



Fairchild's
WWD/DNR
CEO Summit

November 2002
The Ritz Carlton
New York, NY

5 Truths & 5 Traits in 10 Minutes

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*Thank you Jim for your kind introduction. Kip, that was a great presentation. What a terrific company you've built with The Container Store! Congratulations to you. I want to thank Fairchild for the opportunity to speak today. I realize I have a tough act to follow. My presentation is called **5 TRUTHS AND 5 TRAITS IN 10 MINUTES.***

Two main messages:

***"5 Truths"** are the **consistent** indicators of companies that acquire and retain extraordinary executives. **"5 Traits"** are the **consistent** Qualities,*

Attributes and Characteristics of extraordinary executives, regardless of function or level. I'll be referring to "Qualities, Attributes and Characteristics" throughout and to save time, will call these the "QAC's". OK, 5 Truths first.

5 Truths and 5 Traits in 10 Minutes

5 Truths are:
Consistent Indicators of Companies that Acquire
and Retain Extraordinary Executives

5 Traits are:
Consistent Qualities, Attributes and Characteristics of
Extraordinary Executives



5 Truths

Truth #1

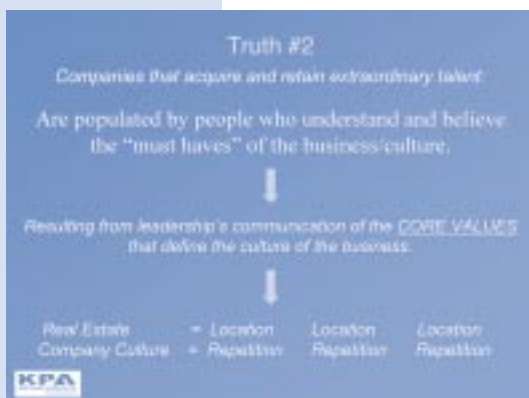
Companies that acquire and retain extraordinary talent define the Qualities, Attributes and Characteristics that are unique to their company and most important to their company. Now this sounds like a no-brainer but very few companies actually do it. **Of course** we all want smart people with high integrity. There are certain basics that all companies share in their core definitions of talent. However, if we each wrote down the 3 QAC's that most importantly reflect our definition of talent, few of us would have the same three definitions as our neighbor. We just don't all **define** and **view** talent the same way. Ask yourself: Do I know what my three would be? Do my people know them?



It's the **differences** in definition that make **your** company or culture unique. They are a reflection of **your core beliefs and values**. Identify and focus on those things that **make your company different**, what do you **REQUIRE** that others may not place as much emphasis on? Make these your corporate "must-haves". Get the buy-in with your team and then make sure everyone has them framed on their desks. Make sure your team "gets it" as part of the culture.

Truth #2

"Getting it" is what **Truth # 2** is all about – *Companies that acquire and retain extraordinary talent are populated by people who understand and believe the "must-haves" of the business, of the culture.* They drink the kool-aid, they walk the walk, they talk the talk – they are **PASSIONATE** about their belief in the business and the brand. They feel they are part of "the club". How does this happen? It happens when the leader or leaders in the business **express** and **communicate core values that come to define the culture of the business**. Set up your



company so that everyone knows the "must-haves" or the criteria to be in "the club". Ralph, Coach, Jones, Burberry, Limited, The Container Store – think about these companies – over time, the culture of each of these businesses becomes a reflection of the **core values of the CEO**, who transmit these values down and throughout their organization. We all know that real estate is location location location; company culture building is repetition, repetition, repetition. Communicate beliefs often.



Truth #3

*Companies that acquire and retain extraordinary talent are Opportunistically Acquisitive for talent. Not just based on openings. Not just lip service but time spent. CEO's of these companies spend significant portions of their time speaking to prospective candidates from other companies. They continually gather data and benchmark their own talent with what exists on the outside. They continually listen to other ways that people approach similar issues and problems. They gain new insights and get new ideas every day. Companies that win at talent make it a **habit** to speak with prospective talent all the time.*

Truth #3

Companies that acquire and retain extraordinary talent.

Are opportunistically acquisitive for talent.

Time commitment to gather data and benchmark internal talent.

Listen to gain new insight, information and ideas.

KPA

Truth #4

*Truth # 4 is a logical extension of # 3. Companies that acquire and retain extraordinary talent have a continual and conscious process of getting the right people on the bus and the wrong people off the bus. This terminology is from the book "Good to Great" by Jim Collins, which I highly recommend. The reality is that all companies have the classic bell shaped curve for talent – the bottom 20%, the middle 60% and the top 20%, **by our own subjective definitions**. While executives occasionally move from one group to another, I believe most remain in the group you categorize them in once you get to know them. Most of us agree*

*that to keep the bottom 20% on the bus is a disservice to both the company and the other 80% of your people. And, it's also a disservice to them, because the **reason** they are most often in the bottom 20% is that they don't have the QAC's that are required, that are the "must haves" in your company. Let them move onto someplace where **their** QAC's may be a better match. We've all seen people who fail at one company be successful at another where the culture is more attuned to who they are.*

Truth #4

Get the right people on the bus and the wrong people off.

Bell Shaped Curve

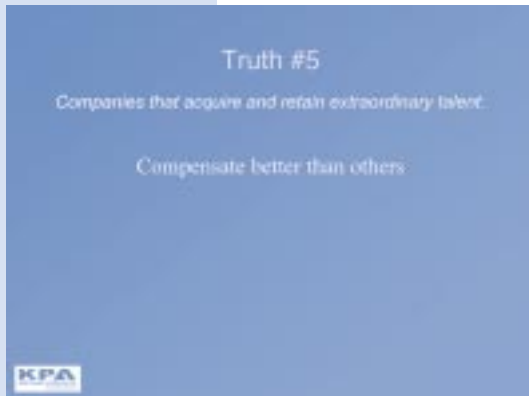
Bottom 20%

Top 20%

KPA

Truth #5

Truth #5 and perhaps cutting close to the bone – *Companies that acquire and retain extraordinary talent **compensate better than others***. If you have the financial resources, and almost every company here does, and you truly believe that people are the differentiating factor, why would you let dollars stand in the way? All companies have salary parity issues – you all have your lowest paid VP and your highest paid VP. That unto itself is not a valid reason. Frankly, companies that don't pay often have an unrealistic perception of themselves in the market. Some feel that people should take a pay cut to work for them. Egos get in the way, and compensation can become a complex power struggle. If your company makes the statement that you pay at "market averages" in your compensation program, your **implied** statement is that you have and desire to acquire "average" people. Companies that desire "above average" people pay above average rates. World champion companies pay top dollar for their talent.



Summary of the 5 Truths

So you see, these 5 truths are all linked together in a logical progression. Companies that acquire and retain extraordinary talent 1) first identify how they **uniquely define** talent. That unique definition becomes part of their culture and 2) these companies populate themselves with people who "**get it**" – they both possess and believe in the unique QAC's of your company. These companies are always in a learning mode and 3) benchmark their internal executive talent by always looking at what talent exists in the marketplace. To maintain their fiercely strong and unique culture, they 4) are continually moving the right people on the bus and the wrong people off. And 5) they don't let dollars stand in the way of acquiring the best talent.

- **Define the Qualities, Attributes and Characteristics that are unique and most important to your company.**
- **Populated by people who understand and believe the "must haves" of the business/culture.**
- **Opportunistically acquisitive for talent.**
- **Get the right people on the bus and the wrong people off.**
- **Compensate better than others.**



5 Traits

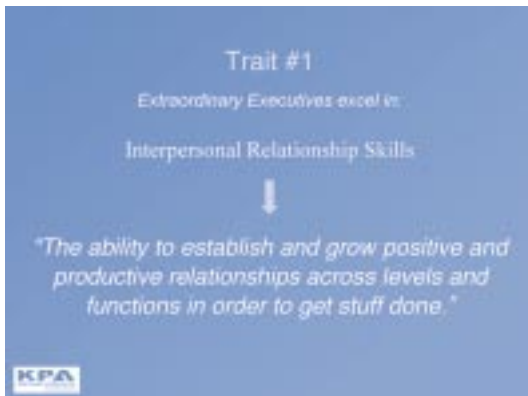
*OK, with 300 seconds left, I want to share with you the 5 Traits that stand out in **identifying** extraordinary executives. These traits transcend position, level and function. Here's what's important – almost everyone possesses these traits to some degree – it's not an either/or proposition - it is the degree to which one possesses these traits that differentiates between average and extraordinary executives.*

Trait #1

Extraordinary Executives excel in "Interpersonal Relationship Skills"

I believe this is **the most critical trait**. Almost all other positive traits are a logical flow or manifestation of this trait. Extraordinary executives are "relationship wizards". They possess **"the ability to establish and grow positive and productive relationships across levels and functions in order to get stuff done."** You should

integrate that definition into your daily thought process when assessing internal or external executives. There are a myriad of QAC's that people must possess in order to arrive at this outcome, this definition, but the fruition of these QAC's **results** in this definition. The degree of one's success or the lack thereof in business or in any other relationship transaction, is primarily tied to the degree to which they possess the QAC's that make up their repertoire of Interpersonal Relationship Skills.

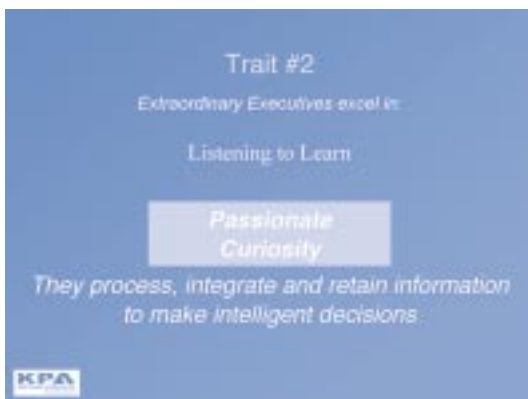


Trait #2

Extraordinary Executives excel in "Listening to Learn".

They possess "passionate curiosity – they love to learn. They are comfortable enough in their own skin to be a constant student – asking the right questions,

making others feel valued by seeking their advice, judgments, input etc. They have a **unique** ability to truly listen – they understand **content** and **feeling**. They are able to process, integrate and retain information so that it broadens their basis of understanding in order to make intelligent decisions with a full understanding of the ramifications of potential solutions.



Trait #3

Extraordinary Executives excel in "Proactivity".

They are not **reactive**, they are **proactive**. Here I borrow from Steven Coveys book, "Seven Habits of Highly Effective People". Look closely at what people do and we find that many tend to base their actions on reacting to others stimulus or direction

or crises of the moment. And that's ok because we need people who can react and execute. But extraordinary executives **innovate**, they **create**, and they are the **originators of ideas** that others then act upon. It may seem like a subtle difference, it's not. These people are the **fuel** that propels your ship, versus the **crew** that maintains the systems on the ship. You need both, but you can't get to where you're going without the fuel.

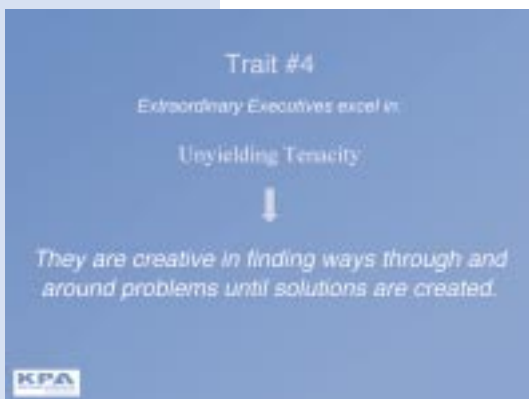


Trait #4

Extraordinary Executives excel in "Unyielding Tenacity".

They understand that obstacles are a daily fact of doing businesses. They refuse to let obstacles, however insurmountable, take control of accomplishing the task at hand or the larger objectives they or the organization may have. They are not whiners.

They are creative in finding ways through and around problems or roadblocks. Importantly, they don't allow themselves to become defeated; they pick themselves back up and go at it again with renewed vigor.





Trait #5

Extraordinary Executives excel in "Purposeful Passion".

Everyone has passion. But these people find the "right home" to fully exploit their passion. The "right home" means the right culture, the right people, the right value system and the right job, which allows them to maximize their particular skills.



Extraordinary bosses can maximize the fit by working to determine if the bus is the right one for them to be on in the first place, and then where on the bus to put them. People who love what they do, who they work with, the values they share with their company and it's colleagues, those people have "found their home" and their passion takes them to unimagined levels of commitment, drive and performance.

Summary of the 5 Traits

Extraordinary Executives:

- They excel in Interpersonal Relationship Skills.
- They Listen to Learn.
- They are Proactive doers vs. reactive executors.
- They possess Unyielding Tenacity.
- They have the Passion that comes from loving who they are with and what they do.

I thank you for your time and attention. I hope you find 5 & 5 in 10 to be useful as a framework to enhance the culture for talent in your business. Copies of the speech and PowerPoint are on our website. And with that, I'm happy to answer questions.



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