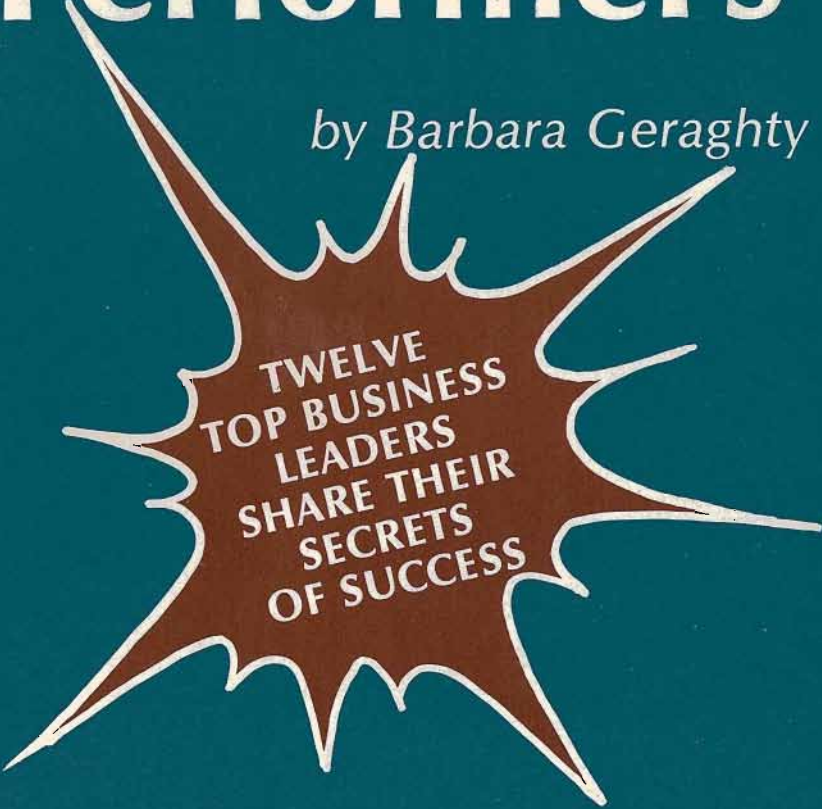


Secrets of **Peak Performers**

by Barbara Geraghty



**TWELVE
TOP BUSINESS
LEADERS
SHARE THEIR
SECRETS
OF SUCCESS**

**Secrets of
Peak Performers**

Barbara Geraghty

**Howland Publishing
Santa Ana, California**

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10 9 8 7 6 5 4 3 2 1

Howland Publishing
514 W. Bell Ave.
Santa Ana, Ca. 92707

(for inquiries, see the back page)

Manufactured in the United States of America.

DEDICATION

To my parents, Jerry & Anne Barnhart, whose love and faith in me provided the self-confidence to pursue my dreams

ACKNOWLEDGEMENTS

I would like to thank the twelve individuals interviewed for this book, since it exists as a result of their generous consent and contribution of information. To paraphrase Kathy Braun, "There would be no book without them."

The support and positive expectations offered by my husband, Colin Geraghty, provided motivation and comfort throughout the entire process. I appreciate his encouragement and his love. My daughters, Amy and Melissa, are a constant source of inspiration as I strive to make them "proud of me."

I would like to thank Robert Howland, publisher of some 700 books with Prentice-Hall, for publishing this book and also for opening the door to Corporation Education & Training Systems Inc., one of the premier corporate training companies in America.

Thank you to Diana James and Lola Gillebaard, my "sisters in success," for their friendship, advice, and faith in me. Susan Hoover's assistance in reviewing and editing the manuscript was indispensable. Finally, a huge thank you to Roger Laule of Copymat, who guided me with patience and humor through the process of compiling a manuscript. "Roger, I couldn't have done it without you!"

Barbara Geraghty
Irvine, California
1 October 1991

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CHAPTER 1

SUCCESS LEAVES CLUES

SECRETS OF PEAK PERFORMERS is based on a simple premise: Success leaves clues. By paying attention to the strengths of individuals we admire, we can bring these strengths into our own lives. By modeling their attitudes and philosophies, we can fuel our own quest for success. By actually copying their techniques and approaches, we can go further, faster, and with far less frustration.

It's been said that "smart people learn from experience, but **wise** people learn from the experiences of others." What can we learn from studying the experiences of others? How can these observations improve our lives? If you've ever pondered how some people manage to achieve phenomenal results in such a short period of time, pay close attention. Although it is safe to assume they were smart, talented, committed to their goal and at least a little lucky, they may have had an additional advantage. High achieving individuals have learned to build upon the successes, and avoid the pitfalls, of others before them. They profit from the experiences of others.

Simply put, it is not necessary to reinvent the wheel. For each endeavor you undertake and challenge you tackle, it is an absolute certainty that someone has faced that

situation in the past and can provide you with insight, information and guidance. Even when pursuing a vision so novel, so unique that it has never been attempted, you can break that vision into pieces and gather as much information as possible about the component activities.

An example from the world of recreation comes to mind. Recently on the news I watched a story regarding the latest craze, “air skateboarding.” Believe it or not, people are jumping from planes and riding currents of air with skateboards and surfboards until time to inflate their parachutes.

My first thought was, “Who thinks of these things?” After recovering from my initial reaction, I realized that although this is a brand new activity that almost definitely has never been done before, the clever originator of the idea could gain useful information by talking to people knowledgeable in skydiving, skateboarding, surfing, combinations that have been attempted before, and individuals involved in marketing of unusual recreational activities. He would learn something with each encounter, enabling him to save time, money and possibly his life. He would progress more rapidly than he could using only his own experience. This is the epitome of working smart rather than hard. You capitalize on the experiences and borrow the knowledge of a myriad of diverse individuals. The world is your team.

So what can we learn from Peak Performers? Everything! Those who have achieved great success and high levels of accomplishment can tell us what it takes, how it’s done, and how it feels. Just as important are the motivational and inspirational aspects of our encounters. **Exposure to success empowers us to clarify and activate a picture of success in our own minds.** It’s been said that the next best thing to being great is to emulate the great. It’s also the fastest way to get there! A powerful surge of energy will transform your life as you identify with people who have a vision shining from their eyes, a great spirit of

belief in their heart, and the courage and confidence to follow their dream and make it reality.

How do we recognize a Peak Performer? The concept of peak performance originated with Abraham Maslow, an American psychologist, whose studies of high performing individuals are described in his books "Toward a Psychology of Being" and "Motivation and Personality." Maslow discovered common traits in people noted for the richness and productivity of their lives. He classified these individuals, living at the highest human capacities of health and strength, as "self-actualized." Self-actualized individuals are focused on becoming the best they can be, and ability to achieve their full potential. We recognize these individuals by their shared characteristics of self-awareness and self-acceptance, close relationships with others, commitment to a mission in life, and a tendency to experience spiritual or ecstatic "peak experiences."

Although early studies assumed an individual evolved toward self-actualization and then maintained that state, further studies have shown that most people experience periods of self-actualization. At these times they are particularly aware, open to insight, focused on the task at hand, and blissfully involved in the endeavor. Dynamic energy and a remarkable sense of inner peace are experienced simultaneously. Athletes and artists describe these peak experiences, which are also called a state of flow, as feeling as though time is standing still and you are observing yourself as a higher power works through you. Often great revelations or performances occur.

To increase Peak Performance in your life, analyze times in the past when you enjoyed a peak experience. What combination of events combined to produce the response? What were you involved in? Were you working alone or as part of a team? Indoors or outdoors? Examine these factors carefully for clues. By studying the conditions that enabled you to function at your best, you will discover directions which lead to potential peak performance. Move

with confidence in the direction suggested by past experiences.

Identification with high-achieving individuals assists us in forging our own path to peak performance. Child development experts understand the contribution of the identification process in learning and development. It begins in infancy and accelerates in early childhood as we observe and copy our parents and siblings for guidance on how to eat, how to walk and how to communicate. As we get older the influence of peers, teachers and others such as television stars are added when we undertake complex activities such as telling a joke, talking to the opposite sex or driving a car.

In our lives, the period of most intense observation and identification is probably the teenage years. At this age young people are literally inventing themselves, trying on one identity after another, incorporating what fits and discarding the rest. Exposure to positive role models in this critical period can provide a major impact on later achievement.

An example of an obsession with biographical stories leading to future achievement is Ted Turner of Turner Broadcasting, founder of Cable News Network. Confined to study hall in high school but bored with academic studies, he discovered biographies of military heroes throughout history. With fascination and zeal he pored over accounts of the exploits and victories of Napoleon and Alexander the Great. Years later, Ted Turner exhibited vision, courage and exceptional tenacity in his struggle to get CNN off the ground. Is it possible those stories taught him valuable lessons which inspired him to keep going toward his triumphant success?

Peak Performers continue this identification activity into adult life. Many become obsessed with reading biographies of men and women of distinction. They prefer non-fiction accounts of events that really happened and the people who really did them. Consciously or

subconsciously, they are searching the literature for clues and patterns. Why did they do what they did? What did it take to accomplish their dream? What special actions did they take or approaches did they utilize that I might apply to achieve my desire?

Additionally, it is a recognized fact that those with the ability to develop strong mentor relationships generally advance faster in business. Part of this benefit stems from having someone to groom you, to pave the way, to get your name in front of people, and to support you with information and advice. Just as important is the valuable exposure you gain to the inner workings and strategies of an individual positioned above you. Firsthand information of this type is indispensable. In each sales job I have held, we were advised to invite the Number One Sales Representative to lunch to ask questions, to listen and to learn how he or she achieved the results they had. It is good advice for everyone.

Look around yourself at individuals you admire. Pay attention to exactly how they do the things they do. Reduce their techniques and approaches to component parts and one by one interject these component parts into your own life. Select the high achieving individuals in your field, or people who have accomplishments that impress you. Set a goal to meet them, even if the possibility seems remote. Write a letter asking to meet with them when they are in your city or when you are traveling to theirs. Resist the tendency to be intimidated by their position or power. Successful people are generally great communicators who are willing, even eager, to share their secrets with us. Often all you have to do is ask!

Such was the case when I set out to write this book. As a motivational speaker pursuing the topic "Secrets of Peak Performers," I utilized biographical stories from the lives of high-achieving athletes and business leaders to bring characteristics vital for success alive for my audiences.

Suddenly I looked around my community, Orange County, California, and I realized that I must be crazy. An abundance of success stories exist right in my backyard. Phenomenal development and accomplishment had occurred **right here** in the last ten years alone, and the men and women responsible for it are here. These stories must be told! And, isn't it more compelling for an audience to hear a story gained firsthand, a story which has possibly never before been published?

One small obstacle. The individuals I was interested in are extremely busy and carefully protected. It seemed almost impossible to obtain a private interview with them. Right? Wrong! I sent out letters of introduction and explanation, followed up with a phone call, and scheduled the interviews.

Don't let doubt and hesitation prevent you from pursuing valuable experiences which will fuel your success. Most of the roadblocks we imagine simply do not exist. With a clear vision of what you wish to accomplish and a strong belief that you will, **you can do anything!**

My focus in the interviews was specifically on the characteristics I believe to be vital for success...

VISION

BELIEF

RISK-TAKING

SEEKING OPPORTUNITY IN ADVERSITY

PERSEVERANCE

Other common characteristics emerged, as well as unique talents and approaches, but the interview questions were designed to explore these issues.

VISION

With a clear and compelling vision to illuminate your path, you can do anything. The first step in success is to know exactly what you wish to accomplish. Peak Performers possess a definite idea of what they want to do, where they want to go, and who they want to become. If

you lack a clear picture of what you wish to do with your life, this is the place to begin. After all, if you don't know where you are going, how will you know when you get there? Conversely, if you do know exactly where you want to go, you can utilize this vision as a magical image which beckons to you. Anxiety, confusion and doubt will melt away each time you focus on the dream you follow in hot pursuit. Your vision will inspire you, motivate you, energize you and comfort you.

Conceptualize your vision as a light at the end of a long, dark hall. You will feel apprehensive as you enter the hall. You may consider turning back. As you maneuver your way in the dim light, you will bump into the walls on either side. But as long as you keep your eyes fixed firmly on the light shining ahead, you will make it. Keep your eyes forward and proceed one step at a time.

BELIEF

You must believe in your heart that you are capable of achieving your vision. Essential is your resolution that you can do it, that you have what it takes. If you have doubts, refine or modify your vision until you feel confident. This doesn't mean that your vision shouldn't be a tremendous challenge, a goal that will take everything you've got and then some to achieve. **But you must feel that if anyone on earth can do it, you can!**

RISK-TAKING

Risk-taking is an essential component in high achievement. Often the first risk is daring to dream, allowing yourself to pursue a vision you feel passionate about. Only you know what that vision is. How long are you going to suffer feelings of deprivation and regret while doing what you think you should do, rather than experiencing the joy and energy that propel you forward when you do what you **can do**.

Each individual in this book took what might be regarded as a risk to pursue what they believed in. They left secure paychecks and guaranteed career paths. Although most experienced difficulty numerous times along the way, they would not alter the decision to go after their dreams. Fulfillment of those dreams makes all hardship and sacrifice worthwhile.

There simply is no achievement that does not encounter disappointment, obstacles, mistakes and failure along the way. These experiences are a natural part of the process. By avoiding risk and challenge, you accept a life lived at lower levels of growth and achievement. You will never go as far, accomplish as much, or enjoy life as thoroughly if you play it safe. Do you want to be vibrantly alive? This requires living outside of your comfort zone, on the steep side of the learning curve. Do you strive for intellectual awareness? Then you must be open to new ideas and philosophies, although some may threaten your existing perceptions and values. Do you seek emotional involvement? This can be the most difficult quest of all, because you risk getting hurt.

SEEKING OPPORTUNITY IN ADVERSITY

Perhaps it is their perspective toward obstacles and difficulties which most radically separates Peak Performers from ordinary individuals. Peak Performers accept the fact that opportunity's favorite disguise is trouble. Understanding this, they enthusiastically welcome obstacles and get right to the task of peeling away the disguise to reveal the opportunity contained within.

Think about this for a moment: How do you react when confronted by a problem or obstacle on your path? What is your instinctive response? Do you resist the problem, becoming emotionally involved and wondering, "Why did this happen to me? What did I do to deserve this?" Possibly you accept the problem, realizing that problems do occur regularly, to everyone and in all aspects of life. But can you imagine an approach to problems and difficulties where

you calmly take control, begin the necessary steps to analyze and resolve the problem, and *throughout the entire process you remain on the lookout for the opportunities that exist in the situation?*

All of us are faced every single day with numerous opportunities brilliantly disguised as problems. Next time you are facing a problem, creatively imagine all the good things that could happen as a result. In addition to enabling you to face the difficulty with a calm and positive attitude, this will assist you as you begin to develop the special vision Peak Performers utilize to isolate and identify opportunities.

Develop a new perspective toward adversity and crisis. Crisis does have value because it generates transformation. It thrusts us into new, higher levels of performance and achievement we would not have attained otherwise. Think back on problems and obstacles in your past which led to positive outcomes which simply wouldn't have occurred otherwise. Recollection of past triumph over obstacles and the resulting benefits provides emotional nutrition when you are facing a new challenge.

PERSEVERANCE

Why is it that some individuals, who are consumed with their dream or vision and possess startling talents and abilities, fail to reach their goals—while others of average intelligence and skill reach for and touch the stars?

The difference is perseverance. There is nothing imaginable that you cannot accomplish if you decide you will do whatever it takes to make it happen. Only you can decide to quit. Failure simply cannot occur if you refuse to say “it's over.”

The individuals in this study have incredible stories to tell. They described their vision and how it evolved, their belief that the path was correct even in the darkest hours, and their resolve to follow their mind and heart even if it meant sacrifice or going against commonly accepted

wisdom. Many have had events in their lives which seemed ominous or tragic at the time but often turned out for the best.

Above all, they stressed perseverance. It is the biggest secret of success Peak Performers can share. Cleave to your dream or vision with all the strength you can muster. If difficulty or failure occurs, analyze, evaluate and form a new strategy. But don't quit! As Winston Churchill responded when asked his secret of success:

"I have just seven words that describe my secret.

NEVER GIVE UP. NEVER, NEVER GIVE UP."

I have a personal mission to shatter a myth. Too often in our society we get the impression that—although effort is required—success is a progressively forward-moving activity that proceeds continuously without significant difficulty. If you have a good idea and you keep putting one foot in front of the other, results will follow. This myth is encouraged by the media need to reduce stories to "sound bite" size—relaying the critical facts while eliminating cumbersome detail. Additionally, human beings possess an amazing ability to forget tedious, painful detail after the problem passes.

Consequently, a young person in pursuit of a vision may feel disillusioned or betrayed when he encounters what appear to be overwhelming obstacles. He might easily conclude that he is on the wrong track, doesn't know what he is doing, and was crazy to make the attempt in the first place.

Wrong! Every extremely successful individual confronted and *survived* those same overwhelming obstacles to achieve their success. They went without food, lost their jobs, filed or fought bankruptcy, and withstood ridicule from others. It is part of the program. No major achievement occurs without it. They triumphed over it. You can too.

The stories of twelve highly successful individuals will be shared with you on the following pages. I think you will be surprised to discover how much you have in common with them. As John Crean said, "There are no giants." They are human beings, just like you, with hopes, fears, dreams and insecurities. Some stories will inspire you, some will make you laugh, and one may give you the seed of a great idea. Listen to them. They are offering a formula for success. Adopt the formula and increase peak performance in your life.



CHAPTER 2

KATHY BRAUN

Whether you are climbing the corporate ladder or scaling the sheer face of the entrepreneurial mountain, obtaining the support and assistance of others is an absolute necessity for success. Only a very unusual person in a very unique situation can attain high levels of achievement without a team.

What is required to assemble a winning team, and how do you accomplish this? This is an area where we can learn from Kathy Braun. Executive Vice President of Western Digital and frequently mentioned as one of the highest-ranking women in corporate America, Kathy claims her greatest strength is her ability to build a team that is loyal to the company. She is the first to admit, **“I would have no success without them.”**

It would be difficult to deny the success she has achieved with them. From 1981 until her recent promotion to Executive Vice President, Kathy held positions of increasing responsibility in the Storage Products Division of the company, culminating in the position of Senior Vice President and General Manager. During that period the division grew from fifteen million dollars in sales to a whopping seven hundred fifty million, contributing 75% of the company's gross revenue. As a result of her

performance and ability to obtain results, Kathy claimed the position of best paid woman at a publicly traded company in Orange County in 1989 and second highest paid in 1990.

What lessons can Kathy share which will help us become more effective in team-building? Can she teach us how to take a group of individuals and motivate them, get them to “mostly all point in the same direction,” and facilitate an environment where they will work together in harmony and cooperation? Yes! The first step and primary objective, according to Kathy, is to focus all efforts on getting them to desire the objective as badly as you do. You must get them to share in the success and in the pain.

How do you motivate someone to that level of involvement, where their desire matches your own? How do you encourage them to work hard and deal with their stress effectively so they can continue to perform? Kathy compares her approach to a mother role. You nurture them, you teach them, but most of all, **you give them responsibility.**

Kathy capitalizes on the fact that it’s hard to remain detached and uninvolved when you’re given ownership of something. Commitment comes naturally to anything that is “ours.” We expend additional effort and go the extra mile when we feel personally responsible. It’s also extremely difficult to abandon a project when it’s doing badly or doing well if you feel ownership of “what it is.”

Western Digital operates in a high technology environment. One of these two, deep trouble or huge success, are often the prevailing industry conditions. You’re either on the way up or on the way down. No in-between exists. Big swings in results are a fact of life, and according to Kathy these big swings foster a high level of involvement if people have made a strong commitment to their project as a result of their responsibility for it.

If Kathy’s theory is true, you would have dedicated employees who would remain loyal through thick and thin. As proof of the technique, Kathy refers to her Western

Digital team. Kathy feels fortunate that for a long time the people who have worked with her enjoyed a great deal of success. Today, the pain is there. In many cases, this is their first exposure to major business problems and crisis. Not one has jumped ship.

How do you transfer the responsibility and permit them to take ownership? What is the initial step to incorporate Kathy's formula into your team-building repertoire? You begin by breaking up the vision, goal or project into "definable chunks." Assign one individual complete responsibility for each chunk. Accountability for the success or failure of that chunk resides with them. When they are successful they get to feel all of the reward, and if things are going poorly you encourage them to do the difficult work necessary to get back on track.

The further down you can place that responsibility, the better. Everyone in the company can have chunks that are entirely their responsibility. Everyone in the company can feel a sense of true commitment to their part, and true involvement in the whole.

Kathy is the first to acknowledge how difficult this can be. It also requires keen judgement. If you jump in too soon you rob them of the responsibility and undermine their self-confidence. If you wait too long you could seriously harm the company. You must keep your eyes and ears open at all times, weighing all the variables before making decisions on when to act and when to wait. And, you must know your people.

Although I certainly couldn't tell, Kathy was on pins and needles during our interview. She shared this with me at the end of our time together. One of her managers was in Singapore, and his team was preparing a presentation to be given the following morning to the Board of Directors! Although she instinctively wanted to go down and "check things out," she was actively resisting the impulse. She knew that action would communicate the message that she didn't believe they could handle the presentation without

her assistance. Actually, she knew they could. She thanked me as I left for keeping her occupied and preventing her from interrupting them when they were hard at work, focused and doing just fine.

A loyal and motivated team is further empowered by an identity that gives them pride. Kathy hit on a winner when she began calling her team “The Ferrari Engine.” A Ferrari engine, an instantly recognizable symbol of quality and power, owes its distinction to the unsurpassed synergy of its parts. Were you to change just one part it would not be the same. It would still be a great engine, but it would not be a Ferrari.

Can you imagine how Kathy’s team felt upon receiving this label? Special. Important. Appreciated! Anyone seeking to build a team of winners can infuse pride and energy in the group by selecting an identity that fits their strengths and then charging that identity with a strong emotional connection. Once you’ve selected the key picture or phrase, you’ll find many opportunities or occasions to use your motivational theme.

In Kathy’s case, she had a team that had learned to worked together, to deal with stress, to put in long hours and extra effort, and to go for it. They had evolved from a group of talented individuals to one finely tuned machine. The Ferrari engine provided the perfect metaphor.

Once established as an identity that aroused their pride, Kathy could capitalize on that motivating emotion with various sources of sensory stimulation. Posters of brilliant red Ferrari’s speeding by on the open road could adorn the walls in work areas. Stimulating slogans from Ferrari’s marketing literature could be incorporated into team projects. A rented or borrowed Ferrari could provide exciting rides to celebrate a special victory. There is no limit to what you can do once momentum is established.

Successful leaders have this ability to choose an identity or idea that captures the imagination of the group and then becomes a rallying point for team energy and team

spirit. For centuries military leaders and athletic coaches have maximized results with this approach. It is effective in business as well.

Kathy also leads by example. She has always been one to work hard and to take on responsibility. If things weren't working she would worry even if it wasn't her job to fix it. If she could motivate someone who could fix it she would. Since the beginning of her career she has felt the urge to get the product out, capture revenue, and build market share.

She attributes her strong work ethic and her willingness to assume responsibility to her upbringing. As a child she was assertive and aggressive. When she played Cowboys and Indians, she was an Indian and the Indians won. When she played Barbie dolls, she accompanied Ken to work and earned a nice income of her own. As far as she can remember, she was never discouraged for her spunky behavior. Perhaps more unusual, she was left to her own devices and allowed to take responsibility for whatever her life was. She always felt an inner motivation to do well in school. As an adult, she took the "responsibility thing" she learned as a child and turned it into doing good work.

She emphatically stresses she is a person of action, not a person of vision. If she can't feel it or touch it or see it she leaves it to someone who can. She illustrates her tactical skills with the following example: You enter a room filled to capacity with slithering snakes. Some people swear they are going to categorize the snakes; some are big, some little, some poisonous, some not. Then they will organize them, and finally they will kill the poisonous snakes. Kathy gets right down to business. She takes the closest snake and kills it! She doesn't care if it is poisonous or not. She just keeps killing snakes as quickly as she can. She eventually gets to some type of organization, but by then she has killed an awful lot of snakes.

Ironically, her career at Western Digital sprang from a crushing disappointment. As part of her first job with a different company, she was involved in a special training

program for women who had degrees other than in electrical engineering. It was an excellent opportunity, since it is very difficult to get started in the computer industry without an electrical engineering degree or extensive experience.

Kathy's long-range plan was to go into sales. She envisioned a future as an extremely successful salesperson. Working hard until she had risen to a point where she had earned a promotion into sales, she was then told that the president of the company did not want women in sales positions.

She was devastated. Inexperienced in effective methods for venting emotions of frustration and disappointment, she alternated between anger and tears. Shortly thereafter she left that company and was hired at Western Digital. In retrospect she realizes her good fortune. Coming to Western Digital when she did was a brilliant career move. She couldn't have picked a better time or a better type of company to join. The company was just emerging from Chapter 11, so the management structure was small and close. A company that is reorganizing from Chapter 11 is like a start-up in terms of opportunity and energy, with the advantage of a focused vision and cognizance of strengths that comes only from experience. Kathy is one of several individuals who were part of that original team and have developed and grown with the company.

Thinking back on Kathy Braun in 1978, young and crushed and angry that she was denied the opportunity she had worked to earn, who could imagine she would rise to Executive Vice President of a billion dollar company? How would she have reacted to that disappointment if she had known it would enable her to become one of the top women executives in the country? Would her perspective have been different if she had realized the temporary setback was

absolutely necessary to move her to the next step of the journey?

A Peak Performer must be prepared to cope with disappointment, difficulty, and even failure on the journey toward ultimate success. There is no alternative to this process of risk, challenge, mistakes, assessment, restrategizing, success and then onward to the next plateau of risk and challenge. It is a never ending spiral leading to ever higher levels of achievement and fulfillment.

As if to prove this point, Kathy is smack dab in the middle of a big business risk right now. Five years ago, Western Digital was the leader in disk controller electronics with 70% of the world market. They were achieving 10% pre-tax profit coupled with 20-30% growth per year. Western Digital was a company experiencing a dream come true!

Emerging technology came along and enabled manufacturers to incorporate the disk controller into the disk drive. The market Western Digital had dominated so successfully vanished. They had two options: Sell their chips to the disk drive companies, or go into the disk drive business themselves.

Seems like an easy decision, doesn't it? However, a concern was the volatility of the disk drive business—it is either extremely good or extremely bad. Also, Western Digital really knew very little about the disk drive business. On the other hand, they owned 70% of the electronics market, which was half the cost of the drive. Their customers loved them. The technology they lacked could be easily acquired and they could become successful at that too.

Kathy lobbied hard to enter the disk drive business. The Board of Directors of Western Digital and Roger Johnson, President, CEO and Chairman of the Board, agreed. They bought a small unprofitable division to gain the technology required and were on their way.

For a year and a half things went great. They tasted success, they accepted success, and they celebrated. They had taken the market and won, just as in the controller business. Life was sweet.

Then the disk drive business took a cyclical turn, as it is prone to do. They learned the hard way that in the disk drive business the stakes are higher, the industry is tougher and the competition is bigger. There were other lessons to learn as well, and Kathy was quick to accept these and share them with us.

Western Digital was celebrating winning the war instead of polishing their guns during a lull in the battle. The moral: Never relax. There simply is no such thing as permanent success in the world of business. There is no such thing as winning the war. There are only battles after battles after battles. Western Digital is polishing those guns now—firing salvos and polishing at the same time.

A distinction Peak Performers share is their willingness to accept the lessons life hands them as “learning experiences.” They don’t waste valuable energy regretting past actions or berating themselves for not knowing all the answers. They live by the axiom, **“When we win, we win. When we don’t, we learn.”** Faced with one of these “learning experiences,” they extract the core lesson and incorporate it into their repertoire of knowledge. As a result of this special technique, they continually increase in judgement and effectiveness.

Western Digital can’t help but win many battles with people like Kathy on board. She is strikingly bright, disarmingly open, and surprisingly tough. I found it ironic that Kathy keeps her fifteenth floor vertical blinds partially closed due to her fear of heights. She had better adjust to high places, because she is going to continue moving straight up.

I interviewed Kathy the day following her fortieth birthday. Her office was adorably decorated with a Sixties theme: smiling faces, platform shoes and peace signs in tangerine orange, sunny yellow and lime green. It was obvious that her staff felt very comfortable having fun with her. So did I!



CHAPTER 3

KATHY BRONSTEIN

My initial impression of Kathy Bronstein, Executive Vice President and General Merchandise Manager of Wet Seal stores, was “My, how young she is.” Dressed in clothing that was casually chic, with a fresh wholesome look, she appeared to be just slightly past college age. Could this be the woman who is a financial partner as well as a recognized influence in the store that is the cutting edge of teenage fashion? Is this the woman who is paid more than any other in a public corporation in Orange County?

Kathy attributes her youthful persona to the fast-paced and constantly evolving business she has chosen. It keeps her on her toes and keeps her young. Her need to be abreast of what is happening and what the young girl wants necessitates thinking like a young girl. Even then, just when she thinks she has it figured out, it changes.

Kathy’s contribution to Wet Seal in the last seven years has been vital in their growth from a chain of seventeen stores generating sales of eleven million, to over one hundred stores with sales of approximately one hundred twenty-five million dollars in 1991. As payoff for seven years of hard work and dedicated effort, Kathy has gained feelings of pride and satisfaction beyond measure.

She speaks proudly of the evolution and improvement that has occurred at Wet Seal in the past seven years. Recalling the day in 1984 when Ken Chilvers, her current

partner, showed her through Wet Seal's first remodeled store, she remembers thinking, "What a great store design; it does have a certain potential. I bet some of the concepts I've been thinking about in my years as a buyer could be done here."

What were those ideas Kathy had entertained for years? Where did they come from? Several sprang from her experiences with a former employer, Fashion Conspiracy. As a buyer for Fashion Conspiracy, Kathy was responsible for purchasing all the tops. She traveled frequently to the Orient and did about sixty percent of her purchasing there. Another buyer was responsible for purchasing all the bottoms, and she also traveled to the Orient and did the bulk of her buying there. As unbelievable as it seems, they did not communicate. No ideas, directions or strategies were shared between them. They never traveled on the same schedule. Each worked from a different color card. It was deliberately set up that way, although they weren't sure why and never got a clear explanation.

This negative and confusing experience stuck with Kathy and led to the formulation of a principle she believes and follows to this day. Although positive exposure instructs us, negatives also have tremendous value. Really talented people teach a lot, and really ignorant people teach just as much or more. They show us what not to do. Kathy advises open-mindedness to failure and what it demonstrates as well as attention to the lessons of success. Often negative experiences offer insight we can capitalize on to move to the front.

And that is just what Kathy did. Although she had been unhappy in her three years at Fashion Conspiracy, she remembered her mother's motto; "Every negative thing that happens in your life turns into a positive experience at some point." She took her three years of misery and turned them into a positive because they taught her something. When she joined Wet Seal and Ken took her to tour a store, he said,

"Kathy, what is your vision? What could you do that's exciting? How would you make a difference at Wet Seal?"

Kathy had an answer ready. She exclaimed,

"Give the customers outfits! Give them clothes they can wear together. Select items which encourage this. Make sure everything is the same coloration. Don't have a rounder of tops and another of bottoms. Mix them in interesting combinations that give people ideas. If they buy a complete outfit—top, bottom, socks, accessories—they will go home and feel like they have something. They will have had a meaningful shopping experience."

This approach has become Wet Seal's forte. Laughingly, Kathy relates the story of the company's first public offering of stock in July of 1991. They had prepared a road show for presentation to analysts and investors to explain the company's vision and investment potential. In her quest to make the concept clear, Kathy used an analogy to the *Garanimals* line of children's clothing, where outfits are created by matching colored tags. She told them, "Our version on *Garanimals* dressing." Instantly they understood.

This vision of outfit merchandising helped Wet Seal achieve the success it enjoys today. When Kathy walks into a store she sees tangible evidence of her ideas in the evolution that has occurred and is occurring in store design, merchandising techniques and the packaging of the clothing in the store.

Kathy claims her mission in life has always been to get out there and make a difference at something, at anything. Reaching the age of eighteen in the late 60's, she was deeply affected by the cultural revolution that was changing this country. It captured her imagination. Growing up in Miami, Florida she witnessed how one man, Fidel Castro, had come into Cuba and moved a multitude of people out of Cuba and into Miami. She experienced firsthand the effect this one man had on the lives of many, including herself. On the other end of the spectrum, Martin Luther King's impact on race and equality issues caught her attention. Fascinated by the realization that there were

people who really made a difference in the world, she vowed to do the same.

If her dream at eighteen was to make a difference, her “dread” was waking up to find herself living in a split-level home in suburbia, driving a station wagon to school with two kids and a dog in the back. She simply could not fathom the status quo. Kathy is now, at the age of forty, pregnant with her first child. Although she wonders if she will regret her late start, she acknowledges that the opportunity to fulfill her need for achievement had to be pursued first.

Her mother has always told her, “I knew when you were little you were never going to just be someone’s wife and stay home and raise a family.” Actually, they argued about it for years. Since that lifestyle had been her mother’s, she felt it should be Kathy’s as well.

Has Kathy’s need to make a difference been fulfilled at Wet Seal? Definitely! Knowing she is providing a happy shopping experience for teenagers to mid-thirties women brings her enormous satisfaction. She is grateful for that opportunity. When I commented that, as the mother of two teenage girls, I have inside knowledge that Wet Seal is “the store” she beamed. To have been a part of that is enough for Kathy.

Kathy claims her personal success formula is her passion for what she does. According to Kathy, if you are passionate and love what you do, you will want to do it well. If you care about doing it well, you will. When you feel passionate about anything you generally find a way to work it out. You may not work it out the way you originally visualized, but you will find a way.

Because she loves what she does, Kathy works hard but it doesn’t feel like work. However, she denies that the glamour of fashion eliminates the drudgery. She stresses that it is not nearly as glamorous as it seems. To illustrate, she describes one of the latest trips she and staff members took to Europe. When she mentions these trips, everyone enviously exclaims, “Oh, you go to Europe to shop the stores? How glamorous!” To dispel the fantasy, they took a picture. There they were, on the slick city streets of Paris,

in pouring rain. Hair matted to their heads, bags under their eyes, makeup running down their cheeks, clothes and shoes soaking wet, sniffing as wadded masses of Kleenex protruded from their pockets and purses, they struggled under the weight of shopping bags. Kathy asks, "This is glamour?"

Like all businesses, the excitement comes from the success. For Wet Seal, the success is there. Despite a recession that has hit the fashion industry hard, Wet Seal continues to make money. Although sales have dropped, bottom line percentage profits remain stronger than the industry average. Sales per square foot have actually increased in the past few years, from \$185-200 to over \$425.

Kathy admits, though, that the recession has been a tough adjustment for her. She had been on a roll, expanding her staff and the company, and coming up with exciting new products. And then, **boom**. After the stock market crash of 1987, business just died. For a couple of months Kathy would go home and feel really down. She would question whether she was on the right track, whether her strategies were good. Luckily, Kathy's husband is very supportive and, in her words, "her biggest fan." When she was feeling this way she would confide in him and say, "Am I doing something wrong? Am I selling these people a bill of goods?" Her husband would reply, "NO! You're good. You built that team and you helped build that company. Just keep doing what you are doing. It's going to happen. Everyone is going to have a down time somewhere along the line and you have to realize that." Then Kathy would come into the office and the people on her team would say, "Are we doing something wrong? She would say, "NO! You're good. You're a great group. You're strong and you will make it! We are just going to have to work our way through this."

Kathy is quick to point out that she has learned how to manage people by listening to and observing others. She needed someone to direct her along the way and show her how to assist employees in maximizing their potential, for herself and for them. Her partner Ken taught her everything

she knows about managing people, and managing people has really made the difference at Wet Seal. There is no question in anyone's mind that the people in the company have made the company. Today as she looks around, she sees a staff that is so good "You could get down on your knees for six years and pray for a great staff and still not get one like this."

On Kathy's wall is a beautifully framed portrait of her staff. From a group of 3 buyers, 2 assistant buyers and 1 person managing planning and distribution in 1984, the group has grown to 7 buyers, 10 assistants, 10 individuals doing product development, 4 merchandising managers and 20 individuals in planning and distribution. And what a group they are. Fresh, shining, happy and exceptionally attractive faces gaze at the viewer with genuine affection and gusto for life.

Kathy says the portrait enhances what the Wet Seal is. The smiles are genuine, the happiness is sincere. A gift from the group to celebrate her fortieth birthday, it is cherished by Kathy as a visual reminder of her favorite part of her job. Kathy values the opportunities she has had to teach talented people different things. She relates one example of a young girl of nineteen with no college education who came to work for Wet Seal. Today she is the Senior Buyer.

When things are rough and Kathy is concerned, she looks to her team. If she feels "downtrodden" she watches their reactions and listens to their input. It's always positive. As a result, she tries not to let them see her down, because she realizes they rely on her. She notices how her positive attitude, even when it is not completely heartfelt, affects them. Awareness of that responsibility brings her back up.

Even as a child Kathy exhibited this sensitivity to the feelings of others, and demonstrated an ability to get along with many groups. As a high school student in a Catholic school, she toed the line but still got where she wanted to go. She was Sophomore Class President and President of the Student Council, but still a favorite with the nuns. She was able to appeal to different niches and to be what people

wanted her to be. She still utilizes this approach today. She will conform to what one buyer needs her to be, and at the same time can respond to what another merchandizing manager wants from her although it may be quite different. She adapts to them rather than making them adapt to her. She finds it easier and finds it works better.

A highly principled person, Kathy sometimes makes decisions based on her need to honor a commitment, more than on good sense. She describes the events that transpired when she left her previous employer. She was approached by an employment agency and presented a job opportunity with a large Southern clothing chain out of Charlotte, North Carolina. She would be hired as a Vice President and General Merchandise Manager. She was thrilled at the increased responsibility of the job and accepted, although it meant selling her condominium and leaving all her friends to begin a new life in a part of the country she was unfamiliar with. After her acceptance of the position, the very next day, a man she had known from her former job, now working at a employment agency, called and said:

"You need to go on an interview. I have a great opportunity for you."

Kathy responded,

"Thanks for thinking of me. I'd love to, but can't. I just accepted a job and feel very confident about my choice."

"Kathy, we've been friends for awhile. Do me a favor. Go on this interview for me."

Kathy went to the interview and met with Ken Chilvers. She told him immediately how pleased she was to meet him and to hear about his business, but that she had accepted a position with another company. He assured her he knew that, but wanted to talk and take her on a tour of the store. After Kathy presented her vision of outfit merchandizing on the tour, and recognized the potential of Wet Seal to fulfill her ideas, they parted company. The next day Ken called and invited her to lunch. Since she had enjoyed their conversation the day before, and admired his knowledge in areas of retail she knew nothing about, she consented. At lunch he offered her the job. She was flattered but said she couldn't since she had accepted another job. Dogmatic

about her commitments, she was determined to follow through whether she wanted to or not. The irony of leaving her home and her friends to obtain a position identical to one available within three miles of home escaped her.

Kathy flew to Charlotte to assume her new position. Within three hours of her arrival, she learned the company was for sale and no one would have a job within six months. Destiny intervened and changed Kathy's future. Is there any doubt that Wet Seal benefited?

Several months after hiring her, Ken explained to Kathy that an opportunity might soon exist for her to invest in the company. The initial investment would be two hundred thousand dollars. At the time she was thirty-four years old, single, earning seventy-five thousand dollars a year. She didn't know exactly where her life was going. She would be responsible for the debt whether the company earned profits or not. The risk was real, and so was the anxiety.

Kathy made the investment, primarily to prove that she believed in herself and what she could accomplish. She thought, "Kathy, put your money where your mouth is. You tell yourself you can pull this off. Take it a step further. Step up to the plate."

Although she realizes some might view this investment as a misguided priority, Kathy always placed professional achievement as a higher priority than a personal life. In the few short months she had been with Wet Seal, she had become extremely dedicated to the company. She loved the Wet Seal then, just as she does now. Her business life was providing all the things family had provided her as a child. It was simply a wonderful feeling. Without hesitation she postponed personal gratification for many years to have what she has today. It was well worth it.

Although her debt was not retired until six years later, when the company went public in 1990, Kathy felt confident regarding her decision within six months. Discomfort was there during the first six months, but she never thought about how to get out of it or what if it wasn't

successful. She never visualized failure as a possibility. It did not occur to her that she wouldn't succeed. If she had lost two hundred thousand dollars, she would have accepted that and just kept on working. The commitment to Wet Seal had been made.

Today Kathy Bronstein's dreams have come true. She is making a difference at something she believes in and loves. Surrounded by talented and motivated individuals, she takes pride in their growth and achievement as the company prospers from their contribution. Also, motherhood promises a new dimension of challenge and reward in her life. This is a woman who has it all.



CHAPTER 4

JOHN CREAN

Peak Performers believe in the power of innovation. They know there is always room for improvement, everything can be done better or more efficiently. They hold this concept dear, not only because of the value of the idea, but also because it fits their personalities so well. These individuals thrive on change and would become bored doing things the same way or performing in a static environment. They are always on the lookout for problems to solve, approaches to explore, techniques to master, and change to exploit. Detectives hot on the trail of a better idea, each clue discovered along the way energizes their search.

John Crean, Chairman of the Board of Fleetwood Enterprises, is a master of innovation. A fascination with recreational vehicles combined with his constant quest for improvement enabled him to build a company which has assumed the position of the country's number one builder of RV's. A 1.5 billion dollar corporation with 12,000 employees, Fleetwood prides itself on being the market leader in each of the four markets it serves.

John's passion for his industry necessitates thinking about it night and day, focusing on recreational vehicles and how they can be improved so individuals can enjoy their leisure time as much as possible. Let me tell you a story that illustrates his commitment to the industry. Several years ago, John and his wife Donna were traveling

on a vacation to Michigan to visit one of their children. Of course, they traveled in a Fleetwood recreational vehicle. Due to the extreme cold of that particular winter, all the holding tanks in the RV froze up and they were left without running water. They couldn't shower, wash dishes, or even flush the toilet!

Although this type of problem was customary in an RV in very cold weather, John was frustrated and irritated by the inconvenience. He couldn't stop thinking about it during his vacation in Michigan and on the trip home. Donna attempted to distract him by making small talk and pointing out scenery...

"John, take a look at the beautiful sunset!"

"Uh huh. I just can't believe there isn't a way to avoid this maddening inconvenience."

"John, we are on vacation. You are supposed to forget about work and relax for a change."

"I know, Donna, but there must be some way to resolve this."

In addition to the dilemma with the tanks and pipes in cold weather, several other problems had bothered John. One was the intrusion of generators and other equipment in the living area. He was also dissatisfied with the lack of storage space in an RV. He suddenly realized that if space could be made available, a "basement" could be built which would contain the holding tanks. Heat could be run throughout to keep the tanks from freezing up. The Recreational Vehicle would become a year-round rig, convenient even in a blizzard. The generator could be installed in the basement, freeing up space in the living area. A storage compartment could be provided for suitcases, fishing poles or the baby's tricycle. All the inconvenience that had been bothering John could be handled with just one modification.

John knew twelve inches of extra space were available. If he could obtain another twelve inches of space, the basement idea would fly. After returning to Southern California, John met with the Product Design group at

Fleetwood Enterprises. He described his idea to them. Although they understood the practical aspects of the idea and John's motivation, they were adamant that this approach was not feasible. Due to market concerns about fuel economy, the industry was in the process of moving continuously toward lower profiles and a more streamlined design. They felt the idea conflicted with everything they were working to accomplish and vetoed the suggestion.

John didn't argue or throw his weight around. He simply bought a building close to his home in Costa Mesa, obtained some lumber and materials, and proceeded to build this new RV he envisioned.

When he had built the floor and cabinets, but before the walls went on, John admits it was a "horrible looking thing." Big and bulky, it lacked style and grace. As luck would have it, the Product Design group chose that exact time to stop by and take a look. As they viewed his grotesque creation, John was sure they thought he had flipped out.

And then the walls went on. It changed the whole thing. Everyone got excited about it, including every single Sales Dealer it was presented to on the first sales trip.

This design literally revolutionized the industry! Named the Bounder, it provided a big jump forward for Fleetwood Enterprises. It also increased the comfort and enjoyment of traveling in a recreational vehicle.

When John Crean left on that vacation to Michigan, he was 62 years of age. A very wealthy man, respected in his industry and with a reputation for unmatched generosity and involvement in the community, John had good reason to relax and take it easy. Luckily for the RV industry, John was not content to rest on his laurels. As John puts it, **"People who are satisfied with what they do, that's as good as it's gonna get."**

In addition to his numerous success stories, John has experienced his share of failure. His first product for Fleetwood, an eighteen-foot trailer, was a design he thought was pretty slick. He built ten and then went from dealer to dealer showing it. There was no excitement at all.

Instead of retreating with a bruised ego, John asked the dealers, “What’s the matter with it? What would make it better? What are people interested in? What would sell?” He raced back to his motel, drew and designed for most of the night, got up early the next morning and rushed back to his shop. He stopped production on the eighteen-footer and replaced it with the new design. It was a success.

John could have become defensive and stuck with his first design. Had he done this, he wouldn’t have made it. He believes, “If there is no excitement there, forget it.” *Listen to your market.* If there is no interest in what you are offering, find out what they would be interested in.”

The thrill of competing in the market and earning market share is what drives John Crean. He has always been motivated by the opportunity to be first in the market by providing the most exciting product. His competitive nature won’t allow any position but first position, and he realizes constant effort is required to retain first place.

What does it take to create an interest so strong it lasts a lifetime? According to John, although you must aspire to something, in itself that is not enough. You must also be blessed with the energy required to go out and do what needs to be done—“and it takes a ton.” You can’t create that energy or force it to happen, it must come naturally as a result of your passion for the endeavor. To be extremely successful you must wake up in the morning and feel really anxious to do it. This leads to tremendous energy, and enables you to get a tremendous amount done.

If you dread the activities you must perform to attain your goal, you will never achieve it. John’s motto is, “**If it ain’t fun, don’t do it!**” He truly believes if you don’t like what you are doing, and can’t find some way to make it enjoyable, you should move on to something else that you do enjoy.

John loves his product and enjoys constant involvement in the production process. He feels a thrill at acquiring market share. Other than that, his primary aspiration has been to be “comfortable.” He did not set a goal to be one of the richest men in Orange County. He did not visually imagine his 40,000 square foot estate on four acres of

Newport Beach's Back Bay. Believe it or not, he simply aspired to be comfortable.

This is John Crean's charm. He is possibly the least pretentious man in Orange County. Extremely youthful looking with a boyish crewcut, he is honest, sincere and down to earth. He reminds one of the saying "What you see is what you get." After interviewing John, I thanked him for his time and then acknowledged that I realized he was busy and had other things to do. He commented, "not really."

John Crean is John Crean—nothing more and nothing less. He says as a child he was small, skinny and definitely not athletic. He was always busy, but was busy doing things other than the things he was supposed to be doing. His only friends were, as he puts it, "other weirdos like me." But he admits he always felt destined for greatness, "even when I was a total loser."

The perfectly landscaped grounds of "The Village Crean" are not too luxurious to allow a children's swing set, and a little bike is leaning outside the huge front doors, between the colonial columns. Quaint cobbled streets are graced by little white street signs at intersections, including one that says "Donna & John Lane."

Because John has always preferred to remain in his comfort zone, he has never had trouble making decisions. He knows his own mind. When he experienced severe problems at Fleetwood in the early years, it was only a fleeting three to four hours before he recognized the problems, made the hard decisions, and got back on track. Some of the decisions he made at that time have become philosophies and approaches that he follows to this day.

One example is his decision never to borrow business capital again. John realized he had expanded much too fast, accumulating burdensome debt along the way. Owing money took him outside his comfort zone. He vowed not to be in that position in the future. With the wisdom he has gained from years in business, he looks back and realizes that borrowing money puts many companies in over their heads in more ways than simply financially. Their growth occurs faster than what the organizational structure is

capable of supporting. By financing growth through earned revenue this risk is eliminated. A company will grow at a pace that is warranted by it's performance.

During the same period, as the business was beginning to rebound from it's financial distress, John visited a Lutheran church in Anaheim. The young pastor talked to John about the concept of tithing, of giving ten percent of everything you earn back. Tough as it was in the beginning, John began immediately. He and Donna felt it was so satisfying that as the business grew they eventually increased their tithing to fifty percent.

The more he shares, the more he seems to make. Today he feels that it is the most enjoyable thing he and Donna do. They are very active supporters of numerous community organizations and programs. They happily open their beautiful home for benefit events, hosting more than thirty over the last year.

Another example of a painful but wise decision John made occurred when he became involved with the hobby of sports car racing. He became so obsessed with racing it was taking a toll on his business and on his personal life. In one particular race, he was leading the pack when his engine blew. Walking back to the pits, he thought it over and made his decision. He sold the car that very day. It was a full year before he even visited a race track again.

He credits his ability to make a decision quickly when faced with the facts as a major component of his success. John says indecision, fear of criticism and the fear of making a mistake holds people back more than any other single thing.

Perhaps John doesn't experience these fears because he has always had the gift of self-acceptance and confidence in himself. He knows his own mind. He is secure with his values. He has the courage that stems from a strong sense of self-worth.

John Crean is a classic example of the success story that shouldn't be. Raised in Compton in an average environment offering few social advantages and armed with limited formal education, he jumped from job to job as a

youth and displayed little outward ambition. This all changed once he discovered genuine satisfaction in problem-solving and was able to focus his energies in that direction.

He is not only a successful man, he is a good man. He makes a commitment and then follows through. He eventually discovered an industry he felt passionate about. He wasn't afraid to pursue business policies that went against the accepted norm. Perhaps most of all, he has shared his abundant good fortune as few others do.

As you enter John and Donna's exquisite home, your eyes are immediately drawn upward to a mural painted on the walls high above the massive mahogany staircase. The mural is of a fox hunt. Traditional in most respects, hunters on horseback are depicted poised for the hunt. John Crean modified one detail of the typical hunting scene. Hiding behind a bush, the fox is smiling a sly little smile. You can count on this fox to give these hunters a good run!



CHAPTER 5

TERRY HARTSHORN

In each family, a primary characteristic exists which is valued above all others. For some families it is achievement, for others, honesty, and still others believe intimacy and sharing to be the highest attribute. In the family of Terry Hartshorn, President and CEO of PacifiCare Health Services, generosity was number one. He learned above all to have a “generous heart.”

As he was growing up his parents didn't have a lot of money, and yet they would help others at every opportunity. When a neighbor's home needed painting, or a widow required assistance to move, the Hartshorn's were there to lend a helping hand. Consequently, Terry learned early that regardless of your position in life, you can find a way to assist others. There is always something you can do to make another person's life easier or more pleasant.

Terry's early exposure to the concept of a generous heart was a factor during the formulation of PacifiCare's vision, **“WE ARE AN ORGANIZATION OF DEDICATED PEOPLE COMMITTED TO IMPROVING THE QUALITY OF THOSE LIVES WE TOUCH.”** This vision is a powerful motivating tool for the company, for Terry, and for each of the sixteen hundred employees

guided by it. PacifiCare intends to have a positive impact on the consumer, the doctors, and the lives of its employees.

For Terry, the employees are his main area of focus. His primary job is to insure a positive environment for them, so they will be able to do their job to the best of their ability. Although employees are the lifeblood of any organization, Terry realizes their importance is critical in a service organization. Since none of us really want to be in the doctor's office, we're bound to be tense. Even a routine check-up puts us a little on edge, since there is a hidden fear that something might be discovered. During an emergency or when someone is critically ill, the anxiety and emotional trauma are enormous. The very last thing you need at such a stressful time is a problem with records, coverage and claims, or an employee's "attitude." Health care employees have a huge impact on the consumer's perception of the company. Insensitive or rude service will not be easily forgotten.

Terry realizes that the internal environment of the company is paramount in determining an employee's ability to deal with customers who are tense or under stress. An employee experiencing personal problems is also going to be affected at work. Financial difficulties or conflict with your spouse or children prevent you from functioning at your best. Despite our most valiant efforts, it is nearly impossible to separate our professional and personal lives. They overlap. Recognizing this, Terry's interest is in the "whole being," not just the eight-to-five person. He feels if the company can help resolve any of the numerous problems an employee might be facing, they will gain a better employee.

Based on this realization, PacifiCare provides regular programs to assist employees in increasing the quality of

their lives. One program they hosted was a presentation by Stop-Gap. This organization provides educational and therapeutic drama presentations addressing critical issues such as teenage drug abuse, alcoholism in the family and racial prejudice. In a theatre-based format Stop-Gap illustrates the fears, feelings and choices to be made in these and other difficult situations. Suddenly the play stops. They say, "Now we will answer any questions you might have," and the program is supplemented with an interactive session of discussion and role-playing. At PacifiCare, the question and answer session went on for over an hour. Terry knew the law of averages predicted that—at that very time—some of those parents were dealing with drug problems. Others confronted fears, or gained information that might prevent problems in the future.

Another program PacifiCare is presenting strives to prevent armed assault, kidnapping or rape. A policeman demonstrates actions and techniques individuals can use to protect themselves and their families during these terrifying circumstances.

According to Terry, presenting programs and information to help employees increase the quality of their lives are ways to show you care. If he is asking employees to demonstrate to customers that they are important, and he doesn't do the same for them, he is sending a mixed message. Terry calls this **"walking the vision."** You can't just talk about positively touching the lives of others, you must do it and show them. When a person is treated with positive regard and care, he or she tends to extend the same considerate treatment to others.

PacifiCare employees are committed to being responsible citizens of the community in which they reside. They take an active approach to making the community a better place in which to live. Last year they identified some

senior citizens who were struggling financially. They contributed to Meals on Wheels on behalf of these individuals. A recipient of their generosity sent a wonderful letter which said, "If it weren't for PacifiCare I wouldn't have had food on Christmas Day." Imagine how the employees felt when this touching and heartwarming letter was read to them. They felt rewarded for their involvement, and thankful that their company helped out.

Many actions have been initiated by the employees themselves. After the San Francisco Earthquake, they held a bake sale to raise money to send to the relief efforts in the Bay Area. When an employee passed away a co-worker suggested flying the flag at half mast and observing a moment of silence at the next meeting. People are interested in demonstrating their concern and helping one another. When a company or the executives of a company take the lead, they enthusiastically follow and reap the rewards that living life with a "generous heart" provides.

Asked what factors have contributed to his success, Terry mentions his communication skills, which he considers to be his greatest asset. He cites research presented by Howard Gardner, a MacArthur Prize Fellow currently associated with Harvard University, in his book "Frames of Mind." Mr. Gardner challenges the prevailing notion of a single intelligence which can be measured by an I.Q. test. He believes we are all born with the potential to develop a multiplicity of intelligences, including linguistic, musical, logical-mathematical, spatial, bodily-kinesthetic, and the personal intelligences. The personal intelligences include dual aspects of human nature and communication. The capacity to understand and draw upon one's emotions is called intrapersonal intelligence. The ability to notice and detect the moods, motivations and intentions of others is called interpersonal skills.

Intrapersonal skills, knowing oneself, lead to your feelings of self-acceptance and self-worth. These skills provide the comfort and security of knowing you have value. Even when you are down there is still a place in life for you. On the other hand, when you are sky high you must humble yourself. Possessing an attitude of self-knowledge and self-acceptance allows you to stay on an even keel. It provides a solid foundation for your life. For Terry, this perspective is enhanced by his strong Christian faith. He embraces the good times with gratitude. He accepts tough times with the attitude of acceptance his faith provides, realizing "it must not be meant to be."

His interpersonal skills enable him to unite and lead his employees under the company vision and a series of company values. Especially helpful, according to Terry, is his ability to enter a room of twelve hundred employees and immediately sense where they are, read their emotional state, and intuit their concerns.

When times are tough Terry focuses on communicating hope and optimism by drawing on the "richness of the past." Every company must endure traumatic times. According to Terry, "if you have more good things going for you than bad things, you will survive. Communicating those good things becomes the hope for the future."

The ability Terry has to sense employee attitude and communicate appropriately stems, to a great degree, from his commitment to keep his finger on the pulse of the company. Brown bag lunches conducted once a month allow any employee to sit and talk with Terry over a casual lunch. Round table discussions are held where employees are asked, "If you were President of PacifiCare, how would you change the company?" Bi-annually, an outside consultant is utilized to poll employees, and a report of employee of satisfaction, as well as areas needing

improvement, is generated and studied for ideas and future actions.

Undoubtedly, Terry's strength in the area of communication is due in part to natural aptitude. He also worked hard to improve these skills. At his first job at Kaiser Hospital, he was fortunate to have a mentor, Jim Heidenreich, who was an expert in the area of clarity of communication. Terry observed the effectiveness of superior techniques as Jim worked with the doctor's and with others to get the job done. If it couldn't be done, he'd say so. He was real and he was honest, and it worked! Jim's ability to accomplish his objectives using a type of manipulation which was positive for everyone involved was an approach Terry admired. He watched him carefully and absorbed his techniques like a sponge.

This is how real learning begins. Beyond formal education, when you see a technique or approach you admire, take it and apply it to your own situation or problem. Terry used to play mental games with himself, taking a problem and then asking "what would Jim have done?" He stills does this today, although Jim has moved on to Centinela Hospital and Terry is at PacifiCare. It has helped him become very agile at thinking on his feet.

Terry's excellent interpersonal skills become somewhat surprising when he confesses that as a youngster he was a shy, fat kid who was picked on and abused. Ironically, even then he had a positive outlook. He believed he was capable, and a nice person, "even though I was overweight."

Then, at thirteen, Terry became interested in golf. At about the same time he grew eight inches and lost twenty pounds. By fourteen he was tall and thin, beginning to win at golf, and his self-confidence grew. He appreciates the fact that his parents encouraged him as he pursued golf and, even when money was tight, they always had enough for

him to play golf. Success at golf provided a pivotal point in his development.

By the time he was eighteen he had a dream: He would become a professional golfer. He won a golf scholarship to UCLA and became the first person from either side of his family to attend college. After graduating from UCLA, Terry was ready to embark on his chosen career as a pro-golfer. Then the devastating news; he received his draft notice for Vietnam. He thought, ***“My whole life is ruined!”***

Since no exemption existed for pro-golfers, Terry enrolled in graduate school at UCLA and obtained a direct commission as a lieutenant in the United States Public Health Service. In his second year of graduate school, as he was fulfilling his military obligation as a lieutenant, the Department of Health, Education and Welfare approached him and asked,

“Who wants to be an HMO?” Terry raised his hand and asked, “What is an HMO?”

At that moment his current career was born. Terry suggests, “All of us can probably look back on times in our lives when an event of this type has occurred. You know the situation; you have one idea or plan, and circumstances snatch it away and replace it with another which appears to have no redeeming merit. If you have such hard and fast objectives that you don’t grab the opportunity or accept the challenge, you may lose out. If I had said, I want to be a pro-golfer and nothing else, I would have been blinded by that. I would have missed the opportunity.”

Years later, Terry accepted another risk when he left a secure position to start PacifiCare for the Lutheran Hospital Society of Southern California. He realized the endeavor could easily nose dive after several months. On the other hand, he wanted to do it. He believes in taking a chance,

taking the risk. He uses his intuition. A person can have all the facts and figures, but the bottom line is “does it feel right or does it feel wrong?”

This same approach is essential as you follow your values. Some decisions which you would expect to be difficult are easy if they conflict with values you believe in. For example, in 1986 PacifiCare was working with a medical group in Palm Springs which closed down. This left many who had chosen PacifiCare stranded without medical care. Legally they could have shut down the Palm Springs operation. Terry claims the decision was a piece of cake, despite the costs of continuing in Palm Springs. He thought, “If we are customer driven, we must stand up for that.” Although the price tag was high, employees still talk about that decision.

Terry feels one of the biggest secrets of success is simple and basic: *Follow through*. If you follow through on what you say you will do, if you follow through on what you say you believe, you will move ahead. **No matter what your profession is, if you are supposed to do ten things a day, make sure you do those ten, and possibly a few more. You will move ahead!**

He downplays his own success by claiming a lot has happened because he has been in the right place at the right time. He doesn't even like people to know he is President of PacifiCare because they might treat him differently. Terry's personal rewards are not prestige, position or financial success. He is empowered and fulfilled by bigger things; his faith, his family, his ability to contribute to the lives of others. He has a pronounced Jimmy Stewart quality. He is natural, humble, totally trustworthy and a man you would turn to if you needed help.

In 1989 PacifiCare's stock rose 320%. It was the best performing publicly traded stock in California. Terry was

deluged with calls from business editors, and one asked him,

“What is the best thing that has happened to you in the last few years?”

Without one seconds pause, Terry replied,

“Knowing that my kids are going to grow up to be positive contributors to society.”

The business editor was flabbergasted. There was silence on the other end of the line. Terry became concerned that the line had gone dead. He asked,

“Are you still there?”

After a moment the editor said,

“I just never had a CEO answer quite that way.”



CHAPTER 6

DON KARCHER

A really great person is one who makes others feel comfortable, it's often said. By this criteria alone Don Karcher is one of the great men of Orange County. President of Carl Karcher Enterprises since 1980, Don is one of the most charming men I've ever met. He possesses the ability to put one instantly "at ease."

To my generation, the Karcher name has become a legacy in Orange County. We are fascinated by the "rags to riches" story of Carl Karcher's ascent from a humble beginning in 1941 as proprietor of a single hot dog stand to today's position at the helm of a very successful business empire. When I entered Mr. Karcher's office in the spacious, elegant private executive offices in Anaheim, I felt mildly intimidated. There he was; tall, handsome and very dignified. I reached out my hand and said, "Mr. Karcher." He took my hand to shake it and said, "Call me Don." Instantly I felt completely comfortable.

I selected Don after hearing an interesting story about him. A member of the Board of Directors for the Orange County Chapter of the American Red Cross, Don takes the time following board meetings to go out and talk with the staff and volunteers. He introduces himself, shakes their hands, and asks how they are doing. When I asked why he does this instead of remaining in the board room mingling with his peers, he explained how important he believes it is to help them feel good about being a part of the

organization. He does the same in his own company, visiting the restaurants and providing this very personal contact. Don believes his interest in employees keeps them interested in the company.

His philosophy regarding the value of interpersonal skills is apparent in his conscious endeavor to remember and to use people's names. Don used my name at least ten times in our interview, helping me to feel comfortable and important. When I asked if his superior people skills came naturally, he explained that quite the opposite was actually true. A farm boy from Ohio who followed his brother Carl to California as a young adult, he had had difficulty changing his focus from animals and equipment to people. Initially he was very shy and felt awkward dealing with people. Realizing the importance of interpersonal abilities in a people-oriented industry such as food service, he worked to improve them. Today these skills he worked so hard to perfect are a major strength for Don, and his interactions with people are pleasurable and effortless.

Most of us realize that remembering and using names is one of the most valuable people skills we can master. Don and Carl Karcher *work* at remembering names. **While being introduced they listen to the name of the person they are meeting, repeat it immediately, think about it and then think about it again.** For example, a friend approaches Don and says;

"Don, I'd like you to meet Jim Smith, a business associate of mine."

Don listens carefully and hears the name, Jim Smith. As he shakes Jim's hand he responds;

"I'm pleased to meet you, Jim. Are you two working together on the Western Region project?"

While listening to Jim's answer, Don again repeats the name Jim Smith to himself several times. As the conversation continues, he uses Jim's name frequently. Although this technique is hard work and requires concentration, it is very effective. When something is important to you, you invest the effort. Eventually it becomes easy.

Immediately upon meeting Don, instincts begin indicating you are in the presence of a man of character and integrity. He radiates stability, strength, “centeredness.” What type of background produces a man like Don Karcher?

Both Don and Carl Karcher give full credit for their success to a wonderful early family life. Don speaks fondly of the environment of love and respect created on the farm in Ohio where his parents raised their family of seven boys and one girl. Unfortunately, Don’s father died when Don was just twelve. Several years later when World War II broke out and his older brother left for the military, Don assumed responsibility for running the farm in addition to finishing school. Being pushed into adulthood at a young age by less than ideal circumstances might be a liability for some; in Don’s life it became an asset.

From an early age Don showed advanced abilities in knowing what he wanted from life. In first through third grade he went to school with an adorable little girl named Dolly McBeth. Young as he was, he was not too young to notice how cute she was! Destiny intervened, and his family moved to a different home which required Don to attend school fifteen miles away. Fifteen miles is an insurmountable distance at that age, but Don never forgot Dolly. At seventeen he tracked her down and asked her for a date. It appears the date was very enjoyable, because they married at twenty and have lived together happily ever since. Smiling, Don proudly explains that he leaves for work in the morning with no worries about his home or family life; in the evening he loves to return.

Don credits his success with the combination of a strong foundation of faith in God combined with his fantastic personal life. In His President’s Credo which is distributed to provide guidance to all management employees, two are of special significance to Don:

FAMILY UNIT AND HIGH MORAL STANDARDS are the personal responsibilities of each member of Carl Karcher Enterprises Management, and must be exemplified by their quality of life.

All who truly succeed in life are humble and believe in a DIVINE POWER greater than themselves. Therefore, I will never cease to love God nor falter in my efforts to pursue the high standards embodied in this credo.

According to Don, "Success springs from a positive attitude. However, a positive attitude is only possible if you enjoy what you do and have fun at it. This enjoyment provides the strength and ability to work hard. You simply cannot get ahead unless you're willing to commit yourself to hard work, and to continue working until you get the job done. Life is not a bed of roses; in every position you can expect good days and bad days. If you combine a positive attitude and enthusiasm with a sincere desire to do better today than yesterday, you will be a winner."

Don believes emotional control is an asset that should not be underestimated. It is essential to keep a level head at all times. If you become too emotional over any issue, you will always get into trouble. Therefore, if you are discontent with some aspect of your job or life or if something has you upset, Don feels you should talk to someone who can help you gain a more balanced perspective. Once you are calmer, you can go to the person you disagree with or a person who can help you resolve the issue. You will probably be able to talk it out if you are calm and rational. Don feels communication skills are the main component of success in business. You simply cannot invest too much time or energy improving them.

Don has been involved in the company's growth from the ground floor up. It is a fact that fills him with pride, since it enables him to experience empathy with employees at all levels of the organization. In 1956 he managed the

very first Carl's Jr. restaurant located in Anaheim. Today there are over six hundred restaurants.

Back in the fifties, Carl and Don were young and were simply working at something they enjoyed and that they did well. But in 1968 the fast food market took off, and their vision of the future began to develop. They dreamed of doing something unique that would separate them from the competition. They imagined an upscale fast food restaurant with carpet, cushioned booths, piped-in music and air conditioning—a place where you would be proud to take your family to eat. They thought by employing this type of positioning they could seize market share in this new and potentially prosperous market.

This approach was unheard of at the time. Many felt it was crazy and not appropriate for a fast food environment. Warnings were offered about coke stains on the carpet and catsup spills in the booths. Don and Carl ignored these comments and took ownership of a strategy they believed in. Immediately they began to achieve results. They broke all previous records and knew they had the formula. The strategy was so successful that they began opening restaurants at the incredible rate of one a month!

Of course, there were also obstacles and mistakes along the way. At one time they obtained the services of a consultant to help in formulating marketing strategies. After completing an analysis, he informed Carl that the name Carl's Jr. was meaningless and didn't spell out that this was a place where you could buy food. He suggested changing the name to Carl's Whistle Stop. All marketing, advertising, and interior decor could be designed around a train station theme. It would be recognizable with a clear identity, since everyone knows a train station always has food.

They took his advice and opened three Carl's Whistle Stops. The restaurants were built in a rectangular shape with a long pipe chimney on the roof. The inside of the restaurant resembled a train depot. Employees wore

overalls, neckerchiefs and engineer caps and were called conductors. The menu was very creative and featured Hobo Burgers and Caboose Sundaes.

For some reason the Whistle Stop approach just didn't work. After a ten month period the Karchers decided to abandon the strategy and converted those three stores back to traditional Carl's Jrs. Business increased by 50% the very first day! In considering the lessons learned from this innovative approach, Don feels it is fortunate that they experimented with their name and strategy, since they never wondered about those issues again.

Another setback occurred around six years ago when Carl Karcher Enterprises expanded into Texas. Feeling they were ready to take a risk, they opened forty restaurants. Initially all went well, but then the energy crisis hit. The damage was increased by the simultaneous slump in the food service business.

Don Karcher is the first to admit that timing means a lot. It is possible to make a decision that would have been brilliant five years ago or that will be brilliant five years from now, but it just will not work today. Don says many companies fail because they think they can accomplish anything. Consequently they disregard the facts staring them right in the face.

After analysis and deliberation, they made a very hard decision. They pulled out of Texas and returned to their core market of California, Arizona, Nevada, and Oregon. This decision led to a fifteen million dollar write-off, which is always hard to swallow. However, today Don is adamant that they would not be opposed to further expansion because of one negative experience. He realizes that a combination of factors, some of them beyond our knowledge or control, determine the outcome of any undertaking. He is not going to let one failure frighten him into an avoidance of future risk.

According to Don, hardship is an obstacle. You've got to get over that obstacle and continue living your life. He

feels failure is actually a powerful teaching tool, and if you haven't had a failure by the age of twenty-nine you haven't had an opportunity to learn a very important lesson. The lesson is—**YOU WILL SURVIVE.**

The only way you are going to grow in life is by being willing to change. If you use your life to pursue something you enjoy doing, and if you are willing to work hard while striving to maintain a positive attitude through sunshine and through rain, you'll make it.

Don Karcher believes true commitment insures success. He is in a position to know!



CHAPTER 7

TOM KNAPP

What is the primary indicator of potential achievement? Which characteristic appears to be associated with success over and above all others? Many experts point to an individual's level of self-confidence. If so, there is no limit to the heights of accomplishment we can expect from Tom Knapp, founder of Club Sportswear.

Tom is the baby of this group, but only in terms of chronological age. Were we to measure vision, business sense, maturity or personality we would find Tom at the top of the scale. Possibly this is because, ever since he was just a little boy, Tom has felt that he could do absolutely anything he wanted to do, and that he was going to take full advantage of everything he could do, which of course was anything. This is not a man to waste one minute of his time on earth.

The force and energy of his personality are phenomenal, and yet he is extremely easy to talk with. His office is a kaleidoscope of color and fun. Three dimensional pop art objects in bright clean colors decorate the walls: a dog riding a surfboard, a cowboy collage with an actual gun replica and a picture of a volleyball smashing from a TV set directly toward the viewer. A glass memento shelf is supported by two friendly looking dogs.

In the middle of all this unique and exciting memorabilia sits Tom, a young man of twenty-six with definite star quality. Success comes naturally to a man of this type, and Tom acknowledges he has always known success was his birthright. Even as a child he felt he was a winner, that he simply could not fail. Based upon his inner feelings of unlimited potential for his life, Tom laid great plans.

How many twelve year olds have you known who were backing up their dreams and fantasies with written goals? Tom was! At the age of twelve he wrote a goal to become National Water-skiing champion. Three years later, at the ripe old age of fifteen, Tom's dream became reality. Obviously this was a powerful reinforcer, because at eighteen Tom formulated a plan to graduate from college, become president of his own business, and marry his high school sweetheart. To guarantee attainment of his dream, he wrote it down in a little story.

Eight years later, Tom is living those dreams. A graduate of the University of Southern California, president of the company he founded while still in college, married to Beth and father to two wonderful young boys, Tom is dreaming new dreams and, you guessed it, writing them down! **"You've got to keep dreaming,"** Tom says.

The creation and remarkable growth of Club Sportswear is the type of story that inspires the entrepreneurial spark in America. While in his Junior year at USC, Tom needed extra cash for a weekend away. He bought 120 T-shirts, printed "CLUB USC" across the front, and sold them for double his cost. This little project netted him \$600.00 cash for a fun weekend.

At the time Tom was enrolled in the Entrepreneur Program at USC. Quite possibly it was this exposure to entrepreneurial vision and strategy that allowed him to realize his approach might have business potential. He remembers thinking, "There might be something to the idea

of allowing young people to feel a sense of belonging to something simply by buying clothing.”

Tom had attended the Olympics one year earlier, in 1984, and observed the enthusiasm generated by the United States Men’s Volleyball Team as they won the gold medal. A flash of inspiration occurred: Volleyball was gaining in popularity but no one was designing clothing to capitalize on this trend. Combined with the emotional appeal of the Club concept, a winning idea was born.

Tom’s early designs for active beachwear were an immediate hit. He had located a market niche and discovered a formula to develop it. Sales at Club Sportswear doubled every year, from \$120,000 in 1985 to market estimates of nine million in 1990. Retail outlets offering the line have grown from just three to over two thousand. Tom chose a product with strong market potential, and through a combination of business savvy and innovative design he continues to thrive in a market which is becoming increasingly competitive.

Despite his success, Tom retains a level head and solid personal values. He runs his business on a cash only basis. If the company needs something or has an opportunity to expand, sales revenues are required to justify the investment and provide funds for the expenditure. This policy, which goes against the advice of most corporate financial planners, allows Tom to stay calm and focused despite fluctuations in the economy.

Most of the world uses money to keep score. Tom acknowledges his good fortune in learning early in life that money is not the measure of success. He believes that although it is perfectly acceptable for someone to make money at something he enjoys doing, it is also possible to be super-successful working at something you love without making a lot of money. He applauds people who have the courage to follow this course.

Jacque Cousteau is a personal idol of Tom’s, for the work he’s done in marine biology and the environmental

awareness he has created as he worked to make the planet a better place for everyone. Protecting the environment is one of Tom's special interests. He is doing his share to keep the earth beautiful. In addition to its recycling program, Club Sportswear contributes a percentage of its profits to environmental organizations. Tom encourages the spirit of community involvement and contribution in his employees as well: Each employee who donates a day's pay to a charitable organization receives a paid vacation day and an equal amount is contributed to the charity by Club. What an incentive to become financially active in issues and causes in which you believe! It is commendable that someone Tom's age recognizes the benefits, to society and to his employees, of encouraging and fostering these habits.

What does Tom feel is the secret of success? Working at something you believe in. Everyone can shine in their own arena. For Tom, that arena has always been business. In elementary school he discovered he could buy cases of Wacky Pak gum for \$3.00 and sell them for \$12.00, a 400% profit. He thrived on this income-generating hobby until the principal got involved and rudely interrupted his first business venture.

The second secret is, simply articulated in Tom's own words, "Are you willing to put in the effort, whatever it takes, to accomplish your goal? Sometimes people are so close, and it's just a little bit left to go and they're going to hit it. And then they stop, at 95%."

Although Tom has not yet encountered a serious business failure, he feels certain he would survive. His motto is **"If something isn't successful or isn't the way you want, you do it over and do it better. Although you don't always win, not winning doesn't mean you lost. You might lose the game but win the series."**

He states emphatically that if Club went bankrupt today he would feel he'd lost \$2000, his initial investment, *period*. "There is no way," he says, "I could have gained

this kind of experience four years out of college, so I'm a winner all around. If I felt differently, I'd be a loser."

Tom developed his philosophical attitude toward risk as a result of the independence provided him by his parents. They trusted him. He was allowed to learn and to make mistakes, although he was always accountable. Rewards and privileges were tied to his behavior and school performance. "When things were good, they were unbelievable, and that's how life is," Tom says.

Since Tom idolizes his parents and recognizes the role they played in the life he is now enjoying, he is very aware of the importance of his attitude and approach toward fatherhood. He looks on having children as the biggest risk he has ever taken. He wants nothing more than for them to have the world's best life, and sees the challenges that vision offers him. Because of that insight, his current most important goal is to spend as much time as possible with his family.

Tom's story becomes more exceptional when you consider the fact that he was born with one arm. Since his parents never treated him differently than any other child, it apparently never occurred to him that this might be a limitation to his activities.

Although strength and power describe Tom's persona, there is no doubt that he has deep emotional sensitivity. This becomes very obvious as he recounts the story of his first day of kindergarten. Most of us can recall anxiety on this critical day in our young lives. This anxiety was heightened if we perceived ourselves as "different" in any way.

Tom was wearing a prosthesis then, and his mother brought along an extra as she accompanied him to school for the first time. She stood up in front of the class and demonstrated the prosthesis to the children. Calmly and matter-of-factly she explained,

"Tom is just like you guys. You don't need to treat him any differently. This is the only thing that is different about Tom."

Then she was on her way. *No big thing*. The way she handled the situation meant a lot to Tom then, and he still feels emotionally touched as he recalls it today.

The message was effective. Tom was always the leader of his group. He was winning athletic awards from elementary school on. Tom tells of his wins with great pride and quotes Will Rogers: **"It ain't braggin' if you done it."**

Tom can brag about lots of things that he has done. In addition to becoming National Water-skiing Champion at fifteen, he once skied all the way to Catalina and back nonstop! When he graduated from USC in 1986, he was recognized as the top graduate of the Entrepreneur Program through the school of business. In 1991 he was chosen the Young Entrepreneur of the Year for the Western Region.

Tom claims the road to success is easy; just take one step at a time. He thinks it is important to reduce stress by "blowing the steam," working through and resolving problems on a daily basis rather than allowing them to fester. By following this procedure you insure that you end the day with a clear mind, allowing fresh ideas to rush in. It is more productive and satisfying to begin the day pursuing new possibilities than to bog down in rehashing yesterday's concerns.

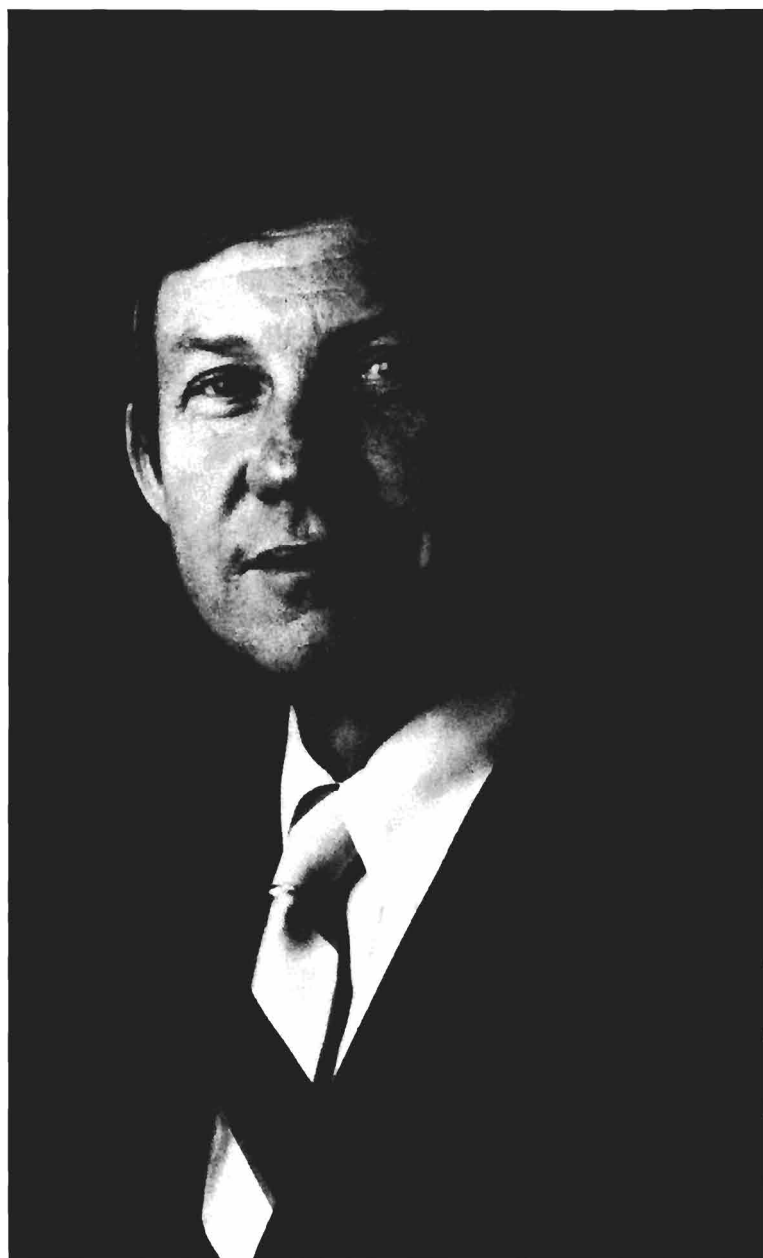
His belief in the value of clear and focused goal setting is unwavering. With his phenomenal results, how could it be otherwise? Tom has each employee submit written goals for the week on Monday and complete an assessment of results on Friday. He calls this the 5/15 report: It takes the individual fifteen minutes a week to complete it and it takes

Tom five minutes a week to review it. An easy process, a great idea!

Tom makes success look so easy, he is an inspiration to behold. He often speaks to high school students and conveys his philosophy:

- Believe in yourself
- Formulate your goals and write them down
- Don't give up
- Share with others in ways that excite you

You too can do absolutely anything you want to do.



CHAPTER 8

LES McCRAW

One would expect the Chief Executive Officer of Fluor Corporation, the largest public corporation in the county, to be high-powered, domineering and forceful. You expect top executives to have huge egos. It comes as a shock to discover Les McCraw is quiet, thoughtful and not completely comfortable in the limelight. What a surprise it is to realize he feels anxiety at the thought of accepting individual recognition for successes achieved through the efforts of the entire organization.

Les' success as a leader arises from the fact that even at this level of achievement, he is a true team player. He sincerely believes, as he is fond of saying, **"There is no limit to what you can accomplish if you don't care who gets the credit."** He has led Fluor Corp with the belief that there is plenty of glory for everyone, and that has certainly turned out to be the case.

Teamwork is definitely the buzzword of the Nineties. Team-building is on the agenda of nearly every corporation. And yet, actually achieving the objective of assembling a group of people who work together harmoniously to accomplish a common goal is often an illusive dream. Why is the actuality so much more difficult than the concept? What steps has Fluor taken to achieve their vision of teams of people working together happily to serve the customer?

Les communicates clearly that teamwork is the most highly valued characteristic at Fluor. In keeping with this philosophy, the largest bonuses are awarded for supporting another employee. Speaking at a local meeting of Sales & Marketing Executives, Les tells the story of a foreign visitor who got lost at Fluor's enormous headquarters building, an easy thing to do. With limited English he was attempting to get instructions on how to return to the Tower Building. A clerk typist, *on her lunch hour*, took the time to escort the gentleman to his destination. Of course, she could have explained the directions to him and then hoped that he would make it. Instead, she invested her own time to be of assistance.

The fact that Les chooses this particular story to tell demonstrates the focus and attention directed toward the support of others with trust, respect and **love**. Love; now there is a word you hear infrequently in the corporate arena. It is possibly the last word you would expect to be mentioned by the CEO of a huge engineering company. Les, however, is very comfortable with the word love.

In 1986, when he became involved in the creation of Fluor Daniel from two separate entities with distinct cultures and attitudes, he realized the first order of business was to develop trust. That objective required a foundation of love. Les understood that the concept and the term love were uncomfortable for many people. He stood firm. As he explains it, "The Fluor Daniel train was leaving the station. Each individual had to decide when and how to get on."

Les' vision was to build an organization that would be able to confront and respond to challenges never before faced. This requires love, trust, safety, confidence and mutual support—all leading to an environment where great ideas can grow and develop.

One of the first actions Les took as president of the newly created Fluor Daniel was to obtain creativity training for his executive staff. Realizing the best way to reconcile these two resistant forces was to unite them in support or opposition to a common experience, he chose a program that some undoubtedly considered impractical and frivolous.

Imagine this scenario: Your company has just undergone a difficult merger. The industry is depressed, and the company is losing a lot of money. You and other members of the executive staff have plenty of problems to solve and strategies to design. There is simply not a moment to spare.

At this exact moment of stress and crisis, your new leader decides to invest valuable time in a program to increase your ability to think in a creative and innovative manner, to rely on both hemispheres of your brain when tackling critical decisions and actions. To make matters worse, this is no ordinary creativity training. The consultant, Ann McGee Cooper, uses such unorthodox approaches as inviting elementary school age children to brainstorm with you on key issues and problems!

What would you think? Wouldn't you fear for the sanity of your new leader? However, in their initial resistance to the training and concern about Les' time management skills and ability to prioritize objectives, they experienced a shared anxiety. Later, the activities themselves became the unifying factor.

Les has pioneered a new technique in team building: **unite a team by offering a novel concept, a new "sheet of paper," encouraging them to explore it together without the conflict previous exposure or experiences might contribute.** Choose a concept of substance with obvious positive results available as a reward for the effort expended. Since that time the creativity training has become the backdrop of a high level of innovation within the company. A willingness to challenge the present paradigm or conventional thought resulted, and is apparent today.

Fluor strives to promote an atmosphere which encourages open discussion. Les is committed to a policy of listening to alternative approaches, sensing the direction of the group, exploring all available options and choosing the "best of the best." He does not concern himself with where the idea originated.

Particularly helpful in their quest to remain open-minded and flexible is the cognizance at Fluor that they are

fighting a natural tendency for an organization of this size to move toward bureaucracy, to become set in it's ways and resist change. Realizing that bureaucracy suppresses creativity and risk-taking, they consciously fight the tendency every inch of the way.

Fluor has been so successful in this endeavor that they now feel that their ability to embrace change and respond to it quickly is one of their major strengths. For an eight billion dollar engineering and construction company to feel it's flexibility is a advantage makes a bold statement regarding the effectiveness of these approaches.

To demonstrate this concept of corporate flexibility with clarity, Fluor utilizes a three dimensional model of a matrix structure in lieu of an organizational chart. The model visually demonstrates a corporation arranged as a constellation of teams. In each team, every individual is dependent on others for support, just as his or her support is vital to another. Teams formed to address a project or objective are still connected to and supportive of teams working on other projects or objectives.

With a slight movement of his hand, Les adjusts the model and an entirely new configuration occurs. He explains that they actually reorganize the corporate structure to meet the needs of the client or to achieve the objectives of each particular project. With this fluid and dynamic corporate structure, departments and employees can shift and change patterns. For example, a heavy emphasis on procurement for a job for DuPont, less on procurement but more on technical services for Chevron.

They say a picture is worth a thousand words, and a glimpse of Fluor's organizational model coupled with a brief description clearly illustrates how it supports and provides value to employees and customers alike. Great leaders have the ability to communicate a vision, plan, objective or identity with total clarity, using a variety of communication tools. Some of the most effective are analogy, metaphor, and visual devices. Fluor's organizational chart combines all three of these methods. Actually an educational toy, it is the most brilliant example

of communicating a difficult concept in a simple manner that I've ever encountered.

It is clear that in addition to the benefit this open environment provides to employees, it is a tremendous advantage to Fluor's customers. Fluor combines "aggressive listening" to customer's needs and desires with the flexibility of its organizational structure to produce a customized response to each job. This is the epitome of being "client sensitive." Shifting your organization's actual structure is an example of taking the term "market driven" to new heights. Les is adamant that any department or individual that can contribute to client satisfaction will be involved. "The best quality is accomplished when the salesperson can emphatically state, I have used all the resources available."

Fluor has an aggressive mission statement and a vision to be the best in absolutely everything they do. This is a huge goal considering how much they do. Fluor offers more services to more markets to more places than anyone in the world. They compete in the markets of government, power, hydrocarbon, process and industry. Their client list would turn any company green with envy. It includes Southern California Edison, United States Department of Energy, Arco, DuPont, General Electric, Proctor & Gamble, and Ford.

A goal of this size would be intimidating were it not for the concept of Continuous Performance Improvement. This concept involves simply doing a little better today than you did yesterday. With this approach you will improve in every area every single day. Fluor and each of its employees are truly a work in progress.

Les realizes that for each individual to perform at their personal best and fulfill their potential, he must maintain a separation from the daily activity of the organization. If the boss is always looking over your shoulder, you get caught up in doing what you think he wants rather than following your own best instincts.

Quite possibly this appreciation for self-reliance springs from Les' own childhood. As a young boy he was allowed to make his own decisions about issues affecting him. This

included his curfew. When he first began going out with his friends at night, he asked his mother,

"Mom, what time do I need to be home?"

His mother replied,

"You be home when you think you should."

He was provided with love, support, encouragement—and the latitude to make mistakes. Since he received the opportunity for self-determination in his own life, he realizes the importance of delegating responsibility and monitoring achievement of the objective rather than policing the process.

Respect for the value of a strong work ethic was so enormous in Les' family that at fifteen his father told him to go out and get the hardest job he could find. "It will be good for you," his father said. He went to several places, explaining to them that he needed a "hard job." His first position was washing dishes in a busy restaurant, which certainly met the criteria.

From this humble beginning washing dishes to the huge construction jobs Fluor completes today, Les has always enjoyed working at jobs where you could actually see the results of your labor. As a teenager he was responsible for mowing the three acres of family grass. He loved to look back and see how much he had accomplished. To this very day he likes to visit projects he has worked on in the past.

Les learned the importance of positive role models in high school. The principal, Frog Reames, was an individual capable of inspiring others to greatness. Consequently, many leaders emerged from Les' class. He learned early to surround himself with the best people he could, and then copy them. He feels we are all products of our environment and those we are exposed to in life. The trick is to focus on the strengths in each person. Les has worked with several true leaders whom he has copied, both consciously and unconsciously. To this day he often asks himself, "How would they have handled this problem?"

When faced with major decisions, Les often prays for guidance. He assumed a huge risk when he left DuPont to

work for Daniel. He was secure at DuPont as Project Manager on the largest project they had. He had fifteen years with the company and a clear career path. Rational thinking discouraged a move to a less sophisticated company. But Daniel had energy, a willingness to accept challenge and risk, and a can-do attitude. His instincts said go, and he went.

He relied on prayer and instinct again when he decided to relocate to Irvine during the merger of Fluor and Daniel in 1986. He knew there was tough work to be accomplished. Integrating Fluor and Daniel was a ready-made mine field: The atmosphere was one of impending disaster! Once again his instincts proved correct.

It seems you cannot open the paper lately without reading of another huge contract signed by Fluor. During one week recently I read of three separate contracts awarded to the company totaling *one billion dollars in revenue*. Despite today's outstanding results, however, you can count on Les McCraw to supply a balanced perspective. He promotes celebration, but in moderation. He is committed to avoiding complacency, since he feels Fluor has not yet scratched the surface of what they can and will be. "Arrogance is a disease we fight all the time. We have to be sure we don't get too high on success, or too low on failure."

Nonetheless, it appears that Fluor has the formula. Wise leadership which empowers employees by recognizing their essential contributions, an organizational structure designed to serve the customer above all else, an environment where risk-taking and innovative thinking are encouraged. This is a time for celebration at Fluor.

Since he had received his education in biochemistry, Milan appraised the pharmaceutical industry in the United States and decided it was not doing the job it could. Few extremely significant breakthroughs had occurred in medicine between the discovery of penicillin in 1928 and the understanding of DNA, which was achieved in the mid 50's. Viewing the slow pace of progress with concern, Milan concluded, "Medicine is the Stone Age of science." He looked ahead and saw the potential of DNA and RNA as sources of new therapeutic drugs. He envisioned breakthroughs occurring. And they have! As Milan predicted, ICN was a predecessor of the companies who are currently involved in biotechnology, opening powerful new vistas for mankind.

ICN, which stands for International Chemical and Nuclear, began with a two hundred dollar investment. As Milan became aware of the enormous potential for advancement released with the discovery of DNA, he approached the medical community and obtained additional venture capital of \$100,000. Realizing significant operating capital would be required as he pursued a long-term vision of developing new medicines from DNA and RNA, ICN began producing research chemicals for supply to biotechnology companies. This part of the business continues to contribute to ICN's revenue.

ICN continued on the path which led to the development of antiviral drugs and in 1970 ribavirin was discovered. In late 1985 the Food and Drug Administration approved ribavirin in aerosol form, under the trade name Virazole, to treat babies hospitalized with severe respiratory tract infection caused by respiratory syncytial virus. Today, ribavirin is marketed in forty countries outside of the United States and is used to treat a number of viral infections. In 1984, a report from researchers at the U.S. Government Center for Disease Control suggested that ribavirin might have potential for treatment of the AIDS virus. Since that time ICN has conducted extensive research and worked closely with the FDA and other regulatory agencies to explore ribavirin potential for treatment of the disease. Meanwhile, ICN has received approval to market

the drug for treatment of the early stages of AIDS in Ireland, a country with strict pharmaceutical regulations.

Although Milan states he “never would have pursued his goal had he known it would take twenty years,” somehow you doubt the accuracy of that remark. Milan Panic lives to work. Hard work and exceptional determination are the foundation of his life.

The death of his father when he was just three years old thrust Milan into an early mode of struggling for survival. As a small child, he raised vegetables, pigs and goats to help feed his family. When asked what initially motivated his entrepreneurial instincts, he quickly replies “HUNGER!” A favorite recollection from his early youth is based on an event that occurred when he was nine years old. Awakening very early in the morning, before daybreak, Milan’s mother discovered he was not in his bed. Searching frantically for her son, she found him outside, in the dark, sitting on the steps.

“Milan, what are you doing?”

“I’m waiting for the sun to come up so I can go to work!”

As he grew, he discovered athletics as an area where he could excel. This provided an unusual approach to fun in his youth, fun that was combined with extreme self-discipline. For example, when all the guys would go out to drink beer, even on New Years Eve, Milan would abstain. In today’s world he would be sought after as the perfect designated driver! When he went out with his girlfriend, he would return home at 9 PM. He laughs as he states, “It was tough on the girl.” But for Milan, the rewards were worth any sacrifice. He explains, “I was driven to achieve in athletic life, and I did.” Not only did he receive recognition as a member of Yugoslavia’s Olympic bicycling team, but his involvement in athletics ultimately provided his opportunity to leave Yugoslavia, when he departed from his team in Vienna, never to return.

Although defecting from his team was a risk—sometimes the government would pursue defectors and bring them back—Milan has never been one to avoid risk

when he believed in what he was doing. He had faced fear and danger when, as a teenager, he fought with Marshall Tito's Yugoslavian resistance forces during World War II.

Risk is a topic about which Milan has very definite views. He is quick to point out that there are different types of risk, and he expresses his views on each. He explains that when most people consider risk they think of conventional risk, such as gambling in Las Vegas or playing the lottery, where the odds are stacked against you. He says that this type of risk is so obvious he would never even participate. Although people envision winning despite the overwhelming odds, it is simply very unlikely that they will.

Milan believes in taking risks, **but always make sure that the odds are on your side.** Although he may appear to be a risk-taker, he is actually a calculating business person who has worked very hard to eliminate the risk so that any strategy or venture he embarks upon appears almost sure to succeed.

He calls this calculated risk, where the odds to succeed are overwhelmingly in your favor. Of course, some of your evaluations or computations may not be accurate. Consequently, it is impossible to avoid risk entirely. But never go for a throw of the dice.

With this type of risk, no leap of faith is required. What *is* required is extremely hard work and diligent effort to assemble an enormous amount of complex information which is combined and analyzed to make a decision. You eliminate the risk by working. Before you take action, you know where you are jumping. Milan clarifies his belief with the analogy:

If people can calculate the exact spot where a spaceship will land on the moon, why would it be any more difficult to calculate where you will land with a business product or a financial *acquisition*?

According to Milan, vision is hard labor. A good prudent business person who has a vision is a hard worker who assembles a lot of information to make decisions. Based on his perspective and philosophy regarding risk, he

doesn't feel he has ever taken one. He has simply followed through by making decisions based on facts and figures that indicated the wisest course of action.

As an example, he describes the time ICN decided to expand its overseas marketing capabilities by selecting companies to buy. After evaluating extensively, they chose a company they felt would be the least risky acquisition, Hoffmann La-Roche, one of the best and largest companies in the world. They proceeded to buy 8.6% of the stock and then made an offer of four billion dollars to buy a company with a valuation of two billion dollars.

Although eventually the potential acquisition was abandoned when the possibility of ribavirin as AIDS treatment surfaced and they decided not to fight battles on two fronts simultaneously, current financial statistics prove Milan correct. Today, four years later, Hoffmann La-Roche is valued at a whopping fourteen billion dollars, the largest increase in industry ever. Had ICN acquired the company, they would have made a profit of ten billion dollars. Milan laughs as he recalls,

“Everyone said it couldn't be done, and we didn't do it, but we almost did. That counts for a lot!”

ICN was involved in other financial acquisitions which led to less positive results. Seeking to establish international distribution channels, they bought numerous companies in the countries where they wished to do business. The companies were doing very well. However, when the dollar weakened Milan discovered ICN had entered a financial nightmare. An accounting rule regulated how debts and assets were recorded based upon exchange rates. Although absolutely nothing had changed, and the foreign acquisitions were still generating profits, the accounting procedure made it appear that ICN was losing money. Sources of potential capital were withdrawn, and some of their bank loans were called. To survive, the company was forced to sell foreign acquisitions to service the debt. The ultimate irony is the sales were recorded at full value, generating huge tax liabilities.

It is to his credit that Milan survived such a disastrous turn of events, created entirely by bookkeeping regulations. He muses, "We made the right decisions but they changed the rules. Our right decisions were turned to wrong."

When questioned about whether his resiliency stems from a calm and detached focus, Milan denies this heartily. He explains that when good things happen he feels good, and when bad things happen it's very tough. He believes that anyone who denies this fact is probably not being honest. If you examine the top and the bottom of your life, the difference between the two *is your life*. The greater the difference between the two, the greater the quality of the feelings in your life. The further apart the two aspects, the greater your understanding of how life works. If the difference is small, your life and your awareness of life are narrow.

Milan has a tremendous desire to live life, for as long as possible and as fully as possible. Consequently, a project of special interest for him is the development of medicines which halt or reverse the aging process. Milan claims we need to learn how the mechanism to repair our bodies works. He states, "Theoretically, there is no reason to die." However, this endeavor requires a huge investment of capital and due to business considerations, ICN has pulled back significantly on the research.

A background such as Milan's encourages one to believe that anything is possible. Examined more closely, we see that Milan simply understood the formula for success. His secret, in his own words, is perseverance. You focus on winning the war, although victory in every battle may not be yours. He views miscalculations, misjudgments and little failures in business as steps on the road to success. **You use failure constructively to succeed by STEPPING ON IT.** You step on it and go on to the next challenge.

Milan relates a hilarious story about a recent "little failure" experienced by the company. ICN just recorded a loss of 100 million dollars. When he announced this distressing fact at a management meeting, he proudly stated, "Now you know that we had 100 million dollars to

lose!” They couldn’t believe his perspective. Milan claims this is a fact; “People should be measured by how much they can lose. Only when you lose it, and still stay in business, do you know you had it in the first place.”

Milan has additional guidance for attainment of a satisfying life. He believes outside of your career, a stable personal life is essential for success. He states, “There are plenty of problems to solve in business without having others.” Only then can you provide the 100% participation and commitment required, with no outside interference. Only then can you face the challenge of continuous learning and development. Milan is proud of the fact that, although he has never taken a course in finance, he is reasonably educated in that area. How? By working on it. You begin to become an expert in areas where you were not knowledgeable in the beginning. Love of what you do creates the desire to understand all aspects of what you do, regardless of your background.

Milan is adamantly in favor of standing up for what you believe. He maintains that a good citizen with a conviction he is right has a responsibility to be heard. As a good citizen, you can talk with authority and attack the system constructively. He speaks candidly about his opinion that government should reduce their intervention in research and leave science to the scientists. Responsible citizens and corporations do not require heavy-handed intervention. As a result of his tendency to express his opinions candidly, Milan has sometimes been referred to as “controversial.” In response to this label, he uses a quote he heard somewhere, “Show me the successful man and I’ll show you controversy.” Then, with a big grin and twinkling eyes, he says, “I like that!”



CHAPTER 10

DICK PICK

With a clear and compelling vision of what you want to accomplish, **you can do anything**. These words might have been written with Dick Pick in mind. Inventor of the Pick System, Dick is a visionary in the truest sense of the word.

Webster defines visionary as “one who sees visions.” Dick began Pick Systems in 1972 guided by his desire to build a company of the future specializing in integrating automation with people to get the job done more effectively. Whatever the job was. Dick knew a productivity enhancement tool such as the one in his dreams would enrich people’s lives.

How was Dick’s vision born? After working on a United States Army project establishing a system to retrieve information used to track helicopter parts, Dick was inspired to explore the possibilities for this type of system in a commercial environment. Since Dick is more of an operations-oriented person, his talents were magnetically drawn to issues of efficiency, productivity and, ultimately, profitability. From the beginning Dick’s focus was on meeting business requirements rather than pursuing technology for technology’s sake. His early objective was to allow computer users to maximize the information contained in their data files to increase business results.

A secondary goal was to make money. Dick says making money is an indication that you are doing something right! Also, he realized "If you want to make your ideas happen, you must do it with your own money." Although he relishes the concept of developing his ideas on other people's money, he has never been able to figure out how to make that happen. He has the ability to create a vision that is radical, where no one can see it but him. He has learned not to expect anyone else to buy into his vision or his dreams. He has got to do it himself.

Based on this realization, he identifies one of his childhood idols as Scrooge McDuck. He envies the way the Scrooge McDuck character was sitting on top of a big pile of money and used his riches to go off and do lots of high concept endeavors such as building cities in the Amazon. Dick Pick is patterning his life on a Disney character; Scrooge McDuck is his hero.

Despite his unusual choice of role models, Dick Pick has built Pick Systems to a stature where it is recognized today as belonging on the "lofty list of information industry classics," according to the International Data Corporation (IDC) White Paper report published in the November 1990 issue of *Computer World* magazine. More than an operating system, it is also a database development and database management system combined. Finally in 1990, with the introduction of Advanced Pick, Dick's dream is fulfilled. He explains, "I've been talking about it for ten years and with all the talking I've done, people still couldn't understand. Once they use it for awhile they'll start to see."

So how is it that Dick Pick sees these things no one else sees? He claims he has always been a dreamer. Left to his own devices, he will just sit around and think. No television, no radio; just sit in a room alone and think. He is happiest pursuing this activity and can do it for hours at a

stretch. A hearty laugh accompanies his disclosure that when he sees people fish, he teases them;

"I don't need an excuse like fishing to do what you are doing."

When Dick reflects on his childhood he recalls being incredibly curious. As a little kid he was into everything, trying to figure out what was going on. Many of his interests were very mature, such as chess, astronomy and physics. At the age of four he became aware of the cold Chicago winter and the phenomena of freezing. After begging his mother to allow him to leave water out all night to see what would happen, he was profoundly disappointed when she said no.

Experiencing a strong urge for independence as a youth, Dick pursued the things he desired with a vengeance. He claims he has been "more or less" financially independent and able to obtain the things he wanted badly since he was ten or eleven years old. As a child he was very friendly. Once, he started opening the doors of a neighborhood restaurant to let the diners exit; he was doing it just to be nice. They started giving him money! His mother quickly put a stop to it, but his enterprising nature persisted. Working at a paper route and other odd jobs throughout high school, he saved diligently for a car. The very day he turned sixteen, he set out early in the morning to arrive at the Department of Motor Vehicles (at that time, a little place with one employee and no line whatsoever) as it opened. He obtained his driver's license, jumped behind the wheel of the car he had already lined up, and was on the way to the beach by 9:30 AM, feeling like a god. When he reflects on his dreams at the age of eighteen, he laughs as he realizes that had someone provided fulfillment of his greatest wish, a gas credit card, he would have thought he had "died and gone to heaven."

His passion for knowledge connected with his pursuit of money to provide business direction. To begin Pick Systems he took out a “monster” mortgage on his home. He did all the technical work himself. To save money, for two years he rode his bike to the University of California, Irvine, in the middle of the night to take advantage of extremely cheap computer time. Despite using UCI’s computer’s for “practically nothing,” he managed to spend seven thousand dollars on computer time in eighteen months!

In addition to the fifty thousand dollars he borrowed on his home, he received income from his twice monthly “consulting job” at the unemployment office. He survived on these funds for two years, and then the money started coming in. Today he owns close to 100% of the company. He never plans to go public, believing this will be a definite strategic advantage in the future.

Dick’s insatiable curiosity and quest for new horizons continue leading him to new endeavors. Currently he is exhilarated at the combination of overwhelming excitement and unprecedented results experienced with Pick Systems new trade show. The show, **PICK’S GOT THE POWER**, was created to celebrate the first production release of Advanced Pick. A rap music production utilizing brilliantly clever lyrics to describe the current data management environment and highlighting Pick’s advantages, it commands attention. Picture this: You are in a huge convention center attending a trade show. Row after row of similar looking booths stretch before you. Tired, bored, sore feet hurting; suddenly you hear the energetic and compelling thump thump thump of rap music. As you turn your head and crane your neck you see masses of people surging toward a huge black, red and gold neon sign reading:

PICK**SOFTWARE DESIGNED TO DO BUSINESS**

The music intensifies. You feel your pulse quicken, a release of energy fills your limbs. You turn to your associate and say,

"Harry, let's go and check out the Pick Systems booth."

Harry replies,

"Nah, look at all the people rushing over there. It'll be crowded and stuffy."

Another blast of music, another shot of adrenalin. Forget Harry, he's an old fogey anyway. You are on your way, heading for the excitement.

Reaching the exhibit, you find hundreds of people packed into every available inch of space. It's like the Rose Parade! The characteristic beat continues, the crowds excitement builds. A flash of bright color and kinetic energy and the dance troupe hits the stage, gyrating to the beat and hurling rap lyrics at you. But something seems different. These aren't those senseless lyrics that repeat simplistic phrases over and over. These lyrics describe complicated concepts and difficulties from *your* business, from *your* world, such as:

If you're managing a business then you better be cool,

'Cause your data is your business as a general rule,

and that nasty system you learned in school

just never was a database management tool

modeling data is the businessman's art...the right data model is the critical part

Pick models data naturally...not by mathematical rules, you see

We fondle your data, it isn't so hard

not looking at the world through the holes in a punch card.

To mishandle data, to chop it in bits,

To pad it with zeroes, to make sure it fits

In neat little boxes of all the same size

You can look at your data with wide-open eyes!

You don't have to worry that your data won't fit.

With Pick's data model, it's the opposite.

The model fits the data, and the feeling is mutual.

There's plenty of room—the whole thing is virtual.

Cruisin', Zoomin', Double-clutchin' database

At the speed of light the information's in your face

From data to info; Pick's got the power

Pumpin' yo machine every hour

The “Rap with Pick” trade show is a stunning example of “selling the sizzle,” and has achieved phenomenal results. At the first four trade shows where it appeared, *forty thousand leads* were generated. Of the ten thousand leads collected at Comdex, three thousand were registrants who actually input their information and qualifications on a terminal using Advanced Pick. This is an excellent example of utilizing the sales process to perfection: Creating excitement (rap show and intriguing lyrics), creating urgency (Jet Ski offered for registration), and allowing prospects to see, touch, and experience the product immediately.

A genius for marketing is obvious in this triumphant undertaking, but Dick admits he is not a good salesman. He

claims he is great on the front end, arousing interest, demonstrating a system, getting people to say WOW! However, he has a tough time handling rejection and couldn't go out cold-calling. Suffering through nine rejections for one wow seems unnecessarily painful to him. However, realizing nothing happens without a sale, Dick leaves sales to those with talents in that area and sticks to ideas and inventions.

The music for the trade show was a different story. Dick's curiosity is once again leading him on a new path. A Christmas present of music sequencing software allowed Dick to discover this program you can use to write music. Knowing nothing about writing music up front, he still became instantly obsessed. For the New York show of PICKS GOT THE POWER, Dick was the sound engineer, producing all the music himself using the equipment. This from a person with limited exposure to music, who claims his college Music Appreciation class was the closest he ever came to receiving a D.

Once again, Dick sees the possibilities. Once again he is the visionary that connects a technological innovation with consumer applications. Today these products are incredibly complicated to use, "one of the most difficult intellectual things I've ever done" according to Dick, but he is convinced they can come out with a great music product that will be easy to use on the Pick System. He believes we are on the verge of a musical revolution, and he wants to be part of it.

Although people put down computer music, Dick makes the point that every musical instrument, with the exception of the human voice, is mechanical. Unprecedented ease of composition will make software one of the great inventions in the history of music. Today you sit down at the piano and pick out a melody. With software programs the computer plays that melody back to you. Next you might set the melody to drums, add some bass or possibly a saxophone riff. If at any time you don't like the

effect, you simply delete and begin again. You lay one track on top of another until you have a complete song.

Dick's excitement at this new project is contagious. He has a vision of future possibilities, providing momentum for his life. His only frustration is lack of time and money to pursue all the things he is interested in. He wishes he had more money to increase his involvement in these projects that fascinate him, particularly since the computer software industry is in it's infancy. Computer history is far from complete. The possibilities with software are infinite.

It would be hard to deny Dick's leadership in the evolving software industry. His leadership qualities extend to other areas of life as well. He remembers a time when he was having dinner with his family on a vacation in Hawaii. Upon leaving the restaurant they discovered a woman had locked the keys in her Volkswagon. Her car was interfering with the ability of the valet to deliver cars to the waiting families, including his own. Dick took the lead and began directing a group of young men in the parking lot. He said,

"Come on guys, let's move this thing.

You, lift right here.

Hey, you over there, grab it there.

I'll grab it here, and we'll get it out of the way."

In no time he had organized a group of guys who simply lifted the VW and moved it. His daughter Linda was amazed. She could not imagine how he could get people to do that. For Dick it seemed perfectly natural.

Dick's personal success secret is simply "hang in there." Keep plugging away until you succeed. He acknowledges it would be terrific if you had divine inspiration that told you you were right. That seldom occurs. Stick to your guns, regardless. Particularly tough for Dick since his entire career has been spent fighting

conventional wisdom, he admits that occasionally he suffers through a cycle of doubt. Soon though he realizes he is on the right path, light years ahead. As if to demonstrate his lifelong dilemma, in his lobby is a poster of Albert Einstein with the quote, **“Great spirits have always encountered violent opposition from mediocre minds.”**



CHAPTER 11

LOUISE POMEROY

Upon entering the business world, Louise Pomeroy, President of Abigail Abbott Personnel Companies, had not set out to build a twenty million dollar business. She had not formulated a goal to create a personnel agency that would place 2500 people in full-time positions and 16,000 in temporary jobs each year. She had a very simple objective—*survival for her and her family*.

Her husband was an officer of a corporation that had filed for bankruptcy. Everything they owned was on the line, the Internal Revenue Service was nipping at their heels, and Louise needed a job in the business world for the first time in years. Thrust from her role as a “lady who lunches after playing eighteen holes of golf,” in 1967 she courageously confronted the job market.

She went to a large company and filled out her first job application. After submitting the application, the supervisor returned and said,

“Louise, I would love to hire you. I believe you would be an extremely valuable employee. However, we have an outstanding benefits package including a generous retirement program. The company doesn’t feel you would be with us long enough before retirement to justify the benefits we would be offering you. I would like to hire you, but I’m afraid you’re too old.”

Too old! Many of us would have been destroyed by those words. Louise simply did not have time to waste on rejection or depression. In her own words, **“I had to go!”** She knew of personnel agencies, so she went there next. Soon an agency called to hire her, and Louise was on her way; she was employed.

Before she started with the company, they carefully explained the term “draw against commission.” They asked Louise if she understood, and she smiled and nodded her head and said yes. Actually, she had no idea what they were talking about. When she received her first paycheck for \$250, she noticed she also owed the company \$250. Can you imagine how she felt? Going further into debt had not been her intent when she obtained a job. So upset was she by this development, she didn’t even tell her husband. She decided to work until the debt was cleared, learn all she could, and then leave.

Luckily for the personnel agency and for the industry, by the time she had accomplished those objectives Louise was hooked. She absolutely loved what she was doing. Helping others was something she was extremely good at. She would work with the applicants, teaching them to shake hands, walk enthusiastically and practice winning habits and attitudes. Often, she would get them so motivated and pumped up they would get their own jobs!

From that time to the present, developing individual potential and assisting others in improving their lives has been the reward for Louise. Whether she personally places them or not, she wants to help. She offers her assistance and wisdom “cafeteria style:” Each person may take what they want or need from what she offers. She views this as “bread on the water.”

Where did Louise develop her unique philosophies and values? Many were formed as a result of a powerful Human Relations course she attended in the late fifties. Charles Simmons, a motivational seminar-leader, was offering three free seminars to promote his upcoming series. The first night Louise tagged along with her husband and insisted he sign up. The second night she accompanied her son. He was approaching adulthood, so with great foresight she

signed him up. On the third and last night it hit her—*she wanted to go!* Although Charles was a male speaker addressing men in the business world, she desperately wanted to attend. So she did, and she signed up her daughter as well.

Louise not only attended that series, she took the thirteen week course over and over again for five years. For a long time she assumed this meant she was a pretty slow learner. Eventually she realized she had wanted much more than to just learn the principles intellectually, she wanted to “become” the principles. And “become” the principles she has!

One of the most valuable lessons Charles Simmons taught Louise was to **“say yes to everything in life.”** **Every day is a new adventure, a new opportunity to learn and grow.** Since that time, she has felt his guidance and influence urging her to stretch in every aspect of her life. She knows he would be disappointed in her if she didn’t. When she gets very far out, dangling precariously on the “skinny branches” of the tree of life, she thinks, “Now Charles, you got me into this, and you had better sit on my shoulder while I do this one,” and he always does.

Louise may have felt that way when, with a one thousand dollar loan from Security Pacific Bank, she founded Abigail Abbott in 1970. She based the company on the teachings of her father, the Bible, and Charles’ principles she had learned in the Simmons course. One of the most fundamental of these principles is empowerment, although back then they didn’t call it that. Louise had not worked in a company before, so she simply didn’t know it should be different. She thought that is the way it should be between human beings. She realized people have strengths of their own, and she let them grow. As people came in, they started at entry level and have often grown to the top ranks of the company.

This is the reason Abigail Abbott is the size it is, according to Louise. Since she herself has limited knowledge and limited abilities, her accomplishment would have been limited had she not been able to attract and develop the potential of others. The sheer energy and

motivating power of Louise's personality, a working environment based on human value, and the opportunity to move to the very top levels of the company by facing challenge courageously have combined to develop the potential of many.

Louise believes her childhood contributed to this understanding of the necessity of empowering the individual. Her parents were very lenient. As a matter of fact, their policies were so unusual she actually felt a need to make up rules, such as what time she had to be home, to enable her to feel like the rest of the kids in the neighborhood. She didn't want her friends to think her family was different or strange.

Despite the absence of rules and regulations from her parents, Louise was very committed to her studies. Self-directed and a perfectionist, she felt a need to complete her schoolwork to the very best of her ability. Although she remembers herself as a shy girl, she was extremely determined. The only daughter in the family, with three older brothers, she was not sheltered or spoiled one bit. To this day she has a place on her head where her brother pulled a handful of her hair right out of her head. Why? She refused to give in. All she had to do was say "uncle," but she was determined not to acquiesce. He felt terrible when he pulled away and realized he was holding her hair in his hand, but after all, it wouldn't have happened if she had just given in. Louise, however, has never been a quitter.

This stubborn streak resurfaced when Louise was seeking that first job. After encountering rejection due to her age, determination kept her moving forward, told her she had to go! She quotes Tony Robbins in his motto, "Whenever you say you can't, you must. And when you must, you can."

Ironically, the same company that rejected her as an employee because of her age became a large client of Abigail Abbott's several years later. Louise recalls, "Whenever an envelope would come in from this company containing a check, I would look at it and think, look at that." She realizes today that rejection by that company was the best thing that could have happened to her. Had she

been hired, it is likely she would have worked steadily and eventually retired from that company. What a waste that would have been, when you consider Louise set a goal to attain one million in sales revenue by 1980, the end of her first decade in business, and she beat that goal by two years.

Even with a rosy outlook such as Louise's, business challenges do occur. In 1983 the company experienced financial difficulty. Abigail Abbott has never opened a line of credit, so when sales revenues dropped, the company began getting behind on its bills. Louise knew she needed to increase employee morale and simultaneously build a sense of urgency.

She had read a recent article stating that when men face a crisis, they issue a challenge with boldness and decisiveness, such as "TAKE THE HILL!" Women, fairly new in management at the time, were more likely to say, "Would you mind, when you have a moment, doing me a favor and maybe we could just go over there and try to take that hill?" She knew the situation warranted aggressive action. She sent an employee to Los Angeles to pick up an American flag. Another employee tracked down a picture of the raising of the flag on Mount Suribachi, which required contacting the photo archives in Washington, D.C. Then, she scheduled a meeting.

When the hour of the meeting arrived, Louise said a few words to set the stage. Then, without further ado, she grabbed the flag pole and assertively claimed, "**NOW, WE ARE GOING TO TAKE THE HILL!**" She began marching around the room chanting **TAKE THE HILL, TAKE THE HILL**. After recovering from their initial surprise at observing their soft-spoken and ladylike leader in such an energetic display of confidence and conviction, all the employees fell in behind her and in unison, the entire company marched around the room shouting their battle cry. Needless to say, Abigail Abbott survived their financial crisis. They have thrived ever since.

Ironically, several years later Louise and her executive staff were attending a convention in Washington, D.C. and came across a souvenir shop which had a replica of the

raising of the flag following the victorious struggle to take the hill. There just happened to be three left in the store, one for each of them. To this day the replicas are displayed to provide inspiration as needed, a reminder of the value of boldness and strength.

Louise knows exactly what to do when times get tough. **Take action!** When things got tough last year, she went to her executive staff and said, "We are going to hit the streets." Since the beginning of the year, they have been spending the majority of days in the field each week, calling on clients and doing cold calls. A few days after her announcement about hitting the streets she found an article on her desk addressing how to survive an economic downturn. Point #2, highlighted by her Executive Vice President, was "Drag your executives into the field."

Touring Abigail Abbott's Tustin headquarters, I noticed a sign that said, "We refuse to participate in a recession." Sure enough, the energy level was high. Employees were decorating a room with colorful Mexican fiesta decorations, preparing for an upcoming meeting to kick-off a sales contest. A trip to Mexico was offered as reward for outstanding performance.

Louise is not afraid to be her unique self. The executive offices are beautifully furnished in extremely feminine decor. Louise's office contains two rose and mint green striped settees, gorgeous floral rugs, floor to ceiling tie-back draperies bordering lace sheers, and a powder room that must be seen to be believed. No detail is overlooked by Louise the Perfectionist; her computer power cord is covered in matching fabric. The Board Room has luxuriously upholstered high back chairs in rose. Elaborate silk flower arrangements are everywhere. Louise has taken the business world and made it her own.

Several unusual philosophies adopted from Charles Simmons course guide and inspire Louise's life. For example, she learned how "not to be normal." Normal is broke, sick and tired. That is what normal people talk about. You do not have to be any of those three, Louise emphatically states. When people ask her how she is, she

beams and responds, **“I am healthy, happy and prosperous.”**

Louise also learned to be a fast decision maker. A perfectionist by nature, this presented a challenge for her. However, she realizes speed is essential in business. Quoting Nancy Austin, a motivational speaker, she says **“We need to make our mistakes faster.”** She may make mistakes or bad decisions, but she refuses to fail.

Most of all she believes in the wealth of opportunities available to each of us. Her credo, installed in bronze outside Tustin headquarters as a special surprise to her from her employees, reads

**“NOBODY IS TOO OLD, TOO YOUNG,
OR TOO ETHNIC TO SUCCEED IN THE
UNITED STATES OF AMERICA”**

Louise describes her philosophy regarding opportunity this way. **“Opportunities come swimming down the river of life. We must be bold. We must step forward and grab the ones we want. We can’t assume they will keep going around and around indefinitely. Someone downstream will grab the one we want. We must take action and select the challenges and opportunities with our names on them. This action begins the process of success.”**



CHAPTER 12

KATHRYN THOMPSON

Imagine a successful and highly-respected individual in the land development and home construction industry. Now picture a beautiful woman, fashionably dressed, with a soft and melodic voice. Do these two visual scenes match, or are they contradictory?

Kathryn Thompson accepts the fact that people feel surprise when they combine who she is with what she has accomplished. The Chairman and CEO of Kathryn Thompson Development Company, a 100 million dollar a year privately held company which employs over a hundred people, she has done extremely well in a male-dominated industry. Throughout the ascent she has retained her femininity, without a glimmer of a doubt.

Kathryn embarked on the path which has led to her current success at a very young age. Quiet and introverted as a child but studious in school and competitive about her grades, she was already focused on college at the age of eleven. To save money for her education she began babysitting, and a few years later worked at a small store after school and on weekends. The decision to save money for college was her own.

At sixteen she had an idea. Why not use her savings to buy property, renovate it and offer it for rent to provide income during her college years? Remarkable as it seems, this plan to invest in an asset to gain income and capital appreciation was also her own, devised at an age when most teenagers are focused on dating and parties.

She located and bought a rundown duplex which her father helped her repair. According to plan, the property helped pay her way through college. Impressed by the beneficial results of the purchase, Kathryn kept right on going. By the time she completed college she had acquired two additional rental properties.

This combination of precocious ambition and hard work are threads that run through Kathryn's achievements in life. Initially attending college as a pre-med student, she also worked full-time on the night shift at Texas Instruments in Dallas while attending school during the day. Despite this extremely heavy load she earned straight A's and was selected Valedictorian of her class upon graduation. That is what I call a Peak Performer!

Kathryn is quick to point out that success in school was not a piece of cake for her. She worked hard for her grades. Her sister, twenty months younger, has a genius level intelligence and earned top grades with little effort. For Kathryn, diligence and determination were required.

An early role model was a man she worked for at Texas Instruments, Tom E. Smith. Extremely dynamic, a self-made man, he fostered her natural interest in real estate. He gave her an opportunity to gain valuable experience by becoming involved in several real estate projects and acquisitions. This exposure and guidance convinced her that her inner direction was more in the area of business than medicine, and she changed her major.

Kathryn feels lucky to have had the opportunity to work for Tom and sees his interest in her as instrumental in the future direction of her life. Had she continued her pursuit of medicine, she might have done well and been satisfied, but real estate is her true passion. To demonstrate the early indications of her career of choice, she tells a story from her childhood. At the age of eight, she sold the deed to her father's house to the boy down the street. A child of that age wheeling and dealing in this fashion is highly unusual, and demonstrates advanced business skills and a strong interest in financial activities.

Never one to retreat from a challenge, one of her biggest occurred when she relocated to Orange County a

few years out of college. It was just six months after John F. Kennedy's assassination. She discovered many people were hostile or suspicious toward those from Dallas. Others thought she was "cute" due to her pronounced Southern accent. Either way, people were not taking her seriously.

She saw real estate as an area where she could make money. Once again she worked full-time as she studied for her real estate license. Imagine her disappointment when, after receiving her license, she found absolutely no one wanted to hire her. Finally she found an office, Walker & Lee of Buena Park, that would give her a chance. The manager, Esther Hotchkiss, told her straight out,

"I don't know if hiring you is a good idea. You're too young. You're too pretty. You'll never make it, so I'm not going to give you any floor time. Here is your listing book. Go for it."

Often this is precisely the type of challenge a Peak Performer thrives on. Many successful individuals have embarked on a rapid climb after being told they couldn't do something or that it would never work. So it was with Kathryn. **In that first year she became the very first company-wide Salesperson of the Year Esther had ever had!** She accomplished this without floor time and with no previous selling experience. Her success was built on hard work and perseverance alone. Ironically, she and Esther became good friends, and Esther has worked for her for years now.

Kathryn emphatically identifies real estate resale as the hardest thing she has ever done. Still very shy, she was knocking on doors and approaching people, accepting the risk they might call her a peddler or close the door in her face—**SHE HATED IT**. She says it was absolutely the most demoralizing experience imaginable. Still, she kept going, reading every book she could find on selling, and developing a technique. Today she feels this difficult period provided the best experience she has ever gotten. It set the stage for all future success by developing her resilience and teaching her tenacity.

skills. To compete on an even playing field, girls must receive this same exposure as children.

Kathryn was fortunate because her parents always talked to her and treated her as an adult. Her father was very smart, read constantly, and could carry on a conversation on any subject. She was surrounded by books as a child and has always enjoyed reading. Biographies are a favorite. In her youth she was fascinated by stories on the lives of musicians such as Mozart. She especially admired their ability to overcome obstacles. On a subconscious level this has probably assisted her in the battles she has fought.

Her personal formula for success draws heavily on her positive attitude. She believes in surrounding herself with it. She talks to herself. She reads material that lifts her thoughts. All her life she has prayed before each undertaking. She doesn't understand how anyone could get along without it.

Kathryn absolutely rejects the negative. She doesn't like to hear negative things or have negative people around her. She claims it is ironic; she has an excellent memory for most things but if a negative event happens in her life she finds it hard to reach back and remember it. Someone will mention a problem or difficulty from a few years ago and she won't even recall it.

When a crisis does occur, she stays calm and keeps a cool head. She refuses to think about "no" or to dwell on failure. Focusing on the task at hand, she gets it done. She views obstacles as something beckoning her to go over, around, or through.

Kathryn prides herself and her company on their commitment to preparation. They really go, not just the extra mile, but ten extra miles. She learned to do her homework as a result of the additional scrutiny she received as a woman in business. Now it has become a habit and an advantage.

Exceptional in so many respects, Kathryn is still typical in one. Risk has always been difficult for her. Despite the emotional resistance, she has never shied away from risk-taking. When she began her real estate career at Walker & Lee, she had two months to make it before the money she'd

acquired by selling an inherited diamond ring ran out. She did it. Several years ago she signed a one hundred million dollar loan. The feelings were exactly the same as the feelings she experienced as a young, struggling real estate agent. Risk-taking despite feelings of uncertainty is a critical component in the success equation. Absolute security is an illusive goal we never attain. Every day is a new challenge and contains a new threat. She says the industry she has chosen puts her in a similar position to a riverboat gambler. Every day the entire thing is on the line. Kathryn absolutely refuses to ever look back or to worry. When it comes right down to it, she knows she could always start over.

Her most difficult risk and challenge occurred in 1974. In a period of twenty-four months her entire life changed. Due to the rise in interest rates her business was transitioning, with indecision about it's direction. She divorced. With twenty-four hours notice and absolutely no emotional or mental preparation, she adopted her younger brother's newborn daughter who had been born under difficult circumstances. She had surgery and pneumonia two times. The entire time all this was happening she had a business to run!

She smiles as she recalls the trauma of flying to pick up her newborn daughter, returning home on the airplane with no idea of what to do or who to turn to for help with child care. Many said it would be too much for her. It wasn't. And she has never regretted the decision, or even the difficult adjustment. From that period in her life, she learned **there is nothing so big that it cannot be overcome**. An added benefit of the experience she gained is the empathy and understanding which can be drawn upon to help others in times of need.

Kathryn's soft and gentle demeanor prove that leadership appears in many guises. A tough, dictatorial style is not necessary for success in business. As she sits quietly in her elegant office, surrounded by a collection of exotic Eastern furnishings and art treasures and framed by the sweeping view of her Laguna Audobon development, Kathryn is the vision of a graceful Southern Belle.



CHAPTER 13

TOM YUEN

You've heard jokes and anecdotes that begin, "there are two types of people in the world." Although this analysis of human nature is simplistic, there is merit to the concept. Differences do exist between a technical, analytical left-brain dominant person and a creative right-brain individual with strong people skills. What would you have if you combined these two valuable but contradictory types of personalities? You'd have Tom Yuen, Co-founder and current Co-chairman of AST Research.

Let's examine the left-brain dimension of Tom. He remembers that even as a young child he wanted to build things. He loved taking things apart to discover how they were put together and how they could do what they did. You know, the type of child who disassembles the toaster while his mother is at the grocery store. A real logical, mechanical hands-on guy right from the start.

On the other hand, Tom claims he has always been fascinated by people. He enjoys watching people and their responses to various environments and circumstances. He likes to observe them, pretending he is in their shoes and imagining how he would react. Psychology has always been an interesting field of study for him, examining the expert's techniques for analyzing human drive and motivation. In his family, intuitive abilities are strong and are considered an asset to be utilized and capitalized upon.

The technical side of Tom feels tremendous gratitude at the good fortune to be at the forefront of the evolving personal computer industry for the last ten years. For a decade he has lived and slept personal computers. This fits Tom just fine, since he and AST Research Co-founder Safi Qureshey have an insatiable appetite for trying new things, knowing new things, inventing new things. In the personal computer industry for the past decade, new and major developments have occurred every six months. The industry fits their personalities and their personalities fit the industry.

Intrigued as he is with the technical aspects of the industry, Tom enjoys the sales & marketing arena just as well. He takes that native interest in how people respond and react and turns it into marketing questions that are critical to success. What will the consumer be attracted to? How can you get his attention? What would improve his life? What will excite him enough to buy?

It's hard to beat an individual with genius in both the technical and the marketing arenas. And Tom Yuen is definitely a genius! It is to the benefit of the personal computer industry that Tom chose this area to grace with his unique blend of skills. His ability to understand what people want and need, coupled with an innate understanding of the technology and it's potential applications, enabled him to become instrumental in designing and launching a product line of phenomenal success.

In 1990, AST Research's tenth year in business, the company had revenues of 586 million dollars! Their stock performed as the number one stock in the NASDAQ composite as well as number one in the entire California market. The stock price appreciation of 259% in 1990 is even more remarkable when you consider the overall market decline in that year.

Would you believe this company began in 1980 with the meager investment of two thousand dollars scraped together between Tom Yuen, Safi Qureshey, and Albert Wong, three individuals who used the initial letters of their first names to comprise AST? Young and ambitious

foreign-born engineers, they talked and talked about their ideas and finally decided to take action.

It is said timing is everything. Timing was an essential ingredient in AST's success. Tom felt strongly that the release of the IBM personal computer presented them with a golden opportunity. On a hot summer night in 1980, the three young men considered the potential this new market created, and suddenly the excitement began to build. They felt the powerful push of a positive idea and rode forward on the energy. A handwritten business plan was hastily scratched out.

Off the top of his head, Tom estimated a quarter million dollars in sales for the first year. Meeting with lenders to arrange financing, Tom found they were skeptical regarding the basis of his projections. They were only willing to lend \$50,000 to the new company, and this was based on the collateral furnished by all three partner's houses. When you consider the difficulty they experienced obtaining financing, it is ironic to consider that **AST achieved two million dollars in sales in it's very first year in business**, 800% of Tom's "speculative" preliminary estimate.

From the beginning sales were doubling every single month. AST had trouble keeping up with their growth. It became an inside joke among employees to speculate on how many months they could manage before they would outgrow each new building.

Does the success of AST Research surprise Tom? Not at all. He claims he always knew they would be successful. **They had a strong desire combined with an ability to persevere.** The winning combination: With these two ingredients you literally cannot fail.

Tom's ability to peer into the future and imagine results almost beyond the realm of possibility are demonstrated in his goal to become a billion dollar a year leader in the personal computer industry within the next year or two. When you consider his past successes, is that goal so unbelievable?

Tom views business as a game. He is a brilliant strategist. This intelligence arises to a great degree from his

ability to remove his own ego from the equation. He realizes it is essential to evaluate both failure and success strategically. He explains it this way,

“My challenge is to be a good gamesman. My objective is to play a good game. If someone criticizes one of my strategies I strive to avoid taking it personally. I must realize they are only criticizing the game plan. I look at the criticism and use it to change or improve my current strategy. Personal hurt simply cannot enter into the equation when my goal is to compete effectively.”

Although extremely competitive and someone who wants to win, when he wins Tom realizes he only won the game. His game plan was stronger. However, the other guy is not beat personally. He might return tomorrow with a game plan which is much better than his previous game plan and maybe even better than Tom's game plan. Therefore, Tom realizes it is critical to **stay alert at all times**. He never underestimates the capacity of the competition. Tom assumes they are observing and learning and adapting their strategies constantly, just as he is.

Tom's ability to put his ego aside and approach difficulty with objectivity helped him survive the severe problems AST experienced several years ago. Tom calls this period in AST's history the "trough." A breakdown of communication combined with disputes over unresolved issues led to a break-up of the original partnership when Albert Wong left the company. The rapid growth of the company and the stress and demands success creates decreased the time available and their ability to talk openly and air their differences. Tom learned from this experience how essential it is to work through issues before they become major difficulties. The parting was amicable but still was a tough period for Tom personally.

At the same time the company experienced severe financial problems. Determining a strategy to rectify the financial and operational aspects of the company's woes

was much easier for Tom than coping with the personal aspects. He began by conducting a situation assessment. A great believer in the power of gut feelings, he also knows these feelings must be supported by reality. Tom appraised the company and decided the strengths were still there. The problems were major but by investing energy in the key areas, by rolling up his sleeves and guiding people, he could get the job done.

Tom was confident he could turn the company around and in such a rapid fashion that people would be shocked! He committed to himself and to the company that within one business quarter they would be making money again.

Tom moved his commitment from a statement of desire to an action plan. For example, every morning he came in early and went through the purchase requisitions line by line. In the first month of reviewing the requisitions Tom halted fifty million dollars in unnecessary purchases. In a crisis you cannot afford to delegate, nor can you afford to focus on popularity. Sometimes a benevolent dictator is the only role that will achieve the objective. Participative management is not likely to make the difficult decisions and take the unpleasant actions.

Tom took a stand: **He made it clear that he would not allow others to tell him why things couldn't be done. He would only listen to how they could.** In tough times you simply cannot afford the luxury of complaining. You must become solution oriented to survive. Never underestimate the power of a can-do attitude.

Tom focused on the objective, on his belief in his own capability, on the strengths of AST Research. In one quarter the company resumed making money. Since then, they have increased in sales for the past six quarters

This experience strengthened Tom, moving him forward in his ability to run an extremely large business. He knows that defeat strengthens you for the next challenge, and he is ready. He thinks that due to the lessons he and Safi learned, the next round will be easier. "The first bruising of the ego is the toughest," Tom claims.

He and Safi have become more realistic in their outlook as a result of the experience. They have learned to take absolutely nothing for granted. Although he still believes in the value of confidence, he now realizes no one is invincible. Confidence is good, arrogance is not. There is a fine line between the two.

It is difficult to imagine risk or obstacles surpassing those Tom faced initially in starting a business. In 1974 he was working as an engineer at Hughes Aircraft. When his division closed down unexpectedly he began to yearn for self-reliance. It's ironic that had he not been laid off, his dream of independence might never have been born. He worked for several other computer companies but never forgot his desire. Although his salary was steady and the benefits good, he was bored and restless. Boredom and restlessness are intolerable to Tom. He reached the point where he didn't care about money or security anymore. They were not enough to justify his frustration.

He desperately wanted to start his own business. There was one drawback. Tom knew he had serious health problems that would require expensive treatment in the future. In addition to the normal concerns one has when leaving a secure position for the unknown, Tom was very worried about leaving insurance benefits and being "out in the cold." It was a difficult decision. The consequences would be frightening should he fail.

In 1980 he set those fears aside and started AST Research with Safi and Albert. Immediately after establishing the new company, all major concerns in Tom's life came to a head simultaneously. Without insurance benefits to carry the load, dialysis treatment became necessary to control Tom's physical condition. Without insurance benefits to help out, Tom's first daughter was born.

Can you imagine facing all these different sources of stress in the same year? It was certainly a heavy year in Tom's life. Looking back on it today, however, he realizes

that this combination of circumstances was a powerful motivator indeed! He simply had to make it. There was no going back. It was sink or swim, and Tom swam!

His illness has developed a deep spiritual and philosophical side in Tom. Being on dialysis treatment for five hours every other day gives him plenty of time for thought. Being vibrant and energetic, despite physical difficulties, fills him with gratitude.

One experience contributed to a realization Tom is adamant about: Work is a source of satisfaction and fulfillment. Once he spent an extended period of time in the hospital for observation. He suffered intense boredom. He concluded that, although leisure time is pleasurable, you can't do that for life. No matter what you love to do in your leisure time, if you did that nonstop for a year you would probably become tired of it.

Tom views his work as enjoyment, as a challenge. He describes it this way: Every day you come in and solve problems, determine strategies, experience growth. If you are working within a company you experience the growth and also fulfill your own career aspirations. Work provides a feeling of productivity and meaning you would miss in your life if it were denied to you.

A second realization is the relative lack of importance of material items. Although he enjoys them, they are trivial in importance to other aspects of his life. According to Tom, **"We are only temporary guardians of anything that God makes. It makes no sense to flaunt these items, since we don't really own them. All we own are our souls."**

Tom is truly an impressive and unusual man. He is wise without being overbearing. He is confident without being egotistical. He is successful without being smug.

I mentioned his gift of combining technical and creative abilities. Tom's intellectual advantage is in using both hemispheres of his brain to full advantage. Born in Hong Kong and educated in the United States, Tom also seems to

mesh the best aspects of Eastern and Western philosophies and values. As the world becomes smaller and closer, Tom's ability to merge the "best of both worlds" may become a model for the future. This approach may enable us to transcend the problems of this century as we leap enthusiastically to the next.

CHAPTER 14

KNOWLEDGE IS POWER

The secrets of Peak Performers have been revealed to you. Exposure to their philosophies on what makes them special, confidences regarding the visions they sought, insight on how they managed to stick with it, and ultimately triumph have been shared with you. What are **you** going to do with the knowledge you've gained?

Knowledge is power, *if* you use it. Knowledge lying idle is useless. You must decide if this valuable information, shared from a desire on the part of the contributors to make a difference in your life, will have a profound effect on your future or simply recede into foggy memory. It's been said, "When the student is ready, the teacher will appear." Are you ready?

Several major revelations weave a theme throughout these personal accounts. One of the most pronounced is, **TRUE SUCCESS WILL COME TO THOSE WHO WORK AT WHAT THEY LOVE**. A powerful concept indeed. Many have toiled at work they found frustrating and unfulfilling, achieving only mediocre results; immediately upon making a decision to give themselves the gift of meaningful work, their fortunes reversed.

If you are one of the lucky individuals who are involved in work you find exciting and satisfying, congratulations! Give it all you've got. If you are unsure of your true passion in life, take a little stroll down self-discovery lane. Ask yourself these questions:

What makes me happiest?

What achievements in my life have filled me with the most satisfaction and pride?

If I could do anything I wanted with my life, what would that be?

Once you have identified the industry or activity that charges you with energy and enthusiasm, formulate a plan to move in that direction. Picture yourself as the “best you” possible, totally fulfilling your potential. Compare that picture with where you are today. Now ask yourself, “What is the gap between the actual and the potential? What will it take to close that gap? What can I do today to begin the process?” Any step, even one phone call, begins the journey leading to ultimate success.

A second component of success that emerged was the need to develop your special strengths, talents and abilities. Although you are “good” at many things, in what few areas are you great? Kathy Braun’s strength at team-building was sufficient to thrust her forward, although she admits she lacks the business vision of a Tom Yuen. Conversely, Tom Yuen does not need to tinker in production as John Crean might, since his exceptional ability is strategy. Develop the outstanding characteristics you possess and they will take you where you want to go.

The lesson that shouts to us and drowns out all doubt and fear is *DON’T GIVE UP*. If you can see and feel what you desire, if you believe it is important enough to warrant the valuable investment of your life, don’t quit. Don’t ever quit. The major asset Peak Performers share is adamant refusal to give up. Imagine how Louise Pomeroy felt when told she was too old to get a job in the business world, or how Kathryn Thompson might have reacted, striving to become successful in real estate and denied floor time. Empathize with the overwhelming frustration experienced by Milan Panic when his company’s net worth plunged as a result of an accounting rule. No one would have cast blame on these individuals who had powerful reasons to become discouraged and quit. They didn’t. Making the best of what

they had, soon they had more. As the great coach George Allen once said,

“Things turn out the best for people who make the best of the way things turn out.”

Several unexpected characteristics were discovered in addition to those I addressed:

Faith in God... Despite my strong religious faith and conviction, I must express surprise at the willingness of these individuals to openly offer the information that faith in God provides a guiding light and a comfortable assurance in their lives. Expecting them to be businesslike and profit and loss oriented, I was taken aback when the majority of them offered religious faith as a major component of their success.

Stable Family Life... Although most Peak Performers have experienced tumultuous periods of extreme ups and downs, all agree a stable life outside of business is an important prerequisite for ongoing success.

Freedom as children... A most surprising disclosure was the high percentage of individuals who grew and developed as children with very few restrictions. It appears a child-rearing policy of intense supervision and close control may hamper later achievement.

Contribution... Most impressive was the strong desire each expressed in helping others and giving back to the community. Not only did they offer valuable time and energy to participate in this study and assist others by sharing their knowledge and experience, but each is involved in numerous charitable and community improvement programs. Their commitment and dedication to these organizations becomes obvious as they discuss them.

Although many common characteristics emerged, each individual was irrepressibly unique. Not clones of each

other in the least, each one possessed a persona or charisma all their own. How refreshing to realize you don't need to be a specific "type" to be successful. Each of us carries the potential for greatness.

If knowledge is power, **application is the key that ignites the engine.** What is the most efficient method to apply this information? Exposure to twelve amazing individuals can be overwhelming. You may be tempted to tackle too much at once. Instead, select one area or one individual to focus on. Decide what you wish to accomplish or which characteristic you would like to model. Work diligently on that aspect until you've mastered it and made it your own. Then you will be ready to move forward to the next.

This book was specifically designed for accessibility and ease of use. Small enough to carry in your briefcase or pop into a suitcase on a business trip, it can become a reference tool to provide you with guidance as necessary or motivation as required. Several individuals mentioned reflecting back on a role model from earlier in their lives and asking themselves, "What would he or she have done in this situation?" Internalize this valuable process. By forming a habit of keeping the book close at hand, you can refer to the chapter on your favorite Peak Performer when you need an emotional lift, or reread a specific chapter which will supply ideas when confronting a thorny business problem.

For example, if you find you lack focus and are not achieving the results you desire, why not incorporate Tom Knapp's 5/15 report into your repertoire? If you have a vision and need a boost to make the commitment, perhaps thoughts of Dick Pick riding a bicycle to UCI in the middle of the night to sit at a computer and explore his dreams will inspire you. Are your employees disenchanted, demoralized and demotivated? Would it energize your environment to bring a program in to demonstrate concern for them as people, as Terry Hartshorn does?

Use the information. Apply it to your life, your dreams and your challenges. It was offered by individuals who care to make a difference. Let them! Create a habit of seeking

and heeding the advice of successful people by becoming a student of others. Study them, copy them, compete with them and, ultimately, attempt to surpass them.

Consistent exposure to individuals of greatness will build your character. Studying individuals throughout a broad base of industries and with diverse approaches will stimulate your ability to creatively imagine new ideas not yet available to your industry, giving you a competitive advantage. Most of all, exposure to the lives and triumphs of others encourages us to continuously challenge ourselves to do more and to be more. To quote Quintilian, a Roman writer in the first century:

A great part of art consists in imitation.

For the whole conduct of life is based on this:

*What we admire in others we want to do
ourselves.*

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TOM YUEN
AST Research

written a most accurate analysis of my general
while incorporating a number of key events and
ve been involved with at AST. The chapter is fast
ul, and captures some very real images of our first ten
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at the Author

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Geraghty

SECRETS OF PEAK PERFORMERS

Secret of Peak Perform

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