

Putting PEOPLE First

At a time when many corporations are faltering, Enterprise Rent-A-Car continues to move forward,

Enterprise Rent-A-Car was established in 1957 in St. Louis, Missouri, as a one-man operation that shared basement space with a body shop. Today it has grown to be a company with more than 50,000 employees and 5,150 offices in the U.S., Canada, the United Kingdom, Germany, and Ireland. CEO and chairman **Andrew (Andy) Taylor** has developed Enterprise into the largest rental car company in North America. He credits much of his success to the vision and principles of his father, Jack Taylor, who founded the corporation.

In a recent interview, Taylor charted the Enterprise evolution from its modest start to its successful present. He discussed the how and why of corporate ethics and values, explained why Enterprise's management training program has been called an MBA crash course, and meditated on the responsibility that CEOs carry for the betterment of society.

During your tenure, Enterprise has joined the top tier of U.S. industries and moved into global markets. How did you engineer that progression?

As we moved into different markets, we obviously didn't have the word-of-mouth support and reputation that we had built in our home city of St. Louis and other areas. Although we were convinced that our business model would translate successfully into other markets, we faced unique challenges, particularly when we built our first international operations.

We knew we had to do our homework, learn about each market, focus on our core competencies, and get out into the community to start building relationships—because our business is very much based on strong relationships. If I had to choose one critical success factor in our move into new markets, I would point to motivated, pioneering employees who have been excited about taking on a new challenge and making the business work. There is one constant in every market, domestic or foreign: Superior customer service knows no cultural or geographic boundaries.

You mention motivated and pioneering employees. What are some other attributes you look for in today's managers and tomorrow's MBA graduates?

We look for several attributes in potential employees; but, in short, Enterprise is made up of individuals who thrive on being in charge or dream of being entrepreneurs. We look for individuals who have leadership skills and who have worked in some capacity to develop those skills. We also like to see individuals who are genuine team players, who are eager to share ideas, who have demonstrated their enthusiasm and drive, and who have a customer service attitude.

At Enterprise, we believe you can pick up your MBA on the job. In fact, our employment recruiting materials state that our management training program is like an MBA without the IOU. So perhaps I'm not the most appropriate person to offer advice to MBA students.

How do you train managers at Enterprise?

Our management training program, which has been compared to an MBA crash course, teaches employees how to run their own businesses. We believe that every employee who serves customers at the front counter is learning the ins and outs of the business world, including managing profit-and-loss statements, controlling expenses, and implementing a comprehensive business plan. If they learn their lessons well, every one of these managers-in-training will get the chance to run a part of the company as if it were their own business, including sharing in the profits they help create.

We have a strong promote-from-within policy, and advancement is based on individual performance. As a result, management trainees in our rental car operation determine for themselves how quickly they move up in the company. From the assistant manager position on up, our employees are paid a salary plus a percentage of their branch's profits. Employees usually attain the assistant manager position after they've been working for between one and two years. Nearly 100 percent of our current senior management started as management trainees, staffing rental car offices and working with customers.

You started at Enterprise as a kind of quintessential management trainee. You repossessed cars with your father, washed cars through high school, and later

by Jonathan Schlereth

anchored by a core philosophy that puts people in the forefront and allows profits to grow naturally.



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engaged in troubleshooting and managing operations. How did these experiences shape the rest of your career?

I started working with Enterprise when I was 16, helping out in rental branches, dealing with customers, and generally lending a hand—which is how I really learned the business. Those early years provided some of my most valuable educational experiences. In the rental branches you get to really understand the importance of customers and employees, which is why the majority of our employees also start their careers in this way. The fact that I learned the business from the ground up also gives me a shared experience with our employees. I know what it's like to work in a rental office and to serve customers on a day-to-day basis.

Your father, Jack Taylor, is a member of the so-called "greatest generation" that lived through the Depression and fought in World War II. What are the challenges and opportunities you faced in following in his footsteps?

My father grew up during a very different time, and his experiences have had a significant effect on me. He served as a naval fighter pilot during World War II, and he translated many of the lessons he learned in the Navy into his business philosophy. He taught me about the importance of hard work and of staying true to your values. He also taught me about maintaining your values in the business world, and his principles are a guiding force for our company today.

As far as following in his footsteps, I was determined to build my own successful career by working just as hard as anyone else in our company; and it was important to me to pave my own path. My father built the foundation of our business, and I was able to start with that foundation and grow Enterprise into an international company. But I have only been able to do so because of the values he instilled in me and the way he built this company from the beginning. The formal business schooling I received at the University of Denver helped, too.

You earned a bachelor of science degree in business administration at the University of Denver, and I've heard you were totally focused on your business education. What skills did you gain from your education that you still use today, and what are the skills you think you should have learned, but didn't?

Well, I did win the intramural doubles tennis tournament in college, so I wouldn't say that I was solely focused on my business education! I obtained a great education at the



University of Denver, and it laid the groundwork for the business knowledge I have today. My time in Denver gave me the vital basics needed to succeed in the business world.

In addition to lessons that students learn in the classroom, I maintain that learning about business through hands-on experience is one of the best ways to obtain a business education. It seems to me that students today have more opportunities than ever to gain real-world experience through internships and projects. I was fortunate in that I was able to gain this experience and learn many business lessons from my father. Through my early experiences at Enterprise I was able to see firsthand the importance of customer service and employee development. Every position I've held at Enterprise has played a part in my development as a businessperson.

What advice would you offer today's business schools as they seek to prepare the next generation of business leaders? If you were teaching a management course, what lessons would you want students to learn?

If I were teaching a management course, I would want my students to take away several lessons. First, running a business is a marathon, not a 100-yard dash. At Enterprise, we

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have always looked to the long term. All businesses experience ups and downs, but the organization that focuses on the long-term and not on temporary setbacks will be more successful in the end. You also have to work hard. Success does not come overnight, and it doesn't matter how smart or talented you are if you are not willing to put in the work for future success.

Next, you need to keep yourself educated—about your market, your competition, and your own capabilities. You need to surround yourself with good people. Over the years I've been fortunate to work with extremely talented, dedicated people, and they all have influenced our company's success and made me a better leader. Finally, you have to live your values, be passionate about what you do, and truly enjoy your work.

You speak about living your values. What strategies does Enterprise implement within the company to promote an ethical atmosphere?

My father founded our company with a simple mission: Put customers and employees first, and business success will naturally follow. He never wanted our company to be the biggest company, just to be the best. Part of what drove him was the desire simply to do the right thing. We strive to follow his lead today, to do everything we can to maintain his values, regardless of how big our company becomes. In fact, we formalized his philosophy this year into our Enterprise "Founding Values." They are:

- Our brand is the most valuable thing we own.
- Personal honesty and integrity are the foundations of our success.
- Customer service is our way of life.
- Enterprise is a fun and friendly place, where teamwork rules.
- We work hard...and reward hard work.
- Great things happen when we listen ... to our customers and to each other.
- We strengthen our communities, one neighborhood at a time.
- Our doors are open.

We communicate these values to every employee—and every potential employee—and reinforce the message that there is no room at Enterprise for anything less than full adoption of all our values.

An employee recently won a \$4 million lawsuit against Enterprise, claiming he was fired for exposing illegal practices. How have you responded to this lawsuit?

We are disappointed with the verdict and fully disagree with the decision. Our opinion continues to be that the allegations

made against us were unjustified, and we hope to be able to prove that point through the appeals process.

We did not make the decision to go forward with this case lightly. In fact, we could have settled the matter out of court, but we firmly believed the evidence in the case supported our opinion that the employee's career at Enterprise ended for valid reasons. We also believe that when someone questions the good name and reputation of Enterprise, its owners, and many of our employees, that we have a responsibility to challenge those accusations and defend ourselves.

What specific values/ethics can business schools teach, or is it too late to teach values to students once they're old enough to enroll in business school?

I do believe that business schools can teach students about strong values that are important in the business world and that it is necessary to do so, now more than ever. We've seen too many examples of what happens when organizations do not live their values. We need to teach our future business leaders early on that success and ethical behaviors are not mutually exclusive. One of the most important lessons for students to learn is the value of an organization's people—be they customers, employees, or shareholders. Every business owes its success to its customers and employees, and this is a fact that all business leaders—and all future business leaders—need to remember.

In the current economic recession, many companies are eliminating hundreds and thousands of positions to cut costs. I understand that Enterprise has never had a major layoff in its history. With more than 50,000 current employees, what strategies have made that possible?

It is true that we have never had a layoff at Enterprise, which makes us feel very fortunate. We've maintained the same business model for 45 years and stayed true to our core business, which is a focus on home city rentals. While we've expanded into other segments, it is knowledge of our core business that has sustained our company in trying economic times. And, as a family-run, privately held company, we have the benefit of being able always to look to the long-term, which helps us maintain our business success when times are tough.

The fact that we put our people first is also a factor. We know that if we provide exceptional customer satisfaction, our customers will come back. If we listen to our employees and provide them with opportunities to grow, they will deliver the caliber of service that is so important to our business. This is the principle that pervades and drives our business.

As a CEO of one of the country's largest privately held companies,
I feel I have a **responsibility** to give back to organizations that make our communities better.

Your family recently contributed \$25 million to Washington University for scholarships for African American and financially disadvantaged students. You and your family also have given a \$40 million challenge grant to the St. Louis Symphony and a \$30 million grant to the Missouri Botanical Garden. You've served as the chair of the board of directors for the United Way of Greater St. Louis. What drove these decisions, and what impact do you hope to have? What would you say are the social responsibilities of CEOs with regard to the welfare of others?

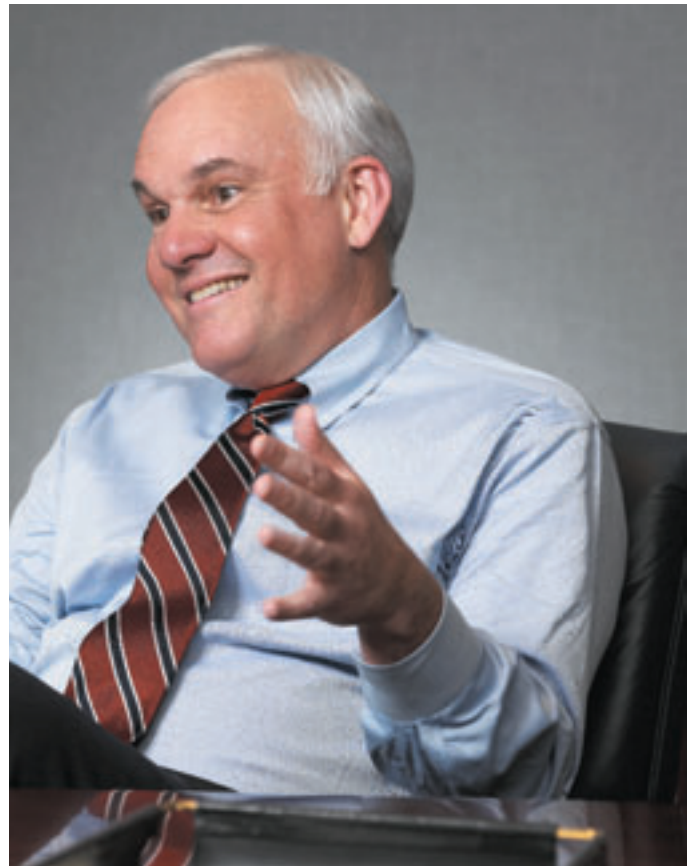
As a CEO of one of the country's largest privately held companies, I feel I have a responsibility to give back to organizations that make our communities better and to set an example for our employees. We've had a long and successful relationship with the United Way and appreciate the way the organization works in local communities to make a difference. I believe in the mission of the organization and am happy to lend my time to help our local United Way chapter succeed. We support many worthwhile community initiatives, but United Way is at the core of our charitable giving.

Our family and our business have been fortunate, and it is our belief that one of the best gifts of success is to be able to give back. But giving back to your community is not just a nice thing to do; it also makes good business sense. We know that when a business builds vision and values into its culture—as we've done by focusing on customers, supporting worthwhile causes, and articulating our core values—it develops a recipe for sustained growth and success.

At Enterprise, one of our founding values is that “we strengthen our communities, one neighborhood at a time.” We understand that we owe our success to the support and goodwill of the people who live in our communities and who do business with us. In return, we're committed to involving ourselves in the support of worthwhile endeavors in the hometowns and cities where we operate our business.


What do you consider to be the greatest challenge of leading?

The leader of any organization must always uphold that organization's mission. It is my responsibility to ensure that our company never strays from its mission of putting customers and employees first. My goal is to create an environment that supports our employees' development, provides opportunities for their growth, compensates them for their achievements, and always stresses the importance of going the extra mile to deliver exceptional customer service. In



addition, it is my responsibility to live our company's values and to make sure all of our employees do the same.

Twenty years from now, when you are lying on a Florida beach and the sun is setting, what would you like people to say about your term at Enterprise?

My dad tells our employees that when he founded Enterprise in 1957, he had a simple goal. He wanted people to leave our rental and leasing offices and say, “That was a really nice place to do business, and those were really nice people.” My hope is that we are able to continue to make our customers happy, that we are able to continue to create opportunities that provide our employees with successful careers, and that we are able to make a difference in the communities where we operate. It will be very satisfying if people say that, no matter how big our company got, we always stayed true to our goals of putting people first and always doing the right thing. 

Jonathan Schlereth is a free-lance writer based in St. Louis.