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How Great Organizations
Do Ordinary Things
In Extraordinary Ways!

“NOTHING CLARIFIES LIKE CLARITY” —WHY THE BEST LEADERS TALK THE WALK

One of the most ubiquitous aphorisms in organizational life is that the best leaders “walk the talk.” They understand that their behavior and day-to-day actions have to match the aspirations they have for their colleagues and the operation as a whole. But the more time I spend with market-making innovators and high-performing companies, the more I appreciate that leaders also have to “talk the walk.” They must be able to explain, in language that is unique to their field and compelling to their colleagues and customers, why what they do matters and how they expect to win. Ultimately, as I’ve tried to demonstrate in these first two chapters, the only sustainable form of business leadership is thought leadership. Which is why leaders who *think* differently about their business invariably *talk* about it differently as well.

WHY MISSIONARIES BEAT MERCENARIES

Vernon Hill is so obsessed with the role of language at Metro Bank that when he published a book in Great Britain about his personal story and business lessons, he included a glossary of forty-one words and phrases that have special importance at the bank and help to create a shared understanding at every level about what makes Metro tick. Pal's Sudden Service doesn't just have its own vocabulary, it has its own *curriculum*—courseware, reading lists, and lesson plans that distill into rich language the ideas that drive the company forward and distinguish it from more mundane players in its field. Liisa Joronen and her colleagues in Helsinki have such a granular way of explaining what they call the SOL Operating System that it becomes easy to understand their one-of-a-kind ideas, even if they are hard to replicate by outsiders who don't share the company's point of view about elevating the roles and responsibilities of frontline workers.

Still, I'm not sure I've ever seen the power of language come so vividly to life as I did when I participated in a daylong orientation held roughly every six weeks for new "team members" of Quicken Loans, the online mortgage lender based in Detroit and founded by high-profile billionaire Dan Gilbert, the fiery owner of the Cleveland Cavaliers and the business leader most associated with the Motor City's economic-comeback strategy. Like Gilbert himself, Quicken Loans is famous for lots of things, from torrid growth (the company closed a record \$200 billion worth of mortgage volume since 2013, making it the second-largest mortgage lender in the United States, ahead of Bank of America) to much-praised customer service (it is a perennial J.D. Power customer-satisfaction winner) to its intense and outgoing corporate culture, which ranks it high every year among *Fortune's* "100 Best Companies to Work

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For” and “*Computerworld*’s Best Places to Work in IT.” But behind all the growth and success, at the heart of the company’s approach to strategy, service, and culture, is a language system that defines life inside the organization and captures the missionary zeal behind its success. You can’t understand why Quicken wins unless you understand how it talks.⁷

Founder Dan Gilbert and CEO Bill Emerson call this language the company’s “ISMs,” which is why the rollicking, fast-paced, eight-hour orientation session is called “ISMs in Action.” ISMs are short, pithy statements of philosophy, values, and behavior that capture the essence of life at Quicken Loans. “Numbers and money follow, they do not lead.” “Innovation is rewarded, execution is worshipped.” “Simplicity is genius.” “Every second counts.” “We are the ‘they.’”

Gilbert and Emerson, who present separately and together over the entire eight hours an executive teaching marathon unlike anything I have witnessed, march team members through the ISMs with slide shows, stand-up humor, war stories, and unabashed appeals to the heart. A few of the ISMs get covered in ten or fifteen minutes, some take as much as an hour, even more. But the result is a full-day immersion in a whole new language—a vocabulary of competition that helps to set the company apart in the marketplace and hold its people together in the workplace. It’s also an opportunity to watch how frenetic, hard-charging, supremely confident business executives flat-out enjoy the power of words to shape minds and guide action. “Things that are easy to do in the beginning are usually hard to live with in the end,” Bill Emerson warned early in his presentation. “If you weren’t you, would you do business with you?” asked Dan Gilbert, perhaps channeling the wisdom and spirit of Yogi Berra.

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Interestingly, several of the attendees with whom I spoke weren't even new to the company. They'd come back to ISMs Day for a refresher course, a reminder, an opportunity to reacquaint themselves with the language that defines life at Quicken Loans, a chance to spend a day watching the founder and the CEO talk the walk. "This is not about what we do, it's about who we are," Dan Gilbert told the audience. "When you know who you are, then all of the decisions you have to make become a lot easier. When decisions are easier to make, things get better faster. Nothing clarifies like clarity."

On the day I attended, more than a thousand participants crowded into a ballroom in the Marriott at the Renaissance Center on the banks of the Detroit River to immerse themselves in the company's nineteen ISMs and the worldview they are meant to capture. Oddly, the first thing I noticed were rubber wristbands for attendees with the inscription "You'll see it when you believe it," an echo (no doubt unintentional) of Ralph Hodgson's memorable turn of phrase. (It's ISM number 11, actually.) After some loud music and an audience-wide wave, Gilbert and Emerson got down to business. They urged their colleagues to embrace the belief that "The inches we need are everywhere around us"—in other words, there are countless small opportunities for people to tweak a product, improve a process, reduce a cost, that lead to big wins. (That's the second of the company's nineteen ISMs.) They insisted, no excuses allowed, that everyone agree with the ISM "Responding with a sense of urgency is the ante to play." Gilbert personally emphasized again and again, sometimes with jokes, sometimes with withering disdain, the absolute requirement that Quicken employees return every phone call and every e-mail on the same business day they are received. "We are zealots about this," he thundered, "we are on the lunatic fringe" (the

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same language, interestingly enough, used by Vernon Hill and the bankers at Metro). “And if you’re ‘too busy’ to do it, I’ll do it for you”—at which point he gave out his direct-dial extension and promised to return calls for any of his overwhelmed colleagues.

On and on it went—funny stories, sage pieces of advice, a rapid-fire history of the company that underscored the ideas and insights behind its rise to prominence. But mainly an iteration and reiteration of the company’s nineteen ISMs. What’s more, everything about the day, from the look and feel of the vast ballroom to the smallest details of how the company’s leaders presented their material, was meant to bring those ISMs to life. More than once I was struck by how CEO Bill Emerson, a member of Penn State’s 1982 national championship football team, almost physically became the ISM he was explaining. During a long (and oddly memorable) explanation of the power of body language in human interactions, its importance even when people are communicating over the phone rather than face-to-face, he was literally lying flat on the stage, trying to underscore the shortcomings of a passive approach to important conversations. “You cannot create enthusiasm sitting on your butt!” he thundered. “You have to be engaged, you have to move around!”

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What was even more striking than what I saw during “ISMs in Action” was what I saw after I left the session and spent time in

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different corners of the company trying to understand how leadership's obsession with language manifested itself in the day-to-day realities of life inside the company. Those connections were not hard to find. The commitment to sustained, small-bore innovations (one of its ISMs is to be "obsessed with finding a better way") means that Gilbert and Emerson love to talk about the virtues of "building a better mousetrap" in every element of how the business operates. So the company has a Mousetrap Department, created more than ten years ago, whose members (called Mousetrappers) search for small ways to make things smarter, faster, cheaper, more consistent. Meanwhile, the Cheese Factory (get it?) solicits ideas from across the company on every nook and cranny of how the business can be improved, vets the ideas, and then helps get them implemented. In a typical year, the Cheese Factory receives more than 7,000 ideas and implements more than 1,000 of them.

Among the company's 1,200 IT professionals, the signature program for rapid-fire innovation is what's called Bullet Time (a different metaphor that would require too long an explanation). Every Monday afternoon for four hours, members of the IT staff, alone or in teams, work on projects of their own choosing, at their own pace, as long as those projects represent a clear break from what they normally do. (The projects do not have to offer direct benefits to the company.) "Innovation is no longer about people in lab coats tucked away for six months or a year, emerging from some secret place with a 'disruptive' technology," explains Bill Parker, a senior IT leader and the person most responsible for starting Bullet Time back in 2011. "If you make lightning strike a thousand times, you're going to start fires all over the place. That's the logic of how things evolve and improve."

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Ultimately, though, the most persuasive example of the power of language inside Quicken Loans, the direct connection between how its leaders talk and how the organization performs, is the way the company recruits and trains its mortgage bankers. These are the people who drive the top line of the business, the revenue generators who field calls from prospective clients, size up their credit-worthiness, help them organize their personal finances, determine their goals, complete the government-required forms, and get the loan—all over the Internet or by telephone. It's a fast-paced, detail-oriented, emotionally fraught kind of job, in which the typical mortgage banker has more than a thousand monthly interactions with clients—which means a thousand opportunities not to live up to the standards of focus, service, and immediate response that the ISMs reinforce.

Which is why, explains Michelle Salvatore, who spent more than a decade as a senior recruiting executive at Quicken Loans, only 20 percent of the mortgage bankers the company hires come with a banking background. (The fast-growing organization, which has more than 1,000 job openings at any time, employs some 130 people to find, interview, evaluate, and do background checks on recruits.) It hires more than 125 mortgage bankers per month in Detroit alone, along with bankers based in satellite locations in Ohio, Arizona, and North Carolina. “We don’t really like our bankers to have prior industry experience,” she says, “because we have to retrain them away from what they learned elsewhere.”

Tony Nuckolls, vice president of training and leadership development, who joined the company back in 1996 and was a founding member of the Mortgage-in-a-Box team, the innovation that gave rise to the modern Quicken Loans, underscores Salvatore's point.

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“If we can bring someone in as a blank canvas, we can train them up, immerse them in our ways of thinking, our ways of behaving, our ways of treating clients,” says Nuckolls, who is something of a legend inside the company. “We’ve had people come to us from the industry and it’s really hard to break some of their habits.”

The signature experience for new bankers, called, in classic Quicken Loans style, Banker Greatness Training, is in part a deep dive into the technical process from beginning to end—the laws, regulations, software systems, credit factors, and financial analytics required to be a highly skilled (and government-licensed) mortgage professional in any environment. But the heart of the experience, which lasts as long as six months, is all about human behaviors that trace directly to the ISMs championed by Dan Gilbert and Bill Emerson—service, energy, decision making, problem solving, and communication to be a high performer in the Quicken Loans environment.

“We practice like crazy,” Tony Nuckolls explains, “we practice more than anyone else in this space. We listen to phone calls with clients, we break down those calls and analyze how our bankers are behaving. We look at these calls the way an NBA team looks at game film: ‘This is what a good call sounds like, this is what it looks like, this is an interaction that brings our brand promise to life, this is a call that didn’t live up to our standards.’ Great mortgage bankers at this place are phenomenal listeners, they know how to assess the real goals of their clients, they have a sense of urgency, they want things done yesterday. If we’re doing our job right, and they are the right people for the job at Quicken Loans, they understand that being a mortgage banker here is new, unique, different, and they like it.”

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