PETRA COACH CONFERENCE NOTES

FORTUNE LEADERSHIP SUMMIT

May 12-13, 2015

The Petra Coach team captured the following notes during the 2015 FORTUNE Leadership Summit in Orlando on May 12-13, 2015. While notes cannot replace hearing a speaker in person, we hope you these notes will inspire and inform you. We encourage you to contact any of the Petra Coach team members if you have questions or comments about the notes below. Please contact us at info@petracoach.com or at (888) 330-1020. We also invite you and your executive team to attend the **FORTUNE Growth Summit in Dallas from October 20-21, 2015**.

The notes from each speaker include a short executive summary, a key takeaway quote, and the notes captured during the presentation with important concepts highlighted. Whenever possible, links to websites, videos, books and online presentations were included in the copy. Notes are included from the following speakers:

Nir Eyal

Author of "Hooked: How To Build Habit-Forming Products"

http://www.amazon.com/Hooked-How-Build-Habit-Forming-Products-ebook/dp/B00LMGLXTS

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Executive Summary:

Nir Eyal provided a lengthy and comprehensive presentation on how to design products or services that will "hook" your clients. The basic idea is to discover the Trigger in your consumer's behavior that you can connect them to your product or service. Then you identify the consumer Action, or behavior, that you want the consumer to take. Finally you provide a Reward to reinforce the behavior and ideally create a way for the consumer to Invest back in your product or service to improve the likelihood of them using your service again. For example, a Trigger for Instagram might be a 'moment in time' that someone wants to capture. The Action we want is for them to post it on Instagram. The Reward is feedback from their followers. The Investment is having a large library of 'moments in time' in your Instagram library, causing you to keep the service. Eyal provided a series of exercises to allow conference participants to discover their "Hook." These concepts connect directly with understanding your Core Competencies, Brand Promise, Sandbox and Target Audience. A great book for companies creating new products and/or services, or looking for ways to inject new life into a stale industry.

Key Takeaway Quote:

"The hook is an experience designed to connect the user's problem to your solution…with enough frequency to form a habit."

Notes from Presentation:

Products can profoundly change our behaviors. Example "iPhone"

How do you get 100's of millions of users…and 100's of millions of dollars?
For example:

- Facebook (touches 1 in 7 people on the planet)
- Instagram (bought by FB for $1B, now valued at $35B)
- WhatsApp
- Twtiter
- Slack (enterprise) - Fastest growing enterprise tool. Replaces email.

What are the patterns for these companies?

What is the feeling that you have when you have a message waiting for you?
Anxiety? Curiosity? Tension? Anticipation?
A physiological response to a psychological stimulus.
"When we feel an itch. We seek to scratch it."

The brain associates behaviors that provide a solution to whatever problem it encounters. The brain is good a pattern matching and finding solution.

The solution to our discomfort is found in the products we use.

Images of chocolate bring both pleasure and stress to "cravers."
They scanned the brains of chocolate lovers with FMR machines… They were experiencing stress in their brain. **Stress is a pre-condition for addiction.**

Do not design products for addiction. Addiction definition - "A persistent, compulsive dependence on a behavior or substance."

The same neuro pathways that form addiction are used to form healthy habits.

Habits are an impulse to do a behavior with little or no conscious thought. 40% of what you do everyday is out of habit.

We can use habits for good. We have an explosion of products to use "habit design" to help people live happier and healthier lives.

Two Things Matter Most When Forming a Habit:
1. Frequency - The behaviors are done with regular frequency. Oxford study - The people that floss their teeth more frequently are the ones most likely to do this longer. Their is no scientific evidence that a certain number of days will create a habit.
    1. The more frequently the behavior occurs, the more likely it will become a habit. People check their phones 150 times a day.
    2. A significant drop off in the ability to create a habit if it doesn't happen within a week's time or less.
2. Attitude Change - Oxford study - The people that change their perception of flossing their teeth (e.g. it's strange to go to bed without flossing my teeth) are the ones most likely to continue for a long time.

Harnessing habits can be very good for business:
- Creating consumer habits drives higher customer lifetime value (CLTV)
- Creating consumer habits gives companies greater flexibility to increase prices

Creating consumer habits supercharges growth. (Going viral.)
A short viral cycle time.
Virality - A transmission. When I tell one or more people, the product goes viral. If that communication doesn't happen frequently, you have churn.

Creating consumer habits increases defensibility. Once a habit has been formed, it's very hard for a competitor to compete. For example, Google vs Bing. It's not always the best product that wins. It's the one that can create the stronger user habit.

Forming new habits is hard work…and exceptionally rare. Maybe 5-10 products in your lifetime.

But if your business requires "unprompted user engagement,"

A design pattern to help form better product hypotheses.

Lean Startup Process = Build + Measure + Learn
All the expense is in "build." Measure and learn is easy. Building is expensive.

If we can look deeper into the customer's needs, we will spend less time building the wrong thing, and more time building the right thing.

Increase your odds of success (the goal of the workshop).

The hook is an experience designed to connect the user's problem to your solution.. with enough frequency to form a habit.

First Exercise:
- Group with 2-3 people.
- Describe your product or service?
- Why does your business require consumer habits?

Note: Not all businesses can utilize or require consumer habits. For example, buying a home doesn't happen frequently enough to be a habit.

Second Exercise:
- What problem are users coming to solve?
- How do they currently solve the problem and why does it need a new solution?
- How frequently do you expect users to engage?
- What action do you want to make into a habit? (CRITICAL QUESTION - What is the singular behavior you want to make a habit.)

Example in the room - California Closets. When you have too much stuff, we want the consumer to think about us? Create a habit of checking our app/website. De-clutter your life. Every day, the consumer see's all of their cluttered stuff.

HOOK Four Steps:
1. Trigger
2. Action
3. Reward
4. Investment

1) Trigger
1. A call to action. A queue. What to do next? Two types:
    1. External - The information for what to do next is within the trigger. Examples: Billboards, emails, twitter, ads, etc… The information is in the trigger itself.

2. Internal - The information for what to do next is informed through an association in the user's memory. For example: places, people, emotions, routines, situations. "Emotion" is the key, it dictates a response with little or no conscious thought. Not just any emotions, it's typically "negative emotions" - lonesome, indecisive, powerless, tense, dissatisfied, confused, inferior, fatigued, discouraged, fear of loss, depression. A study found that people that suffer from depression check email more often. Negative prevalent states - they feel down more than most people. To feel better, they checked their email more often. When we're lonely, we check Facebook. When we are not confident about a subject, we Google. When we are bored, we use youtube.com.

Our goal is to transition the triggers to Internal, not External.

<u>Do you know your customer's internal trigger?</u>
Tool to find your customer's internal trigger:
- Build a user-narrative. The steps in the user's day. At what point in the day would the user access your product/service (trigger point)?

Jack Dorsey on Narratives
The power of the story. To build a relevant product, put yourself in their shoes. Write a story from their side. Spend a lot of time building user narratives. It reads like a play. If you do that story well, it makes it easier to prioritize, product, design and coordination with your products falls out naturally. Sales, engineers, operations, support, and business…they all can relate to the story.

"If you want to build a product that is relevant to folks, you need to put yourself in their shoes and you need to write a story from their side." ~Jack Dorsey

An example of not understanding your customer triggers:
- Instant cake mix was a marketing failure. Betty Crocker assumed that customers wanted convenience, but "Just add water" did not sell. Why do we make cake? It's to give a gift of love/caring. The internal trigger they assumed was hunger. But that's not the internal trigger for making cake is giving and receiving love from people that we care about it. They fixed it by "adding an egg" to the mix. By taking the egg out, it made it worthy of giving/receiving love by making a cake.
- Instagram – What trigger makes Instagram so habit-forming? External triggers - Facebook, word of mouth, you saw someone else photos, you installed the app and started seeing other photos. Internal triggers. "A moment in time that you wanted to capture. The fear of losing that moment causes someone to capture it on Instagram." For example, Kodak in the past. They wanted you to associate the "Kodak Moment" with taking pictures. Instagram did it in 18 months with 12 employees, what took Kodak millions of dollars and 50 years. Instagram is associated with stressed, lonely, urge to preserve, insecurity, bored, "FOMO" - Fear of Missing Out.

Third Exercise: Build your Narrative
- Who is the user?
- What are they doing immediately before your intended habit?

Fourth Exercise:

- Come up with 3 internal trigger hypotheses (emotions, routines, situations)
- Which internal trigger occurs most often?
- Every time the user _____, the user (action) _____. Example: Instagram - Every time the user fears losing the moment, the user takes a picture.

Before you can get to the Internal triggers, you have to start with the External triggers. An example of a bad external trigger - spam. What's the difference between Spam and magic is context. The secret to making effective external triggers is to closely couple them close to the moment of time when the internal trigger happens.

Fifth Exercise:

- Where and when can you insert your external triggers?
- How can you be in front of the user when his/her internal trigger fires?
- Think of 3 "rational ideas" and 3 "crazy ideas." Brainstorm. Get outside of your comfort zone. Example: When was the Apple Store was created. 2008. In 2007 we couldn't even imagine all the different ways that the Apple Store impacts our life. What would be the perfect way that you could send someone that message?

What would be the ideal time and place to trigger our customer? Calendars? Geo-fences? Context makes the difference when it comes to external triggers.

To validate that these ideas work, we have to do our homework.

Hypothesis Homework:

- Are our assumptions correct?
- Is your narrative really happening?

2) Action
The simplest behavior done in anticipation of a reward.

Examples:

- Scrolling on Pinterest
- Play button on Youtube
- Searching on Google

Very simple. The formula to predict the likelihood that someone will perform a behavior. BJ Fogg decided that for any heavier to occur we need Motivation, Ability and a Trigger.
b = m + a + t
Behavior = Motivation + Ability + Trigger

Motivation = "The energy for action." How much do we want to do a particular behavior.

The six factors that increase motivation:
1. Seeking pleasure
2. Avoiding pain
3. Seeking hope
4. Avoid fear
5. Seeking acceptance
6. Avoid rejection

[Source: BJ Fogg, Stanford University]

Manipulation of user motivation = Advertising industry

Examples of ads manipulating motivation:
- Obama "Seeking Hope" - Seeking hope
- Burger King, "She'll tell you size doesn't matter. She's lying." = Seeking pleasure (targeted at teenage boys.)
- Budweiser - Seeking acceptance. I'm having a beer with my friends.

Ability - More important than motivation. Defined as the capacity to do a specific behavior.

Six factors that increase or decrease ability:
1. Time
2. Money
3. Physical effort
4. Brain cycles
5. Social deviance - More likely to do it when we see other people doing it.
6. Non-routine - Just because we've done it before in the past, we're more likely.

The best predictor of what you'll do tomorrow is what you did today.

Level of motivation and ability determines if action will occur. High motivation and High Ability = Trigger Succeeds. Low Motivation and Low Ability = Trigger Fails. (Two-axis chart.) Example, last time the phone rang and you didn't answer it - an unknown number = no motivation to answer. Or, you didn't answer the phone because you are in a meeting - high motivation, but low ability. Or, the phone didn't ring - you didn't get the trigger. Any offline/online medium, you need motivation, ability and a trigger - consider that when reviewing advertisements.

Example: Twitter
2009 - A lot of stuff on the home page. A lot of places to click. Too many triggers. It required a lot of cognitive thinking. All the want is sign-in or sign-up. They were trying to explain the service, but they realized that nobody comes to the site that didn't already know about it. The users had the motivation, but they needed to increase the user ability.
2010 - Better...
2015 - The page is focused on either sign-up or sign-in.

Always think about the "intended behavior" you want people to do and then how can you simplify the environment to improve the chances it will happen by making it easier to do.

Users are on a path to solving a problem,.
Internal Trigger > Product Interface > Reward/Pain Alleviation

Quora Example:
Internal Trigger: Curious/Bored
Product Interface: Open the app + Log-in (sometimes) + Scroll & Read
Reward/Pain Alleviation = Scratches the itch of curiosity/boredom.

Sixth Exercise:
- Review your flow. Where is the action most difficult?
- Which resources is lacking?
    ◦ Time
    ◦ Money
    ◦ Physical effort
    ◦ Brain cycles (too confusing)
    ◦ Social deviance (outside norm)
    ◦ Non-routine (too new)
- What are 3 testable ways to make the action easier?

3) Rewards

Where the user's itch is scratched. You have to start in the brain. Nucleus Accumbens, studied by Olds & Milner. Tested in lab rats, they could push a button to stimulate the Nucleus Accumbens - they would constantly stimulate it, non-stop. They would go through almost anything to stimulate this area.

The nucleus accumbens is activated when we crave. Technology. Luxury items.

Were Olds & Milner stimulating pleasure? Not exactly. They were stimulating the "stress of desire." The nucleus accumbens because most stimulated in the anticipation of the reward, and calms when we actually get it.

That's the itch we seek to scratch. It's the anticipation… Like thinking about your email.

There is a way to supercharge the stress of desire…. It's the unknown. The unknown is fascinating. Variability causes us to change our perspective and increases behavior.

Skinner - Pigeon food experiment. The times the pigeons increased the rate of pecking for food is when the variability of when the food is provided increases.

3 types of variable rewards
- Tribe
- Hunt
- Self

Habit-forming tech uses 1 or more.

Tribe - Search for social rewards. Element of variability and comes from other people. Competition. Partnership. Empathetic joy. For example, Social Media. For example, "How many likes will my FB post get?"

StackOverflow.com - Technical documentation. 5,000 questions get answered every day without any money changing hands. Because they can be up-voted or down-voted by the community. That creates the "tribe" reward - the anticipation of the unknown.

Hunt - The search for resources. Hunt for variable material rewards. For example, slot machines or gambling. The variability of what you're going to find? Uncertain?

Hunt for variable material rewards in your job - the year end bonus. Or, day-trading. Up and down.

Also seen in shopping. Ross Dress For Less - one of the best performing clothing companies recently. They will take a single item of clothing and ship it to a remote location, at a very high expense. At Ross, you shop by your size. Each and every item is different. They are "inciting" the idea of the treasure hunt. Self-confessed Ross addicts, will go from Ross to Ross locations looking for a deal. It's the variability of what you might find at the next Ross.

The "feed" mechanism in Twitter. It's the variability of what you might find. Hunt for variable information rewards. Same psychology of pulling the handle on a slot machine.

Pinterest is the master of the variable rewards. "Hunters of Pinterest scroll pages." Unlimited scrolling for the next variable award.

Self / Self-Achievement
Don't come from other people, these are things that feel good and are intrinsically rewarding.
Leveling-up reflects mastery and competency. For example, online games. (Candy Crush.)

Inbox or task management reflects consistency and completion. Checking off your "to do" list is an example of rewards of the self.

Warning: Variable rewards are not a few pass. Your product still must address the itch. This is where gasification goes wrong - this is where the initial internal trigger must connect with the reward. You must understand your user's internal trigger (the itch).

Build variable rewards that satiate the users itch, but leave them wanting more. Give them what they want, but give them a little unknown - what will I get next time.

Or, take a variable experience and give the user more agency and control… Google. They would not want to add variability. Uber wouldn't want to add variability. They've taken some that was variable and given the user more control (you can follow the driver pulling up to your door.)

Seventh Exercise:
- Review your user flow. Is the reward fulfilling, yet leaves the user wanting more?
- Brainstorm 3 ways users search for variable reward.
    - Rewards of the Tribe - gratification from others.
    - Rewards of the Hunt - things, money or information.
    - Rewards of the Self - Mastery, completion, competency, consistency.

For example, creating community of users.

4) Investment

The most overlooked phase of the Hook. Something that the user puts into the product in anticipation of a future reward. The purpose of the investment phase is to increase the likelihood of the next's through hook in two ways:

1. Load the next trigger of the hook. Example - When I use WhatsApp and send someone a message their is no immediate gratification, but I'm loading the next trigger - getting a reply. For example, the notification icon on your phone.

2. Investments store value, improving the product with use. Physical things lose value (depreciate) over time. Digital items should appreciate in value over time. How are you storing information in the product, to make it more valuable. The more songs I put into iTunes, the more valuable it becomes to me. The more data I put into Pinterest, the more valuable it becomes to me. The more Twitter followers I have, the more valuable that channel become to me. The other example, the larger the community. Reputation is a form of stored value… You can take that to the bank. eBay, Task Rabbit, VRBO… The higher my reputation, the harder it is to leave.

How will you get users to invest in your product?

Eighth Exercise:

- Review your flow. What "bit of work" are your users doing to increase the likelihood of returning?
- Brainstorm 3 ways to add small investments into your user experience to:
    ◦ Load the Next Trigger
    ◦ Store Value
    ◦ Content, Data, Followers, Reputation

The Hook is an experience designed to connect the user's problem to your solution.

Each pass through the Hook helps shape users preferences and attitudes.

MOST IMPORTANT SLIDE:

Trigger Overview Slide

1. What internal trigger is the product addressing? (Trigger)
2. What external trigger gets the user to use the product? (Trigger)
3. What is the simplest behavior in anticipation of reward? (Action)
4. Is the reward fulfilling, yet leaves the user wanting more? (Reward)
5. What "bit of work" is done to increase the likelihood of returning? (Investment)

The Morality of Manipulation - Designing habit-forming products is a form of manipulation.

Users take our technologies to bed every night.
We check our technology before we say "good morning" to our loved ones."
Technology might be the cigarettes of our century.

What responsibilities do we have when changing user behaviors.
The world is full of problems to fix.
Help others find meaning. Engage them to find someone.

Build the change you want to see in the world.

http://www.slideshare.net/nireyal/presentations

From Q&A:
Product Hunt - What's taking Silicon Valley by storm. Habit-forming app to find out what's happening in Silicon Valley.

Best time to use the hook ideas is before you start a product.

David Meerman Scott

Author of "The New Rules of Sales and Service" and "News Jacking"

http://www.amazon.com/New-Rules-Sales-Service-Storytelling-ebook/dp/B00JZOZDTA
http://www.amazon.com/Newsjacking-Inject-Breaking-Generate-Coverage-ebook/dp/B0065MKMMS

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Executive Summary:
David Meerman Scott is one of the leading thinkers and authors on the dramatic changes in sales and marketing. Scott focused his presentation on the "real-time" nature of the sales process today. His latest book "News Jacking" details one tactic to get your company/product/service mass attention at a very low cost by inserting your message into the news stream of breaking stories. Any company that wants to improve their brand messaging and outreach to prospective consumers should follow David Meerman Scott.

Key Takeaway Quote:
"The biggest communication revolution in human history means your marketplace has changed. (The smart phone in your pocket.)" And "More people have access to a telephone than a toilet. "

Notes from Presentation:
"Real-Time, Agile Sales & Marketing"

How people buy has changed?

Many companies are so busy selling buy the old rules. Buyers are fed up with traditional ways.

Just because you have my email, doesn't mean you should send me a sales message.
Just because you have my phone number...
Just because you my Twitter account...

"We hate to be sold to."

Porter Airlines - Once I got on their email list… I got bombarded with sales messages.

It's about getting found when people need you.
It's about sharing.
It's about real time, instant engagement.

For companies, the biggest barrier to success with real-time business is…FEAR!

Real-time is essential.

1. Leadership comes from you. Leadership by example. <u>Authentic storytelling sets the tone.</u>

Interesting Bike Companies with Unique Messaging: Cervelo and Open Cycle. Both started by the same entrepreneur. Gerard Vroomen.

In this new world of real-time communications, the leader must be willing to participate in the communications.

From Gerard Vroomen, how CEO's should lead the discussion:
- Be consistent. Your messages will be out there forever.
- Put your personality into it. People want to buy from humans.
- You must find the time. If people come to you, how can you NOT answer them. People get lost in phone trees or emails that never get replied to.

Another example, Brian Halligan, Hubspot CEO - Transparent, Approachable, etc..
20% of Hubspot's new customers in the part 3 years viewed the CEO's page.

Can people connect with you from your bio page?

Exercise:
How do you personally communicate directly with your market?
How could you communicate better?

2. Content is the link between companies and customers

Ocean Frontiers Example:
How do you get people to come back to your dive resort in the Caymans? (Note: Divers always want new experiences, so they don't always come back to the same location.) The answer - game-ify the experience. They made a punch book for all 55 sites. When you dive all 55, you get a plaque, and award, etc.

The next time you create a sales strategy think about how you would approach it if you were trying to the date the buyer.

Build Direct Example - "Bamboo Flooring Learning Center."

You are what you publish!

3. Real-time is the link between companies and customers.

Few companies operate in the present.
Old way: Typical companies only draw from experiences in the distant past.
Old way: Typical combines only plan business far into the future.
New way: Right now! Plan for now. Really to now.

Social Media are tools. Real-time is a mindset.

People are communicating with you right now. Are you ready to engage? It's about speed.

The decisive advantage is speed.

"Responding to leads within an hour generates 7X the conversations" ~Harvard Business School

News Jacking - How to inject your ideas into a breaking new story and generate tons of media coverage.

Life of a news story:

1. Breaking News
2. <— Newsjack here.
3. Journalists Scramble for Additional Information
4. Public Excitement Grows
5. Peak
6. Old News
7. Done

How?
Monitor news - Google news.

Cash for purses - A great example of newsjacking.
e.g. Lindsay Lohan strapped for cash, he writes a post of offering Lindsay money for old handbags.

Norton (business example of newsjacking)
"Alert: If someone sends you a link to download the latest Justin Bieber single, don't. It's a link to the latest Justin Bieber single."

You can achieve similar success.

Example: One blog post + real-time sales = $1 million in new revenue

Example: Legalized Marijuana in Colorado - Ben & Jerry's, "We are getting reports that we're sold out of ice cream in Colorado. What's up with that?"

Example: Deflategate. Within 24 hours… Google News Search (over 1,994 articles published.)

The most powerful communication device in the world is the phone in your pocket. The Real-Time Revolution!

More people have access to a telephone than a toilet.

Paul Akers

Author of "2 Second Lean"
http://www.amazon.com/Second-Lean-People-Build-Culture/dp/0984662286

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Executive Summary:
Paul Akers, founder of FastCap, is dedicated to practice and promotion of the Japanese manufacturing concept, "Toyota Production System (TPS)" also known as Kaizen. The concept is to create a mindset and environment that promotes constant improvement across the entire team. Everyday the entire staff follows the three S's - Sweep (cleaning) + Sort (organize) + Standardize (processes). Similar to the Daily Huddle, the lean concept presented is most effective when the process is followed consistently and with discipline. Paul has created an instructional book, "2 Second Lean" to teach companies how to implement the Toyota Production System. Paul's book is highly recommended for all companies, but especially for manufacturing companies.

Key Takeaway Quote:
"Lean is the ability to see and eliminate waste through continuous improvement."

Notes from Presentation:
Enable your employees to "Fix what bugs you."

Your job as a leader is to figure out how to unlock the ideas of your staff.

Everything is a process...

Goal of presentation: To see waste like you've never seen it before.

Lean is the ability to see and eliminate waste through continuous improvement.

Lean is Operational Excellence. Makes a compelling argument for your customers to keep coming back. They know that you're constantly improving to get the job done better. Customer satisfaction.

Lean is all about the elimination of the 8 deadly wastes:
1. Overproduction
2. Overprocessing
3. Motion
4. Waiting
5. Transportation
6. Inventory
7. Rework of defects
8. Unused Employee Potential

As a lean thinker, you're always looking for any area where you struggle. When you struggle with something, that's when the light bulb should go off, "How can I improve it?"

Everyday – 3 S's
- Sweep (cleaning)
- Sort (organize)
- Standardize (processes)

It takes upwards of one hour and forty-five minutes. Never missed in seven years.

Must build our people. That's the foundation of the company.

A football team meets on every play. Shouldn't your company meet at least once a day?

Everything is a process - invoices, building a product, cleaning a bathroom… Your job is to identify the waste (that exists in every process) and remove it.

See airline ticket example...

Improvement Criteria - In order of importance:
1. Safety
2. Quality
3. Simplicity
4. Speed

Everything is a process.

15 Years of Lean Thinking: Paul's Story
Lean is not about being organized...You can organize waste.

It was suggested that Paul learn:
- Toyota Production System (TPS)
- Lean Manufacturing
- Kaizen

Users of TPS/Lean: Toyota, Harley Davidson, Porsche, Israeli Defense Forces, Amazon, Virginia Mason Hospital, Southwest Airlines

Southwest Airlines:

- 22 minute airplane turns
- 1 plane 737
- Always profitable
- Personal freedom
- 1 billion in profits
- Highest paid in the world
- 11 million passengers in a month
- They have fun
- Not the biggest, but they fly the most people.

The power of standardization! Example, Southwest Airlines flying one plane.

Everything is flexible. All equipment is on wheels (even the Coke machine.)

A "Just In Time" Culture

The magic of 3 s-ing:

- Sweeping
- Sorting
- Standardizing

Lean is simple and fun.

An example of waste: A five-year study for five million dollars by Harvard to discover why students learn? Their conclusion:

- Show up in class.
- Sit in the front row.

Really?

Paul's Timeline

- First three months were very difficult.
- The next six months were a little better.
- Within a year, people were touring my company.

Problem of men not hitting the urinal… Man etched a black horse fly into the back of the urinal bowl and spillage was reduced by 80%. Give a man a target...

Use your wit, not your wallet.

Rick Warren, sold more books than everyone in this room… 60 Million books. "The Purpose Driven Life: What On Earth Am I Here For?" If you want to have a purpose driven life, rich, amazing and full of joy, it's not about you. It's about the customer. Being a servant to our customer and each other. Us focusing on someone else.

50% of what we do is a failure. But you have to let people fail in order to learn.

The rule of .001%. Make an improvement of .001% every day and you'll double productivity in 3 years.

Ritsuo Shingo - Former President of Toyota China. Response to "What is TPS?" Response, "TPS is the accumulation of small ideas of everybody."

It is every person, everything, everyday.

SNL, Fix what bugs you. "Oscar Rogers, Financial Consultant."

John Sviokla

Co-author of "The Self-made Billionaire Effect: How Extreme Producers Create Massive Value"
http://www.amazon.com/Self-made-Billionaire-Effect-Extreme-Producers-ebook/dp/B00KWG9JYK

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Executive Summary:
In one of the most intriguing presentations of the day, Kenneth Cukier presented examples how big data is revolutionizing the way we live, work and think. As the computational power of computers continues to double and digital storage gets cheaper and cheaper, it increases our opportunities to mine big data for interesting correlations that were not possible only a few years ago. Kenneth challenged the audience to find opportunities to capture and analyze big data in their industry. Kenneth concluded with the statement, "It took a conscious effort to measure things in the past. In the future it will take a conscious effort to <u>NOT</u> measure things." What are you measuring?

Key Takeaway Quote:
"60% of self-made billionaires in our sample who succeed when paired with a performer partner…ideation team and implementation team must work together."

Notes From Presentation:
"The Self-Made Billionaire Effect"

CEO Survey:

- 5 Megatrends Are Reshaping Business and Creating Opportunities For Those Who Seize Them
- A survey of CEO's in 2014:
- Technological Advances - 81%
- Demographic Shifts - 60%
- Shifts in global economic power - 59%
- Resource scarcity/climate change - 46%
- Urbanization - 40%

Value Creation - That's the goal.

800+ Self-Made Billionaires (two-thirds of all billionaires) made their fortunes in highly competitive markets.

Synopsis of John's Book on Youtube Video: https://youtu.be/rwpXHsOuxfA

Systematic study:

- Producers - Envision something new and sell the vision to people that control the resources they need
- Producers five distinctive habits:
- Empathetic imagination (understanding the customer's needs or wants) [Joe Mansueto]
- Patient urgency - Understanding that time is not under your control [Eric Lefrosfsky]
- Inventive execution- Find ways to make it work [Chip Wilson]
- Relative view of risk - Less concerned about losing what they have versus missing the opportunity [T-Boone Pickens]
- Leadership-Partnership - Find performers with complementary skills [John Paul Dejoria]

Performers
Billionaire Survey:

- 1,200 Billionaires Worldwide
- 840 Self-Made
- 600 Transparent Market (where we could identify their money)
- 120 Profiled
- 16 Interviewed

Industry Population:
82% made their money in highly competitive markets

Evolution of a Billionaire:

- 66% worked in a large company before leaving to start their own business
- 25% of those surveyed were fired or pushed out by an employer

Mark Cuban brought his first idea to his employer. They rejected it.

Age:

- 74% started after their 30th birthday

Family Roots:

- 24% grew up poor
- 25% billionaires grow up privileged
- 51% other

Street Smarts versus Book Smarts:

- 25% billionaires without a college degree

Billionaire Dynamic Duos

- 60% of self-made billionaires in our sample who succeed when paired with a performer partner
- Example: Bill Gates + Paul Allen
- Ideation team and implementation team must work together

Disney - They don't sell anything that Walt Disney didn't start. They are just running his model.

Are you pairing people in the right way?

Producers Integrate Ideas and actions that are sometimes in direct tension:
- Steve Jobs - Arguing about the qualities of Gorilla Glass. Exceptionally detailed oriented. Starbucks abandoned microwave's because Howard Schultz thought it made the stores smell like burnt cheese.

Chip Wilson, Lulu Lemon
- It's critical to have two people - one mirrors the other person's weaknesses. A mirror at every key position - the visionary and the operator.

Elon Musk - The Power Wall (a battery for your house). $880 Million dollars in orders in 8 days.

Coca-Cola Story - $2 Billion in Keurig to get exclusive access to a cold-beverage single drink, carbonated dispenser. Think Keurig for sodas. http://fortune.com/2014/02/06/why-coca-cola-invested-in-keurig/

Mark Cuban - Had unbelievable talent at his first job, but his bosses overlooked it. Are you overlooking any of your talent?

Billionaires are not just lucky…they are typically serial entrepreneurs that keep learning.

Glenn Taylor - Has 50% of the US wedding invitation market. High margin business. Glen figures out that he can make a product out of a wedding invitation, in a printing shop. He starts buying out printing companies, because the second generation doesn't want to keep the business in the family. Known as the toughest negotiator.

The ability to go into an existing market and make it new. That's a common trend with billionaires.

The Talent Challenge
- 93% of CEO's surveyed said they recognized the need to change their strategies for talent
- 61% acknowledged that they haven't yet taken the first step
Why?

How can organization attract, cultivate, and retain their high potential talent?
- Recognize a task that requires a producer
- Hire, motivate, retain, and inspire producers.

If you are in a business that is growing…then grow it. If you're in a business that is threatened, get ready to reinvent.

Toy business - 3D printers will dramatically impact the future toy business.

4 ways to attract & cultivate producers:

- Organic development - Do you have someone that is proactive in your business about bringing in new plans, ideas… The variants in the organization? Do you pair them up with someone else that is a performer.
- Catalyst hires - Diversity improves their performance. Diversity of thinking is critical. Eliminate that their is only one way to do things. When they see an opportunity, they have the itch to adapt.
- Partnerships - Coca-Cola and Green Mountain example. Can you work with someone else doing the innovative work in the industry that you're not willing to do.
- Mergers & Acquisitions - The producers in the organization that is bought get moved into the corporate structure… Then they eventually leave after the liquidity event. This is an asset that the buyer is losing!

Mark Cuban - The Next Big Thing:

- Our own personal medicines based on our DNA.
- What can beat Google? Extrapolation of data. Sensors are real-time. Take environmental information and integrate with travel/movement patterns.

You don't have to win every time, but you have enough to play again.

The transformation of our economy/world is happening so quickly, that we need as many producers as possible.

Glenn Taylor - Don't forget where you came from? What made them successful in the first place?

John Warrillow

Author of "Built to Sell" and "The Automatic Customer"

http://www.amazon.com/Built-Sell-Creating-Business-Without/dp/1591845823

http://www.amazon.com/Automatic-Customer-Creating-Subscription-Business/dp/159184746X

Creator of The Value Builder System™

Contact Information:

Twitter: @JohnWarrillow

Facebook.com/BuiltToSell.

Executive Summary:

A recurring revenue business model can have a dramatic and positive impact on any business, because of the Trojan Horse effect - people buy more from you because they are invested in your business. John presented at the FORTUNE Leadership Summit four of his nine subscription business models. He also provided a formula for determining if your subscription model will be profitable and successful in the long-term. John led the room through various exercises to allow each business to contemplate if a subscription model would work for their business.

Key Takeaway Quotes

"Learn how to 'give a shit' about your team members. How? Go out to dinner with individuals and learn about them… If you don't give a damn about each other on the team, then they won't give a damn about the clients."

Notes from Presentation:

Valuation Scale (Y-axis = Multiple of Annual Recurring Revenue, X-Axis = Value)

Average Business = 1x

Security Monitoring = 2x

Ancestry.com = 3x

Ultra Fast Growth Saas (50% annual growth) = 6x

SalesForce.com = 8x

The Trojan Horse Model - A subscription model creates a vested interest in the customers to buy more from you. The Amazon Prime example….

Amazon Prime

- 40 Million Subscribers
- $4 Billion Business Unit
- Average Amazon Non-Prime Customer Spending per Year = $625
- Average Amazon Prime Subscriber = $1,500

Amazon Fresh = Grocery delivery service. In beta for five years in Seattle. It wasn't working because people were purchasing small, individual items.

When they launched in Los Angeles, users had to subscribe for $299/year. It worked. They are now rolling it out nation-wide with the subscription model.

Four Models of Recurring Revenue (see download for all 9 models):

1. The Simplifier Model
They want to simplify their life. They don't want to call you.

Example: Mosquito Squad - They provide services to remove mosquitos from your backyard. Mosquito eradication services sold by subscription. Once mosquitos hatch their eggs, it's very hard to get rid of them. So you have to proactively spray. Once you feel them biting you, it's too late. Service: Annual fee for 9 treatments a year.

Example: You get called for the following: Pool opening, Monthly Chemicals rebalance, Pool Closing

Question:
What is the timeline for your ideal customer? What is the life of serving your ideal customer?

It's not as much about the recurring revenue as it is creating the loyalty established with the subscription model.

2. The Front-of-the-Line Subscription Model
We are comfortable with people trading money for saving time.

Anthony Centore - Thriveworks.com - Clinical psychologist in the Boston area. Established a subscription model for psychological issues - you get immediate phone support and you see a clinical psychologists within 24 hours. Clients pay $99/year, and a revenue share with the actual therapist that see's the client. Anthony no longer sees patients, he just runs the business.

Question:
1a. Make a list of your customer segments?
1b. Rank them in order of willingness to pay to jump the cue.

3. The Consumable Model
Anything that your customers use or run-out of on a regular basis.

Example: HP Instant Ink - Ink replacement service. The printer automatically notifies HP that the printer is almost out of ink and automatically orders the ink. $2.99 a month. It's not about selling the ink, it makes the consumer more likely to buy another HP printer.

Example: Amazon Subscribe & Save - Consumer-focused subscription model. Subscribe to three monthly subscription items and receive a discount and delivery from Amazon.

Example: Dollar Shave Club - One Wipe Charley's. They want to own everything in the bathroom in a subscription model. https://youtu.be/3FOae1V1-Xg

Question:
Make a list of the things your customers run out of regularly?

4. The Membership Model

Example: Kathy Blake Studio - A dance studio… A cyclical business (people dance when the economy is good. And they don't want to dance in the summer when it's hot.) Everybody wants Kathy as their teacher. http://kathyblakedancestudios.com She gets hired to run the dance studio on a Carnival cruise line. How does she keep the business running? She documents the process, checklists, and procedures of the dance studio. She turns it over to her daughter… She creates a DanceOwnerStudio.com to have access to the processes and procedures.

Question:
What do you know more about than 99.9% of the rest of the world?

http://www.AutomaticCustomer.com/gazelles - Link to download an overview of the 9 Subscription Models, sign-up for the newsletter and a link to purchase John's books.

How do you scale one of these subscription model businesses?
One number predicts the viability of a subscription model business...

HubSpot in 2012 LTV
CAC = 1.6 (Not Viable)

CAC (Cost to Acquire an Average Customer) = $6,025
MRR (Monthly Recurring Revenue) Per Customer = $429
Churn Rate (Monthly rate that customers quite/unsubscribe) = 3.5%
Margin = 83%
LTV (Lifetime Value = MRR * Margin / Churn Rate) = $10,074
LTV:CAC = 1.6:1

In 2012, HubSpot changed their on boarding process to allow new clients to start using the tool immediately. Prior to that, clients had to wait several weeks to start using the tool.

HubSpot in 2013 LTV
CAC = 3.5 (Viable)

CAC (Cost to Acquire an Average Customer) = $6,880
MRR (Monthly Recurring Revenue) Per Customer = $583
Churn Rate (Monthly rate that customers quite/unsubscribe) = 2.0%
Margin = 81%
LTV (Lifetime Value = MRR * Margin / Churn Rate) = $23,375
LTV:CAC = 3.5:1

NOTE: A scalable, sustainable subscription model business should have a 3:1 CAC

Constant Contact LTV
CAC = 2.8:1 (Just Viable)

CAC (Cost to Acquire an Average Customer) = $450
MRR (Monthly Recurring Revenue) Per Customer = $39
Churn Rate (Monthly rate that customers quite/unsubscribe) = 3.2%
Margin = 72%
LTV (Lifetime Value = MRR * Margin / Churn Rate) = $1,276
LTV:CAC = 2.8:1

Constant Contact changed the order of the on boarding process from Who + What + When to What + Who + When. The new process was...
What = What do you want to send your customers? Templates and simplified email building. They don't have to hire a designer. (Note: Even if they haven't sent it, they are invested in building the campaign. They're hooked.)
Who = Who do you send it to?
When = When do you want to send.

And… They hired Regional Directors to host regional events, a one-hour workshop on how to do marketing for small business owners. The Regional Directors have to host four events per week. At the end of each presentation, they put up a single slide advertising Constant Contact.

Mosquito Squad LTV
CAC = 13.1 (Viable)

CAC (Cost to Acquire an Average Customer) = $93
MRR (Monthly Recurring Revenue) Per Customer = $50
Churn Rate (Monthly rate that customers quite/unsubscribe) = 2.3%
Margin = 58%
LTV (Lifetime Value = MRR * Margin / Churn Rate) = $1,260
LTV:CAC = 13:1

Ancestry.com LTV
CAC = 5.6 (Viable)

CAC (Cost to Acquire an Average Customer) = $81
MRR (Monthly Recurring Revenue) Per Customer = $19
Churn Rate (Monthly rate that customers quite/unsubscribe) = 3.4%
Margin = 82%
LTV (Lifetime Value = MRR * Margin / Churn Rate) = $456
LTV:CAC = 5.6:1

Ancestry.com - The basic strategy for customer acquisition is a 15-day Automatically Converting Free Trial. It creates a higher return rate. They've tried multiple options, but this is the auto-convert was the best option.

Nick Nanton

Author of "Story Selling: Hollywood Secrets Revealed How To Sell Without Selling"
http://www.amazon.com/StorySelling-Hollywood-Revealed-Without-Selling-ebook/dp/B00RZYRCFA

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www.CelebrityBrandingAgency.com

Executive Summary:
Nick Nanton provided a fast-paced and entertaining presentation about creating a personal brand. With endless examples of both business and celebrity brand stories, Nick provides a formula and framework to identify how to create your personal brand. What story can you own? It's critical to use your story as a step towards creating trust with your audience. The story becomes the ice-breaker and direct avenue for creating connection.

Key Takeaway Quote:
"People have to <u>know you</u> before the will hear you."

Notes from Presentation:
WARNING – Nick spoke incredibly fast and I was not able to completely capture his notes. If this topic interests you, I recommend the book.

Text Fortune to 323.498.2068 for a copy of the slide presentation

1. The Big Branding Lie

- Your Brand = Your Story (It's just that simple)
- Personal story or company story

People have to <u>know you</u> before the will hear you.

Everything easy to do…is equally easy *not* to do.

Telling people what to expect before they come to your office, and then following through with that experience builds trust. You've followed through on the first thing you told them.

The Core Story Formula
1. I/we/our founder used to...
2. Until I discovered...
3. Now I...
4. And now I can show you how!

Celebrity Branding®
(How to Have a Story to Tell)

Oprah - Great at relating any story to anybody.

Donald Trump - Real estate. Skyskraper rehab - first project.
Toyota – Reliability. Affordability.
Apple - Creative

Melts in your _____ not in your _____.
Can't beat the _____ thing?
Got _____?

It's all about repetition. Big brands can spend millions on consistency.

The big question is: Are you getting across a consistently clear message about your brand?

Three pillars of success to your brand:

1. Positioning

- You have to be an expert at something. Nobody wants to be a generalist any more. (Processes? Experience? Niche? Specialty?)

- The deeper the specialty niche, the easier it is to be an expert, less competition, more affinity.

- Packaging. Put a wrapper around what you do (it has to be a consistent and authentic message).

- Focus on being congruent to the market you are serving. Example: The R.O.I. guy. Slogans, look and feel, brand statements, mission statements, collateral materials (letterhead, business card, brochures, envelopes, etc.)

2. Credibility

- Display your expertise.

- Content builds your Celebrity Expert brand.

- Social Media is critical. Start by curating information that you like. Pass it along to your followers. Share things from other people. Next… Blogs. Articles. Press Releases. Get them off of your website on to other websites. Google "Blog Syndication" or "Article Syndication."

- E-Newsletters are great.

- Writing for magazines, articles, physical newsletters… A physical medium has a bigger impact. A good newsletter should read like an update when sitting and having coffee with a good friend. Black and white newsletters look more authentic. Color might seem to fake.

- Special reports are a great tool (e.g. "Top 10 Ways To_____.") Books. Nick has 44 in the marketplace (only 2 were written solo. 42 are co-authored.) Speaking.

- A product/textbook. What are the top 10 questions you get asked every day?

- A book/movie. Media placements/credentials are valuable for credibility.

The Ladder of Credibility:
1. Expert status awards
2. Movies
3. Best-seller status
4. Media appearances
5. Author
6. Industry/professional Credentials

3. Community

Build your audience = Build your value

How do you define community?
- Industry
- Geographic
- Hobbies/Lifestyle
- Type of house/neighborhood

More community notes:
- The biggest mistake almost all companies make… Failure to control the conversation.
- Two way conversations allow you to become their true "Friend in the business"
- Your community will value experiences - You should be looking to create valuable experiences for your clients. This will prevent them for going anywhere else. Parties. Client Appreciation Events, Dinners, Trips.
- **People come for the promise, but stay for the community**
- Your community will ultimately keep you afloat in any market or economy as long as you treat them with respect. Tell them the truth. Always over deliver. Be fair and honest. Communicate well. They will also come to your rescue whenn necessary, and take down those who try to belittle you.
- Story Selling Secrets

Story Selling - Incredible branding tools

Though history stories have - Critical part of history. Great books of religion - a collection of stories. Fairy tales. Snow White - over two centuries old. In 2012 2 major movies…

Two sides of the brain. Left brain (analytical/knowledge). Right brain (Creative).
Stories appeal to the left-side of the brain. They help us process information.

Stories make information instantly relevant to us, because they involve us.

Ocxytocin - Natural in our book. The love hormone. Enables romance, parental bonding and trust.

Stories trigger Oxycotin. Powerful tool for any kind of persuasion.

Stories and Persuasion. Stories work on our logical side of our brain. The side that decides what is real and what's not.

Whatever faces, whatever message, whatever value you want to convey… It's best done with telling a story.

Your Brand = Your Story.

A successful brand is really nothing more than a story that the public likes to hear.

Four Basic Plots Of A Story:

Repeat time and time again throughout human history
Best represent the human experience
Audiences are constantly drawn to these 4 plots.

You've got to apply these proven plots to your story.

1. Overcoming the monster (Star Wars, Frankenstein)

Everyone has a personal monster.
Examples of common monsters:

- Poverty
- Brutal Competitor
- Drug Addiction
- Debt

2. Rags to Riches

Rocky
Pretty Woman
Slumdog Millionaire
Appeal of Rages To Riches is obvious.
"Started my business in my garage…"
"Came to this country with $50 in my pockets…"

Telling stories with people will create a "chemical bond" with people.

Many entrepreneurs come from very humble beginnings. Not to be ashamed of...

If you want far, be proud of it.

3. The Quest

Indiana Jones, Mission Impossible
The quest is all about leaving the confines of every day life.
Doesn't have to be a fantastic something….

Example: Peter Diamandis - On a quest for something that seems magical - private space flight. The familiar place he leaves is the old way of doing things - so everybody tells him it can't be done. But he prevails. Documentary coming out in 2016, "Visioneer."

Quest builds bonds with audience.

4. Rebirth

A Christmas Carole

Lion King - Samba losing his father...

Rebirth is about overcoming tragedy in a way that inspires the audience. Gives it hope.

Everybody loves a comeback. No matter what happens, you can still wind up a winner.

--

People buy from people that they like.

Christine Comaford

Author of "Smart Tribes"

http://www.amazon.com/SmartTribes-Teams-Become-Brilliant-Together-ebook/dp/B00B1FGAAC

Executive Summary:

Christine presented a fast-paced presentation about understanding the neuroscience behind connecting and communicating with people. The overall premise is that you cannot successfully engage or lead people if they are in a "critter state" with their brain – the primitive, non-rationale portion of the brain that is commonly associated with fight-or-flight responses. By understanding what matters most to individuals (safety, belonging or mattering), you can more effectively communicate and lead them. She provided five tools for being able to leverage this concept. Her content far exceeded the amount of time she had to present and readers are encouraged to add her book to their reading list.

Key Takeaway Quote:

"Neuroscience says that we can only track 3-5 priorities… Anything more than that is lost and sends them into Critter State."

Notes from Presentation:

"The 3 Things All Humans Crave: And How To Motivate Anyone, Anytime, Anywhere"

Smart Tribes Institute

The Three Things Human Beings Crave

Maslow's Hierarchy"

- Self-Actualization - Pursue Inner Talent, Creativity, Fulfillment
- Self-Esteem/Mattering - Achievement Mastery, Recognition, Respect
- Belonging/Love - Being Part of the Trip, Having Equal Value, Connecting to Others
- Safety - Security, Stability, Freedom from Fear
- Physiological - Food, Water, Shelter, Warmth

90% of our decisions are driven by our emotional brain.
The pathways going from our intellect to our emotional brain are significantly smaller.

What you will learn today
- The brain's secret of real change
- 3 deepest subconscious desires lurking in the 90% that dominate and drive behavior
- 5 tools to create deep emotional engagement
- What it feels lit to use those tools...

How to Move Through Some Common Revenue Inflection Points
$10M = $25M - $50M - $100M - $250M - $500M
Do the people stuff…that allows you to navigate through the inflection points. Which drives the money that allows the change of the model.

Three Basic Parts of Your Brain

- Reptilian - Balance, Breathing. Coded for safety. "Dead/Or Not." Binary system. Only focused on keeping you not dead.
- Mammalian - Fight/Flight. Coded for safety. "Friend/Foe." Running safety patterns to stay alive.
- Pre-Frontal Cortex - Envision a future. Analysis where we are now. Create a plan. Language skills. "What can I create?"

The Reptilian/Mammalian Combo: The Critter State Has Limited Access - It prevents you from accessing the Pre-Frontal Cortex

The Neocortex/Mammalian/Reptilian Smart State Has Full Access to the brain.

Why You Want a SmartTribe:

- Productivity 25-50%, 67-100% more emotionally engaged
- Sales closed up to 50%
- Profitability up
- Marketing generation leads up

Behaviors that Lead To Critter State

- Layoffs, reargues with explanation
- Unrealistic/tight deadlines/excessive workload
- Conflict avoidance/blow up
- Secrecy/the unknown/withheld info
- Political posturing/backstabbing
- Gossip/rumor spreading
- Mixed messages/unclear expectations
- Budget cuts without explanation
- Imposed change without explanation
- Burnout/Bad attitude/cynicism
- Revenue loss/key customer loss without resolution

Exercise:

1. Review the 2 previous Critter/Smart slides
2. Identify three Critter States that are occurring in your business.
3. What do you want to Start doing?
4. What do you want to Stop doing?

Tool #1 - Safety, Belonging, Mattering

When people are in their critter state, they will takeaway safety…belonging…mattering.

Lab: Safety, Belonging, Mattering
- Fight/Flight/Freeze craves SAFETY
- Talking about "us vs them" craves BELONGING
- Victim/complaining craves MATTERING
- Perpetually seeking recognition craves MATTERING
- Procrastination craves SAFETY & MATTERING

Create Safety, Belonging, Mattering in Behavior
- Truly engaging Mission, Vision and Values
- Individual Development Plans - The brain has to aspire and see that no matter how hard it is, we have a plan to get there. The brain must also have insights.
- Cultural Rituals: Rock Star, High Fives–Public Appreciation (all human beings crave status - it has to be done publicly and specific)
- Transparency: Accountability Structures, Open Communication, Feedback, Fairness (you have to provide fairness.)

Create Safety, Belonging, Mattering in Communication
- Safety: "I've got your back. Reach out to me if iI can provide any clarity, brainstorming, support of any kind." Use the word "together" all the time. It provides Safety, Belonging and Mattering. Safety + Belonging + Mattering = Trust (primary craving). Everyone is coded to crave Safety, Belonging and Mattering. Everyone has different levels for each of those three. (For Mattering - Give people appreciation. 'I'm so glad you're making a difference.')
- Service level agreements, return policies, guarantees of any type. Messaging: Testimonials and other messages

Sharon MacDonald, CEO, Model 55
"In less than 120 days we closed the largest deal in our company's history using the strategy Christine and I created together. "

Tool #2 - Values That Create Tribes
- Our relationships are founded in Trust and Respect
- We promote Open and Healthy Dialog
- We foster an environment of Teamwork and Collaboration

Use bullet points to clearly define your core values...

Only Recruit Tribe Members (Note: Similar to Topgrading – identify those that have your core values and share your core purpose.)

Facebook changes the roles of their employees approximately every 18 months

Tool #3 - Develop Individual Development Plans (IDP)

- 2 or more possible evolutions within 1-3 years (job skills/leadership skills)
- Timeline to acquire skills
- Plan, budget and leadership commitment
- Next steps & quarterly check-in
- Plan driven by the individual, supported by their leader
- Does everyone on your team have an IDP (Individual Development Plan)

Tool #4: Engage with Cultural Rituals, Rock Star, High Five, Appreciation

- Do you track your employee engagement?
- You need a public tool for tracking High Fives and Shoutouts. You can start tracking how many people give high fives and receive high fives.
- Is it safe to fail?

Neuroscience says that we can only track 3-5 priorities… Anything more than that is lost and sends them into Critter State.

Tool #5: Communicate with Transparency, Accountability Structures and Fairness

Conservations & Feedback:

- Feedback Frame :
  - What worked/What I liked was _____
  - What I'd like to see more of is _____
  - This avoids sending people into Critter State.

Four Conversations (be curious!):

- Are you okay?
- Is there too much on your plate?
- Is this role not the right fit for you?
- Do you really want to work here?

See Counseling Process in the "Smart Tribes" book.

Equal Pay for Monkeys Video: https://youtu.be/-dMoK48QGL8

"Everyone wants to put a dent in the universe…" Steve Jobs favorite saying.

Could I be bigger?
Could I be performing at a new level?
Could I be more loving?
Could I have more of an impact?

Work on getting yourself in the Smart State more often. Then do the same for your team.

You need Passion, Play and Release at work. (Make it fun!)

Safety + Belonging + Matter = Trust

Tool #1: Create Safety, Belonging & Mattering
Tool #2: Align with strong Mission, Vision and Values
Tool #3: Aspire with Individual Development Plans (create the 'desired' state)
Tool #4 Engage with Cultural Rituals, Rock Star, High Five, Appreciation
Tool #5: Communicate with Transparency, Accountability Structures and Fairness

http://www.smarttribesinstitute.com/stp

Verne Harnish

Author of "Scaling Up: How a Few Companies Make It...and Why the Rest Don't (Rockefeller Habits 2.0)"
http://www.amazon.com/Scaling-Up-Companies-Rockefeller-Habits-ebook/dp/B00O5RR7QO

Miscellaneous Notes from the Summit:

Danaher
http://www.danaher.com
According to Verne, maybe the best practitioner of Rockefeller Habits in the world. Also one of the best practitioners of Lean. Ranked $149 on the Fortune 500. Stock has outperformed the S&P 500 index by nearly 2,800 percent.

- Get the people side of the business right.
- Get the process side of the business right.

"We don't succeed because we are motivated. We are motivated because we know we will succeed."

The four-minute mile was not a physical boundary. It was a mental boundary.

"Never allow the fear of striking out keep you from playing the game." Babe Ruth

Randy H. Nelson (guest of Verne Harnish)
Author of "The Second Decision: The Qualified Entrepreneur"
http://www.amazon.com/Second-Decision-QUALIFIED-entrepreneur-TM/dp/159932623X
http://randyhnelson.com/book/

Self-awareness - Is the ability to reflect on one's own life so you can grow. How to overcome your own weaknesses.

"Are you the right person in the right seat?"

The first decision is when you decide to start up a business.

More businesses are closing than opening for the first time in US history.

1989 to now = 11.6% lead by someone under the age of 30 had a private business. That is now down to 3%.

Are we looking at the vanishing entrepreneur?

The second entrepreneurial decision

Created an entrepreneurial score card. Based on the top 10 reasons that business fail.

"Most mid-market companies underperform." John Mullins

"In order to know where you need to go, you must know where you are!"

The average male can live a healthy life for 68 years.

Closing Address - Verne Harnish

People + Process + Core Competency + Constraint + Crowd-Sourcing

Question:
What is your core competency?

EXAMPLE: French company Bic. They were not a 'pen' company. They were a plastic, consumer, disposable anything company. So they could do disposable lighters, pens, pencils, shavers, etc... They are a $2 Billion company today.

Question:
What is the constraint that you have to get control of?

EXAMPLE: John D Rockefeller - Identified that the constraint of the oil industry wasn't getting the oil out of the ground, it was the transportation of oil. So he purchased up the oak barrels.

EXAMPLE: Apple - The constraint was the ability to distribute electronic music. Once they had those contracts, they were able to exploit the iTunes store and MP3 player.

When you have a challenge, find the right question?

Question:
What big problem are you wrestling with that you could put out to the crowd?

EXAMPLE: Facebook.

What is your forum, council, think-group, etc… that you meet with every week?

EXAMPLE: Bezos at Amazon - What competitors have launched in our marketplace in the last seven days?

Every single day of every single week you need to stay on top of strategy. You can't wait every quarter.

The fundamental job of every team member is not to get their priorities completed, but to make sure that all team members accomplish their priorities.

The most important new division in many progressive companies is a "Mathematics Department."

FedEx predicts that by 2020 they will only have 5 pilots in their company. The majority of the planes will be flown like drones.

Jim Collins, "Great By Choice"
"Hidden Champions"

Keep Scaling!
Passion, Purpose, and Persistence