

The Compleat Entrepreneur



Meet Tom Binford, a Midwestern businessman whose career is a model for small business owners and those who train them.

Andrew Paine, Jr., president of Indiana National Bank, says that only recently has Tom Binford walked on a beach.

Nineteen floors above Paine's first floor suite in the Indiana National Building, Tom Binford arrives at the offices of Heritage Management, Inc., beaches as far from his mind as they are from Indianapolis. Sipping coffee from a "Head Honcho" mug, Binford explains why he hasn't taken a "real vacation" in most of his 60 years: "I get my recreation from the variety of things I do." He confesses to spending some time in Florida last winter, but "I've never vacationed like that before. It was difficult, but I'm learning."

It is obvious that Binford finds work relaxing. He gets his day's work done because he knows exactly where he's going.

Eight years ago, Indiana National Corporation had no idea where it was going. Its main subsidiary, Indiana National Bank, was stable, but the parent company was floundering, the result of non-banking ventures such as mobile home parks with rapidly defaulting mortgages.

The corporation had suspended dividends to its shareholders for the final two quarters of 1975, and its net income that year was \$626,000 compared to the \$12.3 million earned in 1973.

But in 1976, management made its

best decision in years when they asked Tom Binford to join Indiana National Corporation as chairman and chief executive officer. He was successful in guiding the corporation back to firm ground.

Paine recalls one of Binford's early meetings with management. "He asked us, 'Where are we going?' No one could tell him."

In the Socratic fashion that Binford is known for, he coached management into identifying the corporation's one strength, banking. He asked the same question time after time: "What business are we in? What business are we in?"

By 1980, the organization had turned around and now is one of the fastest growing banking establishments in the nation.

Binford, who has acted in an executive capacity in more than 20 corporations and 50 civic organizations, says that business isn't complicated. "Success comes from understanding your values and purpose. The Japanese system, for example, is steeped in values. Its business design fits the values of the society." American business, he says, is just becoming aware of this concept.

Binford is fascinated by the integration of social and work life. He studied social psychology at Princeton and says it's been invaluable to him. His awareness of the basic human needs for success, reward and significance is a major influence in his business philosophy.

He maintains that the reason so many

businesses fail is that too many basic principles are abandoned. Ego gets in the way, as does the desire to grow too quickly. "Growth needs to be managed just like every other aspect of business."

Binford learned about management during the 17 years he worked for his father's business, a small lubricating oil company that operated in Indianapolis until its sale in 1972. "I still believe my father knew a hell of a lot more than I do. He said a lot of businesses go broke with too many sales, not too few.

"My father kept his business on a plateau for 20 years. You have to be good to do that. He didn't make a great deal of money, but he didn't lose any either. He never got too far behind or ahead of his organization."

Binford emphasizes the balance that must be maintained between an organization and its personnel. "In any business, people grow. If the organization doesn't grow with them, good people will leave. If an entrepreneur is any good at all, he'll grow with his people."

He acknowledges the difficulties inherent in this process. Promotions sometimes leave holes in an organization, but it is imperative not to hold someone back because he or she is doing a job well. "You'll lose your best people, and your organization will suffer. Beware of expediency."

Arthur Angotti, 20 years Binford's junior and his business partner of a decade, describes his experience with Binford in terms of personal and professional growth. "When we first formed Heritage Management, I was 29, educated but uninformed about the way things got done.

"I was working with two companies. One walked the straight and narrow; the other wasn't so clear. It was hard to tell what was black and what was white. I told Tom that I could probably make more money if I concentrated on the 'gray stuff.' He said that money would seem like nothing compared to what I could achieve if I consistently adhered to some moral and ethical principles."

Binford explains, "When I was 12 or 13, I realized that the 'do unto others' principle worked. Moral precepts work in the real world. If you care about the people who work for you, they care too, and from that care and concern come creativity and motivation."

Binford is hardly self-righteous. He is

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almost embarrassed by the simplicity of what he espouses. "I've been exploitative and manipulative. I'm not claiming perfection myself. But that's what you strive for."

Binford's day is long, and no day is the same, which is how he likes it. His morning usually begins with a stop at Asbury Management and Financial Corp., a small health care organization that functions as the for-profit arm of Methodist Hospital in Indianapolis.

"He works like hell," says Dr. Frank Lloyd, who recruited Binford for the presidency of Asbury last year. Asbury is a new enterprise, and one of Binford's responsibilities is guiding its growth. Lloyd has not been disappointed.

He sees in Binford an ability to perceive exactly where a business fits into the marketplace. "Tom isn't threatened by competition. Rather, he thinks of ways to increase the market so that it can accommodate an industry. Some people want to sell all the hamburgers. Tom can see that it's not hamburgers you're selling. It's fast food."

Binford's people skills are especially strong, according to colleagues. "He never fails to place the right person in the right job. Then he instills confidence."

Instilling staff confidence was important in the restructuring of Indiana National, according to Andrew Paine, Jr. Employees had to realize that they were important even if their responsibilities were reduced. Binford made them understand that they would be rewarded for 'growing small.' He made us understand that growing small or growing big is insignificant. What matters is that you know what to do and accomplish it."

Knowledge of how to pace growth implies a knowledge of the environment. "What is often attributed to luck and timing in achieving business success is nothing more than knowledge of one's environment," says Binford. "If you understand your environment, you'll have a better sense of when things will work and when they won't. You create your own timing."

Of course the industry that Indianapolis is best known for is racing, and Binford has been active since 1956, including 10 years as chief steward of the Indianapolis 500. It seems appropriate for Tom Binford to officiate an event where power and movement are extreme, ego often slips out of control and years of planning, careful engineering and costly investment can burn up in seconds because of one bad move.