

Something Extra EP 010 – Bob Chapman

Lisa Nichols: Bob, I'm so honored and humbled to have you with us today. I am a huge fan. I know a lot of people are huge fans. Barry-Wehmiller, your name is out there. You guys are really transforming, I believe, the way people are thinking about leadership today. I'm just so honored to have you with us today as our guest.

Bob Chapman: It's a pleasure to be here. I appreciate the opportunity the share this calling we have, to make the world a more caring place.

Lisa: Let's jump right in. Tell me a lil bit about growing up in Ferguson, if you would.

Bob: As I look back in my childhood, I would say, in terms of where I've come to. My childhood was a very normal childhood. I was an average student in a public school system. Wasn't really turned on academically. I was kind of a class clown. It's hard to believe. I wouldn't say that my childhood really shaped the message. Just think of me as a typical Ferguson kid who got in trouble occasionally. Had good friends. Ended up giving speech at the graduation of McClure High School in Ferguson. I think back on it, I just was gifted with a positive personality. I've always had this positive outlook on life. That's allowed me to get through the many challenges we all experience with thinking that things were meant to be and we can learn from every experience.

Lisa: Where do you think that came from? I know that your parents were very instrumental in your life. Was it just Bob Chapman and how Bob Chapman was born? Or?

Bob: I honestly think. It was how Bob Chapman was born because I have this eternally optimistic attitude that things happen for a reason. If we embrace life that way then we learn from those experiences we had. Learn more from the challenges we have than the good things we had. There's an old expression, somebody told me one time, you only grow one way when you eat ice cream. Good times, do not necessarily make good character. I would say to you, I grew more from the challenges than I did from the experiences. I was not close to my father until I was in my early 20s. I graduated from college. He was an accountant by background. When I passed the CPA exam it was the height of my dad's pride in me because it took him 3 times to pass the exam. I passed it the first time. That was the first time he experienced that. My mother was just a supporter of mine but I wouldn't say that either my dad was kind of a pessimist my mom was a simple Iowa farm girl. I believe some higher power blessed me with these personality traits that have allowed me to deal with the issues that I face in my life.

Lisa: Well, there's so much packed in there. I'm a big believer to. It's not always fun, the hard challenges right? That we go through. That truly is where we grow. I believe.

Bob: There's no question that I look back on my professional, personal career. It was the most traumatic moments of my life. That shaped what my life has become. I look back and say thank God that I had those challenges or I wouldn't have allowed me to think and grow as I've been able to do to shape the message that I've been able to embrace in this journey I've been on.

Lisa: I think that's going to be really encouraging and some hope to some of our listening audience. Ferguson means a lot of things to a lot of people. What does Ferguson mean to you today?

Bob: I would say to you that Ferguson means to me, good basic values. I believe here in the Midwest, here in Ferguson. Here in the St. Louis area. It's a wonderful place to be raised as a family because we have good Midwestern values. When I look back in Ferguson with a great deal. I enjoyed my life in Ferguson. We lived in a very simple house. One bath, 3 bedroom house in Ferguson. It was some very normal life. Nothing unusual about my life. 2 sisters. Ferguson is just the foundation for my value system. My parents were from Iowa which were pretty simple backgrounds. There's nothing unusual about my background that would account for the journey I've been on other than good values. Good Midwestern values that I think Ferguson embodies.

Lisa: I couldn't agree with you more. The values here is something light.

Bob: It's a great place to raise a family.

Lisa: Right. More people come to St. Louis and start your businesses and move your businesses here. We kind of talked a little bit about it. You became an accountant. You passed the CPA exam. Did you work for Price Waterhouse?

Bob: Right. That's what I wanted to do. I wanted to become a partner. If you ask me, why I became an accountant. I have no idea as a teenager. I wanted to be a gentleman farmer. My grandfather was a farmer, I spent my summers on the farm. When I found out that my longtime girlfriend was pregnant in college, I was pretty much a barely passing student in my first year in college. I found myself in the accounting profession. Pursuing an accounting degree. That's why I always the greatest challenge, tremendous feeling of society judging you when you find out that your HS girlfriend is pregnant when you're 19 years old. When I look back on that, it gave us a phenomenal son. I went from an equivalent from a barely passing student in college to a straight A student who graduated with honors. I don't remember every thinking about that. I've felt like a loser because I've lived in a trailer court in a little mobile home. Most people lived in campus. It clearly brought out of me something I didn't know I had which was academic skills. Virtually got straight As after I found out that Liz was pregnant with our child. It clearly changed my life. It was really a pivot point. Sometimes you only learn when you look back at something. At the moment I just felt humiliated. What am I going to do? I don't remember thinking this that I'm a loser that my life is now going to be shaped by this. My response was clearly, I'm going to make something of my life. Earn the respect of my son and be a good steward of my wife and academics were certainly a path to do that.

Lisa: You stepped up. I think it's your positive outlook on life though. Again, probably thinking that things don't happen by accident.

Bob: I couldn't agree more. I look back at the things that happened in my life. Many challenges that I've faced and there's no question that shapes the way I think and who I am and it grounds me because I don't ever forget those experiences.

Lisa: Well, let me ask you this. Did you ever think when you were getting your CPA and you're working at Price Waterhouse, did you every think about being a CEO one day?

Bob: I think my focus ever since I took up accounting in my sophomore year in college was to be a partner in a public accounting firm. My dad had a background in Arthur-Anderson in St. Louis. My dad and I didn't have much of a relationship so that was never a factor in my decision. My dad had invested in the 1950s about \$30k to make a small investment in this family owned company that was struggling. In the 1965 era, a factoring company in Chicago that lends against your assets, offered to lend the company money to retire the way Miller stock some small amount of money and my dad's \$30 will become 57%. My dad stepped into a leadership to owning the company. About 1965. I don't ever remember any interest in the company whatsoever. We never talked about

the company because it was always challenged, struggling, my dad had poor health. My aspiration was a career in public accounting. It has never occurred to me that I had any aspiration to be a CEO.

Lisa: Some point, your dad invited you into the business.

Bob: What happened was as I passed the CPA exam which was a momentous occasion for my Dad because he was a CPA. When he saw his son who he had mixed feelings about what I would turn out in life, passed the CPA exam in the first sitting. All of a sudden, he started talking to me about business. He called me over and asked me advice and ideas but I still wanted to be a public accountant. One day, he said to me. Would you ever consider working for the company? I need somebody I can trust. I have never thought about it? My mom cried. You 2 will hate each other. What my dad and I said is, you're kind of a pessimist and I'm an optimist. We have to promise each other, this was critical to our relationship, if something is bother you, you're going to tell me and I'll do the same. That's got to be the foundation. We began the journey that way. It was so bad when we started and my dad had a practice with his secretary with opening all the mail in the company looking for somebody who might be trying to cheat him. That's the environment that I stepped into in 1969.

Lisa: A little toxic.

Bob: He just had people disappointed him. He didn't feel he could trust his leadership team. I was a breath of fresh air to my dad and I came in with unbridled enthusiasm what I learned with my school education and a little bit price because I've only been a public accountant for 2 years. That's how the journey I began with my dad, somebody he could trust.

Lisa: We talked about 1 life interruption. You also had another when you were 30 years old.

Bob: I was at dinner with my parents in St. Louis, they were leaving for Australia the next day to our joint venture in Melbourne. Had a nice dinner with my dad and he woke up the next day and died of a heart attack. At age 30, the interesting thing was dinner that night at the local restaurant steak n shake. My dad has said to me, you know you're kind of running the company now. You ought to have the title of EVP. That's the last thing my dad said to me. Before he passed away. I had worked at the company 6 years. My title was somebody he could trust, I worked throughout the company and learned. When you look at a clock it looks simple. Underneath that face, there's a lot of gears that have to come together, synchronized to provide accurate time. I was given the beauty to look behind the face of the business to manufacturing and sales and joint ventures and accounting, supply chain. All the functions that I accounted my intellectual curiosity. When my dad passed away suddenly, I was ready. The beauty is that, my dad dies in October, we were 3 months into our financial year. The company rarely ever made its budget. Struggled. Had banking relationships but they weren't strong. They were okay. When my dad passed away in October of 75, within the first few weeks our bankers announced that they were going to pull our loans. Because here's this 30 year old kid.

Lisa: What does he know?

Bob: In hindsight, my dad passing away. A little bit like when I found out that my first wife was going to be with child, dramatically changed my life. When my dad died within a matter of few weeks with each other. I said, I'm not going down this way. I threw my energy into that company. Immediately. The balance of the 9 months and the 12 months, the company had the most profitable year in the history of its company. I paid back our debt. The banks had a new appreciation for me. The company had the most profitable year in its history in the first 9 months I ran of the 12 month year. The good news is that we got through the banking issue. The bad news is I got over confident. I had such a win so quickly. That it appeared that I had the golden touch which began a journey to building this company to have a future.

Lisa: That's really interesting Bob. What did that do to you internally? I've seen that happen before. If you have success too quickly, you can get overconfident. Over prideful. Pride is not a good thing. What did it do to you internally?

Bob: it gave me a sense of confidence. To have a profitable year in the 100 year history of the company within the first 9 months of me running the company. It continued on. The company was 18 million when my dad died. Within 4 years, I took what I'd learned in my MBA program. What I learned from business and started some growth initiatives to give the company a future and it looked like everything I touch turned to gold. The company grew from 18 to 72 million between '76 and 1982-83. Then everything that it look like was gold, ended up having issues. Not that anybody could see those issues because we were dealing with major corporations, major initiatives, tremendous support the banks were giving us support. The company hadn't grown since the early 1900s. It was an amazing feeling to talk of St Louis. Talk of the organizations because we're just exploding with growth and solar energy. Electronic inspection in Denmark. Filling systems with the miller brewing company. Serving AB growth. Every dimension was dramatic. Just like anything, once success seems to come too early. You don't learn as much from it. Very successful initiatives but each one started developing challenges which ended up giving us the third, my first wife getting pregnant, my dad passing away. Now we're at 55 million in sales. The banks suddenly pulled on me this time in 1983. It was much more traumatic then in 1975 because we're much more dependent upon the banks. It was dramatic. The bank 1 day said to me, you're one of our most highly valued clients, we believe in you. The next day, they said, we don't understand what you're doing. We want to pull our loan. It was dramatic. I learned so much more when I didn't have money when I did. When the banks made it easy for me. The amount of learning was limited. When the banks pulled on me, I was paying 22% interest at the time. I was in prime plus or whatever. I learned more in the 9 months to re finance the business than I ever learned in my life. That shaped who we became today.

Lisa: I want to dig into that.

AD: We're going to take a quick break and we'll be back with Bob Chapman.

Lisa: You left us with a little cliffhanger there. We need to tell our audience, what did you do? Here's another life interruption. You weren't expecting the banks to call the loan. What did you do?

Bob: I'd had this tremendous trajectory of growth, awareness in our community in our industry of this phenomenal growth. From 18 to 72 million in 4 years. With the full support of our banks. They basically told me along that journey, make sure you tell us how much money we need so you got to count the money you need. When they suddenly pulled the loan because we experienced with some issues with some each of those growth initiatives. Related financial issues of warranty expense. Inventory write downs. The very bank that supported me in that growth was the first to pull. I came back from the meeting with the bank where they told us to grow. I don't ever remember saying, oh my god what are we going to do? I remember saying, we got to get through this. The responsibility of a leader in any organization is to give the people in your span of care a grounded sense of hope for a better future. In this situation, dealing with the crisis. I'll give you an example. I called a meeting and the intensity of this with our global leadership team. We declined from 72 million to 55 million. We had some operations in England so people came from England and had about 12 people in our board room. I said, Saturday morning, let's get a cup of coffee. My financial director said, you know Bob I forgot to tell you. They repossessed our coffee maker, we haven't paid them in 6 months. I said, you know I don't ever remember liking that coffee. I had this positive attitude towards. We'd have crisis. I remember our healthcare. My personal director said, we haven't paid our healthcare premium to the insurance company in 3 months. I'm afraid they're going to cancel on us. My reaction was, if they do we'll just pay the premium ourselves. We won't use the insurance company. My family would say, my wife and kids would say, they don't remember me coming home and bringing it home to

them. The positive attitude, we're going to find a way through this. Let's just keep going and be creative. I would say, we spent 9 months being turned down by financial institutions. They would say, we could lend you and you've done so well and they'd look at it and say sorry we couldn't. Finally we got, asset based lending out of a company in Chicago called Citicorp because somebody's father used to work in our shipping department. His son worked for city corp. He went the extra mile to try and make it happen. We got refinanced, 9 months later with a, like going in a dark alley with a guy in a dark suit with an envelope. That's what asset based lending can really be. Traumatic. We got refinance after 9 months but we lived day to day on cash. We negotiated with vendors every day. Can you give me a little bit, I'll give you a little bit of money. I'll pay you a bit more. It was day to day. When cash came in, what do we have to pay so that we can build things? It was a whole book that could be written on what it's like when you don't know every week whether you're going to be able to pay your people. At the end of that, we got refinanced by Citicorp. It's like having a new surround your neck. The key, I had studied a company called Emerson Electric and a gentleman called Chuck Knight. Who grew his company from a billion or something to 20 billion through acquisitions. Kind of mature businesses. I went to my finance team after we got refinanced. I said to my finance team, I'm proud of our history. But our history doesn't give us a future. We need to find a way through acquisitions to create a future for our people. My finance department said, the obvious thing, you forgot something. We only have 1 problem with that idea, we have no money. Repeat after me Mr, chapman, We have no money. This is probably the single most important thing I ever did. I looked at my finance team, I said I didn't tell you I needed money. I told you we need to do acquisitions and I walked out uninhibited by the fact that I had no money. Began doing acquisitions. It's a bit like saying, I'm going shopping but I don't have a wallet. What do you buy when you have no money? You buy things nobody else wants. The series of 5-6 acquisitions that I did between 84 and 86. I brought in incredible intensity because everyone was a life defining moment for me. If any one of them failed, we were dead. I had no room in our financial. The beauty is, those came together. The idea surfaced again in England. What if we could sell of these acquisitions in the public market? Get enough money to pay off our debt and we'd have a new beginning. That looks like heaven to me, I was so tired of no credibility with financing. Even though the Citicorp people were tired of us. I would say to you that was a transformative opportunity for me. We began to do acquisitions to give our people a future. Because we were so broke we brought incredible intensity to each acquisition to make sure that they work. That's what transformed our company. I don't know if we had had plenty of money to do acquisitions. The fact, if anybody tells you, if you're not successful, you're going to die. You're probably going to work hard to be successful. That environment of fragility in the financial terms cost us incredible intensity to make sure that these really eclectic acquisitions worked. It brought up creative sayings, to shape broken companies, to give them a better future.

Lisa: There's so much in there that I love. That just turns everything upside down. You usually don't look for a struggling company to buy.

Bob: There's plenty of those out there that I was able to buy.

Lisa: Let's talk a little bit because I really want to get to who you are today. I feel like that right now, Barry Wheeler, there's so much great buzz out there. You guys are the gold standard as it related to how to lead. The leadership model. I want to get to this. This is called something extra. Bob, what do you think is the something extra that every leader needs to be a great leader?

Bob: What I would say that every leader needs to be a great leader like What I was blessed with by some higher power which is to see people in a different way. To see them. The most transformative revelation I had was that wedding story. Many of your listeners have had the experience of seeing your child wed to another child and having great hopes for the marriage. I was experiencing this wedding. As I saw my friend walk his precious daughter down the aisle, as he got to the altar, he said her mother and I give our daughter to be wed to this young man. He sat down next to his wife with great deal of pride watching the ceremony continue. In my mind, as you can sense, went to a different place. That's not what that father wanted to say having walked my 2 precious

daughters down the aisle. What that father wanted to say when he got to the alter is, look young man, her mother and I brought this precious young lady into this world. We gave all the love that we could possibly give so that she can be who she's intended to be. We expect you through this marriage to continue to care for as she will care for you so you can both be who you intended to be. Do you understand that, young man? All of a sudden, I said to myself. Oh my goodness. All 12000 people that work for us around the world are somebody's precious child just like that young lady and young man. Until that point in time, I saw people that work for me as functions. That's receptions. That's an engineer, that's an accountant. That's an IT person. I didn't see them as somebody's precious child. That transformed me because when I realized that, it changed my whole view of the stewardship of the people whose lives are entrusted to me because when you think of people not as function but as somebody's precious child and you know that you got them in your care for 40 hours a week and that you will be the most positive influence on their life, it changes everything when you stop seeing people as functions. I always say, I took a management classes in college. I got a management degree and I got a job in management. So what I try to do? I try to manage people. It was about me and my success. I was never taught to care for the people I would experience in my journey in my life. I was taught to use people for my success because we define success as money power and position. I know many people with all 3 who are miserable in life. That is not a truly successful life. It was interesting to me, when I was interviewed for an article. The writer said to me, name 3 people you'd like to have dinner with. I've never been asked that before, there's a guy named Ken Blanchard who wrote a book called the 1 minute manager. Man of deep faith. Very simple ideas on leadership. I said, boy I'd love to have dinner with Ken. 2, I'd love to have dinner with Ronald Reagan. He believed in the goodness of people. He had vision for our country. He led it with simple elegance. Do I get 3? I said, I'm going for a big guy. I'd like to have dinner with Jesus Christ. What a cool guy to have dinner with. That was published. It still amazes me, within 2 months of that article being produced. A gentleman emails me his name was Ken Adelman he worked for Reagan in the white house. He helped negotiate with the Russians. Ken emails me, bob, I just watched your TED talk and Reagan would love the wedding story. That's about as close as I'm going to get to Reagan. It really touched me that somebody worked intimately with Reagan with 8 years in the white house. Reached out to tell me that Regan would've love the wedding story. That's a coincidence that I just named Reagan. I'm in a dinner in San Diego, a leadership guru conference. A gentleman taps on my shoulder and says Bob, I just had dinner with Ken Blanchard. He loved the wedding story and he wants to talk to you. I thought, oh my god. That's number 2, I'm not ready for number 3 yet. It was astounding to me that I had said that. These voices came out all related to people who I would love to talk about this journey we've been on from success to significance. I would say that the wedding story is an all the talks I've given around the world. That is the one that resonates with people because we're kind of taught to use people for our success. We're never taught to care about people because we define success as money power position, not leading lives of significance and responsibility for his love to us. The wedding story was the one that really helps people understand when you look at the people that you have the privilege of leading, as somebody's precious child, and you know you're going to have an impact in their lives. Profound changes everything.

Lisa: I love that. I'm so glad that you're able to meet with Ken and that's wonderful. Bob, there's a couple of things that I love that you say. What do you build? What do you do? I love your quote, we build great people. Another one that I know that I'm going to carry with me personally is that always look for the goodness in people. There is goodness in everyone, there is goodness there. Sometimes you really have to look hard for it but there definitely is goodness. Those are quotes that I'm going to take with me. Talk to us a little bit. Your company has turned things upside down in terms of how you lead. What are you doing with this gift that you've been given? Is there something that you want to talk to our listening audience about, and how they can get more connected and learn more.

Bob: One of the things that I was blessed with in this journey of revelation. 10-12 years ago, somebody encouraged us to do a video about our unique company. This was when we were much smaller and evolved in our thinking. It was during the Clinton - Lewinski scandal. If you go back to that environment, it was disappointing to

our country, political leaders, and our business leaders. We had been challenged to do a video of our company's success. The marketing team did all these nice expressions. Getting towards the end of the video, they came to me and said we want to talk about our success growth in sales, profits, customers. The burden of where we were as a country in terms of trying to look up to leaders but these issues had to develop. A thought occurred to me that has profoundly shaped that I'd like to share with listeners, I said. We just find success all wrong in this country. We define it as money power position. We are going to measure success by the way we touch the lives of people. That became our guiding principle. Measuring success by the way we touch our team members, customers, community. We don't beat up suppliers. We don't take advantage of people. We're going to measure success by the way we touch the lives of people. That became the foundation of our belief system. Our values and everything we needed to. We could look at that statement and make decisions all day long about caring wellbeing stewardship because we had this now. We measure success by the way we touch the lives of people. When Washington University 2 organizational development professors a few years back, to interview me because they heard about this. They interviewed me for an hour at the end of the hour, they said, you're the first CEO we've ever talked to that didn't talk about our product. I thought a moment, we've been talking about our product for the last hour. It's our people. I will not leave this earth proud of the machines we built. I'll be proud of the life we built. These thoughts that developed over this period of time really shaped this feeling that we've been blessed with. A leadership model that could profoundly change the world as we know it. I believe it is the way that we are intended to work and live together. Where people validate the worth of each other in their journey and the successful lives are those people who serve others in the pursuit of significance. What we've done because we feel that some higher power chose us to show the world the way we were intended to live and work together where we value and care for each other. We not only teach within internally how to transform managers into leaders. A lot of my leadership practice was shaped by trying to be a parent and trying to be good to the 6 kids we were blessed with. At the same time, I was trying to fix this broken business which I told you about previously which was about management. I define management the manipulation of others for your success. Leadership is the stewardship of the lives entrusted to you. People talk about needing to find people to bring your organization. I think it's a matter of building a safe bus, which is your business model. You then need leaders to know where to go and how to get there safely. Anybody that gets on the bus is going to go to a good place. Our responsibility as leaders is around people, purpose, and performance. It starts with understanding that our primary responsibility, the people we invite to join us around the purpose to inspire them to share their gifts fully towards a common vision. We have to create value. If we don't create value, we can't be good to our people. It's a continuous cycle. All 3. People, purpose, and performance in harmony. Human value and economic value in harmony. That is the world the way it was intended to be. And we have been blessed with a model that allows us to create that for the people we have the privilege of leading. That is our leadership criteria. We teach people internally in our university to care because we realize we couldn't send them back to university because we teach management and we need to teach leadership. We created our own teaching content. From that, we learned that listening is the most powerful act of leadership. We have taken from our university to my nonprofit called, our community listens and we have a branch in cities around the country. We have one right here in STL where we teach people empathetic in 3 days because when I thought when you cared for somebody whenever you talk to them. It turns out, when you care for somebody, you listen to them with empathy. To be present to listen to them. Finally, we decided that this message was so powerful we needed to share it to the world. We created the leadership institute. Where we're looking for early adopters. People who believe what we believe and want to join us on this journey so we can start healing as a country. When you look at our country right now. With the lowest unemployment in 50 years. Peace in the world and people are not happy. We thought when we had prosperity in peace. We are giving the people the ultimate environment. What we haven't created is a world where the people feel valued. We live in a society where we use people for our success instead to care for people for our success together. We can do great things. We feel that we have this calling to share with the world. What we were blessed with which is a model that cares for the people we lead. We found out in this journey that the person you report to at work is more important to your health and family doctor. We also, when we teach people to be leaders in our company. 90% of the feedback is how it affects their marriage and the way they raise their kids. We

realize now, if people are not cared for 40 hours a week. It affects their health, and family. Business could be a powerful force for good if it's simply cared about the way it treats the people they have the privilege of leading.

Lisa: When you think about that. Truly the leadership model could change the world. When you are doing that with people that are entrusted to you, they're going to go home. They're going to be happier at home. They're going to have a more fulfilling family life. There's just a domino effect there.

Bob: It speaks of a church in Charlotte. They have program called a leap of faith. How do you go from Sunday to Monday? This is exactly how the book everybody matters. Is how we care for the people we have the privilege of leading in our life. Whether we're at home or we're at work or in our community. When you think of the issues we face today in our society. Where people don't feel valued. How can we ever be raising kids today when their parents come home from work not feeling valued? When my granddaughter graduated 2 years ago from Aspen High school. Everybody else was cheering as they were 158 students walked up to get their diploma. I had tears in my eyes because I know the world we were sending my granddaughter into. A world where 88% of the people don't feel valued. My hope is, that by standing up and sharing on this podcast. Preaching wherever I can. This caring message that we can transform the world to the way it was meant to be where people genuinely care for each other. This is not an American issue, it's not a business issue. Every facet of our society, people are hurting because they don't feel valued. We have customers in Russia who come over to look at our equipment and come back and want to talk about our culture. They want to bring this culture to Russia. I believe that this is the answer to the world peace where people value each other because they don't feel used, but valued. My message is to try and share this in any way I can and I appreciate this opportunity. Your interest in this message, I feel that it isn't our message. It's a message a higher power has given us because it's a message that would heal the world as we know it.

Lisa: Thank you so much, Bob. Thank you for being with us. For inspiring us. Your deep convictions. Your willingness to stand up for what you believe is right because I'm with you.