

## Former CEO Helped Harley-Davidson Get Turned Around

By Kevin Tampone, Central NY Business Journal



SYRACUSE — Harley-Davidson Motor Co. (NYSE: HOG) was hardly in good shape when Richard Teerlink joined the company as its chief financial officer in 1981.

The legendary motorcycle manufacturer lost \$15.5 million that year and its market share dwindled to 15.2 percent, Teerlink said during the final installment of the Famous Entrepreneurs Series in downtown Syracuse on May 4. About 200 people attended the speech at the Mulroy Civic Center.

Last year, Harley made \$1.6 billion and its market share recovered to 49 percent. The company has been held up as one of the great business turnaround stories in recent history.

Teerlink was with the company for 18 years, eventually serving as chairman, president, and CEO. Here are some of his thoughts on Harley and his time there.

**On leadership:** “It’s actually letting people take responsibility for their jobs, not telling them what to do.” Teerlink stressed that employees who have to do something will work just hard enough to survive. But, if they truly want to be part of a company, they’ll constantly strive to do more. It’s also important for leaders to remember that they do not have the sole responsibility for solving problems or creating results. “A leader’s job is to ensure employees have the tools they need to do their jobs and grow. It starts by company leaders taking responsibility for the environment people walk into every day.” He said he puts so much emphasis on people because he believes employees are an organization’s only long-term, sustainable, competitive advantage. Most problems at companies can be traced back to management, he added.

**On the importance of learning:** “All organizations, whether they know it or not, are learning organizations. It’s just a question of how well they’re learning.”

**On the situation at Harley when he arrived:** “The only thing we outperformed in our first ... months of operation is we lost more money than the banks ever thought we could. I learned a lesson as a CFO. If you’re going to lose money, lose lots. We had to change. We had to become learners because we were failing.”

**On the beginnings of Harley’s turnaround:** Teerlink said there was no one answer to improving the company’s fortunes. “In fact, the answer keeps changing. In fact, that’s the test of leadership. How do you allow things to change when there is no magic formula? You got to have courageous people in an organization. You got to have people who take risks. Sometimes senior management tends to be rather conservative.” He also said the company needed to get back to basics. In the early 1980s, Harley was making far more than motorcycles. It produced a variety of products, including parts for Briggs and Stratton engines. It was important to put the emphasis back on motorcycles, Teerlink said. “We were going to have to be world class if we were going to compete with Honda. Honda is probably the greatest engine manufacturer in the world.”

**On the importance of brand in the company’s rejuvenation:** “If you don’t have the fundamentals down, you don’t have a brand. Good marketing programs only augment what’s there.” It was crucial, however, for Harley to tap into why people buy motorcycles in the first place, Teerlink said. “Independence and freedom. We created an emotional, lifestyle experience for our customers. We aren’t selling hardware. We’re selling an experience around that hardware. If [customers] don’t ride and they don’t have fun, they have no reason to buy.”