

The Future of Work podcast is a weekly show where Jacob has in-depth conversations with senior level executives, business leaders, and bestselling authors around the world on the future of work and the future in general. Topics cover everything from AI and automation to the gig economy to big data to the future of learning and everything in between. Each episode explores a new topic and features a special guest.

You can listen to past episodes at www.TheFutureOrganization.com/future-work-podcast/. To learn more about Jacob and the work he is doing please visit www.TheFutureOrganization.com. You can also subscribe to Jacob's [YouTube](#) channel, follow him on [Twitter](#), or visit him on [Facebook](#).

Jacob 03:00

Hello everyone, thank you for joining welcome to another episode of the future of work. I am your host Jacob Morgan today joined by a very, very special guest. Someone who I had the opportunity to interview Let me grab the book here. Someone who I had the opportunity to interview for my new book, The Future Leader, a CEO I have admired for quite a long time now, Hubert Joly, former chairman and CEO Best Buy thank you so much for joining me.

Hubert 03:27

Jacob, So good to see you.

Jacob 03:30

So I have a lot of questions for you today. But before we jump into all the really cool stuff that you've been doing and working on, can you give us a little just a background information about you? How did you grow up as a kid? What was your life like? How did you eventually get to become the chairman and CEO of Best Buy?

Hubert 03:51

It was a journey. So Jacob I grew up in France, I studied in France. I started my professional career with McKinsey and Company because I didn't know what I really wanted to do, and ended up spending a dozen years there. And after that, it's been the opportunity to lead a number of companies usually through turn arounds and significant digital transformation. I have led a the French business of Electronic Data Systems, I have led a video games company that is now part of Activision Blizzard. That was Blizzard Entertainment. So a greenlit World of Warcraft back in 2000.

Hubert 04:29

And then I was part of the team that restructured Vivendi Universal after we ran out of cash. I was the CEO of Carlson Wagonlit Travel, a company that was supposed to be killed by the internet, but we tripled the size and we expanded. Then led a Minneapolis based family owned company called Carlson companies that had a stake in CWT but also TGI Fridays Raddison, a marketing company and so forth. And in 2012, I got the call from Jim Citrin Spencer Stuart, who talked to me about the Best Buy job. And I said, Jim, you're crazy. So it's been really a journey of learning what it takes to lead a company to transform companies. And believe me, Jacob, It's been a learning journey.

Jacob 05:23

Yeah, when you were younger, you always know you wanted to get into business. Was that kind of like, what you were taught? Did your parents want you to get into business? Or was there some kind of like, pivot in your life that set you on this journey?

Hubert 05:35

So when I was 10, I wanted to be a vet. Because my father was a vet. And that sounded like a very cool business. But a few years later, when I was in high school, I felt that business was going to be my, my calling, because I loved economics. I love economic activities. But I was not really sure what to do, which is why I joined McKinsey because it was a nice choice. It was, you know, more learning. And after 12 years with McKinsey, I decided to ask myself, do I want to be a consultant for another 10 years or 20 years? And I took a year to think about this. And at the end, I said, No, I want to lead a business. I want to be in the arena. And so that was led me to decide to lead companies and it's been a joy.

Jacob 06:26

Very cool. Yeah. It's fascinating. So you wanted to be you wanted to be a vet and ended up being in the world of business. Very cool. And before we talk about sort of some of the things that you did at BestBuy, so since you retired as being the chairman and CEO, what are you doing now, these days?

Hubert 06:43

What is this word, retirement, I don't know that word. So I've started a new chapter. So bear, which is going to say a couple of years ago, write a started to think that it was now time to pass the baton of CEO and Chairman to the next generation at Best Buy. It was happy with what we had done. And he felt that the next generation of leaders, Corie Barry, who is now our CEO, there was ready. And I wanted to do something different. I'd been a CEO for really 15 or 20 years, depending on how you count. And these are not full time jobs. These are all the time jobs. And so I need something friends.

Hubert 07:26

So I've made a few decisions, Jacob one, I'm not moving down to Florida to play golf with aging, you know, aging men. I'm not going to be a CEO anymore. This next chapter, you know, which can be very impactful and meaningful, the next pick a number of 15 years, 20 years, I want to add my voice and my energy to what I think is the necessary foundation of business in capitalism, around purpose and humanity. I think that our world is on fire, I think we facing significant challenges.

Hubert 07:59

And it's interesting, it's this month in September, September 13, we celebrated, quote, unquote, the 50th anniversary of, you know, Milton Friedman speech in the New York Times where he declared the primacy of shareholders, which I think has been a disaster. And we need to reinvent, you know, companies as being human organizations, made of individuals working together in support of a or in pursuit of a goal, which cannot be just the profit, it's got to be to contribute to the common good.

Hubert 08:31

And then I'm coaching and mentoring a number of CEOs and senior executives. For the most part, I'm doing this with my wonderful wife and extraordinary executive leadership coach or counselor, Shanti.

And we're helping them become the leader they can be. So no shortage of activities. I'm working almost as much as when I was a CEO.

Hubert 08:31

And so in support of this, what am I doing? One my new full time job is to be a professor at Harvard Business School, because I think that business education needs to not only focus on techniques, but you know, developing whole integrated leaders. I am finishing writing a book, which is coming out in the spring of next year, it's gonna be called the heart of business, leadership principles for the next era of capitalism. It's coming out on May 4, right? So how cool is that? May the fourth be with you? I am also on the board of two great companies, Johnson and Johnson and Ralph Lauren.

Jacob 09:36

And I was gonna say you sound like you're busier now than before,

Hubert 09:40

But very energizing sort of activities.

Jacob 09:43

Yeah, no I'm sure. So I was going through some old old articles. I actually talked about this in my book, but there was a Forbes article written about you and Best Buy in 2012, which I'm sure you remember. And it was called why Best Buy is going out of business gradually. And the author of the article made this whole argument that Yeah, you know, Best Buy is going down, there's nothing you can do, Amazon's going to kill it. And a lot of people have said this that, you know, Best Buy's gonna go the way of Circuit City and all those other companies. So when you first became the CEO of Best Buy, and you saw these articles, what were people telling you when you agreed to become the CEO of Best Buy? And what were you thinking when you saw this stuff being written about the company?

Hubert 10:33

Yeah. So Jacob met my friends in Minneapolis as many of them probably thought it was either crazy or suicidal to take that job. And in candidly, when I got the call from Jim Citrin at Spencer Stuart in May of 2012, to the job on September 4, my first reaction was, Jim, you're crazy, right? I know nothing about retail and this place is a mess. So why are you bothering is a good friend. So it was not bothering me.

Hubert 11:01

He said, No, you should look at it this way is for you have great experience with turnarounds, transformations, the board is not looking for retail expert. They're looking for somebody who can take a fresh perspective. So I took the time to study. And so for about two months, I did my duty I did my due diligence before, you know, moving forward with the job for sure. So I did store checks a lot. I read everything I could and listen to the earnings calls. I spoke with a bunch of alumni in what struck me is that the previous management team was talking about headwinds. You know, they were great, but the problem with the external world. And mentally I said, let me call Tim Cook, and Jeff Bezos and ask them, how's the wind where you're sailing. And both of them will say, oh, man, the wind is fabulous, we're having the time of our lives.

Hubert 11:51

And so in my mind, I say so winds is not the problem, we Best Buy must be the problem. And it's true that consumer returns to great markets, you know, we all want these gadgets they play a very important role in our lives in particular, you know, now all working from home or learning from home, and in so technology is critical, but even before COVID, but even more so now. People are excited about technology, but often need help. Because it can be overwhelming for many of us, it cab be confusing. So what should I choose? How do I make everything work together? And if it's if it's not working, is it you know, if Netflix is not working tonight? Is it you know, the pipeline into the home? The the the router is? It's the the Wi Fi in the home? Is it the TV's streaming device, Honey, what is it and Best Buy can be honey to everyone.

Hubert 12:47

And so we I felt we had a critical role to play for customers. And we also had a critical role to play for the vendors. Because you know, the world's foremost tech companies, they spend billions of dollars on r&d to create these great new products in a world without Best Buy is a grim world for them. Because the only place where you can see the picture quality of a TV is in real life, you cannot see it, you know, online. Same with a sound system, if you want to listen to the sound system. So shelves with just boxes, are not going to be inspiring. So granted a number of companies like Apple and Sony to a degree, Microsoft had been building their stores, but nobody wants to build stores if you're a hardware manufacturer, except if you're Apple.

Hubert 13:35

And so I felt in part coming from my travel distribution experience. When travel distribution all of the money is made from the vendors, I felt we had a service that we could provide to these tech companies. And in the end, what we did was, you know, we did deals with all the world's foremost tech companies to allow them to showcase, you know, the fruit of their billions of dollars in our stores. And we became like the Coliseum where a lot of the gladiators can, you know show how strong they are.

Hubert 14:05

And so I felt that there was an opportunity that we have enough assets in that because of the problems were self inflicted. We could effectuate a turnaround. So I told the recruiting committee of the board, look, I want the job and here's my eight page memo on how what I'm going to do if you if you guys recruit me and never looked back,

Jacob 14:26

So what was on that eight page memo? What are some of the things that you told the board you were gonna do?

Hubert 14:31

You know, it was my view of the diagnosis. So around the the opportunity, you know where we were, but it was this idea of the role we had to play in the world visa vie customers and visa vie the vendors and then some of the operational improvement because they had done the store checks and I, you know, gave examples of, you know, a mediocre experience as a customer online and in the stores. And that this was this was fixable. So this is But with my hypothesis where and that's importantly, this is how

I envisage working with the team working with the board, working with the various stakeholders, and how I was thinking of approaching the job. So it was a bit my hundred day plan.

Jacob 15:17

Okay, so you take the job, and do you remember what did you do on day one? So you know, you get there, you get to the office, what was day one like for you?

Hubert 15:29

Actually, day one week one Jacob was spent in stores. So my first official day on the job, I was not in headquarters, I was in the Best Buy store in St. Cloud, Minnesota, and adding a couple of other stores in the Twin Cities, because what I wanted to do is learn from the front line. So I spent a week you know, being educated on the activities in the stores, watch, you know, learning from the front liners, watching them interact with customers doing focus groups with them, and learning more than I would ever be able to do just looking at spreadsheets.

Hubert 16:08

So for example, you know, one of the associates in St. Cloud told me, do you know that the search engine on the website is not working? I said what do you mean, it's not working type Cinderella, you get Nikon cameras, not quite the same. Also, so so everybody was talking about showrooming. So how customers were getting into the Best Buy stores, talking to the associates and then leaving and then buying, you know, online because it was supposedly cheaper. And of course, there was no sales tax online at the time. So that led me to say, we actually need to change this in we killed showrooming by implementing the price match policy, so we match Amazon prices, and so the blue shirts could win more.

Hubert 16:53

Before they couldn't win, they felt that they were it was out of their hands. But here by matching Amazon prices, we felt we could we also saw, you know, the the space allocation in there. There was so much space that was still allocated to physical media, CDs, DVDs, video games, which was frankly shrinking categories and almost limited space allocated to mobile phones, which was booming or to appliances, there was almost nothing on smaller. So you can see it physically. I also saw that we were not helping the store associates with you know, why Best Buy? Why should the customers buy from us? Also, you know, the the store general manager told me about It's crazy. I'm given, I'm being tasked with optimizing 40 key performance indicators, there's no way I can focus on 40 things during my day. So you need to simplify things for me. And so we said, Alright, you know, at Best Buy, it's easy, we only have two problems. And everybody at the company knew that after I said it, two problems, our revenues are going down, and our profits are going down.

Hubert 18:05

It could be worse, we could have five problems, only two problems. And so being able to focus everybody on solving these two problems, made it easy. So that was my first week. Extremely informative. Now, of course, around that time, I also met with people in headquarters, shared my principles, my enthusiasm, I felt that we could effectuate a turnaround by refocusing on customers and people and treating profit as an outcome. And not as you know, the the main thing is, a lot of the time.

A lot of people at the entities investors, a lot of them were saying we know where you're gonna need to cut a lot of costs and close doors. And so it was cut, cut, cut. And of course, we've cut the cost. But that was not the primary focus, the primary focus was revitalizing the company around people and customers.

Jacob 18:56

So you know, a lot of a lot of business leaders, typically one of the first things that they do is like you said, they cut costs, they fire a bunch of people, they don't invest in their people, because you know, why would you put more money into your people if the business is going down? But I was reading some articles and you were actually putting more money into training more money into your employees and not, you know, not firing them by the thousands, but actually putting them first. And that is a very well, he probably takes a lot of courage and boldness to do that. Because I'm assuming you had a lot of people say what are you doing? Like, why are you putting more money into this? I'm in second it was probably a tough choice, right? I mean, to decide to put more money into something when the business is struggling and how did you decide?

Hubert 19:41

Yeah, Jacob I have this turnaround manual, because I've done a few of those is out. And yes, I'm not the cut, cut cut guy. I'm a big believer that in business you have three imperatives in business. One is People imperative, need to have good people well trained, well equipped, then you have the customer or business imperative, you need to have happy customers to whom you sell, you know, compelling services. And then you of course, you have a financial imperative, which is need money. But the financial performance is an outcome of excellence on the customer imperative, which itself is an outcome of excellence on the people imperative. So it's people business, finance, and you treat profit as an outcome, not as your singular focus.

Hubert 20:33

The In fact, when we presented in November so two months after I joined to the street, renew blue plan, we had all of the stakeholders, everybody talks about stakeholders now. So we had the customers, we had the employees, we had the vendor partners with these idea of partnerships, we had the shareholders, of course we care about them. And then we had continued to be good citizens in the world. So we took care of all of the stakeholders.

Hubert 21:01

And then from a turnaround standpoint, I believe that there's four levers, in a turnaround. Number one, grow the revenue line, it's amazing what growing the revenue can do. If you shrink, shrink, shrink, there's no, there's no cost decal that will get you out of trouble. So one is grow the revenue, it's gotta be focused on the customers and the employees, then of course, you're going to cut cost, because oftentimes, you need to do that and Best Buy, we did. But the first priority around cost is what are called non salary expenses. So all of the costs in the p&l that are not related to people, which had most companies, you know, it's 70, or 80%, of the cost structure.

Hubert 21:42

So let me give you an example of what we did there. So at Best Buy, let's agree, we sell a lot of TVs, right, and they're big, they're thin, so they are fragile. So we break a lot of TVs, either between the manufacturers in our warehouses or between the warehouses in the stores. Or maybe the customers also break them on the way to their home if we don't deliver it to them. So let's imagine pick a number we sell 10 or \$15 billion worth of TVs, let's imagine we break 2% of them. That's a lot of TVs that are broken. So if you can reduce the you know, the TV junk out as we call it? This is a saving. Same with returns 10% of what we sell comes back. It's bad news from a, you know, nobody wants to buy something and have to return it if you can reduce that. So that's non salary expenses.

Hubert 22:34

The third priority is optimize benefits. So a rising cost for most companies in this country and around the world. Is health care costs. So how can you work to, you know, foster greater wellness amongst the employees so that you can reduce the health care costs in any one plus two plus three is not sufficient, then you go after headcount. But that's as a last resort. And, you know, you're you're you're not so good to start with getting on the front line, you may actually cut first of headquarters, you want to delayer into the extent that you're going to reduce positions. You also try to redeploy, you know, because we have turnover in a company. And so you can actually redeploy.

Hubert 23:18

So, you know, you don't treat human beings as the source of the problem. You treat human beings as the source of the solution. And you treat headcount reduction, not as a victory. But as a last resort. Does that make sense?

Jacob 23:34

No, it does. I mean, I was thinking of, you kind of have to be a little bit like Sherlock Holmes, I guess, because you, you, you're kind of looking for a lot of clues, because a lot of leaders, you know, you wouldn't think to necessarily look at TVs or necessarily look at benefits, like you have to be a little bit of a detective in a way, and just really understand, you know, the clues in what's going on in the business.

Jacob 23:57

So what do you think, you know, a lot of organizations today when they go through tough times, and not just as a result of COVID, but just in general, the first thing that they do is they always let go thousands of people. And so I'm wondering, are the CEOs who are doing that? Do they have to do that? Are they really being the detective and looking at other areas of the business? Or are they kind of just taking the easy way out? And some curious to hear your thoughts? When you hear these stories of companies who are letting go of 5000, you know, 10,000 employees? What goes through your mind? Do you think like, okay, they're not trying hard enough, or they tried everything, and there's nothing else they can do?

Hubert 24:36

Well, I would say two things. One, what gets reported in the media, sometimes it's different from reality. You know media report is going to want to emphasize too dramatic without necessarily getting into the work of telling the entire story. So I would discount what I'm reading in images. And I know, you know,

many, many CEOs and great companies in the US and outside, and the CEOs I know I, you know, tend to be great human beings, not just with the brain, but also with our heart.

Hubert 25:10

So, you know, the I think most people believe that the way to get things done is not by slashing and, and burning. There's exceptions. And I think that the exceptions are fortunately fewer, because it doesn't work. And but I think one of the task I have ahead of me is to lay out a vision of business that's more focused on purpose and humanity, and killing, you know, the idea of shareholder primacy. Because I was talking with, you know, younger people now that I'm at Harvard, the idea of the sole purpose of a company making money is still out there.

Hubert 25:57

We just need to kill that idea. And know that we don't want to care about shareholders at Best Buy, our share price went from \$11 to I think it's around \$110. Now, so we did, okay, with a shareholders It's an outcome. And so we need to reframe what capitalism is about. And puts people at the center people are at the heart of business. They're the engine of business. And, you know, the key to success is to, is to what I call unleash human magic. It's a noble purpose, and unleash human magic at the company in support of that purpose. That's how it actually works.

Jacob 26:39

So how did you I mean, it at Best Buy in as the CEO, I'm sure you had a lot of board members, shareholders who were, as you said, very, very concerned with profit with quarterly revenues and all that sort of stuff. So how did you balance so much emphasis on revenue and profit with also kind of the the, the purpose aspect? How did you have those conversations and to get other people to understand that, and do both at the same time?

Hubert 27:09

So I would distinguish two phases. One was the turnaround with renew blue. And then two starting in 2016 2017. The second phase, which was a growth oriented phase, which we called building the new blue. During renew blue, you know, the shareholder expectations were limited, right, our market cap was for memory, you know, for a 40 or \$50 billion company, a market cap was around three or \$4 billion. And so they did, as you mentioned, they did not expect much.

Hubert 27:46

What I would say is that, you know, one of the problems that business buyers had is that some management have lost its credibility by telling a lot of exciting stories, but not delivering. And so with our team, we focused on, so we laid out our plan in November. But you know, nobody was excited about it. Nobody gets excited about a plan on the day. It's presented people from everybody's from Missouri, right at this point, show me. And so we focused on what we called our say do ratio, the ratio between what we said we were going to do and what we actually did. And we were very focused on execution.

Hubert 28:29

It's a bit like when Lou Gerstner became the CEO of IBM in 1992, and 1993. So the last thing that IBM needs at this point is a vision. What we need is execution. In Best Buy, we need to execute we there was plenty of opportunities in we need to show the investors that there were opportunities and that we were able to execute. So every quarter, we would tell them, what you know, where we have made progress. And they need to hear we've solved everything. We say these are tangible opportunities that we control. And here's the first.

Hubert 29:04

So an example. One of the opportunities we had found was to unlock ship from stores. Right? If you're a multi channel retailer, you have all of these stores, they're very close to customers. So if you can ship a goods, the online orders from the stores, you unlock inventory, and you have a great speed of delivery. So duh that makes sense. And so every quarter, we would say, and to give credit to Sharon McCollum, who's our CFO at the time. And she would say, now we've done ship from store from 50 stores. These are the kind of results we're getting in the following quarter. We're now in 250. stores. And we continue to be excited with the results and then 750 and then 1000. And so show this progress, same with returns, replacement and damages, how can we control this, or same with improvements to the website.

Hubert 29:56

So you show them you keep them in the journey. And you give them hope and confidence that this is going to work. The investors, the analysts, they're very smart, they're very sophisticated, they know the business, they understand business. They, they know that if you're trying to fool them, you know, that's not gonna work. So they weren't, they want to be if it's a good story, they want to believe you. And they're counting on you to do this in a way that creates long term value.

Hubert 30:27

Now, there's some shareholders that are, you know, churning very, very quickly. And there's nothing much you can do about there, there's gonna be volatility in the stock, that's okay. But you keep your eyes on the prize in on delivering and having a great, say do ratio. I think Jacob management teams that use the short term focus of the investors as an excuse to not do the right thing. I think are completely misled, I have found that if you go to the investors, and share with them, what you're doing the investments, you're making, the return you're expecting, they'll you know, many of them will believe you and follow you. And then in the end, we're in the second phase, actually told our investors our purpose is not to make money.

Jacob 31:13

You told them that?

Hubert 31:14

Yes. And they completely understood. They said, No, no, I purpose that, you know, in the second phase, we said our purpose as a company, is to enrich lives through technology, by addressing key human needs. So we're not really in the business of selling TVs, although if you'd like to buy one from us, Jacob will gladly sell you one. We're in the business of understanding what you're trying to do in

your life. And being your best friends, being your CIO, or your CTO for your home. And being there to advise you and to support you. And if you do this, there's ample opportunities to create value for customers, for employees, for the vendors, and for the shareholders.

Hubert 31:53

And so they understand this logic of people business, finance, they understand the logic of pursuing a noble purpose, that makes good business sense in creating great outcomes. And we had a lot of respect for our shoulders, because they're taking care of the retirement of our parents, grandparents and us tomorrow. So they're really important. But we we respected them so much, that we didn't want to create profits at the expense of the long term value of the of the company, and it's so it's this philosophy of putting people at the center, that was the foundation and, you know, your focus on the future of work is so essential, right? Because, you know, how you see work is so foundational, you can see work, you know, in from a spiritual standpoint, or historical stand point.

Hubert 32:45

You can see work as a curse, right, we work is going to be hard, because we sinned in Paradise, right? So we got to explore, or work. So it's a punishment, or work is something you do so that you can something else, so that you can do something else, you know, like, be with your friends, and so forth. That's one vision of work. The other vision of work, as human beings is to see work as part of our quest for meaning, a quest for doing something good. And that's how you see work at the individual level as part of your fulfillment as an individual, then that's how you see what business is about is to contribute to the common good. So I think with your focus on, you know, the future of work, you're touching something very fundamental, Jacob,

Jacob 33:29

I'm trying, I'm trying. But you said that today, you you work with a lot of CEOs, you do a lot of coaching, you talk to a lot of students who are at Harvard. And so do you ever get business leaders or students who push back a little bit and say, Well, you know, what am I supposed to do it? My manager, my leader, he keeps asking me about quarterly profits. How do you know I have to generate revenue, I have to generate sales. I can't tell him about employee engagement or experience or health and well being, I just got to do dollars and cents. How do you respond to those types of you know, any kind of that pushback? It sounds like, according to that shouldn't be an excuse for them. But

Hubert 34:12

So I have a rule, which is 98% of the questions that I ask as either or a better answer as ands. So of course, I'm not saying we shouldn't pay attention to quarterly earnings. Of course, that's what we did. And we delivered, you know, a string of quarterly earnings improvements over the last, you know, eight years in Corrie is continuing to do, you know, my successor, wonderful job with our team. So, of course, so it's all of these imperatives, I talked about people business, finance, there's no trade offs.

Hubert 34:44

So you have to care of people, you have to take care of customers, and you have to deliver on revenue and profit. So you have to organize your activities in a way that simultaneously address these three imperatives and understand that these By doing this, that you create a better outcome. Now typically,

you do have to make a point, though. Because again, going back to Milton Friedman, there's this view that the sole response, if you have the view that your sole responsibility is profit, then you have to tell them, Look, this is not true, even in the law of the US. So Delaware law, or Minnesota law doesn't say that that's the only thing you care about. And so the law gives you both the board and the management team, the freedom to manage in a way that simultaneously optimizes things for all of the stakeholders. And so you really have to make the point whether you're making a mistake, shareholder primacy is a mistake. It's a myth. And you have to push back, again, not to don't want you to conclude that we should not respect shareholders, we should respect that very important. But it's not at the expense of the of the rest, and you have to treat profit as an outcome.

Hubert 36:05

So you need to have the conversation. And then, you know, every every one of the stakeholders is a human beings, the shareholders. They're not abstract organization. I, I spoke with them every quarter, they're real people. They have a heart, they have a soul, they know. And today you're hearing you know, Larry Fink and you'd heard Bill McNab, you know, BlackRock, and Vanguard and other these. They understands that if the planet is burning, you know, it's going to be hard to run a business. If the communities are burning, you know, Best Buy's headquartered in Minnesota. When there's when, when Minneapolis is literally burning, you have to close your stores. It's hard to run a business when there's riots in the places burning down.

Hubert 36:54

So it's an imperative that we take care of all of the stakeholders so as to have sustainable businesses and the most sophisticated shareholders in BlackRock Vanguard, and others. completely understand this, some of the foremost companies in this country like Johnson, I'm on the board of Johnson and Johnson, right, Johnson and Johnson, since I think 1943 has had the credo that have them focus on all of the stakeholders, the patients, their families, the employees, the communities. And the last one is the shareholder. So good business, people completely understand this. And we just need to, you know, in many ways, a lot of what I had learned at business school what I had learned when in my early years at McKinsey was a young executive, I've had to relearn or being rewired and puts a noble purpose as the North Star in put people at the center, in put human relationships, as the engine in the business to create great outcomes for all stakeholders. So we have to rewire our brain.

Jacob 37:58

Why do you think so many leaders are having a hard time doing this now.

Hubert 38:02

So again, I'm very optimistic, Jacob, because when I see you know, my peers or my former peers because I'm no longer CEO as established, there's so many great leaders at the head of companies that could mention you know, quite a few Alex Gorsky at Johnson and Johnson, John Donahoe, at at Nike Tim Cook, Satya Nadella at Microsoft and, and and. Many of them in the in the Twin Cities, David McClellan at Cargill, Doug Baker at Ecolab, there's so many they're great human beings, they completely get this.

Hubert 38:38

And everybody now, every company talks about purpose in every has always talked about people. So the challenge is less and less intellectual. The challenge is, okay, so if all of this is true, what does that mean concretely? How do I do this? How do I in particular, a large company that faces all sorts of pressures? How do I truly put people at the center? How do I create an environment in which everybody feels they belong and they can be their best?

Hubert 39:11

So let me give you a story of what it means in practice. So was visiting a store in maybe three years ago in Boston. And the store General Manager, one of the things he did he would ask everyone in the store so about 100 people, what is your dream? At Best Buy or some other place, what is your dream as a human being? And my job to put it in the breakroom in my job is to help you achieve your dream is to make sure that every individual at the company feels they matter. My compatriot Honey Decat said a few centuries ago I think. Therefore I am remote. Remember this?

Jacob 39:58

Yeah, of course.

Hubert 39:58

Of course. I believe that a better formulation today is I am seen, therefore I am. I exist. My manager sees I exist, I feel respected, I feel respected in all of my quirks and diversity. And I feel that I belong here. And so that requires, you know, a complete revamp of how we think, let me try to illustrate this. In many ways, the way we grew up in the 60s, you know, business grew up in the 60s 70s 80s 90s, was you take a bunch of very smart people, they create a smart strategy that gets translated into an elaborate implementation plan that gets communicated, you put incentives in place for it to make sure that everybody is mobilized. And then you expect great things to happen.

Hubert 40:58

Well, guess what, that doesn't work. I've learned over the years, one things I've learned is that financial incentives do not work. They are in fact, counterproductive, productivity goes down. If you put financial incentives in place, MIT has done some research on that. Financial incentives may have worked when, when when work was fairly mechanical, and repetitive. But if we're trying to call on, you know, activity, creativity, all of the aspects of our humanity, financial incentives, narrow our mind, so they're not good to create good outcomes. So we need to find different ways. And this is what I call unleashing human magic, right?

Hubert 41:40

It's about everybody at the company, feeling they exists in that their purpose connects with the purpose of the company. It's the feeling that you can build genuine, authentic human relationships within the company, that you can be yourself. It's the sense that you have autonomy, nobody likes to be told what to do. So people need some autonomy, you learning skills. And you know, you're in a growth environment. And it's one individual at a time, which means that, for example, at Best Buy, we went from training everybody on the same thing to individualized coaching, where every week, a blue shirt would get coach specifically for what they needed to work on by their manager.

Hubert 42:24

So it's these kinds of things that change the outcome. And so I'll speak from personal experience 10 years ago, 15 years ago, if you had asked me how to do this, I would have struggled in my journey has been to learn from others and from experience on how to do this. And part of what I want to share with the world in this next chapter is, what does it take to lead in a purposeful, authentic human fashion?

Jacob 42:52

Well, maybe we can talk about that for a few minutes. So what are some of the things that you think leaders need to do or change about themselves or how they lead to bring more of that purpose into the organization.

Jacob 43:06

And I've talked to a couple leaders, Paul Pullman, one of the other CEOs we interviewed for the book, I had Pehr Gyllenhammar, the former CEO of Volvo, who shared wonderful stories, Barry Chapman from I'm sorry, Bob Chapman from Barry Wehmiller is another one. So what do we need to do as leaders?

Hubert 43:25

So that's a These are great leaders, by the way, some of them are friends, Paul, is one significant change. So I'll speak from personal experience, the way I grew up. In many of us grew up, we thought we were taught that being smart was really important. In fact, that's how you get to the best schools. That's how you land you know, the best jobs initially, is by being very smart. There is also this belief that, you know, the leader is the superhero that comes in and can solve everything. And so we've grown up with this, these myths about leadership, about being smart and being strong.

Hubert 44:14

Another, I think, danger that we've seen for leaders is and that's a trap that you know, you can fall into, I fall into, from time to time is the seduction of power, fame, Glory or money. I remember once taking a job, it was 20 years ago, because I thought it would bring me closer to the top of the organization. It was not a case about money, but it was about power and fame and glory. I was very proud because the board announced that I had this job that's very dangerous, because it's all about you, so about ego, and we could name you and I say have examples of people who have fallen, great people who have fallen, because they fell into these traps in all of the corporate scandals of the last five years, 20 years, essentially about about these very smart people were seduced by power, fame, Glory or money.

Hubert 45:18

So that's the first thing is to realize that these are traps. And so you have to do a reset. And so I talked about the five B's of, you know, purposeful leaders. It's about being so the first B is about being clear about your purpose as a human being. So what drives you in life? Which would you like, your obituary to be? In what simple? What kind of a leader? How do you want to be remembered? As a leader? What contribution Do you want to make in your life? It's not gonna be your banking account, you know, it's, how do you want to be remembered? How do you want. And so for me, my purpose is to try to make a positive difference on people around me and use the platform, I have to try to make a positive difference in the world.

Hubert 46:11

It's not power, fame, glory, or money. Being a purposeful leader also means understanding the purpose of people around you, what drives them? So the question is, what is your dream, and really, then connecting these individual purpose with the purpose of the company. Oh, and by the way, if you're working at a company that, you know, doesn't have a purpose that connects with your purpose, you should leave. And that happened once. You know, when I was working at EDS, the new CEO, it was all about profits. And that's all that matters. And oh, by the way, he was centralizing everything in Plano, Texas, so no more autonomy. So I left, because I didn't feel a you know, it could connect with this.

Jacob 47:00

I feel like this is also a big problem. For younger people. I know, for me, this was a big challenge as well. Like when your first few jobs, you, you, you make your decision based on where you want to work by who's going to pay you more. And when I was taking my first jobs out of college, that's what I did. I thought, okay, you're gonna pay me 40, you'll pay me 50, I'll go with the one that pays me 50. And I was miserable in every corporate job I've ever had, because I followed the dollars and cents. I don't care what you do. I don't care what you stand for. How much is the check, you know.

Hubert 47:32

And so actually, my first job, even though I had graduated top of my class at business school, I was the lowest paid graduate from my class. Because I didn't choose as a function of money I felt that money would come. So that's the first B or purposeful leader. The second be is be clear about who you serve as a leader. And if you're serving yourself, you're serving your boss, or me as the CEO of the company, I've told all of our leaders heard this by I don't have a problem with that, that's okay. The problem is that you cannot work here, you shouldn't work here, you could be a customer of Best Buy, but you cannot be a leader of Best Buy. Because you have your focus is going to be to serve people on the frontline people around you, not yourself.

Hubert 48:21

So let's be real clear. The third B is be clear about your role as a leader. If you're if you believe your role is to be the smartest person in the room and make sure that everybody around you around you knows how smart you are. You're wrong. And frankly, that's a problem I had for a long time, you know, until I got Marshall Goldsmith to help me and help me become a better leader.

Hubert 48:47

Because the problem is I was often the smartest person in the room, but that doesn't matter. So your role as a leader took me years to understand this is not that it's to create an environment in which others can be successful. So that completely changes your focus.

Hubert 49:04

Fourth, B is be a value driven leader. Of course, integrity is fundamental. And the fifth B is be an authentic leader. Somebody is okay to be vulnerable, is able to genuinely connect with people around them. Because that's what it takes to build this human connection.

Hubert 49:22

So I'll take an example here. Kamy Scarlett, was the head of HR at BestBuy amazing leader. One day she disclosed to the company that she had struggled with depression. Who does that? Right? leader you struggling with depression? You're kidding me? No. She said, No, I did. And by the way, in any population, about 20% of the population suffers from some form of mental illness. We have to be able to talk about it we have to be able to say my name is My name is Hubert and I need help. We have to be able to be vulnerable.

Hubert 49:57

The quest when things that I've learned is that the quest for perfection is evil, because if you expect everybody around you to be perfect, you know, these are human beings. So guess what, they're not gonna be perfect in you. It's me and Berne Brown on her TED Talk makes the point beautifully. It's by being vulnerable, that it can build human relationships. And then we can work together and do great things together. So these are the five B's of leadership. For me. It's a huge departure from the model of the last century. Let's put it this way.

Jacob 50:32

Oh, yeah, for sure. And it definitely requires a little bit of courage to do it, especially embracing vulnerability, admitting that you don't know how to do something. I mean, in the past, if you did this, people would say, why are you even a leader? If you don't, you know, if you're asking for question or asking for help, you don't know how to do something.

Jacob 50:49

But I agree, I think we definitely need much more of that in the leadership space. Was there a particular moment during the course of your career or your life that particularly shaped your approach to leadership, like, like a particular thing that happened?

Hubert 51:04

Yeah, there was a. So it was 2002, so I had been the CEO of that video games company that was part of vendor Universal, then I taken that job out of attraction for glory to oversee the merger between Vivendi and Universal and then Vivendi, it really took a liquidity crisis, moved back to Paris to be part of the team that restructured the company, but I felt empty. And, you know, maybe in bad because when you work at the level of the holding company, you don't have any customers and some more abstract, but I felt that there was no meaning to what it was doing. This quest for, you know, more, more power, more glory was empty. I was also struggling in my personal life at the time, my marriage was not a happy marriage. And so I was lost.

Hubert 52:10

And I took the time to do a spiritual retreat, I actually did the spiritual exercises of Ignatius of Loyola, which is a, there's many ways to find, you know, your calling in life. Sometimes you do this with an executive coach, you know, a TAS, there's on T with a book Alliance, she does what she does with her clients. But of course, you can do it with meditation, you can do it with spirituality. And that allowed me to get re-grounded on, you know, what is my true purpose in life? What is really important, and you know, what is going to matter in the end.

Hubert 52:50

So sometimes, you know, you need a crucible, you need to fall off your horse, like, St. Paul into Damascus, and, and, you know, resets, you know, what you want to do? And I think, sometimes people call this your second mountain, you know, the first phase of your life can be Yes, success, success, kids, you know, blah, blah. But then, the most fundamental thing in the heart of a human being is this quest for meaning, right? There's this great book, Man's Search for Meaning by Viktor Frankl that,

Jacob 53:23

Yeah, and I quote that in the book, too.

Hubert 53:26

Exactly. And that's so fundamental to who we are. And one of the things that Franco says in his book is that work can be a way for us to find fulfillment, because work is all about interacting with other human beings in society. People talk about work life balance, as if there was work, and then life was outside of work. I fundamentally disagree. Of course, we need to be balanced in our life. But life is, you know, is in our work. And we can use work as a way to find great sources of joy and meaning and fulfillment.

Jacob 54:03

Yeah, I know, we only have a couple of minutes left. But you know, I love that we're able to talk and agree that leadership is changing dramatically, which I think is for the better. But I had a couple of just fun rapid fire questions for you. Starting off with what has been your greatest business failure?

Hubert 54:24

Well, the biggest mistake was greenlighting World of Warcraft because we thought we would do 500,000 subscribers. And we did 12 million, but that's a that's not a failure. That was a mistake. We were wrong patch of 24. But that was a good thing. The biggest failure, you know, I remember one in January of 2014. at Best Buy, while we had had a good run from, you know, September 2012 throughout calendar 2013. We had a challenging holiday season and you know how important holiday is for retailer like Best Buy but our shares had gone from \$11 to around \$40. But, again, we had disappointing sales during holiday.

Hubert 55:09

So the share price to measure how people felt about us went from \$40 to \$27. In one day.

Jacob 55:17

Wow.

Hubert 55:18

And so then you know what we did, just before announcing the results that led to this fall in the share price, we gathered the leaders of the company, the top 150 leaders to preview the results. And I asked them, you know, what, why do we fall Bruce? And, of course, everybody who's watched the Batman movie, but, you know, Batman rises? Knows, the answer. Is that so that we can learn to pick ourselves up?

Hubert 55:49

Yeah. It's it also showed the extract from the movie Any Given Sunday, were up by Chino at halftime talks to his team. Yeah, the best motivational speech ever? Because I asked the team, you know, we've messed up, we've made a few mistakes. It's our choice. How do we want to show up tomorrow? Do we want to show up as depressed and like we failed? Or do we want to say, Oh, we've made mistakes, we can learn from these mistakes, and we're going to move forward. And of course, everybody decided this. And then we kept we know, we got back on our horse. And so I think it's all about not what happens to us is how we deal with. So we're not the products of our circumstances were the products of our decision. Were the captain of our souls, right?

Jacob 56:38

Yep. And what was your most embarrassing moment, if you can remember that?

Hubert 56:44

Well, that could be when your share price goes down from 40 to 26, embarrassing moments.

Jacob 56:56

I've had people telling me stories of how they were giving a speeches on stage. And you know, they they fell before they walked on the stage or they gave the wrong name to an executive or they they did all sorts of things.

Hubert 57:10

Well if it happened, I forgot. I've been blessed. You know, my life has been such a source of joy and excitement, working learning from great people and working with great people. So embarrassments, it nothing comes to mind immediately. Maybe we erased it from my memory how about that.

Jacob 57:31

What are you most proud of?

Hubert 57:33

What I'm most proud of, you know, in the business, and from a business standpoint, is to see how well the Best Buy team is doing today under Corrie's leadership. Now, as a as a leader, you know, sometimes some, sometimes you could wish that your successors don't do as well so that you can say, see how good I was right? You guys, you guys miss me? And no, of course not. I'm proud because, you know, the building on the foundations, we've built together the values, the purpose, the humanity, they're taking it to the next level. And so we've built something very robust.

Hubert 58:12

And when I announced that I was stepping down, you know, I told the team, look, in three years from now, you're going to say, Oh, this is now so much better than when we had the French guy and I got pushback. They say no, no, we absolutely not. And they said, of course, I hope you say this, because I hope you're going to continue to improve. And so seeing how Corrie and the team have led to the virus through the issues also of racial inequality in Minneapolis, I'm so proud of of that team and the culture,

mastering culture we have built building on the very strong foundations that Dick Shulze and Brad Anderson had built when they started the company, very proud of that.

Jacob 58:53

And maybe to to wrap up for all the leaders or for people who want to be leaders listening to this podcast, what is the best piece of advice that you can give them to be successful in this this new world of work that we're all a part of?

Hubert 59:09

I think it's it's a piece of advice I got from somebody else, right? We were always getting help. It was, again, Jim Citron, wrote a column in Yahoo finance a few years ago and he wrote, the best leaders don't climb to the top, they are carried to the top, the best leaders don't climb to the top, they are carried to the top. Basically the idea that sort of focusing on you know, career success and so forth your focus on now, being the best leader you can be now taking care of people around you, trying to be helpful to others and then assume that, you know, good things will happen. As opposed to being driven by again, the seduction of power, fame, Glory or money, which is so poisonous, so, best leaders don't climb to the top. They're carried to the top.

Jacob 1:00:01

I love that quote, it's a great one. Well, thank you so much for taking time out of your day to speak with me, why don't you let people know? Where can they connect with you, I know you're on LinkedIn, you're starting to write articles there, you have a book coming out. So anything that you want to mention for people to check out, please feel free to do so.

Hubert 1:00:17

Yeah, I'm very excited about the book coming out The Heart of Business: Leadership Principles for the Next Era of Capitalism. It's coming out on May 4 2021. You can pre order it on Amazon, how cool is that to come out on May 4, may the fourth be with you.

Jacob 1:00:33

We'll have to have you back to talk about your book when it's out.

Hubert 1:00:35

Right, you can connect me on at Harvard, you know, HJoly@hbs.edu. And on LinkedIn. So you know, we're in this together, I think this is an extraordinary moment where we get to reinvent, we get to create a world that does not exist yet, but that it's our responsibility to create, and I'm so excited to add my contribution to this.

Jacob 1:01:00

Yeah. Well, thank you again, very much for joining me, I really, really appreciate it. And thank you for agreeing to be in the book. Thank you for providing a wonderful endorsement for the book for coming on the show for doing all these wonderful things. It's really been a privilege for me. So thank you.

Hubert 1:01:15

Thank you, Jacob. Thank you, everyone.

Jacob 1:01:17

Yeah, thanks, everyone, for tuning in. I will see you all next time. And please make sure to check out Hubert Joly on LinkedIn, I hope you also get an opportunity to preorder his book. We'll see you next time.