

CEO of 120 Year Old Manufacturing Company On How Playing Piano Taught Him To Be Vulnerable

Jacob Morgan 00:00

You are about to listen to an exclusive conversation that I had with Steven Smith, the CEO of Amistad industries, which is a manufacturing company with over 18,000 employees. And this is one of over 100 conversations that I had for my brand new book called leading with vulnerability, which is available by heading to lead with vulnerability.com. It really looks at this concept of how can leaders bring together competence and confidence, while at the same time being able to connect with their people and be vulnerable and open up? How do you bring these two things together to figure that out, again, 100 CEOs, 14,000 employees that I surveyed, and you can learn more about the book by going to lead with vulnerability.com, you're going to hear the first part of this conversation. If you want to get access to the second part, you have to go to great leadership.substack.com. That's great leadership.substack.com, you can put in your email there, and then you will get access to the second part of this conversation. For now, let's jump right in with Steven Smith, the CEO of Amistad industries.

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Well, first, why don't you tell people a little bit about who you are and your company and how big you guys are? I think it's been how many years since I spoke at your event, like four or five,

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four or five years? Yeah, somewhere. Yeah, time flies when you're having fun.

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I know. I know. So who are you and what does your company do?

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So I'm Steve Smith, I'm CEO of amset industries. We're a Chicago headquartered company. But we have 65 plants around the world, we are about a \$4 billion revenue company and hopefully climbing. And four major businesses are a big supplier to the rail industry. And so if you see a freight car and United States, it's probably got the entire undercarriage is probably all our stuff. And everything that connects the cars together. And then our truck business class eight trucks, if you see a big 18 Wheeler out on the road, that connects wheels to the axles those are ours. And the plastic interiors are ours as well, too. So we keep a lot of things moving. If you drive a GM or Ford are numerous other brands, you're our clutches are probably in your transmission as well. So we do a lot on the automotive supply side. And then our final business is actually not having to do with mobility, but rather cooling. We're the largest evaporative cooling company in the world. So evaporative cooling is a very energy energy efficient water based augmenter and cooling system. So those are our four businesses. I guess the

other unique thing about amset is that we are 100% owned by workers by employees, and we through an ESOP and employee stock ownership plant. And so that makes us fairly unique. We're a fairly large company for an ESOP. There's probably about 6000, Aesop's in the country. But we are a fairly large one. So

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how many employees do you guys have now?

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So worldwide right now, and we're cyclical businesses. So it goes up and up and down, but about 18,000 employees?

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Wow, it's a huge company. All right, well, why don't we jump right into some of the questions that I had. So obviously, we're talking about vulnerability. And one of the things that I always like to start off with is what, what does vulnerability mean to you, when you hear that phrase, being a vulnerable leader, what comes to mind,

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you know, as basically fundamentally is a recognition that you can be wrong, and that you bring that into all your interactions. And it's recognition that it's valuable to expose yourself as a human being a little bit too. And that you don't feel always the need to portray an image of perfection, but rather, that people will identify with you if they understand that you too, are subjected to all the ills and weaknesses that we as a human race are and I think you just bring that to all your engagements. And it puts you on a more of a level playing field with people and it eliminates a lot of the defensiveness that is so detrimental to actually achieving good results and good decisions if you're not all fighting out of personal defensiveness but rather you're willing to be vulnerable, you're willing to be shown that you're wrong. That's how I would really summarize it.

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Can you share a time when you were vulnerable at work and what the impact was so any any like specific stories or details are always always appreciated?

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Yeah, I mean, in in, in the The work context, you know, I lead largely through with questions, okay, is what I do. And so I mean, I have situations often in operating meetings where I sort of show my ignorance and do that in a very open way. And I make it very clear that I'm just trying to learn. And at times, you know, there's, people want an image that their leader knows everything. And so you have to be willing to take the risk of showing that ooh, I can be stupid sometimes. So, I mean, I once in a while, ask a question to one of our businesses about rail components or something where I can be come across as stupid, you know, he should have known that he's been talking to us for 15 years about this stuff. And he's still asked that question, right, you know, and if you're too worried about making that misstep, you'll be too careful. And you'll just learn a lot less. And so it's really in that context, where I think I show myself as vulnerable often. So okay.

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Okay, so it sounds like, basically, you were talking to some of your team? And I mean, are you able to share like, the specific context in which it happened? Were they looking to make like, some sort of a product decision? And you were asking a question about a product?

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No, I've been talking to our truck business for years about their real ends. And they do a technology called precept plus, which we think is a big advantage in the market. But the chief competitor, which is used in Europe, is unitized. And it's all different technology. And after having talked about this for years, you know, I finally recently just said, Okay, explain to me what unitized is, and explain to me what, you know, how it's different from Pisa plus, and, you know, it's something I'm sure they thought I've always known. But you could tell the, the engineering person who in charge sort of stopped for a second and was surprised he had to answer that question. But, you know, frankly, he did. And I will say this, I think some other people in the room are glad that they also heard that explanation. And but it was willing to take the risk of being shown not to be all knowledgeable and all powerful, that really prompted that situation. And, you know, one thing I do find is a problem is that people don't want to embarrass their boss, and they always assume you have this high level of knowledge. And they start to fire into stories, you know, situations she was not dealing with, and, and so you have to be willing to say, Well, I really don't know as much as you think I do. And you pull them back to you pull them back to the beginning and earlier in the story. So got it.

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This vulnerability also have to do anything with letting people into your personal life, for example, is sharing, sharing what's going on with you or your family? Or do you believe that vulnerability is mainly just about admitting you don't know how to do something?

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No, I really think I think some of it really comes more from how you portray your personal life. And then I would also say how you live your personal life too. And, you know, I'm not as good at it as I should be, because I'm somewhat a private person by nature. But I do understand, you know, that sharing some things that are insights into your own life, really are very valuable in the organization. And I just had my second grandchild in early January. And I have to say, I mean, I'm around the office, you know, showing pictures on my phone to people who, you know, normally wouldn't even expect to interact with me and but I just find that for them to understand I'm a human being like they are and I get joy out of the same kinds of things they would get joy out of, and subject to all those same kinds of emotions. I think that's very valuable. everyone also knows I'm a big baseball fan. I'm a White Sox fan, which is not the predominant one in Chicago. And, and but the fact that people identify that with you, too, I mean, it's just important for them to No, no, you're vulnerable in that way. So

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have you ever cried at work?

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I have I, you know, I am a bit of a crier. I have to say I want my wife would tell you I cry in a movie once in a while. And, you know, this was when I was not a CEO, but I had a daughter in her teens who struggled and we had a couple of very tough nights where we were very worried and then that State, my, my CEO from England was coming in, and I had a host. And he came into the office. And I started talking briefly and he said, How you doing. And, frankly, I burst into tears, because it had been a very tough night. And he sat there with me for an hour talking about history with his kids, et cetera, et cetera. And I learned a lot about, I mean, I respected him as a leader, so much for the rest of my life, you know, so, but, but the fact that I cried, then, you know, it was important have I cried in my role as a leader here. You know, I took this job, Jacob, when my predecessor passed away. Unexpectedly, I got a call on the night of February 4 2017. And on the morning of February 5, I had to call the home office together and stand in front of them at 9am. And it was right after the Super Bowl, and they were all bubbly. And I had to tell them that had passed away. And I think people who are there, I will tell you that I was struggling, getting the words out and was definitely crying in front of them. At that point, that's

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what when you're vulnerable with your people, whether you know, the story that you shared about the tough time you had with your daughter, and you cried in front of you're the CEO at the time, or when you're the former CEO passed away, when you find that you're vulnerable with your people, whether it's admitting you don't know how to do something, or showing emotion? What impact do you feel or know that it has on your people, like, when you see that around you? What's the usual response that you get?

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Um, I think you've got empathy. And, you know, when you look at the roles of a leader, they're really it's pretty simple on the hall, right? You know, you're trying to get really good, talented people. And you want to make good decisions, which you get by listening. But then you want people to be aligned and motivated, right and wanting wanting to be pulling in the same direction. And if they believe that you are a person who is vulnerable, and is not pretend to be all knowing, but that they understand that you share some of their values, and they see it, you know, in in the way you express yourself, frankly, at that point, they're more likely to want to be successful, they don't want to, they don't want to disappoint this guy who's just just an ordinary guy like they are who's subject to all the same motion. So I think it really helps align and organization motivationally if none of us are walking around with false faces and pretense all the time. So have you

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ever had anybody take any one of your vulnerabilities or something that you shared with them, and it doesn't even have to be when you were CEO, just during the course of your career in general, and use it against you somehow, like throw back in your face, try to undermine you try to take credit or credibility away from you.

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I'd say, you know, I my career, in my early career, I was a lawyer and did a lot of negotiating. And I'm generally like to portray myself as a nice guy, you know, I'm, I don't try to come in and portray myself as tough. And, you know, one thing I learned is that you can be taken that seriously at times. So there is a

risk, if you don't have a certain gravitas of not being taken seriously. And so if you come in and show yourself too vulnerable, it can be misinterpreted as weakness. And I don't think vulnerability is weakness and its strength. But, you know, there are situations where it's very important you to show strength, and very difficult negotiation, for example, was one of those. And so, you know, you do have to, you do have to be careful about the times you expose that vulnerability, I will say, during a course of a negotiation. As we got into the later rounds, I'm confident that people always understood that while I may not have a facade of toughness, that when it came down to the issues that I would fight relentlessly for whenever I whenever I needed to fight, but you can set a wrong tone if you know if it's people who don't know you intimately at that point, so

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yeah, but has anybody ever worked? Can you think of a time when somebody specifically tried to use it against you?

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That's nothing is really coming to mind at this point now. Yeah.

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Well, no, but that's good. Because I think one of the fears that a lot of people have is that if they're vulnerable, People can use that, you know, they can weaponize that vulnerability and turn it against them. You mentioned this idea of, of knowing when to use strength and knowing when to be vulnerable. How do you define that line? Like? How do you figure out when you should be vulnerable? When you should not be? Because it's, there's no rule, it doesn't seem like, there's no blueprint or guidebook you just kind of have to know. So how do you? How do you know?

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Well, you know, you have to separate out situations and you know, we're called to use judgment and interpersonal TALENT A lot of times. And so first of all, when you're dealing in a not a concrete business meeting kind of way, obviously, the, the venue is a much broader one for being able to express your vulnerability, such as me walking around the halls showing pictures of my grandson, right. You know, I mean, in meetings, you know, you sort of have to judge and because our meetings I go into where I need to set a tone of great seriousness, and that's probably not the one where I choose to show the most vulnerability, even that though, you know, when you're, when you're bashing a business for performance, you know, and I use that word, in a mild way. But in the midst of that, when you feel you've gotten your point across, and when you feel that they've taken it to heart a bit, it might be that you want to draw upon another experience you've had in the past where you've been in a similar predicament. And you're going to show that, hey, you screwed up to our, you know, you failed to see what they're saying as well. And so even in the context of a tough conversation, you can app points, vulnerability, to serve a purpose to some extent, but

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one of the other big questions that a lot of people ask me is, how can I be vulnerable without being perceived as weak? So how can I admit that I don't know how to do something? How can I cry if something is going on in my life? And how can I bring that emotion or that those feelings to work? And

not have other people judge me is just being incompetent? Or as being weak? Or somebody who doesn't belong?

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Yeah, well, I mean, again, I alluded to the fact that that is a risk always but you know, that's where communication is key. And, and you can express toughness, at the same time, you're showing vulnerability, and, you know, so you've got to make sure it's all couched in context. And yeah, and, and the words, and the words and the music don't always go together, right? I mean, you can always offer tough messages. But, you know, hit them with a soft glove on to you know, and so, it's just, it's, it's interpersonal skills, and being sophisticated, and how you convey both of them, you don't want to come across as just a person who's always a joke, or, you know, I mean, and you do have to take those times to show strength. And, and it's just making sure that you do that as well, too. So and, you know, I found in COVID, for example, I mean, one of the major jobs I did in this here is in communicating consistently that I understood that difficult circumstance, people were in, but also that we needed to be strong during, during it, and I had to convey hope, you know, and people needed to understand we would get through this, and they needed to be courageous and have hope. And, and so you deliver those tough messages. And those are times when speaking of what you are going through personally with COVID, for example, that you could convey vulnerability, but also you had to convey strength at the same time.

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Yeah, I love that message of being able to be vulnerable, and also being able to be strong at the same time. I think a lot of people think they're mutually exclusive. Like you either have to be tough, or you have to be vulnerable. You can't be both at the same time. But I think your point is that you can be both at the same time Absolutely.

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Have a vulnerability can convey strength. I mean, it conveys, it conveys such security, that you're willing security and such strength that you're willing to be vulnerable. I always think of Lynn Swann as just before your time, but Pittsburgh, Steeler wide receiver who was one of the best receivers around but he's also took ballet and he was never afraid this tough football player never afraid to convey that. He took ballet, you know, I mean, you can combine strength and sort of vulnerability at the same time. So

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interesting. I love it. I didn't know that I'm gonna have to look him up afterwards. Pretty cool story. Can you share an example or a story when somebody was vulnerable with you? Have you ever had any of your employees open up or she share something like that with you? And what was the impact of that?

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Yeah, you know, I'd say even in these last couple of years, I've had a few employees who who maybe don't entirely line up with some of the mainstream thinking around COVID. And I'm sure they have felt threatened in some respects. And I think probably they know that on an intellectual basis, I don't agree with some of their views. But I've been glad that they've been willing to express them candidly test them

with me explain to me and not feel that, you know, they were somehow going to, to be reprimanded, and, and in at least one case really expect, share the angst they were feeling about the whole situation with me as well and be very open about it. So, you know, I'm glad they felt have felt comfortable enough to do that with me and to show that vulnerability as well. And they, it's generated respect for them as well.

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Why did you decide to be vulnerable at work, because you could have just gone through your career, being the typical, you know, the stereotypical, emotionless leader or the guy from office space, you, you know, you could not share anything about yourself, you could be a robot at work, why? Why be vulnerable? Why open up? Why share?

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You know, what your question sort of portrays it as a decision. It has to do though with, to some degree, who you are as a person, you know, I alluded to the fact that there's, there's experiencing vulnerability outside of your work life, I think it's important to then bring it in. And I, you know, I've always been a person I grew up on the north side of Chicago, I've taken the CTA around all the time, I still ride the bus sometimes, you know, I, I told the story to the sheet you sent in that, you know, I'm taking piano lessons now at the age of 65. And I went to a recital, and I touched the piano a little bit 40 years ago, you know, and so here I am starting from scratch practically at 65. And a month in my teacher, drags me into a recital, up in Evanston with a five year old prodigy 21 year old who was playing Chopin, like he been born playing it. And there I am playing my little Tchaikovsky number, which I had somehow cobbled together, you know, in front of a home of people, half of whom had Alzheimer's, probably, but, and, you know, I just think it's so important to live your life. So the, you're not always the powerful person, but you're sometimes the vulnerable, vulnerable person, and you, you know, are willing to test that and realize that so many people in your organization feel vulnerable all the time. And you want to be able to identify with that, because let's face it, you don't have to be vulnerable at work and the kind of jobs I have now, you know, if you're a leader, and so you have to make sure that you keep enough of that, in your in your daily life, you know, and I always value in my now grown children, when we're together on vacation or something, and I say something with the least bit of authority. My children, I call all CEO, you know, and give me total grief about it. And so I just think it's important that you live your everyday life that way. And then once you do, once you do, you know, it's not like you have to make a decision when you go into the office, it's just, it's the way you live. And so that's a big part of it. You know, and apart from that, you just understand, when you're in this kind of job, the impact you have on people, so you have to be sensitive to it all the time. What impact do I want to have on people and, and unless you're tone deaf, you're going to realize it's really more powerful, it's more effective, to be vulnerable. I always felt that way. Negotiating too. I always thought if I'm ultimately honest, you know, they're going to understand that I mean, when I say, you know, I don't have to make that choice, I'm just going to be that way. And, you know, I had a lot of success doing it, frankly,

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it sounds like you notice the impact, probably I'm guessing through things like trust, even maybe productivity or engagement or connection. And I love the story about having to do the, the recital on the piano with a five year old prodigy. And I mean that that seems to be very humbling. And it's definitely a

vulnerable position to be in where you need to be on a stage of a, you know, these kids or piano prodigies. So have you seen that the impact that you've seen just kind of like trust engagement, people connecting with you more?

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Absolutely. And you've got the support from people and they don't want to they don't want to disappoint. I mean, in a way that when the orders are just you don't want people to want to disappoint you, you know, and so, I think it's very effective in that way. Yeah, absolutely. Okay.

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Well, we only have a few minutes left a couple more questions for you. What happens? Because obviously, there are some people who are not comfortable with being vulnerable, and you probably work with some of them. I know some people like that in my personal life as well. And they're just that mentality of like, I'm not being vulnerable, like I, you know, people don't need to know about me, this is work. This is not fun. That's just me. Yeah. I mean, do you try to convince those people to be vulnerable? Or is that, okay, like, how do you deal with people who just put up at wall? And that's it, there's no getting through it?

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It's a real impediment. There's no doubt about it. And, you know, we spent a lot of time and development of people. And, you know, we've been very explicit in some cases, that that is a roadblock. And ultimately, they don't have the trust within the organization, or in some cases with their customers that they need to have. And part of that is because they are defensive, and that they are not willing to be vulnerable. And we've engaged coaches, in some cases to try to address that. And often, you know, without getting too Freudian, I mean, you can go way back into their childhoods. And the reasons why in some cases, that that's the case. And sometimes people who have a lot of talent and some ways have been very effective, they end up just not making it if we can't get over that hurdle. On the other hand, I think in quite a few cases, you know, people begin to learn, hey, that really does work in this organization, and it's not going to hurt me, it's going to help me and oh, you know, even Steve is so vulnerable and not defensive sometimes. Right? So

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what are the factors for you, that you think help cultivate a culture of vulnerability and allowing people to be themselves? And what are the similar the flipside of that the variables are the factors that kill vulnerability inside of an organization?

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Yeah, I mean, I think, a certain casualness. I mean, I think, if if you have an organization that's too stiff in how they structure meetings, and how they expect reporting to take place, you know, then if you've created a real formalized structure, that's going to be a context in which people are less likely to be vulnerable, I think, you know, there's a lot more emphasis on teams and that sort of thing nowadays and less hierarchical. And I think that ought to create a setting where people feel they can be more vulnerable and can share more openly as well, too. And so, you know, I don't know whether casualness is the right word, but I try not to put too much pretense around the things we do, but to keep them open

and free for free flowing, you know, so that, that people can feel the ability to be very open and vulnerable with their ideas.

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And the factors that kill vulnerability.

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Well, I mean, someone getting whacked. alterable, obviously, is is a killer. And, you know, imposing, it's important to impose accountability. But to do it in a way that doesn't acknowledge reality, I find to be a killer of vulnerability as well, too. You know, that's that fine balance all the time holding people accountable. But you know, there are extraneous circumstances always you can't let them become excuses. And yet, if you are too harsh, and not even acknowledging those extraneous circumstances, you will, you will kill people's openness and willingness to talk honestly, about what those circumstances are even. So you really have to let them be vulnerable about where they failed a little bit without whacking them too hard.

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Can you be too vulnerable at work? Do we need to have some sort of boundaries?

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Absolutely. I mean, you know, we all have to make those judgments that you know, there's aspects of your personal life that you can share with people but if you're all the time, just, you know, dominating your people with one one thing after another going on in your life, but you know, you've got to be a little careful about that. Because sometimes, you know, you come to work and you got to do a job to write you know, and you Don't want to convey that you're so caught up in your personal struggles that you're not doing the job anymore. I mean, it's important that we all get the job done. So, you know, there, you can certainly go too far with that, I think yes. Yeah.

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All right, maybe last one or two questions for you. Okay, so boundaries, obviously something important. What advice do you have for people who want to be vulnerable, or why they should be vulnerable, because I know a lot of people watching and listening to this and people who are going to be reading the book, like you said, Everyone feels vulnerable at some point. But not everybody is vulnerable. And they you know, they don't talk about it, they don't express that. First question for you is, do you recommend that people get over their fears? And do that? And second, where do we start? How do we start to be more vulnerable at work?

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I do recommend it. And I recommend it both for work and for your personal life. And, you know, it all starts with security, you know, and I mean, if you're secure in yourself, you know, you're a talented human being. And if you're in these jobs, You've obviously done well, in life, you've had some success. So why why are you not secure in yourself? And then once you're secure in yourself, to some degree? Why are you embarrassed to show yourself, you know, you're a talented person, right? So, first be securing yourself and, and, and, you know, so building people up so that they understand that they're

their successes, and then letting them therefore be willing to expose themselves? I guess is, is the advice I would give?

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I love that moves, you need the confidence, which I think is important. Absolutely. And maybe last, last question for you. And it's really around. So we talked about techniques, and I guess some advice that you have for people to be vulnerable? What if somebody throws vulnerability in your face, and you kind of mentioned that nobody's really done this to you. But for some people who might be watching and listening to this, they're thinking, like, you know, what, I tried that I was vulnerable at work. Somebody took it, they threw it in my face, they hurt me they, you know, so never again, what do you say to those people who've tried it and have gotten burned by being vulnerable?

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You know, no one's gonna bad a bad 1000. Right. And so, yeah, there can be bad incidents, again, as a general advice in life, don't extrapolate too far from single incidents, right? And there might have been nine for that one bad time, there might be nine times and I doubt you're there likely will be where the result will be a good one. And, and so I can promise you that it will never be thrown in your face, there can be situations. But on the other hand, I can assure you that over the long time long term of working in an organization over a period of time, it will build your relationship with your fellow workers, they will build your stature by allowing yourself to be vulnerable, and love it.

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Well, those are all the questions I had for you on vulnerability. Is there anything else that you wanted to share about vulnerability or anything else that you want people to know about when it comes to being vulnerable at work before we wrap up?

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I think you've touched touched all the great points, I would just say, you know, life is much more freeing when you're able to be yourself and be genuine about it and not always be defensive. And not wearing masks and exposing yourself and your weaknesses as well. So it just makes for a better life and a better career and a better work environment. So I

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couldn't agree more. Well, thank you so much for for sharing these insights with me. I hope a lot of people will learn from them and take some

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your advice to heart. Very good, Jacob, appreciate the time. Likewise, and

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thanks everyone for listening or watching. You've been listening to a conversation with Steve Smith, the CEO of Hampstead industries. See you next time.