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Swim With The Sharks Without Being Eaten Alive by Harvey Mackay

Page 35 It's Not How Much It's Worth, It's How Much People Think It's Worth

Yet in about as much time as it takes to say "the Amazing Ghermezians," door after door is slammed in their faces, and the governor quickly backpedals and withdraws his support. It is all the result of a simple mistake in the public-relations approach to the deal: In order to supply something, you must first create a demand.

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Marketing is not the art of selling. It's not the simple business of convincing someone to buy. It is the art of creating conditions by which the buyer convinces himself. And nothing is more convincing than hard evidence that others want the same thing.

Knowing Something About Your Customer Is Just As Important As Knowing Everything About Your Product

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Identifying the customer does not mean that you make your pitch to that customer. Selling the governor in this case was easy. . . too easy. What the Ghermezians should have done was first build a support structure of "influencers" around that governor--the press, the unions, popular opinion,

his own party, and so on--before pitching the main main. That involves a professional PR effort: stories extolling their already successful mall; leaks about competing cities plotting to sweep the Ghermezians into their fold; orchestrated demand for the product from leading opinionmakers. None of this groundwork was laid. Unfortunately (for the Brothers Ghermezian), once the governor discovered he had no crew, it was time to abandon ship.

The 66-Question Customer Profile

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For anyone who feels that this kind of reconnaissance smacks of Big Brotherism, remember the truth about buyers: They come prewired to regard your proposition with suspicion and cynicism. That's their job.

It's your job as a salesperson to neutralize these feelings so your product can get the fair hearing it deserves.

The "Mackay 66" Continued: War Stories

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Flip back to the 66 and look at question 5, "Birth date and place _____ Hometown _____." "So," you say to yourself, "Mackay counsels sending customers a birthday card? Big deal." Wait a minute. Sure, the customer gets a birthday card. But there's more. Remember as kids we had an intuition never to ask for something if our folks were in a terrible mood. But when we

sensed they were content, we'd hit them up for whatever the market would bear. Timing's everything, isn't it? At our company, we have our customers' birthdays on computer, and they get a birthday card, of course. But guess what? That buyer also gets called on in person--and asked out to lunch--when that special day of the year rolls around.

It's not too surprising occasionally to see our sales break the sound barrier on the same day our customer is celebrating a birthday. As for the hometown of the buyer--it's the source of an endless supply of news clips to mail in. And you don't even have to clip them yourself. If it's worth it to you, subscribe to a clipping service--or pick up that hometown paper occasionally. To be armed with knowledge about Hometown, U.S.A., gives you a subject customers can talk about eight days a week.

Business background. Question 22. "Any 'status' symbols in the office?" is a good question to key on. I called on a Fortune 500 company in New York--having learned that the most important reading a salesperson can do is to read the wall of his prospect's office while waiting for him to get off the phone--and noticed a picture of the company president awarding the buyer a certificate for writing a position paper on unemployment. A week later I sent him a book on unemployment. The orders have never stopped coming.

Three years of hard work with no results--and to be truthful, it took another year before she even asked me to bid a job--and two more before we got an order. Six years. But it was the 66 that did it, and the business we've done since then made it worth the wait.

The payoff: The proof is in the envelope. Not the Mackay envelope. The pay envelope. Mackay Envelope's salespeople earn more than double our industry's national average. There's just one reason: the Mackay 66.

How To Handle The Tough Prospect

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All right, you've done all that, you've talked to T.P., you've sent him little love notes for two years, mailed him a million boxes of apricots from The Fruit of the Month Club, and you still haven't gotten even a whiff of an odor. So what? Be patient, you will. You have positioned yourself in the best possible spot you can be in: Number Two, and a very strong Number Two, because no one, including Number One, is going to half the trouble you are to keep this account aware of your interest.

If You Don't Have A Destination, You'll Never Get There

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One of my good friends gave me her definition of a goal, and it's the best one I've ever heard. "A goal is a dream with a deadline." Write yours down--because that's the only way you'll give them the substance they need to force you to carry them out.

Believe In Yourself, Even When No One Else Does

A few years ago, in New York, I stood at the finish line of the Fifth Avenue Mile and watched thirteen out of thirteen runners break the four-minute mile in a single race. In other words, the runner who finished dead last would have been regarded as having accomplished a few decades ago.

What happened? There were no great breakthroughs in training. Human bone structure didn't suddenly improve. But human attitudes did.

Think about the stonecutter: He hammers at his rock a hundred times without denting it. On the hundred-and-first blow, the rock will split in two. You know it is not that blow that did it but all that had gone before. You can accomplish your goals. . .if you set them. Who says you're not tougher, smarter, better, harder-working, more able than your competition? It doesn't matter if they say you can't do it. What matters, the only thing that matters, is if you say it. Until Bannister came along, we all believed in the experts. Bannister believed in himself. . .and changed the world. If you believe in yourself, well, then, there's nothing you can't accomplish. So don't quit. Don't ever quit.

Fantasize

There was a study on concentration camp survivors. What were the common characteristics of those who did not succumb to disease and starvation in the camps? I met a man named Victor Frankl who was a living answer to that

question. He was a successful Viennese psychiatrist before the Nazis threw him into such a camp. "There is only one reason," he said in a speech, "why I am here today. What kept me alive was you. Others gave up hope. I dreamed. I dreamed that someday I would be here, telling you how I, Victor Frankl, had survived the Nazi concentration camps. I've never been here before, I've never seen any of you before, I've never given this speech before. But in my dreams, in my dreams, I have stood before you and said these words a thousand times."

Dream on.

Agreements Prevent Disagreements

Every now and then you'll find yourself dealing with one of those country cousin types who says he doesn't want a contract and "your word is good enough." Maybe yours is, but his usually isn't.

One of those arrangements taught me a lesson I'll never forget. I had a handshake deal with a man I hired. He agreed that he would not seek other employment for two years. After a year, a better offer came along, and he was gone. He said that he remembered that we had agreed on only one year. How could I prove he was wrong? I couldn't. Now what I do when I make a deal with one of these country cousins is send a letter that same day in which I: 1) thank him profusely for his courtesy and 2) set out the terms of the deal: "As I understand our agreement, I have agreed to. . ."

The Single Greatest Mistake A Manager Can Make

He said there are four things you need to do to build a successful business. One: Find the capital. Two: Find a favorable environment to employ it. Three: Hire the key people. And here's where he took a long pause and said, "So far, I'm not telling you anything you didn't already know, because number four is the important one. Then you've got to know when to get the hell out of the way. That's the hardest part, but that's the one that will make you rich."

We have a sharp young person in our firm who could easily have been a great success on his own, and he had reached the point where he realized it. Just in time, we furnished him the capital and the infrastructure to manufacture his own speciality line as president of Minnesota Colour Envelope Company, a Mackay Envelope subsidiary. Sure, it's not as profitable for us as it would have been if he'd been content to stay on as an ordinary employee. But that wasn't the alternative. The alternative was losing him and winding up having him as a competitor.

When A Person With Money Meets A Person With Experience, The Person With The Experience Winds Up With The Money And The Person With The Money Winds Up With The Experience

What I did learn was that I had to be ready to make very rapid midcourse corrections in small things to keep my major business objectives intact.

Or, as my father taught me, "It doesn't matter how many pails of milk you spill, just so you don't lose the cow." The end of the story is that I raised my prices so I could afford union wages.

In the years since I learned those lessons and took my first stumbling steps in business, Mackay Envelope has grown to over 350 employees, sales of approximately \$35 million, and modern plants in both Minnesota and Iowa.

You'll Always Get The Good News; It's How Quickly You Get The Bad News That Counts

According to Ken Macke, Dayton Hudson CEO, every major executive at Dayton's still goes up and down those eleven floors the same way every day--by escalator. That isn't just walking the stairs. That's minding the store. The mark of a real pro, no matter what the business, is recognizing that the absolutely best business information you can get is never found in a report or other secondhand information. It's a steady diet of nose-to-nose constant, immediate, unfiltered feedback from your customers and employees.

The Time For The Renaissance Man Was The Renaissance

Most organizations and especially manufacturing companies need both these talents: the salesman who brings in the business and the manager who knows what to do with it. But you'd be surprised how many businesses there are where they either don't understand that those two talents seldom run together in the same person or where destructive conflicts between the inside types and outside types end up tearing the place apart.

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The New York Times Magazine had an article about the turmoil at Lehman Brothers, a Wall Street investment banking house. A rough-edged Mr. Inside, Lew Glucksman, succeeded in driving out their Mr. Outside, Pete Peterson, and within a year this proud, hundred-year-old firm was swallowed up by Shearson.

Glucksman thought he and other inside types could do it all. He found out otherwise.

"Usually the pitch for the stock is made by the company's Mr. Outside," says the stockbroker, "but if there's no Mr. Inside up there at the speaker's table, wearing a brown suit with sleeves two inches too short, I pass on the deal. The same if the shrimp on the buffet table are as big as your fist

and the Scotch is the really good stuff, 'cause that means there's no product there. No manager that's worth anything or has any clout would let the company buy Johnny Walker Black for a bunch of stockbrokers." He says it hasn't failed him yet.

I'm not a Mr. Inside. I can't do it all, but it took a long time for my ego to accept that. When I did, I went out and hired a key man to run my plant and made him the president of the company. He does a much better job of it than I ever could. But conversely, I'm a better salesman than he is. There's another side benefit to dividing the inside and outside roles.

It Isn't Practice That Makes Perfect: You Have To Add One Word: It's Perfect Practice That Makes Perfect

Look at the great athletes and musicians. There are no walk-ons at the Super Bowl or Carnegie Hall. . .or in corporate boardrooms, for that matter. The level of performance in those exalted places is only partially a reflection of talent. There are two other qualities that are indispensable in making it to the top: expert coaching and iron determination. Let's start with coaching. Only we'll call it teaching.

Forbes described a classic example recently: Howard Johnson's. I grew up in an era when Howard Johnson's had the fast-food business pretty much to themselves. But instead of plowing enough of their profits back into research. . .developing new markets. . .anticipating trends in consumer attitudes. . .Howard Johnson's stopped learning and laid back thinking they had it made. They found out that they didn't.

You can apply that lesson to your own business. Hire people who are still learning, people who feel that learning is a lifelong process, either in the classroom, the office, or at home. Encourage your employees to learn by paying their tuition for them. Develop a business library and stock it with written materials and video and audio cassettes. Show them you want them to grow--and your business will grow, too.

Trust The Experts. . . To Be Wrong

There are two types of experts, and it's very important to be able to distinguish between them: There is the expert who can make something happen, and there is the expert who can tell you what he or she thinks is going to happen. Get all the advice you can afford from the experts in category one, but be very, very cautious about the category-two types.

Give More Conventions And You Can Give Fewer Raises

Most businesses aren't very glamorous. Envelopes may turn me on, but to most people in the endlessly exciting envelope game, it's just a job. If you want to goose up the morale a little bit among your middle managers, give them some unexpected recognition. For most people, bragging rights are just as important as money.

Send a few key people to a convention or a seminar or two. Give it the full treatment. Call them in unexpectedly, tell them the company hasn't had that great a year but you want to recognize their superior performance by sending them to such-and-such a school/seminar/convention. If you're ready to give

the person even more of a boost, throw in a ticket for the wife or husband. They're to report back on what they've learned, of course, but make it clear you really selected them because they are just the sort of person you want representing the company, and you want to reward them for it. Then send out a memo announcing exactly what you just told them, or put it in the house organ.

You've accomplished several things: You've told your people you notice and appreciate good work, and you've created a performance incentive without locking yourself into a costly and ever-escalating program. That, of course, is all in addition to your existing recognition and awards program.

How Many Salespeople Do You Have?

There are two very simple signs I want to tell you about. You won't find them at the novelty shop or the cutesy sign store, because I made them up myself. One hangs on the door to my office. When the door is closed, you come eyeball-to-eyeball with it. It says, "If you know where you can get us some business, come in." The second sign is on the little round table in the conference area of my office. It says, "Our meeting will not be interrupted... unless a customer calls."

Knowing When Not To Work Hard Is As Important As Knowing When To

Curt Carlson, chief executive of the privately held Carlson Companies, which includes the Radisson Hotels, the world's largest travel agency, and the Country Kitchens restaurant chain, started selling premium stamps out of the

trunk of his car and ended up with one of the nation's great fortunes. Forbes magazine estimated his wealth at \$500 million. He has a very simple philosophy about work. He says the first five days of the week, Monday through Friday, are when you work to keep up with the competition. It's on Saturdays and Sundays that you get ahead of them.

Owning 1 Percent of Something Is Worth More Than Managing 100 Percent Of Anything

One day, the nuts-and-bolts man came upstairs and asked for a piece of the action. Not a particularly large piece. In fact, even 1 percent would have been adequate to satisfy his hunger for security and prestige, the need to feel he was an owner and not a mere hired hand.

But the entrepreneur, the man with Space Age marketing vision, also had Stone Age labor relations attitudes. He refused. The manager left.

Our entrepreneur didn't realize that any business relationship in which one party has an obvious edge over the other won't be to the advantage of either because it won't last. Although the franchise hasn't exactly fallen on hard times--it's next to impossible to lose money in that game--the entrepreneur has clearly lost his touch.

The next manager he hired turned out to be even more demanding and a shrewder corporate politician. Now the entrepreneur is trying to keep from being thrown out of his own business entirely.

I wonder if he ever thinks back about that meeting of years ago, when, if he had only been willing to give up just 1 percent of his franchise, he never would have faced the prospect of losing it all.

These days, if you expect to keep your business, you'll need professional skills to run it, and the people who have those skills are likely to be just as aware of their value as you are.

They expect a piece of the action. You're going to have to give it to them or risk losing them, and possibly something much more important.

You Can't Solve A Problem Unless You First Admit You Have One

One thing professional stock and commodity traders learn early is that they don't give away medals for courage in the marketplace. There is only one reward the marketplace has to offer: money.

If you're not making any, bail out. Quickly.

I Have Never Seen A Bad Resume

Just recently we ran an ad for a salesperson and received 135 resumes. Thirty were screened through initial interviewing, and I interviewed the eight

finalists--and rejected all of them. We were back to square one again.

Searches for our firm may take thirty days to two years. "But how can that be? How can you tolerate unfilled vacancies for that long?" I've been asked. First, we plan our needs so we aren't backed up to the wall when any one person leaves. Second, I've been in business twenty-seven years and I've been "open for hiring" fifty-two weeks a year for twenty-seven years. When anyone really solid comes through the door, they have a job--even if we don't have a place. That gives us bench strength. Third, our selection process is so rigorous that our long-term retention rate is well above 80 percent. Getting hired by Mackay Envelope is like a battlefield commission. It generates pride for the recruit and for the entire work force--which sees real evidence that management is doing its job.

I'm not going into the techniques of interviewing a candidate. Much has been written on that by specialists elsewhere. At Mackay Envelope we have a ten-step hiring process that I do think is unique and useful. Sure, we don't use all ten steps for every new hire, but we use more of them than you might think. If it sounds as slow and as painful as the Chinese water torture, imagine your pain at the other end if you have to fire someone you mistakenly hired. Then the investment doesn't look so bad.

What's The Best Way To Save Time?

Spend more time on time management. You're in as good a position to save time as your richest and most powerful competitors. Over a lifetime, it's incredible how much time you can save, and the advantages you can achieve, while you're

sitting on your duff in your car. For example:

1. Put a phone in your car.
2. Always park ahead when you make a call on a customer or prospect.
3. Always park your car in a getaway position.
4. Use the car's cassette deck to listen to tapes that teach you something, instead of turning in the usual babble on the radio.
5. Never travel without a tape recorder at your side so you can "write notes" to yourself while you're driving.

Add a few noncar time-savers to that list:

6. Drop that tape recorder into your coat pocket and keep it by your bedside. You've now doubled the number of hours you can be getting ahead of your competition.
7. Always carry something useful to read.
8. Never go to the bank during the Friday lunch hour.
9. Never have coffee with another salesperson, only with a customer.
10. Just for the hell of it, for an entire week, substitute reading a business publication for the time you spend reading the sports page or the variety section.

Don't Get Mad And Don't Get Even Either

If you can't take the best advice and forgive your enemies, then take the second best and forget them. The only way you can achieve true revenge is not to let your enemies cause you to self-destruct.

Don't Be Intimidated By A Reputation

Von Clausewitz, the great military strategist, observed that it is the mark of inadequate commanders to fail to seize the initiative because they overestimate the strength of their opponents. For years, General Motors and IBM dominated their industries despite critical deficiencies. The companies that should have been willing to fight them for market share really weren't competitors, just symbionts, looking for unfilled market niches where they could pick up a few crumbs that fell off the master's table.

When the competition finally came, it came from people across a cultural chasm so wide they didn't understand what it was that made these giant companies so wonderful, or from shoestring operators who had nothing to lose by ignoring the popular mythology.

It took the Japanese to show us how vulnerable GM was--and a handful of gutsy American entrepreneurs to do the same to IBM--and now both companies are being forced to earn their livings on the basis of performance. They didn't think they had to concern themselves with the competition. They do now. And so should the rest of us.

Gratitude Is The Least Deeply Felt Of All Human Emotions

You've heard it expressed before, both in the vernacular ("What have you done for me lately?") and in the classical modes ("How sharper than a serpent's tooth it is to have a thankless child"), but it still bears repeating: Don't expect gratitude to last any longer than it takes for the recipients to say they're eternally grateful.

We arrived where we are today because a number of people gave us a leg up along the way, but ask for a show of hands and 99.9 percent of us consider ourselves self-made men and women.

Hatred and even love endure, but there is in the human makeup that which is unwilling to bear the burden of being grateful, and therefore morally beholden, to anyone for very long. So whatever you do for your kids, your spouse, your subordinates, your boss, or your friends, just remember "You'll be a lot happier if you think of it as doing it for yourself. And then try like hell to forget you did it, because the beneficiary has."

Nothing Is Greater To One Than One's Self Is

How can you be any good unless you think you can accomplish what you're not supposed to be able to accomplish? Top performers in athletics or business are always convinced they can be heroes, even if they don't shout it from the rooftops. And it shows. In fact, baseball scouts call that look "the good face," the sense of self-confidence that radiates from winners.

Don't let the "egocentricity bias"/optimism be snuffed out in you. It's a hell

of a lot more productive than humility.

Put Your Memory Where Your Mouth Is

Nobody who started with nothing and ended with something got there all by himself. Once, long ago, someone saw a quality in you that made them want to give you a leg up. Would they feel the same way about you today? Be honest. If they wouldn't, if success has changed you, then it's time you got back to your roots. Whatever material things you have now could vanish just as quickly as they came. Better hold on to the one asset you started with--the appeal that caused other people to trust and believe in you. Stay in touch with your mentors. If you let yourself lose contact with them, chances are you're also losing contact with what got you where you are.

To A Normal Person, \$10 Million Will Seem Like Enough

"But anyone who thinks that's enough is not the type who can acquire that much in the first place."--James K. Glassman, magazine publisher.

How To Beat The Law Of Supply And Demand

Obviously, what they're doing is what the sports organization did, maintaining the illusion of demand regardless of supply. The lesson here is not that people are sheep but that in a capitalist economy, everything that is sold is a commodity, whether it's stocks, hard assets, season tickets, or restaurant seats. No one wants it if it's too easy to get; if they can't get it, if it's

in demand, then everyone wants it.

Marketing hasn't changed since we described it in Lesson 1: Our sense of the worth of an object is not derived from its intrinsic value but from the demand that has been created for that object.

There Is A Place In The World For Anyone In The World Who Says, "I'll Take Care Of It"

Forget about how you're going to do it. Since you're going to have to take care of it--that's what you're getting paid for--why not let him hear what he wants to hear: "I'll take care of it."

Babe Ruth got paid to hit home runs, and of course, he did, 714 of them, but the most memorable one he ever hit was when he "called his shot" and pointed to center field with his bat before he hit it there.

Call your shot. Saying you're going to do it before you do it, counts. It counts big. You've given your boss peace of mind. You're someone who delivers. Can you think of a better reputation to have in any business situation?

Make Believe Your Parents Are Right Some Of The Time

It's those broad, generalist skills, the ability to communicate in writing, speech, dress, and manners--all those boring things parents and teachers have been driving them nuts about all these years--that someday are going to keep your kids in designer jeans and off the unemployment lines.

There's No Future In Saying It Can't Be Done

The old saying is that "If it ain't broke, don't fix it." The people who make it big are the ones who fix it before it's broke. They force the competition to play catch-up ball. They make their own rules, and the others have to play by them.

A company called TRW has been running an ad in The Wall Street Journal that says it beautifully. It shows pictures of a lot of old-timers with impressive titles offering their sage opinions on the great issues of the day.

One of them is Harry Warner. He was president of Warner Brothers in 1927, at the time talking pictures were just coming onscreen. Mr. Warner's comment on this technological breakthrough was: "Who the hell wants to hear actors talk?" Then there's Robert Millikan, Nobel Prize winner in physics in 1923. He says, "There is no likelihood man can ever tap the power of the atom." The best one is from Charles Duell, head of the U.S. Patent Office. In 1899 he said, "Everything that can be invented, has been invented." What did all three of these gentlemen have in common? They were completely, dead wrong.

Tell your kids to take chances. The greatest advantage young people have is that without the financial and family encumbrances of older people, they have so little to lose by taking risks. So encourage them to try something new. Defy the odds.

They may fail at times, but to double their success rate you may have to double their failure rate. Just remember: The wheel is tilted in their favor, the system is biased on their side, because it is based on change. On destroying the old. They have a lot less to lose attempting to make a change than attempting to hang on to an old technology, and to the status quo, in a system that rewards change.