

Developing Great Leaders

An Interview with David Novak

EDITORS' NOTE David Novak is Co-Founder and retired Chairman and CEO of Yum! Brands, one of the world's largest restaurant companies with over 45,000 restaurants in more than 135 countries and territories. After retiring in 2016, he became Founder and CEO of David Novak Leadership (davidnovakleadership.com), a leadership development company that teaches Novak's proprietary method of modern team leadership through online courses, books and live workshops. Novak is also the host of the top-ranked business podcast, *How Leaders Lead* with David Novak. Novak's passion is to make the world a better place by developing leaders at every stage of life through *David Novak Leadership*, *How Leaders Lead*, his family's *Lift a Life Foundation*, *Lead4Change*, *Global Game Changers* and the *Novak Leadership Institute* at the University of Missouri. A renowned expert on leadership and recognition culture, Novak is also a bestselling leadership book author. His highly referenced and critically acclaimed books include *The New York Times* bestseller *Taking People With You: The Only Way to Make Big Things Happen*; *O GREAT ONE! A Little Story About the Awesome Power of Recognition*; and *Take Charge of You: How Self-Coaching Can Transform Your Life and Career*. During his tenure as CEO, Yum! Brands became a global powerhouse, growing from \$4 billion in revenue to over \$32 billion. Novak has been recognized as "2012 CEO of the Year" by Chief Executive magazine, one of the world's "30 Best CEOs" by Barron's, one of the "Top People in Business" by FORTUNE, and one of the "100 Best-Performing CEOs in the World" by Harvard Business Review. He received the Horatio Alger Award for his commitment to philanthropy and higher education, and the 2012 United Nations World Food Program Leadership Award for Yum! Brands World Hunger Relief.



David Novak

Will you discuss your career journey?

Out of college, in the mid-1970s, I became a copywriter for a local ad agency, but I was ambitious and pursued bigger opportunities until I was leading a large team serving the Frito-Lay account at a national agency. From there, I was recommended for the role of senior vice president of marketing for Pizza Hut – even though I was only 34 years old and didn't have the MBA that many corporate VPs had. But I built

a reputation as a learner, an energetic and collaborative leader, and a problem solver. PepsiCo owned Pizza Hut at the time, and my active learning and relationship-building skills helped me leapfrog from one opportunity to the next at the company. I became Executive Vice President of Marketing for Pepsi-Cola (PepsiCo's beverage division) and then Chief Operating Officer. I was asked to become President of KFC when I was 42, and then both KFC and Pizza Hut.

My successful transformation of these companies led to my eventual position as Co-Founder and President (and eventually CEO) of Yum! Brands in 1997. When I left about two decades later, I knew I wanted to help more people become great leaders, so I created David Novak Leadership, invested more in the Lift a Life Novak Family Foundation, and launched my podcast, *How Leaders Lead*. All along the way, it was my effort to learn as much as possible as fast as possible from the people who knew the most about how to tackle challenges and win that made a significant difference.

What were the keys to the success of Yum! Brands under your leadership?

I believe our growth, domestically and globally, was a result of our culture which was defined by our How We Win Together principles and our focus on recognition. Too many companies create a list of values that are vague, hard to apply, and hard to recognize and reward. Instead, we created a list of behaviors based on a deep analysis of how the

most successful stores were winning and how the best companies out there became dynasties. Then we focused on recognizing those behaviors in big and small ways every time we saw them in action. They were the foundation for all our training. We built them into our financial rewards. For instance, a behavior we added as we grew and developed was "build know how." We wanted people to be open to new ideas, spread best practices, and find breakthroughs with innovative thinking. For instance, we gave bonuses to store leaders who developed successful new ideas, and we gave bonuses to other leaders who adopted and adapted those ideas to work in their stores.

What interested you in writing the book, *How Leaders Learn*, and what are the key messages you wanted to convey in the book?

The project began because I wanted to share lessons from the work I'd been doing over the last 15 years to develop more great leaders in the world, especially through our family's philanthropic work. As we discussed my approach to work and life, the core theme of being an active learner emerged. I've written about the importance of learning before, but I'm not sure I realized how fundamental it is or how it defined my career trajectory, my relationships, and what I've been able to accomplish until writing this book. It's my go-to for everything I do. And I started to recognize that all of my podcast interviewees were active learners, too. I had heard so many great stories from some of the most successful leaders in the world that we had a tough time choosing which to include.

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HOW

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DAVID NOVAK

#1 NEW YORK TIMES
BESTSELLING AUTHOR
AND HOST OF THE
HOW LEADERS LEAD
PODCAST

WITH LARI BISHOP

What all the stories come back to is this: Active learners hunt for ideas and insights and then pair them with action and execution. They learn from anybody and any experience that has something new, interesting, or valuable to offer. They learn to maintain an open, curious mind and positive relationships, because we learn the most from and with other people. And they learn by doing the things that need doing or that will make the biggest difference. They learn with purpose, and along the way, they create greater possibilities for everybody.

What do you feel are the keys to effective leadership and how do you approach your management style?

Obviously, it's important to keep growing and learning as a leader, but it's just as important to make people feel valued. Our need to be recognized for our contributions is universal, whether you're a highly ranked executive or someone washing dishes in a restaurant. And when you use recognition to let people know that they're doing the right things well – the

things that can help the team win – it can transform an organization. I've seen it happen over and over again.

I became known for handing out rubber chickens to people when I saw outstanding performance in our stores and restaurant support center. I always took a picture with the person, which I hung in my office. My walls and ceiling were covered with them. I've written about other important elements of leadership in my book, *Taking People With You* – be your best self, believe passionately in the ability of your team to make great things happen, create a clear and simple vision that can't be misunderstood, overcome the barriers to successful transformation, and more. But without recognition, the rest of the behaviors won't deliver the same impact.

Where did you develop your passion for philanthropy and how do you decide where to focus your efforts?

My parents were incredibly giving people, even though we didn't have much growing up. I was raised with the idea that my success was up to me and my work ethic – being willing to do hard work and do it well. And I was raised to believe that I should give back to my community when and where I could. My wife, Wendy, was a firm believer in the same ideal. We felt fortunate that we could do so on a fairly major scale.

The Lift a Life Novak Family Foundation has two major points of focus: The first is diabetes care, because Wendy was a type 1 diabetic her whole life, and we know how difficult it can be, especially for children. The second is developing more great leaders in the world, from pre-school all the way through college and beyond. I believe that too few people have the opportunity to develop strong leadership skills – and that there's very little in the world that can't be fixed or made better with great leadership.

With all that you have accomplished in your career, are you able to enjoy the process and take moments to celebrate the wins?

Absolutely. Celebrating wins is baked into my leadership approach. I believe that work should be fun, and I'm a positive, energetic guy. Celebrating wins big and small with your team is an important part of making work fun. There's no point in celebrating successes alone, because you didn't make them happen alone. Wins happen through the effort of a team. This is why I became focused on recognition even before I fully understood its power.

What advice do you offer to young people beginning their careers?

I really like to win, but you don't win for long if the people who make the winning possible or who have supported you on your way to a win don't know how much they count. Make people your priority and show them they're a priority through your actions. After that, learn as much as you can, as fast as you can, and you'll find yourself on a surprising and exciting career trajectory. ●