

Entrepreneurial Leadership

An Interview with Joel Peterson,
 Founding Partner and Chairman, Peterson Partners

EDITORS' NOTE *Joel Peterson has a long history of successful growth capital investments in a variety of industries. He currently teaches Entrepreneurial Management at Stanford's Graduate School of Business, is the Chairman of the Board of Overseers at the Hoover Institution at Stanford as well as the Chairman of the Board at JetBlue Airways, and serves as a Director of Franklin Covey. He served formerly as Chief Executive Officer of Trammell Crow Company. Peterson holds an MBA from Harvard Business School. He is the author of Entrepreneurial Leadership: The Art of Launching New Ventures, Inspiring Others, and Running Stuff.*



Joel Peterson

FIRM BRIEF *For more than 15 years, and across 200 companies, Peterson Partners (petersonpartners.com) has partnered with exceptional entrepreneurs to help them build great businesses.*

Will you highlight how your career has evolved?

I came out of Harvard Business School and saw a notecard on the bulletin board that said, "Need somebody to go to the French Riviera to develop real estate." I thought that this opportunity would be too good to pass up. This was for Trammell Crow and I met with them at the Ritz-Carlton in Boston. They interviewed me and I interviewed them—and they invited me down to their offices in Dallas. I went home and told my wife about the interview, and she said, "You're going to go work for this company, aren't you?"

Eight months later we were in France for a couple of years, and one thing led to another. I ended up being the treasurer of the company during a workout. When the CFO left, I became the CFO. I did that for about ten years, in which role I was essentially the chief operating officer as well. Ultimately I became the managing partner. Things didn't end well at Trammell Crow and we ended up in litigation. They were doing something that I didn't think was right and I couldn't go along with it, so I was fired and sued.

I was hired by Stanford to teach a real estate course for a year, and that has turned into a 28-year career there. At the same time, I started buying companies and one day somebody said, "you're in the private equity business." I started

doing venture deals and, ultimately, I got back into real estate. I was in the gig economy before there was one. I did a lot of different things. I've served as a chairman several times, a lead director many times, and have been on 35 or so boards.

What interested you in writing your book, *Entrepreneurial Leadership*, and what did you want the book to convey?

I've observed all kinds of different leaders – presidors, managers, administrators, entrepreneurs – and

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I tried to boil down the foundational elements of becoming an entrepreneurial leader. To use a construction term, if you could drill these piers all the way to bedrock, what would they look like? What would those piers be? I decided to organize around this image of drilling piers to get to bedrock and then erecting a superstructure that allows you to build a durable building.

What are the key components to entrepreneurial leadership?

I define four things you have to do. The first one is that you have to build trust. Trust is the fundamental currency of business and of a life well-lived, and it's very hard to get things done if trust levels are low. Things take a lot of

time. They're expensive. They're not durable, and they're not happy places. Trust to me is the currency you have to start with.

The second thing is that you have to know what your mission is. What are you trying to achieve? When I talk about Peterson Partners, I say that we help entrepreneurs achieve their dreams. That sounds like a simple thing to say, but fundamentally it requires us to decide if our customer is the entrepreneur or our limited partners. We opted for the entrepreneur. We figure our limited partners will do just fine if we help our entrepreneurs succeed. There are many instances where you have to decide which peak are we going to climb, because there's a whole range of mountain peaks you could climb. It is about having clarity around whichever peak it is that you're going after.

The third thing is assembling a great team, and that means specing jobs. It means sourcing candidates. It means interviewing. It means doing due diligence. It means onboarding. It means assigning. It means giving feedback. It means promoting or demoting and, ultimately, it means removing some of them. You've got to keep the best team on the field, and that's probably the most critical thing the entrepreneurial leader does.

Finally, the last pier that you have to do is execute. I have a bunch of maps for execution, the most common things that every entrepreneurial leader gets good at. I talk about selling, negotiating, running meetings, doing turnarounds. What are the rules? What are the recipes that make you more successful in each

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of those? When I got done with that, I felt that this is something that leaders, whether they are typically politicians or administrators or another kind, ought to understand. This comprehensive entrepreneurial leadership model would help any of them.

Is entrepreneurship something that can be taught?

I think some of it can be. I know leadership can be taught. There are principles, and people can practice them and can get better and better at them. Entrepreneurship is a particular kind of leadership. It doesn't necessarily make you an entrepreneurial leader. There are many entrepreneurs who innovate, light fires, walk away from them and the fire goes out. They are not necessarily entrepreneurial leaders.

Entrepreneurial leaders typically are people who can create durable change. Entrepreneurs just change things in the moment. The ones who really create durable change typically are able to do these other things, and often that means they have to bring in other people with skill sets they don't have.

What are the key components that you are trying to teach to your classes at Stanford?

In the entrepreneurial course, I try to teach them more than anything else about how to handle difficult situations, which usually involves difficult conversations. How do you initiate them? How do you carry through on them? It may sound like that's a silly way to go about it, but it's amazing. When you thin-slice through any of these companies, you find that they have the same issues, and it usually falls apart at the human level. Most things break down when it comes to human beings dealing effectively with each other.

In the leadership course I teach, we have a parade of leaders from Alan Mulally to Arianna Huffington to Carly Fiorina to Steve Ballmer who come in and just talk for 90 minutes. Not give a talk, but give a five-minute introduction and then let the students grill them for the next 85 minutes. Then we have the students meet in small groups and talk about what they learned. Would you work for this person? Would you like them to work for you? What are their leadership skills? The students then try to develop patterns and see what these people have in common and what is unique. They begin to develop a map, and I challenge them to write their own plan for developing their future. ●

JOEL PETERSON

Chairman of Jetblue

ENTREPRENEURIAL LEADERSHIP



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