



WHEN GENERAL BARRY McCaffrey, the keynote speaker for NAED's 2006 annual meeting, retired from active duty, he was the most highly decorated four-star general in the U.S. Army. Here's what he has to say to today's electrical distributors. **BY KATRINA OLSON**

# Four-star leadership STRATEGY

**D**URING THE COURSE of his distinguished career in the U.S. Army, General Barry McCaffrey was awarded two Silver Stars, three Purple Hearts, and two Distinguished Service Crosses—the nation's second highest medal for valor. As Commander in Chief of the U.S. Armed Forces Southern Command, McCaffrey coordinated national security operations in Latin America. During the successful Desert Storm military campaign, he served as assistant to Colin Powell, supporting the chairman as the Joint Chiefs of Staff advisor to the Secretary of State and the U.S. Ambassador to the United Nations.



General Barry McCaffrey

Refusing to do what the term "retire" implies, McCaffrey followed his amazing military career with more service to his country as director of the White House Office of National Drug Control Policy, coordinating a budget of \$19 billion. Today, in addition to his visible role as national security and terrorism analyst for *NBC News*, McCaffrey is president of his own consulting firm, BRM Associates, based in Arlington, Va. He also serves as board chairman of HNTB Federal Services, a U.S. engineering and architectural design firm with more than 3,000

employees, and on the boards of several large corporations—including DynCorp International, CRC Health Corporation, McNeil Technologies, The Wornick Company, Phoenix House Foundation, and the Atlantic Council of the United States.

So what does someone who has developed and executed complex military strategies, conducted national political-military security assessments, and commanded 60,000 troops have to say to today's electrical distributors? Plenty.

**Q:** What new challenges did you face when starting your own consulting firm and how might they parallel those of other business owners?

**McCaffrey:** I've spent my entire life running organizations, machinery, money, people, and ideas. There are great similarities, in many ways, to running anything. The last job I had in government was a \$19 billion job with a personal staff of more than 200; now I'm running a consulting business with a personal staff of four.

The first thing I learned is that whether I'm dealing with the CEO of a company with 300 people or 30,000 people, the basic principles are the same. While I was with a fairly large defense firm, one of my clients was nervous about nondisclosure forms and confidentiality. The CEO said, "Barry, one of the things I learned is that if you don't trust the people you're doing business with, don't do business with them." Since then, one of my greatest joys is that I only choose to work with people I admire, that I learn from, and that I trust. I included those that I learn from because I've received an incredible education in my last five years in American business.

The second thing I've learned is that taking care of people and your employees, along with a total focus on your clients, makes for a successful business. Technology is less difficult to deal with than people. You've got to get up in the

morning to be a mentor and servant to your employees. And you have to understand that everything you say to your clients is in a value proposition in their terms, and not in terms of what's good for your company.

Finally, it seems to me that you really have to keep it simple. You've got to ask yourself, "What is it I'm actually doing? What is my core competency? What am I selling?" And just do that.

**Q: What unique perspective do you bring to private industry, based on your military and government experience?**

**McCaffrey:** In government, I always viewed money as just another resource—one that I had to get enough of to do what I wanted to do. But other than that, I didn't care about the money. I understood it, I was briefed on it, I had to manage it, but it was a resource I used to solve problems.

The good companies I work with, like HNTB Engineering, have gone 90 years without an unprofitable year. One of the reasons is that the company is absolutely professional at using budgets as a planning tool, always making sure that, because it's an employee-owned firm, it makes money for its employees. The focus on money is important in both the military and in business—but you come from a very different perspective.

Another difference? I used to tell people that I am an average four-star general, but I got six years of post-graduate education from the military. I took many courses. I learned how to speak French, Spanish, and Vietnamese. The amount of money the military invests in the development of people is astonishing.

I tell civilian businesses that recruiting, training, and retaining quality people is 90% of what you need to do. You can't do it way the Armed Forces does it—you have limited time on the job, stub hours to meet your contract. You can't put your employees in a two-year graduate program. But you can use different techniques to recruit, train, and retain

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## GENERALLY SPEAKING

*Make plans to see General Barry McCaffrey as he presents the keynote address at NAED's Annual Meeting in Orlando, April 22-24. For more information, visit the NAED Web site at [www.naed.org](http://www.naed.org).*

*Here's a brief outline of General McCaffrey's extensive experience:*

### **Military/government experience**

- Commander-in-chief of the U.S. Armed Forces Southern Command coordinating national security operations in Latin America
- Commanded the 24th Infantry Division (Mech) during the Desert Storm 400-kilometer left hook attack into Iraq
- Twice received the Distinguished Service Cross, the second highest medal for valor
- Two Silver Stars and Three Purple Hearts for wounds sustained in combat
- Assistant to General Colin Powell; supported the Chairman as the JCS advisor to the Secretary of State and the U.S. Ambassador to the United Nations
- Director of the White House Office of National Drug Control Policy (ONDCP)
- Member of the President's Cabinet and the National Security Council
- Co-chair of the Atlantic Council of the United States NATO Counterterrorism Working Group

### **Corporate experience**

- President, BRM Associates, Arlington, Va.
- Chairman of the board, HNTB Federal Services (engineering and architectural design)
- Board of directors, DynCorp International
- Board of directors, CRC Health Corporation
- Board of directors, McNeil Technologies
- Board of directors, The Wornick Company

### **Nonprofit experience**

- Board of directors, Atlantic Council of the United States
- Board of directors, Phoenix House Foundation
- Member of the Council on Foreign Relations
- Associate of the Inter-American Dialogue
- Principal for the Council on Excellence in Government
- Member of the CSIS U.S.-Mexico Binational Council
- Chairman of the Vietnam Veterans Memorial Education Center Advisory Board
- Senior Executive Associate for Army Aviation Association of America
- Member of the Board of Advisors of the National Infantry Foundation

### **Academic experience**

- Adjunct professor of international affairs, United States Military Academy, West Point, N.Y.

### **Awards and honors**

- Health and Human Services Lifetime Achievement Award for Extraordinary Achievement in the Field of Substance Abuse Prevention (2004)
- One of the "500 Most Influential People in American Foreign Policy" by World Affairs Councils of America (2004)
- Department of State's Superior Honor Award for the Strategic Arms Limitation Talks
- The Central Intelligence Agency Great Seal Medallion
- U.S. Coast Guard Distinguished Public Service Award
- NAACP Roy Wilkins Renown Service Award
- Norman E. Zinberg Award of the Harvard Medical School
- The Federal Law Enforcement Foundation's National Service Award
- The Community Anti-Drug Coalitions of America Lifetime Achievement Award



## NAED Annual Meeting Keynote Speaker

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quality people who can bring a fresh perspective to the industry.

**Q: So what's the difference between managing a small company and a large organization?**

**McCaffrey:** The difference between 100 people vs. 60,000 is the difference in the time it takes to get the organization to respond and the planning horizon—how far out you have to think. With 100 people, 24 hours may be enough. With 60,000, it's a year or two. When I was a strategic planner for the Joint Chiefs of Staff, we planned 15 to 20 years in advance. That's how long it took to envision a new technology and contribute to a strategy, bring it online, get training packages, develop programs to maintain it—and then see out to where you're going to retire the technology. When we were developing a new submarine, it was a new concept. But we were already thinking about how we were going to do away with it. Companies like shipping firms and large construction firms are dealing with this kind of timeline.

**Q: What role does leadership play in the success of a company or organization?**

**McCaffrey:** There are a lot of data that say the complex organizations are overwhelmingly dedicated to quality of leadership. You need leaders who are thoughtful, prudent, and deliberate risk takers—not “seat of their pants” risk takers. If you have a decentralized organization where you give people the power and resources to do their job and then hold them accountable, you're going to make a lot of money and stay in business a long time.

I'm reading a book called *Good to Great* by Jim Collins that is absolutely classic. He has some unbelievably helpful insights into why some organizations seem to do everything right. When we examine those organizations, we learn about the importance of leadership. New business technology can accelerate business, but it is leadership that really

makes a difference. Jim Collins' description of “Level 5” leadership captures much of what I've known and been taught, and have been teaching, in the Armed Forces.

**Q: In all of your experience, what was the biggest test of your leadership skills? What did you learn?**

**McCaffrey:** You know, I frequently get asked questions like that and dredge up a useful example. I think the most useful thing is that from age 21 I spent 32 years in uniform, with increasing responsibility. You never get a serious challenge if you've had the training,

every study, that compensation is important. If it's inadequate, it's really important. Good compensation is how you get them into your organization. If you're going to ask someone to drive a truck in Iraq, money never retains much motivational impact over time. If I say, “I'll pay you \$90,000 if you'll join my company,” you'll be pretty happy. But if you're going to stay in the company, and stay incredibly focused and effective, it will be for a variety of reasons, only one of which is money.

People can take a sense of pride in being part of a professional organization where the branding is as important to

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**— General Barry McCaffrey**

experience, and technical know-how to go from one responsibility or position to another. With the expert knowledge to do your job, you rarely run into a situation you find overwhelming. When I see people fail, it's because they didn't have the background to take on those new responsibilities. And that's as likely to happen when you're in charge of 100 people as 60,000.

**Q: Obviously, in the business world, chains of command are more loosely structured than in the military, and consequences are perhaps less obvious and severe. How can business leaders support their teams so that their teams, in return, will support them?**

**McCaffrey:** We know for sure, by

employees as the clients. Whether you're working for 3M, IBM, or the U.S. Army, part of your pride and satisfaction is thinking, “This is really a good group to be with.”

Being happy is secondary to being convinced you're in a professional, honorable, and dignified company. It's really hard work. You get exhausted, work until 9 p.m.—you're not always happy. But if you think, “I'm doing something important. I'm proud to be associated with these people and I don't want to let them down,” you're going to have a sense of loyalty to that company. ■■■

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