined our culture and purpose even sooner as we take great pride in our values. For entrepreneurs, define your purpose and culture early, and don’t waver from them – use them as your guide in making all decisions large and small.

## How do you partner with other CEOs?

I am all about big ideas. When partnering with other CEOs I like to create partnerships and alignment between brands. How can we innovate together? My vision is the end game and I believe to be successful you need to see an aspirational value proposition. I look for something that can make a difference and is important over time. I call it the Strategic Arc. Focusing on intellect, integrity and always bringing my best thinking into a conversation is important to me and crucial to building these relationships.

*“For entrepreneurs, define your purpose and get your culture early and don’t waver from them.”*



*Erik Anderson and Robert Reiss – Interview aired April 10, 2018.*

*Erik Anderson is a leader in global innovation. He is the Founder and Chief Executive Officer of WestRiver Group (WRG) since 2002. WRG is a collaboration of leading investment firms providing integrated capital solutions to the global innovation economy. In 2018, Anderson became Executive Chairman of Singularity University, a global community using exponential technologies to tackle the world’s biggest challenges. Anderson is also the Executive Chairman of Topgolf Entertainment Group, a global sports entertainment company. In this role, he has received numerous honors, including the Ernst & Young Entrepreneur of the Year Award. In 2018 and 2017 he was honored by Goldman Sachs as one of their Top 100 Most Intriguing Entrepreneurs. In 2018 he was ranked by Golf Inc. as the No. 3 most powerful person in the golf industry after being ranked No. 8 the previous year. Anderson is Vice-Chairman of ONEHOPE, a cause-centric consumer brand and technology company, most commonly known for their award-winning wine and world-class vineyard in Napa, Calif. Additionally, Anderson is the founder of America’s Foundation for Chess, currently serving 160,000 children in the United States with its First Move curriculum. He serves on the Board of Play Magnus, an interactive chess app inspired by Magnus Carlsen, the reigning World Chess Champion. In addition, he is on the Board of Avista Corp (NYSE:AVA), an energy management company, and serves as Chairman of the Finance Committee. In 2019, he became a Board member of Pro.com, a leader in the home improvement experience industry.*





**TOPGOLF**



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# CX Just Might Be Your New Engine for Innovation & Growth

*By Scott Lieberman, North American Leader IBM iX*

Customer Experience (CX) isn't a hot new business fad or function. More than likely, all of your organizations have a team like this nestled within your Marketing or Technology department. But twenty years into the CX discipline, business leaders are finding that it just may be the ticket to more far-reaching growth strategies.

It boils down to two of the key principles of CX – customer-centricity and agile working. These principles, when applied to any scenario and enabled through technology, seem to breed smart ideas that scale.

### **I Pledge Allegiance to the Customer**

Far beyond a tipping point now, executives recognize that ownership of the customer cannot sit in a single silo, with 86% of all CXOs citing a need to focus on customer experience this year. Now a boardroom issue, top CEOs are

looking to their CX leaders as the enterprise-wide ambassadors for their modern consumer.

Historically, the roots of CX came from CRM and user experience design. The customer was always central, but time has shifted that customer focus from mass demographic targets to segments of one. Knowing that companies collect their personal information, consumers want to see that data be the foundation of smart, personalized – even emotional – experiences and connections. Going a step further, savvy teams are aggregating customer data from all of their channels and touchpoints to create a single data model that yields a useful cross-section of information in near real-time.

The one factor, more than any other, that distinguishes the market leaders (called “Reinventors” in the latest IBM



C-Suite report) from other organizations, is the capacity to use data to identify unmet customer needs. Organizations who get it right with a customer-centric model are not only excelling by CX measures, but often funneling these insights into new customer value (and revenue) streams. In many industries, customers even become collaborators or co-creators on product planning and design.

## From Agile Seeds, Innovation Doth Grow

It shouldn't go unacknowledged, however, that the standout industry leaders are operating within an organizational structure which enables their work. In order to enact change from customer data with the speed and responsiveness those customers demand, organizations need to become nimbler and more collaborative. The majority of organizations are still structured very traditionally, separating teams and data sources by product, segment or channel, and preventing the holy grail of a single view of the customer.

One differentiator of the reinventors is their focus on open culture and agile operations. Beyond a dedication to the right mix of talent and continuous skill development, it comes down to a fluid work structure across cross-functional teams. And perhaps most important of all is a culture of curiosity. IBM's recent C-Suite study showed that 75% of overperforming businesses place a high value on experimentation. Agile methods allow for efficiency via quicker learning and faster failure, while practices like design thinking keep the exploration squarely focused on users at every stage.

From a culture of agile, it becomes feasible to test and learn more rapidly and cost effectively, be it for product development or technical implementations. The advancement and viability of new technology, like artificial intelligence, Internet of Things and extended reality (or "Innovation Accelerators" as the IDC likes to call them) have enterprises feeling the heat to get in the game or risk being left behind. Adopting more agile processes allows CX professionals to test single proofs-of-concept to dip their toes in the water. Down the line, those POCs can build off one another for a more solid foundation of innovation across the enterprise.

## Champions of Change

Customer experience is at the center of critical digital transformation for every business, but your CIO and CMO can't do this work alone. This is the agenda for all leaders – to fundamentally reimagine how their organization intends to innovate, operate and engage. In a world where change is constant, and disruption is certain, CEOs can't be shy about where they find good ideas. Why not directly from your customers?

Reinventor executives are partnering across LOB and functional lines to share data and collaborate on experiences over products, and innovation over inertia. By adopting the customer needs as your "north star," and agile methodologies to find your way, you keep your enterprise agreeable to change – in the market, in technology, in talent and partners – and poised for growth.

If you are seeking a partner to help you unlock customer insights and activate your Digital Reinvention™, consider an IBM Garage. <https://www.ibm.com/services/garage>



*Scott Lieberman is the North American leader for IBM iX, with leadership across 10+ business design studios. Scott has nearly 20 years of experience leading marketing and consulting practices. He partners with clients to help them capitalize on innovation and growth opportunities by building connections through customer strategy, experience design, mobile, real-time marketing, analytics, and marketing operations improvement. Previously, he led the Financial Services digital consulting and analytics practice serving clients in the retail banking, wealth management and insurance industries. Scott's work has been featured on CNN, BusinessWeek, Forbes and by Forrester Research. Prior to IBM, Scott honed his consulting skills at PwC as a founding member of its Customer Relationship Management consulting practice, and as a Vice President for MasterCard. Scott graduated from the Questrom School of Business at Boston University and resides in New York City.*



# *The Key to Exceptional Customer Service* **HUGS!**

*By Jack Mitchell*

Everyone hopes to discover the secret to making customers happy. For me, it boils down to the most elementary concept of all. Hugs. I learned their special importance from my parents, and we practice them every day, all day long, in my business.

I use the word “hug” as a metaphor for any small, medium, large or extra-large act or deed that makes a customer feel great. It can be an actual physical hug for those who welcome one, but it usually translates into a smile, a warm cup of coffee, a friendly question about the customer’s daughter or spouse, a thank you note written with an actual ink pen. There are countless hugs available for use, and here’s something valuable to know – most hugs are free. They don’t cost a nickel. All you have to do is genuinely care.

My family is in the clothing business, Mitchell Stores, a third-generation family business operating nine high-end men’s and women’s clothing stores from coast to coast. Our very mission is simple but VERY important: making people feel great!

We strive to achieve this customer experience – and we aren’t perfect, but we sure try hard – through our hugs. And they start with focus and they start with values.

Above all, you need to be customer-centric. That means that customers are the center of the universe. Most businesses are product- or price-centric. Don’t get me wrong. Product matters. You can’t develop loyal customers without great products sold at the right price at the right time. But the customer ought to be the main focus. All of us at our stores think customers first. We believe that **EVERYONE SELLS**. Everyone must always be welcoming, friendly and attentive. And they must personalize service.

That means forging authentic relationships. To do that, you have to know your customers. That’s one of the reasons we believe wholeheartedly in technology and information and data. Our sellers constantly listen and accumulate information on customers, always with their permission and the information is always kept private, so that they can understand them in a deeper manner. And

then they use that information to do hugs as they build personal and professional meaningful relationships with them. For all you hear about Big Data, most companies don't keep any data on their customers. The only thing they ever ask you is, "How are you going to pay?"

We believe in treating everyone like family.

Do you have family members that you don't know whether their name is Robert or Cecily or Horace? That you have no idea whether they're a cook or a hedge fund manager or a canoe guide?

I like to talk about a phenomenon that exists at many businesses: the Forty-Year First-time Customer. That's someone who has been shopping somewhere for forty years, yet every time he is treated as a First-time Customer. No one knows his name. Nobody knows his tastes or his size or the fact that he likes sour pickles, diet ginger ale, rat terriers or anything at all about him.

I tell sellers they should have no trouble memorizing the names of their top 100 customers. Actually, I think they should know 214. Why that weird number? Because with a little effort anyone can remember 214 names like the 214 radicals in the Chinese "alphabet" that I was able to memorize in graduate school. Kids in China manage to learn them, so if 1.4 billion people can do it, why not all sellers?

Keep in mind, the name customers prefer is often not the name on their credit card. Do you prefer Robert or is it Bob? Or Bobby? I was seated in the waiting room at the doctor's office once and the nurse called out, "Thomas?" This big burly guy jumped up, muttering to himself, "Can't stand it ... Thomas is what my mother used to call me when she was mad at me!"

My brother Bill is the all-time champion greeter. Anyone who has just moved in near one of our stores and comes in for the first time is lucky if they bump into Bill. The hugs start immediately.

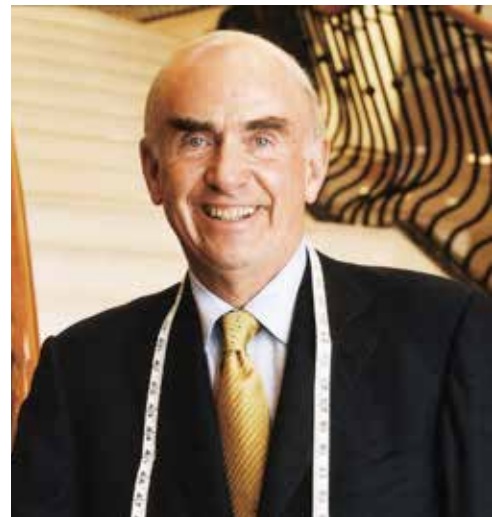
The other day I was talking to a loyal customer and he turned to me and said, "You know what Bill did the first time we came in to Mitchells? We came in, bought something and Bill said, 'Welcome to Mitchells. If there is

anything you need in our community – restaurant, doctor, lawyer, whatever – we have lived here forever and we can make it happen.' And actually I said, 'My daughter has a medical problem and we need a specialist to help diagnose and treat it.' Bill went right over to the phone and called Dr. So and So and within an hour we were in the doctor's office."

Not only has that man and his family become great friends but also great customers, and the man says he has told this story a thousand times.

As I listen to my family, my friends and our customers, I'm more convinced than ever that in all aspects of our lives, we need more hugging, caring acts rather than negative, hateful acts. A lot more. Regrettably, we've drifted away from showing that we passionately care for others. Showing our heart. That's the secret to great, lasting relationships.

So go out and do some hugs.



*Jack Mitchell is chairman of Mitchell Stores (Mitchells | Richards | Wilkes | Marios), a three-generation family business that operates men's and women's specialty stores in Connecticut, New York, California, Washington and Oregon. These luxury retail stores are nationally known, employing over 400 associates. Mitchell has been recognized as one of the top 10 retail visionaries of his time by the Daily News Record. Visit [hugyourcustomers.com](http://hugyourcustomers.com)*





*“We create a culture of ‘It’s okay to make a mistake.’ Just pick yourself up by your bootstraps and try again. And in this rapidly changing retail environment it helps our employees spread their wings.”*



*The CEO Forum Group selected The Container Store as the customer experience leader in the Retail category because of the incredible customer-focused culture where they have been in Fortune’s top 10 of Best Companies to Work for in America more than any other company. The culture starts not with a job interview but with a “visit” and is grounded in the concept of “communication as leadership,” which includes a cascade process where everyone is involved and ideas flow back and forth continuously.*

**Robert Reiss:** The Container Store has been on the Best Companies to Work For in America as top 10 for I believe more years than any other company. What is your model for culture?

**Melissa Reiff:** Well, Robert, it really begins with just recognizing that people are the most important thing. We focus specifically on our employees, and we always want to treat them with respect and kindness and provide a work environment where they are excited about getting up and coming to work. We want to make sure it’s a secure place, it’s a safe place, they are free to speak up and speak to anyone at any time about anything. We create a culture of “It’s okay to make a mistake.” Just pick yourself up by your bootstraps and try again. And in this rapidly changing retail environment it helps our employees spread their wings. “It’s okay to make a mistake” as long as you learn from it. That’s the most important thing, and our employees really appreciate and embrace that.

We work a lot of hours and they want to be a part of a company and a culture that really wants everybody to be successful. Everybody’s got everybody’s back. But it’s not easy to create that culture. You have to be aware of

*“Our accountability permeates throughout our entire organization. We talk about it a lot, we live and breathe it and that has to do with our philosophy of ‘communication is leadership’ where we care enough to follow up with people and hold them accountable and get into the details.”*

it, it's got to be top of mind, you have to choose to treat each other with kindness and respect. But that, along with many other reasons, is why we have been on Fortune's list for 19 consecutive, and we are proud of that and it helps us in many ways.

### **What other principles drive the culture?**

It really begins with our foundation principles that were created back in 1978 when the company was originated and they're now seven principles that are on a plaque sitting down in our atrium or in the break room of every store. There are seven principles that we live by, that we live and breathe every single day. And one of them is particularly unique and special to me which is “communication as leadership,” and I have the real privilege and the honor of that being inducted several years ago as our seventh foundation principle. And what that really means is creating an environment of transparency and security and encouraging our customers to really think about practicing that consistent and reliable and effective and thoughtful and predictable. And predictable means you can count on somebody to respond when you have a question and to communicate using courteous communication and compassionate communication, and that's not easy to do every single day. It's exhausting. At the end of the day, you're tired of talking but it really keeps everyone informed, it keeps everyone understanding our goals and our objectives and where we're heading, what their marching orders are, how they can contribute and how they can be accountable. And to me, the word “accountability,” it seems to be overused but not in our company because accountability is at the heart of everything we do.

Accountability happens every single day. We have a company leadership team of 19 people that are committed to developing their team and to communicating everything that they possibly can from our company leadership team meetings. Then following those meetings we have usual-

ly once every three weeks, they go back and communicate to their team and hold a meeting. I have an executive leadership team meeting every single Monday. They go back and communicate the points from that meeting to their team. I have what we call a quarterly coffee chat with our entire company. It's Melissa's Coffee Chat and that's every quarter where all of our stores Skype in and they ask questions and I answer anything and everything, nothing is off the table and I'm accountable. I'm accountable for that. I feel a tremendous responsibility to all of our stakeholders, not just our employees but our vendors and certainly our customers, our communities and, yes, our shareholders. And our accountability permeates throughout our entire organization. We talk about it a lot, we live and breathe it and that has to do with our philosophy of “communication is leadership” where we care enough to follow up with people and hold them accountable and get into the details. That's a real fine line for a leader I've learned particularly now in the CEO role because prior to this, I was president and COO for many years and I have always loved and had the capacity to be very strategic but to also get into the details appropriately. And a CEO, that has been a little bit of a challenge trying to navigate that because there are more demands on your time. There's more responsibility, more accountability.



Eva Gordon, executive VP of stores and services, left, and Melissa Reiff working with The Container Store team in Dallas.

*“We recently redesigned our flagship Dallas store off Northwest Highway - now called our Next Generation Store - it features 18 digital screens, where customers can watch digital content, browse products or design their own organizational structures to save or print out for purchase.”*

**How do you do that – the fine line of not micro-managing but jumping in episodically into details?**

It has to do with judgment and if you ask my leadership team, they would tell you that, yes, I do ask a lot of questions and I do so in a very positive way.

**Do you ask those questions more one on one or in a group?**

It's both. I ask questions in a group, I ask questions one on one. Actually these last three months I had been speaking one on one with every single employee in our technology department, for example, to try to listen and learn because technology is rapidly changing and we have to stay ahead of the curve.

**Talk about technology in retail.**

I think technology is playing a role obviously in all industries, and particularly for the retail industry it is becoming more and more ingrained in our day to day. For us, we are leveraging more digital marketing in everything we're doing versus only focusing on tradition-

al channels and that is certainly working. We are trying to create a customer experience that is obviously exceptional in every way but makes it convenient for the customer to shop when he or she wants to and however she wants to – truly omnichannel. We're trying to keep up with Amazon and all the immediate delivery of their goods. We recently redesigned our flagship Dallas store off Northwest Highway – now called our Next Generation Store – it features 18 digital screens, where customers can watch digital content, browse products or design their own organizational structures to save or print out for purchase. We also put in that store what we call The Organization Studio. Customers can visit The Organization Studio, which allows them to upload a photo or video of their organizational challenge online and set up an in-store appointment to meet with an organization expert, all free of charge and with no purchase commitment. Technology is a biggie. Every retailer in every industry continues to know the importance of it and we're certainly right there with them.

**What technology do you think will change retail over the next decade?**



*Employees celebrate the opening of their new store.*





Artificial intelligence is huge as it relates to the customer and the user experience. I'm very proud of the fact that we're doing more and more of that whether it's with our website and really digging into the user experience, what they want, what they need. Chat box is a form of AI and that will be interesting to track as it continues to evolve.

**From your perspective as CEO, what is the brand The Container Store really about?**

The best way to answer that question, Robert, is to share our vision and our purpose. We want to be a beloved brand and provide our customers with all of their storage and organization solutions and services. And our purpose is to help our customers accomplish their projects, maximize their space and make the most of their

*“We want to be a beloved brand and provide our customers with all of their storage and organization solutions and services. And our purpose is to help our customers accomplish their projects, maximize their space and make the most of their home. And by doing that, I passionately believe that it will simplify their life and improve the quality of their life.”*

home. And by doing that, I passionately believe that it will simplify their life and improve the quality of their life. That is why convenience in the retail world is so important with the redesign of our Dallas flagship store, we have made it easier through our visual presentations, store layout and the technology that we're offering. We've made it easier for them to shop and accomplish their projects. And we're getting positive feedback on that.

**My personal take is that shopping at The Container Store is sort of a Disney-like experience, but for grownups who like being organized ...**

We always just look for great, great people who have a passion for retail, a passion for people, a passion for service that really want to connect with the customer. I'm glad to hear you say that it's like Disney in our store. I hope so because customer service isn't ideal in many retail environments and you don't always feel that connection with whoever is helping you.

I do feel it's so important hiring great people, training them well, paying them well, creating a store environment that's fun, happy and has an air of excitement, which is one of our foundation principles. All of that is important. And then you add to it convenience. A lot of our customers sometimes just want to get in and out. They want to come in and say, “Hey, I want that project



*“In hiring I don’t like to call it an interview, I like to call it a visit because they’re learning about us. We like several people here to visit with an applicant.”*

solved, I want that presentation, that display.” And we can do that for them fast. If they want to spend more time and talk about several different closet spaces and want to design something custom, we can do that too. We just need to have the right people – the great people – that are happy to be there and want to help our customers.

### **What’s the secret to hiring?**

It goes back to judgment. And to me, it goes back to being thorough. We’ve got a bit of a reputation, I know, for being incredibly thorough in hiring. The Container Store hires less than five percent of applicants. People say about us that we really put you through the grind with the interviews. To me, though, it’s about making time and caring about the individual. This is their life. This is their career. I cannot interview one person and feel like I have enough information to make the right decision, so in hiring I don’t like to call it an interview, I like to call it a visit because they’re learning about us. We like several people here to visit with an applicant. It’s

my responsibility to share as much as I can about our company so that they make a good decision as well. And so, I always feel like at least three or four or five or six people talk with this person, it’s possible we can’t do that for every single position, but we certainly try to get more than just one person making a decision on whether this is the right person. We make it very interactive, we ask very pointed questions. We try to make it as relaxed and comfortable for the candidate as we can be because this is not for everybody and that’s fine.

### **As you are really thorough with potential hires, what specifically do you ask them?**

It’s everything from what do you like to do for fun, what are you passionate about, how would you handle this specific situation with a customer that maybe comes into the store and is returning a product and unhappy with it, how would you handle that, how would you react? And then again, if it’s a position in our distribution center, those questions are obviously different. If it’s a candidate for an office position then those questions are different. And we’ve all seen the “standard interview questions” and we use some of those as well. But we also use our intuition and our judgment. I think our tenure speaks to our good decisions and pretty good judgment in the past.

### **Talk about data and the future customer experience.**

*“Retail is about data and art combined.”*

When I accepted this role a little over two years ago, one of the first decisions that I and our team made was to partner with a third party and to really do deep consumer insights work. We turned 40 this past July and we always seemed to know what our customer wanted. Now, we did a lot of research, we listened a lot but we really didn't do a deep dive consumer insight project work. So we did that, and we listened, and we dug and asked a lot of questions and we learned a lot. And so now, we have in place how we're going to utilize that information. I've hired some new talent to our team in the areas of strategy and analytics. We have an incredible database. We're using our data much more, but retail is about data and art combined.

We added a new talent in our merchandising and planning area that's really bringing a lot to what the customer experience is like, what they want, how they want it. We have a thriving online business; it's about 15% of our revenue so it's not like some other retailers where it's 40% because we sell solutions. We help our customers accomplish projects and we do design closets online but we obviously prefer customers to come in our store. We want to make every user experience exceptional by taking the information that we've learned, and continuing to build on it.

**Finally, one sentence on the future of The Container Store.**

We will continue to dominate the category of storage and organization that was created back in 1978, helping our customers accomplish their projects, maximize their space and make the most of their home.

**A pleasure having you on The CEO Show, Melissa.**

Robert, thank you so much.



*Robert Reiss and Melissa Reiff interview aired November 20, 2018.*

*For more than two decades with The Container Store, Melissa Reiff has served in key leadership roles, rising to Chief Operating Officer and then to Chief Executive Officer in 2016 leading the company's more than 5,000 employees.*

*Throughout her career, Melissa has focused on strengthening the company's unique, people-first culture centered on its values-based Foundation Principles. The 7th Foundation Principle – Communication IS Leadership – a discipline she brought to the company, was added in her honor for her devotion to this vital component of the company's culture.*

*Melissa has spearheaded TCS's five-year strategic plan, which includes restructuring initiatives and implementation of key efficiency programs. During her tenure as CEO, the company continues to earn recognition as one of Fortune's "Top 100 Best Companies to Work For."*

*She serves on the board of directors of Etsy, Inc. and on the executive board of her alma mater, Southern Methodist University's Cox School of Business.*

**The Container Store®**

**Where Space Comes From™**





Bluebird London NYC

# The Importance of Companies Who Provide Top Customer Service

*By Anastasia Seebom, Global CEO, Quintessentially*

We live in a digitally-charged world. And at the same speed a message is transmitted to the recipient, I find myself in a different city. Now more than ever in this fast-paced environment and like many other consumers, I still seek the hidden gem within all companies – their element of customer service. There is a beauty that is not just found in how fast brands move for their customer, but in how they prioritize their audience through the experience, and their service is equally impressive and memorable. In fact, there are brands that do both. They are able to react fast and provide excellent customer service that keeps their consumers, myself included, coming back.

Through the lenses of Quintessentially, the majority of how we interact with our members is virtual; they email or ring their personal Lifestyle Manager or receive assis-

tance from our 24/7 team. The remaining percentage of how we interact is through the help of our network; our rolodex of connections from restaurants, hotels, chauffeur companies, and more. A member who requests a full itinerary including travel, accommodation and activities will receive personalized hospitality and is extended on behalf of our close contacts such as the concierge at the Miami EDITION or maître d' at Bluebird London. Here are a few who score high in customer service:

Exported from the distinguished neighborhood of Chelsea, Bluebird London is one of New York's recent additions to the esteemed Manhattan restaurant scene instantly becoming the neighborhood go-to spot. The restaurant has brought a new meaning to 'cafe society,' merging British influence and New York City locals to achieve the same



*The Miami Beach EDITION*

warm familiarity through their staff. Service excellence is found in the ambiance created by the team at Bluebird. When the idea arose of co-hosting a dinner honoring my long-time friend accompanied by a room of inspirational women, Bluebird felt right.

Frequently brands disrupt an industry through innovation, where sometimes all that is needed is the service perfected. Similar to our members, I rely on convenience. Working with Access Global and their expertise in travel logistics has rewarded me with an impeccable amount of time. From handling last minute schedule changes and close timelines, Access Global has nailed the intricacy of travel logistics and executes with service excellence that trickles into every team member I encounter.

In the pursuit of rest, I completely attest all efforts of it to the EDITION Hotels, where service and innovation come together. From the instantly recognizable black tea scent to the unsurpassed service quality, there is a consistency. It is a rare quality that warrants familiarity that when combined with a luxury hotel group, creates a harmonious customer experience. Every year around this time, I look forward to staying at the Miami EDITION for Art Basel, which is always non-stop.



*Anastasia Seeborn is the Global CEO of Quintessentially, the leading luxury lifestyle management group that caters to an exclusive members-only community of high net worth and ultra-high net worth individuals who are seeking unique experiences and lifestyle services. Anastasia is responsible for running all facets of the business. She oversees the day-to-day operations, including P & L, marketing, sales, and the strategic growth plans of the company, with revenues that exceed \$100 million. As Global CEO, her goals are to identify and design meaningful experiences for members, create in-person communities, and build relationships with the world's most recognizable luxury business partners. Her strong business mind and innate sense of bespoke luxury allow her to lead a team that provides the highest level of service to both private and corporate members by understanding that time and value are the defining factors.*





# An Automation Manifesto

*By Jim Euchner*

*“Computers are transforming the office of the future into the factory of the past.” – Barbara Garson*

The technology inside a factory stays inside the factory, but the design of technology for customer facing roles bleeds into the customer experience. As this work is systematized, automated and optimized, most customer service has become terrible – frustrating for customers and customer service reps alike. Customer services once were characterized by flexible human dialog and empathy; today, that empathy has been replaced with maddening interactive voice response systems, long hold times, and stilted, systems-driven dialog. Inside the call center, the reps deal with scripted systems and angry customers. Why has the office of the future become so much like the factory of the past?

The fundamental driver is the use made of technology, which embodies early 20th century assumptions about the nature of people and work. We are developing systems for interaction with people as if we were building assembly lines. The Holy Grail for these systems is efficiency, which

is pursued through an ever-expanding rationalization of work. As new technologies (IVR systems, speech recognition, AI) make it possible to automate more tasks, work is broken down into sub-tasks, each of which is standardized and optimized using the latest technology. The zeal for standardization results in force-fitting of some non-routine work into a routine system, resulting in “fallout” (work that has to be specially handled).

There is an alternative, but it is rarely exercised. It is based on the post-World War II Scandinavian tradition of Socio-Technical Systems (STS). The basic ideas are that work and the technology to support it should be designed together and that those doing the work should participate in its design. When I have been involved with systems developed using these principles, they have resulted in work that is not only more effective for customers, but also more efficient. But the philosophy runs against the grain of most systems development.

My eyes were first opened to this alternative in 1990, during the deployment of an early AI system across 42



centers in what was then NYNEX (now part of Verizon). The system was better than human experts at its task, but it did not fit in well with the work of some centers, and people in those centers were furious with us. We hired an anthropologist – one of the very first corporate anthropologists – who sought to understand what was happening in cultural terms. We began to spend more time understanding the context of the work we were automating before we sought to automate it.

I have used the basic principles of socio-technical systems in my work developing intelligent systems over the past three decades at Fortune 500 companies, including Verizon, ARCO Oil and Gas Company, Pitney Bowes and Goodyear. My initial perplexity at the organizational response to systems led to a lifelong study of users, customers and work, including stints as an Advisory Board member at the Institute for Research on Learning, a Visiting Scientist at MIT and an Honorary Professor at Aston University.

I have refined the basic ideas into seven core principles that constitute what I call an Automation Manifesto. This

is a cry for the design of work and systems that engage the intelligence and commitment of people at work – and that result in greatly improved customer experiences when that work is in customer support.

**1. Develop systems to support people (not the other way around):** Effective work needs to be defined first; systems should be developed to support it. This means really understanding the non-routine cases that might arise and the information that can help workers manage them. It means that systems often cannot be deterministic: they must enable people to deal with ambiguity. Often systems are designed the other way around: the requirements of the systems define the work of the people. Customers struggle to describe their problem in the framework that the system provides, leading to frustrated customers and employees.

**2. Define whole jobs, with coherent deliverables:** Customers want to solve their problems quickly and directly. They do not want to be the link that works with different parts of an organization to piece together a solution. They do not even want to be transferred from one part of the organization to the other. The fragmentation of jobs to their



simplest sub-tasks does not serve customers, develop employees or lead to productive work, especially when something new or unexpected happens

**3. Automate thoughtfully (not promiscuously).** Too often, when a company sees the opportunity to take work out of an existing work process through automation of some small portion of a job, it jumps in and does so. The result can be short-term savings but a jarring fragmentation of the work. To customers, this may be as simple as dead air on a telephone call and as mundane as repeated requests for basic information (name, telephone numbers, address). Or it can be as serious as an issue that remains unresolved for long periods of time as its resolution falls between the cracks of the fragmented work.

**4. Think carefully about the allocation of functionality between the person and the system:** Even the most efficiency-minded firm should not automate everything that can be automated. People handle many things better than machines do. Companies tend to err on the side of maximizing flow through and “non-touch” transactions. The logic is that automation reduces costs and keeps error-prone humans out of the loop. Inappropriate automation saves time on every transaction but often adds costs in call-backs, re-work, lengthened calls, escalations and lost customers.

**5. Be very careful about shifting work to customers (self-service) unless they want it:** Corporations have made huge efforts to push people to the web. It is often difficult even to locate a customer service number on a bill or on a web site. Customers spend too much time navigating the web and interactive voice response systems trying to talk to a human being capable of solving a problem. Companies have certainly been spared work in some cases, but their customers are frustrated and angry.

**6. Trust your employees!** You cannot create good work without trust. It is inevitable that employees will have to deal with situations not anticipated in their training or by the systems they use. Employees must be empowered to solve customer problems in these cases (and systems must be designed to help them do this).

**7. Extend this trust to your customers:** Customers are generally not out to cheat people. They react negatively when

reasonable trust is not extended to them. The front-line employees with whom they speak know this, and generally empathize with it. Unfortunately, their hands are often tied. This creates a rift between the company and its employees, leaves customer problems unsolved, and costs money in re-cycling of problems, escalations, and dissatisfied customers.

CEOs do not design systems, but they can influence the principles of their design. If they go beyond the raw economics and use these principles to ask questions of those who are charged with automating work, they can inspire not only better systems and improved customer service, but also more productive workplaces.



*Jim Euchner has led executive leadership positions in innovation at Verizon, Pitney Bowes and Goodyear, where he helps launch new businesses on three continents. He is currently Honorary Professor at Aston Business School (UK) and Editor-in-Chief of Research-Technology Management. Jim is author of the forthcoming book, *Lean Startup in Large Organizations*, to be published by Productivity Press. [j.euchner@aston.ac.uk](mailto:j.euchner@aston.ac.uk).*

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**"After 25 years of service, we engrave the employee's name into a brick and it's permanently placed in our courtyard. It's perpetual. It's a tribute to their years of service to Amica, to our policyholders and to their peers."**

**Robert A. DiMuccio** Chairman, President and Chief Executive Officer





*“If we don’t have a passion for doing what we do, we shouldn’t be doing it. When we get up every day, we are about inspiring humanity.”*



*The CEO Forum Group selected JetBlue as the customer experience leader in the Airline category because of its model of “inspiring humanity.” From day one they have stayed true to five values, which help achieve this mission: safety, caring, passion, integrity, and fun. JetBlue is so sought after to work for only 1% of people who apply are hired.*

**Robert Reiss: What does JetBlue mean to you as CEO?**

**Robin Hayes:** For me, I couldn’t be more honored about working for JetBlue. We use the word “crew member of JetBlue.” So, we are a team of 22,000 crew members and what I’m most proud of is that we have really tried to change the industry that we’re in. When our airline was founded by David Neeleman he created a mission of wanting to bring humanity back to air travel. Every morning we get up trying to do that.

**JetBlue holds a special place in my heart as in April 2007 my first interview kicking off The CEO Show was with David Neeleman. Talk about the original vision.**

When David created JetBlue with the founding team including David Barger who was then the second CEO, before they boarded an airplane or even did a business plan, they said, “We’re going to come up with a very clear mission of what this company is all about. We’re

going to have five values and everything we do is going to be driven by those values.” The five values are safety, caring, integrity, passion, and fun. Those five values are still the same today. You can ask any JetBlue crew member, if you look at the back of the I.D. of any JetBlue crew member, it’s those values.

For over 17 years now that we’ve been flying, the fact that we are still true to that mission and true to those original values shows the importance of tradition at JetBlue. Having said that, we’ve had to adapt along the way because the business environment changes, the economy changes, oil goes up and then it comes down. We definitely had to adapt over the years of our business and make changes, but we’ve always stayed true, I believe, to who we are.

**And in following that model, how does that affect how you manage big disruptive events, for instance the intense hurricane season in 2017.**

What really challenged us during that time was so many hurricanes back to back – originally with Harvey in the Texas area, but then with Irma and Maria. These hurricanes came through the heart of the JetBlue network. So, it’s Florida, large parts the Caribbean. We don’t just have customers impacted but our crew members are impacted. We have thousands of crew members who were personally concerned about what this hurricane would mean for them and their family. So, the first thing was to do everything we could to support our crew members. Whether that was running evacuation flights down to evacuate them and their families, whether that was moving them into a lodge or a hotel facility in Orlando, whether it was sending in water and generators for them so that if they lose power that we could get them back connected.

It’s really first and foremost about taking care of what we call “our family” and really, that was a huge logistical effort. I mean I can’t tell you how many cases of water, how many generators that we sent down, and then there was all of the food and the medicine, everything else. And then it was taking care of the communities in these markets we fly to. We’re a very large airline in Florida. We are the largest airline in Puerto Rico. And so we had to also take care of the communities that we fly to as well. I couldn’t be more proud of the efforts that

*“We say to our crew members on the first day, ‘We are honored you are joining us and congratulations, because you truly are in the 1%, because we only are able to take about 1% of people that apply.’”*

our crew members made for each other during this very challenging couple of months.

**JetBlue has always been known as a customer-centric company. How do you hire to get the right team to deliver?**

Hiring is very important. We are very fortunate. We get about a quarter-million people applying every year for two or three thousand jobs. So, I go down to orientation, which I do every two weeks, to meet our new crew members. The entire leadership team goes down as well, so it’s not just about me. We say to our crew members on the first day, “We are honored you are joining us and congratulations, because you truly are in the 1%, because we only are able to take about 1% of people that apply.”

As we recruit people, it’s really important to probe for the right attitude. We want citizens. We want people who are going to come in JetBlue and treat this like their own company, care about each other, be there when someone near you needs help, because we are one big team. And so, we use a lot of our own frontline crew members to hire other crew members.

If you want to join JetBlue for example as an inflight crew member, when you get through the original parts of the process, we have something called the Blue Review. And the Blue Review is when other frontline crew members will come in and help us identify the best inflight crew members that we can hire.

**Let’s start off of your five values. Safety ... do you have any unique practices that you use to build safety and have it cascade throughout the whole organization?**

We all have to see ourselves as the chief safety officer. I think the importance of a leadership team is to set the tone so our crew members know how important this is. We do a lot of work in terms of analyzing data, looking

*“The most important thing for safety is for any of our frontline crew members to know at any time, they can call a timeout if they see something they don’t like.”*

at what’s going on, trying to identify trends. But I think the most important thing for safety is for any of our frontline crew members to know, at any time, they can call a timeout if they see something they don’t like. And that’s okay. Even if it means delaying a flight, canceling a flight, safety is our number one priority. And so, we will absolutely do whatever we need to do to keep it safe.

#### **How about your value of caring?**

Caring is what sets us apart. It’s about caring for each other as crew members, and it’s about caring for our customers. In the U.S., we’re competing against very large airlines. And what sets us apart is our service we provide our customers. It has to be warm and authentic. Our customers must feel that we care about them. It’s very hard for our crew members to provide our customers that service if they don’t feel cared for themselves.

#### **How do you teach caring?**

There’s certainly a training aspect to it, but part of it is how we are as people. Again, looking for the right people as you’re looking to hire new crew members to come in to JetBlue. And then when we’re here, it’s about reinforcing acts of kindness when we see it. So, people know that, “Wow! That was a great thing that just happened.” For example, if an inflight crew member has done an amazing job, I mean they all do an amazing job, but if they get particularly called out by a customer, then an inflight leader will pick up the phone and say, “You know what? I’ve got your trip for you.” And then we’ll fly the trip. And so, again, it’s just that simple way of saying, “Thank you for caring for our customer.” And also during events that occur like the hurricanes; those

*“What sets us apart is our service we provide our customers. It has to be warm and authentic. Our customers must feel that we care about them. It’s very hard for our crew members to provide our customers that service if they don’t feel cared for themselves.”*







are important opportunities to show extra care for each other when things happen.

### **Let's talk integrity.**

We define integrity as what you do when no one is looking. And we're a fast-paced business, we fly over a thousand flights a day. We have to behave and act with integrity at all times. We expect that of each other, and our customers expect it of us.

For example, I'm going to our annual safety and security awards dinner where we are honoring crew members who have done amazing things in the last year in terms of keeping our airline safe and secure. This is the safety value of course, but there are also many examples where we have crew members who've acted with great integrity and did the right thing even when no one was looking.

### **How about passion?**

We have to have passion, right? We are in a business that is very competitive, and we want people to know that we care. If we don't have a passion for doing what we do, we shouldn't be doing it. When we get up every day, we are about inspiring humanity. And it did change over the years from bringing humanity back to air travel to

inspire humanity, but it means the same thing. You got to have a passion for that, you know, it can't be just a slogan. It's something that you have to feel in every fiber and bone in your body.

I get compliments from customers everyday about the sort of excitement and great service that they've seen, and so there are just so many stories in JetBlue. But also where I see our crew members building playgrounds in communities to help kids play with partners like Ka-boom; our crew members are very active in the community. And in fact, we have a program called Community Connections where if you work for JetBlue, you do a certain number of hours per year for something that you're passionate about. We'll give you free tickets to raffle off for that charity or non-profit to raise money.

**And I'm thinking as a leader, you don't have to enforce this on people. It looks like everyone just wants to do this.**

*"We have a program called Community Connections where if you work for JetBlue, you do a certain number of hours per year for something that you're passionate about."*



*“At first, I was devastated because I really wanted the presidency role — but she had a good suggestion to start the WPO as a separate entity, and I trusted that she believed in me. So, I took her advice and started the first chapter of WPO in New York City and soon after the second chapter in Los Angeles.”*

We use the word family a lot at JetBlue, and it’s important because our competitors are out there, and we have to act as one in order to continue to be successful.

#### **Let’s move to fun.**

Safety is first and we have planes flying around at 500, 600 miles an hour. We have equipment on the ground. So, it’s very important that we keep it safe, but it’s important that we have fun. Our customers want to see us have fun, and sometimes we get on the PA on the airplane and have a competition and give away some free tickets. We have a lot of holiday parties for crew members.

**And you go on the plane and you clean up things yourself.**

Yes, I do.

**Do you let them know you’re the CEO.**

Sometimes I do. I mean I tend to leave them alone if it’s an early morning flight or late night flight. The last thing they want is to hear from me, but it’s important. We put on some blue gloves as we call them at JetBlue, and one of the ways we keep our costs low is, for many of our turns, we will clean the airplanes ourselves. So, we will pitch in and help the crew. We’ll collect the trash; we’ll do whatever needs to be done.

**Tell me one fun thing that happened here where you said, “Wow! That really was fun.”**

Well, probably I’d have to be careful about sharing some of them! Recently, we do reunions and we had a 10-year reunion for inflight crew, and that was a fun night because these are amazing crew members. They joined us 10 years ago, and we had a really fun party. I don’t think

I've danced as much as I did for many decades; it was just a great night.

**You have over 42 million customers every year on about 250 planes. What's one special practice for customer experience?**

It's just making sure that the culture that we create inspires our crew members to want to provide that service, and our crew members feel empowered to make decisions when things don't go according to plan because we're not perfect and things do happen. We have a program called Blue Hero, for example. So, if a customer calls in to JetBlue and something has happened, our crew members can be a Blue Hero for that customer and assist the customer with what they may be looking for in terms of assistance.

**Finally, what are you proudest of when you walk in the door at JetBlue in the morning?**

I'm just proud to be part of this team. The hardest job in this company is not mine. The hardest job in this company are those in our frontline - crew members and frontline leaders who provide that JetBlue experience every day. I'm just so happy to work with them. I'm happy to have an opportunity to do this job.

**Robin, a real pleasure having you on The CEO Show today.**

Thank you, Robert.



*Robert Reiss and Robin Hayes. Interview aired November 21, 2018.*

*Robin Hayes is Chief Executive Officer of JetBlue Airways Corp., which encompasses JetBlue – New York's Hometown Airline® – as well as subsidiaries JetBlue Technology Ventures and JetBlue Travel Products.*

*He joined JetBlue in 2008 and served as the company's Executive Vice President and Chief Commercial Officer until becoming President of the airline in January 2014. In February 2015 he was appointed as JetBlue's third Chief Executive Officer.*

*Prior to joining JetBlue, Robin was Executive Vice President for the Americas at British Airways. Over the span of a wide-ranging 19-year career with BA, he also served as Area General Manager for Europe, Latin America and the Caribbean.*

*He serves on the board of governors of the International Air Transport Association (IATA) and the Wings Club as well as the board of directors at Airlines for America (AAA) and Make-A-Wish Connecticut.*

*Robin is a graduate in Electrical and Electronic Engineering from the University of Bath in the United Kingdom. He received a BSc and Master's in Engineering from the university.*







Masergy CEO James Parker speaks at a recent employee town hall meeting

*“The true north of every decision we make starts with first understanding how that decision can positively impact our customers.”*



*The CEO Forum Group selected Masergy as the customer experience leader in the Telecom category because of their unique culture of innovation and service excellence. Masergy's agile Software Defined Platform empowers global enterprises to accelerate digital transformation with secure hybrid networking, cloud communications and managed security. Masergy has maintained an industry-leading Net Promoter Score over 70 for several years and enjoy a customer retention rate of more than 99%.*

#### Robert Reiss: Talk about Masergy.

**James Parker:** We are a managed services provider delivering secure hybrid networking, cloud communications, and managed security to global enterprises. We're different than other providers in that we're all software-defined. We're not running around the world laying fiber and trying to connect up different buildings in different parts of the world. Fiber and basic transport services are effectively commoditized.

We use these assets around the world and have built out a software-defined platform that enables customers to have a lot of agility; if you think about it, it's like "cloud-ifying" a network. Our clients can spin up services. They can spin down services and be very dynamic and adjust to different business needs over time. By combining our innovative solutions with highly skilled and passionate staff, we continuously deliver the best customer experience in the industry. Our solutions and the support we deliver help our clients accelerate their digital transformation agenda.

*“We can turn up bandwidth, turn down bandwidth, enable clients to move and change their environments almost at will.”*

**In fairness, not everyone has heard of Masergy. Why?**

Masergy has had incredible sales growth and success although we don't typically spend on traditional advertising. When IT leaders do find out about us, either from their peers or from our channel partners who bring us into deals, they stay with us for life. I think that's because we're so innovative and different from the big legacy telecoms that businesses normally have to deal with.

When we started back in 2000, nobody used the terms “software defined networking” and “digital transformation.” But that's what Masergy was created to do. It almost sounds too good to be true to a CIO. “You mean, Masergy has a global software-defined network built without any legacy hardware? You can integrate security and unified communications directly into my corporate WAN? And, when I call for support you actually answer and fix my problem without the delays of bureaucracy and finger-pointing?” Yes, that's exactly what Masergy does, and that's antithetical to our competitors.

**You're completely B2B?**

Yes. We're all B2B in the enterprise space. We serve the midmarket all the way up to larger enterprises. Really, the sweet spot customer for us is a client operating multiple locations that are geographically dispersed globally.

**Why is that a sweet spot customer?**

Mid-to-large enterprises have two core challenges when it comes to networking: managing the global nature of their business while remaining agile enough to keep pace with the rate of change in information technology. Typically, when a company has global networking requirements they end up working through multiple service providers. Often, they're going to have to put that capability together somewhat themselves. We take all of that away from them with solutions that are engineered for agility and customer control.

**What's an example?**

We have a fabulous client that's in the insurance industry, and they are globally distributed. This industry, as you know, has a great deal of M&A, activity and you have to quickly integrate assets and spin up new locations. There's a lot of dynamism within their business, and they need to be able to react to change. When spinning up new agencies or new geographies around the world, we enable them to do that in a very agile manner. For them, it's how we shorten their time to market, the ability to make changes, and to bring on new customers or new companies in a very quick, cost-effective manner.

**Telecom is a very competitive industry. What else is different about Masergy?**

When you think about the cloud there are many elements. First is the compute layer, next is the storage layer, and finally, there is the network layer. The automation and services enabled by the cloud has driven an accelerated rate of innovation. The area in which we are playing is certainly around the network that stitches together and enables all of these amazing applications that cloud technology is bringing to market. We allow that to come alive over our network. And what we've done through our software is to mirror many of these cloud capabilities, like dynamically spinning up services, which for a traditional telco would be a physical action. They would have to physically go somewhere and let's say flip some switches to make that come alive. But we can turn up bandwidth, turn down bandwidth, enable clients to move and change their environments almost at will.

**I read that you have 99% customer retention. Is that true?**

Yes. That's true and this is really coming back to the differentiation of the customer experience – the experience is the product. The abilities that we enable for our clients clearly drive that retention, and this is something that is a core value of the company.

*“Our Net Promoter Score is 71. For perspective, in telco the average is below 20. There are some that are in the mid-40s, but actually we are the only one in the 70s.”*

One element is the technology and the innovation that we bring to the market that the clients are embracing. But then behind that, we have our amazing employees who are servicing the customers in a differentiated manner day-in and day-out. So every client has amazing service and every employee is getting paid on that. It's not just the executive team or the service management team, it's every employee that has a stake in that customer.

For us, it's actually fairly straightforward. We drive it off of the NPS score and so we have a target that we set. And our Net Promoter Score is 71. For perspective, in telco the average is below 20. There are some that are in the mid-40s, but actually we are the only one in the 70s. Masergy has maintained this leading position for the last three years.

Our differentiator is not one thing; it's many things. When we break it down, one is clearly the technology that we brought to market enabling automation that delights the customers and has a higher level of agility so they can consume and use our products in our network.

Coupled with that, we have the cultural aspects and certainly our employees' view on servicing the customer, where we have a customer-first approach in everything that we do. And so it's very common in meetings where you will hear, “What's the customer view? How is this impacting the customer?” Everything from a billing issue to a provisioning issue, to an accounting issue. They all then come back to say “How is that impacting that customer experience?” That gets action executed in a very fast manner.

#### **How do you research what the customer wants?**

We have customer advisory boards and surveys. We have many listening posts throughout the organization. It starts within our service delivery group, our sales and marketing organizations and the direct customer interactions we have on a daily basis. That funnels up and we get feedback across the broader organization. Our advisory boards are also a great point of influence that our custom-

ers have on our product road map and things we should be contemplating to bring to market to better serve them.

#### **Are there any other unique practices that you have and how you interact with the customers?**

One of the interesting pieces is, if you'll call us, you'll get a human. It enables us to better understand the sensitivity and urgency of the situation. We believe that human interaction helps us to better resolve issues and problems.

#### **So how do you train your Network and Security Operations support staff?**

Well naturally, we have an onboarding program. They go through all of the appropriate trainings. But it's more about how you actually witness your colleagues and going through and seeing how they're doing it. You have to live it to understand it. When you see 20 or 30 or 40 people behaving that way, that's embedded in the culture, and that behavior comes out in the actions and attitudes of the employees.

The core – and this is not going to be anything new frankly, but it is essential to execute – we start most things we do by asking, “Is the customer first?” It could be a very mundane internal process, like if we're thinking about how can we do pricing or configuration better. But then it's saying, “How does that impact the customer and is that an investment we want to make that's going to impact the customer experience?” So, the true north of every decision we make starts with first understanding how that decision can positively impact our customers.

#### **Let's go back, talk more about your onboarding program.**

Our focus at Masergy has always been about people. We hire for a cultural fit first and foremost, based on a diversity of talent, thought, and experience, but always look for people who are passionate about engaging customers. We recognize it's our employees, partners, and customers that make us a successful company. While our technology is innovative, our biggest differentiator has been – and will

*“We have many listening posts throughout the organization.”*



always be – our people. That’s why our onboarding process trains every employee to think about the customer. What Masergy offers is complex so we have to hire smart people to make it work. The onboarding process instills corporate values and processes without being overwhelming. I think our HR department does a great job finding candidates that match our culture and are passionate about our collective success. In our highly competitive field, this approach to find and retain talent sets us apart.

### What industries do you serve?

Our solutions are horizontal in nature. We serve all industries, from financial technology and manufacturing to professional services and high tech. At the end of the day, when you look at the service we provide, is it active and is it functioning in the manner in which customers have procured it or purchased it? Is the solution fitting their expectations? On one level, it’s very clear if it’s working or not, irrespective of the diversity of our customers. We built in monitoring and all of the things that you would expect to tell if it’s working or not. But it starts from that point and if there is a failure, then it becomes how we respond, the timeliness of that response, the depth of un-

derstanding of that response. And many times, we know if there’s an issue before the customer does. They’re not calling us – we’re proactively calling them and informing them to immediately solve issues beforehand.

### How do you know?

Because of our technology and services that are tapped into the network, we know if this is not performing to the expectation that we’ve outlined. So we can then take proactive measures much more timely than having a client inform us that our service is down.

### Let’s talk about the Masergy culture and how that impacts the customer centric model.

A lot of this is grounded in our values.

### What is the most important value?

At the top of the list is, certainly, customers and employees first. It starts with the thinking that if we’re going to deliver a great customer experience by definition, how do we provide an amazing employee experience? This

*“Many times, we know if there’s an issue before the customer does. They’re not calling us – we’re proactively calling them and informing them to immediately solve issues beforehand.”*



Masergy celebrated its 18th year in 2018 with steady growth for almost two decades.



Masergy staffs 24/7 networking and cybersecurity operations centers on three continents.

*“The foundation for our clients to change is that their business is changing. They’re either trying to drive out cost or drive new revenue streams. They’re thinking about how to improve their customer experience, and they’re trying to manage risk in these big, big buckets. And the backdrop in which they’re doing that is through digital change.”*

includes everything from the purpose of being here, the ability to do the best work, and the power to execute and make decisions. This starts with creating an environment where people are compelled to show up with their energy and the intent to win and serve. And of course, how they can advance their careers and be in an environment where they can do their best work.

I think when I look at even our onboarding it’s essential. We bring employees in and they start to really understand what it means to be part of the Masergy family. That is an opportunity for them to really take into account how special the environment is. This understanding of culture starts from the first day. And that just continues to build throughout and be reinforced, first through the training, second through the compensation, and then third in how we reward people who are exemplifying those types of behaviors and driving the customer experience.

**Talk more about your clients and the challenges you help them with.**

We have customers like Weber, Patagonia and Dave & Buster’s, and they all have challenging, fast-paced environments. They have challenging environments in which they need to be competitive and bring in agility into their business to serve their customers. And we real-

ly provide that foundational service that enables them to serve their customers better. Those are a few examples, and we have about 1,500 clients today.

We have many clients who are coming from a traditional, let’s say telco implementation, a traditional MPLS network. The foundation for our clients to change is that their business is changing. They’re either trying to drive out cost or drive new revenue streams. They’re thinking about how to improve their customer experience, and they’re trying to manage risk in these big, big buckets. And the backdrop in which they’re doing that is through digital change. The technology is changing, enabling them to think about new strategies to drive better business performance and deliver better customer experience. The foundation to enable these changes, to really have it come alive – one is going to be the applications, but the network is at the core. Without that network and really the efficiency of it, those applications, those services, those new digital offerings and products, they just don’t come alive.

**What is the future for digital in telecom?**

If you look at digital, it’s advancing broadly. One area really stands out when you think through is machine learning as a broad category. If you take that capability, you put that on top of networks and then you start to get this

position where the future is moving towards autonomous networks. They're self-healing, self-thinking, they can take actions faster than humans. That's an area where you'll see accelerated research and development in the next generation. That will just continue to accelerate the experience that our clients have with us. So that's a very clear trend and one that we're investing in and really trying to make sure that we are at the forefront of.

You clearly are going to also see more "cloudification" of the network layer and more software coming in and driving increasing levels of automation. We're seeing in our industry now with a technology called SD-WAN, which uses the internet set of capabilities and making the internet fit for purpose. Our heritage and history is built on software defined networks, and this is a natural extension for us to provide amazing services with what we call secure hybrid networking.

So, in broad strokes, more automation and software coming in and being able to increase the capabilities of the network in a very dynamic manner. You'll see more machine learning coming in and being able to drive autonomous use within the network as well.

### What is the future of Masergy?

This is one of the most exciting times one can imagine for being in business, with an ongoing wave of innovation sweeping the globe. Based on our software defined heritage, we are well-positioned to be a driving force behind digital transformation, which presents a tremendous opportunity to pursue growth by supporting global enterprises. In short, the future looks very bright for both our customers and our team.

We have a clear vision to help customers operate faster than the speed of digital disruption and "be what's next." By aligning with forward-thinking customers and partners that want to go beyond the norm and surpass legacy incumbents, we can reshape the industry landscape. Masergy's next chapter is full of promise and inspiration.

*"The future is moving towards autonomous networks. They're self-healing, self-thinking, they can take actions faster than humans."*



*Robert Reiss and James Parker. Interview aired January 20, 2019.*

*With more than two decades of leadership experience in the high-tech industry, James Parker joined Masergy as CEO in 2018. He leads the company vision and strategy execution and has a track record of building high-energy, high-performing leadership teams that have successfully delivered profitable growth through multiple technology and business transformations.*

*Prior to Masergy, James served as Executive Vice President and Chief Customer Officer at Tata Communications where he led sales, marketing, service management, delivery, and communications. He previously held SVP positions at CenturyLink and served Microsoft's Enterprise and Partner Group for more than 13 years. James holds an MBA from the University of Toronto – Rotman School of Management.*





# Sometimes I (almost) Hate Being Right

*By Nancy May, President and CEO, BoardBench Companies*



Some forecasters feel smug when they get it right. Some feel wistful. In this case, I'm leaning towards the latter. A few years back, in this same space, I wrote an article entitled *Resistance is Futile*, which predicted the consequences for U.S. directors of doing little to address the imbalance of female representation on their boards. A direct quote from that article, if I may: "Boards' failure to respond to these changes will invite legislative and regulatory mandated quotas, if only to relieve the pressure regulators feel. If history is any example, the slower the pace of voluntary change, the faster the pace of imposed change. The more boards resist, the more likely change will come in ways they might not anticipate or want."

Guess what, ladies and gentlemen of (most of) those boards: imposed change has begun. In California there's now a law mandating female director quotas for California-registered and/or based boards, with accompanying progressive fines for non-compliance. The timetable is aggressive: at least one woman by next year and at least two to three on each board within the following two years.

### **Resistance May Continue to be Futile**

Grouched about that? It's your own damned fault. Think it will be defeated in court? Parts of it may be, particularly the requirements for out-of-state corporations. However, since the cat's now out of the bag, it seems likely California will just reintroduce the bill with the parts that do pass the legal tests. In any case, those corporations that champion contesting this law are likely to see some not-so-good reputational fallout by doing so. After all, in today's media world, conflating issues and getting them to stick has never been easier. Going against this law will in all likelihood be portrayed as being anti-women in general. After all,

who wants to tick off their women customers, investors, and activists, etc.? So, good luck with that.

Unconcerned because you're not listed or headquartered in California? History may not be on your side. Many nationwide legal and societal changes and trends got their start in California. It's easy to imagine that New York State will jump on the bandwagon. After that, other states on both coasts join in, followed by copycats, state by state, into the heartland. Pretty soon it becomes a listing requirement on all exchanges. Maybe even the SEC. *Fait accompli!*

### **Unintended consequences?**

As for me, I have mixed feelings about what's happened and what's to come. On the one hand, the intractability and, in many cases, laziness of many boards almost mandated that some action like this be taken by some government entity. Ultimately, real good will come of it – for boards, for companies, and for business. Women have been vastly under-represented on boards despite the fact that women make the majority of buying decisions, control the majority of wealth, are earning more advanced business degrees than men, and will eventually dominate senior positions in companies by their sheer numbers. So, in theory, this new law should work to right a wrong.

Unfortunately, I'm not sure it was or will turn out to have been the best way to accomplish such an obviously good thing. Government-driven mandates versus market-driven pressures on businesses often go the wrong way – because they are imposed without taking into account the possibility of unintended consequences. A case in point may be recruiting all these new women. Few boards seem capable of recruiting excellent directors on their own.



Many boards also know that the larger, well-known recruiting firms do only slightly better at recruiting high caliber directors than boards do themselves. Recruiting competent women directors on a timetable will be even more of a challenge. The most common complaint I hear from boards and other board recruiters is that “good women directors just can’t be found.”

That, of course, is B.S. Excellent women director candidates do exist, and there are plenty to be found. But it seems that female candidates may not be as good at making themselves known out there as are their male counterparts. So finding them takes more work. This can be problematic because it demands more effort than most recruiters or directors are willing to put in.

So, as the clock ticks away, many boards are going to scramble at the eleventh hour to fill those spots with someone, anyone, of the right gender who may look good on paper. It’s not hard to see that weak, even incompetent directors will soon pop up on California boards.

Worse, some won’t even see this as a problem: lots of CEOs don’t want to be questioned by strong directors. While these CEOs may think that this new situation will work out well for them personally, in the long run, it usually doesn’t work out well for their companies. For example, they open themselves up to becoming targets.

Filling seats with incompetent directors often triggers the interests and appetites of activist investors, particularly those known as hyenas. (See my past article on this, entitled *How Much Cash Ya Got?*). This type of investor looks for weak links on the board and make lots of noise

to get their own candidates at your table. Of course, these activists aren’t there for the good of the company, but rather for the good of their own bottom line. They can and do wreak havoc on companies. On the upside, they’ll use more of their own female candidates to replace what they see as your weak women directors. On the plus side of that, they’re more likely to fill those spots with their own loyal women directors. After all, breaking quotas can lead to non-compliance fines, which hurts profit margins. So, when all is said and done, more women will still be joining boards, but not to everyone’s benefit.

### What might be ahead?

Now for some more grim forecasting. Who do you think will be moved aside on each board (by aside, I mean moved out)? It’s likely that the first candidates will be those who resisted the logic of diversity in the first place. Who knows? In a few years, I may be writing a follow up to this article. Maybe a memorial piece in honor of all those former directors who wound up being collateral damage. Come to think of it, it might make sense to make a small adjustment to my original title. I’ll call it: **RESISTANCE IS FATAL**.

*Nancy May, President and CEO of The BoardBench Companies has been cited in Forbes as one of America’s governance experts and is Host of the respected Boardrooms’ Best podcast. She has over 25 years’ experience as a strategic advisor to high-growth, mid-cap, and Global 100 public and private companies. BoardBench is a corporate governance, director and CEO succession, and board candidate advisory firm.*

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Jeff Motske, CFP®, hosting his weekly radio show and podcast, “The Jeff Motske Show,” where he guides listeners through proven steps toward financial independence.

*“We all must work together for the client, connecting and collaborating to help solve their problems.”*



*The CEO Forum Group selected Trilogy Financial as the customer experience leader in the Investment category because of their unique process in generational planning. Their advisors go through extensive training of up to a year teaching concepts like, “Your story matters,” as well as how to utilize Trilogy’s proprietary financial compatibility analysis. Some of the other unique practices at Trilogy include providing employees with a path to company ownership as option holders and recognizing employees who have gone above and beyond to let them know, “You’ve been spotted doing something great.”*

**Robert Reiss: Let’s roll back to 1999. Talk about your vision for Trilogy.**

**Jeff Motske:** I created the model that we use at Trilogy Financial, which is the combination of tax, financial and estate planning. In my previous life I was in the retirement planning space, but I knew there was more out there. I was working with my clients, and I recognized they had needs that we didn’t service. So, I built a little network to better serve those needs, specifically tax and estate planning. Then I realized that a more comprehensive solution needed to be created, and the only way to realize this vision was to start my own firm...and that was the very beginning of Trilogy Financial. The way I look at it, tax, estate and financial planning may be in different lanes, but they’re all on the same highway heading toward our clients’ final destination. We all must work together for the client, connecting and collaborating to help solve their problems.

**Financial services could be one of the most competitive industries in America. Talk about things you do differently.**



*“Here’s where we start asking “What If” questions that our clients have never heard before.”*

You have to find ways to differentiate yourself. I know people say that all the time. We do most things in a unique way, and it’s built around one of our core values – which is a client-centered promise – because we care deeply for the people who put their trust in us. One of our core differentiators at Trilogy Financial is our advisor mentor program. We had clients coming to me, and I’m in my 50’s, and they’re saying, “Jeff, you’re not going to be around when I need you the most, you’re older than me.” So, we started bringing in younger advisors to mentor and coach, but it really got me to start thinking differently about the need for generation-to-generation planning.

What we’ve found – and what the statistics clearly tell us – is that if you’re working with mom and dad’s money and you want to work with the beneficiary’s money, you must nurture a relationship with them now. Otherwise, you’re not going to have those assets stay with you. And the easiest way to do that was to start bringing younger advisors in the room to help build bridges between the generations and keep the assets in the firm, which is of significant value to the company.

**How do you decide on the type of team that’s going to work with someone?**

We consider age, gender and expertise when creating an advisor-client team, as well as how we think they’ll connect personally. That chemistry is key for what we call the high-tech/high-touch relationship, which we see as the convergence of technology with the human touch of an advisor-client relationship. We feel this combination is the future of the industry.

**Now let’s talk from the product or from the advisory standpoint. How do you differentiate yourself in that?**

We lead with a plan. In other words, we don’t talk about products with clients. Products are used as vehicles to get people to their destinations. I think that’s where so many people in our industry get caught – their whole relationship is built on the product. While that’s certainly important, you also need to have a plan. And, to build that

plan, we begin by listening and striving to understand our clients’ unique situation and goals. Here’s where we start asking “What If” questions that our clients have never heard before. That’s a real differentiator for Trilogy.

**Give me an example of those questions.**

Some examples may be, “What if you decide you don’t want to live in the state anymore and you want to relocate?” Or, “What if mom or dad become ill and they need care? Are you going to have them move into your house? Are you going to help pay for the cost?”

We find when they leave that introductory meeting (we call it “soft data gathering”), that couples ask themselves, “How should we handle that particular question?” We really dig deep in the areas that people don’t often think about to ensure they’re prepared for these “What Ifs.”

**What you’re doing is you’re helping people think clearly, and that’s probably the most important thing anyone can do in sales.**

I don’t really look at our industry as sales. I look at it as an advisory or consultative-driven profession, and a very noble profession at that. Unfortunately, it does not get the credit it deserves. Great advisors do great work, and our advisors at Trilogy Financial pride themselves on doing great planning with their clients. One of our core values is teamwork. With more than 100 advisors in 10 locations coast-to-coast, our advisors know they have extensive resources at their disposal to address any client need.

**Let’s shift and talk about your culture.**

I’m committed to fostering a culture of fun and humility, and I frequently talk about that with our advisors. A phrase I often use as a personal tagline in company up-

*“I’m committed to fostering a culture of fun and humility, and I frequently talk about that with our advisors.”*

*“One of our core values is perseverance, which I think you really need in this business. You need passion too, but perseverance is key because there’s an incredible amount of what I call ‘delayed gratification’ as an advisor.”*

dates and other communications is, “Dream big. Work hard. Laugh often.” These things combined are going to help us really grow the firm, because culture is important, stickiness is important, and we’ve got a lot of advisors who love working together.

Another one of our core values is perseverance, which I think you really need in this business. You need passion too, but perseverance is key because there’s an incredible amount of what I call “delayed gratification” as an advisor. You need advisors who understand that when they come on board.

#### **Give me an example of perseverance.**

In this business, I think people’s instinct is “flight to safety” mode. For a lot of advisors, networking and prospecting falls outside of their comfort zone and they rely on updat-

ing their database rather than really putting themselves out there to grow their practice. We tell advisors to get out of that flight to safety mode because if they stay there, they’re not going to grow. This is really important to us, and we look for this willingness to get outside of their comfort zone during the interview process as well.

#### **And what about training?**

We put all our advisors at Trilogy Financial through an extensive training program. It’s broken into different modules, and it lasts about a year. They work full time in the office throughout the process. The training is taught weekly, and includes “lab assignments” that help them put to practice what they’ve learned in the class. There’s a lot of ongoing accountability to ensure they’re following through on the training, and they have to pass each module. This process makes them eligible to become an advisor and to sit in on client meetings. We’ve found that they love seeing a senior advisor in action. So you see, we flip the process and work backwards with our training. So many others start with product, but we believe you need to go through all these foundational steps first before you can go out there and pursue your own business. It really has helped our advisors become much more persistent and passionate.



*Trilogy Financial's Denver team celebrates their recognition as "Top Region" at this year's awards gala.*

**It's like you do everything differently there.**

Yes...we do everything backwards, or as we like to say, "training in reverse!" Early on in our training, advisors are going to learn how to do the paperwork that's necessary for the client. And then they're going to evolve into learning more about planning and the signature approaches that we use with clients.

**So, you're not getting them straight in the sales; you're getting them to do every part of it. They're almost like a business owner.**

It's a business they're growing and developing, and we're helping mentor and partner with them along the way.

Trilogy's co-founder, Kevin Mackintosh, and I started the firm with the commitment to give 30 percent of the company's ownership to our stakeholders via a stock option program. All our key stakeholders – leadership teams, executive team and top advisors – hold options in the firm as well. We didn't know how powerful that was until we got about three or four years into it and realized that people really value the fact that they have a slice of the firm.

**Do you have other unique practices to inspire people to succeed?**

We have "You've Been Spotted Doing Something Great" notecards that we fill out and give to advisors and staff when they go above and beyond in their work. That tangible recognition that you see them doing well and want to acknowledge it really makes a difference in morale. Anyone in the office can give these cards to each other.

**By the way, I've listened to your radio show and your interviews are great.**

Why, thank you! It definitely takes time! When I started doing "The Jeff Motske Show," I didn't even want to listen to my own shows. But now I'm five years in, and at this point I look forward to bringing our advisors, partners and other guests on to provide a unique perspective on how listeners can achieve financial freedom.

**That's exciting. If anyone wants to go to the website, what is the website?**

Trilogy's website is [trilogyfs.com](http://trilogyfs.com).

**And where are your offices?**

I'm located in Huntington Beach, California. That's where the headquarters are, but we have offices throughout Southern California. We also have offices in Denver, Boston and Scottsdale.

**What are other practices you use to connect with customers?**

One of the major aspects we look at besides the, "What if," is follow-up work with our clients. At events, I will ask clients, "Why did you choose to work with this advisor?" You'd think our advisors would be uncomfortable with that. But I've found that they want to know. The answers I typically get are about how the advisor asked how they are going to plan for their daughter's wedding, or how they're going to get their retirement savings in order or other questions that nobody else has asked.

In addition to that continued follow up, we are also really strong with technology. For example, we use video conferencing all the time with our clients. We thought that would be something for our younger generation of clients, but we're finding that our older, retired clients appreciate not having to hop in traffic. If they can see a shared screen of what's going on in their world financially, it's far easier and they're more comfortable in their own surroundings.

**It's easier than actually driving on the 405!**

Way easier than going on the 405, yes. We talked about this high-tech/high-touch approach, and a lot of firms talk about it, but we're doing it every single day. Trying to find ways to innovate to make our clients' lives easier.

**Based on building the Trilogy Financial business, what advice do you have for CEOs?**

First, you need good people. I think everybody knows that. But then, you have to nurture those people. The more

*"We use video conferencing all the time with our clients."*



*“I always tell our advisors that we’re going to challenge your comfort zone. We’re not going to challenge your morals or your values, but we’re going to challenge your comfort zone. If we’re not doing that, you’re not growing.”*

time you spend getting your team to understand that persistence matters with their clients, the better. Talent is important, but we drive home effort. When you have someone with talent and effort, then you can help them build their skill set and achieve great things.

What gives me energy is spending time with Trilogy Financial’s high-quality advisors and with clients, and I’m constantly doing both. I still practice as a financial advisor, but I greatly value our advisors’ thoughts and insights too because it helps me think about what we need to be doing differently in the future.

### **When you’re with your advisors, how do you know how effective they really are?**

We certainly have metrics that we measure, however I think we get to the core by being very uncomfortable at times. I always tell our advisors that we’re going to challenge your comfort zone. We’re not going to challenge your morals or your values, but we’re going to challenge your comfort zone. If we’re not doing that, you’re not growing.

### **What thoughts do you have on how to find the right people?**

Obviously, people look for talent, but I think talent alone is overrated. We look for effort as well as talent. We look at resumes and search for things that tell us this person has a little extra grit.

I think we have great technology and a great website that helps people get a feel for the firm, the culture and our core values. But then, once they apply or look to come on board, they’re going to go through an extensive process. We do predictive index modeling as a first step to get a feel for what they’re like.

The questions asked in the interview process are designed to see if they’re going to be successful. They have to pass



*Jeff Motske, CFP®, with advisors Scott Naiman, RiCP®, and Jeffrey Hackbarth, CFP®. Both were recognized as part of the “Baker’s Dozen,” which honors Trilogy Financial’s top advisors.*

exams to get into our industry as well. Our mentoring program caters to younger talent, and part of our vision is to create the next generation of financial advisors who are committed to making great planning available to mainstream America. We also have people that come in as a second career. Their life experiences have allowed them to truly see the value of financial planning and they want to take on the financial advisor role because it’s a noble profession. It’s a great way to help people gain financial independence.

### **Let’s talk about your book.**

I wrote my book, “The Couple’s Guide to Financial Compatibility,” a couple of years ago. The book is really hands-on, with a quiz and assessments designed to help couples work through the most pressing financial opportunities and challenges. The quiz, which can also be found on Trilogy’s website, is 34 questions. In my experience, when couples take the quiz they walk away with ideas they’ve never thought about before. Everything from legacy planning to charitable giving to how you feel about spending versus saving. Very compelling topics that we find most couples don’t talk about. We use it with clients all the time, and it really is a differentiator because couples will leave that first meeting and say, “Hey, how did you answer that question about spending vs. saving?” Or, “How did you answer the question about debt or risk?”

All of those questions are in the quiz and covered in the book, so it's not just for young people or new couples.

## What else differentiates Trilogy?

Another thing that differentiates Trilogy is how much time we spend thinking about the future and what it might look like. We started building mentorship group teams in 2015, which at the time nobody else was doing.

I touched on this earlier, but I really think generational planning is an important one. A lot of people talk about it, but nobody has been really doing it in an effective way. We are building our marketing programs to help people understand what it's like to work with retirees and the boomers and X-ers, but also with xennials and millennials, and how you can partner each advisor to make the relationship that much better.

## Talk about the future of Trilogy.

The future is bright. I am so optimistic about our firm and where we're going. We have such a quality group of individuals. I think there are so many great opportunities out there in the fee-based advisory world. We started our RIA, Trilogy Capital, back in 2015. It's growing incredibly fast. Last year, we were the 11th fastest-growing firm in that space, and I believe it's only going to continue to grow. Our advisors are proud of this growth, and they should be.

## On that note, a pleasure having you on The CEO Show.

It was a pleasure being here. Thank you very much Robert.



Robert Reiss and Jeff Motske. Interviewed January 10, 2019.

*Jeff Motske, CFP®, is president and CEO of Trilogy Financial, a privately held financial planning firm headquartered in Huntington Beach, Calif. with 10 offices and more than 100 advisors nationwide. He also is author of "The Couple's Guide to Financial Compatibility," a book that equips couples with tools to keep their finances healthy and relationships strong, and host of "The Jeff Motske Show," a podcast and radio show where he guides listeners through proven steps toward financial freedom.*

*Motske has led Trilogy to become one of the fastest-growing companies in the industry by providing innovative perspectives and tailored planning to help Americans achieve financial independence. For 30 years, Motske has empowered everyday Americans to pursue the day that work becomes an option by providing easy-to-understand advice, educational tools and supportive guidance. He understands there is no one-size-fits-all approach to personal finance, and that people deserve advice that is tailored to their unique needs, lifestyle, personality and goals.*



Jeff Motske, CFP®, with his wife Kendra, daughter Brooklyn and son Tanner at the annual Trilogy Financial awards gala.





TIBCO CEO Murray Rode takes the stage at TIBCO NOW in Las Vegas to give customers, partners and analysts an insight into developments around the company.

*“I want a culture of innovation...one that promotes respect for individuals. I think that breeds respect for ideas and a much more open exchange of those ideas.”*



The CEO Forum Group selected TIBCO as the customer experience leader in the Technology category because of their “Connected Intelligence Cloud,” an innovative combination of integration and analytics software, which provides TIBCO customers with a platform to better serve their own customers. TIBCO also involves their customers in the innovation journey through TIBCO LABS.

**Robert Reiss: The cloud is a crowded space; talk about TIBCO.**

**Murray Rode:** First of all, we started as a company that simplified integration in the data center. As corporate IT became more complicated, with more applications, more sources of data, there emerged an even bigger demand to integrate all those systems and data. Now, with the cloud, that’s become even more complicated with the proliferation of cloud applications. There’s often a requirement to bridge the cloud to legacy systems in the data center. For some customers, we operate purely in the cloud to integrate all their cloud assets. By bridging between the cloud and their data center, we provide a cloud glide path to connect with on premise systems.

**So, you can create the integration between their different systems?**

That’s exactly it. That’s the core. The second thing that we do is provide the tools and software to help them make sense of all of that connected data more quickly. We provide the ability to visualize it, to analyze it, particularly in real time.



*“We process real-time data streams, recognizing the patterns that are emerging in those data streams. For example, financial trading, customer experience management, manufacturing. All areas where it’s critically important to capitalize on real-time data and understand right away what the data means as it’s happening.”*

Another core differentiation for TIBCO, we process real-time data streams, recognizing the patterns that are emerging in those data streams. For example, financial trading, customer experience management, manufacturing. All areas where it’s critically important to capitalize on real-time data and understand right away what the data means as it’s happening. We do that very well.

In addition, we provide the tools to create algorithms to use that data, even going so far as to help companies collaborate better on creating and sharing those algorithms in a very controlled fashion.

So, think of TIBCO as having two big areas of focus – integration and data science.

**From your perspective as a cloud expert, give a definition of how the cloud works today.**

The cloud makes it easier to do things with technology that enhance the customer experience. The important thing to remember about the cloud is that the cloud in and of itself doesn’t change the experience.

Consider what we used to think of as the data center. The data center would have lots of machines running in it, and you would run applications and databases on those physical machines. You would have to configure the machines and network them. One of the big advances we saw 20 years ago was the advent of software to virtualize how computing occurred across those machines. It enabled you to get more performance out of those hard assets. Now in the cloud, you don’t run the infrastructure. You buy the application that’s running in the cloud as a service, then connect to it through your browser, for example. Or, you buy virtual instances of machines already in the cloud and let someone else run it – like Microsoft or Amazon Web Services.

**What’s an example of how you’ve helped transform a customer experience?**

We tackle the bigger problem of being efficient with IT and getting maximum usage out of it. We wrap these capabilities of integration and data science together in something we call the “Connected Intelligence Cloud.” The underlying point here is how do you leverage your data more effectively to create a better customer experience, to operate more efficiently, to identify and solve problems on the manufacturing line, to identify trade failures, etc.

A good example of this is a customer of ours in Europe – the Rome Airport – who for a decade or more was ranked very low in customer surveys in terms of their experience in the airport. So a new CEO and a new CIO came in and undertook an extensive transformation analysis with the goal to change the customer experience in the airport. The scope of their transformation effort was end to end. It was everything from what the bathrooms were like to the retail experience, the physical surroundings, the restaurants available, as well as how passengers moved through the airport to get to their flights.

A big part of this transformation was harnessing the data and the systems that run the airport so that they could create a better customer experience by understanding everything that was happening. That’s where the TIBCO platform came in. It enabled them to integrate and manage data sources from all over the airport, all

*“We wrap these capabilities of integration and data science together in something we call the ‘Connected Intelligence Cloud.’ The underlying point here is how do you leverage your data more effectively to create a better customer experience, to operate more efficiently, to identify and solve problems.”*

*“They took all of those different sources of information, many of them real-time data, and brought them together as part of a single platform built with TIBCO technology. They could then visualize what was happening in real time and start to apply automated rules and responses to various conditions and thresholds.”*

sorts of different systems – information about queuing at the ticket counter, what was happening in security, what was happening in terms of catering and crew scheduling and aircraft movements on the tarmac and so forth.

They took all of those different sources of information, many of them real-time data, and brought them together as part of a single platform built with TIBCO technology. They could then visualize what was happening in real time and start to apply automated rules and responses to various conditions and thresholds. For example, something as simple as recognizing that people are queuing up beyond the normal level at the ticket counters triggers an alert and allows the airport to respond in real time and take remedial action to improve the experience for the passenger.

The key to improving the customer experience became early detection and immediate response. Same goes for dealing with mechanical problems with aircraft, gate management, even security lines. In effect, the airport can act to localize the service disruption as much as possible within the airport. Along with improving the customer experience, you gain critical operational flexibility, for example, preventing one airline that may have a labor disruption from affecting other airlines at neighboring gates.

In collecting all of this data, it also enabled the airport to think about creating a better experience proactively. If customers tend to collect at certain points in the airport, can we do something with retail or services at that point to ensure passengers have a more comfortable, better experience in that part of the airport? It helped them reduce queues everywhere.

Over an 18-month period, the Rome airport went from that very low ranking to being ranked the number one airport in Europe from a customer experience perspective. TIBCO helped them transform how their airport operates.

**It’s a great story, but what a complex project to deal with.**

It is complex. You could think of it as a smart city in a box. We’ve had a similar project for Melbourne Airport in Australia. You have physical assets, telemetric data, maintenance information, and scheduling. It’s not just what data you collect about the customer, it’s all the surrounding elements in the broader ecosystem. Think of it as the complete workflow of the airport.

**You’ve about 4,000 employees out of 25 major offices. How do you build the right culture to deliver for your customers?**

Culture is absolutely vital for us. How our customers experience working with TIBCO is key, in terms of us being very responsive to what those customers need. The core of this starts with innovation. To me, it’s incredibly important that, as a technology company, our culture is fundamentally one of innovation. We encourage the open exchange of ideas, we encourage people to take risks – managed risks of course – but not be afraid to take risks, and not be afraid to step out of normal processes to innovate. That’s where it all starts for me. I



*A Formula One racing helmet signed by Mercedes-AMG Petronas Motorsport’s 5-time world champion Lewis Hamilton sits on display in the lobby of TIBCO headquarters in Palo Alto, California.*



Emiliano Sorrenti of Aeroporti di Roma shares the story of the Rome Airport's digital transformation at TIBCO NOW in Las Vegas.

want a culture of innovation. As part of that, I want a structure that's pretty flat and not caught up in a lot of bureaucracy, and one that promotes respect for individuals. I think that breeds respect for ideas and a much more open exchange of those ideas.

#### **How do you make the organization flat?**

For us, it's really an open-door policy. Anyone can talk to me at any level in the organization. It's also the way we exchange information in the company. We make a lot of information available through our own technology.

#### **You're using your own technology so you can share decision-making better?**

Exactly. It's also through programs within engineering. We've created something we call TIBCO.next, which is a program where we encourage our engineers to spend a certain amount of their time just thinking about new ideas and how to advance those ideas. That ties to another program, TIBCO LABS, which is about co-innovating with our customers. There's often an overlap between these two programs.

For example, blockchain is a good example. We had interest come from within our engineering organization to develop a solution around blockchain. We decided to launch a project in collaboration with a customer around a particular use case in healthcare, and that led to a new product that we just released. So, it's not all about a waterfall, top-down kind of approach to deciding what should be done. It's really encouraging grassroots engagement in the process.

#### **So what advice would you give to other CEOs to encourage innovation?**

I think this notion of an open culture is incredibly important. Provide a means by which people are encouraged to contribute their ideas, because just having a suggestion box only gets you so much. It pays to create programs that encourage people to describe their idea, formalize it, to go through steps to refine that idea and involve management in the process. People see the visibility of their ideas and see the interest by the company, from the very top, in what these new ideas can do for the business.

#### **How can CEOs utilize the cloud more effectively?**

*“Over an 18-month period, the Rome airport went from that very low ranking to being ranked the number one airport in Europe from a customer experience perspective. TIBCO helped them transform how their airport operates.”*



This is a little nuanced in my view because I do feel that every major, new technological innovation tends to be overhyped, and in some ways, oversimplified. The cloud is not a magic solution. The cloud is in some ways, a better platform to run your infrastructure. It's sometimes better to use a cloud application than an on-premises application. But you have to be aware of what drives your business. It all comes back to what is the business need, and how can I translate the use of the cloud into business value.

Is it going to be because I can reduce my time to market with spinning up new systems? Is it because I'm going to reduce my operating costs? Is it because I can encourage innovation, because it's that much easier for people to work with the cloud as an infrastructure platform? I think you need to be very clear on what you're trying to accomplish before you get caught up in jumping on the trend.

**Let's talk about the future of technology and AI.**

*“Business leaders and technologists have the opportunity and obligation to get [AI] right.”*

Let's first step back and look at really what drives AI. Fundamentally AI has a lot to do with algorithms that need to consume data to do their job. So, one of the things that's made AI much more effective -- think about natural language interfaces and services like Alexa or Siri -- is the web making a lot more data available to drive these models, these algorithms.

As we move into the future, we're continuing to see a massive acceleration in the amount of data we have available, and that's going to accelerate the adoption of AI and machine learning in various ways and different kinds of applications. While it's hard to see how all these pan out, there are some obvious things: we're going to

*“We've created something we call TIBCO.next, which is a program where we encourage our engineers to spend a certain amount of their time just thinking about new ideas and how to advance those ideas. That ties to another program, TIBCO LABS, which is about co-innovating with our customers.”*



At TIBCO NOW in Las Vegas, employees, customers and Team TIBCO-SVB pro cyclists met for a scenic group ride through Nevada's iconic Red Rock Canyon.

continue to see benefits from natural language interfaces; we're going to see expansion and use of autonomous driving. But it remains to be seen how these translate into improving the customer experience, what it means in terms of ethical responsibilities for companies, and how they behave with their customers and the use of AI. One basic tenet, for example, is to be clear when it's an AI entity talking to your customer, versus a real person.

All these things matter to the individual. I think AI will continue to put focus on the importance of the individual, and what data privacy means for the individual especially when they provide their own data and use these systems.

Business leaders and technologists have the opportunity and obligation to get this right.

**It was a pleasure having you on The CEO Show, Murray.**

Thank you very much, a pleasure to be here.



*Robert Reiss and Murray Rode. Interviewed January 10, 2019.*

*Murray Rode was appointed Chief Executive Officer in December 2014, and brings almost 30 years of experience to his role. Prior to becoming CEO, Murray held the role of Chief Operating Officer at TIBCO, encompassing responsibilities for a range of functions, including Finance, Marketing and Corporate Development, as well as a variety of operating groups and business units. Murray has been with TIBCO (and its predecessor company) since 1995, and has held a number of different roles, including CFO and EVP Strategic Operations. Murray holds a BA from the University of Alberta, Canada.*



*At AWS re:Invent, attendees flocked to the TIBCO booth to meet the staff, try out new software, and learn about the latest advancements to TIBCO's product line.*







*“Service culture must be reinforced regularly or it will be forgotten.”*



*The CEO Forum Group selected The Ritz-Carlton as the customer experience leader in the Hotel category because of their motto “We are Ladies and Gentlemen.ServingLadiesandGentlemen,” which was created 35 years ago and is still implemented daily at the core of the customer-centric hotel company. Everything about the organization – Credo, Employee Promise, Three Steps of Service – creates the gold standard of service.*

*The Ritz-Carlton Hotel Company has delivered an excellent customer experience for more than 30 years and in 2018 achieved the highest score ever for a brand in the J.D. Power and Associates North America Hotel Guest Satisfaction Index Study, luxury segment. Herve Humler, one of the company’s founding partners, has been a key part of the company’s legacy, serving as President for seven years, Chief Operations Officer for ten years, and currently as Chairman Emeritus. He is widely respected throughout the luxury hotel industry with additional roles as President and Chief Operations Officer of St. Regis and Bulgari Hotels & Resorts. Mr. Humler shares three keys to exceptional service for any industry to implement: compelling culture, consistent reinforcement and ongoing celebration.*



## Compelling Culture, Consistent Reinforcement, Ongoing Celebration

At The Ritz-Carlton, service expectations are clearly defined and we have put processes in place to support our service delivery model. This definition starts with our compelling brand culture, which is communicated in a credo card that every employee (who we call our Ladies and Gentlemen) carries with them. The credo card outlines our service expectations with our overriding vision, three steps of service, and our 12 service values. It thus provides clear guidance and a roadmap for our Ladies and Gentlemen on how to deliver excellent service every day.

Service culture must be reinforced regularly or it will be forgotten. At The Ritz-Carlton, we do this through what

we call “line-up,” which is a short meeting that helps our Ladies and Gentlemen get ready for their shift. Line-up is conducted in every hotel department, during every shift, every day and is a terrific opportunity to reinforce the company culture. During line-up, we discuss our 12 service values on a rotating basis as well as other key components of the credo card. This process is executed with corporate support and, by distributing the agenda for line-up, it ensures that this discussion happens across properties globally.

The only way we can deliver this service culture is through the dedication of our Ladies and Gentlemen. As stated on our credo card and in our Employee Promise, they are the most important asset in our service delivery to our guests. We trust in their work, empower



## Herve Humler Co-founder & Chairman Emeritus The Ritz-Carlton

them, and give them the tools and resources to succeed, and they rise to the occasion.

To provide the finest personal service to our guests, it must be delivered consistently, and recovery must be quick when service is not as expected. One of our services values says, “I own and immediately resolve guest problems.” Part of our ability to do this is our approach to guest complaint resolution. We aren’t afraid of mistakes, partly because of the high trust environment we have with our Ladies and Gentlemen, and because of our strong focus on quality. For example, we created a persona called “MR. BIV” that stands for Mistakes, Rework, Breakdown, Inefficiency and Variation. When service is not delivered as expected, we call it a “MR. BIV” rather than dwelling on the mistake or who made it. This approach enables us to recover quickly, identify the source of the problem, fix it and move on.

To further reinforce The Ritz-Carlton service values and expectations, we celebrate success with what we call “Wow Stories” – sharing moments when our Ladies and Gentlemen go above and beyond to deliver excellent service. These Wow Stories are celebrated in our line-ups twice a week and are selected from an online database of stories that our hotels submit. This provides our Ladies and Gentlemen the opportunity to showcase their hotels and learn from other best practices while reinforcing our commitment to service excellence. These stories become legendary and are replicated at other hotels. For example, the story of “Joshie the Giraffe” – when the team at The Ritz-Carlton, Amelia Island returned a child’s lost stuffed giraffe with a photo album of the toy enjoying its time on property – has been well-covered in the media.

The incredible, daily efforts of our Ladies and Gentlemen to support these three areas – culture, consistency and celebration – have been critical to our ability to deliver excellent customer service for the past 30 years. It has also enabled The Ritz-Carlton to expand from hotels to several brand extensions: Ritz-Carlton Reserve, The Ritz-Carlton Yacht Collection, The Ritz-Carlton Residences and Destination Club, and The Ritz-Carlton Leadership Center. I am so proud of them for creating the legacy that is The Ritz-Carlton.



*Herve Humler and Robert Reiss. Interviewed November 20, 2018.*

*Herve Humler is President and COO, Bulgari Hotels and Resorts and Chairman Emeritus, The Ritz-Carlton. He was one of the four founding partners of The Ritz-Carlton Hotel Company and led the strategic vision and global growth strategy as President for seven years and Chief Operations Officer for ten years.*

*Humler’s responsibilities as President and Chief Operations Officer spanned to over 175 properties worldwide and across a global business with an extensive number of brand extensions – The Ritz-Carlton Hotels, The Ritz-Carlton Yacht Collection, The Ritz-Carlton Leadership Center, Ritz-Carlton Reserve, The Ritz-Carlton Residences, The Ritz-Carlton Destination Club, St. Regis Hotels and Resorts, St. Regis Residences, Bulgari Hotels & Resorts, and Bulgari Residences.*

*Humler guided these iconic luxury brands through a period of unprecedented growth and evolution. The hotel and residential portfolio branched out on all fronts with significant expansion across Asia, changing aesthetics of hotel design and launching dynamic initiatives in the realms of service delivery and quality assurance to name a few. Under his leadership, The Ritz-Carlton Yacht Collection was created and represented a unique foray into the cruise industry for a luxury hotel operator.*

*Humler also serves as a member of the Bulgari Hotels & Resorts Board of Directors and is based in Bethesda, Maryland.*



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# The 5 Most Common, Yet Fixable, Challenges Faced by Brands on Amazon

*By James Thomson, Partner at Buy Box Experts*

Admit it – you’re not happy with the performance of your brand today on Amazon. You’re frustrated that you’re not in control of some of the key levers that impact your brand, while spending disproportionately more time trying to fix Amazon channel problems. At the same time, you have this feeling that you may not be leveraging fully the Amazon channel to realize the growth goals for your brand. So where do you start?

In working with countless brand executives to address their Amazon channel problems, we have found five distinct challenges affecting most brands today.

## 1. No Pricing Control

All too often, brand executives learn that their products are being sold at cheaper prices on the Amazon channel

when complaints from authorized resellers or distributors start pouring in.

*Key Questions:* Why are your products cheaper on Amazon than other offline or online channels? Do you have distributors and retailers frustrated at you that there exists such a big pricing difference between the prices on Amazon and their retail prices?

## 2. No Distribution Control

Let’s face it, pricing problems happen usually because you can’t enforce a pricing policy to online sellers you don’t know (or can’t even identify). If your products are finding their ways into the hands of unknown or unauthorized sellers’ hands, any pricing policy you have implemented for your authorized resellers isn’t going to help you one bit.

*Key Questions:* What can be done to address both internal issues (misaligned incentives, or sales goals that motivate the wrong behaviors), and external issues (policing authorized sellers, and minimizing the number of unauthorized sellers)?

### 3. Too Much Reliance on 1P (First-Party) Distribution

For far too many brands, they have chosen to focus all sales efforts on Amazon through Vendor Central (First-Party), where the brand wholesales product to Amazon Retail. Then Amazon does what it does best, prioritizing selection, looking for ways to lower price, and ultimately making life harder for the brand to control its own destiny on the Amazon channel.

*Key Questions:* What other distribution options should brands be considering? What are the tradeoffs of those distribution options?

### 4. No Branding Control / Listings Are Not Optimized

Amazon is not only a sales channel – it is also a branding channel. For executives who do not proactively manage how their brands are displayed on Amazon, it will often come as a shock how incorrect, inconsistent or low-quality the listings will be on Amazon, all because some unknown or unmotivated reseller is making the branding decisions for the brand's products. To make the problem worse, Google indexes Amazon product listings very highly, resulting sometimes in poor Amazon listings indexing higher in Google search results than the brand's own website listings.

*Key Question:* What does the executive need to do to ensure that brand content on Amazon is consistent to other channels, and properly optimized for the Amazon search algorithms?

### 5. Advertising Efforts Are Not Optimized to Drive Authorized Sales

As brands engage in more advertising through Amazon, one of the most overlooked and expensive issues is how much of the advertising is driving traffic to the wrong sellers? For brands that don't have effective

distribution control, the Amazon advertising that the brand does will typically drive more traffic to the very sellers that the brand doesn't want to have representing the brand's products on Amazon.

*Key Question:* How does a brand control distribution effectively so its ad dollars are driving the right incentives to motivate authorized resellers to stock and sell at suitable prices the necessary inventory?

Every one of these fix issues is a complicated, yet fixable challenge for brands. But addressing these properly requires executive-level engagement, and a willingness to change the status quo around branding, marketing, sales, pricing, and distribution. The benefits of fixing these issues on the Amazon channel will have positive ramifications well beyond just this channel, but will require discipline and a more long-term perspective than what most brand teams today employ.



*James Thomson is a partner at Buy Box Experts, a services agency supporting brands selling online. He has served as the business head of Amazon Services, responsible for recruiting nearly all sellers to the Amazon marketplace. Prior to Amazon, James was a management consultant and banker. In 2015, James co-founded the PROSPER Show, a continuing education conference for large Amazon sellers, and in 2017 published the book The Amazon Marketplace Dilemma, designed for brand executives seeking to control their brands on the Amazon marketplace. He holds a Ph.D. in Marketing (B2B Pricing and Distribution) from Northwestern University (Kellogg School), and has guest-lectured at more than a dozen top business schools, including Stanford University, University of Michigan, University of Notre Dame and Manchester University. James has been featured in the Wall Street Journal, New York Times, Forbes, Entrepreneur, Inc., CNBC, Bloomberg, Internet Retailer, Globe and Mail, CBC, USA Today, and many more.*



Nigel enjoying an Iced Latte at Dunkin's new coffee-forward concept store in Berlin, Germany in 2018.

*“What challenge culture really means is the ability to challenge everything and come up with better business solutions.”*



*The CEO Forum Group selected Dunkin' Brands as the customer experience leader in the Food and Beverage category because of their concept of a “challenge culture,” where honest dialogue leads to end use customer product innovation, system enhancements, loyalty and a winning franchise economics model. Loyalty, in fact, is at the level where many customers come in 18 times a week.*

#### Robert Reiss: Talk about your new role.

**Nigel Travis:** I was CEO for nine-and-a-half years, from January 2009 to July 2018, and I recently became Executive Chairman. We've got a very good new CEO, Dave Hoffman. And one of the really interesting things is the process we went through to find Dave. It was a very considered process. We decided that we would find someone from outside, bring them in and give them the opportunity to develop within our culture and within our business. And that worked really well. Dave did an excellent job running Dunkin' U.S. In fact, he's put together a whole road map for the future. And then we decided back in July to make him CEO. So, he's taken on the CEO role. And I really am very happy with the process here. He and I still meet weekly. And that works well, because he can pick up some advice from me and what was in the past. I can challenge him...and challenge is my favorite word. But Dave is going to be a great CEO.

**You have almost 21,000 stores, many of which are franchisees. So you have the franchisee cus-**



*“The most important thing in our business is franchisee relationships and franchise economics.”*

**tomer and the end use customer; how does the word “challenge” tie in to both of those?**

First as you say “challenge” is a very important concept to me. Let me just give you a little bit of more background. Baskin-Robbins is the bigger brand internationally. Dunkin’ is the bigger brand here in the U.S. We’re very proud of the way we’ve grown and can still grow in the future. We think we can double our footprint in the U.S. And the key is franchising. We’re just about 100% franchised, and that means that we get a lot of feedback from franchisees. Franchisees aren’t slow at giving feedback. So, if you work in a franchise business, the first thing you need to understand is how much feedback you’re going to get. And we understand that. We appreciate it, and we try and incorporate that in to our systems. We have advisory systems on different subjects that focused in IT et cetera, as well as an advisory system for both brands that all come together every four months effectively.

Now, in terms of the challenge, what challenge culture really means is the ability to challenge everything and come up with better business solutions. The way I always describe it is if you’re in the middle of an organization, you should be willing to have challenges from below, so your employees should be willing to challenge your boss or your boss challenge back, which even though it sounds obvious, it doesn’t always happen; and then challenge lesser, and it can be as simple as like, say, rubber. That presentation I did, what do you think about it? I mean that could be a very nice easy challenge and you might say, “I think it was a bit long-winded, you need to cut it down.” That’s one form of challenge. Or a challenge can be new ideas.

One of the things I talk a lot about is I’ve always run coffee chats with people throughout the organization. In fact, in this very room we’re sitting in, we often have 20 people in here and we encourage them to talk about anything they want. And I try and remove all the barriers, so that I can talk about any subject that relates to the business. I want to hear from the people down the orga-

nization who are dealing with the franchisees or perhaps even closer to the ultimate customer, and you made the distinction which is a good one that we have franchisees, and I’ve always seen them as customers, and I’ve always said, the most important thing in our business is franchisee relationships and franchise economics.

But in the end, we have to be very conscious of what the ultimate consumer, the people who come in to our store, and in Dunkin’, it’s very frequently what they think and how they’re evolving.

**How do you get people to be really honest and to open up so they’re willing to challenge anything?**

That’s a really great question. My wife and I have debated that. And I think having been brought up in England, we may be a little bit more straightforward. And I think sometimes people put too much gloss on it. They say the politically correct thing. Even though that’s not the general prescription of Brits, we tend to be very direct in our answer. I mean you only have to go to England and talk to people from Yorkshire who are extremely direct with their answers.

So, the answer to your question is that you need to demonstrate you’re willing to take direct feedback. It takes time to build that up. And I’ve done it here but being willing to have people laugh at me over things. And my book *“The Challenge Culture”* I think you would agree there are some funny stories, the one when I fell off the bridge and was worried about the alligators. And I’ve even got people here who kind of mimic some of my strange mannerisms. So, as a leader you have to humanize yourself so the people will effectively challenge you. And it means effectively ignoring the status. Too many people are hung up with stats. I’m the CEO, so I’m going to act like a CEO. I’ve tried never to do that. I’ve tried to be just Nigel, and Nigel is a human being, Nigel has flaws. Nigel makes mistakes. And by the way, if you’re battling over 65 when you’re making decisions, or taking risk, that’s pretty good. I mean in baseball, that will be outstanding, right?

*“As a leader you have to humanize yourself so the people will effectively challenge you.”*



Nigel attends the opening of the 12,000th Dunkin' location worldwide in Riverside, California in 2016.

*“The learning from Blockbuster was always look forward and always imagine your demise. Think through...what could kill the business?”*

So, I try to just reduce all the layers. And I often describe the challenge culture with two things. One, is about really positive culture. And, looking back at the book, I probably didn't say that strong enough in the book. It's really about culture first and challenge second. The reason you challenge is to come up with the best business solutions. And that's what we all want. We want to have a better business and to have the challenge and people pushing at you. You should encourage them to do that to come up with the best answers.

**Let's shift to your background and talk about lessons you learned as former President of Blockbuster.**

Blockbuster was a great experience. I really enjoyed 10 years there. It's interesting. As I have now retired as CEO and am executive chairman, I'm starting to do some public speaking. And I recently did an event, a

four-and-a-half-hour session, three hours was on Blockbuster. People are fascinated by it.

We made mistakes. We could have bought Netflix for \$50 million; look at Netflix's value now – \$140 billion and a great company. But we learned from our mistakes and we got back. And we were growing Blockbuster online and we will take market share away from Netflix in the years middle of '04 to '07, by the way. I left it the end of '04. So, we recovered. We also didn't see the advent of vending machines in the way we should have done, because we didn't test vending sufficiently. The learning from Blockbuster was always look forward and always imagine your demise. Think through...what could kill the business? That's something people seem to like hearing about. That is a true lesson. And one of the things I've learned from Blockbuster is I keep thinking, “What could bring Dunkin' Brands down? What could bring down one of the other companies that I serve on the board?” Think about what could destroy your business.

**What lessons have you learned from your experience on boards?**

The first thing is the best development I've ever had has been being on boards. I've been on public boards now for 22 years and I've learned a lot, and when I'm in the board meeting for another company, I sit there writing notes about Dunkin' because as an example, a real estate presentation might yield, "Wow, that's really good." We need to look at our real estate in the same way. So, I think that's important. It also keeps you out there up-to-date with what shareholders and investors are thinking, gives you a different angle. One of the things you need to do, and this is inherent in the challenge culture, is to find different ways of looking at your company.

That's why my book, *The Challenge Culture*, has a whole chapter where I talk about dealing with outside analysts and investors and being on boards – I think they all can add true value to the way you think about your business.



Nigel addresses the audience at the Dunkin' Brands Global Convention in 2018.

*"That's why my book, 'The Challenge Culture' has a whole chapter where I talk about dealing with outside analysts and investors and being on boards – I think they all can add true value to the way you think about your business."*

The world has speeded up. Boards need to say take a long-term view, which sometimes is difficult for boards because many board members are elected every year. So, thinking about the longterm, sometimes seems to be at odds with the term of their period on the board, but I think boards need to think about where the company is going. Is it following that direction? Is there a true strategy? Do they have the resources and, probably most importantly, is the CEO supported in his own development?

One thing a board has taught me, having been a public CEO twice, is that the second time was a lot easier. Why do I say that? Well, I made a lot of mistakes the first time and I have to say, being at Papa John's where we had some interesting interactions with the founder, was a really interesting experience. When I came here, I found it a lot easier, and one of the reasons was we had a very strong board who asked a lot of good questions.

**Let's shift to a passion of yours Nigel – coaching soccer.**

Yes. I have supported the same English soccer team for 59 years. Two years ago, the club was nearly bankrupt so we bought the club. So we bought a club with no bank account, no credit card processing, no flyers and no training ground but we had a good fan base. One of the things we first looked at is we went in with a very strong culture, and it's all about people. But very quickly, we found that the fans were a true ally, so we tapped into their experience. We have fans do things for free, but most significantly the feedback they gave us helped us improve our catering and this was a key move. If you go to a game, it's not just turning up and watching the game, you eat and you drink.

We run focus groups. I know, every company runs focus groups. We run focus groups but we read very energetically, everything they write online. A football club



*“We do a lot of focus groups but the best research we get is the direct feedback by our customers to our franchisees. Some of our customers come in 18 times a week so we have a really informed customer base. They will tell us particularly when we’re doing a test what is working, what’s not working, things that we need to improve.”*

is a bit like Dunkin'. We have really passionate fans. We see the fans as our partners and they give us enormous feedback. We've looked at all their online forums, we get nuggets of information we work on, there's even ideas in there. So, I think, the benefit is if you go out and you embrace social media, if you embrace what fans tell you, that is no different from customers, it truly can improve the experience. The net result is like in our football club, in less than a-year-and-a-half, we're currently top of the league. We're currently selling out. So I think the lesson is: sports team and business is the same about learning from your customers.

**I understand you have about 2,000 different options of how you can make food and drinks. What's really behind determining what to offer customers?**

We have an advisory system so we get a lot of input but we do control a lot of things directly. Of course we work

with our franchisees to come up with a very strong marketing calendar, so product is supported with a lot of media. We have a very large ad fund that the franchisees pay for so one of the great things for working at Dunkin', you can't ever cut your market and expenses. I'm a person who believes you should always build your market in investments behind your brand, we can't cut it even if we wanted to because it is not their money. So, we do a lot of marketing research and we do a lot of focus groups but the best research we get is the direct feedback by our customers to our franchisees. Some of our customers come in 18 times a week so we have a really informed customer base. They will tell us particularly when we're doing a test what is working, what's not working, things that we need to improve.

For example, we're very much on top of the trends in terms of better for you products. So, we get all the feedback and we build it into our calendar. We do give our franchisees a fair amount of scope. One of the great



*Nigel discussing the features of Dunkin's new coffee-forward concept store in Berlin, Germany in 2018.*

## Nigel Travis



*Nigel helps celebrate the opening of a new Dunkin' location in Beijing, China in early 2016.*

*“We have personalities in our system. It’s not just a system where everyone is the same, and I think that adds to the personalization of our product.”*

things with Dunkin’ is, we’re very fast, word-class speed in terms of delivery of the product unlike some of our competitors.

We also have a lot of passionate people. I am always hearing from people, particularly people who have interviewed me, they always talk about that one person they dealt with at Dunkin’. So, we have personalities in our system. It’s not just a system where everyone is the same, and I think that adds to the personalization of our product and you’re right, you can have our sandwiches and drinks thousands of ways.

**A pleasure having you on The CEO Show, Nigel.**

Thank you very much, Robert.

## Chairman Dunkin’ Brands



*Robert Reiss and Nigel Travis. Interview aired December 11, 2018.*

*Nigel Travis served as Chief Executive Officer of Dunkin’ Brands from January 2009 to July 2018, and continues to serve as Chairman of the Board.*

*From 2005-2008, Nigel served as President & CEO of Papa John’s. Under his leadership, the company accomplished outstanding results, with industry-leading comp sales, consistent earnings growth and excellent franchise relationships. Prior to Papa John’s, Nigel was with Blockbuster, Inc. from 1994-2004, where he served in increasing roles of responsibility, including President & Chief Operating Officer. During that time, global sales increased over 50 percent.*

*He serves as a board member for Office Depot and Advance Auto Parts, Inc. Nigel also serves as Chairman of Leyton Orient Football Club, and led a business consortium to take on ownership of the club in 2017.*

*He is the author of the book, “The Challenge Culture: Why the Most Successful Organizations Run on Pushback” (PublicAffairs/Hachette Book Group, September 2018).*



“One of my favorite quotes on learning is from Julia Child, ‘You’ll never know everything about anything, especially something you love.’ My love has been learning about business models and success, where I have read over 1,000 business books; following are three of those which I believe can be of great value to today’s top CEO.”



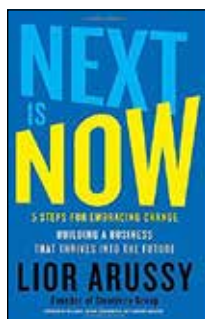
***The Challenge Culture: Why the Most Successful Organizations Run on Pushback***  
by Nigel Travis

Nigel Travis has forty years of experience as a leader in large and successful organizations, as well as those facing existential crisis—such as Blockbuster as it dawdled in the face of the Netflix challenge. In his ten years as CEO and chairman of Dunkin’ Brands, Travis fine-tuned his ideas about the challenge culture and perfected the practices required to build it. He argues that the best way for organizations to succeed in today’s environment is to embrace challenge and encourage pushback. Everyone—from the new recruit to the senior leader—must be given the freedom to speak up and question the status quo, must learn how to talk in a civil way about difficult issues, and should be encouraged to debate strategies and tactics—although always in the spirit of shared purpose. How else will new ideas emerge? How else can organizations steadily improve?



***Health Care Reboot: Megatrends Energizing American Medicine***  
by Michael J. Dowling

Health Care Reboot - Megatrends Energizing American Medicine - injects a much-needed dose of optimism into the national health care debate. The book makes a compelling case that a series of powerful trends are leading the nation’s health care system toward greater quality, safety, access, and affordability. The trends include historic breakthroughs in treatments for heart disease and cancer; integration of behavioral health services into primary care; recognizing and acting upon the broad effect of social determinants of health; consumer empowerment focused on measures and outcomes that matter most to patients; paying for value rather than volume causing doctors and hospitals to shift to a newly aggressive proactive approach to caring for patients. Collectively, these trends are rebooting our health care system to better serve the needs of providers, payers, and, most importantly, patients.



***Next Is Now: 5 Steps for Embracing Change — Building a Business that Thrives into the Future***  
by Lior Arussy

In Next Is Now, “Lior Arussy has written an incredibly important book for today’s changing times. It isn’t about change that is going to happen, it is about the change that is happening now, in this moment, and how you can be open and adaptive in the most positive way possible. Read this book – your future depends on it!” - Marshall Goldsmith, the New York Times #1 bestselling author of *Triggers* and *What Got You Here Won’t Get You There*. Arussy helps corporate leaders and their employees view change as an opportunity to become invested, drive that change, and achieve more success and job satisfaction than if change were simply implemented from the top down.



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