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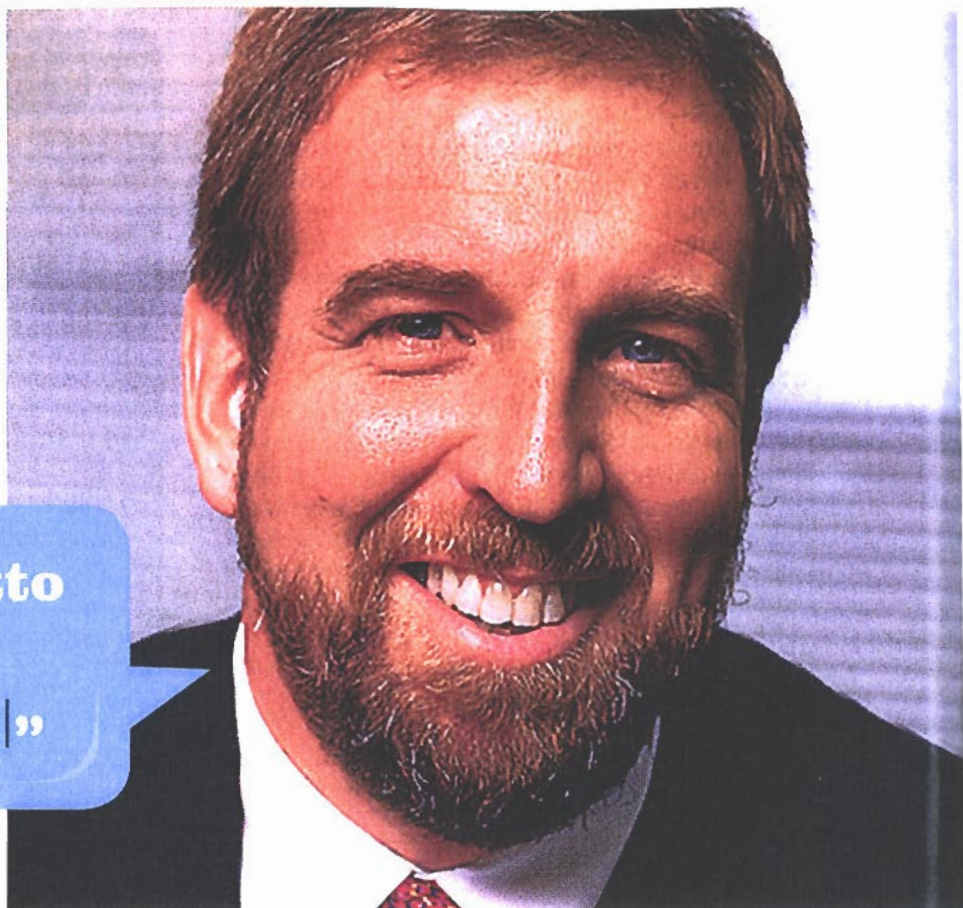
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Peter Dunn?  
“Revere life's potential”

## Shaking Things Up: **Peter Dunn**

**Peter Dunn** is the president and chief executive officer of Steak 'n' Shake, a 73-year-old restaurant chain that now operates more than 475 restaurants in 20 states. *Motto* Contributing Editor **Sylvia Lafair** was drawn to Dunn's ability to connect the practical with the possible—to manage with his heart even while boosting his company's share price. His vision of what makes a company extraordinary gives clarity to what really matters when we go to work each day.

# "I believe that everyone deserves to have meaning in their lives, and work can be a major place to help people discover what matters to them."

**MOTTO:** Peter, I was struck by your ability to articulate the need for a "bigger picture" in the workplace. I was even more struck by the statistics that proved the vision can show up in the bottom line once you put theory into practice. Going from employee turnover of 220 percent and management turnover of 49 percent to much, much lower percentages in a few years is stellar. How'd you do that?

**PETER DUNN:** When I became CEO in 2002, I accepted the challenge as a difficult one. I said to myself, "The reason this job feels so hard, is because it is!" And then I went to the largest vision I could hold about how to involve 20,000 employees along with me in the challenge to change.

**MOTTO:** 20,000 people is like being the mayor of a small town. How did you get all the opposing forces to align?

**DUNN:** Well, to form anything new you need heat and pressure. People were told, "No matter what, it's going to get hot in here, so if you can't take the heat . . ." And while some left, those who stayed were able to help me form a new way of thinking about what really matters in the world of business.

**MOTTO:** Most people would say what matters in business is making a profit and everything else named "visionary" is fluff and soft stuff. So, I'm curious, what do you say to that?

**DUNN:** Of course profit is important. What's more important is how to get to that profit. You know, do the ends justify the means? I believe it's important to create a work environment where people can achieve their full potential. If people have a sense of meaning in their work they're going to do a much better job. And doing a better job ultimately leads to profit. So it becomes a full circle.

**MOTTO:** I love the idea of a work environment that is designed to help people grow and become the best they can be. My guess is that you developed the idea of work as a creative force long before you became the CEO of Steak 'n' Shake.

**DUNN:** It's interesting how ideas come together at the right time. Earlier in my career, I had been at a company for all of three days when the head of H.R.—a very resourceful, direct and caring woman—asked me, "Why would anyone want to work here?" I felt the weight of that question land squarely on my shoulders. I realized I had to provide context for my entire workforce. That night I scanned my library for a business book to help me answer that all important question and I saw Victor

Frankl's book, *Man's Search for Meaning*.

**MOTTO:** That book is on my top 10 most important books for everyone to read. However, it's not quite in the business book category. Frankl was an amazing psychiatrist and Holocaust survivor who wrote about those who fought their own inner battles to live through the horrors of the concentration camp experience and why they struggled to survive. How did you come to connect that with a vision for a great work environment?

**DUNN:** Let me paraphrase. Frankl saw three reasons to be determined to live through the horrors of that experience. First, to be able to let the world know what happened; second, to enjoy the journey no matter what the circumstances; and third, to stand for some principle and live with integrity even if it doesn't make a difference. That book has been a driving force in my life. I believe that everyone deserves to have meaning in their lives, and work can be a major place to help people discover what matters to them. That night in my library was a turning point for me. The essence of Frankl's work, to be grounded in integrity even if it is not easy, is one of the key values for Steak 'n' Shake.

**MOTTO:** That's such a vital vision for business. It truly helps people see themselves building the proverbial cathedral rather than merely laying bricks in rows. I believe that taking these ideals of ethics and integrity into the workplace is the work of today's leaders. Big question, though, is how do you make them practical for employees at all levels of an organization?

**DUNN:** We use a strategic dialogue process to get full employee engagement. Typical hierarchical methods don't really work anymore. What does work is creating a safe environment for everyone to be heard. We have senior management discuss plans with 10 middle managers. They, in turn, take the plans to around 100 employees in the field who are representatives for the larger teams. Sessions are set for clarity and feedback. The critical part is that everyone knows we are willing to change the plans based on the feedback. Then we do this process again based on our new strategy. Our employees feel included and, most importantly, heard.

**MOTTO:** That's a great model. What you do gives everyone a voice so people don't feel excluded, senior management doesn't have to bear all the burden and responsibility, and people up and down the line feel valued. How has all this shown up quantitatively?

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**DUNN:** Well, as you pointed out earlier, our turnover has dropped exponentially. Also, guest satisfaction has improved and shareholder earnings are up. Those are all great indicators. That kind of information we can graph and follow to make sure we are going in the right financial direction. Equally important

are the stories of individuals whose lives have become better because of what they learn working in our organization.

**MOTTO:** *Just imagine what would happen if more companies could hold the vision that people deserve and can have meaning in their work, no matter what the specific work is. Not just those privileged to be in senior positions, all employees up and down the ladder. It changes the definition of success to include everyone. You are showing that profit can be partnered with deeper purpose.*

**DUNN:** I have come to believe that leadership begins and ends with the heart. I learned that watching my father throughout his career. At age 35, he left a lucrative career in banking to become a minister. Our family went from a large home to pretty cramped student housing and when he finished his schooling he helped build his theological college from 100 to 600 students and then went to do the same for a school supporting emotionally disturbed children. He was all about legacy. And before he died he said, "Leaving well is leaving things behind well." I like to think I am standing on his shoulders. ■

Sylvia LaFair, Ph.D. is the president of Creative Energy Options Inc. and the developer of Total Leadership Connections™, a leadership forum. She is an executive coach and consultant to family firms and global corporations.

