

Corner Office

Winners Dream

The CEO of enterprise software giant SAP shares his guiding principles.

► **COLLEGE POINT**, Hicksville, Babylon, Brentwood—these are the small Long Island communities where young Bill McDermott grew up, went to school, and worked the usual kid jobs of newspaper carrier and supermarket clerk.

Today he's the CEO of SAP, the world's largest software company, where he oversees the efforts of 68,800 employees who serve SAP's 263,000 customers in 188 countries. Perhaps it's the now-buffered but still evident "Lawn Guyland, New Yawk" accent in McDermott's voice or the sheer earnestness with which the youthful 53-year-old infuses his conversation, but when he tells you that his most valuable business principles—*Give the customer what he wants. Treat people with respect. Sweat the details.*—were acquired in the small transactions of his youth, you believe him. The sincere younger man is discernible in the mature leader; these insights have always been the truest things he knows.

McDermott has lived the American Dream, which is perhaps why his new memoir, *Winners Dream*, is such an engaging read. McDermott's working-class parents routinely struggled to make ends meet, and before long, young Bill was going to work. He was an underage paperboy; he was an underage supermarket clerk; he was a high school student who owned—*owned!*—a deli. Work was always hard, but seldom did it seem like drudgery. He liked figuring out what

people wanted or needed and then pleasing them. The extra tips he earned from remembering which customer liked the paper on his porch and which preferred the mailbox meant more than extra spending money; the tips were an appreciation, a validation. Often when he ran his deli, he didn't even accept tips; the return business was what he wanted.

Working schooled him in the fundamentals. In McDermott's career, there is a straight line from the carefully placed newspaper to the forgery-eliminating Xerox printer that he sold to the Puerto Rico lottery to the specialized software that SAP develops for its clients.

"It has always been about customer service," McDermott says. "I didn't have the nomenclature when I was a kid, but that is what it's all about. Every customer I visit is trying to accomplish something new and interesting. If you understand what they are trying to do and listen with the objective of how you can help them attain it, then you can more easily find that trigger that will help you get the business."

McDermott left the deli to go to college, but having run a business instilled in

(Continued on Page 38)

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Corner Office

(Continued from Page 36)

him a kind of confidence rare in a young man, one that bears no trace of cockiness but is based on realistic knowledge of what's possible. He talked himself into positions not with promises that he would earn the most money, but that he would serve with the greatest dedication—of course, one followed the other.

Already a successful salesman in his early 20s (his secret: he worked through lunch, catching elusive decision-makers eating at their desks), Xerox sent McDermott to Puerto Rico to see whether he could improve the company's lowest-ranking sales district. He came in not laying down the law but stocking soft drinks in the office refrigerator.



Spanish Prime Minister José Luis Rodríguez Zapatero (center) stands by as German Chancellor Angela Merkel welcomes Bill McDermott before the CeBIT computer fair in 2010.

“Power doesn’t come from a title,” he explains. “It is given to you by the people. I spent a lot of my time listening to the workers’ ideas about why the place was broken, and they had good answers.” There was a political candidate at the time whose slogan was “The people speak, and I obey,” and McDermott adopted it as his motto and still tries to live up to it.

“I am truly a Doctor Yes. A lot of managers are Doctor No. When their workers come to them with ideas or suggestions, their initial position is suspicion. I try to go in saying yes. That doesn’t mean it’s an automatic buy-in, but going in with an open mind builds trust, and in business, trust is the ultimate currency, the key to everything.” McDermott’s approach paid off. In a year, the Puerto Rico district led the company, and McDermott acquired a guiding precept.

Today the goals of maintaining the connection between management and workers, and between company and customers, are at the heart of McDermott’s role. “Leadership starts with articulating a vision, a cause. At SAP, we want to make the world run better and improve people’s lives. Having a clear vision simplifies things. If we’re not doing that, then we’re probably doing the wrong thing and need to change.” Leaders “can be forgiven a lot of things, but they won’t be forgiven for being inauthentic,” McDermott believes.

Much of his focus is devoted to communication. “One cannot compete in a globalized economy without a total team effort,” he says. “The days of the autocratic command-and-control leader are over. To be successful today, a leader must be in constant communication, first with the board, and then with the rest of management, with workers, and with customers.”

McDermott’s communiqués go beyond business developments. “We always report on how we are meeting our vision. You can’t inspire people with money; it’s important, but it is more important to appeal to pride—to be the best, to make a difference, to do something that matters. It’s what motivates me, and I think it motivates most people.”

In *Winners Dream*, McDermott depicts how at key moments in his career, people responded to aspects of his personality: his confidence, positivity and desire for win-win solutions. What does he find attractive in applicants? “If a person has the dream and the drive, you can teach him or her a lot,” he says. “I’m less susceptible to the person who has the pedigree and the right answers, but who is looking for me to give them the dream and the drive. I can’t do that.”

And what does McDermott say to those who have already achieved success? “Don’t get complacent. It’s a disease anyone can get. Everyone has to keep it real.” Then, as though recalling his Long Island days, he offers one more recommendation. “Make time for the things that matter—to you and to those important to you.”

For example, SAP has an annual holiday party at its corporate headquarters, and everyone in the company attends in formal attire. McDermott had just flown in from Barcelona to attend. “I wouldn’t miss it,” he says. “And if the whole night revolves around taking selfies with people and hearing them tell me about their dreams, then I’ll be exactly where I should be.” **S**