

II - Let's talk **Management**

In a traditional business, management is the art of getting things done through others; of planning, organizing, staffing, directing and controlling.

However, the new business, the budding entrepreneur, has no budget, no facility and no product or service - yet. They must create it all; from scratch.

Management, therefore, for the entrepreneur is a function of managing one's self. Obviously management is the wrong word and the wrong term for what must be done. Rarely do we consider entrepreneurs as managers; we see them as highly motivated individuals motivating themselves and others to do things that otherwise would not get done.

An entrepreneur must come up with a new product or idea, must sell the concept that the idea is of value to X number of end users to people who will:

- 1- Loan or share equity to capitalize the venture
- 2- Get professionals to exchange their time for future stock
- 3- Negotiate suppliers or invent a product and negotiate it's manufacture including purchase of raw materials.
- 4- Get enough people to believe in them enough to place enough purchase orders to fund further activities.
- 5- Build an organization based on a vision in order to get the best people on a shoestring budget.

The activities described can be accomplished -- not through management since you can't manage people -- but through personal persuasion, empathy and salesmanship.

So our chapter will deal with that most difficult challenge every entrepreneur faces: While all alone, with never enough assets on hand, to continue to forge ahead in spite of all the rejections and lack of interest. Worst of all, the lack of interest which may be as close as the immediate family. “Why don’t you just get a job?”

I put Lists as the first chapter in this book because it is at the heart of all activities and the sooner you master and begin using lists the sooner you will be propelled into your vision. The second chapter is just as important as the first but since the laws of physics prevent two bodies occupying the same space, one has to take the lead and the other follow. Consider this chapter just as important as chapter 1. You will see why shortly.

As an entrepreneur will be working alone much of the time as you make your lists, arrange priorities, plan projects, wrestle with limited resources, visualize the future, search for niches and opportunities. These are things you can’t delegate even if you had a loyal crew working for you. This is heavy duty responsibility -- something few budding entrepreneurs have had even if they were managers in larger companies. Therefore this chapter on management is designed to give you a sense of self and a sense of destiny by showing you how other successful people have managed their emotions, their time, their life and their future. You may remember Horatio Alger stories from the past or you may have experienced some kind of motivational training in the past. It is important that you do, and so I will share with you the most important book I ever read. It changed my life.

I found a summary of this book recently in an article in Bottom Line Personal written by Samuel A. Cypert¹ who first discovered

¹Bottom Line/Personal interviewed Samuel A. Cypert, director of communications at Masco Corporation, a Fortune 500 manufacturer of home-improvement and home-furnishing products. He has been, for many years, a writer and special editorial adviser to the Napoleon Hill Foundation, which perpetuates Dr. Hill’s philosophy of personal

Napoleon Hill just two years after I did and under almost identical conditions. I was selling cemetery lots earning my way through college -- Mr. Cypert was selling insurance for the same purpose.

According to Mr. Cypert in his article in Bottom Line Personal: *“I first heard about Napoleon Hill’s principles of personal achievement when I was working my way through college selling life insurance during the 1960’s.*

One day I called on a man who sold reference books door to door. He bought a policy from me but said that my pitch could use a little work. He gave me a copy of Hill’s Think and Grow Rich, which had been written in 1937.

I read the book and almost immediately noticed that my attitude was better. . . and that my sales pitch had started to improve.

I was curious about how Hill, the father of the self-improvement movement, had come to write this classic, whose message is still valid today.

Rising to Carnegie’s Challenge

In 1908, when Hill was a 25-year-old journalist, he was assigned to write a profile of steel magnate Andrew Carnegie. During their meeting, Carnegie talked about how he had become a success.

At the end of the interview, the wealthy industrialist challenged Hill to develop a practical personal philosophy that could be used by anyone in any field to achieve his/her goals.

Hill accepted the challenge. Although Carnegie did not fund the project, he provided Hill with introductions to business and political leaders and innovative thinkers of the day, including Henry Ford, William Howard Taft and Thomas Edison.

achievement and publishes Think and Grow Rich, 1440 Paddock dr., Northbrook, Illinois 60062, 800-343-3648.

Hill labored for nearly 30 years researching, writing and refining the book that summarized his findings. It continues to be read by millions of people around the world today.

HILL'S PRINCIPLES OF SUCCESS

Develop definiteness of purpose. *Hill believed that the path to success begins with a plan for your life. Simply stating that you want to become rich or successful, however, is not the same as setting a specific, achievable goal.*

*Hill called this major goal the definite major purpose. He suggested that readers write down their major purpose and study it. Doing this makes the purpose's inherent strengths and weaknesses obvious.*²

Next: Create a plan for capitalizing on the strengths and shoring up weak points.

Read your plan every day. Having your definite major purpose in sharp focus on a daily basis will help you make choices that advance your plan, rather than distract you from it.

Establish a "mastermind alliance" -- *that is two or more people working in the spirit of perfect harmony toward a common objective.*

Such an alliance is basically a relationship in which your strengths are complemented by someone else's, and you've both made a long-term commitment to work toward a major objective.

You can establish your own mastermind alliance in the workplace by developing a relationship with a mentor. You might approach this person by saying something like...

I really admire the way you do things. You're successful at what you do, and I think you're an exceptional role model. I would like to spend some time with you and have the benefit of your experience. Would you mind helping me?

² Here's where you can apply the benefit statement from the previous chapter.

Generally people are flattered when you put your request in a positive context. Eventually, you can even offer to help your mentor work toward shared objectives.

Important: Choose someone who has the ability to do the job and who can work in harmony with you. Look for someone who seems to enjoy helping others... someone you really admire...and someone who can help you now or might be able to help in some way sometime in the future.

Develop a positive mental attitude. *If you don't believe that something is possible, you will never really succeed at it. And if you think that you will fail, you probably will.*

You may not be successful on your first try--even with a positive attitude. But if you persevere, eventually you will prevail. It's a self-fulfilling prophecy-- you have to have the faith that a goal can be achieved, and that it can be achieved by you.

Strategy: eliminate negative thoughts as soon as they occur, and replace them with positive thoughts. when you have moments of self-doubt and negativism, stop for a moment and recall the success you have achieved in the past and how those experiences could be applied to the current situation. Associate with positive people.

Enforce self-discipline. *success is rooted in developing strong character -- the discipline of mind and body, and the management of money and time.*

Key: Get into the habit of doing the most important work first. Remember, all success comes at a price. You have to accept the trade-off and decide at the beginning whether the goal is worthy of the effort that is required.

Discipline is learned in a similar fashion. Every bad habit is developed by repeating a certain behavior until it becomes a part of the way you do things. Good habits are developed by substituting the desirable behaviors for undesirable ones. Start small. Allow extra time to practice so that you are always on time for meetings.

Make it your practice to always do what you say you will when you have promised to do it.

Tell the truth. If you have a habit of putting things off, vow to stop procrastination. Then do it. Force yourself to take action now, instead of later.

When you see someone in your field win a major achievement award, realize that the moment is often the end of a long, hard itinerary. What you're not seeing is the time during which the individual enforced personal discipline to achieve this prize.

Think accurately. *You must learn to make two important distinctions to become an accurate thinker...*

*Separate facts from opinions, hearsay, unproved hypothesis, etc.
Separate important facts from unimportant facts.*

Your success in the information age depends on your ability to screen out distractions and false leads.

Strategy: use the following questions to test any significant new piece of information you encounter...and to re-examine long-held beliefs that may affect your perceptions of new ideas:

- Is this source of the information an authority on the subject being discussed?

- Could he/she have a motive other than simply imparting accurate information?

- Is it possible to verify his statements with reference books or other resources?

Any statement that for some reason does not seem reasonable to you should be examined further before you simply accept or reject it.ⁱ

Inspire teamwork. *you can create a team by generating in others the enthusiasm to work toward your goal or objective.*

Your positive mental attitude is the determining factor in your ability to communicate your desires in such a way that friends or colleagues sign on willingly.

Learn from adversity -- and learn from defeat. *No one wins all the time. but the person who will eventually succeed is the one who uses a defeat or setback as an opportunity to reexamine his plan...to correct the flaws or bad habits revealed through that failure...and to move forward with a revised, improved plan.*

Every defeat carries the seed of an equivalent benefit. Before you can realize that benefit, you must overcome the natural tendency to be hindered by the fear of trying again or to accept a defeat as final.

Only when we are severely tested do we develop the strength of character to sustain us when we face the adversities that inevitably come in life.

Every setback or temporary failure you experience is simply one that you've eliminated on your way toward ultimately succeeding. Seldom is anything worthwhile achieved on the first attempt or with little or no difficulty."

There have been other human-power tools developed by other scientists or researchers which go far in making some of the above rules more tolerable and easier to take. In some cases, eliminating much of the negative such as the statement that "Only when we are severely tested do we develop the strength of character..." I object to this statement in that it implies that we do not have control over our destiny -- that we must be 'severely tested' in order to succeed. There are simply too many exceptions to this rule as you will see as we proceed. Until 1973 I firmly believed in this axiom and in keeping with the doctrine of 'self-fulfilling expectations' I suffered severely from setback after setback. After 48 hours of training through the Silva Mind Control System it all went away and life has been a most enjoyable and rewarding experience. I no longer bring upon myself the catastrophes I thought I had to create in order to succeed. Flip Wilson said it better than anybody else: "What you see -- is what you get."

Based on my own string of successes and failures (not all painful) I recommend you focus on three major portions of the above recommendations.

- Get that vision,
- get the mastermind concept working and you can start that immediately through mentors in this very program,
- and third is inspire teamwork where you learn to share your dream to get people to join your effort. This means you will have to learn salesmanship -- next on the menu!

At the rock-bottom foundation of any sales pitch is an emotionally packed idea. Remember that the power of an idea is greater than all armies combined. Jesus Christ founded a worldwide religion based on a single idea which differed from his Jewish culture - He proved there is life after death.

You, as a budding entrepreneur MUST align yourself with people who will HEAR your idea and who will BUY-IN to it. Picture yourself as the messenger of a revolutionary new concept -- a concept that will provide hundreds, thousands, millions of people a better life -- somehow. You will sell the vision in such a manner that others will want to share it with you, and pay you for the privilege of being a part of it. Not as a snake-oil salesman, but as a messiah. You can sell the image of fun, personal advantage, something new, as did Henry Ford.

Henry Ford was the entrepreneur. He applied Whitney's principle of interchangeable parts with the new invention of the assembly line to make an affordable automobile for even his own factory workers. He was the first to pay a factory worker enough to buy one!

As happens to any successful venture, they will be copied in an effort to reap great cash flow -- not having to invent the wheel -- they simply copy success. **That's why you can't stay still and MUST continuously apply the three questions we talked about in the last chapter.**

Shortly after Ford's success comes Mr. Sloan selling his idea of a new automobile company to people with cash or with enough credit to leverage the purchase of a new stock-issue which in turn gives birth to a new company.

Thus began United Motors, later to become General Motors with the clear intent to go after Ford's market using Ford's technology. Then Packard did the same, and Chrysler, and on and on and on.

Remember Ford as the creator, General Motors as the copy-cat who didn't have to pay for the learning curve of making cars. They just made money. (Keep this in mind as we later cover the absolute MUST in capturing our mistakes and failures in a database.)

Some entrepreneurs, who knows, perhaps yourself, may have inside information on some process or item being made, sold or distributed by another unprotected company just ready to be copied -- to be ripped off. The Japanese say it very well: "Business is war". If your major objective in life is to pursue easy cash, there are as many ways through this route as there are through any other method you choose. If you want to sell snake oil, there's a vast market 'a waiting:

"There's a sucker born every minute."

--P. T. Barnum

Many people associate the word entrepreneur with opportunist. It may be on target, unfortunately the word 'opportunist' has been convoluted in today's language to mean somebody who takes advantage of others. We must set the record straight at this time. Successful entrepreneurs provide an honest service at a fair price and through their efforts to be of service make a profit. They search for opportunities to be of service -- therefore they are opportunists -- they search for market niches where they can be of service, and this is not what most people see in their mind's eye when you mention the word 'entrepreneur' or 'opportunist'.

If you are one of those people who believe this course will teach you how to take advantage of others for your own benefit you might as well walk out now because nothing could be further from the truth. If you want to succeed as an independent businessperson you must be counted on to be honest, forthright and willing to give more than most in exchange for your right to survive and profit. Which in turn creates extremely successful enterprises.

In the May 1995 issue of Reader's Digest is an article worth repeating here.

“Golden Rule

When E. Marie Bothe and Edith M. Gripton started Weatherill Associates, Inc. (WAI), a company that rebuilds and distributes replacement parts for automobiles, their main motivation was not to make money. They simply wanted to prove that a policy of absolute, uncompromising honesty is a viable basis for doing business.

Their idea was based on the ethical teachings of Richard W. Wetherill, a Philadelphia management consultant. Wetherill said: “Right action leads to right results. Wrong action leads to wrong results.” Bothe admits that in 1978 when she founded WAI, such a notion was regarded with amusement -- even suspicion. But no one's laughing anymore.

In 1994, profits topped \$12 million on sales of \$114 million. And despite investments in new facilities and equipment, the Royersford, Pa., company is virtually debt-free. Even more impressive, WAI has achieved this stunning success in a business sometimes stereotyped as dishonest.

Every WAI employee is on a salary, fringe benefits are generous and the top pay in the firm is just over five times lowest. Sales trainees are told never to pressure customers, never to disparage competitors, never to use negative selling tactics and never, never to lie.

Business people should always do the right thing, Bothe says. Honesty pays. -- Dan Cordiz in Financial World”

With a bit of research you will find this to be true in virtually all successful enterprises. When you focus on customer satisfaction and give

that extra mile you build loyalty which builds a reputation which builds success. One happy customer will tell three others -- one unhappy, cheated customer will tell dozens. Take your choice. It's your game to play.

This manual is written for those who seek the tools to create wealth through the concept that wealth can be created by serving a greater number of people. That the entrepreneur is forever searching for methods, ways, means, tools, time and talent that will help find more people that can benefit from whatever it is the enterprise is doing.

SALESMANSHIP

Entrepreneurial success is in direct proportion to your ability to influence others. Unlike when working for a large company where you may be the manager and simply tell somebody to do this or that, out in the real world of the small business you rarely have that advantage. Hardly ever at first when you most need it!

So how do you go about selling your dream? First you must find somebody to tell it to! This means face to face contact with people. Networking. Or on line on the cyberspace network, screen to screen contact. Or on the phone, calling people you know and getting them to tell you of people they know.

If you have never sold anything through some kind of organized effort, I strongly recommend joining Amway or the Encyclopedia Britannica, or Fuller Brush, or an insurance company not afraid to sell door to door. Culligan, Singer, Avon, Mary-K are other, reputable, companies that sell directly to the end user. For Amway and a few others it's perfectly OK if you join them on a part-time basis even if they know you are a budding entrepreneur. They are confident in their product and service and LOVE to share their benefits with as many people as possible. (Sound familiar?)

If you have the money and need a crash course in salesmanship take a close look at Dale Carnegie. They can have you pumped up and selling your idea to anybody you want within a couple of weeks.

If you can't sell your idea, you simply can't get the resources you will need to make your business a reality. Your lists focus your intention, help you make a plan of action. Through your lists you can organize and prioritize and make To-Do lists that you can work yourself. But there will come a time when you have to get others to help you. You will need suppliers to trust you enough to pay later on delivery. You will need to establish a line of credit without which no business can grow and this requires skill in getting sponsors, bankers, co-signers, investors and the like. They don't come to you without being sold on your dream. You can invent a better mousetrap and wait forever for people to beat a path to your door. But let the right people know about it in a way they see some benefit and they will rush to your door.

A most important character trait is persistence and an absolute unwillingness to give up. Colonel Sanders of Kentucky Fried Chicken fame tried to sell his recipe -- at no cost nor obligation -- to over 1007 restaurants across the country as he slept in his car and verged on poverty. He firmly believed his recipe was superior and would please more people than any other recipe in the world. On the 1008th try, he got his first bite. The rest is history. You will discover that with each try, at each pitch, at each attempt to sell your idea, you will learn something new. You will use this new knowledge to change your approach and eventually you will hit the target. It goes back to Deffinitiveness of Purpose.

There are some tricks to salesmanship that will help you get a head start, even before joining Amway or going to a Dale Carnegie course. Here goes:

- 1- People do what they are rewarded to do.

According to Dr. Michael LeBoeuf this is The Greatest Management Principle In The World -- the title of his book. Let me share a parable

from his book. I have used it hundreds of times while training managers and would-be entrepreneurs. You must read this and lock the image deep within you. It is the very essence of management, salesmanship, entrepreneurship, supervision, and life at home.

A weekend fisherman looked over the side of his boat and saw a snake with a frog in its mouth. Feeling sorry for the frog, he reached down, gently removed the frog from the snake's mouth and let the frog go free. But now he felt sorry for the hungry snake. Having no food, he took out a flask of bourbon and poured a few drops into the snake's mouth. The snake swam away happy, the frog was happy and the man was happy for having performed such good deeds. He thought all was well until a few minutes passed and he heard something knock against the side of his boat and looked down. With stunned disbelief, the fisherman saw the snake was back -- with two frogs!

The fable carries two important lessons:

1- You get more of the behavior you reward.

2- In trying to do the right things it's oh so easy to fall into the trap of rewarding the wrong activities.³

You may ask: "How does this relate to salesmanship?"

Simply this. At home or at work you must learn to listen to others in order to discover how best you can fulfill their needs through THEIR taking action to help YOU fulfill your dreams.

I am a very successful salesman. I have convinced individuals and companies alike into investing huge resources into things which were only figments of my imagination at the time of the first presentation. This

³ The Greatest Management Principle in the World, by Michael LeBoeuf, Ph.D., G.P. Putnam's Sons, 200 Madison Avenue, New York, NY 10016.

is not to say I sell vaporware - I sell a dream, a vision, a concept. I do this through the process of:

2- Listening well and using the Socratic method. For example:

An associate of mine convinced a department manager at Solar Turbines, a division of Caterpillar, to bring me in to solve a major problem they had been wrestling with for over a year. A problem ALL their design and manufacturing engineers had failed to solve. I came in as a consultant -- put on the payroll for IRS purposes -- and went to work. I solved the problem in three weeks and about that time Solar was heading south due to a major slump in the petroleum industry and some problems with major customers. I liked the Solar (Caterpillar) culture and thought it would be nice to stick around for a while. It didn't take long to discover a major cost reduction opportunity and I cornered the V.P. of operations by simply walking into his office and suggesting there was a major problem that needed fixing. When he asked what it was, I was rather vague, saying only that a lot of scrap and rework was showing up on the annual reports to the tune of \$25 million a year. He nodded and I asked his opinion. As he spoke, I kept guiding questions to training, manuals and procedures on the shop floor. An hour later I left his office with his full approval to initiate a major project which would require the retraining of virtually every shop-floor person in the facility. There is no doubt in his mind it was his idea and that is perfectly OK with me because without his support the project would have not been launched. It succeeded beyond our wildest dreams. I used the same technique to get funding from the state and local colleges and eventually it became a profit center for the company as they exported the system, through sales, to other companies with the same problem.

3- Salesmanship is not like a used car salesman.

Ask 10 people what they see in their mind's eye when you say the word salesman and 9 of them will say "Used car salesman". The image of a brightly dressed, overbearing, lying, 'do anything to get the sale' type

person is the typical salesman. Nothing could be further from the truth. The best salesmen are listeners who find ways to satisfy their customers. Of course they must go through many hoops to get to their prospect and use all kinds of tricks to get the information they need from their prospect, but they are not dishonest nor despicable acts. It's business!

So don't take up your prospect's⁴ time with making jokes, talking about the weather or the latest round of baseball scores. Stick to your knitting and your prospects will appreciate it.

4- Salesmanship is the art of communicating your Benefit Statement to as many people as possible in such a manner that they see that benefit as it relates to them.

If you do nothing more toward learning salesmanship except to keep these four fundamental principles at the forefront of your every act, you will succeed.

You may feel this chapter to be a bit rambling and disconnected. It's because we have shattered a few concepts and introduced new ideas.

Let's summarize:

Entrepreneurial management is not traditional management since you must manage yourself and this erases the traditional definition which states you must get things done through others.

But immediately we bring the concept of salesmanship as a fundamental tool for the new entrepreneur because they must SELL their vision to others to get OTHERS to do things for them!

⁴ Prospect: Any person or group to whom you are making an offer of any kind. You could be soliciting participation in your business, a line of credit, negotiating for a loan, dealing for a new line of merchandise, recruiting an employee, motivating a salesman, etc.

This is not a contradiction. Just a matter of semantics. Traditional management uses other people through instructions, position, orders -- whatever. Entrepreneurs can't give orders to those they hope to recruit but they can sell them into doing it.

And yes, entrepreneurs manage - but they manage themselves on a personal basis since they can't manage others - yet.

Therefore traditional management techniques and books will not be used in this course. We will focus on leadership, vision, salesmanship, Personal Power, empathy and other tools unique to the small businessman or entrepreneur.

One last distinction as we get into the meat of this:

Entrepreneurs generally start with a vision or by recognizing something new as a possible benefit to others. They then sell others into getting the resources and purchase orders.

Entrepreneurship is unlike certain other small businesses such as franchises -- Mail Boxes, Jack in the Box -- where the rules are laid down and must be followed. Where the business owner has little to say about how things are to be done.

To clarify this image, walk into a McDonalds someday and watch the people at work. Study the manager. Then go to a Wendy's, and a chain supermarket and do the same. You will quickly note that everybody is dancing and singing to a single beat and it's a beat you see everywhere. There are no options for individual input. Like ants, they do what the queen gave them as DNA. But they do generate cash flow!

Entrepreneurs on the otherhand are the people that pushed a new idea through the organization, or in frustration went outside and did it on their own. Jobs was not an IBM person yet is known as co-founder of the PC revolution. Hewlett and Packard, Microsoft, Boeing, Douglas,

Lockheed (started as Laugheed), Martin Marietta, Sikorsky, Xerox and most companies started under the leadership of a person with an idea who had the nerve to sell his idea and vision and who recruited the necessary talent, through one way or other, into making their dream a reality.

Two completely different animals.

Homework:

Listen to your fellow students. Ask them questions when they speak-up in class. Start a list with their names and comments. Make notes with the following question in your mind “Would this person fit the role of being on my Mastermind Alliance?” “Does this person have talent and abilities that I lack?” This class is the first real entrepreneurial network you have.

Start your search for three others with whom you would be at ease in sharing your talents and dreams, to whom you could add value to theirs, and who could build on each other’s energy. There are a few reasons for four.

1- There is an outfit in town, Accion, who makes small loans to individuals in groups of four who will stand behind each other. The objective of this outfit is to build entrepreneurs by giving them the means of earning good credit rating. With a good credit rating a line of credit can be established. An absolute must for any growing business. More on this later.

2- With four, at any given meeting there is a likely to be three present. Three is almost the magic number to stimulate group dynamics and power thinking.

3- From the four, you will be able to test new sales presentations, promotional material and ideas with at least one because of time and scheduling constraints.

4- With four 'on the team' you can set watches and phone teams.
Hard to do with less.

5- There is a much better chance of sharing assets, leads and skills.

This homework will help you focus your lists into sales-talk in that to recruit the three other members of your Mastermind Team you will have to share your vision and dream in order to recruit them. So you are killing three birds with one stone:

- 1- Fine tuning your benefit statement
- 2- Practicing your sales presentation
- 3- Starting a Mastermind Alliance

These first two chapters give you the philosophy of entrepreneurship along with some fundamental tools. In the following chapters you will study actual tools with step by step instructions in their use. They are learnable and they are teachable. In otherwords, you will be teaching them to your team as your team becomes viable.

ⁱ In future chapters you will discover the term Paradigm. Just a note here to brief you on a very interesting recent discovery at UCSD which proves there are two portals guarding the entrance of any information into the human brain. One portal accepts what is received through any or all of the five senses if it meets the test of 'acceptable based on what we know'. The other portal takes a look at information the first portal rejects and gives a yes or no to it's acceptance. Vilayanur Ramachandran, the researcher in this study, has proven there is a physical block to our accepting any information that does not fit our expectations or that is unpleasant or too confusing. We call it denial and have attributed it to a philosophical thing rather than to an actual physical thing.

To show you the importance of this discovery consider that Swiss watches dominated the world's market for time-pieces. Today they are out in left field as Casio and others, mostly Japanese and American watch-makers fill the demand. Today's watches are driven by a quartz crystal. This device was invented by Swiss researchers but they could not convince traditional watch-makers that a thing without gears could become a

time-piece. Their Paradigm of what a watch is supposed to be prevented them from continuing their path to riches. There are dozens of such examples.