

WHAT CAN WE LEARN FROM GREAT BUSINESS LEADERS?

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There are many leadership lessons that can be extracted from the lives of great business leaders like John D. Rockefeller, Henry Ford, Alfred Sloan, Sam Walton, Jack Welch, A. G. Lafley, Steve Jobs, and Bill Gates. Although different in personality and style, these leaders showed talent at a very young age, persevered in achieving their goals, surrounded themselves with the best people they could, worked hard and with great discipline, had great confidence in themselves, and were creative and innovative in managing their businesses.

The field of leadership studies has frequently focused on political leaders like Abraham Lincoln, Mahatma Gandhi, Winston Churchill, and Nelson Mandela. No doubt that there is much to be learned from the lessons of political leaders; however, when it comes to developing leaders in the field of business it seems logical to find the lessons that can be learned from the lives of great business leaders.

John Davison Rockefeller, Henry Ford, Alfred Sloan, Sam Walton, Jack Welch, A.G. Lafley, Steve Jobs, and Bill Gates are the business leaders selected to extract lessons from. They are among the most recognized business leaders in the world.

An effort was made to connect the leadership lessons obtained from these seven prominent business leaders with current leadership theory.

Leaders' Formation

John D. Rockefeller was born in Richford, New York, and educated in the public schools of that city and in Cleveland, Ohio, where his parents moved in 1853

(Wildman, 1920). His parents wanted to send John to college, but he was anxious to go to work. After graduating from high school he took a college accounting course for ten weeks. He started working in 1855 as assistant accountant in a small wholesale produce commission and forwarding company. After a year of work in that company, Rockefeller and M. B. Clark launched their own produce firm. He later organized a new firm with Samuel Andrews to refine and trade oil. In 1870 he founded the Standard Oil Company. Eight years later the company controlled the vast majority of the oil refining and distribution in the United States. In his autobiography, Rockefeller (1908) recognized that his father tutored him in the principles and methods of business. He was also grateful to his many friends and partners.

Henry Ford was born in 1863 on a farm in Greenfield Township, Michigan. According to one biographer (Canales, 2014), Ford was devastated when his mother died in 1876. Three years later he left home to work as an apprentice machinist in Detroit. He later returned to the farm, always showing a great deal of interest and aptitude in working with machines and engines. During this period Ford also studied book-keeping. In 1891 he became an engineer with the Edison Illuminating Company. In his spare time he was devoted to experimenting on building a car and later Thomas Edison supported his research. In 1899 he left the Edison Company and founded the Detroit Automobile Company. Early efforts to produce a good quality and low price car were not successful and the company was dissolved. However, Ford persisted and in 1901 founded the Henry Ford Company, which in 1903 became Ford Motor Company (Ford, 1922).

Alfred Sloan was born in 1875 in New Haven, Connecticut. He received a thorough technical training, graduating as an electrical engineer from Massachusetts Institute of Technology in 1895. With his father's financial help, Sloan bought a company that manufactured bearings for car companies. In 1916 his company was acquired by General Motors where he had a very successful career, rising to vice president in 1923 and chairman of the board in 1937 (The Editors of New Word City, 2014a).

Sam Walton was born in 1918 in a farm home in the small town of Kingfisher, Oklahoma. His family moved

several times and the young Walton took a variety of jobs to help his family during the Great Depression. However, he was able to study, graduating from the University of Missouri in economics in 1940. His classmates voted him “Permanent President” of the class. Walton began working at JC Penney as a manager in training, but two years later he went to work at a DuPont munitions plant in Oklahoma. Then Walton joined the Army, where he earned the rank of captain. In 1945, after leaving the Army, he began to manage a store of various goods, introducing new management methods that would be crucial to its success. In 1962 he opened the first Wal-Mart store in Rogers, Arkansas (The Editors of New Word City, 2014b).

Jack Welch was born in 1935 in Peabody, Massachusetts, in a home of Irish immigrants. He became a chemical engineer and obtained a PhD degree at the University of Illinois in 1960. That same year he began working at General Electric and in 1981 he became the youngest CEO in the history of the company (Welch, 2001).

Alan George “A. G.” Lafley was born in 1947 in Keene, New Hampshire. Lafley spent a year at the Sorbonne, in Paris, after graduating from Hamilton College, New York. According to Precourt (2003), Lafley recognized the value of his college education. A career in business was not part of his plan. Lafley started doctoral work in history, but in 1970 he joined the U.S. Navy, running a department store for military personnel in Japan during the Vietnam War. Afterwards, he studied at the Harvard Business School, receiving an MBA in 1977. Upon graduation he began working at Procter & Gamble. In 2000 he was appointed executive chairman of the company.

Steve Jobs was born in 1955 in San Francisco, California. His parents were not married and his mother’s family objected to the relationship so she had no choice but to surrender the child for adoption. Steve Jobs always recognized his adoptive parents as his real parents. Jobs, with his creative personality and interest in electronics, was never satisfied with formal studies. In 1972 he left college to create video games at Atari, where he was considered a difficult but valuable collaborator by one of the company owners. He traveled to India in 1974, returning with a shaved head and wearing traditional Indian clothing, and then went back to

work at Atari. In 1976 he founded Apple with Steve Wozniak, working in the garage of his parents’ house (Isaacson, 2011).

William Henry “Bill” Gates III was born in 1955 in Seattle, Washington, in an upper middle class home. His parents wanted Bill to be a lawyer, but since the eighth grade he began to show interest in computer programming, an activity he enjoyed with Paul Allen and other friends. Gates later enrolled at Harvard, without a definite course of study. He left college in 1974 and in 1975 he founded Microsoft with Allen, his childhood friend (Handy, 1997).

Analysis of Leaders’ Formation

Although the seven business leaders lived at different times, it is interesting to note that there are important similarities in their formation stage:

- Rockefeller and Ford, born in the 19th century, had a limited education because there were few opportunities and incentives to follow regular studies at that time, but Sloan, Walton, Welch, and Lafley reached very high levels of formal education. Jobs and Gates had the same opportunity, but left college to pursue something they liked more.
- All of them, except for Gates, were born in economically quite modest homes, but such an environment did not constrain their success.
- All showed talent at a very young age. They also knew what they wanted to do in their lives, working with much tenacity to achieve it, and showing great business vision and administrative skills.
- Ford, Jobs, and Gates had technical skills in mechanics or electronics, but the interest to run a successful company prevailed in all of them.
- Sloan, Welch, and Lafley joined and developed a career in existing businesses, but the others created their own company.
- Certainly all received some kind of help from others throughout their lives, but their accomplishments were achieved mostly on their own.

As shown in the life of these famous men, there are many paths to become a business leader. However, the leaders are talented and creative, made the decision to

run a successful company at a young age, and have the tenacity to overcome whatever obstacle may arise on the road to achieve that goal.

It is difficult to determine if these business leaders were born with the conditions of endowment, creativity, and decisiveness that characterize them as leaders. However, all of them showed resoluteness at a very young age, and at least Ford, Jobs, and Gates showed genius and creativity since childhood, apparently an inherited ability. There is much debate in the academic world about whether leaders are made or born. Among the many opinions on the subject, Avolio (2007) recognized that most scholars believe that leaders are made, with some leadership traits evolving over time and others are being fixed.

Leaders' Behavior

John D. Rockefeller was criticized because of his methods of doing business. Skillful and unscrupulous, he built an oil refining and distribution monopoly that made him very rich. The U.S. government decided to prosecute him, and the U.S. Supreme Court forced him to divide his company, but Rockefeller took a long time to comply with that decision. Although it might seem that he made use of all possible means to achieve his goals, one of his biographers, Flynn (1932), stated that Rockefeller acquired his fortune honestly. Overall, despite his flaws, he is recognized as an intelligent and secretive persona, who strived in everything he did and surrounded himself with only the best.

Henry Ford was a great innovator, according to Casey, Dodge, and Dodge (2010). He did not invent the automobile, but made it a very useful invention and personally led the design of a car that exceeded the existing technical constraints. He also created new methods of car manufacturing, including the use of assembly lines, and was a pioneer of "welfare capitalism" (Vega Canales, 2014). Ford made efforts to improve the living standards of workers against the advice of Wall Street analysts at the time, establishing wages that doubled the rate of most of his workers while creating the 40-hour work week. He also tried to contribute to peace during World War I. However, he was criticized for his attitude against labor unions and his apparent sympathy for Nazism and anti-Jewish feelings.

Alfred Sloan made General Motors an icon of productivity, market dominance, and stable profitability (Farber, 2002). Drucker (1946) confessed that he formed his own theories of management largely from studying Alfred Sloan's General Motors. Sloan introduced business statistical and financial control methods which were then adopted as standards, and sensed that cars had become more than basic transportation, bestowing prestige on their owners. He boosted the annual change of car models and the variety of brands and prices so that buyers could choose one according to their preferences and ability to pay. He was a pioneer in using market research and dealer sales reports. However, he was also remembered for his hostile attitude toward trade unions. Sloan was an intensely private man (The Editors of New Word City, 2014a).

Sam Walton was a tenacious entrepreneur, always focusing on the customers (The Editors of New Word City, 2014b). He forced producers to yield power to distribution channels. He introduced the concept of self-service for customers. Walton based his success on operating shops with a small profit, but with a high sales volume at low prices, and was obsessed with cost reduction. He called his employees "partners" and implemented a plan of profit for all of them. He was also interested in helping the community. Tedlow (2001) observed that Walton was not a genius, although he was very smart, but he was great because he had the courage of his convictions. Bergdahl (2006) affirmed that Walton learned all about the rules and then broke almost all of them because they did not make sense for him. He had great confidence in himself. Walton was governed by three fundamental principles: respect for people, customer service, and striving for excellence. He was charismatic and had a unique ability to gain the trust and support of those around him. He worked hard, with discipline, every day of the week, to create, nurture, and grow his empire of retail sales.

Jack Welch was a tireless worker, restructured General Electric and adopted new methods of management, making it a dynamic and competitive company. Krames (2002) stated that not only did Welch transform General Electric but he created leadership principles and strategies. Simplicity, informality, working without boundaries, and promoting employee participation

were some of his principles. Welch had the ability to understand a situation before other business leaders and then designing an organizational architecture that transformed the company. He firmly believed that developing a culture of learning was the key to creating a competitive business (Welch, 2001). Welch was a new kind of leader. McKelvey (2010) argued that Welch was an instinctive leader who knew how to properly handle the complexity by replacing the old management top-down style for “stress management.” According to McKelvey, Welch forced the company to face reality, incentivized employees to find innovative and better ways to do the job, emphasized a few clear and broad goals, renewed the workforce to make it more heterogeneous, developed the ability to make frequent acquisitions, established networks to generate ideas, eliminated layers of management levels, promoted personal contact between employees, and created a culture of learning.

Although he was relentlessly inquisitive, A. G. Lafley acted calmly and respectful of employees, instilled the value of listening, facilitated the interaction between employees at different levels, promoted the transfer of knowledge, and delegated much responsibility (Lussier & Achua, 2011). Lafley (2009) stated that the real task of the CEO is to link to the external world with the internal organization, a job that only he or she can do. Defining the business in which the company should be, establishing an appropriate balance between the present and the future, and shaping values and standards are also, according to him, the CEO responsibilities. In an interview with Dillon (2011), Lafley recognized that he made many mistakes but learned from them. According to his experience, you learn more from failure than from success and when you stop learning there is no development and growth.

Steve Jobs has been recognized as a great inventor, mentor, and friend. He was overtly passionate about what he thought he wanted to achieve (Kurian, 2011). However, he had a difficult relationship with the press and he was accused of creating a climate of fear within Apple, abusing public funds, exploiting workers, and having shallow and cruel personal relationships. Jobs believed in teamwork and said he was convinced of the desirability of hiring capable people, creating an environment that fosters individual work, listening to customers, feeling very passionate about what you do,

and focusing on outcomes (Beahm, 2011). Isaacson (2012) believed that Jobs belongs to the class of great innovators such as Thomas Edison, Henry Ford, and Walt Disney, who applied imagination to technology and business.

Bill Gates, according to Handy (1997), was genuinely passionate and a great teacher of his own staff. He spent significant time appreciating people and communicating with them. Gates hired the best people he could and created what he called a knowledge company. He was not afraid to recognize his mistakes and learn from them. He tried from the beginning to establish a proprietary position and protect that position in every way possible. As a result, Microsoft was accused by the U.S. government of monopoly actions. But Gates has also revealed a deep social conscience. After leaving the direction of Microsoft he has tried to improve health and education in the most disadvantaged regions of the world. In a lecture at the Harvard School of Business, Gates (2008) stated that although capitalism has been successful in many parts of the world, the market has failed to improve the health, education, and welfare of many citizens of the world and solving the problems of the poor is the task not only of philanthropists but also of businessmen.

Analysis of Leaders' Behavior

Similarly to identifying the formative aspects of these leaders, it is possible to identify common features in them despite the different times in which they lived. All of them:

- Exhibited strong personalities.
- Felt passion for what they did.
- Acted with great perseverance to achieve their goals.
- Worked hard and with great discipline.
- Were original leaders, not trying to imitate someone else. Therefore, their behavior fits very well into what has been called authentic leadership (George, Sims, McLean, & Mayer, 2007).
- Had great confidence in themselves, not being afraid of making mistakes, and willing to learn from them. Resilience and learning from adversity is precisely a distinguishing attribute of leaders according to Bennis and Thomas (2002).

- Had a firm and stable style of leadership. None showed evidence of adjusting his style to the situation. These facts diminish the importance of contingency and situational leadership theories, so popular in the second half of the past century. Leaders may act differently according to specific circumstances, but they do not really change their style; they maintain a relatively consistent pattern of behavior.
- Were creative and innovative in managing their businesses, always challenging the usual way of doing business, which is the hallmark of a leader as highlighted by Heifetz and Laurie (1997).
- Made a significant impact not only in their own organizations, but also in their industries. Nohria and Khurana (2010) commented that scholarly work has failed to find a link between leadership and organizational performance, therefore questioning the impact of leadership, but at least these seven leaders made a genuine difference.

However, it is also possible to find some differences between the leaders being studied:

- Some, like Ford and Sloan, were reserved and discreet, but others, like Walton, Lafley, and Jobs were charismatic. Although Bass (1985) affirmed that charisma was essential to a transformational leader, the examples of Ford, Sloan, and perhaps some of the other leaders suggest that charisma may not necessarily be a condition to produce great changes in followers, organizations, and industries.
- Some were analytic, such as Sloan, while others were intuitive like Jobs.
- Rockefeller and Gates believed in survival of the fittest, but others, like Sloan, showed higher regard for the competition.
- Some were hard and demanding with employees, such as Welch and Jobs, while others like Walton and Lafley treated employees with respect and appreciation. These differences also show that shared leadership, servant leadership, spiritual leadership, and other like forms of leadership may work for some leaders but others may not need that kind of behavior to be effective.

Conclusions

There is much to be learned from the lives of the great business leaders. Without neglecting the importance of the lessons of great political leaders, the lessons from the experiences of business leaders may be more useful for the development of future leaders in the field of business.

The main results that can be derived from the study include:

- Although leaders are formed mostly on the experience of their lives, certain traits, such as intelligence, creativity, and personality, seem innate.
- Higher education is not essential for success as a business leader, but it is helpful.
- Although the help of mentors and others can be very helpful, these leaders appear to be individual achievers.
- A successful business leader could create his or her own business or make a career within a large company already established.
- Successful business leaders must have strong personalities, feel very passionate about what they do, try to surround themselves with the best people they can, act with great perseverance to achieve their goals, work hard and with discipline, and have a lot of confidence in themselves, not afraid to make mistakes and learn from them.
- It is not necessary to adapt the leadership style to the situation; rather, it is convenient to have a very definite leadership style and consistently maintain it.
- Business leaders are creative and innovative, not only in technology but also in business management.
- A charismatic personality can help but is not essential.
- Although some business leaders have been successful despite ill treatment of competitors, trade unions, and employees, it seems preferable to act with respect for all of them. In particular, with regard to employees, it is important to trust them, encourage their participation, and get their commitment.

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