

MARVIN RUNYON: A COMMITMENT TO EXCELLENCE

by

R. Earl Thomas
Professor, Management and Marketing Department
Middle Tennessee State University

and

Neil E. Watson
Graduate Research Assistant
Management and Marketing Department

INTRODUCTION

He may have been called “Carvin” Marvin” when he came to the troubled Tennessee Valley Authority (TVA) in 1988 and started reducing management layers and overhead costs by more than 30%, but for business leaders and students and scholars of business disciplines, Marvin Runyon represents the epitome of success. The negative nickname at TVA pales in a business world driven by enhanced quality and competitive advantage where Runyon would best be described as committed to excellence, visionary, innovative, demanding of self and others, and extraordinarily determined with an immeasurable work ethic (Siskin, 1999).

Runyon’s career spans some six decades of leadership in both the private and public sector. Self-described as a leader who has been growing for about 63 years, his plans are to continue to grow by not completely retiring. Runyon notes that people who retire seem to die, and he is eager to make a contribution to society and business as long as he is able to do so (Runyon, 2003; Siskin, 1999).

A native of Dallas, Texas, Runyon’s formative years were molded by his admiration for a successful father. His father worked for Ford as a service manager and influenced Marvin’s ambitions and career plans by telling him that it was the best job in the world. After high school graduation in 1941, Marvin joined the war effort serving in the U.S. Army Air Corps. Following his military service, he earned a degree in management engineering from Texas A&M. He entered the work force as an hourly worker in a Ford Assembly Plant in Dallas (Public Relations Package, Aug. 1999; Siskin, 1999).

FORD

Marvin Runyon’s work career is a mosaic of successful leadership roles in the private and the public sector. His career at Ford spanned 37 years. Rising through the management ranks very quickly with his engineering background, he and Don Lennox were generally regarded as Ford’s most capable plant managers in the 1960’s (Halberstam, 1986, pp.619-623). That recognition led to subsequent roles as General Manager and Vice-President of Body and Assembly operations. In the latter position, Runyon oversaw 29 plants and 120,000 employees (Siskin, 1999).

Runyon believes his leadership and decision making over the years have developed one experience at a time. He feels the decisions that one makes, the experiences, and the people one leads all help a leader to grow exponentially. He began to demonstrate his way of thinking when he first started working at the Ford plant in Atlanta. He had moved from the Dallas plant with the idea of becoming a manager. Leaving a wife and child in Dallas, he wanted to see a new plant built from the ground up and gain all the knowledge and experience that would come with that opportunity. He had to wait a couple of weeks before the plant called him in to work. When the call finally came he was told to bring his work

clothes. He understood this to mean that he was going to be working on the line, and this was not exactly what he had in mind. On his first day, Runyon was told he had a meeting with the plant manager immediately after lunch. He felt that something was up because no one on the line got a meeting with the plant manager. In this meeting he was told that management was aware of his capabilities, but they wanted him to prove himself.

The plant manager placed him on the truck wheel assembly line. Runyon began working and soon started thinking about whether or not he would be able to do this for an entire shift. Wheel assembly is an extremely physical job and completing one day's shift would be tough, but once the muscles were sore, tomorrow would be even tougher. He knew that he would have to be innovative to work this line. So after work that day he went to a local lumber store and bought several pieces of wood and cut them to build a ramp. The next day he brought in all of the pieces and put them together at his station on the line. All of the "old timers" on the line were giving this young fellow a hard time and asking him what the wood was for. As the wheel came down the line and hung in front of him, he pulled down the first tire and rolled it up to the ramp. Adjusting the ramp to the right place, he rolled the tire up the ramp, which was just a couple of inches below the base of the wheel now, and placed it onto the wheel. Before the ramp, one would have to lift the tire about eight inches; with it, about two. Through innovative thinking he was able to make the process physically easier. The "old timer" at the next station was now asking Marvin to build him a ramp. Runyon simply told him to build his own. This taught him there is always a better way and one should always search for an improvement to the process. This was the beginning of many progressive moves up the management ladder at Ford until he left after 37 years in 1980.

Though his loyalty and dedication to Ford were never in question, he faced some tumultuous battles as a manager/leader in the highly bureaucratic setting. There were constant struggles to get money for the plants. Manufacturing was a low priority in the company and often only lip service was paid to quality. Boosting morale and building a strong culture were challenges for Runyon and other leaders. Many senior managers, including Runyon, were particularly distressed that a process called E-coat (dealing with the automotive paint process) developed by the Ford manufacturing development team was installed in Ford of Europe and at General Motors before it was valued as important by Ford North America. Runyon's frustrations in the late sixties led him to consider leaving to become Vice-President and head of manufacturing at Xerox. Because of his management skills, Xerox had been wooing him for months. In the end he chose to remain at Ford and take early retirement (Halberstam, 1986, pp.619-623).

THE NISSAN YEARS

The early retirement was simply a segue into greater challenges for Runyon's leadership ability. Much to the chagrin of his superiors at Ford, Runyon was offered and accepted the coveted position of head of the first Nissan plant in America. Philip Caldwell, Lee Iacocca's successor at Ford, tried to block the opportunity by attempting to secure an agreement with Runyon saying that he would not work for a competitor. But the astute Runyon refused to sign any such paperwork and realized he had a chance to build Nissan's American operations from the ground up (Halberstam, 1986, pp.619-623).

For what may have been the first time in his career, Runyon saw a company that placed a premium on the primary importance of manufacturing. He believed he could offer highly competitive jobs at the start-up plant in rural Smyrna, Tennessee without the constraints and restrictions of the United Auto Workers (UAW). He believed he could create an organization without unnecessary bureaucratic trappings by reducing management layers (in his Ford experience, there were twelve layers of management; at Nissan there were five). Indeed, he wanted to prove that a quality operations process in this country could be equal to, or greater than, automobile production in Japan (Halberstam, 1986, pp.619-623).

Since he had been highly sought after by Japanese executives to build and run the company, Runyon's initial experiences with Nissan's President, Takashi Ishihara, were extremely positive. He was told to make a cost estimate for plant operations. Though his estimate at first was questioned as a bit high,

it was approved by Ishihara who believed that his choice of a leader with such skill and experience should be staunchly supported (Halberstam, 1986, pp.619-623).

The Nissan North America Plant was budgeted for \$500 million with Japanese senior executives believing that the first profits would be five years out. The Nissan plant in Smyrna began production in June, 1983, and was limited in its first year to truck production only. With a capacity to build 10,000 trucks a month, Nissan was an immediate success. Car manufacturing began soon after with the first cars coming off the line in March, 1985. By the end of that year the 3,000 employees were producing almost a quarter million trucks and cars. Under Runyon's leadership the Smyrna Nissan plant became the most successful automated car producer in America, and was named in the mid-1980's by Fortune Magazine as one of the ten best-managed industrial operations in America. President Ishihara was pleased the level of profit came much sooner than anticipated, and even went so far to suggest the trucks produced at the Smyrna plant were superior in quality to those made in Japan (Halberstam, 1986, pp.619-623).

TENNESSEE VALLEY AUTHORITY

In 1988, Runyon's business acumen was recognized by President Reagan who persuaded him to direct the TVA for the next four years. When Runyon came to the TVA, it was a federal agency in deep trouble. Its nuclear program had been shut down because of construction flaws and safety concerns. Utility rates had raised an average of more than 10% for twenty years. These problems diminished the area's ability to attract industry.

When arriving at the TVA, Runyon told management they were not going to raise rates for three straight years. This was unthinkable for an agency that had raised rates for 20 straight years until his arrival. How did he decide on three years? Runyon noted that given the challenge, anyone can cut costs and make a goal for one year, but tell someone they have to make the goal for the next three to five years, and then they know you are serious. It is no longer just some goal by the "new guy", but a serious challenge from the leader. This challenge resulted in a total of eleven years with no rate increase and a fifty percent labor reduction.

Another challenge Runyon faced at the TVA, and would face later as the Postmaster General, was getting these agencies to realize they had customers. He describes the TVA as having the attitude of 'we have the power, tell us when you need some, and we will deliver it as we choose'. He recalls the relationship between the TVA and the city of Memphis. The city of Memphis disliked the TVA and was talking business with Arkansas Power and Light. Runyon told his managers that he had to go to Memphis and determine how to turn things around. His managers warned him that Memphis would chew him up and spit him out when he got there. When his meeting was over and he arrived back at his office, he confirmed to his managers that they were right. When asked what he was going to do, he told them he was going to continue to go back until he changed the relationship. After many meetings the city of Memphis eventually changed its feelings toward the TVA and remained a customer.

As Chairman of the Board, he reduced management layers, cut overhead costs by more than 30%, and achieved cumulative savings and efficiency improvements of \$1.8 billion. Runyon's reorganization of management, his revitalization of the nuclear program, and his success at instituting a rate freeze that continued for ten years caused the Wall Street Journal to refer to TVA, under his leadership, as "one of the most effective of federal agencies." It also earned him the National Management Association's recognition as "1992 Executive of the Year" (*Nashville Banner*, Jan. 30, 1998; Public Relations Package, Aug.1999).

POSTMASTER GENERAL

Appointed by President Bush and hired by the Postal Service Board of Governors, Runyon became the 70th Postmaster General (PMG) of the United States and CEO of the U.S. Postal Service in

July, 1992. Like TVA, the Postal Service appeared to be a monstrous, untamable, bureaucracy that would be resistant to positive change (*Nashville Banner*, Jan.30, 1998). But from day one, for Runyon, the restructuring and downsizing began. Within six months of taking office, he had created a leaner management structure with a focus on meeting customer needs better (Public Relations Package, Aug. 1999).

In his first year of service as PMG, Runyon restructured the organization's debt and eliminated a projected \$2 billion postal deficit. His leadership saw the lowest postage rate increase in twenty-five years while achieving record net incomes of \$1.8 billion in 1995, and \$1.6 billion in 1996. His shrewd managerial style led to four consecutive years of profitability which was unprecedented in the history of the postal bureaucracy (Public Relations Package, Aug. 1999).

The position of PMG proved to be similar to the situation at the TVA when it came to getting the agency to understand that the people were its customers and the Post Office had competition. The Post Office's market share in parcel delivery had dropped to about 4%. Senior management had suggested getting out of the parcel delivery service all together. Runyon had a better idea; he suggested that the Post Office start competing in the parcel market and regain market share.

Another example he set for the managers at the Post Office came when he spoke at a forum in Las Vegas as he was preparing to officially become the next Postmaster General. Runyon's advisors informed him that the new PMG always spoke at the Postal Forum upon entering the position. Even though he would not officially be the PMG at the time of the Forum, he had no problem with this and asked when the forum was to be held. They informed him that the Forum was in four days and told him not to worry that they would write a speech for him. He told them he would write his own. They looked at him and reminded him that he did not know anything about the Post Office yet. He responded by telling them that he would let the audience ask him questions. The group seemed astonished and told him that no PMG had ever allowed the audience to ask questions. Runyon opened their eyes when he told them what better way to find out what is wrong with the Post Office, than to ask the customers and employees. This was the first step towards getting the postal service to realize it had customers.

Runyon reestablished a strong modernization effort. He pushed for operations reforms that led to overnight, on-time delivery service for first class mail that set record highs. When Runyon left the postal service, the overnight delivery service had risen from 69% to 94% on-time delivery. The Post Office seems to have gotten the message. He gave the Post Office the freedom to serve its customers. He designed new postal stores with a retail look. He overhauled product and mailing guidelines, making them more modern and customer-focused. Testing dozens of new products and services, he applied the Malcolm Baldrige National Quality Award criteria to postal service operations (Public Relations Package, Aug. 1999).

His outstanding service was recognized both early and near the end of his tenure as PMG. In 1993, he was given the "Jay Edward Day Award" by the Advertising Mail Marketing Association; in 1997, he received the prestigious "Miles Kimball Medallion" from the Mail Advertising Service Association International (Public Relations Package, Aug. 1999).

When Runyon left as head of the U.S. Postal Service in Spring, 1998 to return to the private sector after ten years of government service, Gene A. Del Polito, Executive Director of the Advertising Mail Marketing Association described his service as a success. The editor of *Direct Marketing* noted the following observations about Runyon made by Del Polito:

"His accomplishments include efforts to change the postal culture, and to instill a business sense that the Postal Service work within a competitive environment. Del Polito credits Runyon with comprehensive mail classification reforms and postal legislative reform and for never requesting a postal rate increase that was higher than the rate of inflation. Runyon is also credited with having no major labor problems during his tenure, while at the same time instilling the idea that compensation should be based on performance." (*Direct Marketing*, March 1998, p.98)

THE PROFESSOR

Marvin Runyon once noted that he originally planned to work in industry until he was about fifty-five, and then teach in a college (Siskin, 1999). Though it did not come as quickly as he had planned, for the past four years, Runyon has served a prominent role in higher education. He is chair holder of the Russell Chair of Manufacturing Excellence at Middle Tennessee State University. In that role, he lectures to both undergraduate and graduate classes, conducts seminars for area business leaders, and does consulting with industry. Additionally, he is founder and Chairman of the Runyon Group, a business consulting firm based in Nashville, Tennessee. He serves on the boards of directors of a variety of publicly traded corporations, and he is involved in numerous civic and philanthropic activities (Public Relations Package, Aug. 1999).

THE RUNYON PHILOSOPHY

One aspect of Marvin Runyon's career that he gains a great deal of satisfaction from is the fact that he was able to lead the TVA and the USPS successfully without knowledge of how these companies operated. He suggests that the ability for a person to do something is through his or her leadership/management abilities. He suggests that a new product can be introduced and one can use the same management style as long as that style has yielded success. If an autocratic style works then use it, but the ability to learn and change to manage effectively makes managing new opportunities possible. One does not have to definitively know engineering, manufacturing, or other areas of the company, as long as he/she can be an effective leader/manager. Runyon listened to the customers and the employees, and helped the TVA and the USPS understand they had customers and must listen to their needs, and Runyon achieved this through being the epitome of how he describes his professional self, a manager.

Marvin Runyon feels that a good leader must have empathy for his/her employees. A manager must also recognize that the employee will usually know more about the job than the manager. Developing an understanding between manager and subordinate can help develop a working relationship. Runyon tells a story of when he was an engineer and was conducting a time-study of an employee because the employee was reportedly falling behind productivity. While taking time measurements and observing the employee working, the employee remarked that anyone wearing a tie would not understand the job and what it took to do the work. Runyon told him to take the stop-watch and clip board and observe him while he did the work. Runyon not only performed the job, but exceeded productivity. While this was going on a manager came by and asked what was going on and Runyon explained. The manager explained to him why he could not perform the job for the employee and told him to stop. The employee ceased to complain and started meeting productivity from that point on. Runyon identified a common feeling that employees have towards management that can cause problems in the workplace and by demonstrating that he could do the job, he was able to reach a level of understanding with an employee. Throughout his career he demonstrated the importance of understanding employees' needs.

Runyon feels that a good manager is also a good follower. When starting out as a young leader one must be able to take direction and follow those that are leading. A new manager will emulate the management style of those around him or her and learn by example. When Runyon started managing, an autocratic style of leadership was the norm, but this method is less acceptable in today's workplace. New managers today are being exposed to a wider variety of management theories. Runyon also believes a key to good leadership, regardless of style, is to practice ethical behavior.

CONCLUSION

The authors of this paper deem the opportunity to study, research, and interview Marvin Runyon an extraordinary privilege. After all, his influence in both the private and public sectors in the last half of the twentieth century will carry well into the management practices and organizational behaviors of the current one. Writer and playwright George Bernard Shaw once said, "I am of the opinion that my life belongs to the whole community and, as long as I can live, it is my privilege to do for it whatever I can. I want to be thoroughly used up when I die. For the harder I work the more I live. I rejoice in life for its own sake. Life is no brief candle to me. It is a sort of splendid torch which I've got to hold up for the moment, and I want to make it burn as brightly as possible before handing it on to future generations." Perhaps that quotation would describe a number of legendary leaders. For sure, it aptly characterizes Marvin Runyon.

Lead author, Dr. R. Earl Thomas, is a professor in the Management and Marketing Department, Middle Tennessee State University, PO Box 432, Murfreesboro TN 37132, and may be reached at 615/898-2340 or 615/9898-5308 fax. Email: rethomas@mtsu.edu.

Neil E. Watson is a graduate research assistant to Dr. Thomas; email: newatson@bellsouth.net

REFERENCES

1. *Direct Marketing*. (March, 1998). "Postmaster General Runyon Announces His Departure," p. 98.
2. Halberstam, D. (1986). *The Reckoning* (1st ed.). New York: Morrow pp. 497-502, pp. 619-623.
3. Marvin Runyon (personal interview, Jan. 31, 2003).
4. *Nashville Banner*. (Jan. 30, 1998). "Some Record for Runyon," p. A-20.
5. Public Relations Package. (Aug., 1999). The Runyon Group.
6. Siskin, Diane. (July 18, 1999). "Marvin Runyon: Trailblazer Carves Out New Niche as Educator," *Chattanooga Times/Chattanooga Free Press*, p. D-1.