



**Chip Carlisle**



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**Keynote Address by Chip Carlisle at the IACCGH BMC Software Distinguished Lecture**



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I want to first of all thank you for inviting me to join you.

As a businessman, I am well aware of the role that India plays in our local economy. Best I can tell, we've got over 700 companies that actively trade goods and services with countries in South Asia. Thirty Houston-area firms have a presence there. And an estimated \$1 billion in cargo flows annually between India and the Bayou City.

As a banker – specifically a Wells Fargo banker – I’m equally aware of the importance of India to our business. Just last week, Wells Fargo India Solutions – a wholly owned subsidiary of our Technology Infrastructure Group – opened a new facility in Hyderabad. We currently have about 50 team members in place there, and plan to have up to 500 by year-end. These are local hires, too, not jobs that have been moved into the country, and demonstrate our confidence in the intellectual capital and technology expertise that India offers the world.

Just the tip of iceberg. – San Angelo, El Paso, Houston – World becoming smaller and will be fun to watch America, India and China use one another’s resources to influence the way we live our lives.

I want to talk with you today about greatness.

You know, people in business talk a lot about greatness – what it is, what it requires, how it can best be achieved. And my guess is that there are probably as many answers to those questions as there are consultants and “gurus” who’ve made a good living offering their opinions on the subject.

Sometimes, though, I think we make the discussion of greatness more complex than it needs to be. We hold encounter groups, go off on moderated week-long retreats, or hire a bunch of management mavens with their complex “knowledge paradigms.” But too often, those efforts just push us down the path toward what I call “the land of the if”:

If you make this change...If you apply this theory...If you implement this model...then greatness will inevitably follow.

I’m not so sure.

Yes, there may be some merit to many of these approaches. At the same time, the effectiveness of any strategy aimed at any goal must be bound by action, discipline, and consistency of purpose. Otherwise, the quest to be great is little more than an exercise in well-intentioned aimlessness.

So what I’d like to do in the next few minutes is answer a basic but important question: How does a company or an organization become great? And I want to do it from a couple of perspectives.

First, from my experiences as chairman of the board of the Greater Houston Partnership. And second as president of a bank whose rather straightforward, uncomplicated approach – one that can be replicated by anyone in this room, frankly – has made us what many regard as one of America’s truly great businesses.

As some of you may know, Houston was born more than 150 years ago. It was a hamlet on the edge of the Western frontier, and its early prospects for the future were dim. There was crime. There was disease. There were financial problems.

Before long, Houston faced a pretty significant decision: Either **step up and do something** to address the problems, or **step back and allow the city** – which was founded by the Allen Brothers to be a “great center of commerce and government” – to drift slowly into oblivion.

The business community saw the risks, and the rewards, and decided to step up. They became actively engaged in the region’s economic future. And they decided to begin shaping that future by making Houston a port city.

They didn’t care if we were 53 miles inland, or that there was no clear entry from the Gulf, or that the Port of Galveston had already been in operation for 15 years. None of that mattered.

What mattered was their vision. They saw a chance for greatness. And they turned that chance into aspiration, and that aspiration into possibility, and that possibility into action.

They started by raising \$2,000, which at that time worked out to a dollar for every resident of the city. Then they bought wagons, shovels, and mules. Then they cleared Buffalo Bayou and built an inland seaport that today generates nearly \$11 billion in economic activity at the Houston Ship Channel.

This is not an isolated chapter in our history.

If you look at other milestones – becoming the energy capital of the world, creation of the Texas Medical Center, or development of the Johnson Space Center – you will see some striking parallels. In each of those cases, the community in general – and the business community in particular – had the foresight to understand that a single visionary act can be the engine of destiny.

And that illustrates an important point:

Our greatness as a region did not occur by mere happenstance, or by accident, or by some cosmic intersection of events. We weren’t lucky, either – although I will say that I’ve found the harder we work in Houston, the luckier we seem to be.

No, we have become great because we decided that’s what we wanted to be. We have consistently recognized our potential. We have been willing to awaken and nurture that potential. And we have never failed to properly apply our skills, passion, and focus in order to convert that potential from an abstract dream to a concrete reality.

It has paid off, too. And perhaps nowhere is that more apparent – or more important – than in the creation of an economic climate that has made us a center for global commerce.

Consider this:

According to figures from the Texas Workforce Commission released earlier this month, the region gained 99,100 jobs since January 2006 – a growth rate of 4.2 percent. That is higher than the statewide figure of 2.6 percent and greater than the figures for both Dallas-Forth Worth and San Antonio.

Put another way, between January 2006 and January 2007, this region accounted for 39 percent of the state's net job gain.

We have 12 companies on Fortune Magazine's list of the 100 fastest-growing firms in America, more than any other city in the country. We're the nation's second most logistics-friendly metro area. We have 23 Fortune 500 companies headquartered here – second only to New York.

Site Selection magazine ranked us No. 3 for new and expanded facilities, and Forbes rated us the No. 3 metro area for business and careers – citing our job growth, income growth, and low cost of doing business.

And we're among the Top 10 areas for best business opportunities, diversity, women-owned businesses, and best places to live.

Clearly, we've come a long way since a \$2,000 investment built an economic asset that would become the envy of the world. At the same time, though, one constant in our history has been a complete refusal to bask in the reflected glow of our success. We always seem to have had a great instinct for not only knowing the right thing to do next – but also knowing the right time to do it.

That instinct is alive and strong today as well. And we need look no further than the Greater Houston Partnership's strategic plan for economic development – an ambitious 10-year initiative whose goal is create opportunity and enhance prosperity throughout this region.

This plan challenges us to become a magnet for domestic employment and world trade, and sets concrete targets for the coming decade: 600,000 net new jobs; \$60 billion in new capital investment; \$225 billion in new foreign trade.

It commits the Partnership to working with the larger business community to develop high-yield, high-impact projects that firmly establish this region as the preferred location for global business.

It helps us leverage the strength of our diversity – an asset to which you and your community are vital contributors – in ways that further build upon Houston's standing as an international leader. Becoming great always get back to people. People achieve greatness. To become a lead city on the world stage requires people that understand the globe and are passionate about finding ways to integrate cultures. Houston has a distinct advantage there.

Our plan identifies 10 critical industry sectors in which we will develop centers of excellence that will not only leverage our existing advantages but also ensure that we have a platform to identify and encourage growth in the areas that best match our resources.

Our plan also recognizes that the Partnership has a necessary and substantive voice in the public policy dialogue, and makes it very clear we will be heard.

As part of that, we will take a proactive role in building and maintaining an infrastructure and business environment that sets us apart from – and above – other communities.

We will drive initiatives that support the basic cornerstones of economic success: affordable housing, air quality, education, green space, healthcare, transportation, and regional mobility.

And we will be a champion for “quality of place” benefits that help attract and retain the human capital that is critical to our prosperity.

The bottom line is this:

The Partnership’s program will sustain and strengthen our position as one of the world’s great regions, and place Houston among America’s Top 5 locations for business growth, capital investment, and job creation.

I have to tell you that when we first unveiled this plan, there were a lot of folks who were skeptical. They told us we couldn’t reach our job goals. They said our public policy objectives were maybe a bit too lofty. They said that we’d have a tough time breaking through the clutter of a crowded economic development marketplace.

Well, I have three words for the naysayers: Wrong. Wrong. And wrong.

In 2006, the first year the plan was in place, we actually exceeded our job growth targets by about 50 percent.

Last year, we were also a driving force behind one of the state’s biggest public policy successes – Gov. Perry’s initiative to overhaul the school finance system, cut property taxes by \$6 billion, and support the continued vitality of small businesses.

And we successfully kicked off Opportunity Houston, a \$40 million outreach program – the largest ever of its type – that is designed in part to ensure that our “brand” is distinct and top of mind among companies looking for someplace where they can grow and prosper.

If you take all of this in the aggregate, it paints a picture of a region that is unafraid of challenge – we are an active, engaged business community whose driving enthusiasm and can-do spirit has rendered no obstacle insurmountable. We do more than pursue success here. We honestly believe we're going to achieve it. And accomplishment has no greater incentive than the expectation of greatness.

This same kind of attitude had been at the core of Wells Fargo's success, too. And it has played a critical role in our ability to build a truly great bank around what is, at the end of the day, a truly simple approach.

Let me first put what I am about to say in some perspective.

I spoke earlier about the value of consistency of purpose – a trait that has been instrumental to Houston's progress. It's been just as instrumental to our progress as a company. We are rare in American Business. For 155 years, we have been in business, reinventing ourselves often to remain at the forefront of what we do.

**Our Vision is Simple:**

**To satisfy all of our customer's financial needs and help them succeed financially.  
To be the premier provider of services in every community where we're located.  
And to be known as one of America's great companies.**

I think it's safe to say that by many standards, we're already a great company.

I wish I could stand here and tell you that we've earned those accolades because of some top-secret plan, shaped in consultation with the banking industry's top strategists, and hidden away in some concealed location.

But none of those things are true. In fact, I could give our business plan to any competing bank and not lose a minute of sleep over the disclosure. Why? Because our strategy isn't classified. It's not rocket science. It's not managerial sleight of hand. The truth is, it's so not-secret that we publish it, distribute it, talk about it, and share it with anyone who's interested.

The reason for this openness can be summed up in a single word that describes, informs, and guides our strategy: Execution.

We understand what matters most, and never put it at the mercy of what matters least. We perform with confidence and focus because we recognize that hesitation and ambiguity are the adversaries of accomplishment. We know the kind of business we are capable of becoming, and we work to become that kind of business.

But don't take my word for it. Here are a couple of testimonials that speak for themselves.

The first is from Jim Collins, in his book *Good to Great*, who writes that Wells Fargo has focused (quote) “entirely on those few things we knew we could do better than anyone else, not getting distracted into arenas that would feed our egos and at which we could not be the best.”

The second is from Warren Buffett, who despite not being a big fan of the banking industry holds Wells Fargo as one of his largest investments. He says, “They stick with what they understand and let their abilities, not their egos, determine what they attempt.”

And what we are attempting, quite simply, is to capture 100 percent of every customer’s business. It’s a tall order.

The average banking customer has 16 different financial products – car loans, mortgages, credit cards, checking and savings accounts, and the like. The average financial institution has 2½ of these products.

Not too long ago, Wells Fargo started with fewer than that – just two. Today we have more than five – six for customers who have been with us for three years or more. Our next target is eight. And then, as I said, we want it all.

You might be thinking that this idea of getting every piece of every customer’s business is a flight of corporate fancy – a high-minded target that’s easier to aim for than it is to hit. But I have to tell you, I don’t think our goals are beyond the realm of possibility.

Part of that comes from a culture within Wells Fargo that realizes “greatness” is a journey of learning, listening, sharing, and improving. The other part – and it may even be the larger part – is this:

Our culture is reinforced by our credibility, and our credibility is underscored by our people. If there’s any “magic” behind our success, it’s a product of their faith in themselves and what they do. They just believe they can make anything happen. They’re our competitive advantage.

That’s no overstatement, either. We have the facts to back it up.

Over the years, the Gallup organization has developed a list of 12 questions, called Q-12, it uses to determine how invested employees are in their companies. While time doesn’t permit me to list them all, I can say they revolve around both professional and personal considerations – everything from having the tools and equipment they need to do their job, to having a best friend at work.

Nationally, Gallup has found that 35 percent of the workforce is actively engaged in its company, 50 percent are neither engaged nor disengaged and 15 percent are disengaged – Happy to Grumpy Ratio.

In other words, in the typical American business, more than 2/3’s of the employees are not especially enthused about being there.

Contrast that with Wells Fargo.

In Texas, our employees are more engaged than disengaged by an 8 to 1 margin. That is 16 times better than the U.S. average. In some of our business units here, the ratios are as high as 16- or 20-to-1. That equates to happy employees that make happy customers.

Now let me go a step further.

Every time customers come into one of our banks, we ask them to rate us on a 1 to 5 basis. A 5 is what we call a WOW – the highest possible satisfaction score.

As you might expect, we always aim for the 5. Because a team hits that mark and WOWs its customers is a team that's engaged, differentiates itself from the competition, and stands out in the marketplace. Our folks know that when we earn a 5, customers are more likely to give us more of those 16 financial products. They refer us to their friends, and we get more of their financial products. And the company – and our employees – prosper as a result.

It's pretty much an all-or-nothing thing, too. This is business, not horseshoes, and close doesn't count. A 4.5 may be a heck of a score to some companies. But to us, it only means one thing: We didn't get a 5, so we didn't do the job we're capable of doing – the job we are expected to do.

In Texas, 60 percent of our customers give us a solid 5. So on any given day, in any given bank, almost two-thirds of the people we serve say their banking experience could not have been better. And we're working to get that up, too. Trust me.

The combination of employee engagement and customer satisfaction says a lot about our team. It says they feel valued. They feel as if they made the right decision coming to work for us. They feel that they can get the job skills they need to maximize their potential; that they will be appropriately rewarded for their contributions; and that they will have every opportunity to reach their career goals.

They like their jobs. They're winners. And they execute accordingly.

Part of our responsibility as a company is to provide an environment that promotes this kind of execution. So each year, we address each of the issues raised in that Gallup survey. We sit down with each our team members and develop a plan to improve. We work on all Twelve questions, beginning with the most basic and advancing.

What is expected of me?

Tool and Equipment

The dialogue (all year long) send a message – we care.

If you think about it, this all adds up to a pretty simple formula for success: Employee engagement...consistency of purpose...a passion for execution. Like I said, it's not rocket science and you can see how easy it would be to replicate our approach.



Why, then, have so many businesses tried the same model, only to see it fall short of expectations? That answer is pretty simple, too.

Because greatness – however you define it – requires hard work.

I get asked a lot about how Wells Fargo has emerged as such a great business. And over time, I have reduced my response to an explanation I think everyone can understand. It goes like this:

Let's say you're overweight, and you want to lose 20 pounds. Nobody doubts how to do that – eat less, exercise more, and you'll succeed. Still, people spend billions of dollars every year looking for ways to lose weight. Why don't they just adopt and execute the “eat less, exercise more” approach?

I'll tell you why: Because it's tough. It takes discipline. It takes determination. It takes effort. And the experience at Wells Fargo has shown clearly that the strength of our discipline, determination, and effort is the measure of our success.

All of which brings us back to the question I raised at the beginning of my remarks: What, in the end, is true “greatness”? I think ultimately it comes down to a decision – the decision to be great.

In making that decision, we connect ourselves to all kinds of opportunities – expected and unexpected – that for some reason had been previously absent...

We discover all manner of unforeseen promises and prospects that we would have never dreamed might come our way...

And we turn on the light to our world, enabling us to illuminate – and then to capture – all of the good that is within our reach.

It has worked for Houston.

It has worked for Wells Fargo.

And it can work for you.

Thanks very much for your time.

**Chip Carlisle is the president of Wells Fargo's Texas Region. He has responsibility for 542 Community Banking locations in Texas with \$26 billion in assets and more than 6,800 team members.**

**A 28-year veteran with Wells Fargo, Carlisle served as president of the Houston Market and Texas Metro Region prior to becoming president of the Texas Region in 2004. He also served as chief**

operations officer, chief information/technology manager and director of sales and marketing. Carlisle began his career in retail banking at First City National Bank in Houston.

Under Carlisle's leadership, Wells Fargo has been named one of the "Top 50 Best Companies to Work for in Texas" in 2005 and 2006 according to Texas Association of Businesses, *Texas Monthly* magazine and the Texas State Council of the Society for Human Resources Management. Wells Fargo has also been voted one of the "Best Place to Work" by both the *Houston Business Journal* and the *Austin Business Journal* in 2006.

Carlisle, a native Texan, earned a bachelor's degree in business at Texas State University in San Marcos.

He is active in many community and civic organizations. Carlisle served as the 2006 chairman of the Greater Houston Partnership board of directors; serves on the boards of Central Houston Association, Center for Houston's Future and Museum of Fine Arts Houston. Prior board service includes Fort Bend County Economic Development Council, March of Dimes, United Way of the Texas Gulf Coast, past chairman of Westbury Christian School Board and Texas Gulf Coast March of Dimes.

Chip and his wife, Susan live in Sugar Land and are active in First Colony Church of Christ. They have three children and four grandchildren.

Wells Fargo



Wells Fargo is a diversified financial services company – providing banking, insurance, wealth management and estate planning, investments, mortgage and consumer finance to more than 23 million customers from more than 6,000 stores, the world's leading Internet banking site and other distribution channels across North America and internationally. Wells Fargo Bank, N.A. has the highest possible credit rating, "Aaa," from Moody's Investors Service and the highest credit rating given to a U.S. bank, "AA+," from Standard & Poor's Ratings Services. With assets of \$482 billion, Wells Fargo is ranked 5th in assets among its US peers.

Founded in 1852, Wells Fargo is headquartered in San Francisco—but we're decentralized so every local Wells Fargo store is a headquarters for satisfying all our customers' needs.

Indeed, it is Wells Fargo's vision to satisfy all of our customers' needs, help them succeed financially, be the premier provider of financial services in every one of our markets, and be known as one of America's great companies.

By many measures, we're already a great company. Fortune ranks us America's "most admired" large bank as well as the world's 29th most profitable company. Business Ethics ranks us in the top-20 corporate citizens, Business Week ranks us among the top 25 "Best Places to Launch a Career" and Forbes ranks us the nation's 5th most "Generous Corporate Foundation." Wells Fargo is also the #1 small business lender in the U.S., according to the Community Reinvestment Act.

While we're honored to be admired across our industry, it is our highest privilege to be known by our customers as their financial partner, for outstanding service and sound financial advice, satisfying all of their financial needs and helping them succeed financially.

For more information about us, visit [www.wellsfargo.com](http://www.wellsfargo.com)