

Gail Fosler's  
Economic Forecast

25 World-Class Firms  
You May Not Know

Has Success  
Deluded You?

THE CONFERENCE BOARD 

**review**

a magazine of ideas and opinion



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Let's start the new year with some uplifting business profiles—for a change. After all, the last couple of years have been a tough slog on that front, what with more big business scandals, skyrocketing pay for both high- and low-performing CEOs, and a downright depressing future for America's average workers. Where are we going to find such good, old-fashioned business inspiration? The best place to look, in my (biased) view, is your humble columnist's ever-growing list of "Most Unforgettable Entrepreneurs." Here's a quick sampling

world's largest meat-snack company, best known for its Slim Jim brand. Though he sold his company to ConAgra in 1998 for well over \$200 million, Doggett explains that "I think I'm probably like everyone else who considers himself to be a start-up entrepreneur. I really never thought about getting rich. I was always in it for the next achievement, the next accomplishment, the next growth goal. In my opinion, if you start a company just to get rich, you're facing a very high probability of complete failure." There's one lesson they don't teach you at Harvard

these communities is a very different market for us. Each community has a BancFirst president, not a branch manager, and we want that president to be the most important person in that town.

"We've actually decentralized the same things that a president could do if the bank were freestanding and independent: hiring, firing, pricing, the sales strategy, and so on. We've learned that by having strong decision-makers in different communities, we don't suffer from group-think. We really want people who think for themselves and then act on what they

## Unforgettables

BY LARRY FARRELL



Some entrepreneurs stand out among all others.

that should lift anyone's spirits for the new year.

**It's not about getting rich.** I've known Ron Doggett since we were at Harvard Business School together in the late '70s. He is definitely one of the "good guys" in business. He founded GoodMark Foods in North Carolina on a proverbial shoestring. "When we started up, we had no place to go for capital," Doggett explains, "so we used the kids' college funds, we used our insurance, we used all the equity we had in our home. We had everything, right down to our lawn mower, riding on this thing."

From those humble beginnings, Doggett grew GoodMark to become the

Business School!

**Radical empowerment.** A lot of companies talk a good story about decentralizing and empowering their people, and a few actually do. But in the top-down, heavily regulated banking industry? Ever hear of a bank where an individual branch manager can pay the staff any salary he chooses, or price the bank's products on his own, or set the interest rates on deposits? Meet Gene Rainbolt, founder of BancFirst, Oklahoma's largest state-chartered bank, with \$3.4 billion in assets. "I don't think there's another bank in the country structured like we are," Rainbolt says. "We have eighty-three banks spread over forty-six communities, and each of

believe, so they succeed or fail based on their own decisions. Also, we don't charge out any overhead, so every one of these banks knows exactly how it's doing on its own, and we publish monthly comparisons so it knows how it compares to the other banks. Finally, we don't allow anyone to use the word 'headquarters.' We only have a support center, whose job is to support our forty-six presidents and their individual profit centers."

Rainbolt continues: "We do centralize a few functions that do not directly impact the customer, such as the bank's investments, check processing, and electronic banking system. We have also completely centralized our core values,

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such as asset quality, community leadership, and customer care. In building Banc-First one community at a time, our philosophy has actually given us an advantage that we didn't even plan on: We fly below the radar screens of large national banks like Chase and Bank of America. They don't want to be in all these smaller towns, and our method of operation is too expensive for them. For example, we actually *want* our presidents and our staff to be the highest-paid people in their communities."

Rainbolt's radical approach to empowering his people has not only made Banc-First a great financial success in Oklahoma—it has, not surprisingly, made the bank the employer of choice for entrepreneurially minded bank managers.

**Passion for the product.** You'll find a Taylor and Boody pipe organ in the Harvard Business School chapel. You'll also find one at majestic St. Patrick's Cathedral on Fifth Avenue in New York, as well as at St. Thomas's just down the street. You'll even find five of them installed in Japan. And at the firm's wood mill and workshop in Virginia's Shenandoah Valley, you'll see young apprentices from Germany, the center of the universe for handcrafted organs for centuries, learning their trade from two American entrepreneurs, George Taylor and John Boody. This is an industry enjoying a global renaissance, and Taylor and Boody Organbuilders is leading the revival in the United States. There are about fifty large Taylor and Boody pipe organs around the world, each one custom-designed, handmade, and lovingly installed over the past thirty years—and their backlog of orders stretches five years into the future. What's the secret of this amazing little company?

To learn the answer firsthand, I spent a day with Boody at the company's workshop. I learned that the largest Taylor and Boody organ is at Holy Cross College in Massachusetts. The main case is thirty-two feet high and sixteen feet wide. Together with its 3,822 pipes, twelve windchests, bellows, and case of solid American white oak, it weighs some nine

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tens. Boody's passionate description of that masterpiece was inspiring and instructive: "One may well ask why we build organs in an age that is less and less interested in objects of lasting worth. Obviously, the construction of traditional musical instruments is an anachronism in our time. Not only is a fine organ difficult and time-consuming to build, especially when compared with machine-made goods, it is costly indeed. But the truth remains that there is an irreplaceable value to the work done by human hands. The spirit of those who contributed to that organ will breathe through its music, a message of peace and goodwill, for hundreds of years." Taylor and Boody are living proof that even small-company entrepreneurs can leave very large footprints in the sand.

**The really important question.** It's not every day that one sits across the sofa from a living legend. Lord Charles Forte, still going strong at 80 when I met him some years back, had asked me to help him get the "entrepreneurial message" across to his management board. At that time, Trusthouse Forte managed more than eight hundred hotels, which Charles Forte had built property by property.

Forte explained that he wanted to keep the spirit of "high-growth entrepreneurship" alive, even as he was about to turn over the running of the company to his son Rocco. Only in a couple of offhand remarks did he even hint at the frustration he felt with the evolving nature of

the company. In something of a backhanded compliment, he allowed that using me, an outsider, was sort of a last resort. The clear but unspoken impression was that his message of enterprise was falling on increasing numbers of deaf ears.

With Rocco's polite, if not overly enthusiastic, support, the board session was scheduled. Interestingly, a "pre-meeting meeting" was requested by the heads of planning and personnel. The purpose seemed to be to make sure I understood the recently written "Organization Mission Statement" and the new strategic-planning system. The eager young planning director was a London Business School MBA and a recent refugee from McKinsey. Afterward, at the main board session, Forte was his usual effervescent, expansionist self, asking lots of questions and raising lots of action points, mostly to do with opening more hotels. He seemed pleased. The board members participated and nodded approvingly.

A week later, I bumped into the planning director again and asked what had happened since the board discussion on fostering a more entrepreneurial culture in the company. With a touch of irritation and dismay, he answered: "You got the chairman all excited. Now he's poking all around the company, asking questions, looking for entrepreneurs. We're all in damage control until it blows over." This flip response spoke volumes about the differing perspectives of the entrepreneur and the professional manager. While there's no doubt that Lord Forte, a poor Italian immigrant who built a global empire from a single Oxford Street sweet shop, is a most unforgettable entrepreneur, you might be wondering how this little vignette is supposed to inspire. Well, it's a poignant reminder that the entrepreneurial approach to business is all about creating growth and prosperity—not about creating management systems and theories. Forte himself said it best: "For me, the question has never been how to manage. The really important question we have to answer is how to *grow*." Now that's pure entrepreneurial inspiration! ☺