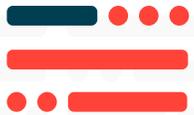


TRANSCRIPT

BTU #56: STEVE REINEMUND

MARINES TO CEO OF PEPSICO



BEYOND *the* **UNIFORM**

BEYOND THE UNIFORM

Background

Beyond the Uniform

Members of the Armed Forces take an oath to put the needs of the nation before their own. Whether they serve five years or fifty, these men and women eventually face a transition to a civilian career and life. Beyond the Uniform is dedicated to providing the resources necessary to navigate this transition with confidence.

We do this by:

- Showcasing examples of veterans who have successfully made this transition, what they learned, what they wish they knew, and what advice they'd offer
- Analyzing data to spot trends in career decisions
- Illuminating ways in which military training is an extreme advantage in the civilian sector

Thank you to all of those who have and who continue to serve our country. Countless Americans have benefited from your service, and it is my hope that the information provide can benefit from the sacrifices you have made.

Justin M. Nassiri

Justin is the Host of Beyond the Uniform. He started out at the U.S. Naval Academy, after which he served for five years as an Officer onboard nuclear submarines. After his transition from the Navy, Justin received his MBA from the Stanford Graduate School of Business. After Stanford, Justin founded the marketing software company, StoryBox, and raised \$3M in funding from venture capital investors.



TRANSCRIPT



00:01 Justin Nassiri: Welcome back to Beyond the Uniform. I'm Justin Nassiri, and each week I interview military veterans about their civilian career. Today is episode number 56 with Steve Reinemund.

00:10 Steve Reinemund: Well, frankly, it was never anticipated. I certainly never expected to be the head of PepsiCo, and that was not my aspiration. And I say that because I think it's important for the people to take positions and work in places that they really enjoy what they're doing, not that they're doing something in order to just be prepared for the big job sometime down the road. Because the problem with that is it's... First of all, you won't enjoy it, and secondly, if you're not happy in doing it, likely that the people around you aren't gonna be happy with you doing it either, and therefore you probably never will get to the top position.

00:54 JN: Normally I give you the top three reasons to listen to the episode. We're not doing that today. Here is Steve's bio, and I'm sure you'll agree that any veteran and non-veteran could learn something from today's episode. Steve was CEO of Pepsi from 2001 to 2006. During that time, revenue grew by \$9 billion, net income rose 70%, earnings per share went up 80%, and PepsiCo's market cap exceeded \$100 billion. Steve started out at the Naval Academy, after which he served for five years as an officer in the Marine Corps. After the military, Steve joined IBM as a sales rep, and then earned his MBA at the Darden School of Business. After business school, Steve joined the Marriott, Roy Rogers division, before moving on to PepsiCo's Pizza Hut division, where after two years he became president and CEO of Pizza Hut. During his time as CEO, he introduced home delivery as a distribution method, overtaking market share of rival Domino's Pizza within two years. Steven then moved on to PepsiCo's Frito-Lay division as president and CEO, and then was promoted to PepsiCo's president and COO before being named to the CEO position two years later.

02:08 JN: After his tenure as Pepsi's CEO, Steve served as the dean of the Calloway School of Business and Accountancy and Babcock Graduate School of Management at Wake Forest University for six years. Steven has served on multiple boards, including the ExxonMobil Corporation, Marriott International,

Walmart, American Express, Johnson & Johnson, Chick-fil-A, the United States Naval Academy Foundation, and the Salvation Army. As always, at beyondtheuniform.io, you'll find other great episodes, as well as the show notes for this episode. So with that, let's dive in to my interview with Steve Reinemund.

02:49 JN: Well, joining me today in Denver, Colorado is Steve Reinemund. Steve, welcome to Beyond the Uniform.

02:55 SR: Great to be with you. Thank you, Justin.

02:58 JN: So, Steve, the first thing that I wanted to dive into is at what point did you know you were going to leave the Marine Corps? And how did you approach that decision?

03:10 SR: Well, it was a tough one. I really hadn't had plans to get out until probably a year before my commitment was up, and it's coincided with meeting my now wife of 42 years, when we first met in DC and started dating. I started to think about what the future might look like, and assignments, and where I might be, and we just made the decision to get out at that point. But it really wasn't in... I was probably three-and-a-half years into my commission. Loved the assignments, had great assignments. Still wonderful memories of those years. And it was not an easy decision.

04:01 JN: And you went straight from the military into IBM as a sales rep. What led you to that first initial job?

04:11 SR: Well, I think, like many other military officers in situations like mine, I really didn't have any experience in business whatsoever. Didn't grow up in a business family, had no exposure other than I did frontline jobs through high school, but I didn't really understand business. So, when I was thinking about getting out, I made the decision, I really wasn't gonna start looking until I finished my commitment, which I did. So I looked at a number of different

places, and IBM was a great opportunity, and probably accepted the position without completely understanding what the nature of the job was. But it was certainly a great experience to be there for a year, and met some wonderful people, and worked for a great company.

05:05 SR: During that time, I realized that I really didn't know enough about business to be able to compete and sort of achieve the positions that I was interested in. So I decided after a year to go back to business school, and so I went full-time to University of Virginia, and got my MBA. That first year with IBM was a good introduction, but it really wasn't, in my opinion at the time, enough preparation, so that's what I decided to do.

05:40 JN: And at the time, what were some of the common career paths that you saw other veterans taking? I'm wondering if business school, at that time, was a very popular option, or what some of the tracks were that you thought were available?

05:56 SR: Well, I think it was probably more of a popular option then than it is now, as a permanent, even as a full-time student. The popularity of MBA was growing at the time, it was not a mature market like the MBA market is today. And it really qualified you for a different set of jobs, than coming straight out there. To answer your question about what most military people coming out did at the time, sales was a popular item and that's sales related front line type positions were the ones that were the most common at that point. I think that's changed over the years and frankly, today, I think military officers coming out into the workforce get a much stronger reputation and much stronger opportunities and are broader than I think they were back in those days.

07:03 JN: And I'd read in a Bloomberg interview with you that it sounds like when you were at Darden, you decided fairly early on that you wanted to pursue a career in general management, and I was just curious what attracted you to that general management type role, rather than a more specific functional expertise?

07:24 SR: It's really a great question and when I'm counseling students when I was at Wake Forest, I oftentimes counseled them to try to get at what I would call as a "hip pocket skill" or a functional specialty that you could carry with you through your career, even if you didn't stay in that function forever. But I didn't do that myself, and so I sort of followed the path of taking positions similar to what I had experienced, frankly in the military and I don't think I articulated it as well in those early years as I do today. But my passion has been probably as far back in my life as I can remember is to organize teams to take on missions that people think are difficult or impossible and to achieve them together as a team, and to develop people in the process. And that's what I really enjoyed doing in the military, and that's pretty much what I've done most of my professional career.

08:29 SR: And that's what led me to get into general management, so that I actually was leading. I led teams from basically the time I left graduate school, they were small and I'd [08:40] ____ the restaurant business and after an orientation period of learning all the front line positions, Bill Marriott who hired me wanted to bring people and start them at the bottom, give them a chance to run businesses and prepare 'em for senior management. So, I started out as learning the hourly positions in a fast food restaurant, had an assistant manager position, then a manager position.

09:06 SR: And a manager in a restaurant is a general manager, but it's a small operation but you're totally in charge and I really enjoyed that. I didn't expect to be a restaurant manager my whole life, but I have to look back and say that those were great days. I really enjoyed going to work, and pulling the team together and serving our customers. And then I had four restaurants as a district manager, and then I had 25 as a regional manager. Then I moved up into chief operating officer and was lucky enough with some acquisitions we made that I became a general manager, vice president, general manager of the division running all of the fast food restaurants for Marriott. So, really started out in my career without specific functional knowledge or development, and that's pretty much what I did the rest of my career.

10:08 JN: And what drew you, 'cause up until your time at Wake Forest it seems like you did have this emphasis on restaurants and on the food and beverage industry. I'm wondering was that a specific choice or was it because they were this inaugural program at Marriott that you initially found yourself in that industry and then kind of continued in it?

10:29 SR: It's a great question, Justin, and as you look back it's hard to actually answer that. It wasn't as conscious a decision as it might look today, and as is true for most people's careers. I certainly know that there are people who plan out their careers very methodically and follow that track. But most of my friends and fellow CEOs, I think we would admit that our paths were not as meticulously conceived as they were opportunistically presented. So my movement from restaurants, which I really enjoyed, into the consumer product business when I ran Frito-Lay, that was only made available because PepsiCo owned both restaurants as well as Frito-Lay and Pepsi-Cola. Had I not been with Pepsi, I probably wouldn't have had the chance to lead a business like Frito-Lay. So, my advice to the young people thinking about their careers is don't overthink it 'cause it's likely not to turn out the way you might expect it to.

11:47 JN: That's great to hear. One of the things... So in a little bit we'll get to some of the questions that some of our listeners sent to me when I told them I was gonna be interviewing you. And that was one of the common questions was just... And I share this as well, I was wondering at the point at which you thought, "Man, I could be CEO of a Fortune 100 company." I think that there's this general sense of wonder of if that was always this goal or if it was kind of just one thing was leading to another and then before you know that you were there and I was just curious, like at what point did you think, "Man, I could go all the way to the top of this amazing and enormous organization."

12:29 SR: Frankly, it was never anticipated. I certainly never expected to be the head of PepsiCo and that was not my aspiration. And I say that because I think it's important for people to take positions in working places that they really enjoy what they're doing, not that they're doing something in order to just be prepared for the big job sometime down the road. Because the problem with

that is it's... Personally, you won't enjoy it, and secondly, if you're not happy in doing it, likely that the people around you aren't gonna be happy with you doing it either, [chuckle] and therefore you probably never will get to the top position.

13:15 SR: So in my case, certainly in my days in the restaurants, because restaurants were not the primary business of PepsiCo, there was having highly unlikely that I would have ever become CEO of the company and that was never my expectation. And when I moved to Frito-Lay, although Frito was the largest piece of the PepsiCo business, I never expected to be CEO of PepsiCo and I was quite pleased and happy to have the opportunity to run Frito and would have been happy to do that for the extent of my career.

13:50 SR: But things happen and people move and changed. Life has its strange way of presenting opportunities, and frankly, in my case, my mentor for 10 years who was, is still fabulous leader that I've learned so much from got cancer and passed away and had he lived his complete career, the likelihood of my becoming CEO would probably be far less. It's just hard to think about in a large company, the sort of planning at your career so meticulously that you have one goal in mind and I would strongly encourage people not to think in those terms. Frankly, I'd say most of my peer friends, CEOs, had similar situations. Things happen, opportunities come up, the businesses do well, you're at the right place at the right time and there's kind of things that happen and many very qualified people that could very well be CEOs don't become CEOs for reasons that has nothing [15:11] _____ to do with their capability.

15:16 JN: That's great. I think for some reason that's so comforting to think that it was just, it sounds like it was just an experience of trying to do your best in every role you had and trying to be present with that and enjoy it and just be a good leader and then that ended up leading to good things for you but it wasn't this heavily orchestrated plan of trying to get from A to B.

15:42 SR: No, I never had that in my career, and when I left the military, I certainly didn't have a specific plan and I'd say that was pretty much the way I operated the rest of my career and even when I retired. I retired from PepsiCo

at an age younger than I had planned originally to retire because of some family reasons and when I [16:17] ____ my move to Academia was certainly not something that I had planned either but it was an opportunity that came available and I did it and it was a very gratifying experience, but again, it wasn't something that I'd ever expected to do.

16:37 JN: One of the things I wanted to ask about is I really enjoyed the last lecture that you gave at Wake Forest and for listeners, I'll add that in the show notes, a link to that video, it's definitely worth watching. But you talked about this defining experience you faced back in 1986, when you first became CEO of Pizza Hut, and I believe at the time you were just 38-years-old, you were three months into being CEO and you had this challenge and I'm wondering if you could share that story and what you learned from it.

17:11 SR: Well, it was one of the great defining moments of my career and I oftentimes talk about the failures of life and I put them in three categories: Business, personal, and cultural. And in 1986, I was faced with a pretty severe business challenge that was not going well. We were trying to move our business as a pizza restaurant company, Pizza Hut, to becoming a delivery and restaurant company which doesn't sound like a big change, but it is a very big change in number of ways and we had a formidable competitor that had a head start on us at that time which is the Domino's. We were much bigger than they were overall, but they had taken a leadership position in the delivery business and that's where all the growth in the industry was going.

18:08 SR: So we made a decision to get into it and I was responsible for a plan that was put together that totally failed. We had four plans to the strategy and all four of them were flawed. And as a result, we at one point, we were losing a million dollars a month which for our business at the time was quite a bit of money on a plan that really was never gonna succeed. So we had to take a time out and I was very fortunate to work for a leader who recognized our vision was right but our plan was wrong. When I went to him and expressed to him that it wasn't working and he agreed, he was patient enough for us to come up with a plan that did work and we put it in place. Within 12 months and certainly within

18 months, everyone else could see that this worked and we ended up moving into the number one delivery position in the country in US at the time with a different plan. But it was a very defining moment for me.

19:19 SR: First of all I was lucky to work for a boss and for a company that allowed you to fail. But I learned the patience, the requirement for patience in innovation and how oftentimes and I've seen that many times since then that the initial ideas may be right but the plans just don't work and if your vision's right and your leadership is in place, you can recover from that.

19:46 SR: So that was my primary lesson, but I learned a lesson from each one of those strategic ideas that didn't work and those lessons carried through. In fact, they still carry through today as I think about businesses both in terms of investing and on the positions, on the boards that I'm on. I think about these leadership lessons like when you're testing something, test it an inch wide and a mile deep instead of a mile wide and an inch deep. Once you have your model corrected, you can roll it out fast but if your model is weak, it's very difficult to succeed. So that was one of the key lessons that I learned. I learned not to get ahead of your technology. At the time we decided we were gonna roll out with our 1800 number which sounds like a pretty simple technology today, but 1986, it really wasn't as easy because we had all these units that were producing the pieces that were connected to this 800 number. And to make a long story short, it's just basically the technology we were ahead of our SKUs. I learned you really have to make sure that you use technology properly. Take risks but not embedding the form on those types of leading edge or bleeding edge technologies.

21:13 SR: And pricing, we overpriced our product in order to get the margins right and didn't listen to the consumer. That was an expensive lesson to learn. So those were the kind of things that I learned in that early piece but the major takeaway was that innovation, true innovation, transformation of the business is difficult. It often doesn't work on the first track. But growth in innovation and transformation are critical for successful businesses and you have to drive for change and incremental growth seldom ever sustains a business long term.

21:50 JN: I loved the candor on that and I loved that sense of how these failures have shaped how you interact with companies today. I really enjoyed that in your last lecture as well, the sense that of commitment and how these train wrecks really help us evaluate our grit and how that's a great way to learn. And it's certainly painful and I imagine a lot of this was publicly embarrassing as you were leading this team and you've got a lot of pressure to grow. But it's encouraging to hear how these failures and these mistakes you learn from and that seems to have made such a big difference in your overall trajectory and the value you're still able to provide in businesses today of just having made these mistakes first hand.

22:33 SR: It's so counterintuitive too, Justin. Oftentimes we think about our careers and we... And I certainly, maybe not so much after that, but before that I used to think about the risks of taking new initiatives and the reality of it is that you never would wish for the failure that you get and that failure was something I never would have wished for. But I would say it was more than a defining moment for me and for the company and for all of us who were part of that management team who went on to do other things 'cause we redefined in our own minds what was achievable and possible. Really, all of us, came away from that experience saying incrementalism just isn't the way to grow and there is risk with major change in innovation but it's really, really important. But the other piece that I think came out of it, I'll never know why Wayne Calloway, who was my boss, who's chairman of the board of PepsiCo at the time I was running Pizza Hut, why he gave me the opportunity to Frito-Lay or why the board gave me the opportunity to run PepsiCo. I've never asked that.

23:51 SR: I've always wanted to ask Wayne but unfortunately he passed away and I never really got to ask him why he did that but I would suspect that failure, being able to rally a team to recover from the failure, probably had something to do with my ability or my opportunities that came after that. I'd like to say that it was the only failure I ever had and I never had more but that's not true. I had several others that through all the failures that we have, the lessons we learned are important. And also the idea that just motoring through and digging deep to provide the leadership to the team to get through that is really important and

that's the testing that we, as leaders, get.

24:54 SR: Frankly, for most of us that started with that similar kind of testing that we got in the military. I think that when I look for people to promote or select or recommend, I always wanna see how do they react to crisis, to failure, to difficulties. It's important to know that about a person because it's likely that if you put somebody in a leadership position that you're probably gonna be faced with that. It's helpful to know how they've reacted to that kind of thing in the past.

25:34 JN: That's great. It seems like a theme that's come up with people I've interviewed, in particular that the entrepreneurs of just how vital that tenacity is, of just knowing that if you get knocked down 100 times, you're gonna get up 101. That every single time you get pushed over, you're able to, like you said, dig deep, learn from it and come back and keep showing up. It's just very encouraging to hear that that has been your experience as well. 'Cause I think that sometimes I, at least, I sugar coat a story like yours where it seems like, man, maybe he just had all of these breaks along the way or just played the perfect game and just never missed a hole, never missed a shot. And it sounds like instead, your experience was facing just as much adversity if not more than so many other people but continuing to come back and continuing to learn and continuing to try.

26:31 SR: Well, I think that's really important. I know when I counsel students in the MBA program, one of my major messages is "Don't try to plan your career through riding the top of the waves and not getting deep into the business, and trying to avoid challenges and conflicts that's..." It's the difficult situations, many of them filled with obstacles that present failure. Frankly, those are the fun ones, and also, they are the ones that define the characteristics of leadership that were so important through [27:19] _____ and growing a business.

27:23 JN: I wanted to ask about the progression from Pizza Hut to Frito-Lay and then from Frito-Lay to PepsiCo CEO, and in terms of how the job changed. And I think of this in terms of, I got out of submarines when I was a division officer

and I just remember there were department heads that you could just tell they were exceptional division officers. And that skill set was the ability to just get things done and execute. But then, when they moved on to department head, the game changed. It was no longer about personal execution. It was about delegation, and about managing a team and about being able to distribute workload. And there were some department heads that just didn't make that shift well. That they were exceptional as division officers but when the game changed, they weren't able to change with it. And I was curious, how did the game change when he went from Pizza Hut to Frito-Lay? And then, again, how did that layout shift again when you went from Frito-Lay to Pepsi? I'm just curious, what skill sets were required that were very different as you took that step up each time?

28:31 SR: Well, contrary to what may seem obvious, the step from Pizza Hut to Frito was not nearly as difficult in terms of the nature of the job as it was from Frito to PepsiCo. And the reason for it is even though the businesses are dramatically different in consumer products, particularly with Frito-Lay, which is a completely vertically integrated business from you growing the seeds to the farmers growing the crops to the manufacturing of the product and the shipping of the product to the stores and actually putting the product on the shelves. It's a completely vertically integrated company completely owned by PepsiCo. And we are the largest commercial fleet in the country at the time. It's a big operation and it's very different than the nature of the restaurant but not as different as one would think because going back to an earlier conversation about what you like to do, what an individual likes to do, both jobs required the CEO to be the quarterback and you had functional experts surrounding you that you operate it together as a team.

30:02 SR: The nature of the business was different. The functions had different responsibilities but it was still basically a team effort. And that role of the CEO was the quarterback. Moving from Frito to PepsiCo was one that, frankly, I debated in my own mind quite a bit as to whether I could even do that job. And much like when you talked about your department head, I knew that I had had, up till that time, 25 years of experience in being a quarterback and really

enjoyed it. That was what made me get up in the morning with excitement, was to find the mission, and setting the goals, and helping the team develop and grow, and selecting people, and helping them develop. That part I really enjoyed. Moving from Frito to PepsiCo was really moving from quarterback to coach. And the skills are very different. I wasn't sure that I could make that switch because one of the things about PepsiCo that I really appreciated, and one of the reasons I joined the company, is that the division presidents, the general managers, got to run their businesses.

31:32 SR: Wayne Calloway was my boss, both at Frito-Lay and at Pizza Hut when he was chairman, and he was a fabulous boss. And he was a great coach. He could have won a Super Bowl coaching a professional football team. There's no question in my mind 'cause, he's very technically competent. But he's a tremendous leader and motivator, and doesn't try to do the work for you. And I wasn't sure how I could actually make that change. I thought about it for a while. I didn't actually accept the position the first time it was put out there because I just wasn't sure that that was what I could, wanted to do, could do well, and would be successful in doing. And after thinking about it for a while I decided I'd make a shot at it. But I knew I had to change my style. I couldn't imagine the way I had, for all the years before, that I had to learn how to help other general managers, empower them and coach them, but not direct the individual efforts. So that was a huge change. Frankly, I admitted to my team then, when I bid the job at PepsiCo that, "I need your help to make sure that I could actually perform the way it needed to be done."

32:58 SR: So we had some interesting discussions about that from time to time, 'cause I'm sure I wasn't perfect at that kind of delegation, but it did work out and I loved that position and it was a completely different kind of experience, but one that I'd say that I don't think I had a job anywhere in my career that was as gratifying as being the CEO of PepsiCo. But it certainly wasn't what I had ever prepared myself to do.

33:28 JN: I admire so much about that, this willingness to get out of your comfort zone and really stretch in a role that you knew would be very

demanding. One of the things I wanted to ask about is related to how you prepared for that role when you were saying you weren't sure if you had the abilities, or that you knew you needed to shift your leadership. I wanted to ask specifically about mentorship or anything else that helped you grow into that role, and I just know that even leading a small startup as CEO, it's very lonely, and it's very difficult to get that feedback and coaching that I've had in other roles. And it's caused me to have a lot of empathy for any commanding officer I ever served under, and kind of reviewing that role and thinking, "Man, if you're CO of a ship or of a unit, it's such an isolating location. And it's so difficult to get that mentorship to excel, and to expand, and continue to develop." And so, I'm wondering, when you are at the helm of PepsiCo, how did you seek out mentorship? And how did you get feedback on areas in which to grow?

34:36 SR: That's a really good question. I never thought of the job as being a lonely job, frankly. I did think about the importance of getting feedback, and developing, and there's many different ways of doing it. Certainly, creating an environment as best as you can, where your team will actually give you feedback is important, and if you have strong leaders in those positions, they will. And they did for me. It wasn't always easy to hear. I'm sure I wasn't always receptive to it, but certainly the team feedback was important. The board is... I had a fabulous board of directors and got tremendous, both collective and individual coaching from them both, mostly when I asked for it. But sometimes it came even when I didn't ask for it, but that is another source. But one that I really enjoyed was shortly after I got into the position, I realized that there were several of us in the same geographic area of Westchester County, New York City area, that had similar backgrounds.

36:00 SR: Several of us came into our roles, having had a long career at the company, taking over successful companies from charismatic predecessors we had in common. There were four of us that sort of formed this quarterly CEO group and we'd dinner together, we'd rotate around the different places in Hanover. Sam Palmisano, who had recently taken over the CEO of IBM, and Ken Chenault, who had recently taken over American Express, and Jeff Immelt, who had recently taken over GE. We all became CEOs within six month of each

other, and we had then and still do have a friendship. I don't get together with them in the same way, 'cause Jeff and Ken are still in the job, and Sam and I are both retired, but we still see each other socially, and serve on boards together and so forth. But that was really helpful, because we weren't in competing industries and we had similar problems and challenges, and we could sit around and talk about 'em, we trusted each other to keep the confidences when we did that.

37:08 SR: Those were some of the areas, and then the last one I'd offer is something I suggest a lot to students, and that is to have a personal board of directors. People who you have close personal relationships with and, in many cases, have had it for a long time, who are willing to hold you accountable for what you say you wanna do. In my case, the chairman of that group was my wife, who... We've been married for 42 years, and she's not bashful in giving me advice, and keep holding me accountable. There were several other important people in my life, who have served in that role. I think that whole concept of a personal board of directors is really, really important.

37:54 SR: And not to belabor this question, but I'll just end with my point of view from having watched many leaders over my career, now that I'm at an age where I can look back and say that I've certainly seen a lot. And in my own challenges, I think the biggest single area that leaders need to really be thoughtful about, that is their own personal conduct, and their own personal character, and their own accountability. Because the biggest failures and the ones that are the most costly to the companies, to the families, to the associates of the companies, are personal failures that are often brought around by leaders who lose accountability and lose perspectives. And it's oftentimes not technical competence, it's more moral and character competence, and the execution that causes the problems. So long winded answer to your question, Justin.

38:57 JN: No, that's great. And I appreciate it as well, and that last lecture, your comments on character and this moral compass that guides you. And maybe this relates to the next question, 'cause I wanted to ask kind of three aspects

about leadership. I was curious, what leadership trait that you learned in the military, that you try to retain in your civilian career and strengthened you? But then, second, if there was anything in terms of leadership that you learned in the military, that you actually feel like you had to change when you got out, that you actually had to let go of and modify to succeed? And then lastly, if there was any leadership trait that you developed after the military that was really critical to your success in your civilian career?

39:49 SR: Well, there's a lot in that question, that series of questions. But I would start off by saying, I don't think that in my own experience of reflecting back in my own background and thinking about it in today's context, I don't think there's any difference in the basic, the most basic characteristics of leadership in the military or in the civilian world. I think they're just almost identical. The crucible of testing those characteristics are sometimes different, but the characteristics themselves are the same. And people sometimes think of them different, because they have a false understanding that say, for instance, in the military you just order people to do things and they get them done. That's no more true in the military than is in civilian life. It doesn't work that way. People don't respond, now in combat, that maybe a different situation, but it really isn't, because at the end of the day, if teams are well trained and there's a good communication and a good respect, then the relationships and the decisions, and the way they're carried out are very, very much the same.

41:07 SR: I think that part of your questions were how do you develop as a leader over time, I think whether you stay in the military or you get out, certainly as you grow, you have a different perspective on yourself and on life. But I don't think the most fundamental aspects of leadership are different. And for me, I saw these in the military, and I've seen them in the civilian world. One is what we just mentioned, character. And what is the moral compass? What are the traits and habits that a leader has that is so important to be able to get others to follow? We could go deep in that character, but I, for the sake of time, I won't. The second piece is competence. And competence, certainly in the military, you learn the importance of confidence and you're provided with training and testing and technical capabilities, and that's certainly important.

42:12 SR: The second part of competence is experience. You put the two things together. You take technical competence and capability and intellect, and you put it together with experience, and that's the picture of true competence. And I think it's so true in the military as well as it is in the civilian world. Many mistakes that have been made in the last decade and failures of business have been made. They've been characterized often by failure in character, and sometimes that's true. But oftentimes their failure in competence that ends up sometimes looking like character. So for instance, if a leader is not competent in accounting and understanding what's accepted in accounting, you can make huge errors that look like they're character, and maybe one way of looking at it would be character. But really it's not having competence. And it's extraordinarily important.

43:25 SR: The third area is commitment, and just being committed to the associates you work with, the mission of the organization, and the goals that you set. We talked earlier about grit. It's that ability to get knocked down and get up. And it's the strength of character that just committed to a vision and getting it done.

43:54 SR: And then the fourth one is compassion. And that's really caring for the people around you. Some people think compassion is part of character and it is. But I think the whole area of people and having the focus on others is so important it justifies being called out separately than just being a part of character. So those are the four C's that I think about in leadership: Character, commitment, compassion, and competence, that are just critical in any aspect of a successful life.

44:38 JN: That's great. One of the many reasons I was excited to connect was your most recent experience at Wake Forest, and just how you went from industry then to the front lines of education. I'm wondering how the landscape has changed now. Or maybe put a different way, if you were starting all over again right now and you were just leaving the Marine Corps, is there any way in which you'd approach your career differently today than you did when you first started out?

45:14 SR: Good question. First of all, I don't spend a lot of time looking back. I don't know if that's a fault or not, but I don't, and I don't second-guess. So I haven't given a lot of time to that, the nature of that question, primarily 'cause I consciously try to look forward. What am I gonna do next? Where am I gonna make a difference? What am I called to do going forward and use the experiences of the past? So I don't really think I have much of a substantial answer to your question. I'm sure on the edge there's things I would probably do differently, but not significantly. So maybe I would've gone straight to business school instead of had a year detour at IBM, but I learned a lot at IBM, and I met some great people. I worked for a tremendous organization. It wasn't a fit for me in the sense of what I really wanted to do and the passion that I had, but I don't regret it. So for what it's worth, that's just who I am. I think everybody's different and you have to understand yourself to be able to make decisions. But for me looking back has just never been something that has been very fruitful.

46:41 JN: No, I think that's great. And I think it's probably one of those things, too, if you're happy with where you're at right now, you realize everything, the good and the bad and mistakes and everything together, that all culminated in where you're at now, and you can't really pick and choose and remove or extract any of that. One thing I wanted to touch on as well is the fact that you've been married for 42 years. That, in many ways is even more of an accomplishment than everything you've done in your professional life. It's just so rare to hear that now. And for those who are listening, who are in a partnership, I'm just wondering if you have any advice on what you've learned in 42 years of marriage, and how to make that work, and how to make that something that's vibrant.

47:27 SR: One of the questions that I used to get often when I was in the business school world recently, and I get it in the professional groups that I speak to, as well. In fact, I spoke recently to a Harvard class of middle managers and we spent most of our time together talking about the subject and it has to do with balance. I think it is a struggle that every leader has about the balance that you have in your life. And I don't have a silver bullet answer. But I think it's something that it's important to think about and it's important to have, to find

boundaries that you have developed for your life and consciously thought about. Don't often live up to them but you at least have define them. And in my case, I think about it like a pendulum in a clock. Then if you think about the pendulum passing through the center point for a fleeting moment as it goes back and forth from one side or the other, that's sort of the way I think of balance in my life.

48:37 SR: I think there are fleeting moments when I'm totally balanced but they don't last very long. To me the secret in that is, one, to have your purpose in life well understood so that you can calibrate this balance, and then, secondly, what does that really mean. And, to me, I visualize it like keeping the pendulum or the arc of the pendulum in a defined space and not going from one end to the other. Probably, many people that are gonna listen to this have never watched the pendulum of the clock 'cause that's an old thing, but in the old days, if you had a pendulum clock and the arc went too far, the weight fell off. I remember I had a cuckoo clock and that's what used to happen. If the arc got too wide, the thing would just fall off.

49:31 SR: And that's what life is like. If you get that arc too wide, your life is not gonna work. What does that mean? Just to bring it down to a graphical example. Oftentimes I run into people who say, "Well, I have balance in my life. I'll go off for two or three weeks and be away from home and then I'll be home for the weekend." Well, that may work for some people but it doesn't work very often for families because kids aren't gonna wait until you're home for two days to save up all the things they wanna talk to you about and the times they wanna be with you and the games that they have. You have to be there in the moment or you've missed it. So defining that pendulum is, with your significant other and with your kids, if they're in the picture, and with parents, is really an important piece. In my way of thinking, it's, on a day-to-day basis, it may not always be perfect, but if it's not working on a week and then a month and then a six-month and then a year basis, it's probably a problem. I think that idea of developing the appropriate balance for your life is something worthy of someone's time and thought.

51:06 JN: That's great. Well, there's a hundred other questions I could ask but I know we're short on time and I always like to leave the last question just to turn the tables. And I know that I have asked a lot of questions but knowing that you have an audience of people on active duty and other veterans who have transitioned already for their civilian career, is there anything else that we haven't talked about that you'd want to share with them, advice on personal life or professional life or anything we haven't covered?

51:39 SR: Well, I'd start by saying for the people that are listening who have served and who are serving, I thank you for your service to our country and for your willingness to do that and my hope is that, in that service, you've learned and benefited from it and I suspect you benefited a lot more than you think you have. This goes back as long as I can remember. I think most of us in the military underestimate the value that we bring to the civilian world either while we're in the military, serving in our communities or after we get out. I'll never forget when I made the decision to get out and went to my commanding officer, a tremendous leader, wonderful person, who went on to be a three-star General. But he was really, I think, convinced that a military background, that you are just not gonna survive and succeed in the civilian world and that's just not true. And it's certainly not true today. Your service is more valuable to your potential future opportunities in the economy than they have ever been.

52:56 SR: When I got out during the Vietnam era, we were sort of in a downturn of how people thought about military service. But clearly now, the service to our country is valued and companies are looking for great leaders that can come in and bring the servant leadership that the kind of care for people that military leaders have been developed to do. So, my message, my single message would be, "You are lot more valuable, a lot better, a lot more capable than you probably think you are and don't ever lose confidence."

53:34 JN: That's great, Steve. Well, I appreciate your taking the time to speak with me. I just appreciate all the words of wisdom and just also the example that you are to a lot of veterans who aspire to that pinnacle of leadership in the

civilian sector. So thank you for the work that you have done and thank you for your time today.

53:53 SR: Great. Take care, Justin. I've enjoyed it.

[background conversation]

54:02 JN: Thanks for listening. Before you go, three important announcements. First, if you believe in what I'm doing and believe in supporting veterans in their careers, please, please, please help me spread the word. The best way I know to do that right now is by taking 18 seconds to write a review on iTunes. It would mean a lot. Second, based on my interviews, I'd advise any and all veterans to look at service2school.org and the American Corporate Partners. Both are completely free for veterans and give you a lot of great resources for your education or professional life, respectively. Third, there are a ton of other great interviews, resources, and data at beyondtheuniform.io. Check it out, share it with your friends, and drop me a line if you have any feedback, because I'd love to hear from you. Thanks, and see you on the next interview.