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Client Perspective: CEO Ravi Saligram of Ritchie Bros. Auctioneers

by David Astorino

Ravi Saligram, CEO and director of the board of Ritchie Bros. Auctioneers, is a visionary leader with a proven track record of growing businesses, building brands, developing customer-centric teams, embracing digital, focusing on cash flow, and driving shareholder value. Throughout his career he has inspired employees to challenge the status quo, created cultures driven toward innovation, and built industry-leading, diverse, and inclusive leadership teams.

Ravi was appointed CEO of Ritchie Bros. in 2014 and since then has been transforming the company by evolving the world's largest onsite heavy-equipment auctioneer into a relationship-based, technology-enabled, and data-driven multichannel asset management and disposition platform. In 2017 Ravi led the acquisition of online leader IronPlanet, making Ritchie Bros. one of the top 50 B2B e-commerce players in the world, with over \$3 billion in online gross transaction value.

In addition, Ravi is also a board director of Church & Dwight, a major American manufacturer of household products best known for its Arm & Hammer line. Prior to joining Ritchie Bros., Ravi was CEO of OfficeMax. He also has more than 20 years of senior management

experience at Aramark, InterContinental Hotels Group, and SC Johnson. Ravi has lived in six countries and worked in many more across five continents over his 38-year career, starting at Leo Burnett in Chicago. He earned an MBA from the University of Michigan, Ann Arbor, and an electrical engineering degree from Bangalore University, India.

Ravi spoke with RHR Senior Partner David Astorino about his leadership skills, business philosophies, and views on building diverse cultures that have enabled him to effectively lead in very different industries.

David: You adapt and lead effectively in very different industries. What is it about your leadership that enables you to be so effective in such unique and challenging environments?

Ravi: While I have lacked domain expertise in many of the new industries, I have relied on my strong general management training and focused on the fundamentals. I'm like an outsider who's an insider, bringing an insatiable curiosity to what I do. What has made me effective:

Number one: I have unlimited reservoirs of energy and passion for brands. This was critical at Leo Burnett, and this

is where I learned the importance of having a point of view. And that point of view had to be based on facts and the ability to defend yourself. That has shaped my style, and I expect it from my team as well.

Number two: I appreciate the importance of culture. Moving on to SC Johnson, I noted that the company was famous for its culture of being people oriented yet performance driven. It also had a very strong global mindset.

Number three: A service business is very different from packaged goods and consumer businesses, which is something I learned at the InterContinental Hotels Group. Here I learned the importance of the front line—your brand ambassadors whom you need to galvanize to deliver the value proposition.

Number four: The nitty-gritty details of operations are important. I learned this at Aramark, where there were thousands of associates under my remit. In a heavily operational business, such as food service, it is important to be both strategic and tactical several times in one day. Details matter!

Number five: Cash is king, which I learned at Aramark but applied at OfficeMax when I did my first real

Client Perspective: CEO Ravi Saligram of Ritchie Bros. Auctioneers, *continued*

turnaround as a CEO. It is the core of the Ritchie Bros. model as well, which is focused on heavy equipment—the farthest from anything I’ve done.

Ritchie Bros. is a cash engine, and driving this is the key. In the last four years since I’ve taken over, we’ve doubled the cumulative operating free cash flow and grown the market capitalization of the company to USD \$4.1 billion, an increase of \$1.5 billion over the previous four years.

My guideposts at Ritchie Bros. and at all these companies have been driving stakeholder value, which includes three components: shareholder value, customer value, and employee value. You’ve got to keep all three in harmonious balance because they are interdependent.

Focusing on all employees, not just the superstars, is really important too. It is how you create pride and passion. Companies are actually made up of seemingly ordinary people who, in reality, have extraordinary potential; your job is to unleash the exponential power of those people and bring out the best in them.

And, coming back to your original question, industry expertise matters less at the CEO level if the industry is mature and being disrupted. Focus on customers, investors, and employees and watch out for disruptive forces. Find the drivers; use common sense. Listen—and listen very hard—because the people have the answers. Your job is to unlock them.

David: You were born and raised in India, became an American citizen,

have worked in many geographies, and now lead a Canadian company and have been named British Columbia’s CEO of the year. How has your global perspective shaped your leadership?

Ravi: I chose advertising, consumer packaged goods, and marketing in the heartland of America. This was different from people who came from India to be doctors or scientists. (And, truth be told, I was an immigrant who came to this country with nine dollars in my pocket, all of which were borrowed.)

I was one of the very first Indians to be hired by Leo Burnett. During the interview they asked, “Why should we hire an Indian engineer with an MBA who doesn’t have a green card? What can you bring us?” I spontaneously said, “I’ll be objective, not have personal biases, and only be guided by the customer.” Interestingly, this has become my mantra throughout the rest of my career.

First and foremost, I’d say I have developed into a good general manager because of my international training. In fact, I’ve lived in six countries and worked in 50. At 32, I joined SC Johnson, Korea, as the only foreigner. While my executives spoke okay English, much of the company didn’t speak English. I had to learn enough Korean to communicate. This taught me not to judge my executives’ business acumen based on their English-speaking abilities. Another key learning for me was the importance of being authentic and genuine—you cannot be fake because people see through that. Rather than the spoken word, people look more at your facial expressions, your body language, and how you treat others.

My philosophy is that human beings across the planet are about 80 percent the same, and the remaining 20 percent is cultural differences. (Click here to read Ravi’s article in Chief Executive magazine: “The Best of Both Worlds – How to Brew a Blended Culture.”) Too many executives lead with just their head. But to be successful in different cultures, you have to appeal to the heart as well. What people look for in a leader is caring, compassion, and someone who’s going to guide them to some level of prosperity. They want to know that you’re not selfish and that you worry more about others than about yourself. When you show consideration for people, they are willing to tolerate any cultural gaps you might have because they know you have a heart.

Lastly, I’d say that when leading in different geographies and cultures, you need to have clear values and integrity. I’ve put a lot of emphasis on how you do business, and integrity is at the center. I don’t compromise here because there are many situations where, as a leader, you can rationalize an action as adapting to a different culture, when in reality it is a compromise of your values.

David: There is a sharp increase in public companies in the U.S. separating the role of chairperson and CEO, as is the standard in Europe. Do you favor one approach over the other? What are your insights into optimal board/CEO dynamics when the role of chairperson and CEO is separated?

Ravi: I’ve been on an incredible board at Church & Dwight, and to me it’s a shining example of a great board with

Client Perspective: CEO Ravi Saligram of Ritchie Bros. Auctioneers, *continued*

amazing board members. It's also an extremely well-run company, and the market cap has gone from \$2 billion to over \$14 billion in 12 years. Sometimes I feel that at Church & Dwight, being a board member is like being a Maytag repairman—you keep waiting for the call for help, but it never comes.

Speaking for myself and not for other board members, I feel the Church & Dwight board really has a very good understanding of the role of the board versus the role of management. Jim Craigie is a terrific chairman and CEO who led the company from 2007–2016; in the last two years, it's been Matt Ferrell, who used to be the CFO and is now carrying on the legacy.

We brought RHR in once to do a project on a board and CEO alignment. That was an inflection point where the board really focused on being strategic and letting management manage. The board must understand very clearly its role and, unless the business is going to hell in a handbasket, not interfere and micromanage.

On the flip side, I've also been on boards that have been quite dysfunctional. Boards have to recognize that it is the CEO and management who really drive shareholder value. It's important for the board to ask, "Do we have the right team, do we have the right strategy, et cetera?" but not try to run the business. The board's role is to create the right environment for success.

With dysfunctional boards, you've got to question, "Does the board really understand its role? And is the composition of the board right?" And then you get to the issue of chairman and CEO.

When you're a rookie CEO, it is good to have a non-executive chairman because the CEO needs to learn the ropes and learn to run the company. In some companies it makes sense to separate the roles. In some companies it doesn't.

Where it becomes a problem is if the non-executive chairman really wants to be executive chairman and run the company, and this person wants the CEO to be more like a COO or do the bidding of the chairman.

At Ritchie Bros., I have an excellent relationship with our non-executive chairman because she and I are very good at respecting each other's roles. I know that her job is to manage the board. My job is to run the company. But our jobs are hinged on each other. Communication becomes very important. I speak with her every two weeks. Because we talk a lot, she's never surprised. Ultimately, she and I are completely aligned on the vision for the company, and there is great chemistry and complementarity. I am passionate and emotional, while she is calm and even-keeled. She makes a great sounding board.

But the CEO communicating with the chairman is not enough. It's also important to have ongoing communication with individual board members because they're all independent, and they bring different perspectives.

It has to be in the right spirit of communication and not politicking. You don't want to create cliques and division in the board, so you must make sure the board is aligned. Your job as CEO is to make sure there is constant communication and alignment.

The last thing is that management sometimes gets frustrated, saying, "If we talked about it at the previous meeting, you should remember." Board members sit on lots of boards. They come once a quarter. They don't remember everything.

It's important that you keep that cadence of communication and think through what you want the board to take away. Always put yourself in their shoes and ask yourself, "What are they trying to achieve?" If you view things through that lens, you can tailor your communications to make sure the board can do its job.

David: You are very close to your immediate and extended family. How do you ensure you are bringing your best self to both work and family?

Ravi: My wife works harder than I do. Without her, I wouldn't have been able to achieve all that I have, including moving to different countries and changing jobs. She is the eternal optimist and lifts my spirits.

We are two A-plus-type personalities, and it's trickled down to our daughters as well. In our house, all of us believe that work comes first. If one of our daughters says, "I've got to go to this meeting, and I can't make a family outing," we say, "We absolutely understand." It's just in our DNA.

My daughters are 30 and 29, and we typically do all our vacations together. When we are together, we talk about our lives. My girls and my wife are also great sounding boards for me. And having two amazing daughters and a smart wife has shaped a lot of my views and my quest to address gender diversity in companies.

Client Perspective: CEO Ravi Saligram of Ritchie Bros. Auctioneers, *continued*

But while my family and I are in sync with regard to work and life, it can take time for my teams to adapt. They all know that the boss practices what he preaches. Having said that, it is a little unnerving for them when they get an email at 2:00 a.m. I don't expect people to reply to me at 2:00 a.m., but not everyone understands.

I put a lot of emphasis on caring for people, especially if I know they work hard and do their best. On the other hand, if I feel some of my direct reports or people below are slackers and don't work hard, they don't do well with me.

I'm respectful about work/life balance for others, but at senior executive levels,

I feel it has to be a proper balance. It can't be all about life and very little about work. I expect my senior executives to be role models, to be highly committed and passionate, and be truly all-in.

At the end of the day for me, my family comes first. It's not just my daughters and my wife—my brother is also an important person in my life. He is one of my very best friends and my confidant. He just got promoted to be the chief operating officer of a public company. We are two Indian immigrants, 16 years apart, living the American dream!

I also have a close bond with my sister who lives in India. She has a zest for

life and is the most affectionate person I know. She is very important, as are my nieces and nephews, my aunts, my uncles, and my cousins, so there's a huge extended family. I feel very happy and alive because I don't at all look at myself as a unidimensional person for whom it's all about work. Work enables me to do my other pursuits and at the same time engages me on many levels: intellectually, emotionally, and even at a deeper level, since I love building sustainable, thriving organizations. In many ways, I'm very lucky to have such professional and personal fulfillment.

We'd like to thank Ravi for taking the time to sit with us and talk in such depth.

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