Episode 5: The Importance of Relationships

Introduction and Recap: Lazy Assets

Paul: Today we're going to talk about relationships and why they're important—not dating but in business. We'll talk about dating too. But anyway, our previous podcasts—if you haven't had a chance to listen to them, we encourage you to go back and do so. We talked about your journey over the years, sort of how you've gotten to where you are, your early childhood, sort of education and your parents, and we learned about lazy assets. Lazy assets are... Can you give me an example? Just a high-level example of a lazy asset?

John: Yes. If I look for lazy assets in companies as recently as yesterday. A newspaper president of the largest newspaper in Vermont, *Vermont Standard*, I was talking to him, and he was concerned about his company. The newspaper business is not a good business to be in. He's losing money and subscribers, and his company is losing value.

A lazy asset that he's got is he's got relationships with some 200 organizations that advertise with him. They are trusted. They like him. Of those 200 people, they all have websites. A lazy asset is, is there a way to help those people and improve his business as a result.

How about, for example, joining all those websites together to form a new website, Shop Vermont?

Paul: Okay. So, what you've done is you've is you've sort of looked at that organization, and you've said, "What assets do they have that really aren't doing as much as they could for the organization." And you identified these relationship, which we're going to talk about today, and say, aggregating them into a new type of website. Is that fair?

John: That's right. And I never want to pigeonhole too much on lazy assets, because it might be lazy assets that concerns around websites, but it might be lazy assets on relationships, it may be lazy assets on technology that the person has; it might be their customers; it might be their data that they have. All of those could be assets that could be turned into new business opportunities.

Recap of Disruptions

Paul: Right. So, we had a good discussion about that in a previous episode. I'd encourage you all to go back and listen to that, because a lazy asset is a key asset to really being successful, is to look at what you've already done and accomplished and leverage that.

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We also talked about previously, disruptions. What are disruptions in business? Just simply the definition.

John: Well, I'm glad you asked that question, because a little controversy that I'd like to say, Paul. You have these people that talk about entrepreneurism. And they say, "Disruptions!" Clay Christiansen and others, they'll talk about technology disruptions. Well, yes, it's obvious. You've got a disruption because the digital age came along, or the internet came along. That performed a disruption. But there are fundamental disruptions much broader than technology.

Uber has disrupted the entire taxi business. They took advantage of a lazy asset. All those people that are around there that just have automobiles that I can give jobs to and employment to. Wonderful, lazy asset.

Now, disruptions. I'll just take today. You've got Al-Jazeera, a major news organization. They're wonderful. They report globally. They've got high-quality people in there. What happened? They put $2 billion into their American operations. They're shutting it down next month. Why? Well, it turns out, not a technology problem. Turns out the price of oil dropped. The major funders for Al-Jazeera are the Mid-East countries. They turned around and said, "Whoops. We don't have the money any longer."

So, they cut someplace. They cut them out. So, a disruption in oil prices means that all of a sudden, Al-Jazeera in America is going to go out of business. That's a disruption.

I'll give you another one that occurred this month. How would you like to be a tourist business right now...in Brazil with the Zika virus? That's a health disruption that came in. Who could have predicted that? You've got hotel. Everything was going great. I've got the Olympics coming. Whoa! This is great. Boom! All of a sudden Zika virus, and let me tell you, if you're a young woman, are you going to go to Brazil?

Paul: Right. It's very dangerous.

John: And take the chance of having a baby that might be severely handicapped? I don't think so. Those are disruptions that are broader than just the technology.

Now, there's technology disruptions, government disruptions, environmental disruptions... But for an entrepreneur, every disruption is a crisis, but it is also an opportunity. And if you're an entrepreneur for a new company, that presents your chance for starting a new company. If an entrepreneur in an existing company, your disruption will be the opportunity for you to go into further greatness.

Paul: So, I guess to summarize, don't fear disruption. Embrace it. And turn it into an opportunity.

John: That's wonderful. That's exactly right.

Today’s Topic: Keep Moving to Relationships

Paul: Okay. Well, let's keep moving...

John: I find that interesting.

Paul: Isn't that clever?

John: That's true. That was clever.

Paul: I slipped that in there. Keep moving—Keep Moving Podcast. Let's talk about the importance of finding and keeping relationships. So, I know that there's a book that you recommend that almost everybody you hire—actually, everybody you hire, you recommend that they read that. What book is that?

John: It's Dale Carnegie's book. It's called *How to Win Friends and Influence People*. It's a classic in some sense. But it gives some keys to relationships. And relationships, in some sense, are more important than facts when you're dealing with executives. If somebody is going to deal with you and change for you, they've got to trust you. They've got to like you. That's the first thing.

Many technical people, certainly with an MIT background, jump over that step.

Paul: What do you mean "jump over it"? They just ignore it?

John: They ignore it and they start talking about their greatest thing they're doing. Or they turn around and start selling something right away. As a matter fact, what you might want to do—and I think Dale Carnegie say this, but if he doesn't, I'll say it—if you're having a sales conversation with somebody, if you counted up the words you say versus the words the customer is saying, you win if the customer said more words than what you said. Your relationships are going to be more important to establish a relationship with a person that's long-lasting, if you're going to be successful in selling, in technology, in anything you do.

Paul: So, is the relationship... I mean, I guess relationship is the word we use to describe the way you talk to people. One, a person talks to people and knows them and how they know them. So, how do you do that? How do you... I'm a technical person. As you've talked about—I don't know that you've mentioned it here—but what does a technical person do? Go ahead and share that about their footware.

A Hole in the Sock: How Tech Culture Can Put a Bad Foot Forward.

John: What a technical person does, as I say... We train technical people at MIT and culture to do this. I call it a hole in your sock. What that is, is most technical people will have this wonderful system. And the first thing they do, instead of talking about the wonderful system, they'll talk about what the difficulties are with it. They'll say, "The security isn't quite right." And, "Before I start the system, our performance is poor." Or, "I'm sorry. My viewgraphs aren't quite right here. I didn't have time to finish them." They've got beautiful viewgraphs. They've got great knowledge in there and everything, why do they tell all of this stuff?

I call it the phenomenon of "a hole in your sock." You're all dressed up perfectly. You've got a nice tie on, you've got a nice suit on, but before I said, "Excuse me, ladies and gentlemen in the audience. You ought to know I have a hole in my sock underneath my shoe. You don't see it, but it's there."

Paul: Why do you think we're compelled to do that? Because I've had that same reaction myself.

John: It's a cultural thing, and we reinforce it. If you're an engineer, it's not good enough that the bridge works 50% of the time. If you're a physician, it's not good enough that your operation is 20% successful or 50% successful. It is... You have to be...

It's not good enough, if you're an engineer or if you're a doctor, to be 20% successful. You have to be 100% successful. So, we train a culture that says, "If there's something wrong with it, you've got to tell us now." That bridge has got to work every single time. It can't be 50% of the time. Trucks go over it. They're going to crush the bridge. So, it's a cultural thing that we are so concerned about the perfection. For an engineer, I use the expression, "Perfect is the enemy of good." If you're an engineer or a physician, it's got to be perfect.

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Now, if you're a Harvard Business School graduate, and you want to start a company, 50% of the time you'll be successful, that's okay. If you're Ted Williams, and you're hitting home runs, 50% is great. It's not good enough if you're... So, our culture forces you, as technical people, to watch out for the things that are wrong.

Paul: That's interesting, because they way I've felt about it is I didn't want to say something—"This is the fastest word processor ever written"—and then somebody tests it and find out it wasn't, and then they discredit me.

John: That's right. There's also a courageous sort of thing. That is, we don't like, in our culture, to get criticized, in certain cultures more than others. Go to Japan, you commit ‘harikari’ before you get really criticized. However, for an entrepreneur, he's going to get criticized all the time. He's going to say, "That won't work."

We talked this morning about the Harry Potter book. It was given to 30 publishers before it was finally accepted. It turns out you're criticized all the time. A person has got to have passion in him. Passion, passion, passion, and realize the first thing that's going to happen when you present an idea, somebody is going to say no to it, and somebody is going to criticize it.

It's okay if you believe it. Then what you do is you take that advice, and then you modify it in some way. But with passion, you have to believe.

The Context of Relationships

Paul: Interesting. So, we're now talking about this in the context of relationships. Because it sounds like we're peeling an onion back, and we've got different layers here.

So, we talked about how I talk to other people and communicate my ideas. Typically, I'm going to say, "Well, this might work if this and this happen. And if this doesn't happen, etc.” So, I get all the-hole-in-the-sock thing. But now we're talking about... Dale Carnegie has some ideas that are actually how to engage with the person. What would you take away as the major things that Dale is saying in that book?

John: Well, I would take away two things in that book, and then one thing that I've added. Two things in that book that he says is that what does a person care about most is themselves. And if you remember that when you're talking to people, what you want to do is let that person talk. You want to draw out, find out what that person cares about the most, and then establish that relationship there.

Now, I translate that into, “How do I start a conversation?” If I ask most people at MIT, especially technical people, you have the senior executive, the president of Xerox, Chairman Paul O'Leary in front of you. What would you say to him? They said, "We don't know how to start." You have the president or the chairman of Samsung. What do you say to him? Good morning? No. You want to establish a relationship. You want to find out what he cares about the most.

I suggest that every conversation with an executive starts off, "What are your goals?"

Now, many technical people say, "Well, gee. I don't know. That gets a little personal. I don't know if I can ask them that." Let me tell you right now, every senior executive has an elevator speech on what their goals are. You say we their goals are, click! They'll to turn around and say, "My goal is to increase the profits of this company." "My goals are to be responsive to shareholders." "My goals are to increase the safety of my operation." They immediately tell you their goals.

Then the next question to keep them talking is, "What do you think is critical to achieving that goal?" And if it’s increasing the safety of my organization, training, processes, and procedures. They'll come out, and they'll say what's critical. Then you can then blend what you want to hear into that.

Then, what I always do is I say someplace in that conversation after now we're taught that way, is I say, if it's Christmas, “What's your dream, your personal dream?”

And usually out of that, I often get something from the family. "I want my child to go to a good college." Or, "I want my child to travel. I'd like my child to understand different cultures."

You find out what their personal goal is. And then from there, you've got a relationship. All the nuggets of gold are on the table, and you can pick up any one of them, and you can go from there.

Paul: Interesting. So, I'm supposed to go in, and I'm supposed to meet this executive. And I'm supposed to say, "Mr. President of General Motors, what are your goals?" Now, is that... am I asking for their pain points? Or I'm asking the things they want to solve? I'm just asking them what their goals are.

John: I would let them go from there. If you try to qualify it too much, then you're being a technical person. You're trying to get something exact. I don't care what they say, as long as they start saying something, and I can engage with them. So, if I can get too many qualifiers on it, then they'll have to think about it. I want to just say, "What's your goal?" And they can come and say it. Then later on the personal side, I say, if it's Christmas, "What would you like?" Anything is okay for them to come back with.

Paul: Now, I've seen you do this. And it is amazing to do. How would you, for our listeners, how do they start doing that? Do they just go out and do it? Do they try it with friends? It's a different way of behaving.

John: Well, it's interesting. The young people that work for me—I'll mention specific names—Sahil and Joshua. I've put them into business development. These people are 21 and 20 years old respectively. They've turned around in the past week, closed three major deals with major companies, Tingley, Stockpile, and they did it earlier with a company called DGreetings.

Now, what they do now is they start off, literally, they talk to the chap. "Good morning. How are you? What are your goals in your company?" They ask that right off the bat.

And often they come back, "Increased revenues, get more customer stickiness." These happen to be people who have major merchants that have websites that are trying to sell things. Stockpile is selling stock. Tingley is selling experiences around the world. So, what is your goals? They get back, "To increase revenues."

Immediately, they say, "What's critical in increasing your revenues?" Well, we have to get more users.

"Oh, would you like,"—now comes the close—"Would you like to turn around and get access to 10 million users?" What's their answer? "Oh, we have 10 million users, visitors coming to our site. Would you like to get access to them?"

"Yes."

"Oh, okay. Let's now talk about a commission deal." It's that quick. They're closing deals now within 20 minutes. They get a deal closed, or the merchant signs up by starting that way. Now, it took them a long time to get enough courage, chutzpah, confidence to do that. Because first of all, they didn't think they were worthy enough to ask that question. But people on the other end love to do that, because that's something they all know.

Paul: So, how would you change that? Let's say they didn't have 10 million users. That they were a brand new startup, brand new entrepreneur. They're out there in the field, trying to say... Talk to CEOs, executives to say, "I need you to partner with me," or however that's going to happen. How do you... That value proposition that you just talked about is a pretty slam-dunk. Okay. You've got 10 million users, why wouldn't I come to your site?

But if I don't have that, I'm a new entrepreneur in a new space, or even in a company, I've got this new idea, and I want to make it happen. How do you... What do you say?

John: First of all, I'm going to give you an overall thing. When you're brand new, brand new, the advice I give you is assets beget assets. What you want to look at is what assets you've got that you can get on top of that. So, you need—a brand new company—you need an early adopter. You need one person to say yes to you.

Then I can use that and say, "I've got all these other people." And you're right. The one I just said is a little more mature of a company. So, how do you get that first early adopter? You look at your assets. Who are your friends? Who are the people that they know, and is there one person some place that could be a target customer. A concrete example...

When we started SendItLater, we had to get an example merchant. Well, we didn't have any users. We didn't have any customers. We had nothing. No other users. So, I looked at the assets, and one of the chaps that I knew from Vermont had a brother that knew the executives in 1-800 Flowers. I then got him to introduce me to the president of 1-800 Flowers. And what's the first question I asked him? "What are your goals?"

And he said, "What I'd like to do is get more customers."

I then said, "What's critical to that?"

He said, "Well, we've got to find other revenues and other channels to go on."

I said, "How about if we turn around and, as an experiment, we won't charge anything for this, but we'll see." You have to make the barrier entry almost zero. So, there's no problem for the other person.

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"Let's try an experiment by which we offer to a limited set of users that we want, the ability to turn around and order your flowers and send them in the future. We'll see if it works. If it works great. If it doesn't, we don't."

Now, then, how do I get the users? All we needed was 20 users. Did we have 20 friends that would dial in to this site and order flowers? Yes. Then we report back to him on that, and then we went from there. So, you have to get that first early adopter, and make it so the barrier to entry is almost zero.

In Cambridge Technology Partners—which grew up to be a company we merged for $6 billion—our early adopter was Bob Crandall, president of American Airlines, and we noticed what his goals were, what was critical. He's told me that his goal was to have more efficiency in his airlines and cut costs. Well, what's critical to doing that?

He said, "It's our service systems. We're just not ahead of it all the times. We've got to schedule service when planes are landing and planes are taking off."

"How about joining your service systems with your reservation systems?"

He said, "That would do it."

"Let's try it free. We'll build a pilot first and see how you like it." How does he say no to that? It was his suggestion. It was his idea. He said yes. We built the pilot. He loved it. We then turned around and made a deal that he couldn't refuse. Namely, we did it all at cost, because we wanted to reference an early adopter. We got that as an early adopter, American Airlines, and the rest is history. We did the same thing over and over and over again.

Kings and Serfs. Finding the Kings and Winning with Them

Paul: Interesting. So, how did you, in that specific thing... I'm more interested in some of the details behind that. You made a pilot. Where are the edges of that pilot? So, in other words, it didn't do everything, because you would have needed to build the whole system then. So, you built... Did you build some of the functionality? Or did you tie in to some of the systems? Or was it a demonstration, or was it actually—I've got the hole in the sock. I'm the engineer—was it actually fully working? Or was it just a proof of concept?

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John: No. In an organization, you have to find out who are the kings and who are the serfs. You have to deal with kings. What technical people do is to go in and try to sell a technical solution to the technical people, like the CIO. If the system really works well, you're threatening who in the organization most? The CIO. You're doing something that he said he couldn't do, or why hasn't he done it, or you're coming in with a different technology that he doesn't know and doesn't feel comfortable with. Why are you selling to him? You want to sell to the king. Who is the king? And you have to identify in the organization who is the king. Well, clearly, the CEO is the king. That's nice. But the real kings are usually the marketing people, the people that are closest to the customers. You get them, they can drive it.

So, what do you want to do on any pilot? You want to get a marketing person or a business development person sitting down and telling you what he wanted. It this case, we had a service person come down and say, "This is the information I would like to get."

We then piloted just that information, a little dashboard for him. So, he saw when the plane for service, when it was landing, when it was going to take off. A little dashboard he saw. We did connect in—to give some nod to the technical people—we connected into two systems. But how did we connect into them? We used terminal emulation. Because the technical people said, "You can't connect into this."

I said, "Well, is there a terminal way to get into it?"

"Yes." We just simulated a user going in. We just had to get information about one plane that was landing, and one plane that was taking off, and the inventory from one system. Once the service person saw that, he said, "Fine. I can see that it can be done. I can then see the screens that I want, and I want this."

Then the technical people have to come on board, and they fight a little bit often. And they say, "Well, this doesn't work because terminal emulation, you can't get in fast enough, and if you change the screens, you're going to have technical problems, and you're going to have consistency problems..."

Once you're in that discussion, it's easy. The technical people can talk to the technical people, and they have a love fest, and they solve it. But you have to get a passionate person behind you. And that's the user. And that's where relationships are so important. Notice what I just said. I didn't talk technology at all. I found out what the user wanted, what his goals were, what was critical to his goals, and then I show him what it wants. That was want was critical.

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Paul: Okay. So, you've talked about how to sort of get credibility here, but getting this early adopter, or do you do that even in the process of getting an early adopter? Because you went into Bob Crandall and heard his goals and then offered him a solution that met his goals. Did that give you credibility in the organization? I mean, I imagine if you want to a junior vice-president, you'd have less credibility.

John: Yes. Again, you have to identify who are the people who have the ability to do things. Some organizations are hierarchical. So, if you go to Samsung, you're not going to get middle-level management to do anything. The chairman dictates what to do. At Hewlett-Packard Corporation, the way the culture was there, is middle-level people had ability to do things. We established a whole customer, or executive training session, and more importantly, a customer services representatives training session with a service manager that was five levels down from the chairman. But he had authority to have us give one course. We got the one course, and then we bootstrapped it ourselves up till eventually the chairman got involved and would come as a guest lecturer to the classes.

Paul: So, do you know how that got to the chairman?

John: Yes. I helped get it to the chairman. What we did is... Again, assets beget assets. We'd take the students in the course, and we had them write what they thought of the course. And then what I did is I had them write notes to the chairman. And they were pleased to do it. He ended up getting five or six letters a week about how good these courses were. He then had to see it. Oh, I didn't go to the chairman first. I went to a vice-president. They got these, and I invited them to come. But then I did another trick. I made it so it was very easy for them to come. How did I do that? They were down in New Jersey. What I did is I said, "You can come in our plane."

Well, at that time, I just barely had two nickels to rub together. I didn't have my own plane. But I could rent a plane. So, I rented a plane for $5000, went down and picked them up in a rented plane, and flew them up in a rental plane, had them land, made it so their barrier to entry was almost zero for them to come.

Paul: Removing obstacles.

John: Removed obstacles. So, they arrived. They loved the program once they arrived, and the students, the substance, the students were ecstatic about it. Then, I had them write to the chairman, as well as the students. Then the chairman came. He had to see what was going on. And it was rather interesting. The chairman of AT&T at that time, one out of 200 people reported to the chairman. His name was Charles Brown. He got off the train, and I'm just plain. I'm just a young assistant professor at that time, and I wanted to give him a present. And I went out, and I gave him an MIT golf ball. This guy is running the largest corporation in American at that time. He looks down at the golf ball. He says, "Thank you."

And then I brought him into my car to drive him from the airport, off his corporate jet to my car. He gets in the car, and I've got a Dodge Dart that's five years old. And my dog had eaten the dashboard away because I left him in there. He gets in the car, looks at the dashboard, and he says, "Is there something you should tell me?"

And then he said, "It's really hot in here. Do you have any air-conditioning?"

Without thinking, I immediately reached my arm across in front of him and opened up the vent on the other side. He said, "Oh, this is going to be an interesting day." But he liked the sincerity of it. I didn't have to falsify anything. I didn't have to put on anything, because the substance of the program and the courses was great.

And I want to always say to you, it's great to start off with these goals and critical success factors and the relationship, but it won't work unless you have substance behind you.

Credibility: Making a Hero

Paul: Okay. That's great. That's an important point to highlight. That you can't... There has to be something there.

John: That's right. You cannot bluff it. You bluff it once, and it's gone. You just can't do it. It's sort of like you go to a concert and everything is perfect, but there's one bad note in that concert. What you remember is the bad note. You have to have substance at the final end. And you have to have belief in that substance. And my substance was always a group of young people that could back up anything that I said.

Paul: So, now you've talked about the idea of getting somebody to give you credibility. Sort of, what are their goals and going organizationally to the right people. And I know you like to go after the chief executives, not to go to the department heads, or the... I mean, if you're doing a technology plate, don't go to the technical people.

John: You can't go to people you're going to threaten.

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Paul: Right. That's the lesson, I think, there.

John: They have to be made into heroes. Now, I should point out sometimes technical people can be heroes. I'll give you a concrete example. Unilever had a CIO named Bob Johnson. Unilever is a $60 billion company. They own soaps and Tide and all of those products. They are about 500 companies that they own. Bob Johnson was the CIO. So, he's a technical person. However, he wasn't on the board. He was viewed, in a way, of just doing a supportive role of doing to payroll, and they have to pay him, and it was a part of the division that the CEOs didn't like at all, and had to deal with it.

So, what I did is I had him on board, and I asked him what his goals were. He said, "Somehow or other, I would like to have technology play a strategic role in this company."

And said, "Why don't we run a seminar for your senior management. And we'll show them, demonstrate together, how technology could help them control inventories better, get visibility to their customers, get visibility to their customer's customers, how technology could help."

He said yes. Once he said yes, I had a chap that I could make into a hero. Well, we ran one seminar for 10 executives. He then organized, because that went well, every president of Unilever came to our programs at Cambridge Technology Group at MIT. That's 500 presidents came, including the chairman. The conclusion was they put him, in the first time ever in the company, on the board of Unilever. A CIO went on the board of Unilever. So, we made him a hero.

But it took him to say, "I want to back this. I'm not threatened by this new technology." At that time we're talking about Unix and Journey Unix and systems integration and the internet and such. "I'm not threatened by this. I'm not threatened that my mainframe is not going to be the king operation here. And I know mainframes. So, I'm going to have to learn this new java and unix and the internet and Joomla and all these other things I've got to learn." No. He said, "My goal is to show to the corporation that technology can be made a strategic weapon." Once he said that, boom.

Then he became more passionate. That's another thing I want to say. There are skeptics, and there are crabs as I say, or cynics. He was a skeptic, but once a skeptic is converted to a believer, you cannot undo them. He becomes a maniac for you. Passionate.

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Skeptics vs. Cynics

Paul: Well, let's delve into that a little bit, and what is a skeptic? And what is a crab? I've talked to you about this so much, I don't know if we covered it in the podcast, but it's worth repeating.

John: Well, it also ties into relationships, because you can try to establish a relationship with somebody that's a "crab." It's never going to work. Let me tell you the difference. A skeptic will say, "Could this be done? Can this be done? I don't really believe it's true." And then once you show them how it can be done—either financially or physically, you show them somehow—he then becomes a believer.

A cynic is like a crab. It only moves sideward or backwards. It doesn't move forward. So, he'll tell you all the reasons why it won't work, but he won't give you another alternative. If he doesn't give you an alternative, then he's a crab.

Now, I use the crab because of a crab story. My son and I used to go out, take our little rowboat out in the Manchester Harbor. We'd catch crabs, and I'd put them in a little basket in the back of the boat. The crab is now two inches from getting freedom. All they had to do was crawl out of the basket and go over the side. However, you'd watch one crab crawl up, just before one of them decide, one of the other crabs would reach up and pull him down.

Crabs won't let other people achieve greatness. So, the danger to a crab is not that you've got a guy that's a cynic. The problem is he will infect other people. The problem is he holds back your whole organization. So, don't even try to sell to the crab. If you sell to a person that is skeptical and you convert him, he'll stay converted. A cynic won't stay converted, but the more important thing is he'll drag down the rest of your organization and probably drag down you.

So, you have to isolate those types of people, and that's the tricky part. What you do with real crabs is you boil them. But that seems to be illegal in today's world. So, you have to isolate them.

Co-Kings

Paul: Alright. Now, you've also talked about the concept of co-kings. How does that... What's a co-king?

John: I have to take cases of this. What will happen is you as an entrepreneur will get hit. And I'll go back to Bob Johnson. So, you have two cases.

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What happened is I had started another company called OEC. One of my previous endeavors, I had a non-compete with. The president of that company brought a suit that said I was competing in this other company. But I wasn't. One company was a system integration company. This was a tools company. We went to the judge, and I could see it wasn't going well, because he had lots of lawyers, and we just weren't doing well.

I called Bob Johnson who had a contract at Unilever with both the other company and with this new company. New company for tools, and other one for systems integration. I said, "What can you do?"

He wrote a fax immediately that went to the judge at the court that said, "I'm CIO of Unilever. I've got a contract with both these people. They're not competing. One is selling tools, and I'm buying tool from them. The other one is selling systems integration services. Thank you." Boom!

The judge looked at that and said to the other person, you might want to reconsider this suit. But it was that relationship that got him to write that letter.

Now, co-kings. I'll give one example. I started another company doing migrations. It was called i-Cubed. It turns out there's an organization called the Gartner Group. Very prestigious, very good organization. However, they had a young fellow there that sent out a flash to every single CIO in the world, saying, "The technology Donovan is advocating is premature. It's not secure. It's not ready. And don't be fooled by Donovan's charisma." I didn't know that I had that, but that's what they said.

My partner, Sundar came in, and he said, "We're done." We're about to release our products. We're releasing our services, taking things off of the mainframe, putting them down to client server. We have all these tools to do that, and he's saying "our technology is no good." And it went to all of our customers. That's who we were selling this service to. What do you do?

Well, if I called up Gartner Group, I had little influence, and they would not retract that. So, you need a co-king. Somebody that's on your level that can turn around and help you. I called up the president of Hewlett Packard, who's best interest was for our—again, what does he care about most? Himself. This migration from mainframes to client server, yes, we've got software revenues, but he got the hardware of the client server. So, he had a vested interest in making this go.

So, I called him and said, "I've got this problem with Gartner." He's a major subscriber of Gartner.

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He said, "We can't get them to retract the article, but what we can do is get them to write a counter article." So, you've got one out there that says this technology is no good. You've got another one out there that says it's good.

He called them up immediately. The next day, it was in their best interest to do that, so to get circulation up, controversy is good. Circulation went up. They published a counter article that said this technology is good. Our sales soared, because now everybody all of a sudden knew us.

What was it? You needed a co-king. You needed somebody who could defend you when you get attacked. And whether that's another corporation or that's another person, it's a person that is equal in stature to you but is in an independent area that can be your co-king.

And again, relationships are important. The only reason I could call this man is because I had a relationship with him. You have to have relationships with them. Relationships are important.

Perfect vs. Good

Paul: Now, one of the things you sort of mentioned there was this... You had Gartner say these negative things about Unix and you. "Don't listen to his charisma." And the best, I'll say, the best you can get was a positive article about Unix. Some people would say, "That's not enough. I deserve more. I demand more. I want a retraction." Now, I've seen you, over the years I've known you, that there's a very real reality to you of not settling, but compromising, I guess. Being willing to compromise. Can you talk about that a little bit? Because some people will say, "I'm owed that. That's what I want."

John: Another rule that I have is perfect is the enemy of good. You really want to settle for good. And you want to find out what people want. It turns out that most of the time, there's a second round. Gartner is not going to go away. So, what you have to do is give them a way that they can retreat gracefully. You really have to think about what they need and they want. The idea of having two articles out there that is controversial. That's good for Gartner. The idea of having them retract something, saying they're wrong, is bad for them. And they do that...

Paul: By they said it. They lied. It was wrong. They shouldn't have said that.

John: You have to turn around and say, "You, Donovan, are wrong in pushing them into that corner." It's okay if they had a different opinion. It's okay for you to correct it. It's not okay for you to push a humiliation.

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Paul: Well, what about... We've talked a little bit about moral absolutes. You know, people are absolute. They see in black and white.

John: The world is not black and white. There is a story that I should tell you, which side of the world you want to live in. They talk in this story that the prime minister of India gave me, and actually John was with me. And he was saying, the Indian legend, there's this old man that this young man comes to and says, "What is man really made out of?"

And the old man says, "Every man has two dogs in him. One is hateful and revengeful. And the other one is loving and forgiving."

And the young man says, "Well, what happens?"

He said, "They're always fighting."

The young man says, "Well, who wins? The hateful, revengeful one? Or the loving and forgiving one?"

The he said, "It depends on which one you feed."

So, what you have to be, in negotiations you have to really make sure that you don't feed the bad dog. If you feed the good dog, people love positive people. People love optimism. People love Ronald Reagan. People like people that are optimistic. And one of the things of a great leader is his optimism, making people reach higher.

If you spend too much time with the bad dog, then what you're doing is you're spending too much time on the negative side. People don't like to follow people like that.

Momentum

Paul: But I have seen where you will be willing to take less than "you're owed" or would be reasonable to move it forward.

John: To move it forward, you have to keep going. And that's another thing an entrepreneur has to realize. Momentum is key. Once you lose momentum, you're in trouble. So, you could squirrel down to correct that one thing, or you could keep moving forward and momentum,

momentum, momentum... You've got to get the next customer. You've got to go on to the next idea. You've got to keep moving, keep moving. But momentum...

If a battle slows you down, you've lost the momentum. And all you have to do is look at organizations like Arizona Tea. The two founders got into a fight. They fought for seven years. The whole market went away during that time, and then they settled it seven years later. It would have been so much better if one of them or both of them had settled for far less than what they would have had, but they would have ended up having a company, because they would have kept the momentum.

Another concrete example is Samsung. Financial crisis in the 1990s of all of Asia. What did Chairman Lee do? He recognized he had to move into new areas. What he did is he sold two thirds of his stock, so he didn't get bogged down with correcting things. And then went on.

I'm saying if Arizona Tea, those two chaps, had turned around and moved on, settled it quickly, both not happy, but they would have ended up with a company that was tremendous. And they had on the table, offers to buy them from Proctor and Gamble and others. Seven years later, these other organizations had copied their teas and were in that market. They've lost it. They didn't move on. They didn't settle for something. Settle, settle, settle, and then move on, move on.

Paul: So, it's really being opportunistic.

John: Being opportunistic.

Paul: To the point of not saying, "No, but I'm owed something." So, it's opportunity trumps your expectations.

John: Beautiful. That's a great way to say it. That is the second time you've said something very insightful today.

Paul: That's cool. Well, today. I thought it was forever.

John: That's one of the few. But you're right. Opportunity is going to always trump. And that comes in a crisis. You want to look at the opportunity. And that's got to trump everything else.

Paul: So, you've been listening to the Keep Moving Podcast today with John Donovan. And I encourage you to visit John's website at ProfessorDonovan.com. He is releasing a new book momentarily called The Entrepreneur, which highlights his long career and entrepreneurism and has tremendous value to both entrepreneurs starting from scratch, outside of an organization, brand new, or if you're in an organization, how to be an entrepreneur there.

So, go to ProfessorDonovan.com/the-entrepreneur, and you can get a preview there.