

# ‘THERE ARE NO HAPPY LOSERS’

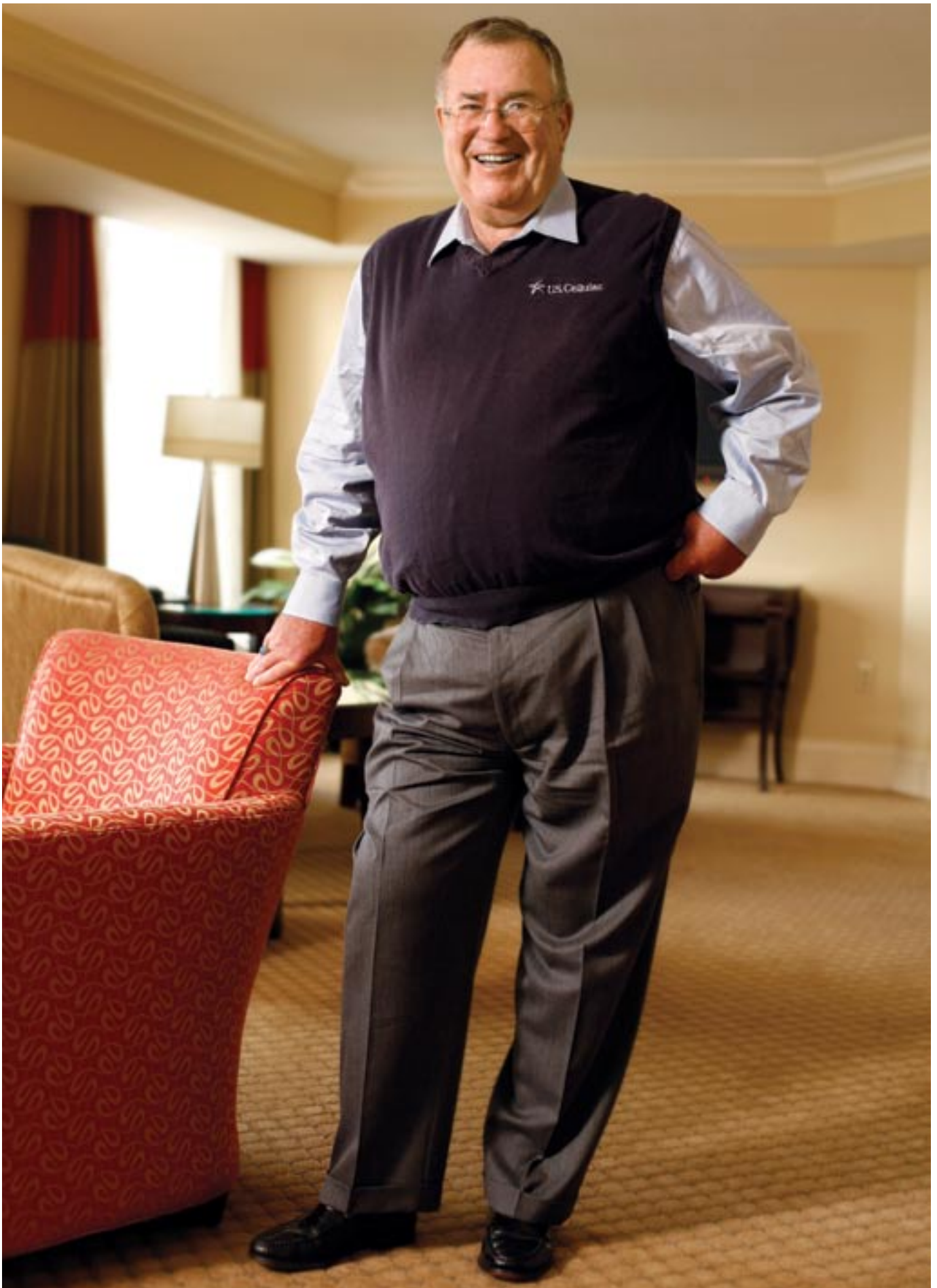
U.S. Cellular’s  
successful  
business model  
highlights strong  
leadership and  
respect for front-  
line workers.

**At C Level:**  
President and CEO  
Jack Rooney

*U.S. CELLULAR  
CHICAGO, ILLINOIS*

By Tony Bingham  
and Pat Galagan

A short but happy story: A small regional phone company goes up against national competitors in a tough market and succeeds. In the words of its president and CEO Jack Rooney, U.S. Cellular is “the little engine that could.” Rooney’s philosophy in a nutshell: Believe that your work is noble, and good things follow.



## Q U.S. CELLULAR CHANGED ITS BRAND AND CULTURE TO DRIVE GROWTH IN A VERY COMPETITIVE MARKET. HOW DO YOU THINK EMPLOYEE LEARNING AND DEVELOPMENT CONTRIBUTED TO THAT?

When I came on board, the company needed a complete makeover. Its original business model—based on a market with only two players—was no longer applicable after many competitors came into the market. Also, we were a regional player competing against six or seven nationals. So we needed a new model. Fortunately, I had already done that in two other organizations: Ameritech Cellular and then in a union environment at Ameritech Consumer. That second time it really worked. So I had tremendous confidence that the model—which starts off with strong leadership—would get the ball rolling. We call the model the “dynamic organization.”

Our goal is to have satisfied associates because they deliver satisfied customers. When I talk about satisfaction, I’m talking about associates who feel they understand what they are doing and are proud of it. They look at their jobs as really fulfilling. That means customers will be well-treated and satisfied, which is the most important thing you can have in a service or consumer business. The business results come on account of that. I get a big kick out of watching leaders and CEOs who try to manage results. You can’t manage results unless you manage the things that go into making the results.

We started by training the top five leaders in the new rules of the road for the dynamic organization. Then, because I believe that learning includes teaching, we had them teach the vice presidents, who taught the directors, who taught the managers. All this time, the executive vice presidents were also engaged in learning.

That worked up to a point. When you finish that first round, everyone understands the rules of engagement, but they need to apply them. That took a whole year. I’m one of those guys who likes to do things in about 90 days, but this was a different ballgame. We had to work our way through it.

We identified some good people and put them through some graduate-level business courses. We’re now putting a servant leadership model in place. Not only do the leaders take it seriously but they also talk about how it’s changing their whole attitude about life, not just about work. They’re more aware of what inspires people to work.

## Q WHEN YOU FIRST CAME TO U.S. CELLULAR, WHAT DID YOU SEE AS THE PROBLEM AND THEN HOW DID THE CULTURE PLAY A ROLE IN FIXING IT?

First of all, there was no unified culture. There were 26 area general managers. The management style was that the senior leaders sat around pontificating about things they didn’t know anything about and people were afraid to talk.

Now we have “straight talks,” which are skip-level meetings. My executive vice presidents and I talk to customer service reps, or store personnel, or engineers, or whomever, without any other supervisors in the room. We just rap for an hour about whatever they want to talk about. There’s no agenda.

We also have what we call “Listen, Jack,” which is a confidential email address that comes directly to me. If you try to cut somebody off from talking to the boss, you’re out of here and it’s a very, very public exit. I send out an email to everybody in the company, making it clear what happens if you interfere in a conversation between me and the associates.

## WHEN YOU TALK ABOUT LEADERSHIP SKILLS, WHAT ARE YOU LOOKING FOR AND TRYING TO DEVELOP?

We don't want managers. We want people who motivate. That's what the dynamic organization is all about. We motivate people by giving them noble goals, and we concentrate more on objectives than we do on the tasks to get to those objectives. The dynamic organization says we understand who we are, what we are, and where we are going. We don't need somebody standing over us making sure we do things.

That empowerment, and the fact that we view what we do as noble, creates a sense of pride in the organization. That was the first thing we saw: Pride started rising.

Also, we run a very ethical business. We train our people in ethics from the day they walk in the door. We do it because it's the right thing to do. You can't be proud of a business that isn't ethical.

## HOW DID YOU KNOW THAT THINGS WERE CHANGING FOR THE BETTER?

Let's go back a bit. When I first started putting [the dynamic organization] into Ameritech Cellular, it was a company that was going nowhere. I remember talking to the chairman after about 60 days on the job. When he asked how things were going, I said, "I've got some good news and some bad news. The good news is I don't have to change the momentum. The bad news is there is none."

So I was trying to get some momentum going. I had read about the virtual organization—an organization that understands its goals, objectives, and standards so well that appropriate actions are obvious—and I told [our HR person], "I want one of these. I want you to measure how much of this is here now." An external consultant responded, "How much of what?" So for three or four months she made me define it. What would an ideal organization look like? That's where the dynamic organization came from.

So we decided to strive for that at U.S. Cellular. The first thing that happened was that the frontline people—the ones who often feel the most downtrodden in any organization—went for it like ducks to water. The senior leadership went for it like ducks to water. The middle management fought it tooth and nail.

## WHY DO YOU THINK MIDDLE MANAGERS FOUGHT THE CHANGE?

Because the main principle is that the most important people in the organization are the ones who talk to our customers, the frontline people. The middle managers felt they were being disrespected. This is where the difference between leadership and management comes in. I believe leadership is a privilege, not a divine right. Leaders get their jollies by watching the people they lead be successful.

So we defined what leadership was. We can measure that through our survey. It's basically a 360-degree survey about the business and stewardship...not just over money in the till but also over the resources you have. We have to be that way. When you're our size, competing against the Verizons and the Cingulars of the world, you've got to have a tremendously motivated workforce. We're like the basketball team from the small school that comes in and takes the state championship from the big guys.



## Q HOW DO YOU EVALUATE YOUR LEADERS?

We look at what they do, which is how most people measure leaders, but we also look at how they do it. It's about 50-50. We strongly believe that we want replicable results. You can always get a short-term gain by forcing it out of people. But if you want replicable, improving results, you've got to do it the right way. We go through a talent review twice a year, with the help of Tom Griffin, our senior director of leadership and organization development. All the vice presidents review the results of every director and senior director and measure what they've accomplished and how they've accomplished it. It's an open forum. I call it the "star chamber." We rank each leader as high potential, satisfactorily placed, learner, or poor fit.

## Q WHAT DO YOU MEASURE IN THE "HOW" CATEGORY?

Part of it comes from the culture survey; how your team ranks you. Also it's the reputation you have among the vice presidents. I'm also measuring my vice presidents on how they're evaluating their people. In my role as teacher, I've tried to show the vice presidents the importance of meeting all the criteria, including the "what" and the "how." I model that by asking them tough questions, especially when what's on the surveys doesn't match what they're telling me.

So now the talent review process has cascaded down through the organization. In the field, the vice presidents perform the role that I was performing with them. They're coaching other people through the evaluation process so that we get evaluations that are more fair, objective, open, and honest.

The toughest thing in leadership is getting people to do the hard thing, which is to make sure they cull the team. The consequences of having an ineffective leader in a key position can be fatal. In athletics it's pretty easy, right? Your basketball team better know how to dribble and how to shoot if you want to be a winner. There's nothing that beats winning. That's one of the things we cultivate in this business. We better be winners: There are no happy losers.

## Q HOW DO YOU KNOW WHEN THE LEADERSHIP DEVELOPMENT PROCESS IS WORKING THE WAY YOU WANT IT TO?

We measure it in a number of ways: in the success of the business and in the overall results of the culture survey. Ninety-five percent of the people say this is a great place to be. Across our industry, only about 40 percent of people say that so we feel pleased and very fortunate to have those results. But we want to make sure they're here for the right reasons, not just because everybody's having a good time.

## Q WHEN YOU ARE INTERVIEWING SOMEONE FOR A POSITION THAT REPORTS TO YOU, WHAT ARE YOU LOOKING FOR?

Well, first of all, I would want to make sure you were technically competent in your function. And then I'd be trying to get a feel for your leadership style. And then if you make it to the next step, you're going to talk to every one of the executive vice presidents. If we make you a finalist, we

ship you off for some training and then we put you through simulations and see how you do. And if you pass all that, then I turn you over to Tom Griffin to start the onboarding process because our culture is probably different than the one you are coming from. We give you the rule book and you live or die by the rules.

### **U.S. CELLULAR HAS A RETENTION RATE AMONG CUSTOMER SERVICE REPRESENTATIVES THAT IS HIGH FOR YOUR INDUSTRY. HOW DO YOU ACHIEVE THAT?**

We treat them with respect. We train them well. We listen to them. We give them coaches who have been taught to lead in terms of a dynamic organization. We try to make them feel that they're the most important people in the company.

I go out and talk to them. Some of them come from organizations where they've never met the CEO. I walk through the customer service centers. If I can get a rep to smile right away, then I know that the environment in the center is good.

We treat them professionally. If they have a problem—let's say their paycheck is messed up—I'll get a "Listen, Jack." We get it straightened out in no time flat.

### **LET'S SAY THE COMPANY STARTED STRUGGLING FOR WHATEVER REASON. WHAT IMPACT WOULD THAT HAVE ON LEARNING?**

It would have no effect. If anything, it would probably signal the need to have more learning. One interesting thing about the dynamic organization is that a tremendous degree of trust builds between the leadership and the people being led. We work very hard on that. There's a tremendous esprit de corps here.

We work hard for the customer, and our customer service reps really care. They have a tough job. I can come in here and shut my door and hide for a while, but no matter what's going on with them, they've still got to screw that phone in their ear and make the customer believe that there's nothing better in the world than listening to him gripe.

One time I was walking through a center, and I came to a rep who was crying because the customer was being really difficult. So I said "I'll take this call." She looked up at me and said, "Jack, this is my job. I'll handle it." And she pulled herself together and went back in.

Another time, at another company, I came up with a subscription idea for Christmas called "Family Pack." Today it's a common thing to give families a package deal for cell phone usage, but back then it was new. We didn't have a system to activate customers; we did it all manually. We started in November and sold 70,000 subscriptions. In the prior three years, the most they had ever sold was 15,000 subscriptions.

These customer service reps were working seven days a week during the holidays. I went into the call center with my Santa hat on thinking "I'm going to get killed." So I walked in, and all I heard was "We'll get 'em, Jack. We're with you."



## Q IT SEEMS LIKE YOU HAVE HIGH-CALIBER EMPLOYEES ON THE FRONT LINES. HOW DO YOU RECOGNIZE AND REWARD THEM?

Recognition is really not that hard to do: a pat on the back or a letter. With proper leadership in the store or the call center, success is recognized as part of the daily routine. We also recognize outstanding performance with something we call the “Expect It Award,” as in “Customers expect it.” Business leaders make the nominations every quarter. The winner gets a check, a letter, and a call from me. At the end of the year, we pick five to 10 of the winners who come out to Chicago, go to a ballgame, and have dinner with me and all of the officers. We really do it up proper, and everybody knows that this is really special.

## Q HOW DO YOU DECIDE ON THE APPROPRIATE LEVEL OF INVESTMENT IN LEARNING?

We don't. We talk about the required amount of learning, and then we figure out what we have to spend to get it. We do a cost-benefit analysis but the benefits of good, well-trained leaders are very difficult to quantify. All you know is that it's big. Eighty percent of failure in a business happens because of leadership and the strategic direction leaders take. And yet, 80 percent of the brunt of the failure is felt by the people who can't do anything about it.

## Q SO WHAT DO YOU SEE AS NEXT FOR U.S. CELLULAR, AND HOW DOES LEARNING PLAY A ROLE IN IT?

Next is continually getting better at what we do. It's better leadership. It's constantly searching for the Holy Grail. You never get to a dynamic organization; that's what you're striving for. The strategic next is staying up with the industry and that's not always easy. But the dynamic organization is an effective change management tool. That's because people trust us and that makes change easier to endure.

## Q IS THERE ANYTHING YOU'D LIKE TO SAY TO LEARNING PROFESSIONALS?

Well, first I want to tell them that any CEO ought to be very respectful of what they do for the business. You can never, ever overeducate your workforce, whether it is frontline associates or anyone else. Education is mother's milk to an organization.

But education has to be kept within the context of what's doable from a time standpoint and it has to influence the effectiveness of an organization. That's the big difference between effective and efficient. Efficient is all cost. Effective is what you need in a business, especially when you're dealing with customers. **T+D**

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*Jack Rooney was interviewed by Tony Bingham, president and CEO, ASTD, and Pat Galagan, executive editor, ASTD; pgalagan@astd.org.*



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