

1. How did you choose a CEO for this assignment? What criteria did you use in your selection?
2. Without personally knowing this individual, describe the difficulty of this assignment.
3. If you were to conduct this same analysis of your current or previous manager, what would your analysis state about this person?
4. What if you were to conduct this same analysis of yourself? What would be your response for each question?

Exercise contributed by Steven Stovall, Southeast Missouri State University.

CASE STUDY 12.1: Leadership Perspective

Chobani's story is that of a fairy tale. What started as an immigrant's risky venture has become a market-consuming conglomerate worth billions of dollars. Hamdi Ulukaya, a Turkish immigrant of Kurdish ethnicity, opened his own wholesale feta cheese plant in 2002 after tasting the inferior local American cheese. Over the years, this small local plant expanded its operations and its vision as it took risks to deliver a product that was simply better. The company has also made headlines for its investment in its people. Its management philosophy has proven successful, as the company now owns over 50 percent of the market share in the yogurt space. This would not be possible without the man leading the operation. The chapter seeks to define what makes a great leader. It defines leadership as the process of providing general direction from a position of influence to individuals or groups toward the successful attainment of goals. It asks the question, however, what part of the process separates an average leader from a great leader. Communication? Popularity? Achievement? Looking closely at Chobani's leadership, it's clear that a great leader cannot be defined by a set of specific attributes; rather, great leaders are defined by what makes them different from everyone else.

Taking Risks and Defining Moments of Leadership

Starting a business of your own is a daunting task. To say that it takes hard work and commitment is an understatement. It takes blood, sweat, tears, and sometimes a little bit of luck to be a successful entrepreneur. In fact, 70 percent of businesses started in the United States fail after the first ten years of operation. These are massive odds to go against for anyone. Now imagine that you're an immigrant in a foreign country. Hamdi Ulukaya permanently immigrated to the United States in 1994 with the intention of studying English and taking business courses at a small college in upstate New York. He found work as a hand on a farm nearby. In 2002, Ulukaya's father visited him in the States and was disgusted with the quality of cheese he was served. He suggested that Ulukaya import cheese from Turkey to sell around town. Upon doing so, the cheese became popular and Ulukaya decided that he was going to produce it himself. After two years of barely breaking even, an interesting opportunity presented itself to Ulukaya on a piece of junk mail advertising the sale of an old Kroger cheese manufacturing plant that had just been shut down. He toured the plant the following day, took out a loan from the US government, and bought it within five months. This was arguably the most risky move of his career, but it was necessary to expand the operations and improve efficiencies of his cheese business.

Ulukaya needed employees to run his new cheese manufacturing plant so he hired up all the recently fired Kroger employees. He understood that they would have their doubts about working for him, an immigrant entrepreneur with no experience in the cheese business. While his position of authority made him a formal leader, a leader who is officially designated by the organization, he knew that he needed to be more in order for his new workforce to buy into the operation. According to the book, formal leaders must act in the best interests of the organization and have certain rights and privileges that allow them to reward or discipline employees. Informal leaders, on the other hand, are relied on by team members for motivation and to help them realize their goals. Knowing that his position of authority was not enough at this stage of his operation, Ulukaya leveraged one of his greatest attributes: the fact that he genuinely cares about his people. Hence, he paid his new employees significantly more than they were receiving while they worked at Kroger. According to Ulukaya, "Finding and training new members of our team is ultimately a tax on our productivity. And replacing an employee can cost up to double his or her salary in lost knowledge, not to mention hiring and training time. With many of our original employees still working with us at our plants, we're proof that the long-term benefit to our company and our community far outweighs the short-term cost. . . . Because Chobani is a private and independent company, we have the freedom of following our own conscience when it comes to our business practices." Ulukaya complemented his formal leadership with qualities that naturally made him an excellent informal leader.

Manager versus Leader

Hamdi Ulukaya's business philosophy is evident when you look at all aspects of the Chobani brand. The product itself is made out of all natural, healthy ingredients. There are no preservatives, gelatine, or dairy used from cows injected with growth hormones. He is an extremely generous employer, giving every employee an ownership stake in the company. The company also sponsors numerous worldwide initiatives. As an immigrant fleeing what he described as an unjust political atmosphere, Ulukaya has made Chobani a leader in hiring refugees who come to look for asylum and a fresh start. He has consistently maintained on multiple different occasions that companies should focus on their impact on humanity as a whole and not just their profit margins, and strongly believes that "business is still the strongest, most effective way to change the world."

The common theme surrounding all of Ulukaya's ventures is that he is always doing things differently. He has positioned himself as much more than a manager. This chapter examines the similarities and differences between managers and leaders. Managers set short-term goals, train and develop employees, promote stability, and ensure operations run smoothly. Leaders are visionaries, they set long-term goals, they inspire followers, they maintain a big-picture mind-set, and they are role models. Ulukaya is so successful because he has been able to be both a leader and a manager. In doing so, he has been a huge influence on the industry in which he works and in the communities in which his business has a presence.

Critical-Thinking Questions

1. How has Ulukaya's different approach to running a business been his most valuable attribute?
2. Could there be any potential weaknesses associated with Chobani's corporate philosophy?
3. Why might a leader not necessarily be a good manager? And vice versa?

Resources

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