

Lessons from the top: The importance of service leadership

This Eric Salmon & Partners, 'Lessons from the top' is a thought leadership article based on an interview with Luca Savi, CEO of ITT Corporation.

It is uncommon for an Italian to head up an iconic American company. So, there is a lot we can learn from this chief executive. Luca Savi also has extensive global experience in key leadership roles having held several top positions in Italy, China and the U.S. From Fiat to Royal Dutch Shell, Honeywell to Ferruzzi-Montedison Group, this business leader has an enviable resume.

He believes business leaders need to primarily focus on creating a mindset of service. This has the potential to transform corporations. In an interview with Simone Maggioni from Eric Salmon & Partners he lays out his ideas:

SM: What have you found since being promoted from COO to CEO in 2019?

LS: The role comes with a lot of complexity and more constituencies you have to deal with, probably this is the main difference. You have to manage the business at the highest level, and also have to deal with shareholders, and the board with ITT's ten directors. Once, my coach said that when you become CEO you have to deal with fewer business operations, this moves from 80% as COO down to 10-15% as CEO. This has not been the case so far.

SM: How did your relationship evolve with your team when you became CEO?

LS: You always learn. I was not fully aware of some of the dynamics going on behind the scenes until I became CEO. Changes were necessary and probably I could have move faster on some people changes that became a must early on.

SM: How important are stakeholders and shareholders for a CEO right now, what's changed?

LS: In the past, ITT was much more focused on shareholders specifically. Now the organisation thinks in a more inclusive way. We care more about our customers, our employees and about the communities we operate in.

When it comes to shareholders, you must seek out those that want to invest into your company for the long term. Particularly for listed companies, you want long-term shareholders, ones that listen and buy into your business strategy and stay with you as the company grows. Good shareholders know perfectly well that there are no shortcuts. And if you have long-term investors you do not have a conflict of interest between different stakeholders. In fact, it is all about embracing all stakeholders for long-term growth.

SM: How do you think your job will evolve over the next few years?

LS: I expect the chief executive's role will keep changing. It has changed already in the last three and a half years. In 2019, it was much easier, you had to run the business and make it better. Today, you

have to be much more agile, you have to be much more situational in your leadership approach. You must adapt quickly to changing situations. You need to motivate everybody and manage different viewpoints. It is not always easy to find a compromise. I believe you must try to be everywhere with everybody all the time. A key element of our culture at ITT, is the concept of 'service leadership.' You are here to serve and the bigger the chair you sit on, the more you have to serve.

“You should serve your colleagues, employees, shareholders and your community”.

SM: When it comes to life-work balance, the younger generation stress how important it is. Does it represent a challenge for you?

LS: We must be able to make life and work coexist. But we must also ensure that employees do not start to feel

entitled. We all need to work hard to make a business succeed and we need to be flexible. Let's ensure there is no entitlement at any level of an organisation.

At ITT, I think we are flexible, if employees deserve it, if they need flexibility that is fine, but we don't have a strict policy. Yet if someone demands that they work, say, for one to two days from home, then it becomes an entitlement and might not be the best fit for our organization.

SM: is it more challenging today for a CEO to hire better people because they are looking for something more, whether it is a purpose-driven company or one that's digital-first?

LS: When I was in Italy recently I went into a store and I was talking to the shopkeeper. She shared how difficult it is to recruit young people because they want to have a sense of purpose. They don't want to do hard work and learn on the job. I found this sad. It is due to an attitude of entitlement. They don't see that while you are working, you are contributing to the economy and to the community. I appreciate that everybody wants to have a purpose. But having a mission often happens only at the surface. However, when you get your hands dirty in real work, you help people, and you serve.

Regarding recruitment at ITT, this is what I tell potential employees when they look for a purpose: Think about driving your car on the highway and at some point you have to break suddenly because the car in front of you is being erratic. The chances are that the brake pad that kept you safe are ITT's brake pads. When you look at the scan of your unborn child, the chances are that the connector that transferred the data of the image was made by ITT. And when your child is eating Nutella, the chances are that an ITT pump moves that chocolate spread around the factory. I say -- if you want to keep the world safe and smiling come work for ITT. You can motivate people in everything they do.



SM: So, do you think it is the role of a business leader to see a bit deeper, and shift their mindset?

LS: Yes, it means shifting from a mindset of entitlement to one of service. You should serve your colleagues, employees, shareholders and your community. That element of service is so important for us at work or in the government, or for us in a family. What makes a family work is when you're serving others. If you're only taking, it's not going to work.

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