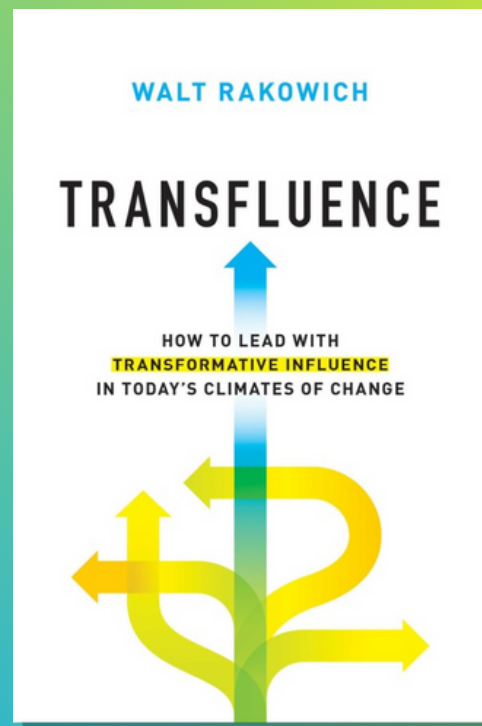


Transfluence shows leaders how they can have transformative influence by overcoming their fears and pride, building transparency into their leadership, developing a strong core of authentic values, and passionately pursuing a meaningful purpose. When leaders do this, they can seize opportunities, embrace challenges, and make their organizations and communities greater than ever.



About Walt

Walt Rakowich is a leadership speaker, author, and former CEO of Prologis, a global real estate company. Walt believes in the value of ethics and purpose within leadership. After spending 35 years in the business world, Walt arrived at a philosophy that the best leaders are those who de-emphasize themselves and instead focus their efforts on serving others. Walt seeks to transform organizational cultures and encourages a transparent leadership approach that is honest, humble and heartfelt.

He believes this practice ultimately leads to higher trust, commitment and performance, as well as improved workplaces and communities.

Walt is actively engaged with several nonprofits, serves on the board of directors of Host Hotels and Resorts, Iron Mountain, Inc., and Ventas Inc., and is on the board of trustees of Penn State University. Walt earned an undergraduate degree from Penn State and an MBA from Harvard Business School.

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CONVERSATIONS ON TRANSFORMATIVE LEADERSHIP

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TRANSFLUENCE

How To Lead With Transformative Influence In Today's Climates Of Change

BY WALT RAKOWICH
Retired S&P 500 CEO Of Prologis

Post Hill Press, September 2020 | ISBN 9781642936179 | Hardcover, 240 pages

Leaders confronting the current social and economic challenges could learn a lot from a CEO who survived the Great Recession of 2008 by transforming his company's culture.

Walt Rakowich is that CEO, and the lessons from his story are urgently needed today.

Appointed CEO of global real estate company Prologis at the height of the Great Recession of 2008, the company's stock had dropped from over \$70 per share to approximately \$2 per share in 10 months, making it the third-worst performing company in the S&P 500. But in just three years, Rakowich helped return Prologis to profitability and recognition by the *Wall Street Journal* as "one of the commercial property turnaround stories to come out of the downturn."

Rakowich achieved this multi-billion-dollar turnaround in the last recession with an approach he calls "transformative influence." Just when it's needed most, he shares this practice with today's challenged leaders in his timely new book ***Transfluence: How to Lead with Transformative Influence in Today's Climates of Change***.

To wield the kind of transformative influence that's needed to strengthen a culture and balance sheet, argues Rakowich, leaders need to overcome their fears and pride, build transparency into their leadership, develop a strong core of authentic values, and passionately lead with a meaningful purpose.

In the face of any challenge, leaders who exhibit a positive influence can transform the way teams and organizations perform together. Readers will learn:

- Why trust and transparency are essential to leaders facing layoffs and belt-tightening
- Why we should develop our leadership styles like products and services
- Why pride and fear hold leaders back from inspiring others to do great things
- How to instill confidence, values and purpose in people during times of uncertainty

Rakowich says, "Leadership is about influencing others to do great things— regardless of the external circumstances—and all leadership happens within a context that's unique to leaders and their teams. The context might be the chaos of a start-up environment, the sometimes-stale stability of a large corporation, or the high-growth phase of a business that's scaling. And while the seas are sometimes calm, that context often includes disruptions— a major customer cancelling an order, a natural disaster destroying a supplier's factory, a heated personality clash between two of your most valued employees, or a coronavirus halting almost all in-person

interactions. The biggest difference between leading during a crisis and leading when times are normal is not how we should lead but the fact that others are paying far more attention to how we do lead.”

When leaders apply the principles of transfluence, they seize opportunities, embrace challenges, and make their organizations and communities greater than ever. Changing a culture and behaviors in a team or organization isn’t easy, but Rakowich shows us that meaningful change is possible if leaders are intentional about their influence on others.

Rakowich adds, “The values and principles of leadership remain constant, you just apply them differently in light of the realities you’re facing and expecting to face. If you develop them and lean into them, they will help you navigate in any environment and set you up for success—for influencing others to do great things. That’s the heart of *Transfluence*.”

Praise for TRANSFUENCE

Walt Rakowich knows the challenges of leading a cultural transformation in a global recession and hard times. His insights and experience are perfect for helping leaders who will take us all into a better future. If you need a vision of the way forward, this book is your roadmap.”

—**Chester Elton, bestselling author of *All In*, *The Carrot Principle*, and *Leading with Gratitude***

“*Transfluence* dives into the work of inner leadership, a process all leaders need before they can effectively empower others. Honesty, humility, and heart, the author’s 3H-Core principles, are needed today more than ever before. This is a must-read for every aspiring leader.”

—**Susan Packard, former COO of HGTV and author of *New Rules of the Game* and *Fully Human***

“Trust is the cornerstone of great leadership. And *Transfluence* provides a proven approach to building trust in the challenging climates of the modern marketplace. This book is a must-read no matter where you are in your leadership journey.”

—**Joel Peterson, chairman of JetBlue Airways and the founding partner of Peterson Partners**

“Two sad days in my life: When I was ten years old and found out Santa Claus was not real. And when I was fifty years old and found out that many CEOs, business experts, and leadership authors were just like Santa Claus—not real. And then there are the Walt Rakowiches of the world. The 200 pages in this book will change the way you love and lead. And if you finish every page, it will also change the lives of all those who choose to follow you.”

—**Tommy Spaulding, *New York Times* bestselling author of *The Heart-Led Leader* and *It’s Not Just Who You Know***

“Walt Rakowich is an unsung business leader who successfully rescued his company from the havoc of the Great Financial Crisis. For many years, I have served with Walt as a corporate director and can attest to his exceptional, transformative leadership skills. I highly recommend this inspirational book.”

—**Sheila Bair, chair, FDIC, 2006–2011**

“So many books on leadership are actually guides to management. Not only is *Transfluence* an exception, it is noteworthy by connecting leadership to the very essence of human nature.”

—**Eric J. Barron, president, The Pennsylvania State University**

An interview with Walt Rakowich, author of TRANSFLUENCE

- 1. What can leaders facing today's crisis and recession learn from your time turning around the multi-billion dollar Prologis when it was on the brink of bankruptcy?**

First, we must remember that as leaders, we live in a world where there are storms all around us. People have access to information that maybe you don't. Many of your people work remotely and sometimes have a set of views diverse from yours. And word travels fast! Sometimes rumors spread like the coronavirus. What you say and how you say it matters, so you must build a credible and safe microclimate in your work environment that people can trust—because trust is the most important ingredient for leadership success.

- 2. When faced with a crisis or challenge, what do leaders need to do to have transformative influence on others?**

It starts with building trust which I believe is the most important ingredient for leadership success. I think there are three behaviors you should focus on as a leader in this environment, or for that matter, any environment, to build trust. I call them the 3-H Core. The first "H" is humility. As a leader, you must get out of your own way. Leadership requires a recognition that it's not about you. Your job is to lead and influence others. That requires putting your pride and fears aside. The second "H" is about honesty. Leaders must tell the truth and communicate over and over again. Transparency and honesty always win in the long run. And if you've dealt with your fears and pride, you're in a much better position to be transparent. People want to understand what you're thinking as a leader. And perceptions matter. Sometimes silence is perceived as being disingenuous. Generally it doesn't help build trust. And the third "H" is to act with a heart for other people—to be human. Leaders who act with empathy win. It's not easy because we all have biases. But it puts people at ease when you meet them where they are.

- 3. What did you do as a leader to give your people hope when Prologis went from one of the best- to one of the worst-performing stocks?**

When I first took over Prologis, I feared that I didn't have all of the answers to prevent us from failing. Why did I fear it? Because my reputation was at stake and I feared failure. I was in no position to give our troops hope because I wasn't sure how to move forward. So you know what I did? I told them what I felt. I told them we didn't know if we were going to make it, but I felt good about the direction we were heading, and we were making the best decisions that we could. That's how I dealt with uncertainty—through transparency and honesty. In that way, I believe we built trust. Months later when we were able to see more light, we could provide the much-needed hope that people were looking for.

- 4. Why do you believe leaders need to show vulnerability now more than ever?**

Because it's human and therefore it's powerful. I learned the hard way with a goose egg on my head to show for it. After being told we were likely to go bankrupt by my financial team one night, I left the room because I felt light-headed. Minutes later, I fainted and hit my head on the corner of a desk in an empty office. I was completely knocked out for 10 minutes and there was some blood on the floor. After I returned to my colleagues with a knot the size of an egg on my head, I realized the only answer was to tell the truth and be vulnerable. I feared bankruptcy and

didn't have the answers. Leaders are supposed to have the answers and I didn't. But a funny thing happened that evening. People felt empowerment like never before. By sharing that I didn't have all the answers, I leveled the playing field so everyone felt empowered to contribute. They told me they would do whatever it took to keep us solvent. And you know what? They did. I didn't, they did. Do I think leaders need to always show vulnerability? No. But I think they should be willing to do so in appropriate times. It's one of the strongest expressions of honesty because it's not easy. And used in the right way, it can create an amazing amount of trust among those you lead.

5. How does a crisis inform the way employees watch and listen to their leader?

A crisis leads to uncertainty, and uncertainty is unsettling because we are in unfamiliar territory. We don't know how to act, so we watch others, especially leaders. I don't know about you, but when the coronavirus first hit, I did everything I could to listen to the experts because they were leaders in their fields. I needed their guidance. I found the same to be true at Prologis when we were desperate to survive. It was a crisis, and every employee felt it. I could tell that people were listening closely to every word I said and watching every action I took. It was then that I realized that leadership is about influence. As leaders, we have a responsibility to influence others in a positive way. In fact, it's the most important thing we do. How you deal with situations, how you communicate, what you say and how you treat people matters. It's your greatest responsibility and your greatest opportunity at the same time.

6. Why are trust and transparency essential to leaders who are facing layoffs and belt-tightening?

In the case of Prologis, without cuts we would not have stayed in business. So we had to make them. I recall having a global town hall meeting when we announced the cuts. We made sure we took the entire company through the math. We showed them why we had to do it and answered questions with no stated end to the meeting until the last question was asked. Our employees deserved to see the business as we saw it, and we did our best to get them there. They deserved our respect and transparency, and we needed to keep our reputation intact. Two-thirds of our workforce would continue with the company. We wanted them to respect and feel good about the place where they worked, and we wanted them to continue to trust us. The best way to do that was by helping them understand the dynamics of the situation. Trust is the most important ingredient for leadership success. When people trust, they perform at the highest level because the barriers are small. Honest transparency fosters trust.

7. What does it take to lead in the three dynamic climates you describe? The climates of access, diversity and acceleration?

We live in a world with greater access to information; more diversity in people, geography and choice; and accelerating progress. And these climates create tremendous opportunities for enhancing productivity, widening our spectrum for growth and creating faster progress as a society. But they create challenges for leaders because we live in glass houses where the world can see our every move. In the midst of these challenges, the world craves leaders who demonstrate a high degree of empathy, transparency and authenticity, look outward to others and not inward at themselves, can hold diverse groups accountable and yet be sensitive to their changing needs, can demonstrate quick thinking and decisive action with informative openness

and demand excellence but bring a sense of balance and purpose. That's transfluence. It's leadership that is effective and can have a transformative influence on the lives of others.

8. How can leaders learn to embrace the new climates of change in the post-pandemic era?

Let's recognize that the pandemic is accelerating the challenges from the climates of access, diversity and acceleration. There are fewer face-to-face interactions, there is an even more distributed workforce, there is increased anxiety from isolation, and there are permanent changes we will all have to adjust to. I think you embrace change better if you look outside of yourself and recognize that change is impacting not just you but everyone around you. Your effectiveness as a leader depends on your ability to impact them. Great leadership starts with the fundamental premise that "it's not about you, it's about the influence you have on others." So I believe that leading in this post-pandemic environment will require even more empathy, more transparency and more sensitivity to the needs of your colleagues, because the pace of change is accelerating even more rapidly than before.

9. What are the challenges of upholding diversity as most of us now work remotely in a distributed workforce?

When I speak of diversity in terms of climates of change, I'm not just referring to race, gender, ethnicity, people with disabilities or other identity dimensions, but also things such as: geographic diversity (we are more spread out/more global and work in more of a distributed way), choice diversity (we are pickier because we have more to choose from) and expectational diversity (we have greater expectations as the internet opens up the world). The more info we have, the more we expect. And that's just a short list. So how do you lead in this challenging environment? Do you ignore these realities? Of course not. You can't or you won't be leading much into the future. I think the only way to deal with these challenges is to build trust. Trust is the most important ingredient to leadership success.

10. What advice do you have for emerging leaders in taking the next step in their leadership journey?

Your long-term success as a leader is directly proportional to the amount of trust you build. So focus on building trust in your spheres of influence. Building trust starts with a simple timeless premise: Leadership is not about you, it's about the influence you have on others. You should focus on three things to lead in this way: Look outside of yourself (personal pride and fear sink great leaders), embrace transparency (the world expects this from great leaders today) and act authentically.

11. Why should we innovate our leadership styles like products and services?

The realities of our modern world are creating tremendous opportunities unlike anything we have ever seen. We have greater access to information, more diversity and everything unfolds at a faster pace. But these realities are also creating tensions for leaders to deal with. Leading in today's world is not the same as it was 25 or even five years ago. So we need to innovate our leadership styles just as we innovate our products and services to meet the needs of those we are leading. We still need to lean into timeless values and principles but do so with a fresh perspective on the new realities. I'm a sports fan so let me share a football analogy from my

book. The realities of football are very different today than 25 years ago. The players are bigger, faster and stronger. They have better equipment, nutrition programs and training techniques. And the game has moved from ground and pound to throw and go. But the fundamentals of the game—things like blocking and tackling—are no less important. They just have to be understood and applied based on the new realities of today.

12. Social distancing has taught us a lot about rest, reflection, and contemplation. How can we export these lessons back to the office when we return?

It's going to be tough to create an environment at work that fosters rest, reflection and contemplation. Having people around you stimulates discussion. But leaders can recognize that people need rest and reflection because it makes them better at their jobs. That simple recognition is sometimes all it takes to change the dynamics of an intense situation and make it seem more workable. I recall a time when I was working incredibly hard on an acquisition. I had no time to breathe let alone spend time with my wife and family. Fortunately, I had a boss who truly cared about my well-being. One day he told me that he wanted me to pick my favorite U.S. city and take my wife there on a weekend for fun. He said the company would pay for all my expenses including babysitting for our kids. That recognition alone was sufficient enough to get me through that period. That's leadership with a heart.

Of course, you don't have to send someone on a weekend getaway. You can give them an afternoon off or encourage them to work from a coffee shop or a library. The point is, if you are aware of people's needs for rest and reflection, you can come up with creative ways to address those needs.

13. How can leading through adversity make you a better leader?

I used to always tell my employees in the heat of the battle that adversity leads to perseverance and perseverance builds character. I believe I have learned the most in my life when I was faced with crucible moments. I think the reason is that the seriousness of the moment causes you to focus. And it causes you to think about all possibilities, because you don't want to be in that nerve-racking situation again. After a stunning defeat, the great Vince Lombardi told his Green Bay Packers: "Adversity is the first path to truth. Prosperity is a great teacher, but adversity is better." The financial crisis was my crucible moment. I learned to listen more and appreciate the advice of others. I needed all the help I could get and sought it whenever I could.

14. What is the one thing fear and faith have in common?

Fear is one of the worst two enemies of leadership along with pride. Fear causes leaders to make irrational decisions because they aren't thinking straight. Fear and faith both believe in a future that hasn't happened. Fear believes in a negative future. Faith believes in a positive future. The antidote to fear is faith, and it's only a thought away. H.P. Lovecraft once said, "The oldest and strongest emotion of mankind is fear, and the oldest and strongest kind of fear is fear of the unknown." But a blog I saw on that topic opened my mind up to something even more profound: The unknown isn't what scares us; what we project into the unknown is the true cause of our anxieties. If that's the case, then fear is something I can control. Not always, but in most cases.

The key is what I project into the unknown future. If I choose to project faith and hope, most times I defeat fear.

15. What's the first step anyone could take to start applying your advice tomorrow?

Remember, leadership is not about you. It's about the influence you have on others. Be a transfluent leader so you can make a difference in the lives of those you lead.

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