Book it: Best bets for board reading

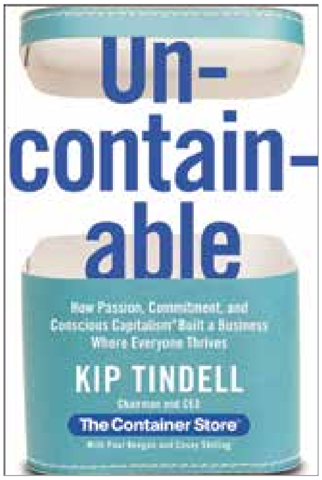
From a roundup of new books, insights on mentorship, executive team underperformance, enduring traits, director interlocks, doing an IPO . . . and the value of your noncustomers.

Why we went public

From **Uncontainable** *by Kip Tindell. Copyright ©2014 by Rufus Tindell LLC. Published by Grand Central Publishing (www.hachettebookgroup.com).*

On November 1, 2013, we rang the bell at the New York Stock Exchange, signaling our debut as a public company. The day was absolutely stunning, with more than 120 employees, family (my Dad included!), and friends of the company joining us on the trading floor as we launched our ticker symbol, TCS.

Our decision to go public, which we knew would affect so many people near and dear to us — well, as you can imagine, it wasn't made lightly. My seven years on the Whole Foods board helped tremendously as I watched and learned how a public company would operate under the tenets of Conscious Capitalism.



Why did we make this dramatic move after 35 years? In short, to get more stock into the hands of our beloved employees and to maximize autonomy of our culture and management team. As I've said over and over again, it's been a longtime dream of our leadership to find a way for more employees to own a part of the company — and the IPO allowed us to make that a reality! This path also gives us a more visible stage on which to continue creating a company that we hope others will choose to emulate — and that's so inspiring to think about.

As part of our IPO journey, we were also thrilled to add to our board a dream-come-true group of business leaders who all embody the principles of Conscious Capitalism.

Kip Tindell is chairman and CEO of The Container Store and has been at the helm of the company since the first store opened in Dallas in 1978 (www.uncontainable.com).

A midsized company's most vexing problem

From **Mighty Midsized Companies** *by Robert Sher. Copyright ©2014 by the author. Published by Bibliomotion Inc. (www.bibliomotion.com).*

Tolerating dysfunctional leaders is a particularly serious problem for midsized firms. They generally don't have the luxury of a large leadership team to support weak links in the executive chain. The average midsized firm that I work with (from $20 million to $400 million in revenue) has five to 10 people in the C-suite. Compare that with the 41 corporate-level executives at Ford (a $143 billion company) or the 15 at Western Union (at $5 billion, a much smaller company than Ford).

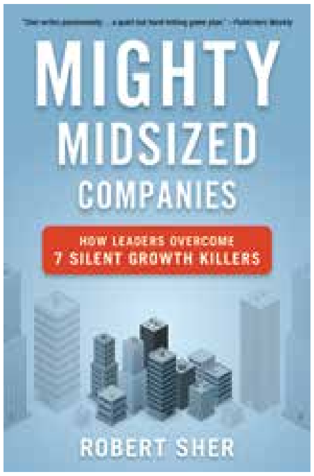
Two or three weak links out of 30? Not a big problem.

Two or three weak links out of six? Big problem.

Having participated in meetings with hundreds of CEOs of midsized businesses in the last five years, I have found their most common complaint is the underperformance of their executive team members. While they tell one another to dismiss these managers quickly, they almost always postpone the firing. However, once they do the deed, we hear how a demoralized executive team, driven to despair by poor-performing peers, is suddenly reinvigorated.

Edited by James Kristie. Excerpts printed with permission of the publishers.

My own research and consulting experience tells me that loyalty to underperforming executives is a central leadership problem at midsized companies, and one that if allowed to continue will assuredly kill a company's growth.



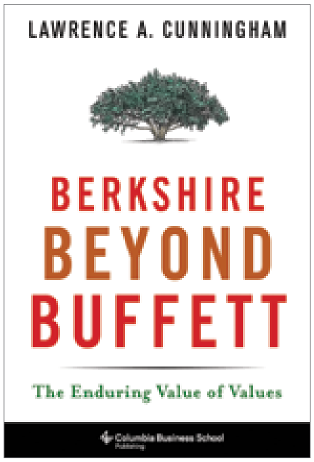
Robert Sher is the founder of CEO to CEO, a consulting firm coaching more than 80 midsized company CEOs and their management teams, helping them facilitate the expansion of their companies (www.ceotoceo.biz).

Berkshire Hathaway: Yes, it will endure

From **Berkshire Beyond Buffett** *by Lawrence A. Cunningham. Copyright ©2014 by the author. Published by Columbia Business School Publishing, an imprint of Columbia University Press (www.cup.columbia.edu).*

I began researching this book after widespread praise for Warren Buffett became paradoxical: his goal has been to build Berkshire Hathaway into a lasting corporation, yet even great admirers say the company cannot survive without him.

Although much has been written about Buffett as a person and as an investor, there has been scant treatment of Berkshire as an institution. My hypothesis was that Berkshire has distinct features and a strong corporate culture that will endure beyond Buffett. I understood that to identify and explain that culture would require looking beneath the familiar surface of Buffett's philosophy — acquiring great companies run by outstanding managers. I would need to start at the top but then look at each part, especially Berkshire's 50 significant direct subsidiaries.



I also appreciated that I might not find what I was looking for. Perhaps there was no Berkshire culture and no common ground among the subsidiaries. Conglomerates do not necessarily have discernible corporate cultures, especially if each subsidiary operates independently or if the parent's rationale for acquisitions is as simple as buying a good business at a fair price. Corporate culture can be a mystery at the simplest of companies; that of Berkshire can seem tantamount to explaining the rings of Saturn.

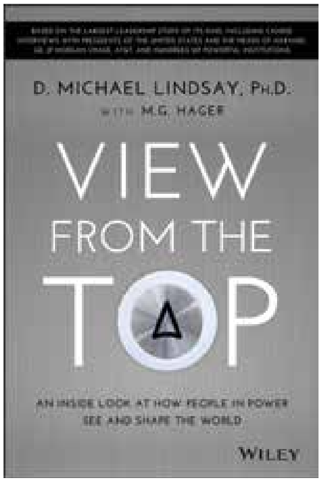
The clues quickly added up as a pattern emerged: when profiling each subsidiary, the same traits began to appear repeatedly, nine altogether. Not every subsidiary had all nine, but many did, and most manifested at least five of the nine. Moreover, the traits shared a common feature: all were intangible values that managers transformed into economic value. A portrait of Berkshire culture crystallized. It is distinctive, durable — and unique to Berkshire. What's more, it is this culture that I think will allow the company to endure upon Buffett's departure.

Lawrence A. Cunningham, editor and publisher since 1997 of *The Essays of Warren Buffett: Lessons for Corporate America*, is the Henry St. George Tucker III Research Professor at George Washington University (www.berkshirebeyondbuffett.com).

The irony of interlocked boards

From **View From the Top** *by D. Michael Lindsay. Copyright ©2014 by the author. Published by John Wiley & Sons Inc. (www.wiley.com/business).*

One of the most contentious and yet recurrent ways senior leaders exercise power in society is through overlapping board memberships, what scholars call "interlocking directorates" or simply "interlocks." The tendency of boards of for-profit firms, policy groups, nonprofit organizations, and even universities is to share members. A CEO wants to fill a board with knowledgeable and trustworthy individuals, so she chooses people she knows and who are proven industry leaders; inevitably, there is overlap.



There are hundreds of academic studies of interlocks from the past four decades. Some have argued that the closeness of these networks allows for class cohesion and collective action among senior leaders, concentrating even more power in the hands of these already powerful people. Others, however, say that while there is interaction through these interlocks, not much really gets done.

I did not find evidence of much collusion or political unity emerging from these interlocking directors. I did find that interlocks limited the number of voices in the conversations at the highest levels of corporate and nonprofit life. They also keep some people from underrepresented groups from joining the global elite. For instance, black women — such as Ursula Burns (CEO of Xerox), Ruth Simmons (former president of Brown University), and Shirley Ann Jackson (president of Rensselaer Polytechnic Institute) — are among the most interlocked directors, serving on multiple boards. This at first appears empowering, but consider this irony: More boards are able to boast of the inclusion of females and underrepresented minorities, while because of interlocks, fewer women and minorities are received into the matrix as a whole.

Dr. D. Michael Lindsay is president of Gordon College, Wenham, Mass. He has worked with dozens of organizations to increase their leadership capacities.

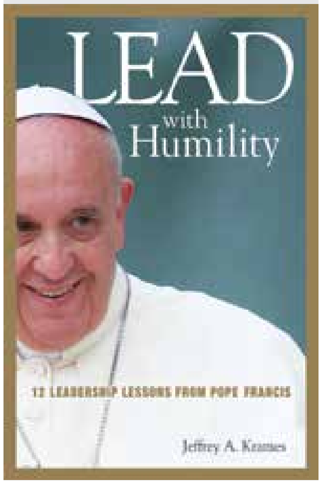
Your noncustomers will help you succeed

From **Lead with Humility** *by Jeffrey A. Krames. Copyright ©2015 by the author. Published by AMACOM (www.amacombooks.org).*

Pope Francis's ultimate goal is to personally reach as many of his flock as possible, and he wants all church leaders and members of the clergy to do the same. He wants to bring people closer to God regardless of religion, race, and sexual preference. Your goal in the world of business should be analogous. You must reach out to the outsiders — your noncustomers — to be successful.

Peter Drucker called potential customers *noncustomers.* It was Drucker who said that 90 percent of the information gathered by any institution comes from *inside* that organization. That is where most organizations get it wrong, explained Drucker; they need to look outside — for example, to the marketplace — where the most important things happen.

There is a meeting of the minds between Pope Francis and the late Peter Drucker. These two thinkers also agree on ways of detecting real change: Francis talks about change in the way people feel about their religion, spirituality, God, and the Church, and for Drucker it is about how managers detect change that might make their "theories of the business obsolete."

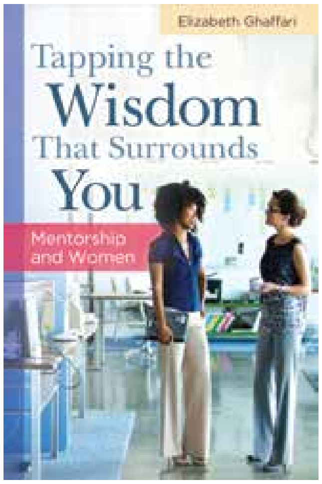


Drucker has written much about the importance of describing one's customers; however, in his 40-plus books, and in other venues, he has also spoken of the importance of noncustomers. "The first signs of fundamental change rarely appear within one's own organization or among one's customers," he said. Instead, it is the people who are *not* buying your products or services who will "almost always" expose the changes that will soon affect your own institutions in profound ways.

Jeffrey A. Krames is the CEO and president of JK Literary Services. He is a bestselling author of *The Rumsfeld Way, The Jack Welch Way* and other popular business books (www.jeffreykrames.com).

The gift of mentorship

From **Tapping the Wisdom That Surrounds You** *by Elizabeth Ghaffari. Copyright ©2014 by the author. Published by Praeger, an imprint of ABC-CLIO LLC (www.abc-clio.com).*



A mentee is a protégé — someone with talent worthy of future development. Not everyone can be guided by a mentor — only individuals with some inherent initiative or willingness to take on challenges will be worthy of mentoring. Real protégés are those who possess special talent —unique and valued skills that if honed properly might actually improve the quality of the profession or the art. Protégés respect and admire the mentor as someone who is wiser and more knowledgeable — someone whom they would like to emulate.

The goal of a mentor-protégé relationship is that each party be prepared to perform her appropriate role in the face of shared challenges. The mentor does not teach the protégé directly but, rather, pushes the protégé out into a sea of learning experiences in order to grow. If the protégé matures in the process, she returns from that experience possessing even greater judgment and value.

The reality of modern life is that the one who seeks to grow is also the one who must do the search and the learning. The wisdom surrounds you. It is up to you to identify the talent you believe is worthwhile, the lessons you wish to incorporate, and the role models whom you would like to emulate in your own manner, fashion, and style. The wisdom of mentors is everywhere —in your memories, the stories you tell yourself and each other, the pages you read, and the people you meet. How you tap that wisdom and make it your very own is the gift of mentorship.

Elizabeth Ghaffari is president and CEO of Technology Place Inc., a corporation that delivers strategic technology advisory services to U.S. and international business clients (www.technology-place.com).