



CAPITAL CLUB RADIO INTERVIEWS TOM FRICKE

00:07 Intro: Broadcasting live from the Pro Business Channel Studios in Atlanta, Georgia, it's time for Capital Club Radio brought to you by FLOCK Specialty Finance. Please welcome your host, Chairman and CEO, Michael Flock.

00:24 Michael Flock: Good morning. Good morning and welcome to Capital Club Radio. We are delighted today to have one of our most distinguished investors of FLOCK, Tom Fricke. Tom is a successful CEO and leader in business, and also his personal life. He's got a very engaging story about how he's developed this philosophy of balanced leadership. And he did that through several years in some very important companies like HMSHost, where he was CEO. It's a North American and market leader in airport and turnpike concessions. Revenues of \$2.5 billion dollars. He was also CEO of Cartridge World, the largest retailer of re-manufactured and refilled ink cartridges. He was also VP of Asset Protection at Home Depot, and Chief Administrative Officer at Giant Eagle, and held multiple senior positions at Pepsi.

01:23 MF: Recently, he's transitioned from kinda the pure corporate world to one of advising. He has a company now called Fricke Consulting, and he is currently working with Morgan Stanley Private Equity on acquisitions in food services. He's also a strategic advisor to the board of a spa and wellness center company, and now also working closely with an e-commerce business platform that is entering a new vertical. Tom is a graduate of the US Naval Academy, and also obtained his MBA from Stanford University. So Tom, tell me about, with all these interesting experiences you've had, from the Navy to corporate and now as an entrepreneur and a consultant to some start-up companies, how did you develop this theory or this philosophy of balanced leadership?

02:13 Tom Fricke: Well, first of all, it's great to be here, Michael, so thank you for the great introduction. I guess a couple of ways. Number one, when you're in turnaround roles, you tend to get forced into the leadership crucible relatively quickly. And in my case, it started early. When you go to the Naval Academy, that is a big part of your education, is trying to understand leadership and what it means and how you do it. Because it is... While some people are born with innate skills, it is something that you can learn. It is a competency that you can develop. Certainly there was personal experiences, and then as well, I'm a big reader. I love to read. I typically read nonfiction for a whole lot of reasons. I've done a lot of military, read a lot on military history as well as business history. And it's really the observations you get from going through and following or understanding people like Patton or Churchill or Lee. And you start, I guess, at least in my case, I started building this framework or this model for what made them great and made them the leaders that they were.

03:32 MF: Now, when you think of Churchill, Patton and Lee, I don't know if balanced comes to... It's not the first word that comes to my mind. Those guys were really driven.

03:41 TF: Lee was probably the most balanced of any of 'em. And I think certainly the perspective of Lee was that he was pretty unique in terms of who he was and his character. But I think in all cases, you see... And that's... One of the challenges you have in the model is, and just sorta jump ahead, philosophically I think the really... The true great leaders try to maintain balance along key competencies or key characteristics of their personality. Whether they're strategic or analytic, whether they're humble or whether they're confident versus humble. There's about nine or 10 of 'em that I have. And part of the challenge is your personality typically isn't balanced. And I think if you look at... If you read a lot about Lee, he apparently had a ferocious temper. But he didn't demonstrate it. It was rare. He sort of kept it in check so that outwardly people thought he was this great guy. But there's instances where he gets alone or he gets with aides where nobody's around and you sort of see it. And that's one of the challenges is your personality's not balanced. You have things you like to do, don't like to do. And I think to be an effective leader, you've gotta understand your challenges and work to compensate them.

05:14 MF: It's hard to think of Churchill all the time as balanced, 'cause he had a pretty volatile temper, and I think Patton did and...

05:20 TF: But he also had a wonderful sense of humor.

05:22 MF: Right. Okay, so maybe that was the balance then, yeah.

05:25 TF: And so there were times where he sort of... In some ways he was balanced 'cause he did have a temper, but he also had this wonderful sense of humor and could diffuse difficult situations sometimes with humor. But yeah, to find some leader who's perfectly balanced I think is... None of us are perfectly balanced, and it's a question of how you deal with it.

05:48 MF: That's right. Now, you started kinda learning about leadership I think at the Naval Academy. What were some of the lessons there that you learned? It's such a great honor to get in. What inspired you to do that and what did you learn from that experience?

06:04 TF: Yeah, my earliest memory was telling my parents that's where I was gonna go to school. So I don't... And we didn't have a family history of it. It just is what I wanted to do and nobody really knows why. It was almost imprinted at birth. I was very fortunate to have that opportunity go through. One of the things that we learned there is to be an effective leader, you gotta start at the bottom. And you gotta understand what it's like at all levels in the organization. I think people forget that. And so that was one of the most interesting, and one of the reasons you go through plebe year. And at the end of plebe year, you'd go out into the fleet as the lowest level enlisted person. You do the really, really menial tasks on the ship. And it's important to remember. And one of the things...

07:05 MF: Was it difficult for you to be the plebe?

07:08 TF: I'm sorry?

07:08 MF: Was it difficult for you to be the plebe when you first started?

07:12 TF: It's difficult if you don't wanna be there. No, seriously. It's the kind of place where if you wanna be there, you understand that's part of the education. You just do it. And when I was at Frito-Lay actually, when I left consulting I went to work with Frito-Lay, and part of the training program before I became an area Vice President was I literally started by making promotional deliveries over Christmas in a route truck and then had my own route, and Frito-Lay was terrific about that. And so I had a route for a period of time, I had a district and you work your way up.

07:46 MF: Okay, so that's when you were in your plebe stage?

07:48 TF: Right, and you work your way up. And one of the things that I've seen, because I have been fortunate and blessed to do a bunch of turnarounds which are very difficult, is companies that struggle, and certainly my experience was the senior team didn't really understand the business. I mean, really understand the business. Because there's this arrogance sometimes that we think we can manage something and not really understand the processes behind it. And so for me, I have always... For example, at HMSHost we ran 350 Starbucks. I became a barista 'cause you're doing \$500 million dollars' worth of business, it's kind of important to understand how it works.

08:33 MF: And you don't understand it until you start at the bottom, you're saying?

08:37 TF: Right, really understand it. I used to work in plants. I used to pack boxes when I was at Frito-Lay because it really helps you understand. It does two things. Number one is it really helps you understand the business so hopefully you make better and wiser decisions because you understand the entire process. And then the other thing is it sends a really important signal to the organization.

09:02 MF: That you've done it.

09:02 TF: That you've done it and that it's important enough for you to learn it. I made it very visible that I was going to become a barista. It was a very important signal for me to send because when you're doing half a billion dollars in coffee sales and people don't understand it, you can have performance issues as a result.

09:26 MF: I'm guessing there are maybe two lessons here. One is you gotta start at the bottom to learn the process and at the same time it sets the example in the future as a leader because you're doing what you expect the people to do.

09:38 TF: Right. One of the things that I've always found is first of all, your organization will reflect your personality. And if you're quick-tempered, you're gonna tend to have a quick-tempered organization. If you don't take care of your

people, they are not gonna take care of your customers. That's a pretty basic thing. People tend to forget that, which is one of the reasons why I started thinking about balance. If you want a balanced organization, then you need to be balanced because if you're at the extremes, your organization's gonna be at those same extremes over time.

10:24 MF: You gotta create a culture to do that is what you're saying, then?

10:26 TF: Right. And the culture will be a pretty close reflection of your personality and your style. And so I think it's pretty important to maintain that. And then you get what you talk about and you get what you model. If you go to the organization and say, "This particular product line is important but I don't understand it. I don't know how it's made," it actually sends the reverse signal that it's, in fact, it's not important. At HMSHost one of the challenges we had was when I came on board, food quality wasn't a focus. And when I went out on my first couple of market tours we spent all of our time in the customer section. Nobody went back in the kitchens. And that sends a signal to the cooking staff that food quality is not that important because you're not going back into the kitchens. And so we made a point that whenever we did market tours there was going to be a period of time during that tour where you went back into the kitchens, you interacted with the chefs, you looked at the...

11:34 MF: Right, right.

11:35 TF: And you sampled the food, you did different things. And it sent a completely different signal to the organization now that we were focused against food quality and that we were worried about sort of the... Little subtle things. But you've gotta sort of again go back to balance. They were 100% customer-focused when I first got there. We started to spend equal time. It was as important for me to go see the kitchen as it was to see the customers.

12:01 MF: So did you, as a result of that, have new metrics, too? Measuring things they didn't measure before?

12:04 TF: Yeah. We created new metrics. And again, it's also a challenge for me 'cause I'd never been in restaurants before. What we actually did was I went to the chefs and I said, "Tell me the 10 questions I need to ask so people will think I grew up in the kitchens." And I memorized 'em. And I still remember. I think I could still probably give you eight of the 10 even though I'd never really worked in kitchens before. 'Cause when you do that, you gotta be sincere. And the quickest way to be sincere is...

12:35 MF: And the same as if you were a barista, I guess, for the coffee.

12:38 TF: Right. You couldn't go in and talk to a barista about product quality if you didn't understand their job. You just couldn't do it. And they would see it as an insincere effort because you hadn't gone to the trouble to learn what they do.

12:51 MF: Now, what about some of the other companies where you did turnarounds like Cartridge World? What were the lessons there?

13:00 TF: Well, my style has always been the same. I think when you go into a situation like that, I learned how to refill toner cartridges and ink cartridges. When I was in the... I was in a fighter squadron for three years as a support person, I was a Naval intelligence officer. I thought it was really important, there was this thing they did called NATOPS which was their emergency procedures. And they would have a quiz on the different steps they had to do inside the cockpit when there were different emergencies. And so I got backseat qualified and I took the tests with 'em. And I had the procedures memorized. I didn't have the first clue what any of it meant, but I had the procedures memorized. And they got the biggest kick in the world out of that. And actually I had I think the highest average at one point in the squadron. I had no idea where circuit 5A3 was, but I knew that if we were in a flat spin I had to make sure that that circuit was functional. It's just little things like that. I think it's really important that you really understand the business you're in and focus against it.

14:15 MF: Now, you also were in the grocery business at Giant Eagle. What were some of those lessons there that apply to balanced leadership?

14:24 TF: Well, the challenge Giant Eagle had when I joined was Walmart Supercenters were coming in and that was in the early 2000's. And at that point everybody thought that the scale of the Walmart Supercenter businesses would... If you remember, if you can think back that far, everybody thought Walmart Supercenters were gonna destroy the grocery channel, the traditional grocers were gonna go away. Philosophically, I felt that a well-run regional competitor that could flex its product portfolio and do some things unique to the region could compete. And so it

was a chance to go in there and sort of test those theories in terms of could you get Giant Eagle in a position where it could compete. And that was a situation where I think the senior team there was just overwhelmed with the idea of going up against Walmart.

15:23 TF: And the chairman that was there was probably the best merchant I'd ever been around, but had some operational shortcomings. And it was really around coming in and shoring up the operations to sort of support the strengths he had on the merchandising side. And again, that was the case where I think he did something. He brought in people who understood operations I think a little bit better than he did. And again, it's that, remember as I was saying before, we are who we are and we have areas where we are stronger or have biases. And in his case, he was very strategic. He was very merchant-oriented. He wasn't as operationally focused so he was bringing people in to help him. And sometimes you can be balanced. Sometimes you achieve balance by bringing in people to help you.

16:21 MF: So that affects your organizational development and scale of the business.

16:23 TF: Right, so the organization's balanced because I may not be the greatest operator, but I'm gonna hire somebody in who can come in and help me from an operations perspective.

16:31 MF: So the organization brings balance to you based on your history and your skillset.

16:35 TF: Correct. Correct. Sometimes you can provide that balance. Sometimes you need to bring in people to help you provide that balance.

16:40 MF: Right. Right. Now, in all these companies or divisions that you've run, you've got this stellar resume, but it wasn't all easy. What were some of the obstacles that you encountered when you were... In each one of those companies, you had to manage change. That had to be difficult.

17:00 TF: Right. Right.

17:00 MF: Give our listeners some examples of some of the adverse situations you found yourself in. And how did you deal with that, and how did that maybe apply to your balanced leadership model?

17:12 TF: Yeah well, most of my assignments or the roles that I've taken have been either turnarounds or businesses that may have been profitable but needed a pretty significant change in performance trajectory. And they've all had their adversities. And I think one of the things you learn as you get older is life is full of adversity, and you always have adversity. It's a question of the degree and how you deal with it. My first turnaround was actually in Puerto Rico where the bulk of the workforce spoke Spanish, and I didn't. I went down there without speaking any of the language at all. And part of my day started with Berlitz training as I tried to get at least somewhat competent. Although, admittedly, that was a bit of a fail.

18:01 TF: I got to the point where I could read, but our written history was all in Spanish. And so when you go into a situation like that, it adds a degree of complexity to it because when you go into a business that's struggling or you're going into a situation, you're trying to understand is it a problem with the business system? Is it a problem with the business culture? And in some cases then you also had to determine is it a problem with the culture of the local market. And then my second turnaround was in Australia, so at least the language was similar.

18:36 TF: But you still had those cultural things that you had to go through, so it added complexity to it. And you just had to find your ways around it. When we came through the US system at Frito-Lay, it was an incredibly well metriced business. You had data for just about everything, and the approach tended to be very analytical because you had all this data to support decision making. When you go to Puerto Rico, there was none. And so literally what we used to do for market share was I would take my senior staff and the marketing people to the playgrounds after school recess and you would look at what was in the waste cans and what was on the ground, 'cause you could see what kids were consuming. You have to get creative. At Host, we ended up creating a new metric. It was a metric that kind of existed but nobody was paying attention to.

19:32 MF: What was it?

19:33 TF: It was basically a way to calculate a market share for... It was the percent of people coming through a terminal that were purchasing from us.

19:43 MF: Okay.

19:45 TF: As opposed to not purchasing or... And obviously the goal was to try and get 100% of the people buying something on their way to the gate, and it was a different way to look at the business. Host tended to see themselves as a... See their customers captive, and there's no worse thing for a business to do than to view it's customers being captive. And we had some very early... Early on, we had some philosophical discussions around they're captive to the airport terminal if they wanna get on an airplane, but they are not captive to the dining experience in any way, shape, or form. And so by creating that metric, it allowed us to focus on different things. 'Cause when you think your customer's captive, food quality, as I said before, food quality, some of these things don't matter 'cause they're captive. But by focusing instead on the percentage of people coming through, all of a sudden you had to think about your business differently, and it allowed us to focus on more consumer-driven activity which made a big difference for the business.

20:53 MF: So changing metrics, I guess you're saying, is one way that a leader can change the organization's focus and processes, but what else culturally? Because I know in my own situation at Dun & Bradstreet, and earlier at AT&T, that when I was trying to change a division or a company there was sometimes a lot of inertia, organizational inertia, because people are so set in their ways. They've done it the same way for years and you're the new leader coming in. You haven't had the bottom-up experience necessarily that they have. They think they know more than you.

21:26 TF: Right.

21:27 MF: And how do you incite and incent and drive that change?

21:34 TF: Well, we were talking a little bit about before the show, I always... And certainly what I learned... I was blessed. I worked at Pepsi under two or three just absolutely phenomenal chairpeople, and actually I'd known the last four and had a chance to work very closely with three of the four. Well, actually all of the four. But what I would do is we always try to develop themes, and it would be the strategies that you were gonna employ. And to show you how powerful it is, I joined Frito-Lay right after Roger Enrico had gone in.

22:12 TF: Frito-Lay had been going through years of decline. He did the first ever layoff and restructuring of the business, and he came up with four things that the business was gonna focus on. It was going to take back the streets, which was around how do we drive market share and get volume going back again. We were gonna make quality a reality, so the money that he took out of the system through those layoffs in part was gonna be reinvested in getting the quality so that it was unsurpassed. It was going to be find a better way, which is all about productivity and how you were going to continue to look for ways to get costs out of the system so you can continue to invest in sales initiatives and quality, and win together, which was... This is 30 years ago and I still remember those four things.

23:00 MF: Right. Wow.

23:01 TF: And I still refer to those. And so we would always have those two or three key themes. You try to do it in a memorable way, in a clever way, so that people can really gravitate behind 'em. And then for me, there's nothing that's more powerful than being visible as the leader of the organization. And not just being visible, but then making sure that when you're out, you're talking about the key philosophy strategies and whatever you want to call them. Roger called 'em the imperatives, the four imperatives. And you just...

23:38 MF: So, it's also communications.

23:39 TF: You're constantly visible, it's...

23:40 MF: The four imperatives, that's also an element of communication, how you communicate that to the organization, and you institutionalize it.

23:48 TF: Correct, correct. And it's how you motivate the people. I had my little things. In Australia we had 2,000 employees. I sent everybody a birthday card 'cause I wanted them to feel like they were part of the broader organization. And when we were in Puerto Rico we created a thing called the President's Club. And we gave 'em a certificate and a shirt and a letter from me, that when we broke the organization up and then once a year you'd have the club, you get together. In the Latin culture, family's a big deal so we made the company a family. We made it a family and we tried to align the family on key themes and principles, and we tried to play up on that. I'm a big letter writer. When I do market tours, I would always when I came back, write.

24:39 MF: A real letter or an email?

24:40 TF: Oh, no, a real letter.

24:41 MF: So not just an email, okay.

24:43 TF: No, I'd get the names of key people that we met and again, this is where one of the lessons that I have these crazy things I always tell the junior, my new executives that are coming up. You don't understand the impact you have on your employees. I guarantee everybody underestimates the impact that they have on their employees. I was saying before, and it's one of the reasons balanced came up. If you are visibly angry, it will affect the morale of your group. If you react quickly, if you're quick to temper, people will be afraid to tell you stuff. And so you've gotta really be sort of... And I think people underestimate, all leaders have a tendency to underestimate the subtle... How much of an impact they have on people and how little subtle facial expressions how can impact their day.

25:43 MF: Right, right.

25:45 TF: And their approach on business. And so the story I like to tell, we were doing a market tour on the motorways and we stopped at a rest stop in Delaware. And there was this woman had been working for us for, I don't know, 35 years, long time. And she was the chicken breeder at Popeye's. And so I took 15 minutes and I said, "I want you to teach me how to bread chicken." Now, I did that not necessarily because I didn't know how to bread chicken, but it was more around recognizing this long term employee who was the character of the workforce, and she was very proud to show me how to bread chicken at Popeye's. And I sent her a thank you note when I got back. And we talked a little bit about the business and you kind of reflect on a couple of the suggestions or things you talked about.

26:34 TF: So a year later, I'm coming back to the same rest stop and I actually have a journalist from Italy with me who's coming into tour things. And when we pulled in, that woman was waiting for me outside the rest stop. And she came up and she grabbed me, tears in her eyes, and she gave me this big hug. And she said, "I couldn't believe that you sent me this letter. And I was telling my church group how the CEO had sent this letter to me and they didn't believe it. And so I took it off the wall." She actually had my letter framed and it was in her house, to take it in to people. Now, I wish I had spent more time thinking about the letter now. But it shows you the impact it has on people, just recognizing them for what they do for the business. And to this day if I show up, Miss Regina is probably gonna be waiting for me because the simple little gesture of sending 'em a thank you note, thanking them for 35 years of service, talking about some of the things that we talked about that might make quality better or help drive some costs down.

27:54 MF: Part of driving change then is that personal touch, that personal communication that becomes institutionalized in the culture that you've created as you try to put in place let's say a new business model, or a new product or a new process.

28:09 TF: Yeah sure, because as you're coming in and you're changing and you've got these initiatives that you're driving that you believe are gonna drive change, number one, you want honest feedback 'cause sometimes you get it wrong. And in fact, every turnaround I've ever been successful in is ultimately turned around because of initiatives that I did not envision when I got there. [chuckle]

28:30 MF: Right. That's interesting, there were surprises.

28:32 TF: Yeah, you go in with this framework...

28:33 MF: Give us an example.

28:35 TF: Well, when we went into Puerto Rico, I was told that the challenge was that they had gone away... They used to do bag inserts for the kids like the old Cracker Jack where you had the toy inside. And they discontinued it for cost reasons, and I was told that if you just put those inserts back in everything'll be fine. Well, it turned out that the whole value proposition was wrong. And it required a whole lot of work because you had... They were treating Puerto Rico like it was a tourist market and 80% of the consumption was actually local. And pricing was a hell of a lot more relevant for in local markets than it is in a tourist market, and so your entire price structure was wrong. And so you had to go find and restructure overhead to find pretty substantial price reductions to get yourself... And so it was a completely different... We went in with this, "Oh, we're just gonna drop some inserts in the bag and it'll be fine." And we ended up having to do major re-structuring in the overhead structure, we had to get price points different, we had to do a lot of different things. Never was contemplated when we got there.

29:45 TF: In Australia, the typical business model for Frito-Lay was going to a market leader, go in, buy the market leader, and then bring in your global brands like Frito-Lay or Lay's potato chips and Cheetos. And that's what they had ultimately done in Australia and it was failing. The big insight that took me two years to figure out, 'cause sometimes you're not as quick as you'd like to think is, in the Australian market, I used to joke that it supported two and a half brands. You had a market leader, you had a number two, and the trade there concentration was really high so the trades sort of managed who won and who came in second. And then there was a third brand that kept rotating through 'cause it would go bankrupt and had to bring a new one in 'cause they managed it in third. And Lay's and Cheetos were sort of our seventh and eighth largest brands, so we were absolutely nowhere. And so at one point, I don't know if it's still the case, but I was the only general manager in the history of Frito-Lay to take the global brands out of the marketplace.

30:50 MF: Mm-hmm.

30:51 TF: And so we discontinued trying to push Lay's and we went back to the original brands.

30:55 MF: Wow! That's a radical change.

30:57 TF: It was very radical, and I was fortunate to have a boss that supported it 'cause you can imagine going into corporate and sitting down with the chairman and saying the big idea is to take our corporate brands out. And fortunately it worked. Fortunately, I had a boss that supported it. But it took us two and a half years to figure that out. And that was never, ever contemplated when I went in.

31:19 MF: It took two and a half years because you weren't successful?

31:22 TF: Well, no. We went in with this, "Here's the playbook and here's what we were gonna execute." And we tried and tried and tried and we're getting nowhere. And then one day we said, "Geez, maybe it's more radical."

31:32 MF: So essentially you embraced adversity by going back to what Frito-Lay was...

31:36 TF: Yeah, and you think outside the box. It was the reverse of what had worked around the world. And so it took us a while to figure that one out. I think you go in with preset conditions or preset ideas of what's gonna work and you have to... And again, balance is... Part of the balance is you have to be patient 'cause sometimes strategies take time. Murphy works in corporate America, so usually what you try first doesn't work 'cause it's Murphy's law.

32:11 MF: Right. And patience wasn't exactly a strength of Churchill, Patton, or Lee I don't think. Maybe with Lee, but I don't think Patton or Churchill were very patient.

32:20 TF: Well yeah, but he also fought a war for eight years.

32:23 MF: Yeah.

32:24 TF: You're yes and no. Yes and no. And that's where you have these biases, and part of the balance is you roll these plans out and when they first don't work, is it 'cause the plan's wrong? Is it because you didn't execute appropriately? And so you're constantly trying to decide, "When do I give up on this initiative?"

32:41 MF: Right. Right.

32:43 TF: And how do I know when it's time to go to something else? In the case of the Australia situation, it took us two and a half years to figure out we were going down the wrong path, or two years. And we plugged along

32:55 MF: So at some point patience can be a liability, right?

32:57 TF: Oh, absolutely.

32:58 MF: You wanna persevere up to a point, and if the model isn't working...

33:01 TF: Correct. And that's what I mean, you're constantly struggling with, "Have I given this the time to work versus am I ending it prematurely? Where am I on that spectrum? Do I need to ride it more? Do I need to modify it?" You always struggle with that. You always struggle with that.

33:19 MF: Tom, as we wrap this up today, I've got the matrix here or the diagram of leadership characteristics that you shared with us earlier. How can you prioritize these? You've got eight of 'em. Strategic, analytic, confident, directive, innovative, aggressive, long-term, patient, encouraging, emotional. How do you prioritize these? And how

are you also using this model with your current new consulting business? The work you're doing with Morgan Stanley and also the spa and wellness center, and now this e-commerce company. How do you prioritize? And can you give our listeners some final examples of maybe how you're applying this to your current consulting business?

34:02 TF: How you prioritize that I think is the function of the issues that you face. For example, should you gravitate towards strategic issues or tactical issues? I think some of that's gonna be when corporate's coming in, you got your three years strategic plan coming up, you tend to live in the strategic side of the business because of the realities of the business dictate that that's what you need to do. Some of it for me is a function, and that is one of the challenges is to understand the issue you're facing. Patient versus impatient. And that's a tough one to tell. You're looking at an initiative and it's not working and you have to... Sometimes it's intuitive, sometimes you have to look at it and say, "Do I give this more time? As the time goes..."

34:52 MF: Well right, 'cause sometimes maybe balance isn't always the answer, is it? Maybe you don't wanna be patient if the house is on fire.

34:58 TF: Well, that's what I mean. I think, and we didn't really get to fully talk about it, but I think to me there are times where you have to be imbalanced. There are times where if you look at short-term versus long-term, if you go in and you can't make payroll or your cash flow forecasts are saying I got... You gotta be impatient, you gotta do things right now in order to make the situation. And so to me, the challenge is how do you know when you leave the balanced position? How do you know in which direction you go? And then more importantly, how to get yourself back again? Because when you're facing tactical issues you see a lot of businesses that fail because there's a strategic problem, but the CEOs are sort of wrapped up in tactical issues and misses the big picture. You see businesses that struggle because the CEO's very strategic and doesn't understand that at the plant level they got a problem.

36:03 TF: And it's constantly how do you go back and forth, and the challenge that you've gotta look at and develop and the skills you gotta develop are twofold. The business situation that you're in is always going to knock you out of balance. You're always going in one direction or another in any one of these attributes, and so the question is how do you get yourself back again, and then how do you compensate for your personal biases, which also sort of tend to knock you off balance.

36:31 MF: Right, right.

36:32 TF: And so I used to always say to people, "The greatest acting challenge in the world is to be a CEO," because there'll be times where you're scared to death but you can't let people see that. And I used to tell people... One of the common gripes that you see in executive teams is the budget's too hard, crazy budget. I used to tell people, "You will never know ever my true belief of that budget." Because you just can't do that.

37:08 MF: Well, you have to be authentic though, right?

37:09 TF: You have to be authentic but you have to be authentic in terms of your leadership, but there's certain things you don't want to be. 'Cause the minute you go into your senior team and go, "Oh, this budget next year, sheesh." You just sent a signal to the organization that you...

37:25 MF: You can't make it.

37:26 TF: Right. And I've been blessed with great people that've always worked with me and for me, and I was learning the sales system at Frito-Lay. And they called it the doc disease, this guy called it the doc disease. If you go onto a Frito-Lay route truck and ask the guy how the business is going that week or that month, and Frito-Lay was just an incredible machine in terms of performance delivery. They would always tell you it's slow.

37:55 MF: Yep.

37:56 TF: 95% of the time they'd go, "Oh yeah, it's slow." If you said, "Oh, that's too bad." Or, "Maybe it'll pick up next week." You've just sent a signal to the guy that it's okay to have a bad week.

38:08 MF: Right.

38:09 TF: And he was phenomenal at, "Well, I was down to talk to three other guys and they're having a good week. And have you done this? And you've got Kroger, have you done the specials at Kroger?" And so you have to be authentic in terms of who you are, but there are some things you can lie about. And I would never, I would never tell

them whether I thought... The only thing they ever heard from me was we were gonna hit budget, period. We were gonna deliver it. And I was authentic sometimes in terms I would say, "I don't know how yet, but we're gonna get there."

38:43 TF: And so I think that's part of... So when you've got personal things, you've gotta figure out how you overcome them publicly, and you've gotta find your ways to vent or go sort of express your concern, do your thing. The great people I've always worked for sort of were balanced, had that balance, and that's where it came from. They were demanding but they could be patient in other ways. They'd get angry but then they would be incredibly patient. They'd be strategic but then wouldn't be afraid to go out in the plant, get tactical and really understand it. It's that ability of moving around the spectrum and making sure that somehow you get back to the center and that the challenge of knowing when you've gotta go to one of the extremes.

39:32 MF: So it's that flexibility, that depth-ness, that's situation-specific is what you're saying?

39:39 TF: Right. You wanna be in the middle on average but you can't live in the middle. You've gotta sort of be bouncing back. It's easy to forget sometimes and it's sometimes easy and hard, easy to forget or hard to get yourself back into a balanced position.

39:56 MF: Well Tom, thank you very much for your time this morning. We're looking forward to your book on balanced leadership and all these great stories that you've shared with us. And we look forward to also hearing more about your success as CEO of Fricke Consulting and the turnaround work that you're gonna be doing with your clients, so thank you very much.

40:16 TF: My pleasure. It was great to be here.

40:17 MF: Alright.

40:18 TF: Thank you.

40:18 MF: Thank you.

40:21 Close: Thank you for joining Michael Flock and his guests on the Capital Club Radio Show. For more information on future interviews, please visit us at FlockFinance.com.

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