

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.

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0:02:12 Jacob: Hello, hello everyone, thanks for joining us, I have a very, very special guest today, Pehr Gyllenhammar the former CEO of Volvo where he spent 24 years. Pehr, thank you so much for joining me today.

0:02:29 Pehr: It's nice to be here.

0:02:30 Jacob: Well, first of all congratulations on your brand new book that I had a chance to read and for those of you who are interested in the book, it's called "Character is Destiny" so I love the title of the book.

0:02:43 Pehr: Good.

0:02:45 Jacob: So I had a chance to read it and I have lots, lots of questions for you about the book, about you, your leadership style so I'm gonna just jump right into some of the questions that I have for you and the first one is, can you tell the listeners and viewers just a little bit about your life, how did you end up as the CEO of Volvo?

0:03:07 Pehr: I was before I went to Volvo I was Chief Executive of the biggest insurance company in the Nordic area and I was asked from the Volvo Chairman if I wanted to join Volvo and I couldn't resist it. I think that Insurance was interesting but that Volvo was a passion.

0:03:36 Jacob: So short story, you were CEO or leading one their company and got brought into another one.

0:03:42 Pehr: Yes.

0:03:43 Jacob: What about even before that, I'm just really curious how you grew up, how did you even get into leadership position at the insurance company before that, is that something that you've always wanted to do?

0:03:55 Pehr: No, I never wanted to do that and I didn't know what to do so I started low and was a graduate after three years where five years was the normal and I partly enjoyed it and some of the professors thought that I was too quick in learning so I didn't apologize I just said that that's the way I do things and then I had a couple of years where I didn't know what to do and then finally I was engaged in a company that was very boring but where the chief executive had to leave and another chief executive came and he said, you have to stay here, I said I don't want to stay here because I don't think it's interesting enough and then I left and then I came to the insurance company which was the biggest one in the Nordic area and then I was asked when I became the CEO whether I

would come to Volvo and I thought that Volvo was so interesting and so tempting then I said yes to Volvo and left after only two years in the insurance company.

0:05:16 Jacob: Well, you mentioned something interesting, that there was a time where you didn't actually know what you wanted to do and I feel like that's something a lot of people struggle with, young people even people who are in the middle of their careers they're trying to figure out is this something that I really wanna do, how did you figure out the answer to that question?

0:05:34 Pehr: Well, I didn't know what to do so I was bored for about one or two years and then when I came to this fairly limited size insurance company the boss was so tolerant and so good and he said, "I hope that you will succeed me." I said, "Never," I said, "I won't stay." And then I was looking for other opportunities and they came very quickly and then I also rather quickly became the Chief Executive Officer of the largest Nordic Insurance Company and then came the Volvo proposal.

0:06:18 Jacob: And by the way, I should also mention you were voted Sweden's most admired man I think it was nine times?

0:06:24 Pehr: Yes.

0:06:25 Jacob: That is incredible, that's another, Quite an accomplishment. Well, of course I have to ask you, there's a lot that's going on now with the coronavirus with the current pandemic and I saw you wrote a couple of articles as well so what is your general thought? What's happening with the pandemic and how are organizations and leaders responding to it, are you happy with it?

0:06:47 Pehr: No, I'm not. It's very difficult to be happy with a pandemic where people die left, right and center and where we see no end because there are those who are in science who say that, don't be too optimistic this will come back, there will be a second wave later this summer or in the early autumn so I have matured a little bit when I'm only 85 and I take it with resilience but I think it's a very dangerous, dangerous pandemic and that it may come back in the mid to late summer but I have in the meantime, I have communications with people around the world, I'm on the phone most of the time and on my iPad. And I don't have good feelings about the pandemic, I think it's one of the most dangerous things since probably before World War I, I wasn't there yet in World War I, I was there in World War II and I was a child when World War II started. But I try now to do my best in writing, communicating, understanding where the world is and it's a different way of attacking things but I'm pleased with it so far.

0:08:34 Jacob: What about as far as how leaders are responding, business leaders for their organizations, do you think they're doing a good enough job of putting their people ahead of profits?

0:08:47 Pehr: No.

0:08:48 Jacob: So, what...

0:08:50 Pehr: I think there are quite a few or perhaps only a few who would not put profits before people. But I put people before profits in the sense that if I don't have good people, we could not have productivity, we could not go to have our aspirations come true unless we have good people. So I have people before profits and it's not declining profits. I think that profits are very important

for any shareholder company and that the shareholder should have their part of course, but that the people will create it.

0:09:42 Jacob: Yeah, nope, totally agree. And I think in a recent CNN article, you were I think particularly critical of US firms, saying that they were not doing a very good job of looking after their people and putting people first. I don't know if you... Can you share a little bit more about that? What would you like to see, specifically American firms, do that they're not doing as far as taking care of their people?

0:10:07 Pehr: Well, I think that the fact that when you get to a recession or a downturn, they layoff people.

0:10:14 Jacob: Yes.

0:10:15 Pehr: And they do it brutally. So they just say, "You know, X hundreds or thousands, you have to go." And that's it. And they get no remuneration, they get no praise, and it's very cold-blooded. I don't like that.

0:10:35 Jacob: Yeah.

0:10:36 Pehr: And I have in recessions, I have saved not really my blue-collar workers because they are the most vulnerable, and I think they are the most vulnerable in the United States as well, and you can just dispose of them. And I have always rejected that and always cared for not least, my blue-collar workers. Because the white-collar people, they feel safe anyway even if they are not. [chuckle] They feel safe because they are always saved, whereas the blue-collar workers go.

0:11:13 Jacob: Yeah.

0:11:13 Pehr: And many of them have work places that are boring, monotonous, and where they get injured because of the high pace. And it's not a high pace in the production, it's a high pace for the individual people that have very short job cycles. And they get injured and they get bored, and both are bad because if they get bored, they leave, if they think that they have other jobs to make and to do. And they get also very often injured because if you do a thing for 90-second cycle, it's nothing, it's nothing. Everything is just... [chuckle] You are gradually injured and incapacitated. So I started production looking for the health of the laborers, and went to 20-minute cycle instead of a one-and-a-half minute cycle, and that worked extremely well. They were motivated, they were great, they learned much more things, and they were quite proud of it. So I continued on that way three years after I started with Volvo.

0:12:49 Jacob: I don't know if you've seen any of the news, but here in the Bay Area where I live, Uber has been in the news quite a bit.

0:12:56 Pehr: Yes.

0:12:57 Jacob: Laying off many, many thousands... I think a couple months ago, they laid off 2000 now it's 3000.

0:13:03 Pehr: Yes.

0:13:05 Jacob: And I read an article, I think it was yesterday, that a lot of leaders basically went to the CEO and they asked him, they said, "Look, please don't get rid of our jobs. We are willing to take a pay cut and our teams are willing to take a pay cut so that we can keep our jobs. Would you consider that?" And in the article, he said, "The answer is no." And now, there's a lot of articles that are coming out that basically are saying that he's just Travis Kalanick 2.0, he's doing the same thing that the former CEO did. And it's really crazy to me to hear these types of stories. But you've also had to deal with tough times, with recessions, with economic downturns. So how did you do deal with it?

0:13:47 Pehr: Well, I dealt with it so that I wanted the blue-collar worker to stay. They were loyal and I thought that over time, they would probably be pleased to not have been laid off. So I hardly ever had any layoffs. I had more layoffs on white-collar people that I didn't like because they were not productive.

[chuckle]

0:14:12 Pehr: So if anybody would be laid off, it would be white-collar workers or high officials that didn't perform and didn't understand the philosophy that we had, that I had for the company. So with the blue-collar workers, they were saved and they were extremely grateful. And towards the... Well, later in my career at Volvo, I got... There was a poll from outside, what the workers and what the employees, in Volvo thought about the leadership. And the blue-collar workers had 90% plus approval of their workplace.

0:14:57 Jacob: Wow. It's fascinating that... And this was several years ago, you actually put your blue-collar workers first.

0:15:04 Pehr: Yes.

0:15:05 Jacob: Whereas... Especially in the United States and many other parts of the world, they put their blue-collar workers last and they...

0:15:12 Pehr: I know.

0:15:12 Jacob: They preserve jobs of the senior leaders who make the most amount of money.

[chuckle]

0:15:16 Pehr: Yes, yes, the money stays and the workers are forced to leave.

0:15:25 Jacob: Yeah, it's... It doesn't make much sense.

0:15:29 Pehr: No.

0:15:30 Jacob: So, what would you say to somebody who said, "Well, Uber just doesn't have enough money.", or "These companies just don't have enough money to pay these people."? So you said that you kept the blue-collar workers, but obviously, you still need to pay them. So I guess you just kinda...

0:15:41 Pehr: Of course.

0:15:43 Jacob: So how do you make that work?

0:15:44 Pehr: That full pay. That full pay and I just wanted to look for better times for them and for the company, and therefore, for the shareholders. And that came back because in the 1970's before you were born, young man.

[chuckle]

0:16:02 Jacob: Oh yeah.

0:16:03 Pehr: In the 1970s, there was first the oil crisis, and before the oil crisis, there was a recession, and after the oil crisis, there were longer recessions. So the 1970s was a very difficult decade and it lasted until the early '80s. And we did well with that, didn't have one single lost year and I kept all the factory workers and paid them.

0:16:32 Jacob: How did you do that? What's...

0:16:36 Pehr: First of all, the stock exchange reacted fairly poorly when I kept all the blue-collar workers.

0:16:44 Jacob: Oh really, they weren't happy with that?

0:16:47 Pehr: Well, they were short-termed. The stock exchange term it's short-term. It's the week after week or day after day, and we sank a bit, but not gravely because many other companies also had problems. And they reduced their workforce, I didn't. So instead of employing new people, we left it stagnant for one or two years, and then we came back, and we come back very early after that recession.

0:17:24 Jacob: Well, yeah, it seems like when you want to, there is a way to put your people first.

0:17:29 Pehr: I think so.

0:17:31 Jacob: Why, is it because these organizations are publicly traded that you think they're at a disadvantage or why is it so hard for these leaders to put their people ahead of profits?

0:17:44 Pehr: I don't know. I think that they were short-termed. I will not complain about them but I never understand it. I think it's probably, you reduce your productivity, you reduce your chances for the future, you don't retain the best people which very often are blue-collared workers because they do most of the job. So I don't know why they did it, but that was my philosophy and my way of doing it.

0:18:19 Jacob: Yeah, and it's crazy to think that this was many years ago. And so you will prefer...

0:18:23 Pehr: Yes, it was in the 1970s.

0:18:28 Jacob: Yeah. When did this whole phenomenon with the layoff start? In the '70s, and then the 80s were organizations still doing a lot of layoffs to make your numbers look better, or is this a relatively new phenomenon?

0:18:40 Pehr: No, it was not to make things look better or worse. I think it was very often with the view to short term profits for the shareholders instead of having a stable workforce that increased the productivity and improve the quality. Quality for us was top in products.

0:19:05 Jacob: Yeah, yeah. And this was going on in the 70s and the '80s as well, companies were still doing lots of lay-offs?

0:19:12 Pehr: Well, not lots of lay-offs in the most of Europe, but quite a lot of lay-offs elsewhere, for example, in the United States. And we didn't do lay-offs in the United States either.

0:19:27 Jacob: Really? So not even here?

0:19:29 Pehr: No.

0:19:30 Jacob: Many people credit, I don't know if this is correct or not, but I've heard many people say that Jack Welch was the one who started this trend of mass layoffs. I don't know if that's true or not, but it sounds like this happened before him as well.

0:19:44 Pehr: I don't know whether it's true or not, but what I did realize was later in his career, he changed the whole strategy of GE and made it more money, money matters. [chuckle] And he went over from industry and production of industry and industrial products to services. And I think that was the downturn for GE.

0:20:20 Jacob: What is it that you think, and this is kinda switching gears a little bit, but what is it you think that most people get wrong about CEOs? Are there a lot of assumptions that people make about CEOs that you think are incorrect?

0:20:34 Pehr: Well, [chuckle] I'm not sure that I haven't got a view of CEOs instead of when they are very short-termed and try to boost profits by reducing the capital in investments, and the capital in keeping your people and having very good people and strong people and long-term people because that will always, in my opinion, increase their profits over time and the value of the shares.

0:21:12 Jacob: I suppose that...

0:21:13 Pehr: Yeah, sorry.

0:21:14 Jacob: No, no go ahead please.

0:21:19 Pehr: So I don't admire people who do a short term and say that every quarter is important. I think that every year is important. I think every series of years are important because if you gradually improve and improve for a long term, they will keep your shares and invest in your company.

0:21:41 Jacob: I suppose this requires quite a bit of courage and boldness to stand up and say, "We're not gonna be measured every quarter, we're gonna focus on the long term." The former CEO of Unilever, Paul Polman, did the same thing, and he was very much, "We're not gonna focus on the quarter, we're in this for the long-term or long-term." Marc Benioff from Salesforce is the same. So how can leaders start to embrace this mentality of focusing on the longer term and moving away

from short-termism?

0:22:14 Pehr: Well, I think you have to have courage. You have to trust what you have explained to your shareholders, [chuckle] that, "Look. Trust us. We are long-term. And don't be upset if you have one or two bad years. We will we get there. And that's our philosophy." And I think that is... You need a bit of guts and courage to get to that philosophy.

0:22:50 Jacob: Yeah. Which unfortunately, and I think you've talked about this, a lot of leaders... Some leaders do a very good job of this, but I think we need more leaders who are willing to step up.

0:23:01 Pehr: And not only that. I realize now in statistics that the term of a CEO in any company is getting shorter and shorter.

0:23:14 Jacob: Yes.

0:23:16 Pehr: That now the average time, someone said to me the other day, that it's five-plus years for a CEO.

0:23:26 Jacob: Yeah, not that long at all.

0:23:27 Pehr: No.

0:23:29 Jacob: What was the hardest decision that you've ever had to make as the CEO of Volvo?

0:23:37 Pehr: Well, there were many hard decisions [chuckle] I had to make because, when things go down, you have to have courage enough to say that, "Look, there will be better times ahead when we have a good workforce, and when you're motivated and interested in your job." And that helped.

0:24:02 Jacob: Did you have any particular stories of any tough decisions that you had to make?

0:24:07 Pehr: Well, I had many tough decisions on my first 10 years, which was started with the '70s, which was a very difficult decade, and then continued at the end of the 1980s, the beginning of 1990s, which was also a difficult period. So I had been through quite a few of downturns and recessions, and survived. The company survived, of course, [chuckle] because that was the most important thing. And the people did their job and they were very brave.

0:24:48 Jacob: So were your tough decisions more around, "Should I lay people off? Should we close the factory? Should we invest in this area"?

0:24:56 Pehr: Well, it was more about investment than savings.

0:25:05 Jacob: So trying to... Well, I hate to ask again, but do you have any particular stories that come to mind?

0:25:11 Pehr: Well, I had stories... When I was CEO of Volvo, I also devoted quite some time to Europe and the United States, of course, which was always our biggest market. And the reason I did it was that I wanted to have a group of industrialists. It was a club of 17. And I had picked them

together with the head of Philips at the time, Philips Electronics, in Holland. And it was to improve the infrastructure in Europe, on the European continent. So we started with a project of how we could improve the infrastructure which was roads, rail. It was how to speed up traffic and make it safer.

0:26:17 Pehr: And one of our biggest projects was the tunnel under the Channel between England and the continent. And the English had talked about the channel crossing in 200 years. And I met with the President of France, Mitterrand, who would go to London and see Mrs. Thatcher who was then Prime Minister. And I said, "President, why don't you discuss with Madam Thatcher to build a tunnel under the Channel." And two days later, he came over to Mrs. Thatcher, called me back after three days, and said, "We've agreed. We'll build a tunnel." So that was interesting. And then we had a similar project like that across Europe. And it made very good sense, and it was easier for also the industries to have a better infrastructure.

0:27:29 Jacob: What one moment, or experience, or situation, most shaped who you became as a leader at Volvo?

0:27:41 Pehr: I don't remember. But I think it was probably when I looked around in the world because I travel a lot. I got inspiration from people I liked and people I partly admired. For example, one of my friends became the French President, Mitterrand, where I discussed with him the infrastructure in Europe, and the infrastructure in France. And another was of course, when I had a new plant, which was a bit revolutionary, three years after I had joined Volvo, I had Henry Ford there, Henry Ford II. And I had the head of the United Auto Workers Union, who was Leonard Woodcock. So those were the type of people... Leonard Woodcock was a very forward-looking head of a big union where usually they were pretty conservative and tough. Leonard Woodcock was a philosopher and was a wonderful person, and he came over to see the new plant that I started with 20-minute cycles instead of one and a half minute cycles. So he came, and also Henry Ford came to the same plant. And then I had to close them for visitors because everybody was so excited about it.

[chuckle]

0:29:16 Jacob: So you talk about the so many different stories in your book, like you said, Henry Ford II.

0:29:20 Pehr: Yes.

0:29:20 Jacob: Nelson Mandela's in there.

0:29:22 Pehr: Yes, yes. [chuckle]

0:29:22 Jacob: Henry Kissinger, so all these people you surrounded yourself with shaped, it sounds like, your approach to leadership.

0:29:32 Pehr: Well, I think so, and I think I learned a fair bit from them, and because I had to boycott... I couldn't avoid to boycott South Africa because they were so racist, and that I did in 1976, which was very early. And everybody said, "Probably he lost money in South Africa." That was not the point, I just couldn't stand the regime. And then, in 1994, when Mandela, who had been imprisoned on an island outside Cape Town, he was freed from prison after 27 years in prison, and I was invited to be in his box when he was inaugurated as president.

0:30:26 Jacob: Wow, that must have been quite an experience.

0:30:29 Pehr: Yes, it was.

0:30:31 Jacob: Would you say that during your career... Have you ever had a mentor or a coach who guided you and advised you, and helped you become more successful?

0:30:43 Pehr: Well, I would say that it's people I met. For example, if I take a combination of Henry Ford II, Leonard Woodcock, and then later the presidents and prime ministers. And I also... I was asked when I was invited to Aspen Institute in Colorado, and they said that they wanted to do something in the Middle East, and they wanted the group to do it, and I thought that the group would not be appropriate, it would be one or two people. So they said, "Okay, you go and you try to organize this." And it was of course a great task, but we managed.

0:31:37 Pehr: And I managed to get both Jimmy Carter, who was then the President of the United States, of course, and leaders around the Middle East to get together and have a breakthrough. And what happened was that then Ronald Reagan became president, Carter only had one period. And Ronald Reagan had a state secretary, was Alexander Haig, who didn't get the point, although he was, he was head of NATO in the... Before he became Secretary of the State, and he messed it up. Ronald Reagan was not secure enough or didn't have enough of horizons, he was baffled later, but so he was not even involved, but Haig was the one who said, "No, we're not going to do that." So, that collapsed, although we had the President of Egypt, the Prime Minister of Israel, the King of Jordan, and the Saudis on board, and that was crushed by Alexander Haig.

0:33:16 Jacob: So your leadership style was a combination of many, many different leaders who you had the opportunity to spend time with during your life which I love. How have...

0:33:29 Pehr: I felt very privileged.

0:33:32 Jacob: Yeah, just going through the book, the types of people that you had the opportunity to meet and speak with, and spend time with, it's really fascinating of who you had the opportunity to surround yourself with. When you look at your career and the many decades you were a leader, and you compare that to today, how have you seen work change, or how have you seen leadership change from when you were CEO, to what you're starting to see now in the business world?

0:34:05 Pehr: Well, I can't really judge, but what I do observe is that the time that people are now CEOs or Chairman is shorter and shorter. And that could be that there's... Had a lot of change and therefore it becomes shorter, but it could also be that there's a lack of patience and long term... And if you take a product like, say, an aircraft, or an automobile, or a truck, anything that has to do with the air or the roads, it takes six to seven years to develop a totally new product, whether it's an airplane, or whether it's a truck, or whether it's a car. And very often, you modify the shape of them, but the interior is the same. And I think that if you are only five years on a job, you can't do a long-term project.

0:35:15 Jacob: Yeah. So the tenure changed?

0:35:19 Pehr: Yup, and if you have an idea about a product and would love to do it, and then can't succeed to do it within five years, you're gone, and you haven't changed anything. You may have

changed productivity, but not the product development.

0:35:38 Jacob: What about the leadership styles? Have you seen those change at all over the years?

0:35:43 Pehr: Well, it varies a lot, because some people are extremely well-educated and well-trained, and stay fairly a short time on the job. And then I wonder what's wrong. Haven't they got a vision of how to do things? And how could you change a company in two years? You can't, it takes four or five years there to change it, and then you run it as well. So, I wonder how they do it.

[chuckle]

0:36:21 Jacob: If they do it.

0:36:23 Pehr: If they do it, yes.

[chuckle]

0:36:26 Jacob: But what about just the general approach to leadership? For example, like traditional command and control style, being more open, coaching and mentoring, are these things that you're starting to see more and more now, or have these always been around, even when you were CEO?

0:36:44 Pehr: I think they were always around, and I think that success or failure were both mixed. So that, if you tried hard, you could fail. If you tried hard and had a bit of perspective, that could also fail. So there was not one lesson or one philosophy you should have, but if you cared for your people, if you understood how to treat people, if you understood how to motivate them, that was a key to going forward in a good way.

0:37:30 Jacob: Can you share this... You talked a little bit about this in your book, but I was very interested in this. You had, I think it was the Kalmar assembly plant?

0:37:38 Pehr: Yes.

0:37:39 Jacob: And you talked about how even then you were prioritizing the purpose of your employees, their well-being, the meaning that they got.

0:37:47 Pehr: Yeah.

0:37:47 Jacob: Can you talk a little about what you did back then to create that meaning and purpose?

0:37:53 Pehr: I changed the whole assembly line, so I left the assembly line, when these Kalmar works were designed and then built, because they worked on vehicles or platforms that stood still, they don't have to walk with an assembly line like a robot on a moving target. So to do it properly, and do it in a fairly long cycle, 20 minutes was the minimum we had at that factory. And that made them save, first of all, their hands and their body, so they were never injured, they didn't have to run after a product or walk with a product. And they could also do a whole part of a car, which is something that is satisfaction, that if you do the whole body, if you do the interior, if you do the mounting of the engine and the transmission, that is a full cycle of work, and it's meaningful,

compared to having a simple tool and just mounting something that you know what it would become, but it was meaningless.

0:39:33 Jacob: I love that. And I suppose you can extrapolate that even to a lot of knowledge workers today, where sometimes you work on one tiny aspect of something, but you really don't understand what the bigger part of it is.

0:39:48 Pehr: No, and you got fed up with it.

0:39:50 Jacob: Yes. [chuckle]

0:39:52 Pehr: Which is the worst. When they are bored the quality declines.

0:40:00 Jacob: Yes. And I suppose part of that is maybe not so much in manufacturing, but in the knowledge worker area, it's just storytelling and helping employees understand... Did you do that back then as well, focus on stories and impact and things like that?

0:40:17 Pehr: Well, when I visited the plants I used to, when they had a break, talk to them about these things, and it interested them. They were always interested. And when I started they said that, "Don't go down to the..." There was associates of mine in the company, in the new company, and they said, "Don't go to the factory because they will drop something on your head."

[laughter]

0:40:51 Pehr: And then the other piece of advice was, "Don't have a suit and a tie, dress casually. So I ignored both. So I had my suit because when I came to the office the same day I had a suit, I had a tie, and when I walked in the plant I worked there wherever I wished.

0:41:18 Jacob: And nobody dropped anything on your head?

0:41:20 Pehr: No. And I was, after a while, well-greeted.

0:41:24 Jacob: Yeah, I love that. Okay, so that's I think a very good lesson that a lot of leaders can apply to their organizations to, regardless of what they're doing, is help employees understand the big picture of what it is that they are working on.

0:41:41 Pehr: And not only that, but most of them don't walk through a factory.

0:41:45 Jacob: Yeah, yeah. So I guess if you were to apply that to a non-factory setting, how would you translate that?

0:41:54 Pehr: A non-factory setting? Well, I think you should have a presence with your employees, I think that's healthy, and follow regularly.

0:42:05 Jacob: Okay. So let your employees see you, you don't just hide away in your office somewhat?

0:42:08 Pehr: Exactly.

0:42:09 Jacob: Okay. I was also curious, you had a lot of really interesting stories from Henry Ford, the second in your book.

0:42:17 Pehr: Yes. [chuckle]

0:42:18 Jacob: From your time knowing him, is there one particular story or situation that particularly pops into your mind as one that stands out, anything he did, anything he said?

0:42:34 Pehr: Well, I have one anecdote which is not that flattering, for him, it is perhaps flattering, but the victim was not flattered by it. And he and I visited him in Dearborn, Detroit, Dearborn, and we had a discussion about how Ford was run and how it went and he had also been then in the Kalmer plant and said, "What do you think I should do?" And I said, I didn't want to advise him, but I said that, "Were you impressed by that new plant?" He said, "Very impressed." And then I said, "Let's go and say hello to Iacocca." Iacocca was the President under Henry Ford. So we went in and he had his boots, shoes, on his desk and he has his jacket on his, on his chair and not on himself. And when Henry Ford, the chairman came in, he wouldn't stand up, he stepped there half lying in his office with his shoes on the desk. And when we left and we just had a very short conversation because Henry Ford was a bit upset with his manners, and outside the door Henry Ford said to me, "Damn it, I'm going to get rid of him," and he fired him the next day.

0:44:18 Jacob: Wow! [chuckle] So it's... Yeah, and you talk about that in the book. I love that story. I think it kind of shows what kind of person he was.

0:44:29 Pehr: Yes.

0:44:30 Jacob: But one of the things that I'm really interested in is that what was competition like? Because it sounds like back then, Ford obviously could be considered a pretty fierce competitor to Volvo at the time, you guys were spending time with each other, you were showing him around in your plant which a lot of people would say, "Oh my God, that's crazy. Why would you wanna show your competitor into your plant to see what you're doing?"

0:44:57 Pehr: Yes.

0:44:58 Jacob: So I'm curious to get your thoughts on just the nature of competition because it seems like you were more frenemies back then. Do you think competition today has changed at all?

0:45:09 Pehr: I don't know because I haven't seen it that near by, but I think it has changed but on this, at the same time, as they say in French "plus ça change, plus c'est la même chose". Have you heard that expression?

0:45:23 Jacob: No, no.

0:45:24 Pehr: The more it changes, the more it remains the same.

0:45:27 Jacob: Ah, yes.

0:45:27 Pehr: Which I think is a very good expression, because it's partly true. But anyway, when I went, first, I visited General Motors and of course, they had their accountants as their heads and I visited General Motors also at more or less the same time when I visited Ford, although I got to

know Henry Ford. And the General Motors guy said that, "Well, we are the biggest company in the world, and I think you know about us." I said, "I know a lot about you", and he said, "And you are from a fairly small company." I said, "That's absolutely right." And he said, "Well, size matters." I said, "Well, I'm fairly satisfied with the modest size that we have" and he couldn't really take that comment, so it lasted 50 minutes, our conversation and then I left. And then when I met Henry Ford and got to know him, he was a totally different person and he was a human being and I knew him and saw him during more than 20 years.

0:46:53 Jacob: And so you guys, it seems like you shared ideas.

0:46:56 Pehr: Yes.

0:46:58 Jacob: Which again, I find that to be so interesting because you were competitors.

0:47:03 Pehr: Yes. [chuckle]

0:47:03 Jacob: And today, I don't know, it doesn't seem like a lot of CEO... I mean maybe some forward-thinking leaders out there, but it doesn't seem like there's a lot of that today in the business world. Everybody just wants to kill everybody else, crush everybody else.

0:47:18 Pehr: [chuckle] Yes.

0:47:18 Jacob: Right? So you don't get a lot of that mentality of like, "I know we're competitors, but let's, we can still share ideas and try to help each other," which I...

0:47:25 Pehr: Yes.

0:47:26 Jacob: I don't know why we don't see more of that.

0:47:28 Pehr: No. And another friend of mine was the head of Fiat, the Agnelli Sr., and I saw him quite frequently, and I saw their plants and their developmental plants and plant equipment and we even bought some from one of their subsidiaries. So, it was friendly and he admired our safety vehicles because they were all safety vehicles and the fact that they lasted up to 20 years or more and I like to see their small cars, the little Fiats, because they were handy and manageable, but their quality was not very good or very great. So I saw many of them, of the competitors. I saw Renault and I saw Chrysler and I saw, of course, the Ford vehicles and GM vehicles, but it's interesting GM went bankrupt about what, 10 years ago?

0:48:45 Jacob: Yeah, I think so.

0:48:46 Pehr: And that was at the time the biggest industry in the world.

0:48:53 Jacob: Yeah, it's crazy. [chuckle]

0:48:55 Pehr: Yeah.

0:48:55 Jacob: Totally crazy. You mentioned Renault and I was gonna ask you about that because you have... And you shared some of the story in the book, because you spent a while trying to make this merger happen and you spent all this time creating a plant, and a culture of learning, and

treating people well, and paying good wages. And it seems like what happened is that some of your executive team, they stabbed you in the back a little bit and they cancelled or they went behind you to make sure the merger didn't happen.

0:49:31 Pehr: True. Correct.

0:49:33 Jacob: So how do you deal with that? Because I would imagine even leaders today, it's probably very tough when you fight for something and you want something to happen and people go against you to kill it. So can you share a little bit about the story of what happened and how did you deal with it after you found out that this was going on?

0:49:53 Pehr: Well, it was quite difficult and I was disappointed. First of all, I saw the head of Renault and convinced him that it would be a good thing to merge because they had the smaller cars, they had France as one of their main markets and Italy and part of the European continent but not international. And he was very enthusiastic. And then he was succeeded by a person who was more a government executive and a bit of a bureaucrat but very bright. So he succeeded the man that I had a good relationship with. And then at the same time, I had a succession at Volvo. So the two of those made it more or less impossible to succeed.

0:50:58 Jacob: And they made sure the merger didn't happen.

0:51:04 Pehr: Yes, absolutely.

0:51:06 Jacob: And was it mainly because they... And I think you said this in the book. They wanted to go back to the way things used to be, just focus on profits short term?

0:51:14 Pehr: No. Their profit picture was not very brilliant. They had... It was ups and downs, ups and downs, and they had a very good volume of decent cars. But I thought that we could provide them something about quality and have... We had bigger cars, they had smaller cars, and they had a very good truck section. Heavy vehicles. And we had grown our truck business to the point where we were number two in the world just after Mercedes. So it was really the people. The people that succeeded me, they were not first class. And that was my fault. I made mistakes there. And at Renault, they had a change of the CEO.

0:52:16 Jacob: And how did you deal with it when you found out that this was... This merger was gonna be called off? I'm sure that probably wasn't easy for you?

0:52:23 Pehr: No. It wasn't easy. It wasn't easy.

0:52:26 Jacob: So how did you deal with that tough situation?

0:52:30 Pehr: Well, there was not much to do because it was too late, and I was, anyway, going to resign or leave half a year after this breakdown. I was hoping that it would work and then I would stay.

0:52:48 Jacob: Yeah. And then that was, like you said, around the time when you resigned.

0:52:53 Pehr: Yeah.

0:52:55 Jacob: When you look back at your time as CEO, are there any regrets that you have?

0:53:02 Pehr: Of course, there are always regrets. For example, when I had the project where I was wanted to go to Norway, help them with mechanical engineering and help ourselves to participate in the oil field because the oil fields outside the Norwegian coast turned out to be very rich. So I made an agreement with the prime minister of Norway to get access to the fields and also help them with their mechanical engineering industry. And that... And he said, "Yes", and his government said, "Yes." And the parliament seemed to be positive. And then there were rivals in Sweden, the richest family in Sweden, that came in and sabotaged [chuckle] the project because I wanted to have qualified majority to get the oil fields, and I couldn't get qualified majority. I could get majority, but not qualified. So that became a mistake. But when they looked at the results of the oil fields where we would have the biggest share, we would have had 50% more in both turn-over and 70% in profits.

0:54:46 Jacob: Wow. Massive numbers.

0:54:49 Pehr: Yes.

0:54:52 Jacob: Can you share a little bit about what would you like current or future leaders to learn from your experiences as CEO?

0:55:03 Pehr: Well, in that sense, I'm fairly modest. I'm not absolutely certain that they have that much to learn. But I think that if they care about their people, motivate them, also learn from them, those who are busy in the factories, and then also learn from competitors, those are two things that I think are important.

0:55:34 Jacob: Actually, I wanted to read one of my favorite quotes from your book, you said, "In reflecting on what has been formative... Has been formative my own life, I consider the consequential parts, not to be things or titles, but people. When a company or an organization has been the most rewarding, it has always been due to the people that the company or organization brought into my sphere, people I had the privilege of getting to know." And I really love that quote because I think it speaks volumes to who you are as a leader.

[chuckle]

0:56:03 Jacob: Putting people first, so I really love that quote, it was my favorite thing that I read. So how can leaders do that? So for people who are listening or watching this and they wanna emulate your behavior of putting people ahead of profits, any suggestions on where to get started, how do you talk about this? Well, what do you do?

0:56:26 Pehr: Well, I think it has more to do with your upbringing and your mentality, because I've always been curious about people. I've always been, I've had an ease to talk about different people or talk to them and learn from them, and when it came to workers, they were fairly easy because they had no demands, so you could have a good conversation with them without affection, without the wrong gestures, without suspecting something. So they were straight, they were straight, they were honest, they were much easier than the white collar people in the offices and they were not shy.

0:57:24 Jacob: Yeah. And today, not the same?

0:57:29 Pehr: I'm not sure and I think that some of them, if they are not well treated and there are many companies where they don't treat them well, they will perhaps become more disappointed, perhaps expression of anger at times, and so, poor them because they were not happy and they were not satisfied with their work.

0:58:03 Jacob: Maybe one last question for you before we wrap up and I ask you where people can get your book and that is, if you were to think of any particular skills and mindsets that leaders have to practice today and in the future to be successful in this new changing world of work that we're in, what do you think some of those most crucial skills and mindsets are for leaders?

0:58:28 Pehr: I think to have sympathy with their associates, meaning both white collar and blue collar workers and their team, and sometimes I've seen that chief executives who come to a position, they recruit friends of theirs, not friends in that sense, family friends, but friends that they've met in their business and I think that is sometimes a mistake, because if you don't have people that are unlike you and that bring something to you, then it won't work well. To have pals around you is not the way to run a business and the people who are underneath the top management, they will see it very quickly and they will...

0:59:29 Jacob: Don't just hire your friends?

0:59:31 Pehr: Yup, so I don't think that's good. So you should have people that you find competent and you may not like them, but they may be extremely useful in your little group. And my group was five people.

0:59:48 Jacob: Wow!

0:59:48 Pehr: So I think that's one thing that I never regretted. And the other thing they should do is of course understand how people react to their actions. And if you can't explain your actions ahead of time, even if it's quite confidential, it won't work because they will not be loyal to what you do and those are a few simple things.

1:00:23 Jacob: Yeah, I think who you surround yourself with is absolutely crucial, and there's a big difference between surrounding yourself with your friends, versus people who will challenge you and push you.

1:00:32 Pehr: Yes.

1:00:34 Jacob: And unlock your true potential. So I think that's wonderful advice. Well, maybe you can share where can people go to learn more about you or your book, or anything that you wanna mention for people to check out?

1:00:48 Pehr: No, what I think, what you, the sentences that you read to me just a minute ago, I think that they are perhaps decent advice.

1:01:00 Jacob: Yeah, I love, that's my favorite quote. And your book, is it already out or when is the book coming out?

1:01:06 Pehr: No, it's not out. The e-book is out, the hard cover book will be published in late

August or early September.

1:01:19 Jacob: Okay, perfect. Well, again, I wanna really thank you so much for your time and for joining me, sharing your insights and your ideas. I really appreciate it and thanks for writing such a very interesting and thoughtful book. I had a great time reading it.

1:01:34 Pehr: Very good. Glad you did.

1:01:38 Jacob: Oh yes, of course, and thank you everyone for joining. My guest was Pehr Gyllenhammar, he's the former CEO of Volvo and I hope you check out his new book, it's called Character Is Destiny. And you're also contributing pretty frequently these days to different media outlets so I'm sure people can find your columns there.

1:02:00 Pehr: Yes, CNN Business, I've had a couple of columns.

1:02:03 Jacob: Yes, yeah, I read those, those were fantastic. So, thank you again so much for joining me, have a wonderful rest of the day.

1:02:10 Pehr: Thank you very much and very nice to meet you.

1:02:13 Jacob: Yes.

1:02:14 Pehr: And to have a discussion with you.

1:02:16 Jacob: Likewise, thank you very much and thanks everyone...

1:02:18 Pehr: Thank you.

1:02:18 Jacob: Thanks everyone for tuning in. I will see all of you very soon for another episode in the near future.