

THE EIGHT COMMON TRAITS OF BUSINESS LEADERS

Michael L. Omansky,

Associate Professor,
Business Division, Felician University,
Montross Avenue, Rutherford, USA.

ABSTRACT

There are eight traits among successful business leaders that lead to substantial business successes. We can learn from these examples on where the successes emanate from.

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Introduction:

There are many characteristics inherent in leadership, and business leaders are no exception. However, when we look across contemporary business leaders, we can identify key elements that are part of their success. Here are the eight traits of great business leaders.

Have a Vision:

Howard Schultz, CEO of Starbucks, grew up very poor in the projects of Brooklyn. His family struggled to make ends meet, and a football scholarship to college became his way out. He became a salesman, and called on a free-standing coffee shop in Seattle called Starbucks. Starbucks back then sold coffee to be ground and taken home. Any coffee for drinking in the store was a small sample to help determine what type of coffee beans a consumer would want to purchase.

A trip to Italy gave Schultz a vision of a very different Starbucks – one where people would gather socially, and even linger over a quality cup of coffee. The Starbucks owners didn't share his vision, and Schultz left to start his own small chain of stores (Schultz, 1999).

Four years later, Schultz returned to buy Starbucks for \$3.8 million, with money that he didn't have himself. Schultz had to convince bankers and investors that people would pay \$2 and more for a cup of coffee his way – quality coffee plus a unique in store experience -- as opposed to the 50 cents to 75 cents going rate at the time for "ordinary" coffee.

In 2001, the Fertita brothers purchased UFC (Ultimate Fighting Championship) for \$2 million dollars. They brought in Dana White, who had worked with fighters, to be President and "face" of the company, with a 10% ownership stake.

Before White, UFC had been seen as barbaric, unorganized, of limited interest, and banned in most states. The new group saw it differently: controlled, a sport of great skills (boxing, wrestling, and martial arts), understandable rules for the fans, relatable championships, and a major pay-per-view growth opportunity.

In 2001, there were a total of 140,000 pay-per-view buys in the U.S., across all events. In 2010, it was 9 million, of which over 8 million were UFC (Miller, 2012).

Sell their Ideas:

The late Steve Jobs, CEO of Apple on multiple occasions, was a great salesman. He founded the company; was thrown out in the 1980's; and came back in the late 1990's as the company was financially troubled. Upon his return, Jobs orchestrated multiple aesthetic and financial successes, including the iPad 2001, the iPod in 2010, and iPhones in between. They key was that he sold the products both internally – to Apple employees on their merits – and externally, personally launching the products to the press and the world. Jobs explained the product value very simply, why they were created, and why they would benefit consumers.

iPod disrupted the music industry, and changed the rules of music storage and portability for consumers. iPad created a new market. Prior to 2010, people didn't own tablets. Now 3 year olds can use a tablet.

Go with their Instinct:

Back to Howard Schultz and Starbucks. In the mid 1990's, Schultz wanted to expand internationally. His first stop would be Japan. He hired a consulting firm

to examine a Japanese opportunity. They found for many reasons it wouldn't work, including a perceived unwillingness of Japanese people to walk on the street drinking a cup of coffee. Schultz paid the firm, but ignored their findings. His instinct was that Japan would work. Long lines awaited the opening of his first international outlet in Tokyo, and that begat the global expansion, Schultz went with his gut.

Are willing to Change?

Now we go back to Dana White and UFC. In January 2011, White said that he would never hire a woman to fight in the UFC (Popkin, 2015). In summer 2015, Rhonda Rousey, a top female fighter, just missed breaking 1 million pay-per-view buys for her UFC main event match. White changed his mind, and acknowledges that it was the right decision. He was willing to change based on a changing environment.

The landscape has many companies that died as the world changed around them, and they "held their ground." Blockbuster, with a 1980's business model of home video rental and real estate (real estate meaning good locations) missed the world's switch to "sell through" video as the dominant purchasing force of consumers, meaning videos were now being purchased to own, not rented as much.

If you were the biggest manufacturer of pagers in 1995, where were you in 2000 after cell phones hit a critical mass in the marketplace?

What happened to Kodak, and the sale of film for cameras and developing our photos?

What happened to prices for music albums on CD (plummeted) as the iPod and internet both took hold?

Have an Approach that Works for them:

Indra Nooyi, the CEO of Pepsico, says that she brings her heart and her head to work, and that the heart is just as important. She brings emotion to her role; Pepsi employees are her family.

Jack Welch was Chairman and CEO of General Electric (GE) for 20 years (1981-2001). He cut businesses that didn't work, or he couldn't have a dominant position in. He cut loose the bottom 10% of employees regularly. He rewarded the top 20%, making some rich. The market value of GE, under his leadership, went from \$13 billion in 1981 to over \$200 billion in 2001 ("John F. Welch, Jr."). These people had different approaches, but each had an approach that works for them.

Are Influenced by Personal Experiences?

Howard Schultz (Starbucks CEO), grew up poor in Brooklyn and saw his father disabled with no financial safety net. Schultz's father was out of a job, and had no money coming in. Schultz's company, Starbucks, offers health insurance to employees who work 20 hours a week or more, as well as stock. This

paternalistic approach was based on what he lacked in childhood – and he doesn't want his employees to face a similar scenario.

Have a Passion for What they do?

Sir Richard Branson had a passion for music. He started his Virgin Empire with a mail order record business in 1970. His net worth today is estimated at \$4.9 billion ("The World's Billionaires", 2015).

Martha Stewart grew up with a deep interest for homemaking, gardening, cooking. She would ultimately turn this into Martha Stewart Omnimedia, with a current market cap of \$367 million.

Vince McMahon, founder and chairman of the current World Wrestling Entertainment, wanted badly to be in his dad's wrestling business. Vince Sr. tried to discourage him, but the son prevailed. Vince McMahon has now lived the business seven days a week, for decades. At age 70, he is worth \$1.1 billion personally ("The World's Billionaires", 2015), with no signs of stopping as long as he breathes. He loves the business, and the world of reality and fantasy that he has created.

Make a Decision on what is or what isn't Competition:

In the book, *12 Disciplines of Leadership Excellence*, authors Brian Tracey and Dr. Peter Chee tell us "Choose your competition, and plan on a competitive response."

Ziad Abdelnour, Chairman and CEO of Blackhawk Partners in NYC, says don't focus too much on competition. "Ignore the noise, because what others are doing is out of your control. Be aware of players in the space you are in, but focus on getting to the top of your game." (Abdelnour, 2015, Page 1).

Renee Mauborgne and Chan Kim, in the 2005 best-seller *Blue Ocean strategy: How to create an uncontested market space and make the competition irrelevant* suggest creating your own market space with no competition. Examples include Cirque de Soleil (redefined the circus, including firing the animals, eliminating language, targeting adults, and raising ticket prices) and Yellow Tail Wine (cheap, has no cork, sweet, simple choice or red or white, targeted to non-wine drinkers).

In all of these characteristics, the leaders and companies involved have demonstrated traits that have exhibited both leadership and success.

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