



Panel 9
MASTER YOUR UNIVERSE:
How to Manage, Maximize and Master the Opportunity
That Constant Change Presents

Panelists:

Dr. Spencer Johnson
John Kotter

Jay: This panel is probably the most unprecedented and arguably the most relevant single session we are going to do in this first round. It's something that Rich and I are exhilarated and really intrigued with. We've been very fortunate. There are two gentlemen on this call. It's not going to be a nine-person or an eight-person panel; it's going to be two and they are collaborative polar opposites, if that makes sense. They also happen to be best of friends, which makes it really stimulating.

We have together the most widely read and most respected expert on individual change and the most widely read and most respected expert on organizational change. Because we believe that for the entrepreneur those two areas are so interchangeable and so entwined – it's like a Gordian knot – we think this is going to be extraordinary.

What we're going to do today is a very daring and bold experiment and to our delight both of the gentlemen I'm going to introduce in just a moment have agreed to be our BETA guinea pigs and to sort of roll with the punches, so to speak.

But what we are going to do is we've taken the bodies of each of their respective work and we're going to throw question out to each one based on that; however, we are going to ask the other to take the liberty whenever and as often as possible to address and answer and comment and embellish or counter-perspective each other. And because they are great friends and they have enormously delightful senses of humor, this is going to be a free-for-all of the most stimulating kind. We don't know where it'll end up. We've given them latitude if they want to turn the tables and ask each other questions and Rich and I will try to occasionally, if they'll allow us, insinuate our bad selves.



But this is going to be quite fun and the most important is we believe it will go a profound way to helping each and every one of you recognize, appreciate and learn to better manage the profound, volatile and seemingly intimidating change that is afflicting, affecting and really empowering your business, your life.

So, the first person on this call, John Kotter, he is a legend. He's arguably the most widely regarded world foremost authority on leadership and change. He has written – he can't even remember, but I know of 17 books. His latest, "A Sense of Urgency", "Leading Change", "Our Iceberg is Melting"; he's just got so many, but he is the most respected person in the corporate world. He also is a very prestigious professor at Harvard. His work - when he comes up with an insight or a paradigm shift, everyone listens. His clients are who's who in the corporate arena. He's just amazing.

Spencer Johnson has written 12 books and combined I think they have something like 50 million copies in print. He's been co-author to "One-Minute Manager". He's been the force behind "Who Moved My Cheese?" He has an extraordinary, timely and I couldn't say more important book on individual change that has just come out called, "Peaks and Valleys". We're going to very, very hopefully, deftly plumb the interrelationships of both of them.

Before we start I want to say hello to both of them and I want to thank them from the depths of my heart and Rich's for being crazy enough to take on this challenge with us and for our entrepreneurial audience.

So, Spencer and John, hello and thank you.

Spencer: Hello.

John: Hello.

Jay: Okay, this is going to be fun. They're both in New Hampshire right now shaking their head in bewilderment and incredulous of what in the heck they are doing here. I'm going to start by reading a partial paragraph from a book that seemed to me to be relevant and if it isn't, I apologize. It's the opening paragraph from the book "A Tale of Two Cities". Then I am going to throw a question out to one of the two of them and we are just going to have fun with it.



So, here it is. I think it is a great under setting even of today:

“It was the best of times; it was the worst of times. It was the age of wisdom; it was the age of foolishness. It was the epoch of belief; it was the epoch of incredulity. It was the season of light; it was the season of darkness. It was the spring of hope; it was the winter of despair. We had everything before us; we had nothing before us. We are all going direct to heaven; we are all going direct the other way.”

Jay: Okay, with that stated, we’re going to start here. Again, we’d love both of you respectfully to complement, embellish or step on the other and just add as much value. Our audience are hundreds of thousands of small and medium size entrepreneurs around the world. They could be professionals in private practice, probably doing a low of \$500,000, high of \$10 to \$20 million. The sweet spot is going to be in the below millions. They’re not going to have big infrastructures. Their heart and soul and passion is right on the line with this and this is going to be fun.

I think I am going to start and ask both of you to sort of set a first stage, sort of if you can in a few minutes, just sort of set your philosophy, your belief in your body of work and its relevancy and if you can make some comments about it, its particular importance to the entrepreneur and then, Spencer, when you do it, to the individual, knowing that it interrelates to their business life.

I will start with John.

John: Well, to go back to your Dickens, the way that plays itself out today is there are huge opportunities out there and there are huge hazards. They can exist together even though it sounds like they are opposites.

What we have found for years now is the rate of change is going up. It is going up for everybody; it doesn’t matter if it is GM or an accountant with one assistant. That has profound implications, especially when you add the volatility that we’re also getting right now for what it takes to prosper in a business.

Increasingly, that means knowing how to navigate your business through change. Increasingly that means providing leadership, not just managing the enterprise, and if you get it right it’s terrific for the



business and it feels great for you as a business person. And if you get it wrong, as is pretty clear by reading the papers these days, it can be a very sad story.

Jay: Thanks. Spencer?

Spencer: You surprised me with your introduction, which I thought was wonderful because it's exactly what I am writing about in "Peaks and Valleys". These are peaks and valleys times. I don't think we've ever seen such a deep valley as seeing institutions, from Lehman Brothers to General Motors either disappear or go into bankruptcy and the domino effect of that affecting suppliers and so many other people, retailers.

This is a challenging time, this valley that we are in but some people are going to do remarkably well during these times and those will be the people who know how to get out of the valley, how to even take advantage of it, and of course, your theme today of change in which John is the leading authority in organizational change and creating a sense of urgency.

In Who Moved My Cheese? I dealt with how we individuals deal with change. It is remarkable to see today how many people are understandably afraid. In Who Moved My Cheese? We said what would you do if you weren't afraid? It's a very practical question because you wind up doing things that will help you prosper. So I think the key today is to look at what's really happening in your business and in your personal life and recognizing that truth, whatever you discover the truth is, building your plans based on that. Rather than living in illusion, be practical. What should you be believing and what should you be doing? That will make you very successful during bad times.

John: Just to pick up on two of the three points you just made, Spencer – the first one is, there's no question you can see that right now that although the headlines of the General Motors stories, there are some people that are actually taking advantage of the conditions we're in today and are doing very nicely by it. So it's not just a wishful thought; you can go out and find. And what's fascinating is more often than not it's not the giants. It's medium size and small businesses that are able to find those opportunities and exploit them. We can talk more about that before we are done today.



The second of your three points about fear; I mean this is a huge deal. It's just so easy under these conditions to be frozen by fear and do, therefore, nothing that is very useful to help your business stay alive and move ahead, or to let the anxiety just drive all kinds of activity, not productivity, kind of running around and trying to do this and this and this and this. But it's not focused, it's frenetic, it looks sometimes like a sense of urgency, which is what you need, but it's not. It's kind of a false sense and it can be very dangerous.

So I think the fear thing is a big deal and we're all prone by the volatility and by the bad stories that are in the paper to kind of get sucked in that direction - very human, very normal and it can really be a problem.

Jay: Great set up! Rich, I'm going to set the first question and then you run with it.

Rich: Okay.

Jay: I'd like to throw out for both of you and extension of that, because, John, your book is about urgency. Urgency can be frenetic; urgency can be accurate; urgency can be a little delusional. Complacency is the other side, which could be paralysis.

The first thing is how do you deal with the good, the bad, and the issues that are relevant? How do you not freeze? What is the strategy? Go back and forth. I'm an entrepreneur; I've got to make my business grow, my marketing isn't working, my market is dropping, I am not sure what to do. I am an individual. It affects me personally, maritally, financially. Both of you have at it.

Spencer: I think John made a very good point about the difference between activity and productivity. I think one of the biggest mistakes you can make in these troubling times is doing too much. Half of the key to succeeding in bad times is stopping, really reexamining what are the few - underline the word few things - that you could do in bad times that could make you very successful and not do all of the others.

All those other things take you away from being effective. So I think the real key is to maybe step back, go a little slower. Keep a sense of urgency but first get clear on what are the few things that would really



help you succeed today. It seems to me that the first question to ask is what do people really need? What is the market asking you for – not what do you think is a good idea – and then focus on being of the greatest service at the best value, the most price valued service today.

If you can do things differently than everybody else is doing it, you can do very well right now. But if you keep doing more of what you usually do or what everybody else is doing, my experience is it just makes the valley deeper.

John: I had dinner with a former student of mine just two nights ago. He's now on his third job as being CEO, but middle sized companies, not a big one. I don't remember how the conversation got going in this direction, but he was saying that one of his rules of thumb that served him very well over the years is never to let his organization and never let him have more than five priorities. When people try to stick on the sixth, it just kills it. And when people try to flood them with various kinds of activities and directions and programs, etc, etc, he just won't let it happen. He said, before we add on a sixth, we have to eliminate one. I think that works well under any conditions. The conditions we are in right now, it's even better, especially since volatile times can make you feel volatile. You're kind of running around and the next thing you know there are 63 things and therefore there is no focus just at a time when you really need focus.

Spencer: And this is one of the most stressful times any of us have been through, so taking care of yourself, not exhausting yourself with a lot of unnecessary and ineffective activity is very important. If you don't stay focused and rested and calm and clear, you're going to put your health in danger, you're going to be spinning your wheels and not effective. So I think from the CEO that John talked to, to any of the rest of us, including small business owners, the real key is to do a few things remarkably well that customers really want it.

Jay: Both of those are really astute but I would say they are almost, if not counterintuitive they are counter – let's say knee jerk responsive to most people. "I've got to do something, I've got to figure it out, I've got to save it; I've got to save my business; I've got to save my marriage; I've got to save my house."



- Spencer:** Those people won't do very well in bad times. They're already under enough pressure and enough stress. If that worked, great, but how does that usually turn out when we do it?
- Jay:** I'm not arguing, I'm just commenting. It was the perfect answer. Rich?
- Rich:** One of the things that I think most people will buy into but yet don't necessarily know how to translate into activity is the fact that during times of change and unrest there generally is an opportunity buried somewhere in all that change and somewhere there that they could actually leverage and harness, actually grow their business even better than during good times. But with the concept of really limiting your activities to those high leverage activities, I wonder what words of wisdom both of you guys would have for the entrepreneur who's got it all on the line. It's not just a job; it's their mortgage and everything else that they have invested in their business. How do you really get to those few core activities that would help you leverage the changing world so that your business thrives?
- Spencer:** Well, I know one of the ways that works when I am in the same situation is – and this is going to take some self-discipline – stop! Get away. Take a walk in the park. Get some quiet. Stop the frantic, as John said, this frantic anxiety-driven activity which is an illusion. Get a little more calm and pull back and look at the big print because even though the devil's in the details, you're probably going to succeed or fail in the big print. What needs to be done now?
- Rich:** Spencer, when you say look at the bigger picture, can you just define what that bigger picture is? Is it just the business? Is it more on the prospect and their customer's world? What would you look at more specifically?
- Spencer:** Let's say we focus on just the business.
- Rich:** Okay.
- Spencer:** If the business can do well and create the wealth, it takes pressure off the family - it takes pressure off of you. So if we're just focusing on the business, which is very much John's area, I think just quietly pulling back and saying, what is my business? What do people really want or need? What have I done well in the past that was really successful? What were those activities that I spent a lot of time and money on that



really didn't bring me back much payoff? And just taking a few days to quietly slow down and think things through. All you have to do – not that it's simple, but it is simple when you do it – is to stop and say what's the one thing – I like to focus on one – that if I did it successfully would make me very successful in bad times?

Then after you've given it your best thought, it may be really useful to brainstorm it with others. Pull other people in the company. If you've done this, ask them to stop and do the same. Now, it's nerve wracking because as you say, Jay, everybody says stop. My God, I've got to keep this thing afloat!

I remember – well, let me leave it there.

John: No, it's an excellent – your feet walk in the woods when you see your revenues collapsing on you.

Spencer: Especially if the bear is chasing you.

John: Deers with ticks on them and lots of things. But there's no question it's a useful piece of advice. Different people do it different ways. But when the pressure is on, and it really is on some people a lot right now as we know, it's so easy to end up working 14 hour days and the weekends and involving yourself in 73,000 little things and it all just gets blurred. Not only does it wear you out – I mean, nobody wins by killing themselves. You don't win by dying. It not only wears you out but it blurs everything. You forget the basic things, like, who are the customers and what do they need, and what's the competition doing and what are my real opportunities here. It is good advice to figure out some way, in a practical way, obviously, to spend Saturday or something like that, whatever your proclivities are, out on the lake fishing and letting your mind kind of relax and see if it starts to focus on the bigger issues and not all of the distractions.

Jay: Great answer. I am going to ask a question and I'm going to skew it. I have had this vision of the game show where you both having to hit the button first to see who's....

Okay, so the question that I am going to ask – but I'm going to give you latitude because I'd like it answered both ways – is – I'm going to ask it for business but I am skew it for Spencer, too. What's the driving



force that fuels change and how to entrepreneurs leverage it to grow their businesses? But let's ask the derivative; what's the driving force that is going to fuel change in me as I grow and transcend and circumvent the issues so that my marriage grows, my sense of relevance in the cosmos grows, my sense of comfort with my mortality grows. I think that is all intertwined, particularly for the entrepreneur. I want to watch: who's going to hit the button first?

John: In general the fundamental forces affecting a business on change have been for some time now; technology and globalization. What we are feeling most, though, right now is just the downside of the business cycle, which is bringing all kinds of changes with it. And all of those demand internally changes in the way one is operating and particularly more and better leadership from the people in charge, again whether it's one person directing two or if it's one and some lieutenants directing thousands. It's the same thing, you know, basic forces, technology and globalization and right now the crashing of the business cycle and it demands real leadership and that's what helps.

Jay: Very good. Spencer?

Spencer: While all of that is true, and John has this marvelous grasp of the big picture and outside forces, to me what drives change is one word: better. Either someone else has made a better product, or they can get to the customer at a better price, which ties in with John's comment about globalization.

But to me from an individual point of view, better is the operative catalyst for change, and that is getting something better. I think that people that are going to do remarkably well in these times are the people that create a sensible vision like the young man did in the story of Peaks and Valleys – seeing something better. I heard John use this phrase, sensible vision, years ago and he generously let me use it in my book, Peaks and Valleys, which I appreciate. John's point is a vision that makes sense to everybody in the organization. It makes sense because common sense tells you, yes, that's what we ought to be doing.

And then add to that using all five of your senses, what do you see, touch, hear, smell, taste that can become real to you that you can get a better result? How can you do well in these times? If you go your fear and you use logic, you're going to be like most people who will not do



well now. They'll be the subject or the result of what's happening outside. But I think if you think of change – change equals better – now obviously, it can equal worse, but if you focus on making your business better, serving better, pricing better, how can you reduce your costs? To me better is the main driving force for change.

John: But see, under these conditions, as you well know, Spencer, the challenge is that it doesn't feel like the issue is better.. It feels like the issue is surviving this week.

Spencer: Exactly.

John: But, having said that just as you suggested, you do find people out there that are prospering and it's because they do hold the dikes. They are not being naïve about the real bullets that are – mixing metaphors here – that are coming at them. But at the same time they're doing that, they're relentlessly saying there is an opportunity here to do something better and to win as a result.

Doing both of those, if you haven't done it before, may sound naïve. How are you going to just cope with circumstances that could sink the boat while, la tee dah, looking for the wonderful vision that will help you prosper tomorrow. But the reality is people do it. That's just a fact. And Lord knows, that's what you need to be doing now.

Spencer: Well, you make a very practical point. Most of us in these times are thinking survival, not prosperity! But it's like shooting for a C in a course.

You might get a D! But if you shoot for an A, and you don't do as well as you had hoped you might just get a B. So while it is normal – and maybe Jay used the right word; this is counterintuitive. This isn't the way most people would operate. We're talking about not only surviving in these times but doing well in these times.

Jay: Spencer, I'd like to sort of invoke a little spin and I would love to hear both of you, and it's a derivative of this because I think that wealth, prosperity, financial well-being is one way of denominating, but I think a lot of people are compromising the sanctity of their lives, their relationships, their self worth in this morass, so to speak. Do either of you have some comments on that? It seems like it goes to a really strong undercurrent in or out of what both of you are talking about.



Spencer: There's one really practical thing to do that an architect told me years ago that he did that really works. It may not be realistic to do well in certain times, in certain businesses for most people. This was back in the 1980s when building stopped and architects weren't getting any business. I knew two in La Hoya, California, where I lived. One of them closed his shop for the time being. I think if you realize all peaks and valleys are temporary.

So if you respect that, maybe one good method is not to get caught up in the vortex of trying to survive and prosper in difficult times. He told his staff, I will rehire you and we will reopen when people start to build again. He's always wanted to work on fishing boats, so he left, took his family down to Mexico and worked as a laborer enjoying himself working on fishing boats.

My other friend tried keeping his architectural firm opened and paid everyone and of course ran out of money and went bankrupt. All of the people lost their jobs. The other man – it took two years, which is much longer than anybody anticipated, and I am not saying this would work for everyone, but it is another practical idea. He came back two years later, hired all of his staff and continued to prosper. I thought of that when you were talking about self-worth. It's awfully hard on a person, particularly if you are the main provider in your family not to have your business doing well and keep your sense of self-worth. So maybe one of the things is to cut back or delay or stop, take some pressure off of yourself. My favorite question is what is the truth in this situation?

So I think that is part of where stopping and pulling back and taking another look; maybe there's another way of going about things that you haven't thought of that might work for you.

Jay: That's a good answer. John, do you have any comment?

John: Well, as a person that is watching a small business, my wife and a Microsoft executive started a company on January 1, basically to leverage my ideas across the world. We are up to eight employees now with six months out isn't bad. But the roller coaster that they're on, I mean, you always have start up roller coasters, but this one is even worse of course because of the economics and how your



customers are shifting because of their own problems and that produces ripples back to you.

Even Spencer and I were talking this morning; the more that you get sucked into your 18-hour days per week it seems like a logical way to try to keep everything under control and deal with all the problems. It wears you out and it makes you less effective, not more effective. I'm watching up front the joys of a small business trying to –

Jay: It is a lot different, isn't it?

John: Oh, yeah.

Jay: Rich—

Rich: So, let's say that you take that metaphorical walk through the woods to kind of get some clarity and you come back and you have some clarity and that you actually maybe even have a plan on how to thrive in this uncertain time. From both of your perspectives, what's the best way to then start interacting with your team when you're a small business your leadership capabilities actually have a more profound effect than a bigger corporation just because it's so personal and its interactive. Then, how do you be that beacon of certainty or that rock that for your team, for your customers, as you start to make a difference or be impactful from their perspectives because their just as frenetic, they're just as concerned and worried whether it is the employee side of them losing their job or their customers and their businesses or their challenges. So, how do you get their attention from a perspective of like look we might have some answers for you and we have some confidence here on the right way to go?

John: The most beautiful example I've seen recently, one my executive students at Harvard came up after I had spent a day with a group and with great excitement gave me a two-page letter that had been sent out by his boss. This would have been in the most shakiest of times in November when we didn't know if December was going to take us all into a depression. It was pure leadership. Basically what it said – he sent it out to everybody, secretaries, and on up. I don't know how large the firm was.

It was in three parts. Number one is lets not go into denial, the situation today is pretty awful and here are the facts in case you are



going into denial, A,B,C,D,E,F,G, very straight forward, very honest. That's kind of part one.

Part two, was—but let's put this in perspective. During the 19th Century, the United States went through a major recession every 20 years. We had the worst ever, of course, in the 1930 period. We've had a few more recessions after that and we keep coming out and getting better. That just not only possible that is what the record shows. There's no reason that isn't going to happen. Indeed, it's quite logical that it's going to happen now.

And then the third part ends by saying listen; I think this is where we need to focus and because if we try to do too many things, we'll all wear ourselves down and that's not going to help and for this to happen, I need all your help. We need every single person kind of helping out on this. If we do, we're going to –who knows, maybe we'll flip back faster than we ever have from an economic downturn and certainly that will not only make the security of the business and jobs and everything more solid, but it's going to make us feel a whole lot better which is good for ourselves and for our families.

Spencer: I think John's realistic review of history that things do get better I think it is so important to keep in mind - that is stay in touch with reality. Don't get caught up with these temporary fearful times because if you can remember that things do get better and sometimes with or without you, it's just the nature of things, it really can create a sense of inner peace and calm knowing that that's reality that makes you much more effective in running your business.

Jay: Very good. I'm going to ask again a question I hope you'll interpret it. Spencer, in your work you talk about there are things people have to discover for themselves. I'd like to know what the key factors, issues, or lessons you think we need to discover on our sort of evolutionary journey to wherever we're going. And then John, I wonder if you could interpret or apply some variation of that to what we have to do as we're working through all this for the betterment of ourselves and our business.

Spencer: Well, for me the key word was truth. I used to kid myself or mislead myself that situations were either better than they really were or worse than they really were. To me, it took me too many years to learn this. I wish I had learned it when I was younger. To me that old



expression that we heard that the truth will set you free which I heard but didn't really get, it's the way that you can evolve. Not only in your business but when you look at all the major successful products, somebody looked at the situation in a different way and saw what the truth was. The truth was that people wanted something and they created it and the truth was that without good practical management, even the best ideas don't fly. So, even though later it may become obvious, so many times when I see the truth I go, gah, why didn't I see that before?

So, to me that's the way to evolve in both business and in your personal life - is to stop kidding yourself. The situation may not be as good as you'd like to think it is. For example, the biggest reason people come off of peak is arrogance masquerading as confidence. The people that do well - let me just say that's the biggest reason in good times and you see it all the time. We lose our humility. We become arrogant. We think we're some kind of a genius when more often than not it is the cycle. We don't stay humble and listen and keep looking for the truth. So we fall off our peaks. You can see it with athletes. You can see it with politicians but can we see it in ourselves?

On the other end of that coin the way you stay in a valley too long, the most common reason you stay in a valley longer than you want to is fear masquerading as comfort. Some of the things that you may be comfortable running your business year after year may be trapping you. So again, it seems like a one simple question but in my life I found it very powerful.

What is the truth in this situation?

John: In the corporate sense, of course, that's literally digging into sometimes hard data and listening carefully to people. I mean, it's mind boggling. You pick up the paper, I was just reading - I don't know which one the other day, talking about this great tragedy over the last two-years of General Motors. The great tragedy started 30 years ago. You're 17 year old daughter or son could have started noticing something called market share going down. It went down year after year after year and on outside of Detroit you're kind of wondering what are these guys - what are they drinking because on the other side you can see the market share of Toyota going up and up and up.



This delusion, I don't know - sense of denial and it was extraordinary. I was invited out when – this is now 15 years ago, so it's 15 years into this tragic downfall, to talk to the guy who just taken over the head of the North American operations. So, I go in there, again, you don't have to be a rocket scientist looking at a few figures and figure out what's going on.

So, they're 15 years into a war they're losing. Every year they lose. Boomba boomba boom. I go into corporate headquarters, there is no sign, zero, that this is. A nice pleasant receptionist, nothing on the wall that shows kill Toyota and their hallways are quiet, everybody smiles and it is like what planet are you guys living on. Talk about a disconnect from the truth. But the reality is that happens in organizations. It can happen more easily than we would like to believe.

So in a corporate sense the truth is really looking at in a hard way at the numbers and what the customers are saying, everything else and no freaking out, don't freak out if they're not giving you the best news but realize that information is power and if you've got accurate information that gives you more power over the situation and never, never underestimate the capacity for us human beings to go into denial over about anything.

Spencer: The illusion catches up for you doesn't it, John?

John: Oh, of course. For GM it took 30 years but the number of people that get hurt, the number of people that have gotten hurt because of that is outrageous and it's going to continue with some dealers – these are some and in some cases some good solace small business man who are going to be machined gun by this whole auto story as it's unraveling.

It's sad. It was unnecessary but trust me, there will be some players in the auto industry, some suppliers, some little guys who will, instead of wrapping themselves in this cloak of victim hood and working 14 hours a day to try to do what they perceived to be keeping the water from going over the side of their boat, will be protecting the business a best you can, watching the cash flow, etc. but will also be constantly every day asking themselves is there an opportunity here.



That's what a sense of urgency is all about. It is recognizing that there are always opportunities and problems out there - an emotional orientation to bouncing out of bed every day and saying I'm going to focus on one of these biggies and I'm going to have something happen today. I don't care how many cluttered the agenda becomes because I get 17 phone calls from various people who are freaking out about something. I'm going to do something today to make - and every single day I'm going to do something to help us win and come out of this stronger and that's an enormously powerful mechanism.

I can tell you stories all day long about people who have done that because among other things when you get out into that you start purging your calendar of junk. You start delegating stuff that could be done by other people. This opens up spaces for you to focus on the right stuff, to be alert, to move faster and it's - I think it's powerful at any time but particularly when things are spiraling a bit and so are the masses a little bit down on the downturn it's particularly important.

Spencer: It's creating that balance that John talks about in his eight steps for organizations to change successfully in "Leading Change" and "The Heart of Change" - those books a sense of urgency, I think, is most effective when you have first done the balancing act. So you do the best of two opposite worlds.

First you slow down, step back, stop, think it through. Look at what are the few things you could do that would your situation remarkably better and then once having that clarity and sharing it with your team, encouraging them to look at the same things and as a team and deciding what those few things are and going a little slower which takes the discipline. Then create a sense of urgency that everything you do focuses on those few things for you to become very successful.

John: It's amazing though the capacity. That is the logical answer and that is the correct answer if you go out there and actually look at what people do that are doing well. It is amazing at times when the Dow went from 1400 to 6500; you think everybody - there's nobody in the world that could be complacent anymore. And yet complacency can thrive under the most swirling conditions and complacency remember is what I'm doing is okay. Maybe other people aren't doing it right and you get enough people in the same organization thinking the same thing.



I go out and my dry cleaner back in Cambridge, I can't believe the guy isn't having economic problems right now, but if you look at the way that he takes in laundry, if you look at the way that he greets customers, if you look at the way you get stuff back, bills, etc. etc. there's no change from now past a year ago.

You'd say he understands his problem. He's got to do something about it. Well, that is not what his behavior says. His behavior says his complacency is ten fold over.

You'd say – most rational person today would say wow, the whole economy has been hit in such a way and it's so profound people talking about second place obviously to the great depression that Washington obviously has got to be doing some things.

The people are putting pressure on. Washington has got to be doing some things really different to try to cope with this. Well, if you've been down there, I was just down there the other day, the two parties are behaving with each other the same way they always had. The fundamental way that they're staffing the new administration and the parties in the Senate committees are shooting at the staffing, to find a way that special interest groups are interacting with – I mean it's all the same.

Anybody down there, if I said you're being astonishingly really complacent in the face of a time where that's going to be very, very bad, they'd all get very offended and tell me I didn't know anything about Washington. But that's the fact of the matter. Even under these conditions and it certainly can be true like my local dry cleaner, if you don't watch out, you end up thinking at some level that okay there's a lot of problems around here but the I do things, that's not the problem. The problem is out there and so I'll continue to do my things the way I do and that creates problems for everybody.

Spencer: The key is to look at yourself, not what's out there or the other person. I remember when I was speaking at Ford when the Firestone Tires were coming off the Ford trucks, the CEO, and a small group of us were talking about it and all he kept saying was Firestone this and Firestone that. I finally said to him, well, excuse me but what about Ford? What did you do? What did you not do? What's your process?

John: They didn't do anything wrong.



Spencer: No. You know, he didn't get it. He was absolutely arrogant. I remember saying to one of the other executives, this man will be fired before long. Watch what happens. Arrogance brings you down and sure enough Ford went through a very big dip by the way that they handled that.

On the other hand, look at Tylenol. Look how they dealt with the poisoned program and the new caps and all. I think the less, as you say, you don't wrap yourself up in the victim drill which is easy to do. I mean, none of us has faced this kind of change in our lifetime.

The exciting part and again, these are the people that are going to do well are the ones that look at themselves and say, hmm, what did I do right now? If you're like most of us the answer isn't going to come to you immediately and when it does you'll be like I do - slap your forehead gently and say duh, why didn't I think of that.

If you focus on reality, what's really happening? What do you normally do? How can you change? This is why I love the word change. Although for years I used to really resist change. I was him in the story of Who Moved my Cheese, but if you see change as an opportunity to gain something better, it's amazing what that does to your energy.

Jay: That's a great point.

Rich: So, Let me pick up on that. On one side societal forces, economic climate, etc. accelerated changes is the given and change is going to happen whether we change or not. On the flip side of that, on the entrepreneurial side, small business side, we must change in order to meet the changes that are going on around us and yet, I think it's common knowledge, for most, that change is really difficult. The change that we have to create and make stick and happen both personally and also in companies. So, I wonder if you guys could both could give some words of wisdom about how really to make change stick and not just something that we do for a couple days before we revert back to old patterns.

John: In terms of companies, the fundamental reasons we don't do change well is we don't know how it's done well. We've gotten away in the



past with a tiny little adjustment here or there so that is what most people think of as change. We drop our prices ten percent, we reluctantly lay off some body; it's all increments.

When you're talking about the more volatile and challenging economic times that we're in right now, we're talking about bigger changes and most people don't see the difference that handling the bigger stuff is not just doing the small stuff a little heavier, better, it's not just pumping the bicycle faster and faster. At a certain point forget bicycles, you need cars which require different skills, etc, etc. but we know it can work.

You see examples of this all the time of companies that understand something about getting a sense of urgency, making sure you have a team of people who are strong enough to make something happen, getting that clarity vision that Spencer was talking about, making sure all the relevant people not only understand it but actually buy into it and think it makes sense.

If there are obstacles in the way; get them out so people feel empowered. Get some successes fast enough so all the critics and skeptics around you don't start coming back and shutting things down. Then just be relentless at pushing away, pushing away, pushing away until that vision is a reality and not even stopping there. Asking what do we need to do to stabilize this, institutionalize this and not let when we focus on the next issue have everything kind of slink back to our traditional ways of doing it.

It's a simple formula. I've talked about it as {inaudible} eight stages but most people don't have much experience with it because they haven't had to go through the size and scope of changes that today are needed and are smart to be able to take advantage of the opportunities.

It's not like people are dumb. I knew lots of people that are struggling right now and they're super people and they're very smart but they've never gone through a period like this. They've never faced with what would be smart which is some significant changes and therefore, like all of us, if you haven't done it before you don't know quite what to do.

Spencer: John says with his wonderful eight steps for organizational change, you really need to get people to buy into the change. I think the



biggest reason is people don't change is they don't want to because the change doesn't make sense to them. So many people in organizations just wait and I see an awful lot of waiting right now. They wait until management gets rid of their last dumb idea so they know there is going to be another one and they hope it will just pass. Maybe three weeks to three months it will pass if we just do nothing. That's the biggest problem I see right now is that people are a deer in the headlight. They're immobilized.

That comes back to what we talked about in the beginning of this conversation. Stop, if management stopped and thought through the changes and came up with something that made sense and then they listened to their team that can modify that and constantly ask the question what is the truth in this situation? How can we prosper in this situation? What are the few things we could do that would work and then if you wind up modifying or changing your plan based on the observation of others and you all looked for a common pattern again, put arrogance aside, stay in touch with reality, listen. Then you would execute a few changes that would make sense. I think people would be much more apt to get onboard especially if they saw how they were going to get something better out of it.

Jay: Very good.

John: [Broken audio] sad you see somebody, you usually see this in a bit larger organization where people are over educated but their employees this is relating to--they wait people out until the change goes away and they wait out the next one. It's the flavor of the month thing. Sometimes it is done with books, nothing gets books because Spencer and I think that books are excellent and you ought to buy them in bulk. The boss buys a book and gets all excited about this, starts talking about whatever the formula is and it lasts for about two months and then he's on to another one so he does another 90 degree change and it doesn't take too many of those where even if the boss comes across something that really is important, really is relevant, really could be worked, credibility is gone. The troops roll their eyes. If they're forced to read the thing and they all kind of mumble out loud but it has no effect because they tired of being jerked around and a good solution, of course, is just wait them out.

Rich: So what do you think is the best way for an entrepreneur who might have gone down that road several times to now do a course correction



knowing that their obstacles are quite large in front of them because they've been guilty of that?

Spencer: Well, there is one simple way to do it that's remarkably effective. Tell your people the truth.

John: Gasp.

Spencer: Hello! Sit down and say I've been looking at what I've done in the past, I look back on all the changes I've made. I'd like to get your input but it seems to me like maybe I didn't think them through as well, maybe we didn't need to be doing all of those things. They didn't seem to work. Maybe it's time for us to take a look at things anew and get off your high horse and listen and ask other to explore the truth. It's amazing how fast you can cut through things if you don't have to be the big cheese. You don't have to be the know-it-all. Become a listener and you'll probably find that you can take a lot of weight off your shoulders, a lot of pressure off you. You probably have people that are better than you may have realized. They may well be able to say well it seems to me the truth in this situation is this or that. What do you think would be the one or two (I would stress one or two) things that we could do that could make us successful?

John: I have often loved the phrase, it is cynical, but nevertheless, it's funny. When all else fails, tell the truth. That's something that is well known in Washington, obviously.

Spencer: I was at a school recently that my son may be going to and they have this motto: The truth will set you free but at first it will make you miserable.

John: Really, it is true that the fundamental way you deal with this zigzagging in the past and you have no credibility is to admit it. We have done this, I have played the flavor of the month, yeah, we have failed this as the result, it was mistake, *mea culpa* but there's no reason once we've had that insight that we understand what I have done in the past and you've helped with was an error and we're going to do it right this time. It's amazing if that's done again with sincerity and with the facts straight how it can drain off some cynicism from the troops and reduce their resistance to change.



Spencer: What I'm about to say most people will strongly disagree with but the few that get it will do remarkably well. That is...if you say to yourself which is think is true, this practically catastrophic valley in which many of the basic organizations and institutions we believed in are falling apart, is a fantastic opportunity. This is awake up call. We have a chance to do something remarkably different that would be a lot more effective. So it changes from you have to, to you get to. This sounds like optimistic naivetism but I've seen that people that do best think this way.

I remember a friend of mine knew this impresario in San Francisco. They sponsored the San Francisco Opera. Beverly Sills sang an afternoon matinee and afterwards he was standing there when this woman came up to Beverly Sills and said, "It was a wonderful show and I see you have to sing again tonight at 8:00." And Beverly Sills says, "No, I don't have to." The woman says, "Well, it says in the program that you have to sing again tonight at 8:00". Beverly Sills apparently said you know I used to tell myself that and I just got exhausted. I have to. I just did this and now I have to do it again. So she said I began to tell myself I get to. And then she said to get it, she painted this sensible vision which I've got to tell you for me is a very practical tool. She said I began to really get that I get to instead of I have to which are just words. She said, I started painting a picture of people all over San Francisco like the edge of a wheel driving towards me like spokes in a wheel to the center where the San Francisco Opera House was. They're getting gas in their car. They're picking up the babysitter. They're putting on their clothes. They're taking a shower to come and hear me sing. And she said, now, and she said, I'll be doing that in about two hours. Now when I really get that I get to, I still have my voice. People actually want to hear me. Now can you imagine what that does to her energy?

Jay: That's a great point.

Spencer: We have that same practical tool at our disposal. Even though most of us, I certainly was raised this way. But if you use the tool of a sensible vision and you do paint something better and you encourage your team to paint something better, it's amazing how you can go from have to, to get to, and again those are the people that are going to do remarkable well during these times.

John: To keep the perspective though, did you actually go to the opera?



Spencer: No, not actually.

John: Okay, just checking.

Spencer: A friend of mine told me this story.

John: That makes much more sense. Perspective makes so much difference. We forget all the time – I mean all of us. All of us, of the close to seven-billion people now on earth, one-billion basically eat sand. I mean it is an existence that we can't even conceptualize. When you're talking about a \$250 basically a year income, four and half billion or so are struggling to come up, but even in the wonderful stories that we read about constantly in the paper, China's GDP per capita another kind of measure of how well they are up has crawled all the up to, I think, about \$4,000 per year as opposed to \$42,000 in the United States.

It's only last billion that has developed the world that we know, the United States, and Canada and Europe and Australia, etc. So, we sit around, no, we all do it. I do it, sit around moaning and groaning right now and there are literally billions of people on this planet that would take our place in a nano second.

Jay: That's a great reframe.

John: Give me your horrible situation, you business failure, your profits going down, give me, give me, give me, and I'll send you back to [inaudible].

Jay: The blue-plate sand special. Go ahead.

Spencer: The quickest way to change is to change the way you're looking at your situation. In peaks and valleys we talk about how to get out of a valley sooner. I think the key – first of all know that valleys end. Look at how you got into the valley and do the opposite. It may seem obvious but when you don't know what to do, at least this is something that I use a lot. When I don't know what to do and I want the opposite results of the one that I'm getting, I do the opposite of what put me in the valley. What's {inaudible} for you. What's it for your business? Avoid comparisons.



Gee, compared to this time last year or gee compared to how I thought it was going to go if you avoid comparisons, you'll avoid being in a valley. It is what it is and the key I think is to uncover the good. It's hidden in the bad times. Use that to your advantage soon which creates that sense of urgency that John talks about.

There is good that's hidden. Unfortunately, it is hidden so well that a lot of us don't see it. If you can use that good to your advantage, you can do well in bad times.

Jay: Both of you are delighting and you're really excelling and exceeding my expectations of the integration. Let me ask because this might be very useful now as we're rounding sort of the last lap in this integrated process. John, you've got your eight step process. Spencer, I particularly enjoyed the distillation in the little card in the book. If it's appropriate and certainly it's a disservice because it's much meatier and dimensional but if either of you or both of you feel it's appropriate, can you share the outer periphery just the fundamentals of your respective two process, the ones from peaks and valleys. You have a really nice little very easy to grasp and John, then the eight steps are probably more encompassing but it would be really interesting for our entrepreneurs to relate to both of them for their business and in their personal life.

Spencer: I'll let John go first.

John: Organizational stuff, yeah, the pattern that we wrote about first in "Leading Change" and then we followed up with work in a book called, "Heart of Change". Then we put it in a more user friendly format with Spencer's cheerleading me in the background, a parable called "Our Iceberg is Melting" and then I'm going to focus now on just one aspect of it that is so important.

The urgency book: the ones that get it right, the ones that really are able to make leaps under any circumstances not just incremental steps which right now don't help you a lot. They start off by getting a sense of urgency up, starting in themselves and the people around them. When you do that, when you're trying to put together a little group - it could be two people, it could be ten people to guide some significant change; you don't have to force them to do it. They volunteer. That is the wonderful thing about urgency.



And then step three is to focus not on the details at that level that you lose sight of the big picture but to get the vision right of what you're trying to do. What's the big change that you're trying to make in anything, in strategy, in the supply chain and the exact nature of the product or service and then get that out, this is step four, to the people who need to hear it and in a way that Spencer was just talking about that they honestly don't just nod their heads which is dangerous but that they believe it. They want to help out and they will. Some people will immediately. There's always somebody that says why didn't the boss say this earlier.

What you have to do here in step five is to make sure there aren't obstacles that just stop them and get them frustrated and eventually get cynical which is an empowerment thing.

Then six, make sure that those initial actions do show some visible unambiguous results so that it kind of cheers us all on and celebrate those results. It gives us more confidence and when we're doing this right told the skeptics over, gives less power to the cynics.

And then instead of letting urgency go down as soon as you've achieved something to be more relentless and taking on piece two, piece three, piece four, what will add up to this big change. If that means doing some other things to keep urgency up, adding somebody to the key group that is driving it, polishing the vision a bit more, hitting a few more obstacles that empower a few more people, just do it.

And then at the end step eight is making sure it somehow nailed to the ground. The ultimate way to do that is just to let it work for a while and it will kind of seep into the very culture of your little group.

That process driven with kind of mindset that we've attributed to great leaders for I don't know how long, centuries which is leaders gain the hearts and minds of people, you can do that to minds oriented. It has to be heart oriented too; appealing to everywhere along the way to the emotional center and the intellectual center.

It is quite amazing what can be done in this little fable book. It was an emperor thing when colony – in Antarctica. I mean it's a little silly but it takes the reality of what we've seen in small businesses, large businesses, etc. and has our friendly little penguins walk through it.



The mere fact that you can condense that somebody says this is all so complicated, [inaudible] it's not, the fact that we can condense that into a fable format that you can read in 45 minutes and get lots of insights from it that can apply right away says that this is so complex it's not an excuse. It's a bad excuse.

Jay: Great. Spencer—

Spencer: As you know, following John's comment I'm a big believer in the simple. I was raised with through very prestigious academic institutions like where John is at Harvard to suspect the simple and to distrust it. I didn't know then the difference between simple and simplistic. Simplistic is naïve and not enough. Simple is enough and nothing more. So, I appreciate your comments about the simple solutions in the book "Peaks and Valleys" and the summary at the back with the wallet card. So, let me just review those.

We've talked about many of the things but these are things that I found, anyway, in working with a lot of people and companies work very, very well. They are very simple so you have to be in the frame of mind to trust the simple especially if they've been proven to work but "Peaks and Valleys: Making Your Good and Bad Times Work for You – At Work and In Life" to manage your good and bad times make reality your friend. Whether you're temporarily up on a peak or you're down in a valley, ask yourself, what is the truth in this situation? To me that is the beginning of the answers. To get out of a valley sooner, find and use the good hidden in a bad time. We just touched on this. Relax, knowing the valleys end. Do the opposite of what put you in the valley. Get outside of yourself. Be of more service at work and more loving in life.

Getting outside of yourself is one of the fastest ways to get outside of a valley. Avoid comparisons. Uncover the good that's hidden in a bad time and use it soon to your advantage. To stay on a peak longer, appreciate and manage your good times. Most of us don't realize good times need to be managed. Be humble and grateful. Do more of what got you there. Remember the basics that got you on the peak? It wasn't all you. Some of it was timing and cycles and so forth but what did you do that got there and have you forgotten to do those things.

Enjoy making things better. Your competition is. The world is. So enjoy improvement. Don't just sit back and be complacent and John



was talking about. Do more for others. To stay on a peak, to appreciate what you have, do more for others. Don't get so self-absorbed that you become arrogant without even knowing it. Save some of your resources for your upcoming valleys. They are coming up. If you get too arrogant and spend your resources, your money, your relationships, whatever, save your resources for upcoming valleys.

To get on to your next peak, follow your sensible vision. As I said earlier, this is the most powerful tool that I've ever used. Imagine yourself enjoying a better future in such specific believable detail that you soon enjoy doing what takes you there. John and I often talk about it's the doing that counts. To help other people, there are a lot of other people in this valley and even when you're on a peak and others are on a peak, help people make their good and bad times work for them. Share with them "Peaks and Valleys" or share what you've learned in your own life with others. In sharing it with others, you'll start a dialogue. This is particularly useful if you do it inside a company where you take John's book "Leading Change" or the "Heart of Change" help people read it is one thing and that would be a good idea for you to do, but then sit down and have a discussion about the eight steps. How do you change your organization? "Peak and Valleys" or "Who Moved My Cheese?" are small books. You can even go to the library and check them out or people in your company may already have copies. Spend an hour or two discussing how you can use these concepts in your organization. How do you put them to use?

In short, join Jay and Rich and their good work in this *remarkable League of Extraordinary Minds* that they are accumulating and I might add that we are humbled and appreciative to be included in that group and then see what you can do to create the leadership so that you and your whole organization can prosper during these changing times.

Jay: Both of those were excellent answers. Excellent. We want to respect your open contribution. Rich, I have one final question but you probably have one preface before that. What would it be?

Rich: I would have a short question that I'd love both of them to answer and that is what do you think in times of this kind of change that we find ourselves in today, what do you think is the right time perspective that really an entrepreneur should be focused on and obviously it



might alter a little bit based on their individual circumstances but should they be looking out far into the future, should they be looking out in very near future, somewhere in between or should they be looking at even something shorter maybe just weeks ahead? What really is the right time perspective to have at times like this?

John: You've got to have both. Short-term is about 15 minutes and the long-term if you're a small business person is more like two years. Although, there are people including my wife and this old Microsoft executive who are talking about building a firm for six generations. It is possible to think in those broad, broad terms but most typically what I see is you have to pay attention to what's rolling across your feet right a way.

In the kind of economic environment right now, anybody who isn't thinking two years out and how you're going to be able to grab the opportunities to really prosper when the economy goes up is taking a risk.

Spencer: I would tend to agree with that. I would say two things: Immediately and the goal would be survival. If that means cutting back expenses, if that means taking any realistic—not fearful, do not do what you are afraid if you don't do it things won't turn out well. Do what you would do if you weren't afraid.

I would say phase one would be survival. What do you need to do right now? What got you into the valley? If you overspent - cut the spending. Do the opposite of what put you in, short range. Then I would agree with John. After survival, there's prosperity. I would say at least two years out. I would build it on the things that we talked about so it would be balanced. Do what you need to do immediately so you don't go under, so you don't lose. I guess that would be the short goal.

A long goal would be to win by going back to basics and doing what really works.

Jay: Great answers. My last question is going to be – first of all I want to make a statement. The two of you in collaboration have exceeded our expectations. We felt there would be this extraordinary geometric explosion of value that would emanate but it has exceeded at least mine and I'm sure Rich's but I'm going to ask you to do something in



conclusion that Rich and I couldn't possibly do in this. Both of you are such knowledgeable, intimate, and respectful friends of one another, you know the intellectual depth of each other's capacity. Rich and I have tried respectfully to ask questions we thought that you both could play off of but we've just scratched the outer periphery. Would you, John, ask Spencer the one question that Rich and I probably should have because it would probably be the homerun, grand slam conclusion and then Spencer, would you ask John the question that we should have asked but didn't know to do and then we just want to basically wrap up but that would be very, very gratefully appreciated, I know by myself but I think also the listeners.

Spencer: Can I ask my question of John first?

Jay: Sure.

Spencer: How did he get to be a tenured professor at only 28 years old at Harvard?

John: This is an extraordinarily good question. It would be absolutely obnoxious of me to say anything about astonishing talent and hard work but as good luck.

Spencer: I've really come to respect John great. I'm so glad that we met after we became aware of each other's books and John invited me to come and consult with him at Harvard to the Business School. It has been a real privilege to get to know him.

John: If I'm supposed to ask a question, I'll be a little more serious. You've already answered this question about four times, Spencer, but sometimes it's useful to focus at the very end. If you had to go down to just one single –

Spencer: I'm laughing because that's the question I was going to ask you.

John: I got a way, ha-ha.

Spencer: No, no, I'm going to ask you at the end.

John: No, you've asked your question.

Jay: You guys are funny.



John: We go off the air immediately after this.

Jay: We'll give you a bonus.

John: What would be that one piece of advice you'd offer to the folks that are listening to us?

Spencer: I would say make a friend of the truth. That's been my biggest ah-ha that took me many years to get. I think it is the thing that has added the most to my life I would say in both the business and in a personal sense. I used to always try and rearrange reality to make it different than what it was or something but I would say to make a friend of reality and realize the truth will set you free and the challenge is can you see the truth and can you build your plans on it? That would be the one thing that if I couldn't do anything else and somebody left me with only one tool that would probably be my tool.

It's interesting, John, because I really was going to ask you, you've written so many books and you have eight steps in an organization that – I started laughing when you said what is the one because I was going to ask you what is the one—if there were only one—and I know your mind is so complex that you can hold a lot of ideas at the same time but if there was one thing in your studies of companies watching how business has succeed or failed. If you were talking to the head as we are now of some companies, what would be the one most important thing either to avoid failure or to create success?

John: Lead, and I know that sounds trivial but the reality is most businesses are run by people who know how to manage their operation who don't think in terms of leadership which is literally is the same as what great figures throughout history do just on a smaller scale. It's the get the vision right and get people onboard and kind of mobilize them to action, not the systematic little planning and budgeting and staffing and [break in audio] which is so important to keep the operation managed.

So, get out there and lead more and lead better. It'll pay off hugely anytime but especially in these times.

And my second recommendation - I can get away with two is – and this is going to be so self-serving that some of you are going to want to



throw up but never-the-less, one simple very concrete, must more concrete than the answer I just gave, exercise that I've seen mostly people do with Spencer's books because of the nature of the kind of books that he writes, is to find a few copies, pass them around to your 4, 5, 10, 50 employees and it only takes 30 to 45 minutes to read these things and then get together all of you or in groups and ask yourself what does this mean for us?

It is amazing the kind of conversations you can sometimes generate that simply don't happen easily if you just went in and asked people for their opinions about things or started quizzing them on what you should do different or putting pressure on them. Very simple exercise, pick something. I think Spencer's new book "Peaks and Valleys" and "Cheese" are both beautiful examples we've had it done with my fable "Our Iceberg is Melting", very simple, very concrete, pass the book around, have everybody read it, get them together and let the conversation just take its own course and it's amazing what can sometimes happen with that and I admit now that was self-serving.

Spencer: And then do - enjoy doing what you discover would probably work better. I think the key is to enjoy it. Enjoy doing those things and if you're working as a team and you have each other's interest at heart, you'll find other people who will enjoy joining you after you lead; they too will enjoy doing something. As we talked about earlier, I think one of the challenges today is to get people out of being the deer in the headlight and to start doing things that will make them successful and enjoying it.

Jay: Both of those are exceptional answers. You really aren't self-serving. We believe that the most undervalued resource out there is a book that somebody puts so much expertise and passion behind. Basically, if people would read it together and discuss the implications and then the actions, I agree with you, John, I think it is a profoundly simple but an enormously and disarmingly potent action.

Last question and it is just an epilog because we want to honor both of you. We're so delighted, pleased, just overwhelmed at the contribution and the fun that you've given us and that makes the medicine go down so much better.

How does somebody who wants to get more directly in touch with your website, access, whatever, because you both have - Spencer's



book is just out and it's a wonderful read. I bought it the first week it was out and it was quite impactful. John has so many books you might tell them your recommendations of an order if somebody, knowing that it is an entrepreneur that might be in their best interest but tell us how to connect with you, please.

John: The easiest for me is, I suppose, is to type in Kotter (as in welcome back, John Travolta, the story of bursting onto the scene) maybe put a John in front of it and on the Internet and I suspect our website will show up and then it'll show all the books with a few comments about each of them. We're also open—I think you can email through that. We're open to email anyway and all you have to do is remember Harvard Business School because then it is jkotter@hbs.edu which is universities as you know.

Jay: Great. Thank you for that. Spencer?

Spencer: I tend to be a bit of author hermit so I suppose the best way would be to go on www.peaksandvalleys.com. There's a community there. You can read other people's experiences and share your own. I think that is the most valuable. I agree with John and what you just said, Jay, that discussion with others – I like to put ideas out and share ideas with people and then I like people to take them up and be their own. As you may have noticed, I don't have my picture on my books and I like to be sort of apart from the world where I can think and reflect and observe. I think it's more powerful if people talk to each other, share ideas with each other and apparently the people at Simon and Shuster who have created this www.peaksandvalleys.com have created an opportunity for people to do just that.

John: For the record, he doesn't have his pictures on his books. The problem is not that he looks like Igor; he is actually a very pleasant looking guy.

Jay: You guys are funny. They're going to have a lot of things to talk about this weekend. We're very grateful for not just the time but the open and unhedged contribution. You've both given mightily and in collaboration, I'm just very appreciative for everyone listening. Thank you both, Rich—

Rich: Ditto, Jay. This is obviously an incredibly important issue that is make and break for entrepreneurs and so we all really appreciate the work



that you do in your books and also taking that further here and really laying out for entrepreneurs a different perspective on how best to deal and thrive during change so thank you for that.

Spencer: I want to congratulate you guys on creating such an interesting network. You are taking technology and going beyond anywhere that things have been in the past, where we can share ideas with hundreds of thousands of people. It wasn't that many years ago that this was impossible. So, it really suggests that there's a lot of potential.

I remember when I first met John Kotter I was intrigued with his idea of creating a hundred-million leaders which I thought was a little impractical but I've learned over the years that is very doable. And if each of lead, we can do some pretty remarkable things. So thank you for the opportunity.

Jay: Thank you both.

Rich: My pleasure.

Jay: Wow, well that was a very appropriate, stimulating and provocative conclusion to a rather intriguing nine panel journey you spent with us so far. Rich, I think I'm speaking for both of us. We went to great efforts to try to scour the business world, identify the most meaningful, the most impactful, the most strategic business experts, authorities, authors, players, if you will, we could possibly identify. We're very proud we persuaded them, each and every one, to participate openly and generously on these panels.

We think the ideas, the strategies, the recommendations, the thoughts and perspectives that they shared were extraordinary and we're very proud to have brought them to you in a way that you probably never, ever would have had available. But, we've got a surprise for you don't we Rich?

Rich: Yes, we do Jay.

Jay: Do you want me to tell them about it?

Rich: I guess we have to or it wouldn't be a surprise.

Jay: Well, it would be.



Rich: It would be our secret.

Jay: So, it's really good. It's something very – we're actually excited about it. Actually more excited for you. We talked hard and long about this. As we went through each weekly panel with you, those of you who already signed up for the papers and those of you who were listening and contemplating, we surveyed different segments of the group. You may have been one of them who got surveyed, may not. We asked you some very straight forward questions about your business, your situation, your needs, your hopes, your dreams, your challenges, your goals and your opportunities and what we could do to better contribute, serve, make great successful business and profitable things happen for you. We asked you about how the League was making a difference.

The good news is we got laudatory comments about it, but not the bad news, but the heart-wrenching news was so many of you communicated to us that you were really impressed by the really big strategic distinctions and shifts in thinking the League panel interviews got you aware of and moved you to recognize. But, and it's a big but, given the circumstances of your business, given the size, given the place you were at right now, and given what the economy had done, you needed even more hands on, more direct, more immediate financial payoff, more cash generating, more traffic generating, more traffic conversion, more direct and immediate activities, guidance, tactics, techniques that would help your business make more money, more quickly, easily right now. Many of you didn't have much of any capital and you were trying to figure how to accomplish you financial goals without it.

Rich and I talked extensively about it. Obviously, we didn't do this service because we did not care, we did it because he and I cared passionately about bringing to small and medium, start-up entrepreneurs, business owners, online/offline marketers alike, something more valuable than anyone else has made available. We think the League served a very meaningful portion of that, but upon really studying what you and your business so (I don't want to say desperately), although some of it is desperation, but most of you it's an immediacy of payoff. You need activities. You need tactics that will give you a payoff right away.



Rich and I talked and we made a decision and it's an extraordinary, positive one for each and every one of you who are already paid members. It's actually equally as exciting and potentially richly rewarding for each and every one of you who have not yet become members. Here's what it is:

Effective today, you paid members of the League just got, not just upgraded, but super-upgraded at no cost additionally whatsoever.

Rich, for the last year, has been offering his internal clients only an extraordinary, multi-faceted group coaching service called the Founder's Club. The Founder's Club was created by Rich to move entrepreneurs from frustration to certainty, from confusion to clarify, from inaction to action, from financial need to continuously compounding and multiplying cash flow. He created it to really be a lot more things for people in your situation than we originally created the League.

The League was to bring you these incredible, big, sweeping business-thinkers, many of them big strategy minds, to give you a huge shift and we did that. But, many of you need tactical, transactional, implementable things you can do right now and the Founder's Club provides that.

So, what we have done is in a bloodless coup, we have integrated the foundational best elements of the League into the Founder's Club. Now, those of you who are paid members of the League, you just became charter paid members of the Founder's Club. Those of you have not yet joined the League, now you get the chance to become charter members of the Founder's Club.

What does this mean? I means that starting today, those of you who are paid and those of you who decide to join, will be able to be supported on a monthly basis in a multiplicity of immediately profitable ways. First of all, you'll get two separate webinars a month designed to focus on activities you can put into play and implement immediately to put more money, profit, sales, traffic, conversion into your business bank account. Those are just two – two webinars. Webinars are not just audio. They've got all the graphics, all the physical things you need to view to make the message, make the guidance, make the direction far, far, far more usable and actionable



and implementable and thus, result-generating for you. That's what you told us you needed – results right away.

Second, and this is something Rich – and I'm doing all the talking, but I'm going to hush in a minute. I'm just so excited about it and I'm going to let you embellish or clarify.

Rich created the Founder's Club in a very unique basis. He thought that a monthly advisory letter that guided you to actionable things in a very comprehensive way was really needed. There's a lot of light and airy newsletters out there, but this is not a newsletters. It's a 12-page average advisory letter that walks you through, action by action, step by step, philosophy by philosophy the what to do, the how to do, the where to do, the why to do of activities that will put, again, more money in your bank account right away.

Every other month you get an advisory letter and again, it's about 12 pages and Rich will correct me. Maybe it's 14. In the corresponding months in between, Rich sits down for days and days and he methodically, painstakingly expounds on paper his most important, latest thinking on the most significantly actionable break-through opportunities of importance to small, medium-sized entrepreneurs and start-ups in the organization. We're not talking about theoretical stuff. We're not even talking about big, sweeping, strategic stuff. By in large, we're talking about the kind of stuff you told us you most needed; ways to raise or get money or things to do if you no money; business-building activities to increase business profits; plans to follow; online/offline presence enhancement processes; traffic building; traffic conversion; preemptive marketing; ways to get increased access to the right categories and sources of buyers and customers and clients; how to do JV deals and find partners; building and growing your customer list offline and online with limited or no capital. You're going to get consulting and mentoring disseminated in the form of Rich's agile mind and Rich and his staffs advisory take on what you need to do right now. It's designed to increase your sales; increase your customers, referral channels, lead generation, bottom line profits. But that's not all. Do you want to tell them about the forum Rich, because I won't do it justice.

Rich: Well, there is a forum there. We have a lot of different entrepreneurs who interact. Primarily, the whole program is really designed to move people through the evolution of being an entrepreneur to



ultimately building a business that can run without them, that can grow without them. All the things that Jay mentioned are included plus all the front end products from Strategic Profits because really what we created the Founder's Club for was so that we could have a relationship and help grow our client's business over time in a very step-by-step process where you're getting the letter from the team here at Strategic Profit about what's working now. You get the reports from me about the bigger ideas that you can implement in your business that will immediately that will make a profound different and then those two webinars each month that are very tactical based – pay-per-clicks, organic search, email marketing, list building, etc.

It all comes together in this online atmosphere where other entrepreneurs and you can get together, watch these webinars, watch these front end products that we've put in there and really grow your business in a step-by-step way that allows you to take it as – each step as you're ready to take it. It's gotten amazing results in the short time that we've really been leveraging it and using it for our clients. As Jay said, we haven't released it yet to the public, nor do we plan to in the short, immediately future, but this has been really one of the bedrocks of our business for the last year or so and we're just really excited about it – really excited about having League of Extraordinary Mind members join us and grow their businesses as well.

Jay: And Rich there's a couple more things that I need to tell them because I'm more excited even than they'll probably be until they realize how exciting this is.

Rich sells the webinars separately for \$50 apiece and there's two of them each and every month. The reports he sells for \$50 apiece and there's one of them every other month. The advisory service he sells for \$50 if you're going to buy it just by itself and you get that every other month, but he's also going to incorporate the League format too. Once every month, you're going to be able to participate on a high-level panel. But, instead of calling them the League, he's going to call them what Rich, because I like them even better. You got a cool name- Legends of (you fill in the blank) – Legends of Online Traffic – Legends of Direct Marketing – Legends of Website Copywriting – Legends of Email Marketing – Legends of Pay-Per-Click, Legends of....and that's going to be included and it will never cost you a cent more than the \$47 dollars a month on a month-to-month commitment basis that



you've already made – those of you who are already League members to the League, and those you who aren't because we want to be so invested in you, it will never cost you more than \$47 to be a member if you take advantage of the offer being right now. You've got a week or so that it's still going to remain valid and then if you want, you're welcome to go in the outside market in a year or so. But, Rich is really only extended this heretofore, to his own internal clientele.

I'm very pleased and proud it's going to be part of you. There's two reasons that he and I are doing this. He's doing it in the quorum of the Founder's Club itself and now incorporating the League into it because Rich, to my great delight and admiration, practices the strategy of preeminence. He is committed to being one of your absolute, most trusted, specialized business advisors for life. He wants to go through all the growth with you. He wants to get you stabilized, profitized, monetize all your activities; move from struggle to certainty to success to extreme success to obscene success and then take you into all kinds of other areas as you go. He has a lot of other services; a lot of more expensive services. But he knows you would never avail yourself {audible} is first level of interaction with you.

The Founder's Club kept paying off month after month after month in multiple ways you can't even fathom yet. That's why he says any month it doesn't, you're welcome to stop and you'll owe nothing further. That's why I really think those of you who haven't signed on yet for the League are in for an extraordinarily, multiplied and wildly profitable treat when you take advantage of the next week open window to join in the Founder's Club along with Rich's other private clients.

There's another couple of things we want to say and then we're going to bid you adieu. We tried really, really, really hard from the depths of our hearts to make an extraordinary contribution to each and every one of your businesses, your enterprises, your dreams, your hopes, your understanding of business growth over the last nine, ten or so months, excuse me weeks, that we've operated. Besides getting you all those experts, we got you Tony Robbins to start it off. We've tried to address a whole spectrum of areas. Now that we're upgrading you to the Founder's Club, we hope and we know that if you will embrace it enthusiastically, will act on what you learn, you will absolutely get those immediate payoffs you all told us you wanted.



But besides that, Rich and I hope that our demonstration of investing first and investing generously in you, your business, to gain your trust and your respect, will open the doors for us together and separately in the future as we make new and specialized offerings of resources and services and tools that are designed to make your business perform better. We hope you'll take advantage because everything we will ever offer you will be offered with the most generous of terms that'll be letting you take fullest advantage of the performance before your commitment will be binding on your part. We'll always be mindful of what you've told us is really important to your business right now; maximum profits in the shortest period of time from the least amount of effort, time, money and expertise. You need to be able to find those things that work almost in spite of your expert understanding. We're focused on those. They do really exist as you'll see with the different offers we make to you in the months and years to come.

It's been my great honor and privilege to be in association with Rich and to be in association with all the really rarified, stratospheric minds we have had the great privilege of interacting with, introducing you to and sharing these calls. We hope this is just the beginning of the journey to profitability, prosperity, growth and success if we can help engineer and pilot and contribute to for your business for a long time to come.

Rich, you got anything you want to say?

Rich: Just that I agree with everything that you said that it's been a real honor to work with you on this project and also just to work with all the different experts that we were able to involve in this project. I've learned a tremendous amount from the experts and it's made a difference in my business as well as the way I conduct myself in my business and what I'm focusing on. I'm proud of what we've done here and I'm excited about what we're doing now as far as moving people into the Founder's Club. It's just overall been a great experience and I hope it's been as great for everybody who is listening now. Both Jay and I look forward to working with you again in the future in helping you grow your business. That's what we're all about. It's been a really fun and interesting and insightful and educational journey that we've gone on together over these past weeks as we did the League. I just hope to speak to you guys again real soon as we stay in communication and help you grow your business.



Jay: Rich, it's been really fun. All of you, it's only starting off. This reminds me of a fun movie I watched right when I first met my wife and we were on an airplane. It was called Remo Williams the Adventure Begins... it was this incredible guy – this incredible life and he was in all these adventures and wonderful things and I say to each and every one of you particularly each and every one of you that get's actively committed to being a member in the Founder's Club – the adventure is only beginning for you. Thank you Rich.

Rich: Thank you Jay and speak to everyone soon. Bye-bye.

Jay: Bye everyone.

*****END*****