

AMERICAN DREAM

INTERVIEWS WITH INDUSTRY-
LEADING PROFESSIONALS



JASON NAVALLO

American Dream

Interviews with Industry-Leading Professionals

Jason Navallo

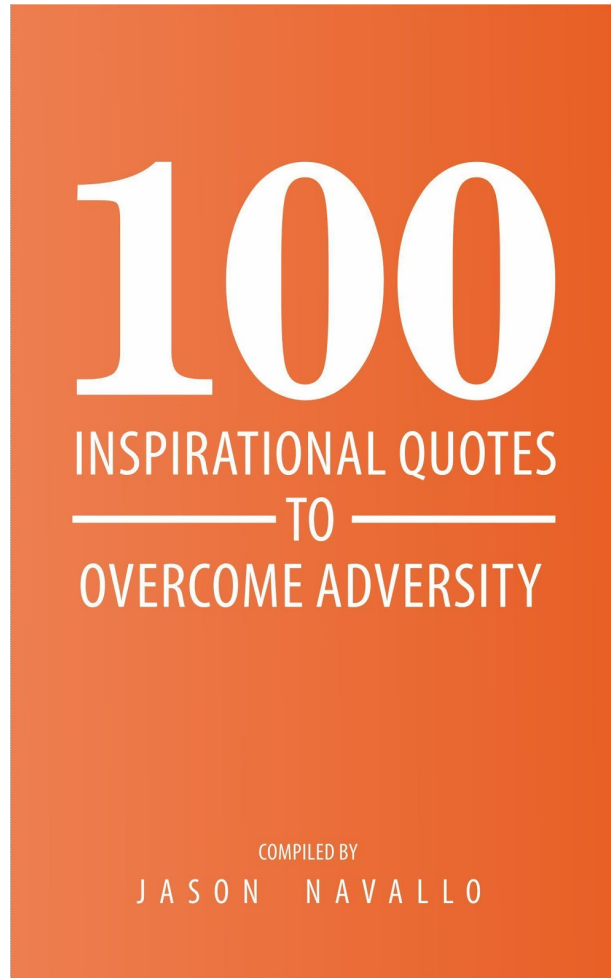


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Introduction

The American Dream stands for freedom. It stands for the opportunity for prosperity and success and an upward social mobility for your family and children, achieved through hard work in a society with few barriers. It's one of the main reasons people move to the United States. However, many young Americans believe that the American Dream is dying, or that it's already dead. In other words, they believe the opportunities their parents once had are no longer available to them.

History shows that we're constantly evolving, as individuals and as a society. In the workforce, the skills required for a successful career today may not be the same for tomorrow. But it's our willingness to learn new skills, by putting in the effort to learn something new, that makes us grow as professionals, and as human beings. We must not be afraid of failure.

This book contains six in-depth interviews I've conducted with some of America's leading professionals in different industries. The focus of these interviews is around their professional lives and the habits they've formed that have contributed to their success, both in business and in life. I've also collected their thoughts on the American Dream and whether or not they believe it's still alive. I was truly inspired by what they had to say, and I hope you'll be inspired as well.

Life is full of opportunities. But we must have the awareness to see them, the courage to pursue them, and the perseverance to see them through. We will face many setbacks on our journey, but it's the determination to get back up, after we've been knocked down, that will make the difference between success and failure. Although industries will rise and fall, the American Dream is not dead. These interviews serve as proof.

Peter Mallouk



Peter Mallouk is the president and chief investment officer of Creative Planning and affiliated companies. Peter's companies provide comprehensive wealth management services to their clients, including investment management, financial planning, charitable planning, retirement plan consulting, and tax and estate planning services.

Creative Planning provides wealth management services to high net worth clients, manages over \$20 billion for clients in all fifty states and abroad, and has been featured twice as the #1 Independent Wealth Management Firm in the United States by CNBC (2014 and 2015).

Peter is featured in every eligible listing of *Barron's* as one of the Top 100 Independent Financial Advisors in America and the only advisor featured at #1 three years in a row (2013, 2014, and 2015). In every ranking since 2005, Peter is featured on *Robb Report Worth Magazine's* list of the Top 100 Financial Advisors in America. Peter is featured in *Boomer Advisor* as the #1 Advisor in America for Baby Boomers. Creative Planning is featured in *Forbes*

as one of the Top 50 Financial Advisory Firms in America, *Investment News's* Top 50 Wealth Management Firms in America, and *Financial Time's* Top RIAs. Creative Planning is also featured in *Ingram's Magazine's* issues covering Best Places to Work and Most Charitable Organizations and has been named the Reader's Choice #1 Wealth Management Firm.

Peter graduated from the University of Kansas in 1993 with four majors, including degrees in business administration and economics. He went on to earn a law degree and Master of Business Administration in 1996, also at the University of Kansas. Peter has also earned the CERTIFIED FINANCIAL PLANNER™ designation.

Peter is the founder, current executive board member, and former five-year chairman of KC CAN!, an organization of volunteers dedicated to improving the quality of life of children in Kansas City. KC CAN!'s signature project is Safety Street, a "real life" street where second graders throughout the city go as an educational field trip to learn about bus, car, bike, pedestrian, and fire safety.

Peter has served on the board of directors for Pathway to Hope, American Stroke Foundation, St. Michael's Finance Council, Kansas City Hospice, and KC CAN!. Peter is married to Veronica and has three children: Michael, John Peter, and Gabrielle.

Tell me about your background.

I grew up in Kansas City, Missouri. My parents were immigrants who were big on education. So I went to school, and to the University of Kansas, where I majored in psychology, political science, business, and economics. Then I went on to get a law degree and an MBA, also from the University of Kansas. After graduation, I returned to Kansas City and spent a couple of years holding various positions with financial and practice management aspects, then quickly found myself in the financial and estate planning world, where I worked with individual clients and helped them with wills, trusts, and taxes (like how to reduce capital gains, estate, or income taxes). I largely did this for other firms' clients. So essentially, brokerage houses and independent advisors would bring me in to help their clients with certain things. I would do my part, then the client's financial advisor would take it from there. I did this from 1998 to 2003. Then I noticed there's a space in the wealth management world for firms that really tailor portfolios to their clients' needs and that are able to do more than just pick some "in-house" mutual funds or other investment products. There was also clearly a need for an advisor that could assist with tax advice, estate advice, and so on. Since 1998, I had handled the financial planning and legal work for Creative Planning's (a planning and investment firm) clients, while at the same time working with hundreds of other clients. I purchased Creative Planning on January 1, 2004. At the time I had dozens of clients and a very small base of assets under management, probably less than a hundred million. From there, I began to reinvent it into what it is today: one of the largest, if not the largest, independent holistic wealth management firms in the country.

How did you come across the opportunity to buy Creative Planning?

It was already a place where I was providing financial and estate planning services for clients, from 1998 to 2004. So I already knew and greatly admired the principal, who was ready to retire. When I found out about this, I thought it was a great opportunity to not have to go through the legal structure of creating a registered investment advisor.

Was the name Creative Planning when you bought it?

It was. At first I wanted to change the name, but have since learned to embrace it. We have also evolved to a point where the name is very appropriate. Much of what we do is really getting to know a client's situation and goals well enough to restructure many of their moving pieces to help them accomplish their goals.

In terms of employees, it was just one person? You were buying one financial advisor's book of business?

I basically came in and just took over that practice, and every employee from then to now is new. So I just started hiring from there.

From day one, were you involved in getting new clients?

Yes. From day one through today, I was and am involved in getting new clients and working with existing clients. From that point on, I was the only owner and I started a process to take care of the clients that were there in a different way. They eventually started to refer new clients, and it accelerated far quicker than I ever imagined.

What were some of the initial changes you made to the business?

Well, one of the things that I observed, going from office to office for so many years, is that the financial advisor world is divided into two groups: 1) There's people who really understand investments, financial planning, estate planning, and/or tax planning, and 2) There's a group that is just good at sales. This is the relationship guy/gal. And if you look at what we call the typical, successful financial advisor, it's usually from the latter group. It's the guy that's networking, golfing, going to parties, and charity events—signing people up. That group seems to have more clients than the group that is really more analytical, actually doing the financial services. This is different from many other professions. Medicine doesn't work that way. Law doesn't work that way. Tax doesn't work that way. But financial advisory does, because there's really not a lot of clear-cut criteria. If you go see a doctor, they went to medical school and passed some tests. No matter what doctor you go to, there's some degree of competence. This is not the case if you meet a hundred financial advisors. The majority of them have absolutely no education with investments and/or financial advice. It's a very unique marketplace, and the people who survive in the industry are the ones who sell more effectively than others. That didn't sit well with me. My dad is a physician, and growing up I knew he had some fairly

negative experiences with advisors. I wanted to build a place that was so much better than the alternatives that clients would come to us on their own. So I was really determined to have a format that would work by attraction. It also didn't hurt that at the time I had zero faith in my ability to sell. I thought, to succeed, I had better have something of value. I just wanted to deliver a service that offered exceptional value that was so separated, in terms of getting real advice from very competent people, that it would attract the clients to it.

Who was the first person you hired?

The first person I hired was Molly Rothove. She was right out of college, and she had been an intern for another financial advisor I had worked with, who ultimately moved to a different state and recommended Molly. I knew she was diligent and also cared about clients. I initially sent her to interview with other financial advisors I knew. She was looking for a job and I wasn't ready to hire yet. She met with them and basically came back to me and said, "Hey, I was offered jobs at all these places, but I don't want any of them because they want me to be a salesperson. They want me to go out and sell to my family and everyone I know. They want me to sell their company's financial products, and I believe that's a conflict of interest." I remember, even then, when I couldn't afford to hire anyone, I kept thinking that this is exactly the kind of person I want to hire. This is exactly what I believe. I believe financial advisors should not be selling their own financial products. This was a novel concept then and unfortunately is still so today. She really felt that way, so she became the first person I hired.

Did you have to raise money to fund the initial growth?

In the beginning, funding wasn't needed. We would grow, add some clients, and then hire someone. We would grow, add some clients, and then hire someone. We got to 2008 with that model. And then we got to a point where, in order to really take the next step, it was going to require a large amount of capital. We were simply growing too fast to ease into hiring. I had to commit to building out serious infrastructure and capacity. So around then I got a loan. At that point, I basically mortgaged the building, my law practice, Creative Planning, and pretty much every asset the banks deemed of value. I used the money to hire the people I needed to maintain the quality of service and get ahead of the growth that was occurring. I didn't feel like it was a risk; more prospective clients were calling than I imagined, and I knew that if I continued to build it, they would come.

Who was your typical client back then?

It was the same as it is now. I call it the millionaire or multimillionaire next door. Probably our biggest group of clients is a household worth a few million dollars. What's changed is now we have a lot more ultra-wealthy clients, so we have the whole subset of the "\$25 million and up" and "\$100 million and up" that wasn't there in the beginning. We also have a large subset now of clients from \$50,000 to \$500,000, which was an exception early on as well. But the typical client today is still "I worked my whole life and I've got a few million dollars."

I read somewhere that you initially targeted physicians because your father was one. Is that correct?

Originally, for a couple of years, I only worked with physicians and I was going to try to make their lives easier by helping them with financial and practice management items. It took me a few years to figure out this was impossible. The practice management side was just so different that you couldn't go from one doctor to another and do it. So then I switched over to pure financial advisory.

Did you initially have to cold call?

No. I grew one client at a time, by referral.

So organic growth, all the way?

The whole way with the exception of a small group that folded into Creative in 2009 with around \$80 million in assets under management (AUM).

Was the business profitable the first year?

Yes. The business was mildly profitable in the first few years and much healthier from then to 2008. Then it was extremely unprofitable for a couple of years while we invested in growth.

Did you ever feel like quitting?

No. I love this, and I feel passionate about what we're doing and I think we have a direct impact on people. This job is easy to feel good about. My favorite part of the job is working with clients and finding ways to improve what we can do for them. Next, I love working with our team, and I especially love watching and helping people reach their full potential. Creative is a great place for someone in the industry to really see what they are made of and what they are capable of, and I love doing what I can to help them accomplish their goals. I can't imagine doing anything else.

Why do you choose Kansas City as the place for your headquarters?

Well, originally, I didn't think this was going to be a national success. I thought, "Hey, I'm going to build a practice, and I bet I can build a successful one. I see an opening in the marketplace." And the opening for me was pretty clear, what would work in the marketplace, but I did not have in my mind the right level of success. I thought, "Hey, we might attract a few hundred million dollars and one hundred clients," but that happened in the first year. It was extremely rapid growth, and that I was very surprised by. But now that we're here, and we've got twelve thousand clients in fifty states, it turns out it is the best place we can possibly be, because we're very centralized in an area where there's a lot of talent with a strong work ethic and a very educated group of people, here in Kansas City. It's a great place to be centralized. Many people

on the coasts love that we're in Kansas City because we're associated, rightfully so I think, with a certain type of values. I know in New York, California, Florida, and Texas, we have thousands of clients that live there, but their money is managed out of Kansas City. Now we have local financial advisors that meet with them, who are employed by Creative, but the money itself is managed out of Kansas City. For me personally, it's turned out to be great as well, because wherever I need to be in the country, it's pretty reasonable travel wise. If I had to do it over again, I'd put the pin on the map in the exact same place.

What are some of your daily habits that have contributed to your success?

I find that successful people share certain outlooks and traits, but their habits are largely irrelevant. For the most part, what they all have in common is their ability to identify a need out in the marketplace or someone else has identified the need and they have found a better way to do it. People may not even know their own needs. Steve Jobs once said, "People don't know what they want until you give it to them." Successful people identify a need, or something others don't even know they need, and then execute. For example, the guy who invented Uber. No one was asking for Uber. He just said, "Hey, there's a need out there. Nobody knows about it," and he created it. It doesn't matter what his habits are. He could be the kind of guy that sleeps until noon. He had a great idea, there was a need for it, and he had the ability to execute on it. To me, that's really the common trait successful people have in common. I work with an enormous amount of very successful people. I work with many of our firm's largest clients, and I've always looked for these common traits. For example, I'm meeting with one client next week who won't meet before 10:30 AM, because he likes to sleep until 9:30 in the morning. And this is a guy worth \$500 million. So I think people are just different, and the most common trait they share is that they're able to identify that need and execute on it, not what they do in the morning.

Do you believe luck has a lot to do with success?

Yes. I believe luck is a big factor and rarely acknowledged to the extent it should be. I've also encountered a lot of people who were born on third base, and they believe they've hit a homerun. Then I look at my own situation and say, "I'm a white, male, college-educated American who's healthy with two loving and encouraging parents." That's quite a head start. I'm always amazed when clients say, "I did all this, and everyone can do it." That's just not true. A lot of how life turns out is derivative of where you're born and how you grew up. Yes, people can always overcome odds. Anybody can become an NBA player, but it helps if you're 6'10". Your odds are just better. On top of all that, you still need luck. So for me, I had a model that I knew was attracting a lot of clients and was going to attract capital. It was more successful than I ever thought it would be. Our firm grew from less than \$100 million to \$500 million AUM in four years. But then '08 and '09 happened, and people came to us in droves. Within two years, we were a \$2.5 billion firm because the way we managed money worked. It was low cost, tax sensitive, and took advantage of down markets. It made a lot of sense. But most importantly, we weren't using any of our own mutual funds or hedge funds. So clients were firing their financial advisors, saying, "Hey, my investments aren't doing well, and by the way, they're your own house's investments." It just attracted a lot of capital to us. And then, after that, you had the whole

Bernie Madoff ordeal. That got everybody looking at their own financial advisor. If people are looking at their financial advisor, and you're doing better than the others, that's good for you too. We got lucky there. Would we have been successful anyway? Yes. To this degree or this quickly? No. The markets created the turmoil that got everyone looking around. We had a great offering, but it was luck that created sudden, intense interest. Whether you're Steve Jobs, Bill Gates, or the guy who invented Uber, somewhere along the way, there was a break for you that was beyond you being smart and having a great idea.

Do you believe in the Law of Attraction?

I think you have to believe you can do something for you to have a realistic chance of it happening, so to some degree yes, but it's not enough. If a basketball player thinks they can't sink a three-point shot, they probably can't. If they believe they can do it, now they are on the right path, but they still need ability, training, coaching, and effort. Believing it will come to you is a prerequisite to success but not enough by itself.

Do you set goals for yourself and your business?

I can write down a goal and say, "I want to manage \$30 billion," but I don't control a lot of the variables that are going to make that happen. So for me, it's about setting goals that I can control. I know I have a certain amount of clients, and I know I want to communicate with them a certain amount. I know I want to have a certain talent of financial advisors in front of them. And I want to have a method in place to take care of them and make them happy so they are satisfied and refer others. I can measure those things, so my goals are always around those kinds of things. So for example, if I have a goal to add \$2 billion between now and the end of the year, but every financial market in the world goes down, I cannot control that, so it's a pointless goal. But I can control if my clients stay with us, if they add funds, and if my clients refer, so my goals tend to be more focused on things that I can control that will have the largest influence on what I am trying to achieve. All of my goals are executed by delivering value. You have to constantly improve and try to stay ahead of the pack as much as possible.

How do you organize your day?

I have some ritual to my daily planning. I take my kids to school in the morning, and then I'm usually in my office around 8:15 AM. My calendar will be stacked from 8:30 AM to 5:00 PM, with the exception of a break that I try to take almost every day, around the lunch hour. I might not actually use it to go out to lunch, but it's the one hour on my calendar that will be blocked to deal with whatever I have to deal with. But the rest of it is scheduled. A lot of people in my profession will do things like, "I'll only do client reviews on Tuesdays or Thursdays, because Mondays and Wednesdays are for me to catch up and Fridays are for me to prepare for the next week." I don't do any of that. So for me, if I've got a hundred clients and they want to do an annual review, I'll do it whenever they want to do it. If they want to do it at 8:30 AM or 4:00 PM, great. To me, it's the same hour, no matter what, for that review. So I may as well be accommodating to the client. But I do make sure that every minute of my day is figured out. I'm using it to be as

productive as possible. Some meetings will be management. Some will be clients. Some will be media and things like that, but every hour is too valuable, both professionally and personally, to leave open.

What's a typical workweek like for you?

For me, it's usually 8:15 AM to 5:15 PM, Monday through Friday, and I check in every day, whether it's a weekend or vacation. I usually travel to another city one day a week and spend an overnight in another city one day a month. I can easily have a more successful practice if I was willing to increase the travel schedule, but right now I have three young kids and I'm just not willing to do that. This is a give-and-take. I run my schedule on an idea that a "yes" to something is a "no" to something else. So I love hanging out with my wife. I love hanging out with my kids. But I also love my job, clients, and coworkers. It makes me want to say yes to everything, but if I've got someone in Connecticut and he's got \$20 million and has to meet tomorrow, but that means I'm going to miss my kid at a spelling bee, I'm not going to do it. So I'm always trying to fill up the calendar, but with a sense of priority.

When you first took over Creative Planning, was your work schedule very similar?

No. When I started, I was bored out of my mind. There were only a few dozen clients. I could literally be working only ten hours per week and dying to be busier. It took a long time to build up a client base where I was busy and could hire people. It kept getting busier and busier to the point I was working seventy or more hours per week. About two years ago, it started to get easier because we got to a scale where we started to attract the best in the business. Now that Creative is one of the largest independent wealth management firms in the country, there are hundreds of people applying here, and we can hire the very top talent, and that means I have more and more people that can do many things as well as I can or even better than I can. Whereas, if you go back three or four years ago, anything that was complex, far away, or a big opportunity I had to be engaged in myself. So now I find myself working much less than a few years ago.

What are some quotes that you live by?

I have them written all over! I've got three written on my desk, so each time I open a drawer, I see a quote. One that I really like is "Dwell as near as possible to the channel in which your life flows," which is a [Henry David] Thoreau quote. So it tries to remind me of the sense of priority—where I should be spending my time. I open another drawer and find Luke 12:48, which is "To whom much is given much is expected." You just realize that if you're really fortunate, really lucky, that you want to have a sense that success isn't really all yours and to make things a little easier for other people.

Do you read a lot? Do you have a lot of favorite books?

I read a lot. I read, basically, anything financial, whether I think I'm going to find it interesting or

not. I'll read a huge amount of financial books, whether they're investments, investor psychology, wealth management, or estate planning. I'll read all of that. I'm reminded of an interview with—I can't remember if it was Kobe Bryant or Michael Jordan, where the interviewer asked, "What do you do when practice is over?" and he said, "I shoot baskets." Usually, I'll find that the people who are really successful at something, they just like it so much that they never feel like they're working. So whether it's a musician, athlete, or somebody in business, you're probably going to lose if you are competing against someone more passionate than you. If you are in the NBA, it's going to be hard to beat Jordan or Bryant if, after practice, they're shooting baskets.

The first book I read that had a high impact was Khalil Gibran's *The Prophet*. My uncle gave it to me as a teenager and I've read it once a year ever since. One of the best books I've ever read is a simple, tiny book that I make everyone coming into Creative Planning read called *How Full is Your Bucket?* by Tom Rath. The basic message is that when you meet somebody, you usually make them feel better or worse. What type of person are you? It raises your awareness to that. Everyone has a bucket, and you're either filling it up or draining it. If somebody is coming into your office or if you see their number on your caller ID and you start to get that negative feeling, they are draining your energy. It makes me more conscious to be the kind of person that makes other people feel good, and also creates a little bit of a servant mentality that I want people to have when coming on board. The most impactful book I've ever read is Anthony de Mello's *Awareness: The Perils and Opportunities of Reality*. You have to be ready for what it has to offer though.

How do you define success?

I think it's if you feel fulfilled with what you've accomplished. Someone can have one play in the NFL and feel accomplished. And someone else can win a hundred games but not win a Super Bowl and feel they did not succeed. I think one trait you see among people who are not happy is they've never predefined success, so when they get there, they constantly redefine it. It never allows them to be happy. For me, if everything were to stop today, I'm totally fulfilled and happy. I set out to be in a position where I could positively impact a lot of people around me at present and for the rest of my life, and I've already accomplished that. One of my clients, who helps their kid a lot, used a quote from the Book of Genesis that goes something like "We're blessed to be a blessing." A lot of people complain about having to help other people or being the one people turn to, but that's a hell of a lot better than the alternative. So to me, that's the definition of success. To be in that position to have that kind of impact.

When faced with adversity, what pushes you to keep moving forward?

What's great about capitalism is you know where you stand a lot. Let's say you've got a sandwich stand next to four other sandwich stands. You can think your sandwich is good, and your mom can think your sandwich is good, but you're either selling more sandwiches than the other four stands or you aren't. So part of it is, when you're having success, you want to maintain it, and you want to go to new levels, and you're competitive. What's great about the

economic society we have in the United States is that it's very easy to try things and see if they work. The marketplace will measure things for you quickly, almost like a professional sports game. So it's a challenge, and it's fun. I also happen to be in a high impact profession. Working with a family on the entirety of their wealth is impactful. Every little bit better we get has a large impact on a lot of people. It's easy to stay motivated with that kind of emotional reward.

What are some of the greatest lessons you've ever learned?

First and foremost, it's to understand what I am trying to accomplish and then be as intentional as possible about making it happen. Whether a goal is small or big, a key component of achieving it is to take steps, small or big, in the right direction. If I'm not focused on being intentional, it's easy to let a day just happen to me. I have much more success staying focused on my various goals even while addressing things that come up along the way that need immediate attention. Being intentional helps with keeping a keen sense of awareness on what I can control. So you can spend all day and all night worrying about things you have no control over, and you can spend all kinds of money or time trying to influence something you have no control over. In my business, I cannot control the market. It makes no sense for me to worry about if the Dow [Jones] is up 1 percent, but many people in my profession will spend their whole day reading and analyzing what the market did that day. It accomplishes nothing. What I can control is my client's reaction to it, the client's allocation, the client's spending, the client's costs, and the client's taxes. Those are things I can control. Whether it's in business or in life, I'm very focused on what I can influence, and I have my energy go just into that.

The other thing I've seen, and that I've learned from some of my clients, basically, is that in my business, you just watch people accumulate wealth. They spend their whole lives working and putting money away, and some just don't enjoy it. When they retire, they can't get used to spending their money because they're so used to putting it away. I've really just learned, from all of it, that you have to enjoy your life. Actually, the meeting right before our call was someone who retired and two years later got cancer. And now she's not going to enjoy everything she and her husband worked their whole lives for. You have to enjoy life along the way. You can't just be focused on the destination. To me, that's an ongoing deal. You really have to enjoy the journey. Enjoy the ride. If you are just trying to get to the top of the mountain, and you don't enjoy the hike, well, you're not going to be happy when you get to the top of the mountain either. You have to enjoy the actual hike too. You also have to stop and celebrate along the way, as well. So I really learn to enjoy everything about a day I possibly can, and I try to celebrate as much as I can. The second lesson is that when you find yourself in the middle of a whirlwind, and in my profession that's normal, just stand tall and let the wind blow all around you. There's a lot of things you cannot control, and you can't personalize them. It's easier said than done, and it's something I have to remind myself of every now and then.

What makes a great leader?

For me, the window by which I want to be viewed is through those of which I am leading. So you can have a guy who wins the Super Bowl and all the commentators and fans say, "That's a

great leader,” but if everyone who ever played with him for ten years thinks he’s a complete jerk or just an unpleasant person, then is he really a great leader? Or did he just have a great outcome? Whenever I’m making decisions, I’m always thinking about how the decision is being perceived by the team that works for me or by whoever else I’m leading. And so if people think that the ship is heading in the right direction, and they believe in you and trust that you’re acting in their best interest, that, coupled with accomplishing the goal, makes you a great leader. I believe you have to have both. And so you can be great. Everyone can love you. You can make great decisions, but if you’re the captain leading a journey and the ship sinks, you’re not a great leader. On the other hand, if the ship makes it to port through the storm in great shape and the crew can’t stand you, you’re still not a great leader. If the ship gets there in good shape and the crew would love to go on another journey with you, *then* you’re a great leader.

Back to the business. You bought Creative Planning in 2004?

Yes.

And you had steady growth up until 2008?

From inception to today, the growth has been extremely rapid; it just really went to an entirely new level in 2008.

What do you think caused that high spike in growth?

I think what happened in 2008 was many people just said, “Enough with all this. I’m not going to use someone just because they’re my friend or they’re related to me or they live down the road. I’m going to try to find the best person.” And what they wanted was a firm that had a lot of experience, that managed money for a lot of people already. Not someone with one hundred clients. They wanted somebody who didn’t have their own products or mutual funds and who had to be a fiduciary to them. And we were sitting there, in a very small group of firms that were qualified to do that. And I think that’s what really drew a lot of people to Creative Planning.

As a business owner, and this is for all industries, what is the key to surviving a recession?

When I’m with clients of mine who are small business owners, I always ask them how their business will do going forward and to share their thoughts and projections with me. They always seem to answer with various scenarios, like “my company grows at 3 percent,” “my company grows at 10 percent,” or “my company grows at 20 percent.” I very rarely hear the projection of “earnings are down 20 percent.” People are often very pessimistic about the world around them but very optimistic about their own prospects within the world. It’s fascinating. It’s very common for me to see a client and say, “What do you think is going to happen with your company?” and they reply, “Oh, the outlook is fantastic!” Then I ask, “What about the markets?” and they say, “Oh, it’s going to be terrible.” So I believe that companies that get through recessions are those that acknowledge things aren’t always fantastic, even for their own business. If I’m in business

for ten or twenty years, there's probably going to be a few years where something happens that I'm not thinking about. Whether it's a terrorist event, financial crisis, or something that hits my specific industry, like the oil industry right now, it's having "built-in" economics to get through that. There's very few places that run that way. They always project the next year will be the same or better than the year before. I've always prepared for that. In 2008, when my competitors were firing employees, I was hiring the best I could find because I had the capital to do so despite the recession.

What do you look for in an employee?

I'm looking for someone who's smart, sharp, polished, likeable, energetic, and trustworthy. I'm basically asking myself, "Would I put my parents in front of this person?" That's the main thing I'm looking for. Now, I'm certainly not perfect in hiring, but we get it right a heck of a lot more than we get it wrong. In our business, it's very consultative, so it's different than working in a typical investment firm. So we're looking for people who can articulate things in plain English, in a straightforward fashion to real people who they're going to sit across the table from.

What is the culture of your firm?

I have a culture where people know I'm going to play to their strengths. I want to find out what they're good at, what they like, and I want to encourage them to go down that road. If we have a seven-footer, I'm not going to teach him how to dribble the ball down the court. He needs to dribble well enough, but I'm not going to teach him how to be a shooting guard. I want to figure out what they like doing, and I want to play to their strengths instead of focusing on their weaknesses. My employees know there's a lot of opportunity here. If they don't like what they're doing in the tax group, maybe they can move to the financial group or the investment group. There's always a path. I think people like to see opportunity, and they like to see growth, and even if they don't take the opportunity to do something different, people like to know they always have that option. I think we have a very energetic environment. I like it when an employee will come and say, "I was the smartest person at my last firm" or "I was the top performer, but here I'm just average. I like that, because there's not as much pressure as there was on me at the place before." I like that we have a culture of excellence and my people have a huge amount of respect for their peers. We're also a very charitable culture. We're very giving; not just the firm financially but also the people who work here are generous with their time.

And you have around twelve thousand clients now, with approximately three hundred employees?

Right.

I believe you touched on this before, but do you still manage clients?

Yes. I think if you read any book on running a business like mine, the book will say that I should not be sitting with any clients and that it's a bad use of time. I feel quite the contrary. I think that

when I have my own group of clients, I know what our clients are thinking, so when I'm writing a newsletter to clients, I am in tune with what they are thinking already. I don't need news to slowly work its way to me. When we're having an internal discussion about what's the best direction for the firm, how something will impact the client, or what type of software we should use, I'm engaged in that. I'm much more informed and much more hands on. So what I think makes me a better leader, and I'm not a perfect leader, is that the people I'm speaking with know that I'm in the game with them. It's the difference between having a general in the field with you and a general that's calling you from a La-Z-Boy chair in mission control. The guy in the field has a lot more credibility, and when the guy in the field says, "Let's go this way," the people are more likely to follow. Plus, and this is a big plus, I actually like being with clients. That's what I'm passionate about. I like sitting with the client and helping put them in a better place. I also enjoy being with my employees. The books say to delegate all that. To me, that's part of leading—being engaged.

Do you choose the clients that you manage?

Yes. I'm dealing with many of the clients I had when I started and clients that are particularly complex.

Have you ever turned away clients?

Yes. I meet a lot of clients before they come on board and are matched with one of our advisors. If a client's expectations cannot be met, I don't want to bring them on. We want people to come and be here for a long, long time. Our typical clients already fired a couple of financial advisors before they came to us. For the typical millionaire or multimillionaire next door, this isn't their first rodeo, so they know what they're looking for and I want to make sure we can give that to them. If somebody comes to us and says, "I want to invest in this and earn 16 percent each year," well, I know that's not possible. I've been doing this long enough to know that's not possible. So I'm just going to tell them it's not possible, and if they don't buy it, and they say, "Well, I'm going to John Doe down the street who says it is possible if I invest in their funds," I say, "Well, you need to hire John Doe down the street, then." I don't want them to come here and not deliver for them. So I would say it's not a daily occurrence, but it happens more than occasionally where I'll say, "Look, with what you want, we aren't the best fit for you." Maybe once per month that happens.

And your primary source for new clients is referrals?

Yes.

What is your vision for the future of Creative Planning?

I believe right now, and this is what I tell my team, there's an incredible opportunity in front of us. The marketplace is speaking to the fact that people want what Creative Planning does. So I basically say, "There's this opportunity right in front of us. I don't know how long the opportunity

will last, so we should seize it.” So we need to be prepared for when the clients are coming in. We need to be as educated as we can be. As credentialed as we can be. Hire the best people we possibly can. Have the best processes in place, because who knows when we will no longer be unique? Capitalism, basically, makes sure anything that’s unique and creates success doesn’t stay unique. I’m not naive to think that we’re an exception to that rule. It doesn’t matter what it is; there will eventually be other firms that will copy what you’re doing in an effective fashion. And for me the vision is to be the very best option for that millionaire or multimillionaire next door in the country. I want to seize that opportunity, so I’m only focused on that right now.

What financial advice would you give for young adults and families?

A single professional in their 20s: Automate. It’s important to establish recurring electronic transfers, ensuring certain amounts of money are deposited into savings and paying down debt as soon as the paycheck is deposited. The amount left over is what’s available for spending. Without an automated plan like this, money always seems to disappear with nothing left over at the end of the month.

A married couple with kids in their 30s: Create a comprehensive wealth plan to outline your objectives and goals for now and the future. Then implement strategies to help you prioritize which goals are most important. This should include a retirement funding analysis, determining life and/or disability insurance needs, creating a savings plan for college education costs, and implementing an estate plan.

A midcareer person in their 40s: Typically, this person needs to be serious and diligent regarding their retirement fund by saving and investing aggressively for those goals. Investments deserve further scrutiny at this stage to ensure they are properly diversified and appropriate for your risk tolerance and time horizon.

A person nearing retirement: Create a plan to transition from wealth accumulation to distribution mode, which requires integration of different income sources including government benefits (e.g., Social Security, Medicare) and employer options, as well as ensuring appropriate asset allocation to help ensure you don’t outlive your money.

A wealthy person with ample discretionary money to invest: People in this category should focus on increasing exposure to alternative investments as a means to decrease portfolio volatility while potentially increasing overall investment returns. They should also begin to develop a wealth transfer and philanthropic plan to provide for the people and causes they care about.

Anything else you would like to mention? Regardless of age and wealth, we all have different goals. Often those goals change as we go through different life stages. To ensure your goals are always at the forefront of your plan, write them down, along with the time frame in which you would like to see them accomplished. Consider your risk tolerance as well when charting the course to reach your goals. It’s important to remember that your financial plan, just like your life,

is very fluid and will change on a regular basis. So reviewing your plan, your goals, and your strategies on a regular basis cannot be emphasized enough.

Can someone making \$50,000 a year eventually become a millionaire?

It's definitely possible. If someone who is thirty years old and making \$50,000 each year can put away \$5,233 per year, they can become a millionaire by age sixty-five. They're also very likely to make more each year and could easily hit the goal!

How has technology affected your industry?

It's changed it completely. In one way, I would never be where I am without technology because we're able to trade for thousands of people and we're able to send communication to lots of people within the same day. We're also able to run projections that used to take hours, when I started, in minutes because of technology. It's made us very efficient. Now what we're starting to see, just like with everything else, is it's becoming a question if technology can replace doctors, lawyers, financial advisors, and so on. So now we see websites popping up, like WebMD and LegalZoom, that are trying to replace professionals, and that's happening with investment management now, but I think technology is far more of a resource than a threat. Technology has been a total game changer in terms of being able to deliver high quality advice in an efficient way.

Have you noticed certain industries that have a high concentration of wealthy people?

I see more millionaires who are doctors than any other profession because they are always employed, through good times and bad. There's an enormous demand for doctors that's only increasing because of demographics. While the economics aren't as favorable as they were ten years ago, they still are so good that almost every doctor earns enough money to become a multimillionaire. Becoming a doctor is the clearest path to becoming the multimillionaire next door. Now, if you want to have enormous success, it's one of the hardest paths because there are constraints on your time. The only doctors who develop enormous wealth are those who become businesspeople. They own hospitals, surgery centers, real estate, and so on. They have to transcend the practice of medicine. The key to accumulating great wealth is where your time is levered, in a very big way. So, if you're LeBron James, your name can be on a million jerseys for the same amount of energy that can be on one jersey, to the extent where you can be able to leverage what you bring to the table.

I'd like to touch on what you said earlier, that becoming a doctor is the clearest path to become the multimillionaire next door. I know a lot of Americans who are discouraged from becoming doctors because of the amount of student debt they'll be in by the time they graduate medical school. What do you have to say about that?

I'd rather my kid have \$200,000 in debt and a medical degree than \$80,000 in debt and a liberal arts degree (and no knock on that, I have a liberal arts degree as well!). To me, the question

isn't "Is there debt?" It's what your earning power is relative to your debt, and a doctor has tremendous earning power relative to their debt.

What advice would you give to college students about entering the workforce?

A lot of people send in their resumes and say, "I think your place would be a great place for me to get better at this or for me to learn more to get better at this. I ultimately want to do A-B-C and I think you can help me to take the next step toward this." That's totally the wrong approach. The right approach is, "Hey, I know what you all do, and here's what I think I bring to the table to help you accomplish it." Think of yourself as a professional athlete. Would you go to the head coach and say, "Hey, I want to be on your team. I think you can teach me how to someday be an offensive line coordinator"? No. You should say, "Hey, I want to be on your team. Here's my highlight reel. Look at my abilities. I'd be a great wide receiver, and here's why I can help you win games." So reverse what your intuition tells you to do and you'll have more success. I've hired hundreds of people, and I can tell you that within thirty days, I've usually already formed an opinion. If you really want to shine in an office setting, when you start, make yourself indispensable. Make yourself shine. Find a way to take on more work instead of less. As our company says, "Hey, for your role, you need to do A, B, C, and D." There's a very high correlation between people who do A, B, C, and D the fastest. If I say, "You have to take these four tests before you can see clients," almost always the people who pass the tests the fastest are the ones who have the best careers over the next ten years. So go in and have initiative. It's not over when you get in the door. It really starts within those first few months, when you really make an impression, good or bad, and it gets very hard to change that impression, either way. It happens, but it's rare.

Do you believe the American Dream is dead?

No. I think if you're coming out of college today, you have a better chance of living the American Dream than any generation before you. There's an enormous amount of opportunity out there. Certainly, if you have a good idea, you're more likely to realize that in this world than any previous generation. Also, if you have a strong work ethic, you're more likely to shine now than in any previous generation. I believe what is different with this generation is that the education and wealth gap is so substantial. There's more people entering the workforce who are starting on second and third base, and there's a bunch of people who haven't gotten to first. That gap is very significant and is a systemic, political, and economic issue. But for those people who are coming out of college with an actual degree coupled with a strong work ethic, they have more opportunity than anyone ever before them, regardless of which base they started on because of their education and financial situation.

Ben Caballero



As published by the *Wall Street Journal* and as independently confirmed by *Real Trends*, Ben is the #1 real estate professional in the U.S. for 2016 in two categories — number of real estate sales transactions, and cumulative transaction (dollar) volume.

Ben has been the top-ranked agent in the nation in these categories since 2012. He is the first and only agent in U.S. history ever to exceed the \$1 billion mark for residential sales transaction volume in a single year.

His 2015 sales of 2,491 homes totaled \$1.022 billion. His lifetime production exceeds 20,000 sales valued in excess of \$6 billion, which makes him the most productive residential real estate agent in history, and his numbers are still growing.

Ben is an acclaimed innovator and technological pioneer within the real estate industry. His drive to leverage technology has allowed him to reach unprecedented, historic levels of sales. Ben has developed HomesUSA.com's proprietary platform that aids him in servicing his clients. His individual record-setting production is only possible due to the efficiencies it enables.

Ben received the 2014 Pinnacle Award for Real Estate Entrepreneurship, presented by Keller Williams Realty. He was named Most Innovative Real Estate Agent by *Inman News* in 2013 and finalist in 2016. He is CEO of HomesUSA.com and is on the board of directors of the Greater Metro MLS, MetroTex Association of Realtors. A lifelong realtor and former homebuilder, Ben has been a real estate broker since age twenty-one.

Tell me about your background.

I'm from Tampa, Florida. My father was a first-generation Cuban. He married my mother, who was from North Florida. My mother actually came from one of the founding families from North Florida. Both families were from very meager economic backgrounds. In fact, we didn't have running water in my home until I was ten years old. My father and his brother built our home from the pine trees that grew on the six acres my parents bought. They cut them down, hauled them to a saw mill, had them cut into lumber, and built our house. Both my parents became real estate brokers. In my early teens, I pretty much decided I was going to become involved in the real estate business. My parents believed in education, so they sent me to Catholic schools. Because of our economic conditions, I joined the military service right out of high school and served four years in the air force. My last station was Oklahoma City. While I was there, I took some courses at the University of Oklahoma. When I came to Dallas at twenty-one, I passed my broker's exam.

Were your parents successful brokers?

My father's business morphed into an investment business, where he bought homes and seller financed them for buyers and created a decent income for himself.

Did your parents work together or for separate companies?

My parents started out together, but they got a divorce, and my mother moved to Houston and got out of the real estate business.

Did your parents leave behind a business for you to run?

No. I was in Texas when my father died at the early age of fifty-seven, so it was really just up to me and my sister, who lived in North Florida, to wind down his business in Tampa. I managed the mortgage collections until the homes were eventually sold or paid off. But it wasn't a fortune by any means. It was very modest, and it was spread out over a number of years.

What was your first real estate project?

When I moved to Dallas, I didn't know anyone. I had no connections and no friends. All I had was my wife, \$500, and a car I borrowed from my mother. I remember thinking that I planned to be a millionaire by my thirtieth birthday. To me it was very doable because I was only twenty-one and it seemed I had plenty of time to make that happen. My first real estate related project was an apartment rental service. The idea for it came as a result of searching for a place to live. I didn't know one part of Dallas from another, so I just drove around trying to find a place to live. Finally, after two or three days, we went to an apartment rental service. They did find me a place to live, but they were so rude and condescending that I said to myself, "These people really need some competition." So I decided at that moment to start a rental service to compete with them just as soon as I got my real estate license, which was three months later. In the

meantime, I began by driving around in the borrowed car with no air conditioning, visiting apartment builders and managers and using payphones to solicit their business. To my amazement, and one of the things I love about Texas, no one asked me who my father was or where I went to school. They just listened to me and most said something like, "Well, okay, young man, sounds good to me, have at it."

I remember setting up files on Thanksgiving Day with my wife. She was unhappy about working on a holiday, but I was so intent on getting started, I just insisted. The office consisted of a telephone in a very small room with a borrowed desk and chair. There was a sofa, end table, and lamp that I'd bought using our new Sears charge account. On December 1, I placed a thirty-day ad in the *Dallas Morning News*. The phone hardly rang and I did no business. I sat there until just before Christmas. When Christmas came, we were so broke that we had to use that Sears account to buy a few Christmas presents for my wife's family. My wife had a friend from her hometown living in Dallas who was driving back home to Oklahoma for Christmas. We caught a ride with them because we couldn't afford the gas. The day after Christmas, I said, "I have to go back to Dallas." Everyone said, "Why? You don't have any business." I said, "I know. I just have to go." So they took me to the bus station and I went back to Dallas. I went into the office on December 27, and the phone started to ring and just kept ringing and ringing. Suddenly, I was very busy.

Was your phone ringing because of the advertisement in the newspaper?

Yes, but it was just a seasonal thing. At the time I didn't know about seasonality in real estate. People living in apartments, or anywhere, don't really move as much in December. After Christmas, people have an interest in moving. In the real estate business, the first six months are the most active months. Inventory and sales all escalate then. In the last six months the business slows down, and that was something I didn't realize at that time.

So you mentioned you were targeting, specifically, apartment builders in the Dallas area?

Yes, there was a big apartment construction boom going on at the time. Apartments weren't the three hundred to four hundred unit structures we have now. They were typically built by homebuilders who were building twelve to fifty unit buildings. That was the trend at the time, so the builders were accessible.

So you're contacting these builders. Why do you believe your clients hired you, when you didn't have experience at all?

The apartment rental concept was new at that time, so no one had much experience with it and, looking back, that must have worked in my favor. It was kind of the beginning of the apartment business in Dallas. I also benefited from the mindset in this part of the country. It's an acceptance and a willingness to take people at their word, and if someone says they will do something, they give you a chance to do it. If you have an idea, they don't look at you and ask, "Where did you go to school?" "Who do you know?" "Who is your father?" "Where do you live?" I

found all that to be a non-issue in this part of the country. It gives a young and ambitious person, like I was, a great opportunity to grow and prosper. I sincerely believe a great part of the success I've had is related to being in Dallas. If I'd been in Tampa, I don't think I would've had the same opportunities as I had in Texas. I was just very motivated. I had all this energy and excitement, and I saw everything as an opportunity and just went for it.

Was the concept for HomesUSA.com there in the beginning?

No. Only the government and a few large corporations had computers, and the Internet wasn't even a thought, so the technology that made HomesUSA possible didn't exist. I work with Multiple Listing Services (MLS) in Texas's four major metropolitan areas; I couldn't do that without the Internet. I can service builders in these four major cities, or any place in the United States for that matter, from our one location with a high degree of efficiency.

When did you transition to selling residential homes?

A few years after I started the rental business, I decided I knew enough about the apartment business that I could build an apartment building. I was driving around one day when I came across two old houses on a busy street. They were adjacent to each other and zoned for apartments. I managed to buy them and built an apartment building. A little while later, I found another couple of lots around the corner and bought them too. About that time, I met one of my apartment rental customers, an apartment and homebuilder, and we built the second building together and developed a friendship in the process. That resulted in our forming a partnership to build custom homes. The plan was to build homes until we could build apartments. This gentleman was older than me, and after a few months, I realized that he wasn't really interested in building any apartments. He was just looking for someone to pal around with. One day I confronted him and asked, "When are we going to build some apartments?" He said, "Well, we don't have any land." I said, "Okay, I'll find some land." I got out the newspaper and started looking at the land classifieds. No land was advertised, but below the land classifieds were the lot classifieds and there was a small, four-line ad for fourteen acres of zoned apartments that had been placed in the wrong classification. It was on a freeway that was opening and I thought it was a great opportunity, just what we needed. I presented it to my partner and he gave me a lame excuse for not liking it. At that point I realized he wasn't serious about building apartments with me, so I bought it. I was able to buy it because I could assume a five-year interest-only loan. After I bought it, I lucked out again because the city rezoned it for offices. I held it for about four years and sold it for a \$500,000 profit, which was a lot of money back then. From there, I started my own homebuilding business and built homes for a number of years. When interest rates went to 22 percent, I decided homebuilding was too volatile for me, so I got out of the building business and didn't do anything for a while. Then, one day, a gentleman who had sold homes for me, who had gone to work for a large national homebuilder, called me. He said, "Ben, my company is offering a 7 percent commission for anyone that will buy homes from people who buy one of our homes." At that point, the market was really bad. It was worse than the crash in 2008-2009. Builders were going out of business left and right. Home values were dropping faster than people could lower the list price. Builders couldn't sell homes because the

people that wanted to buy their new homes couldn't sell their own homes, and if someone could afford two homes, they didn't want to. So, this homebuilder was looking to facilitate new home sales by having someone guarantee the sale of the buyer's current home. I looked at that and thought, "This could be a good business." I started that business and did it for a number of years. While I was doing that, I noticed builders were not putting homes in MLS. I called them and said, "Let's try putting your homes in MLS." I did very well guaranteeing the sale of homes until the subprime crisis. I could see the real estate business was starting to go south around 2003 or 2004. Homes were being sold above their value because sellers were being asked to add thousands of dollars to the sale price and then give it back to buyers in the form of down payment assistance, which artificially inflated prices. Fraud was rampant and it didn't take a genius to see what was coming.

I withdrew from the guaranteed sale business and started emphasizing my new business of listing homes in MLS for builders. As the business volume increased, it soon became difficult to maintain quality. I was getting faxes, phone calls, and emails from builders requesting new listings and changes to existing ones. My manual system consisted of binders of listings and few controls. It was beginning to get sloppy and inefficient. At that point, the Internet was coming into maturity. Technology was being accepted by builders. It became very clear that what I was doing would be greatly enhanced by a platform that was Internet-based. So I began development and, after a few failed attempts, I launched HomesUSA.com online in 2007. It was a terrible time, because as fast as I could recruit a builder, they would go out of business. For a while, I was losing builders faster than I could recruit them. Even national builders like Kimble Hill went out of business in 2008, as well as a lot of local and regional builders. Things finally settled down, and we came out of that and kept improving our system to what it is today.

Describe your average client.

Our target client is a volume builder. Our average client builds two to four hundred homes per year. We have one builder who builds thirty-five hundred homes annually and operates in Texas's four largest markets. We have some builders who build less than one hundred, but not many. The company that builds two to three homes per year is not our target client. I would say our ideal client builds at least fifty homes a year.

What is your primary source for new clients?

I've found builders' decision makers to be very insulated. It's not like I'm selling roofing materials and they have a structured purchasing department. We sell a service and we usually go through a vice president of sales or a marketing director. To complicate builder recruitment, marketing people sometimes perceive us as a threat to their job security.

We have a gentleman who is responsible for business development and we have an ongoing marketing effort. But it's one of the toughest sales I've ever had because of the structure of the building business and the insulated decision makers we deal with. Despite that, we have over forty-eight different builder brands we work with in Texas's four largest markets.

Do you spend most of your day focused on business development?

No. I spend most of my time managing the process, including our customer service representatives who interact with the builders daily. The rest of my time is spent working with our software developers, who are constantly improving the platform. I'm also busy planning and thinking how to create a better product for our customers.

Do you have competition?

No competition with a platform like ours. But we do have competition and they fall into two categories: builders that manage their listings in-house and the tens of thousands of Realtors® who can enter listings with MLS.

Many builders believe that putting homes in MLS is just an item on their checklist. As long as their listings are in MLS, they don't really ask many questions. They don't have any frame of reference other than a MLS listing is a MLS listing. The reality is if their listings are not in MLS in a timely manner or the information is inaccurate and incomplete, their MLS listings are not going to be as effective. I've done multiple case studies that show, without exception, that we can improve builder profitability by reducing their inventory's average marketing time by fifteen to forty days. I am positive that our process is an economic boon to the builders that adopt it. The proof is we rarely lose a customer, and the customers we have are extremely loyal, grateful, and happy with us. In any business it's common to receive complaints on a regular basis, but for us, we get a lot of compliments. It's gratifying to have that type of feedback from your customers. We find that our best ideas come from our customers. We listen carefully to their comments and suggestions and, almost without exception, incorporate their suggestions into the platform.

Builders that hire us see an increase in efficiency because instead of having two to three people managing this MLS process, their sales counselors can manage their MLS listings. This is how it should be because sales counselors are more in tune with their product. They know what needs to be done, and they can take care of changes quickly and track their listings easily. A request to change the price of the home can be sent to us at 5:30 PM on a Friday afternoon and it will get done. That is usually not possible when the process is managed in other ways.

How did you come up with your pricing strategy?

Our pricing is volume sensitive. It's also a function of the market and the competitive factors. I look at our cost, the competitive situation, and the services and results we deliver. I assure you our fee is a very good value proposition for our client.

Do you also have agents who sell the houses you list as well?

No. Builders have their own sales and marketing departments and don't need us for that. They are very good at selling their own products. What they do want is for Realtors® to bring them buyers. While builders have many marketing channels to reach consumers, they have few

marketing channels to reach Realtors®, and it is Realtors® that sell 80 to 85 percent of all homes. As part of our service, we have a lead capturing and forwarding service that sends consumer inquiries directly to the builder. We are not competing with builders for the sale. To do that would be a conflict of interest because we would become the buyer's agent and the listing agent. We represent builders as their listing agent and do not represent both sides.

How important is reputation in business?

Extremely important. Homebuilders are a very small community. If your reputation is damaged, you're not going to have an opportunity to work with many people. There's just too many others they can do business with. Given a choice, no one wants to do business with someone they don't trust or believe.

What's an average workweek like for you?

To some degree, I'm always working. When I get up in the morning, I check my email while I'm having my first cup of coffee. Because the platform generates many requests at night, I like to check what has come in overnight. When I'm driving to work, I usually have the radio off because I'm thinking about what I have to do that day. On weekends, it is not uncommon to spend time planning or working on a project. I do so because I enjoy creating and problem solving. I really feel like that I'm helping our industry by providing a good service. It's satisfying and it makes me feel like I'm accomplishing something. For example, recently I heard from a third party that had met with my largest client. They informed me our mutual client told them how much they liked what we do for them and that they see us as a valuable part of their team. Hearing feedback like that makes my work worthwhile.

Do you ever feel like you have to sacrifice family time for the business?

Well, my son is grown. He's very self-sufficient and very successful. I feel like I did a good job there. My marriages haven't been quite as successful, but I don't think it had anything to do with my work. I have quality time at home, but we don't have to be under each other's feet at all times. We make it a point to go out to dinner on a regular basis. Go dancing a little bit. We have a nice home that we enjoy. We have a very pleasant life.

Do you have any family members in the business?

No. My son lives in Manhattan, and my other family is in Florida. My only sibling is my sister in Florida, and both my parents are deceased. I have some cousins, nieces, and nephews I see occasionally, and who are important to me, but neither of us have family here.

How many clients do you have?

Currently we have forty-eight builder brands and growing. I say brands because some builders have more than one brand they build under. So far this year we've acquired nine new clients

mostly by referrals, including two good-sized builders in Austin and one in Houston. Much of our new business is the result of employees moving from one of our clients to a new builder. When they see how their new employer is managing their inventory listings, they call us and we make them look good to their new employer.

These are all builders in Texas?

Yes. We have not been able to move out of Texas, although our platform is certainly scalable. We can serve builders anywhere in the U.S., regardless of their size. A national public builder could use our platform and have a dashboard that would allow their management to monitor all of their divisions in real-time. My ultimate goal is to recruit national builders like D.R. Horton, Pulte, Lennar, and Meritage. I see our services as a utility that can save builders a lot of time and money, both directly and indirectly.

What do you think is missing? The introduction to the right people?

One of the biggest obstacles is the fact that we are the only one doing what we do. When you're in that situation, you don't have anyone else telling the story. You're the only one pushing the narrative. When you're by yourself, your credibility can even become a factor. It becomes, "Who are you?" "You can do what?" "I never heard of that." "What are you talking about?" "You're saying you want me to use you on what kind of scale?" "We don't have any history like that." It's just too big of a leap of faith for some of them. If I had three to four competitors out there and we were all fighting for it, it would be different. For example, I drive down some major streets and they're lined with car dealerships. They're all there together for a reason. They all feed off each other. There are some streets in Dallas where there are restaurants on both sides of the street. I'm the only one out there that is promoting this type of service and it's a lonely feeling sometimes.

How many employees do you have?

Counting our developers, we have eleven at this time, but will add as we grow.

How do you manage all of your clients?

It varies, but most of our clients are very, very busy. As long as I'm not hearing from them, no news is good news. If they have an issue, they have no qualms about calling me and I like that. Occasionally, I'll get a call from a division president or sales or marketing director because of an issue they've been told about. When that occurs, it's usually a misunderstanding or they've been given bad information. I almost always quickly resolve their issue to their satisfaction because this is our specialty. We are experts in what we do.

You founded the National Association of Real Estate Professionals. Why?

There are many reasons, but in summary, real estate portals engage in practices I consider bad

for consumers and the industry. Some of the practices by portals are manipulation of the data given to them by agents, the sale of superlative designations to agents without any objective criteria, and not updating data. These are just a few things they do that I disagree with. To them the consumer is simply a commodity, a lead to be sold to anyone willing to pay for it. Portals don't create a single sale. They commingle listings with "for sale by owners" and people who aren't licensed agents. If you're interested in a home and want to contact someone who has information on that home, you can't do it unless that person is paying for the privilege of receiving that contact from you. Sellers want to see their home on the Internet, where millions of people can see it, anytime they want. Zillow says they have over a hundred million unique users per month; that's over a billion unique users a year, but only five million homes are sold in a year, so who are these unique visitors? And many of the homes on the portals are not available.

Another major concern is that portals provide a vehicle for agents to bypass the National Association of Realtors®' Code of Ethics. In my opinion, Realtor.com is the worst offender because they use our association's Realtor® registered trademark, but as a Realtor®, I can't use *Realtor* as part of my company's name. I can only use it to indicate I am a Realtor®.

In January 2015, the Broker Public Portal was announced with the intent of creating a national nonprofit portal that would be everything the for-profit portal wasn't. Its first objective was to raise funds to support the initiative, which it achieved within ten weeks. In April 2015, the Broker Public Portal project announced the election of its board of managers. Broker Public Portal is making good progress and nearing an agreement for development of their Internet infrastructure. In light of these developments, NAREP considers its objective in good hands and fully endorses its initiative. In lieu of NAREP's pursuing a separate and parallel effort, NAREP urges its members and all interested parties to support the Broker Public Portal project.

What are some of your daily habits that have contributed to your success?

I wouldn't describe my daily activities as habits necessarily. I work to stay current with what's happening in my industry and my business. I'm constantly looking for ways to improve our platform. I try to eat healthy, get rest, and avoid excesses. The last couple of years, I've been going to the gym three days a week and have a trainer. I think that helps me to stay in good condition both physically and mentally.

Do you believe in the Law of Attraction?

Those words mean different things depending on the discipline, but I believe what Charles Haanel wrote in *The Master Key System* (1912):

"The law of attraction will certainly and unerringly bring to you the conditions, environment, and experiences in life, corresponding with your habitual, characteristic, and predominant mental attitude."

Yes, it is natural to relate to people with similar mental attitudes. So we socialize, hire, and marry those people. The bottom line is that our life is the result of our mental attitude.

Personally, it took a particularly difficult period in my life to have come to that conclusion. The light came on when I realized my failures were due solely to my decisions and actions. I realized I was capable of being my worst enemy because I know myself better than any enemy ever could. No one could hurt me quicker and more destructively than I could. This helped me to understand that wherever I was in life was because I chose to be there. Another light came on when I realized my self-destructive actions were the result of a mental attitude rather than conscious decisions. Then I understood I alone am in control of my life and what happened to me was because of me alone. As uncomfortable as it may be to accept unconditional responsibility for my problems, it was better than blaming others for problems they didn't create and then waiting for someone else to fix them.

Do you set goals?

Yes, goals are important when they advance us toward our life's purpose. I've learned goals are achieved easier when in harmony with our purpose because we are less likely to be distracted by the difficulties encountered in pursuing them. Goals are something we can achieve; purpose is how we live our life.

What are some quotes that you live by?

It's not a quote, but I believe in practicing "constructive self-interest" or capitalism. Success is not a zero-sum proposition. One person's success doesn't diminish anyone else or their success. To the contrary, constructive self-interest contributes to the success of others. The opposite concept is socialism. If there is any doubt as to which concept is valid, then make a list of the contributions each has made to the betterment of mankind. Some people believe constructive self-interest is destructive and that is a very destructive belief.

How about some principles you live by?

I believe in personal responsibility. We should take responsibility for our actions and their consequences. We should not expect something for nothing. I believe many of the ills of our society can be traced to our government giving people something they didn't earn. I will never accept anything I didn't earn unless I'm totally helpless and unable to take care of myself. We all have setbacks and disappointments but to let them define your life is a destructive choice.

How do you define success?

Success is an individual thing. To me, it means being happy and content. I've been fortunate to have a son who has never given me any grief, so I feel I've been a successful father. He's been a source of pride. Not everyone is that fortunate, no matter how hard they try. Sometimes their children are not going to reward them in that way. Other than the military, which I didn't like, I've never had a job. So I've been unshackled and able to pursue whatever I chose to pursue. To me that is a liberating feeling and a form of success. I cannot imagine being limited in the

decisions I make for myself. I think being able to decide how to live your life and live it in that way is success, provided you do it in an honest way that doesn't hurt anybody.

What is the key to success?

As I stated earlier, success requires purpose. Purpose is the real objective of your life. Without purpose, you can't have vision, passion, drive, or the willingness to make the sacrifices success ultimately requires.

Did you always know you would be successful?

I never considered I wouldn't be, although I never took success for granted. I believed that if I worked smart enough and hard enough, I would be successful.

When faced with adversity, what pushes you to keep moving forward?

With purpose, adversity becomes less daunting. Purpose enables us to see adversity as a learning opportunity rather than a loss. After you overcome an adversity, you have a sense of accomplishment. Of course, losing a loved one or being the victim of an accident is an adversity that can't be changed. But there are many who have used even such painful losses to repurpose their life and create great good.

What is the greatest lesson you've ever learned?

Not to give up or give in prematurely. Perseverance in the face of disappointing news is difficult. Quitting and blaming our failure on something or someone is easy. We often hear of highly successful authors whose first book was rejected by dozens of publishers before receiving an acceptance letter. Thomas Edison invented the incandescent light bulb by testing hundreds of materials before discovering that carbon filament worked. Whether in business, life, love, or war, success is rarely achieved without perseverance.

What do you enjoy doing in your spare time?

I've always felt compelled to learn. Some of the subjects I'm particularly interested in are history, physics, financial markets, evolution, and the origin of the universe. I find these subjects fascinating. I also enjoy watching basketball and football.

What makes a great leader?

Leaders must be fair and respect and teach those they lead. Filter your actions with the question, "How would I react if someone did or said that to me?" Realize not everyone thinks like you. Don't judge quickly those you lead. Expect the best from them and you'll get more than if you expect the worst. When you determine someone isn't a good fit, release them with a kind

word and regrets that it didn't work out. Just because they weren't a good fit in your situation doesn't mean they can't be a good fit somewhere else.

What advice would you give to college students about entering the workforce?

Decide what you want to accomplish with your life. Do you want a paycheck or do you want to become an integral part of something important? If you want the latter, then start your new position by showing up with a good attitude. Be an asset to your employer. Become so valuable they can't live without you. Do more than your share and more than is expected. Study your employer's business and learn all you can about it and its competition. Do these things and some day you could be running the company or you could even own it.

There is a story of two friends that went to work for the railroad. Twenty-five years later, one was the CEO and the other was still on a maintenance crew. The difference was that the one on the maintenance crew went to work for an hourly wage and the CEO went to work for the railroad. This type of thing happens too many times to ignore. If you want to be successful, earnestly work for your employer, and you will stand out and be recognized because too few truly work for their employer.

What advice would you give to those people starting out in the real estate business?

My advice is simple. First, answer your phone and emails. You never know when that next person trying to contact you is going to be a big opportunity.

Second, specialize and stay with your specialty. Too many people start out doing one thing, then get bored or hit a bump or think the grass is greener in another industry and they change careers. When doing that, they forfeit much of what they've learned, lose their industry contacts, and must start at the bottom again. I chose real estate when I was a teenager, and I stayed with it in some form or another regardless of market conditions. I've transitioned into new businesses but they've always been real estate related.

Third, be flexible. Technology enabled me to take my real estate career in a direction that was not even a seed of a thought until the Internet came along.

How about to those who don't have access to the capital or connections and want to be a homebuilder?

If you don't have the financial strength, you're not going to be able to get the financing. If you can't get financing, you'll have to ally with someone who can. You can get a partner, a backer, or an investor. Either you've got it or you must convince somebody that has it to join you.

Do you believe the American Dream is dead?

The American Dream has more than one definition, so to be clear, the definition I believe in is rooted in the Declaration of Independence, which proclaims that "all men are created equal" with the right to "Life, Liberty and the pursuit of Happiness."

From this concept comes the American Dream concept that I believe in. Specifically, that American upward mobility is possible because anyone has the freedom to attain their own version of success, regardless of where they were born or what class they were born into. I also believe the American Dream is not a gift to which we are entitled because of where we were born. It is something we attain because we are free to advance through our efforts.

The American Dream has nothing to do with geography; it is the direct result of freedom. It is a dream available to all truly free people. The dream became American because Americans are free. Our freedom was purchased at great sacrifice by those before us and has enabled us to achieve a success never seen in history. For our dream to continue, it must be defended and no sacrifice in the defense of freedom is too great. If in doubt, ask anyone who lives without it.

B.J. Armstrong



Benjamin "B.J." Armstrong joined Wasserman in 2007 as a player agent and was elevated to co-manage the Basketball Group in 2012. A certified NBA player agent with more than sixteen years of NBA experience as a player, front office executive, and agent, Armstrong is an invaluable resource to Wasserman. Armstrong's clients include the 2011 NBA MVP and New York Knicks guard Derrick Rose, Golden State Warrior Draymond Green, and New Orleans Pelican Omer Asik. In 2012, Armstrong negotiated one of the biggest shoe and apparel deals in history between client Derrick Rose and Adidas.

Armstrong has an insight into the sport that only a former player can provide, playing a total of eleven seasons in the NBA and winning three championship rings as a member of the Chicago Bulls dynasty of the 90s. He was named to the NBA All-Star team in 1994 and later played for the Golden State Warriors, Charlotte Hornets, and the Orlando Magic before finishing his career with the Bulls.

After retiring in 2000, he joined the Chicago Bulls front office, where he worked as special assistant to the executive vice president of basketball operations until 2005, when he left and became an NBA analyst on ESPN and a regular contributor to ESPN.com. A Detroit native, Armstrong currently resides in Los Angeles.

Tell me about your background.

I was born in Detroit, Michigan. I don't think there's anything outstanding about my childhood. However, I was always surrounded by family and given a lot of examples of what to do and what

not to do. The big thing about my childhood that sticks out to me is the environment in which I grew up. Detroit was a lot different back then compared to how it's portrayed now. I clearly remember a growing city with a lot of people who migrated to the area for work. What the North offered was the opportunity for people of color to work, provide for their families, and create a better life for themselves. All my family was here. That is what I remember the most. I had an environment that allowed me to speak not only to my parents every day, but also to relatives and to people who were close to my family. To me, that was a great opportunity. Positive. It was very positive for me in that way so that I learned what not to do, as well. I had a lot of people who would always encourage me to do better and to shoot for the stars. With that encouragement, it developed into empowerment. I always felt empowered knowing that I had people who were sharing information with me, whether they knew it or not, that was giving me a blueprint to be successful. That's what I remember about Detroit. I always loved Detroit. Always cherished Detroit. It was a place where I grew and that gave me an example of what hard work is all about. It gave me an example of a city where people had opportunity.

What did your parents do?

Both my parents worked for IBM. They were just incredible people who worked hard. My mom made a big impression on me, showing me, from a woman's perspective, how to raise a family and how to provide for a family. Be a woman. Be a mom. Be a sister. So I just always respected her for that. I respect all mothers, but now that I'm an adult, I say, "Mom, how did you do all that, working for us?" Something as simple as, every morning, she made sure she cooked breakfast for the entire family. She got herself together. Went to work. Sometimes drove us to school. Made sure we got home, cooked, and did all these things. Went shopping. It was a different time back then, and a different era, but she did it. We always joke and ask her, "When did you sleep?" So I was very fortunate to have both my parents, who are still married today. I'm very fortunate that my kids get a chance to see them and be with them and see the same example that I had.

When did you start playing basketball?

I can't remember not playing basketball, and not enjoying basketball. I just always played it.

What drove you back then to become a great player?

I never tried to be a great player. That wasn't my goal. I wasn't interested in becoming a great player, or your idea of what a great player is. For some reason, I'm not interested in other people's ideas when it comes to telling me what I can or cannot do. I don't know if that's good or bad. Some people say, "Well, I want to be a great player." I say, "What's the blueprint then? Do I have to shoot three pointers? Do I have to play a certain way? What does a great player look like?" No one knows. So what drove me to become a great player is I enjoy competition. I still enjoy it. So to be quite frank and forthcoming, in every game I ever played in, even in life today, the score is always 0-0. I'll let the people watching the game and who can't play the game keep the score. Give them a job to do. Every game I play in, the score is always 0-0. I don't win. I

don't lose. I enjoy the competition. I learned how to play the game on the playgrounds. I didn't learn the game in basketball camps. I didn't learn the game doing individual workouts. My father said, "If you want to play this game, go play the game in its raw form, but learn how to play it before anyone else tells you how to play it." So he encouraged me to play pick-up basketball as much as I could because he said I would learn the game in its purest form. I'm not going to learn how to be a skilled player or a workout player. I want to learn how to play the game and compete. That's what the game is. You compete. Anyone who plays the game on the playground understands that, as soon as you lose a game, the first thing you say is "let's play again," because you have to compete, and only the people who learn how to compete will actually survive in that type of environment, because if you win, there's always the next game. There is no game over. I learned that very quickly on the playground. I learned there's no fouls. No such thing as right or wrong or being fair. You make the out of bounds where the out of bounds is. Once I was able to play with rules and regulations, the game, to me, was incredibly easy and simple because I learned how to play in an environment where physicality was better on the playgrounds and the speed of the game was faster. That's what drove me then, and that's what drives me today. I love to compete. It doesn't matter what game, whether it's cards or handball. In our house, it's a competitive environment. That's what we do. You show up, and you play. You compete. That was what drove me then and what drives me now. A lot of people say things like, "Oh, I've got to work on my game, and do that." Look, all you have to do is go to the playground. Everything that is weak about your game, you will find out instantly. Anything that's strong about your game, you will find out. So I never went to a basketball camp. I owe my success to the city of Detroit because that's where it came from. It showed me how to compete. It showed me how to get up every time I fell down. It showed me how to go out there and find a way to get things done. So that's what motivates me.

What was your practice schedule like in the early days?

I just got up and played.

Every day?

Every day, you got up and played. You went wherever the games were being played. Again, it was a different time. There was no Internet or cellphones. You went where the best games were being played. That's what we did. We were always looking for the best players. That's how I learned to play. You went and accepted all challenges on the streets.

Did you always know you would play in the NBA?

I didn't know anything. I just knew that those kids going to school weren't better than me. I just knew those guys playing in the NBA, when I saw them in the summertime, weren't better than me. That I knew, because that's all I could see. I didn't know the business of the NBA and didn't pretend to know it. I just knew that every summer, when those guys that were supposed to be NBA picks went away to college, they would come back and I would evaluate myself versus them, and I was honest with myself. I knew they weren't better than me. That I knew, so I didn't

worry about it. I just knew what I knew and didn't worry about what I didn't know and just kept believing that I will continue to pursue whatever it is I thought I could do, which is compete, show up, and give myself an opportunity and give myself a chance. I knew those were good players, and I wasn't cocky about it, but I always maintained confidence in my abilities. Always maintained confidence in what I could do. When guys would make it to the NBA from the city that I played against, it just gave me more confidence. I knew what I had to do and what I could do. I just had confidence knowing that if I worked and did my thing, then I would have a chance. I was always happy when guys made it, because it just gave me more confidence that I was on the right track.

Why did you choose the University of Iowa?

First, I thought it was good for me to leave home. Growing up in the city, I thought that was good for me. I just met great people there who fit who I was. I had a chance to go to a number of schools, but the people in Iowa are what sold me. It wasn't recruiting. From the minute I stepped on campus, I just met great people who fit my personality and the type of people I wanted to be around. For whatever reason, even when I was young, I always look at people and their environments. Those were the type of people I felt comfortable with, and I still have many people from there who are friends with me to this day.

What pregame rituals did you have?

I clear my mind of everything. I felt that was my responsibility to my teammates. I felt an enormous amount of responsibility to have my mind present every time I stepped onto that floor to play the game. I feel that responsibility to be present wherever I'm at, and I hold myself accountable to that. Whatever I have going on off the court, that's there, but every time I come to a team setting—my marriage, my kids, my work—I'm responsible to be present. My pregame was to clear whatever was going on, for those forty minutes in college or for those forty-eight minutes in the game, and be present. I'm sure we've all seen this, where people are there but talking on the phone and just not there. For this interview, for example, I want to be present. Clear off everything to this moment where there's no more distractions. Every opportunity I have in a group setting, where other people are depending on me and I'm depending on them, I have to be present. That's my responsibility, and I hold myself accountable to that level of excellence knowing that I was there and gave everything I had. That's what I did every game. I didn't worry about how well I was going to play or if I would shoot well. That's ridiculous to me. What was more important to me is "were you there and did you have the courage to be present, knowing that we went out and fought together?" With that, I could always accept.

Losing streaks. Whether it's missing a number of shots in a row or games, what would you do to get your confidence back?

You could never lose it. How are you going to lose something? You can't gain something that's already there. Most people are always trying to gain something. They're trying to get something. Trying to get, get, get. We're in a society where we're always trying to get. When I was young, a

coach told me one time that I needed to improve my shooting. You see, as a kid, I was very stubborn. My dad, in my mind, had given me the blueprint. My dad didn't tell me how to play, so why am I going to let a coach or someone else tell me how I should play? Once my dad empowered me to go find out who I was, I had to answer that question: "Who am I?" I had to answer it. So it was impossible for you or anyone else to tell me what I could or couldn't do. My dad didn't tell me who I was, so how could you? You don't know me. So I never learned about getting things. I just learned about not allowing things to get in my way. I just eliminate things. I don't worry about getting confidence. Why am I going to get confidence? All I have to do is not let doubt seep in, not let the fear of what's going to happen if I don't make the shot. So I don't try to get anything. Everything that is needed, I have already. I just have to not allow my mind to doubt. Not allow me to become insecure about who I am and who I've become. So I don't let things get in my way. I eliminate things. That's part of my process of making sure that I'm responsible for the people I have a responsibility for. I have a responsibility to not walk away from every fear I'm confronted with. Of course, I'm going to be nervous before a game. However, I have a responsibility to show up and play. So confidence, to me, is not about gaining confidence. It's about not allowing all the negative things that come up in your life get in the way. So I learned quickly it's not about what you can get, what you can do, or how many shots I take. It's not about any of those things. It's about knowing what not to do, and I learned not to let you, or anyone else, tell me and put limitations on myself. People telling me what I can and cannot do is a distraction to me. I would imagine it would've been a distraction for you to tell Picasso he couldn't become a great painter. Or Pavarotti that he couldn't sing. Those are distractions. If you told Michael Jordan he wouldn't become a great player, that's a distraction. You are who you are. It is what it is. The only limitations you can place are the ones you put on yourself. So my whole idea about playing was competing. Every opportunity that I had a chance to play, I had an opportunity to look at the results of competing. I won or I lost. Now, so every day, I was able to look at myself and look at the results. So my only focus every day was winning. It wasn't how many shots I made, my confidence, or how many rebounds or assists. Every single day, every single game, I had an opportunity to look at the results of my ability to show up and play. With that, what could you possibly say? You couldn't say anything. So the empowerment that was given to me early on just gave me everything that I needed, because I had everything I needed for the trip I was about to go on in my journey. I just had to make sure that mentally I was strong enough to not allow people outside of myself to tell me what I could and couldn't do.

Did having Michael Jordan make your job easier or harder?

The mind is a very interesting tool, because it loves to share and do things after the fact. After the six championships, after the game is over with, then the mind begins to tell what it knows and what it doesn't know. Here's what the mind tends to omit. You didn't know that was Jordan when you were watching him then. That Jordan now that you're talking about wasn't the same Jordan in 1990-1991. He didn't win anything yet. He was just another young kid in shorts and a tank top, just like the rest of us, running around, playing a game we all loved. So how didn't we know if it was easier? Because he wasn't that Michael Jordan yet. Evolution teaches that people evolve. He evolved into all those things you read about, but you never saw him play. There was

no DirectTV. Every game wasn't on television. You didn't see him play. You only heard about him. You read about him. You saw highlights of him. There were no cellphones back then. So the access of knowing who Michael Jordan was, you didn't have. You didn't see him play. How could you see him? What channel was he on? You did not see him. So the greatest player, you did not see. You heard about how great he is, but you didn't see him as much as you see LeBron James or Steph Curry. So, did it make it easier? Well, nobody knew who he was. He was a good teammate. I didn't walk in and say, "That's Michael Jordan." We didn't know him. He didn't win any championships yet, so how did we know? The mind wants to project on something then that we didn't know. We didn't know who he was going to evolve into. What we did know is that he showed up to work every day. When we lost in the playoff rounds together, he was willing to come back and continue to fight and have the energy that was necessary to compete. All the other things, who knew it? Nobody would ever imagine that Michael Jordan would evolve into the player that people consider to be one of the greatest ever. So did it make my job easier? No. Now I could look back and say, "We had a good time. Good run at it." Clearly, he was a phenomenal talent. Clearly, he was a great teammate. But I can assure you that the public didn't see it because there wasn't access yet. They didn't have a chance to see him.

How did your practice schedule change when you made it to the NBA?

My preparation had already taken place in Detroit. There was no pressure once I got to the NBA. The big leagues were every time I went home in the summer to make sure everyone respected my game. I didn't worry about money. Money was nothing to me. I grew up with no money, so money meant nothing to me. Means nothing to me now. Nothing. So, for me, it was about respect. I give everyone respect. I don't want your money or fame or to be your champion. I didn't want to be any of that. I don't want to be famous or become some celebrity. I have a responsibility to tell young people that those are all just fantasies. It's not true. So all those things, money and all that, keep it. Now, with that comes respect. With respect, everything that's needed is there. I respect you as a human being. I respect you as a person. I respect what you do. I respect your job. When anyone doesn't respect you, then that's when you have to fight for what your respect is. So, for me, all those things, playing in the championship games, what's the pressure? It's about respect. When I went home, my people that I grew up with, in my neighborhood, respected the fact that I represented them and the way we do things here. When I go home now, it's about respect. People don't care about how much money I got or how famous I am. When I go home, people know that B.J. is B.J. That's a responsibility I have. What is fame? I'm not buying that one. So now I got money. I'm not buying that one, either. Now I'm a celebrity? I'm not buying that. I have a responsibility to tell people that and to be who I am.

Do you believe in the Law of Attraction?

I don't believe in the dualities of life: positive and negative. For example, if I say right, you can easily say left. If I say up, you can say down. If I say cold, you can say hot. So I don't believe in positive or negative. If you have the capability and courage to see life for what it is, there is no opposite to the truth. For example, wherever there's light, you cannot put in darkness. In the

daytime, it is impossible for you to put in the dark. The night. There is no opposite of light. How light interacts with your environment is impossible. With darkness, it is possible for us to shine in some light. Light is not the opposite of darkness. It's just the absence of it. That's how I see the world. If there's light, what are you going to say? It is what it is. I'm not interested in the dualities of this versus that. That person versus this person. It is what it is. Now, can you get to that? That's where I'm at. It's impossible for you and me to disagree. But it is possible for you and me to arrive at the truth, in whatever fashion that is, that we determine is the best way for us to get there. As we are all continuing to evolve, people will get there at their own time. There's only one truth, but we can all form our opinions and share our thoughts and do all those things, but it is impossible for us to live in the dualities. I'm a Democrat. You're a Republican. I'm black and you're white. Whatever it is, everybody can always play that game, but let's just arrive at who we are and what it is. If it is what it is, I focus in on truth. My truth, and I hold myself accountable to it. I'm self-correcting. That's just what it is for me.

Do you set goals?

No, I don't need goals. I figure out what it is I want to do, map out the best way to do it, and I do it. I accomplish it. I don't need goals. This is what I want to do, and then I do it. You see, success has no failure. Success doesn't have an option. If you set out to do something and it has to be done, it will get done. So the first time you hit a speed bump or a roadblock, you give up? That's not success. Anyone who has ever been successful found a way to get it done. So if you want to become a great writer, you will find a way to do it. You will find a way. Now other people will say for you to give up, but you will do it if you set out to do it. If you were hungry enough and you want some food, you will get some food. You will get it, but you have to be hungry enough to do it. Most people aren't hungry enough, so I don't need a goal, or motivation. I just need to figure out what it is I want to do and then set my mind to find a way to do it.

What are some quotes that you live by?

I try to eliminate any distractions that I have. Anything that gets away from being present. So I don't have any quotes but just reminders, like what's the fastest way to get to a place, from A to B? Straight. Just go there. Straight and narrow is the path. I don't want to waste any more time. I don't wear a watch. I don't want to waste any more of my time or your time. What's the quickest way to get there? Straight to it. Waste no time. I constantly remind myself to go right into it. Quit messing around browsing the Internet. Quit messing around having meaningless conversations. Quit messing around doing things just because you're procrastinating. Straight and narrow. Go right at it. Waste no time. Get rid of the watch. Get rid of all those things and go right at it. Go for it.

Talk to me about your retirement from the NBA.

I didn't retire from the NBA. I knew what life demands of me, which is to transition. You're in constant transition. For example, from high school to college, from college to your adult life, from your adult life to having children. At thirty-four to thirty-five years of age, you transition to

another part or phase of your life. That's a fact. Now, I can talk to you about the transition. Retiring? What did I retire from? It's impossible. The body doesn't work that way. I can talk to you about my transition, from that phase to this phase. The preparation was done years ago for the transition to the next phase of my life. So I don't look at anything as you retire or you stop. You never stop. Stop knowing what? Life goes on, with or without you. When I hear words like stop and retire, what did you retire from? Who gave you something? I'm not looking for anyone to give me anything. The NBA was a partnership, and I transitioned from that phase of my life to the next phase. I'm now closing in on fifty years old. I'll transition into that. I continuously transition and move on. That's the rule of the universe. Keep it moving. Don't ever violate that rule. The universe never stops. Never will. Never has. It's infinite. Therefore, I'm going to continue to do what I do: keep it moving. The universe never retires. It transitions. It moves on. So this was one big transition to me. Change is life. Life is change. So you keep changing with it.

How did you transition to the sports agency business?

It just evolves. My curiosity is what brought me here. My curiosity for how business and sports come together. It's some type of hybrid. I was just curious. I didn't grow up with a lot of money. I didn't grow up in that world, but I'm very curious. I was always very curious. How can they afford to pay me this money? What are they really doing? How are arenas being built? How are they putting us on these airplanes? How are all these shoe companies involved? How did television come into play? I was very curious. So that's what brought me here: my curiosity.

How was the transition?

What I remember about when I started this was all the things I didn't know. I began to realize the business and all of the things that were happening around me I wasn't aware of as a player.

What is your primary source for new clients?

I take stewardship over the people I work with. I don't want any referrals. I don't want any help. The stewardship is making sure I identify two things with every client I work with: 1) Does he have the talent? Talent is defined as something you can do every single day. That's your talent. If there's eighty-two things, I try to identify something that each one of my clients can do every single day. That's a talent. Some people have a talent for rebounds. Some people have a talent for blocking shots. Some people have a talent for shooting. So you have to identify talent. That's what I do. What can you do, every single game, and that's what you can do on a consistent basis? That's a talent. 2) Then I identify toughness. You can't make somebody tough. You either have it or you don't. So I identify two things and I take stewardship over that. So every player I take as a client will be talented and tough. Every single one. Whether it's a Draymond Green, a Derrick Rose, or a Denzel Valentine. Every single one of them is going to be tough. So with that, I take stewardship. I don't want referrals because the way you see the game may be different from the way I see the game. There's too many people who are always looking to promote themselves. This isn't about me. It's about allowing the game to be what it is. Some

people may look at Michael Jordan and say all these great things. I saw only two things: incredible talent and incredible toughness. Without the toughness, the talent means nothing. You saw Magic Johnson. I saw incredible talent and incredible toughness. When you look at the great players in this league, there's a common thread. When you look at successful people in life, there's a common thread: toughness. So I look for that. If there's anything that I recruit or I take stewardship over, it's toughness. I look for the toughness every day, because the tough people know that "tough times don't last, but tough people do." So I look for that. I look for the people who won't accept no as an answer. So I don't want any referrals because I know a lot of people don't understand what I'm saying. People talk about it. They give motivational speeches about it, but toughness recognizes itself on its user. Everybody knows the tough people when they see them. I'm not here to act like I'm the toughest person on the planet. I'm not talking about that type of toughness. I'm talking about the type of toughness where you have the ability to do what you say you're going to do. That's toughness. So I don't want referrals. I don't want people telling me who can and cannot play, because everyone is not looking for that common thread. I look for talent and toughness, and those are the people that succeed.

What do you believe your clients care about the most?

Basketball. That's what they care about. Everything that will come is a result of how they are prepared for their profession. People get complicated in life and say, "I want to be a mentor." No. Everything is going to come as a result of your preparation and dedication to your craft. Everything. That's it. So that's what they care about the most: basketball. This is what we do. Basketball. How am I going to do my job as your agent if you're not dedicated to your craft? It's impossible. So let's stop acting like it's something different. You're great and dedicated to your craft, so all the things will come as a result of that. That one thing, so let's get right to it.

How do you define success?

Success means nothing to me. Nothing. That word is meaningless. It's only what you put on the word. Again, as I stated earlier, what's success? Do I have to be Michael Jordan in order to become successful? It's only what you put on the word. What do you put on that word? Once you study words, then you study definitions. Once you study definitions, then you study interpretations. Once you study interpretations, you begin to study translations. So success is what you put on it, which is a subjective answer. It's subjective. There's no standard meaning of success throughout the world. For better or for worse. I've travelled the world, therefore I understand it's impossible for us to have a standard of excellence in the English translation. There are many cultures, so these types of questions, to me, are meaningless. So it is possible for people to be who they are and do what they do. So when I see people, I say, "Do what you do." Every one of my players. Every one of my clients. "Do what you do. Be who you are." But do you have the discipline to do that every single day? If you're supposed to be a rebounder, then rebound every day. Do what you do. Do it every day. Be a rebounder. Be consistent. Be a consistent, ten-rebounder-per-game player, but do it every single day. Do what you do. Say what you're going to do, then do it. What more can you ask? Do the best job you can do. So people give these terms like success and have a kid thinking he has to reach goals that aren't

attainable, like they have to work harder. No. Just do what you do. Whatever it is you do, that's good enough. What's wrong with that? Everyone can't be Michael Jordan. What's wrong with that? Everyone can't be Magic Johnson. What's wrong with that? Everyone can't be President Obama. What's wrong with that? Everybody can't shoot the ball like Steph Curry, so what's wrong with that? You want me to say that if you shoot fifteen hundred shots, you'll be able to shoot like him? Well, no, you won't. So travelling has given me a perception of the world that is now beyond what they say it is here in American culture. So a kid who grew up in Sudan, how would he define success? Probably a little different from a kid growing up in Australia. Probably a little different from the kid who grew up in the Caribbean. Probably a little different from the kid who grew up in Brazil. It's different from a kid who grew up in Los Angeles, and it's probably a little different for a kid who grew up in Idaho. So I'm very fortunate to have been able to expand my mind to know that it's a trick question. Success. People can't define it because nobody knows what it is. The best thing you can do is put your spin on it. You can tell me what somebody else did and hold everyone else up to the same standard. This person won three championships and this person won four championships, so does that mean he's better? Again, that's the dualities of the world. Save me that argument. That's meaningless to me.

What is the greatest lesson you've ever learned?

That no one knows anything. No one knows. Humble yourself to know that you don't know. When you humble yourself that you don't know, that's the greatest lesson I've ever learned. You don't know. I don't know anything. But guess what I know about you: you don't know anything. I don't know anything. It's a humbling experience to know that I don't know anything. Because I don't know anything, I have to respect every time I'm in touch with knowledge. I respect intelligence. I respect other people. I respect the fact of how hard you had to work to get to where you are today. I respect all these things, because I don't know. I don't know your story. I don't know your history. So I respect the fact that none of us know. It's how you deal with not knowing that determines your level of happiness. There's an infinite amount of places that you can choose from, so that's the greatest lesson. I don't know anything, and I respect that, every day.

What advice would you give to young athletes?

Do what you do. Do what you do. Do what you do. It's an enormous amount of pressure and, to some, that may sound like a very simple saying. Some may get it. Do what you do. It puts an enormous amount of responsibility on someone who truly understands what that means. Do what you do. Don't come to me and ask me what my secret is. There is no secret. There is no secret to hard work. I don't have a secret or anything that I did special that was out of the ordinary. Do what you do. It's a very powerful statement. It will force you to go into the depths of who you are as a person. It's going to force you to look inside of yourself. It's going to force you to evaluate who your friends are. It's going to force you to evaluate everything you thought to be true. I don't have any secrets to how I got here. I work at it, and I still do, every single day. Everybody works hard on things that are important to them. I do what I do.

Do you believe the American Dream is dead?

Let me tell you a quick story. My grandfather grew up in the South and shared a lot of stories that you don't read about in American history. When I went to school, I read about the Revolutionary War and all these great things about America. Being black here in America, you learn that there's history that wasn't told. There were experiences that were told growing up in the South that you just don't read about. My grandfather challenged me at a very young age. At eight or nine years old, he asked me what I dreamed about. I told him what my dream was the previous night. He said, "That's interesting. I want you to do this. You're up right now, right?" I said, "Yes." He said, "So you're conscious? You're conscious now, but when you're asleep, you're unconscious. Right now, you're up, aware, and you're conscious?" I said, "Yeah, I'm up." He said, "What are you dreaming up right now?" I said, "I can't dream right now because I'm not asleep." Now, that was a very powerful thing for me back then, as it is now. It's impossible for me to dream when I'm awake. I'm awake now. My eyes are open. I don't have any more dreams. I don't have any more belief patterns. No more hopes. I'm awake now. I'm in a very conscious state, twenty-four hours a day. Now, it was important for me then, and it's important for me now. I don't know what the American Dream is. It's impossible for me to dream when I'm awake. So when it comes to all those types of things, wake up. Go do it. Go do what you do. Go do it. I'm not here to dream about what I could be. No, I'm going to do and be who I'm supposed to be. So that's my dream story. I didn't come here to dream. I'm not here for people to give me anything. This world owes me nothing. I have everything I need right here and I create the opportunities I see fit that's best for me. That's what I do. I do what I do. All that dreaming? No. Nothing has ever come to me in a dream. Nothing. That's my dream. I learned that very young from my grandfather. He didn't have an education, but he was conscious enough to know that everything he was looking for happened for him when he was awake. So he maximized his time when he was conscious. Every time he was awake, he was doing what he had to do. I've taken that with me every step of the way. I'm awake now. So the people who dream may know something I don't know. But nothing has ever come to me in a dream. Nothing. It only happens when I'm awake, so I stay awake. I'm up now.

Shelly Sun



Shelly Sun is the CEO and co-founder of BrightStar Care®, a premium healthcare staffing company providing the full continuum of care, from homecare to supplemental staffing, for corporate clients such as nursing homes and physicians. In 2005, BrightStar launched its franchising efforts, becoming the first and only franchising company in the country to specialize in both medical and nonmedical care and healthcare staffing.

BrightStar Care has grown to over three hundred locations nationwide, serving over fifteen thousand families and generating over \$350 million in system-wide revenue. In addition to leading the strategy for the BrightStar Care, BrightStar Senior Living & Memory Care, and BrightStar Technology Group divisions, Shelly is charting the vision for complementary brands and services to help consumers care for their families and homes.

Shelly is a certified franchise executive and participates on the International Franchise Association's (IFA) Board of Directors. Shelly will be chairperson of the IFA Board of Directors in 2017 and currently holds the position of vice chair of the IFA. Shelly was also selected by the

IFA as the 2009 Entrepreneur of the Year. BrightStar was named to First Place on the 2014 *Forbes'* list and remained among the Top 10 on the 2015 and 2016 *Forbes'* list for franchises under \$150,000 initial investment. BrightStar was also selected for the Inc. 500/5000 every year from 2010 to 2015. BrightStar is the only franchise homecare brand to receive the Joint Commission's Enterprise Champion of Quality Award every year from 2013 to 2016.

BrightStar was featured on CBS's *Undercover Boss*. Shelly also published her first book, *Grow Smart, Risk Less: A Low-Capital Path to Multiplying Your Business Through Franchising*, where she discusses her journey as an emerging franchisor through amazing growth, lessons learned, and game-changing ideas.

Tell me about your background.

I was born in Knoxville, Tennessee. After three months, we moved to California for ten years. My dad was an architect and had a construction company in California, when building was hot in the 1970s, and my mom, generally, stayed at home. I was born in 1970. When I was in fifth grade, we moved back to Tennessee, based on some health issues with my mom's parents. My folks split when I was a freshman in college. My dad was a very driven individual. He had very high expectations, so that's probably what developed me into being so particular and so driven. I've always been trying to prove that I'm good enough. My mom remarried a wonderful man, so I finally got to realize what it was like to have a nurturing, loving, supportive father with my stepdad for nearly twenty years. They were married until he passed away six years ago. So if you've seen my *Undercover Boss* episode, the father I was crying about losing was my stepfather because we were very, very close. I'm an only child, so all the pressure was on me to perform. My dad always wanted a son. I probably heard a hundred times growing up that he had wanted a boy, and I wasn't a boy, so I just remember a t-shirt my mom bought me growing up that said, "What boys can do, girls can do better." My mom was a champion to say that I could do anything and tried not to let my dad keep me discouraged. So I was very driven to prove him wrong and to prove my potential. I put myself through college waiting tables and graduated with minimal school debt, which I paid off within two years. I graduated with an undergraduate degree in accounting from the University of Tennessee at Knoxville and a graduate degree in accounting from the University of Colorado in Boulder.

Tell me about your early career.

After graduation, I moved from Tennessee to Colorado and worked for a company that rented, leased, and sold computers. I interviewed with the owner of the company, who liked my Southern accent and wanted to hire me as his secretary. I said, "I'm not looking to be a secretary. I have an accounting degree," and there was an accounting position open. He was willing to pay me more than what the accounting job would've paid because he wanted me to be his secretary since I had a cute Southern accent. So I took three weeks, bought voice tapes, and trained myself on how to talk without a Southern accent. I went back to the same company because that's where I wanted to work. I saw the high growth potential and I felt it was a company where I could do a lot of different things and get a lot of great experience. I

interviewed with the general manager and got the job. On the second day of the job, I saw the president and owner of the company again, and he looked at me like I looked familiar, so I had to help connect the dots and make sure there wasn't going to be a problem. So I ended up working for them for three to four years. I helped them get to the point of going public. A prospectus had become filed, and then a major competitor came in and made an offer to buy the company, so the owners did very well and I got to be a part of that entrepreneurial growth story. I went from there to work for a food distribution company where I had an opportunity to utilize my accounting skills but also manage a large team, where I had ten to fifteen people working for me. I had found out that while I'm great with numbers, I'm better with people. So I was there for a few years and had an opportunity to move up to a higher level position as a controller but also manage large teams at Blue Cross Blue Shield of Colorado. Then my CFO, who was overseeing some of the operations areas, saw my talent, capabilities, and potential and allowed me to run the entire membership area of Blue Cross Blue Shield. My background in numbers, in terms of putting performance metrics in place for very strong operational functions, was helpful, and I also got to manage a 100 to 150 people, in my late twenties. So it was a great experience. Our Colorado plan got acquired by Anthem Blue Cross Blue Shield. I didn't like the change in culture, so I put my resume out to some headhunters and received multiple job offers. The job offer I took was to be the vice president, SEC reporting for CNA Insurance in Chicago. So that's how I got to Chicago in late 2000, where I became the youngest vice president that CNA Insurance ever had, at twenty-nine years old. Amazing experience. Not only did I handle SEC reporting, which was a great responsibility for a publicly-traded company, but they also had an operations area, much like BCBS had, that was completely messed up, and they needed me to step in and get the reinsurance area in line. Get the right performance metrics in place. Get the right talent in place, and hand it off to an operations person again. So I did that as sort of a special project for multiple months and managed over three hundred people. I was at CNA Insurance during the terrorist attacks on September 11, 2001, and I just saw the manipulation of reserves in order to boost company profits at a time when so many families were destroyed and the country was looking to heal itself. So I decided I no longer wanted to stay in insurance. I moved to a fractional jet ownership company, which was a subsidiary of United Airlines. I was there for two months, then the unions got into a dispute and pressured that the subsidiary funding be pulled, and the company shut down. So I went to the executives of the parent company and said, "I'm your last one in and I have the least seniority, but I'm not as close to everyone else so I could manage all the terminations, getting us out of the weeds, selling off the furniture. Doing all that. And by the way, I think you've been mispricing and overpaying for fuel. For the last several years, you've probably overpaid at least \$10,000,000 for fuel. I'd like a period of time to be able to collect that back and get that back to the corporate entity that needs that money very badly." So I was essentially able to negotiate, instead of a two-week severance, a one-year severance with milestones that I would achieve. I ended up getting them \$27,000,000 in recovered money versus the \$10,000,000 I had projected in the very beginning, so I got my one-year severance, which essentially became my startup capital for the launch of BrightStar Care in 2002.

How did the concept for BrightStar Care come about?

In late 2001, while I was working for CNA Insurance, my husband's grandmother in Jacksonville, Florida, got very ill and all the family, except Grandpa, was in Illinois or spread out in other areas throughout the country. So it fell to me, being detail-oriented, to call multiple different types of service providers to find the kind of care we wanted at the type of service level and quality level we were looking for, and we were somewhat horrified to find that all that existed was sort of the "Walmarts of homecare." So even though we were willing to pay more for healthcare, we were unable to pay more and get a different level of experience. You could do that with where you sit on an airplane, what restaurant you eat at, or what store you shop at, but we couldn't do that with healthcare. Grandma passed away the day before my husband and I got married, in March 2002, so she was really the tribute of which the brainchild came to start the business. So, within a couple of months of losing Grandma Pat, the passion to provide consumers with this type of services began me thinking of starting a business. During this time of thinking about starting a business delivering the type of services BrightStar would eventually provide at the quality and service level BrightStar would provide it, I also had an opportunity to read *Rich Dad Poor Dad* by Robert T. Kiyosaki, which really spoke to me of how much more control I would have with my own destiny, since I never had a problem with working hard and being somewhat tenacious, by becoming an entrepreneur rather than working at a corporate job. So those two things formulated into spending the summer of 2002 doing the business plan and launching BrightStar Care in October 2002.

How was the first year in business?

You don't know a lot when you're starting out in a business you didn't come from, but we really tapped into a market need that was being unfulfilled. In the marketplace, there were a lot of different healthcare companies that would provide companionship-type services, like making a sandwich, making sure the customers are not falling, some personal care or bathing, or helping them get to the bathroom for the toilet or to stay clean. But for all the other services needed, like injections, wound care, and medication management, you had to work with multiple companies in order to take care of all that. We had a vision to provide everything, end to end, for families. We would send them different levels of personnel, and it really resonated with the marketplace. We launched in October, and within four months, we were breakeven and became profitable. So the finances came quickly, but the hours were extreme. Most weeks, I was probably working 90 to 120 hours a week in the business. Finally, within ten months of starting the business, I was able to hire one additional key employee to help me with the administrative functions. I hired a nurse from the very beginning, so I was a CEO and ran all the administrative functions and interfaced with all the clients in the living room, in terms of getting care going. Hired all the caregivers and matched them with the clients. My husband did outside sales, calling on referral sources to get the phone to ring. Then I had to sell them over the phone when they called in. I had a nurse coordinate with the families to make sure we were providing the right quality of care. So it was the three of us from the very beginning. I tried to do every single office function: payroll, billing, recruiting, interviewing, customer service. All of that was pretty taxing. So I was really doing the lion's share of the work. Ten months in, we finally had enough financial traction

to feel good about hiring an employee, and then I'd say things started to click to where I had a better work/life balance, even though I still worked seventy hours a week consistently for the next nearly ten years. At least it wasn't the 90 to 120 hours a week, which was pretty taxing physically to keep up with.

What were some of the challenges you initially faced?

I think it was always trying to balance the recruiting and the sales. Those things really have to stay linked. You need to have enough people to be able to fulfill orders with customers that would do business with us. But if I hired people and I didn't have clients for them, those people would leave and work for somebody else. It's always that delicate balance of how many people you are recruiting, because it costs money to recruit and pay for drug screens, background checks, and credential checks. So what's the right balance of hiring people and knowing when you're going to be able to put them to work? Similarly, when you're getting cases from clients, whether you have enough people or don't have enough people can be very taxing to be able to keep those things in perfect balance and harmony, which continues to be an opportunity within the industry, thirteen years later.

Who was your first client?

Our first larger client was a son whose parents needed homecare. The father, Stanley, had pancreatic cancer. So he needed a lot of physical assistance, but he was sharp as a tack. His wife, at the time, had early stage dementia, so we were taking care of her as well. She was strong as an ox but was losing her mental capacity. We took care of Stanley for about three months with the family, 24/7. We worked with the family and tried to understand the needs of Anne, his wife, of how she would do having Stanley pass away in the home she wanted to stay in, which she didn't think she could handle. So they kind of said their good-byes and had Stanley move into a palliative care community for a few days, during his active dying stage. I'll call it women's intuition, but I just kind of had a feeling that it was time for Stanley to go. So I put together a gift basket with homemade cookies and crossword puzzles. They had four boys, and all four boys saw their father at various times, so I brought that to the palliative care facility. I had gotten to know the family very well. I'm a hugger, so I would always hug Stanley and Anne and their sons as well. I walked in and Stanley was obviously in a very declining state. He was much smaller than I had ever seen him, even a week earlier. I walked in and one of the boys said, "I'm not sure if he is going to recognize you, Shelly." Once Stanley heard my name, he opened his eyes and tapped himself on the cheek. Sometimes, when I came to the house, I would kiss him on the cheek before I hugged him. So he tapped himself on the cheek. So I came over and kissed him on the cheek. He grabbed my hand, more strength than he should've had, and said, "You promise me you'll always take care of my Anne?" I got really choked up and said, "You have my word. We'll always take care of Anne." We said our good-byes and I hadn't even gotten back to my office, thirty minutes later, and Stanley had passed. While we always hate to see people go and having to see someone suffer, which I think is harder, I think that really showed me what an important role we have in the mission of BrightStar: not just to provide great care, but also to help people die with dignity when it's necessary. For Stanley, it

was necessary to know that his wife was going to be well taken care of. We took care of Anne until she passed away five years later, so we became very close to the family.

Did the business have steady growth during the first few years?

Very much so. We did a little more than \$1 million in revenue the first year. I think we were \$1.6-1.7 million the second year, and a little over \$2 million in the third year. So, pretty consistent growth. We're fortunate to be serving a growing demographic and that is true for us and our franchisees across the country, as well. Our franchisees tend to make nearly \$500,000 in revenue, year one. They double to \$900,000 or so in year two, and they're at about \$1.3-1.4 million in year three. So we've been very fortunate, from a business model perspective.

What was your marketing strategy?

Professional referral services. We would call on hospitals and nursing homes. For hospitals, we were looking for people that were going to be discharged but also needed homecare services in order to be safe. For nursing homes, it was the rehab department, where someone would come in and rehab, for example, after hip surgery, and then they're going back home but still need some care services. We'd market to physicians. We'd market to labs. Anyone who might be interfacing with a senior or an adult child who's making a decision for their parents. Those trusted referral services are who we were coordinating with. I think one of the things that really worked for us is that we were able to come at it from a consumer perspective: "Here's why we got into the business. Tell us what you're looking for and how we can absolutely become the best." I think a lot of salespeople tend to throw up all over those they are calling on, and I think for us, it was "here's what we're intending to do. Here's why we're passionate and here's what got us started. Tell us where we should be focusing our business. Help us help you be the best provider in the community." I think that really resonated where a lot of people got behind our passion and our story and wanted to be a part of that success story in helping us do it the right way, believing that we really intended to and would do whatever was necessary to do it the right way.

Did you ever feel like giving up?

I don't think I've ever felt like giving up. I think there are days where you can have just a lot go wrong, like when key employees quit and you can't imagine doing your work on top of their work. I tend to be someone whose glass is half full, but when some of those things hit too many at a time, I just need a little bit of quiet time. I need a good cry in the shower, and then I put my big girl pants back on and I push on. But I always take those private moments to purge without anyone seeing me. I think probably the most lonely thing about being an entrepreneur is that no one can see you have a bad day, so there would never be any times that I would ever let anyone believe I wanted to give up, even if I ever had an inclination to do so, and usually within an hour of that feeling, if I could have a shower and a good cry, I'm back to doing what I need to do to get us back on the right track to move forward again. But in front of customers, employees, and franchisees, you just can't have a bad day, and I've always really kind of just

stuck with that. My tone, attitude, and outlook are what influence that of everyone else around me. It could have a disastrous effect. So if I have a bad day, now I have eighty people around my corporate office having a bad day. If I have a bad day in front of my 315 franchisees and their key personnel, then 1,000 people will have a bad day. My bad day could impact 1,000 people. I won't let that happen.

How did you come up with the name BrightStar Care?

It's cute because my last name is Sun, so I frequently get asked whether the sun part of our logo was intentional around our name. It wasn't. We hired a professional branding company, Brand Within. James Burgin worked with us and kind of walked us through the seniors industry and what we're about. He asked enough questions to say there's enough similarities between the care at the start of life and kind of how the parents were taking care of or making decisions enough for us when we were born just as the adult children often do for their parents at the later stages of their life. And so he brought up the concept of nursery rhymes to think of names, so "Twinkle Twinkle, Little Star" was up on the board, and "Star Light, Star Bright," and so the "bright" from one and the "star" from the other came together.

Fast forward to today. How fast is the business growing?

We grow, top line revenue, double digits. Probably around 15 percent. We are a \$350 million system, so our brand generates \$350 million in sales. In 2010, that would've been \$100 million, so we've more than tripled in that five-year period of time.

Why did you switch to the franchise model?

We didn't necessarily switch. I'd say that we had company-owned locations, initially. We still have company-owned locations here in our backyard, but the choice came that we want to help families everywhere, because what we had been looking for to help Grandma in Florida didn't exist anywhere else. We felt compelled, through our mission, to help families. Not everyone would be a client, but those who could afford to be at least could pay a little bit more and have that different kind of experience. So I really think it became a choice of are we going to expand nationally by taking outside funding through private equity and own them ourselves with an outside financing vehicle? Or are we going to franchise and utilize franchising as a way to grow the brand and provide services with local owners? I'm very big on culture and being intentional about culture, and I felt like I had a better opportunity to protect the culture of the values of what BrightStar's all about through franchising. We were very successful in our first location. We had already moved to a second and third location. So we already knew we could replicate the model. My mother-in-law was investing in a couple of hotels and asked if we wanted to invest alongside her. We did. I went to the new owner and management training with her for Choice Hotels and was in the training class being taught how to be a franchisee, essentially. I came back from that training thinking that we could totally franchise our business. So that was July 2004. In August 2004, I went on bedrest. I was pregnant with twins at the time. I am a type-A, workaholic individual. What do you do when you're on bedrest and you have a new idea for

franchising the business? I wrote our operations manuals, end to end, when I was on bedrest in the fall and winter of 2004. I filed our legal entity, BrightStar Franchising, on January 21, 2005. Our twins were born, at twenty-eight weeks, one week later on January 28. So, had we not invested in the hotels, would I have felt as confident about franchising, with the strategy we chose? I'd still say probably an 80 percent chance yes. But having the opportunity to see it firsthand, knowing how I was about keeping the culture that made our brand special and loving the fact that I had a local owner putting their money on the line who would make sure they were doing business the right way. I don't know if I could feel as confident in every single situation that an employee would have that level of commitment, a thousand miles away from me. But an owner who was a member of the community and who had so much money and personal reputation at stake, I felt better about that, so franchising just made sense for us, not only from a financial growth model but also from a cultural perspective.

How did the recession affect your business?

We were very fortunate. We did not have dips. Now, I'd say that growth rates that had been in that 13-15 percent range might have come down to 7-9 percent, but we didn't have a reduction in average sales at the local franchisee level. So we were fortunate with that. I think we slowed down the number of new franchisees that were joining us, but at that point in time, we were already profitable. Again, we didn't go to a scenario that was unprofitable. We didn't have to go to a point to do layoffs of our corporate employees during the recession. But what would've been a higher level of profit became a lower level of profit. It was a positive number, so we never had to harm our culture by doing a reduction in workforce.

How has Obamacare affected your business?

For us, it's more about our franchisees that are larger in scale being required to provide benefits for their employees. Many of our franchisees had already done that before the federal government came between an employer and employee and said we had to. But I think the one area from Obamacare that benefited our business was the focus on implementing efficiencies and programs that would bend the cost curve by looking at value-based purchasing by those that might be the payers for our care: insurance companies. We were the first and only brand to require Joint Commission accreditation of our franchisees. We are the only brand, out of over twenty-eight thousand private pay agencies, that have the Joint Commission Enterprise Champion of Quality designation, which we have maintained four years in a row. There is now more incentive for insurance companies to do business with companies like BrightStar, where we can prove we can help someone improve their health outcomes and avoid readmissions. Before Obamacare and the focus on bending the cost curve with initiatives like penalties for readmissions, there may not have been an ROI to invest in technology and quality that we have made as a brand. We made these investments and that leap of faith and long-term view have positioned us to charge more from a margin perspective but also to increase volume, with our focus on quality and improving healthcare outcomes.

What is your vision for the future of BrightStar Care?

We are beginning to enter into the addition of complementary brands. So, BrightStar Care is really focused on in-home care. We also recognize that there are families who can progress beyond what may be safely provided in the home or economically provide it efficiently in the home as resources are constrained. The safety issue can occur when someone has advanced stages of dementia and is living alone. Moving to a memory care home would be beneficial for the person needing care as well as the family. As soon as you get over twelve hours of care per day and you need someone who is physically awake and with the patient twenty-four hours a day, the costs of homecare will be more than an assisted living community. If the family has constrained resources, they might move them to an assisted living community so they can receive those type of services, so we've begun building communities owned by our franchisees. In the future, it could be a referral partnership between BrightStar Care and BrightStar Senior Living, because the senior living facilities might fill quickly, so the people on the waiting list might have preferential treatment, utilizing our price and services. We have an opportunity to see what care they need, so it would be a smoother transition. Similarly, we have a referral in the other direction, where someone progresses beyond the care of the BrightStar Care brand and they move over to the BrightStar Senior Living brand. So we're starting to look at adjacent brands that are also about doing well and providing goods and services to the same care recipient. We have other brands, of which we have around \$400,000 in trademarks, for a total of eight brands. We've launched two, but we have more brands that we will probably launch every two to three years, based upon the market conditions and assessments at that point in time. We still have a lot ahead of us to be able to add growth opportunities for our franchisees while continuing to provide a valuable service to adult children who are usually making decisions for multiple different services in the community. We are also beginning our international expansion. We just signed an agreement today to expand into Canada with Michael Shneer, who is a wonderful individual with franchising experience in Canada, but we are very passionate about our brand and doing it with the right people. His background has been mostly on the retail side. He had never really worked in a healthcare service oriented business, so as a condition for approval to be our master franchisee in Canada, he had to work in one of our locations performing all the roles and responsibilities at his own expense for a month. He successfully passed that, so now we've entered into his agreement to allow him to expand with our brand in Canada. So international expansion is a large part of what we'll be undertaking in the next few years. We'll be looking at additional brands. We've got 315 locations in the U.S. The U.S. will hold about 700-1,000 for us, so we've still got a lot of organic growth out ahead of us, as well.

What are some of your daily habits that have contributed to your success?

I walk around and make sure that I'm thinking about and acknowledging my team. I'm a hugger, so that high energy, enthusiasm, and appreciation permeates our culture. I'm a big believer of the book *Traction* by Gino Wickman. We have adopted that throughout our culture, at the corporate level and through all of our franchisees. We've flown Gino in for three conferences. We've made hundreds of thousands of dollars' worth of investment seeding an initial pilot group of franchisees, around twenty-five of them, to help them implement traction. Then they've

become our testimonials to franchisees that they should do it as well. Part of that process is doing what's called a Level 10 meeting every week, with my senior staff. Ninety minutes. Once per week, at the same day and time. It's called Level 10 because you want to get a 10/10 score. We have very effective communications, and we're talking about the right issues. More importantly, we are solving all the issues and moving the business forward. So that's part of my daily ritual. I'm very active, externally as well. I'm a big believer in putting the right talent in place. Empowering them. Inspecting what I expect, but that doesn't mean I have to be in my four walls very frequently. I have an amazing president and COO who I put in place a few years ago and who does a great job. I'm here for him as he needs it, but I don't want to stand in his way and stifle his ability, so I let him run the day-to-day show. Having great talent allows me to get involved in different things. I will chair the International Franchisees Association beginning in February 2017, so I'm very active in the franchising industry. I've written a book on franchising, called *Grow Smart, Risk Less: A Low-Capital Path to Multiplying Your Business Through Franchising*. Again, it's kind of a give-back to the industry. I speak at many different conferences on franchising. I usually have an active group of mentees in the franchising space, around twenty-five at one given time. So my day is probably half externally focused, with some time giving back to the industry or the individuals that are growing businesses within it. And then about half on the strategic items of BrightStar, complementary brands, and international expansion and growth. And then I hear from my team, from a cultural perspective, as there's certain times during the week where that's intentional or walking around. I get hot tea more often than I need to and I'll take the long way around the office just so I can go by and see all of my team at various points during the day and make sure they see the visibility and the appreciation that they're looking for when I'm here.

Do you believe in the Law of Attraction?

I'm very glass half full, and I think I permeate that throughout my organization. I think it's very true for our franchisees that are entering the business, and I say this to every franchisee prospect who is thinking about joining our brand. It's almost a self-fulfilling prophecy. If you believe you're going to fail, you will. If you believe you'll succeed, you'll do whatever is necessary to make it happen, and there's not a way to get around that. If you tend to be someone who will find the problem and focus on the problem, I don't think it's right to be an entrepreneur or franchisee. If the opposite is true, then it can be a good fit.

Do you set goals?

Yes, absolutely. We do that in our organization as well, with our senior team on a quarterly basis. We're all very visible and accountable to each other, so my team will know what I'm working on, just like I know what they're working on. There are my business goals, whether that's doing a stock option repricing, a business valuation, or an international exploration trip. They'll know what I'm working on from a business perspective. I'm also a member of the Young President's Organization (YPO), so I'm socializing with my YPO forum about what my personal and professional goals are.

Are they weekly, monthly, or yearly goals?

For BrightStar, I plan ten years out with a more filled in plan three years to current and we do check-ins on a quarterly basis. With my YPO forum, I provide a five-year outlook, by year, for personal and professional goals and we do check-ins on an interim basis.

What are some quotes that you live by?

I think I focus more on our core values as an organization versus quotes. So our core values are be open and positive. Serve with passion. Do the right thing. Do what you say you're going to do. And make it great. So, in looking at our first value, 1) be open and positive: we want to be approachable. Everyone should be coachable to reach the next level. We want to be empathetic. We want to be unflappable, with no drama. 2) Serve with passion: what are we doing to make a real difference? It's certainly the kind of the industry and business that we're in. 3) Do the right thing: honest, ethical, tell the truth. 4) Do what you say you're going to do: we're finishing what we started. Be accountable. 5) Make it great is really about continuous improvement and bringing out the best in others. Those would be what I, or any of my team, would say as to what we focus on and what we live by, in terms of what we're doing within our organization and how we're interacting with one another.

What are some of your favorite books?

I read all the time. *Make Big Happen: How to Live, Work and Give Big* by Mark Moses is one that I've recently read. I'm a big Marcus Buckingham fan, *StrengthsFinder 2.0*. All of Gino Wickman's books, including *Traction: Get a Grip on Your Business*, *Get a Grip: How to Get Everything You Want from Your Entrepreneurial Business*, and *Rocket Fuel*. A lot of books on success and leadership, like Sheryl Sandberg's *Lean In: Women, Work, and the Will to Lead*. I probably circulate through two to three business books every month, which is one of our core values. It's all about continuous improvement, right?

How do you define success?

It's about making a difference in people's lives. So, for me, it's about the number of families that our brands will serve and serve well. We have a goal of serving a hundred thousand families by the end of 2018. We track net promoter score, because not only do I want to have the honor of serving families, but we also want to do a great job at it as well. And then, if you get down to the financial success, we've already more than achieved my definition of success personally, so now it's about creating wealth for my employees and for my franchisees.

What do you think is the key to success?

It's about positive attitude, which we've talked about before. It's about tenacity. You're going to have good days and you're going to have bad days. You just have to keep going after it. It's also about inspiring others, because there's very little that we can do on our own, but there's a whole

lot we can do linking arms with a great group of people. So I tend not to focus on what I'm doing but what I'm inspiring others to see the potential of, in themselves and collectively.

Did you always know you would be successful?

Is it wrong to say yes? It sounds so not humble to say, but yes I did. Everyone always asks me if I always envisioned BrightStar to be as big as it is. I know the right answer should be no, but yes. We're pretty much on track with the original business plan I did, back in 2002.

When faced with adversity, what pushes you to keep moving forward?

The responsibility I have to my employees for employment and wealth creation and the responsibility I have to my franchisees, who put a large amount of their retirement money on the line to invest in their local businesses. Also, the responsibility to the families we made a commitment to provide absolutely the best care. I really have this strong, nurturing component to me, so that's certainly about my children. I've got twins that are eleven, but I look beyond that to the nurturing of the brand, and that's all of its stakeholders, which are our customers, employees, and franchisees.

What is the greatest lesson you've ever learned?

The strong power and necessity for an entrepreneur to have a board of advisors. I still own 100 percent of my stock today, so I don't need a voting board of directors, but I do have a board of advisors and I've had one since 2004. I've had three different sets of them, so as I've continuously improved myself, I would get to where we were equal intellectually and I would keep them as friends, but I would change them out from a board perspective and put a new board in. I've done that a couple of times, and it's been very helpful to be challenged and not to always follow all of my ideas. I think that makes me a much better executive for the organization. It's a huge, psychological aspect for me to have a board that I can go to when I have those down days and just talk things through, where I know that I'm going to be pushed to be better when I need that but they are also able to know when I need a pat on the back, a bit of encouragement, and a safe place to go maybe to vent. I don't have that anywhere else but with my board. And I think that's something every entrepreneur should have in place, regardless of the size of their organization. It can even be informal and potentially unpaid, like getting coffee, when you're in the earlier stage because you don't have a lot of money. You might not have access to the same board as you progress and can pay more, but I still think there's an important function that it plays. Because even with going home to your family, oftentimes family can be misaligned with whether or not you should stay in the business or start another business. So, really, if you're saying you can't have a bad day in front of your employees, franchisees, and customers and you can't have a bad day in front of your spouse and family either, you don't really have a place to go, so a board of advisors has been very critical for me in that.

What do you enjoy doing in your spare time?

I'm taking up tennis, so I'm enjoying that. Anything I get to do with my boys, who are very active, whether that's Top Golf, tennis lessons, or throwing the football. Any time that I can spend with them is valuable. I also have some girlfriends and we try to do some girl trips a couple times per year. I'm also really into Cabernet, so I'm a huge Napa Valley fan and try to get there a few times a year, as well.

What makes a great leader?

It's a couple of things. I think it's about understanding what your best talents are and being unafraid of hiring people who are better than you at what you're not great at and empowering them to take those things and run with them, while inspecting what you're expecting, so that everything you're being told that's being done is really getting done and at the level that you need to expect it to. So, at the early stages of a business, the CEO has to be the visionary and the executor. As a business grows, an entrepreneur has to think whether or not they are the best visionary and have the right skills, capability, and strategy or if it's better for them to just execute the plans. You have to almost split that role into who's going to be the visionary and who's going to execute and be more detail-oriented and work with the team to execute the plan that the visionary is coming up with. So I think knowing what your talents are and not being afraid to empower others to take key roles and giving them the runway to succeed in a way that might be different to what and how you would do it, but their way still works.

What do you think is the most common mistake entrepreneurs make?

Being underfunded. Projections are always optimistic, so it's important to get financing plans from the bank for what it's going to cost to be in business based upon a worst case scenario. It always costs more and takes longer, like with building a house, than what you think. It's a common mistake, as it was for me, and I find it with other entrepreneurs as well. What makes us great entrepreneurs is that we're optimistic. We're visionaries, in terms of how big the business can be and how fast it can ramp up, but that also works against us in planning the pessimistic view on the financing that's going to be necessary to succeed.

What advice would you give to young entrepreneurs?

Make sure what you've built your business around is something you're passionate about. I find that with many entrepreneurs, the ones that I know will be successful are the ones that are really passionate about the service or widget that they have built their business around. Those that have just seen a market need and try to fill it but they're not really passionate about what they're doing, I find it really difficult for them to be sustainably successful. So, being passionate is really important. Believe in yourself, and cull your circle of influence. If there are those who believe you should not be an entrepreneur and they believe you should go back to being an employee, you need to not spend time with them because that gets in your head. So having that

positive connectivity around you, once you've already taken that leap off the cliff to become an entrepreneur, is really important. Keep people around you that are positive.

What advice would you give to women entrepreneurs?

Our journeys are very common, between men and women. It's a question I frequently get asked. What tends to be different is our school system, which still makes girls believe they won't be good at math, and so if you're not encouraged in something, you won't pursue it. So I would say to most female entrepreneurs that if they're not comfortable with numbers and they don't know how to read their financial statements, get educated. Go to classes and have that language and that command so that you're not deferring to your chief financial officer or to your accountant, particularly if you're going to need access to financing along the way on your journey to grow. As soon as a banker realizes that you don't know your numbers and you're deferring to someone else, it makes them nervous. You commonly hear that women cannot access financing as much as men, but I have never found that to be the case with me. Now, I am a CPA. I have an undergraduate and master's degree in accounting, and there's not a single man or banker that's going to run numbers around me. So I think it's more about skillset than gender, and if you don't have the skillset and you're a woman, make sure you shore that up and get it, and that you have the confidence to show your numbers and not defer to a male member of your team.

What advice would you give to spouses who want to start a business together?

Be very intentional about whose role is going to be what. What are each of your accountabilities? What are the areas for which you can hold each other accountable? Make sure you're aligned with how long each of you is going to stay in the business and what milestones the business needs to achieve in order for one of you to exit (if one of you doesn't envision staying in it for forever). And then, if there are fights in the business, don't bring them home.

Do you believe the American Dream is dead?

I hope not. I think the current administration keeps trying to kill it, but I do still believe that it's there, alive and well. I think there's many of us who still want to make sure we believe the American Dream is still alive. I still believe in the American Dream, but I think we've got a lot of headwinds ahead of us, so getting things like this book out there is really, really critical.

Scott Gerber



Scott Gerber is the principal and chief executive officer of hospitality industry leader Gerber Group. Setting out to provide an innovative nightlife experience, Gerber Group opened their first property, The Whiskey at the Paramount Hotel, in 1991. Soon after, Scott took the lead in forging a partnership with Starwood Hotels & Resorts to develop the W Hotel brand, which now features Gerber Group venues throughout the U.S. and in select properties internationally. The partnership is widely credited for changing the landscape of the nightlife industry by creating unique, innovative venues that have redefined the hotel bar. Today, Scott manages the company and its full portfolio of properties and continues to redefine the hospitality industry with innovative dining concepts and bars featuring renowned beverage programs accompanied by exceptional culinary talents.

Gerber Group encompasses fourteen venues under such brands as Whiskey Blue, Whiskey Park, Irvington, Kingside, The Roof, and Mr. Purple. Scott oversees the company's growth, opening two venues this past year: Irvington, a New American bar and restaurant at W New York – Union Square, and Mr. Purple, a rooftop bar and restaurant located on the fifteenth floor of the new Hotel Indigo Lower East Side. In addition, Scott manages Gerber Group's strategic partnerships with Starwood Hotels & Resorts, Host Hotels & Resorts, Noble Investment Group, American Realty Capital, Viceroy Hotels and Resorts, and InterContinental Hotels Group.

Scott is widely viewed as a leading entrepreneur in the hospitality industry, appearing on shows such as CNBC's *Squawk on the Street*, Fox Business Network's *America's Nightly Scoreboard*, MSNBC's *Your Business*, Food Network's *Food Fortunes*, and most recently CBS's *Undercover Boss*. Scott has also been quoted in the *Wall Street Journal*, *USA Today*, *Forbes*, *Market Watch*, *Crain's New York Business*, *Bloomberg Businessweek*, *Hotel Business*, *Nightclub & Bar*, and *Bar Business Magazine*, among others.

Scott, who holds a BS in finance and real estate from the University of Arizona, was previously a principal at a commercial real estate firm and represented notable clients such as Giorgio Armani, Hermès, and Dolce & Gabbana.

Tell me about your background.

I grew up on the south shore of Long Island, in the town of Hewlett. My family was in the women's jeans business, so I sold jeans for a couple of summers to see if I wanted to go into the family business, which I ultimately decided not to. I went to the University of Arizona because I wanted to get away from New York and see a different part of the country and a different lifestyle. I loved that. I came back to New York and got a job in the real estate business, as a real estate broker, because I majored in finance and real estate. I thought I would come back to New York, learn the business a little bit, and move back out to Arizona or Colorado, but I never went back. I became successful in New York, and I didn't want to leave. So that was my early life. Just by accident, I ended up in the bar business, which was twenty-five years ago.

So you started your career as a real estate broker?

Yes. I studied finance and real estate in college. When I was trying to figure out what to major in, I picked up a copy of *Forbes* magazine and saw the list of the 400 Wealthiest People in the World, and this was probably in 1980. At that time, to be on the list you were either in the oil business, you inherited your wealth, or you were in the real estate business. As my father assured me I wouldn't be inheriting my wealth and I thought that anyone in the oil business had to live in Texas and I wasn't really too excited about that, I studied finance and real estate. I got my broker's license and came back to New York, and I thought I was going to build these big office buildings in New York. I was basically told I had no experience, but if I want to be a real estate broker: here's a desk, a phone, and good luck. And that's how my business career started.

Did you have a successful career as a real estate broker?

Yes, I started off doing mainly tenant representation for large corporate tenants. We were representing a lot of foreign banks, and I had some really good success with that. And then I was given an opportunity to work for Giorgio Armani, so I structured a very difficult deal for them on Madison Avenue, which is currently their flagship store. After being able to put that assemblage together, they asked me to represent them nationally, so I would find locations for

all of Armani's stores across the country. That included San Francisco, Los Angeles, Texas, Boston, and New York. And that led me to representing other high-end fashion tenants like Dolce & Gabbana and Hermès. So, yes, I had a lot of success in the commercial brokerage business.

A lot of college graduates are thrown into the same situation you were thrown in, whether it's real estate or financial services. They're given a desk and a phone and told good luck. What do you think is the key to succeeding in that type of environment?

Well, back when I was doing it, it was way before 9/11 and security wasn't the way it is today. You could actually go into an office building, take an elevator to the top floor, and stop at each floor and try to befriend the receptionist to figure out who was handling the real estate. So that's how I would spend my days, and I would either try and meet with somebody by just being nice to them or I'd come back to them by making a phone call and try to make an appointment with them. And that's really what it was about. I studied the market and knew the market really well, as far as what office space was worth and where deals were being transacted. And I just worked really, really hard to establish relationships with people and would maintain those relationships. So, in office space, it's not like when you're trying to find an apartment and you can find one in two or three weeks. Office tenants usually plan, at a minimum, a year out. Probably more like two or three years out. And so you just establish those relationships, provide them with information, even if you don't have a requirement, and then hopefully they give you an opportunity to find a space for them.

How did the Gerber Group get started?

My brother, Rande, went to school with me at the University of Arizona. When he graduated, he saw that I already had some success. I'm eighteen months older than Rande is, so he graduated two years after I did. And he figured, "Well, real estate seems to be pretty good, so I'm going to go into the real estate business as well." One of his clients was Ian Schrager, when he developed the Paramount Hotel. Ian was looking for a bar operator for the hotel, and Rande was his real estate broker. We would go out to bars at night, so we kind of knew what was happening at the time, but Ian didn't really like any of the bar owners Rande brought to him. After about six months to a year, he turned to my brother, and I had met Ian a bunch of times and he said, "Look, why don't I tell you guys how to do this? I can't be involved, but I'll tell you how to do it. I'll bring all of my friends, and you guys just run it." My brother and I said, "Okay, that sounds like a fun idea." That's how we ended up in the bar business. I raised some money, through some friends, and my brother was in charge of running the bar.

So you took over the company a few years ago?

We had a lot of success with that bar, which was called The Whiskey at the Paramount Hotel. And then we did another deal with Ian Schrager to build Morgan's Bar at the Morgan Hotel. And another one called Sky Bar in Los Angeles at the Mondrian Hotel. We then created a few other venues on our own, and then Giorgio Armani approached me and said, "We've got these

restaurants in some of our boutiques, would you consider taking those over for us?" So we took over five of those restaurants in Armani's boutiques. And then, when Starwood Hotels was looking to go into the boutique hotel business, they figured the best way to do it was to buy an existing boutique hotel company, so they tried to buy Ian Schrager's hotels. That deal was being discussed for about a year, but at the end of the day, it didn't happen. So Barry Sternlicht, who was the chairman of Starwood at the time, said, "Look, I'm going to build this boutique hotel company. Why don't you guys do it with me?" So my brother and I decided to join forces with Starwood and help them develop the W Hotel. A large part of that deal was that Starwood would make an investment into our company, in our existing business, so we moved forward with the W Hotels and Starwood. So that was going great for a very long time, and my brother and I were partners. Then, about six years ago, my brother decided that he wanted to go into the tequila business, and the liquor licensing laws are as such that you cannot own a liquor company as well as own bars and restaurants. So, at that time, I bought my brother out of our business and he developed Casamigos Tequila, and now I own Gerber Group.

What were some of the challenges you faced when you took over the Gerber Group?

When my brother and I were partners, we had very distinct responsibilities. I was responsible for the business side and Rande was responsible for all of the design of the bars, the creative, the music, the uniforms, etc. So it was a very long time where I was just in the background. Nobody even knew that I was involved in the business, which was fine. I didn't mind that much at all. Rande was the face of the business. I only have two brothers and a half-sister. My brother Kenny had managed some of our properties, but he had decided to stay in Los Angeles. At that time, I basically had to take over everything. So now I was the one who was designing the bars with the architects. I was the one coming up with the uniforms. I was the one coming up with the music. I was the one who was doing the press, but my press is very different. I'm not a public figure like my brother and his wife. So my press was really geared around business press. In addition to running the business, now I had to take on all these other responsibilities. It was a huge challenge. I hired some very talented people to help me with the business, but they weren't my brother. In the past six years with the help of my great and talented managing partners, we have had tremendous success.

What has been your marketing strategy with all of your venues?

Each venue is looked at on its own. We like to be in hotels. A lot of it depends upon the hotel that we're in and what that brand is; what the physical space is; our demographic, which is similar in a lot of places but not always the same. So for instance, when we opened Kingside and The Roof at Viceroy New York on West 57th between 6th and 7th, we thought that demographic was going to be skewing a little bit older, probably a little bit more business-focused, especially during the week because of all the big companies that are right around that area. The Roof has views of Central Park, so we knew that would be a huge draw. We also hired the design firm Roman and Williams, who had designed the hotel, building, and the interiors of the hotel, and we're now designing the restaurant and The Roof. So that was a big deal. We do a lot of private events at The Roof, but really the views speak for themselves. Our

most recent deal is with a brand called Hotel Indigo, and we opened a place called Mr. Purple, which is on the Lower East Side, between Ludlow and Orchard Street. Mr. Purple has a huge rooftop with a pool. Because of its location on the Lower East Side, that demographic skews a little bit younger; the people who work for us are probably a little different than what you would find in Midtown. The music also changes a little bit because it's a daytime pool scene, and on the weekends we have a big brunch that goes into early evening. It's got incredible views—the Freedom Tower, the Brooklyn Bridge, the Empire State Building—and because most of the buildings are low, you really have unobstructed views. That combined with the fact that it's got a pool makes it a very unique space.

How fast is the business growing?

We grow organically, so many of the deals we do, we get approached to do, and many of them are existing hotel partners. One of our hotel partners might say, "We've got a hotel in Washington, D.C., will you take a look at it?" Or anywhere in the country or around the world. We evaluate each opportunity, depending on the hotel brand, the city, the market, and really what our capacity is. We opened up Mr. Purple in November 2015, and now the next deal we're going to be doing is a little bit out of the box for us because it's not in a hotel. It's an existing bar called the Campbell Apartment, which is located in Grand Central Terminal. We got involved in that one because they put out a Request for Proposal (RFP), and the real estate broker involved had called and said, "Would you be interested in looking at this? We think you'd be a great fit." We never really participated in an RFP before, but we said we'd give it a shot, and we were awarded the RFP. I don't know if you've been there, but it's an iconic bar. If you Google the "top 10 iconic bars in New York," it's going to come up every time. It was built in the 1920s for a guy named John W. Campbell as his place to entertain friends. So it's got a lot of historic value to it. The room itself is historic. We're not going to be changing the room very much, but it is a renovation that will be all new equipment, air conditioning, furniture, sound system, and lighting, but the bones of the place will remain intact. And when you have a place in Grand Central, I mean, there's 750,000 people each day that walk through Grand Central, so we think there's a huge potential to expand upon what the prior tenant has already built. With our brand and cross marketing this property with a lot of our other properties, we think there's a ton of potential for growth.

The Gerber Group brings in over \$50 million a year in revenue?

We don't comment on our financials, but somewhere around there.

How did the recession affect your business?

It's interesting. The recession affected our business, but not as much as other businesses. We get impacted in two ways: 1) A good portion of our business is corporate events, and obviously when the recession comes, if companies are not doing so well, they're not going to spend big money on their events, and 2) The other way that it has impacted us a little bit is, I think, our normal guest may come out and have three to four drinks a night and they don't mind calling a

top-shelf drink. I think we felt that maybe people were going either to a less expensive bar for the first drink or two or maybe having a drink or two at their apartment with some friends before they went out. You know, just to keep their bar tabs and food tabs down a little bit.

What do you think is the key to surviving during a recession?

It really depends upon what your business model is. If your business model is geared toward only the business community, then obviously it's going to be a lot more difficult. If you have mostly restaurants and you've got big labor costs, the combination between labor rates and hourly rates increasing and that people are not spending as much money going out is kind of a recipe for disaster. So I think you have to be really conscientious about how you're running your business, from an expense point of view. You have to make sure, more than ever, that your staff and your employees are just the friendliest people in the world, because when you have a limited amount of money to spend because times are not that great in your business, you want to go to the places that make you feel great. This is true all the time. I mean, obviously you want the food to be great and the drinks to be great, but you also want the experience to be great, and we preach that all the time. The most important part of our business is our staff and how friendly they are and what their level of hospitality is. Because at the end of the day, I cannot change the flavor of Heineken. So why are people going to come to our place as opposed to anyplace else? We're not the least expensive guys on the block. We're also not the most expensive either, but at the end of the day, you want to come to our places because you know the hospitality is going to be great, the cocktails and food are going to be great, and the music is going to be great. They are going to be comfortable places, and you're going to feel good about spending your money with us.

What is your vision for the future of the Gerber Group?

My vision for the future is expanding with partners that we like. We're in the fortunate position to say no to deals, and we'll say no to deals if we don't feel good about our partners. We're great at what we do, and if someone sitting across the table feels they know better than I do, then they should do it themselves. They don't need us. But we'd like to continue expanding our business into what we like doing, which is hotels. Or if there are freestanding opportunities like the Campbell Apartment, we'll look at those as well. I love having people within my company grow in the business. Actually, three of my partners have been with me for twenty-five years. One of them started off as a doorman for me. My assistant is a partner in the company. She's the best, and handles my whole life, both my business and my personal life. But we want to keep growing the business in a smart way. We don't want to say yes to too many things because we don't want to strain ourselves and "you're only as good as your last deal," so we have to be great at everything we do. But it's fun coming to work every day. I love the creative aspect of designing these places. The difficult part is finding staff, because it's a very competitive business, and with wages going up and healthcare going up and all of your costs going up, you can't always pass those along to your guests. So your margins start getting squeezed just a little bit, and you just have to pay attention to operate these businesses as efficiently as you can.

What are some of your daily habits that have contributed to your success?

I have three kids, one of whom who still lives at home with us. She's sixteen, so I try to get home every night at a reasonable hour to see her, and then I see her for a few minutes before she goes to school in the morning. Even if it's just for a couple of minutes, it's an incredible way to start my day. That's the first thing. The second thing is that I make it a point, six days a week, to work out somehow, whether it be with a trainer or a spin class or take a run or something. That's not only good for your physical health, but also for your mental health. I think that's hugely important. And the third point is I make a ton of time to spend with my family. I basically schedule, for the summer time, a few weeks off at a time to be with my family. You have to prioritize those things, and if you don't, at least for me, I don't think I would be successful and happy in what I do.

How do you organize your day?

I don't schedule my day to do certain things. What I usually do is get to work around 9:15-9:30 AM. I work out, usually, at 11:00 AM or 12:00 PM during the day. And then I'm either leaving my office at 7:00 PM or going out one night per week to visit some of the bars and restaurants. I do that Monday through Friday. My weekends, I try not to come into the city. Every month, we have PnL meetings, going through every single bar and restaurant, on a line-by-line basis. First thing I get on my desk is sales from the night before. I get reports of anything that happened—good, bad, different—in any of the locations. So I usually review those first thing in the morning. I read the newspaper in the morning, just to see what's going on in the world, whether it be business-oriented or just in the world. And then, I guess depending upon where we are, sometimes I meet with architects and designers to design spaces. Sometimes I'm meeting with contractors to review budgets and how we are going to build certain places. Sometimes we're going through repairs and maintenance at various bars to see what kind of work needs to be done to maintain them in the quality we want them to be maintained in. Sometimes I'm doing things like this [interview], but they could be also with magazines and television to talk about our business. It kind of really depends upon the day and where we are in the project.

Do you believe in the Law of Attraction?

I don't know if I believe too much in that, but what I do believe very much in is treating our business as a family. Anybody can come into my office at any time. I have an open door policy. Anybody can text or email me, at any time during the day or night. We want to be there for our employees, and that's led to us supporting them outside the workplace as well. So we do free yoga classes. We do free Soul Cycle classes. We'll do bowling nights. We'll send them to soccer games. Because we believe that if people are happy in their lives, they're going to do a much better job for us in business, and that's the most important to us. And if, God forbid, somebody has a family issue, we're the first person to step up and pay for their plane fare for them to go take care of their family. That was probably instilled, in our business ethics, from when my father was alive. He was the most generous, friendly, and compassionate man you

could ever imagine. He was my role model in life and business. He had a huge impact on our business and in my life! We believe that treating your employees well will always pay dividends.

Do you set goals?

We set budgets every year, but with personal goals, I guess everybody does, so yes. Like I said, I always want to make time for my family. I want to make time to work out. I want to make time to be healthy, and I want to focus on growing our business. So I don't think those goals change very often. I think what probably changes a little bit would be the focus we've really put, during the past two years, on just supporting our staff outside of work. That goes to charitable work they want to do. We're putting a lot more focus on health and wellness and personal development of our staff, because the best thing you can do is keep people for a long time. We don't have a lot of turnover, but in the hospitality business, very often you do. I have bar-backs and bussers that have been with the company for 20+ years whose kids are now working with our company. So to me, that's a huge testament to the kind of business that we run, and I know that I can rely on these people for anything.

How many employees do you have?

Around five hundred.

What are some quotes that you live by?

I don't know if it's necessarily quotes. It's just kind of how I live my life. I think it's so important to have a healthy balance in your life. Like I said, my family is first, and they'll always be first. But I don't think I live by many quotes. My father always said, "Enjoy life, enjoy your success, be generous, and live your life every day, because you never know what tomorrow may bring. Enjoy your financial success, because you can't take it with you."

How do you define success?

I think the most important thing is having a balance in your life. I know I keep saying that, and I may even sound like a broken record, but I want to be a great father, a good husband, and a great boss. So, if you can balance all those things and still have time for yourself, that to me is success.

What is the key to success?

For our business, it's to always be great at what you do. To treat people who work for you with respect, regardless of their position, the way you want to be treated. To respect them the way you want to be respected. And really just to maintain relationships and do the right thing. I think that the reputation you have, or that we have, has been great for us. People say to me, "What's your competition?" Well, any bar or restaurant in the world is my competition, but there are not many people that are focused on being only in hotels. And I think that we've been able to create

this relationship with the hotels where they could rely on us to do the food and beverage aspect of their business. They don't have to worry about things, and at the same time, even though we are a third party provider, we act as a player on the team. So, for instance, if you're staying in a hotel and you go to check in and your room is not ready so you go down to the bar to have a beer and you complain that you just got off a long flight and your room's not ready, the last thing you want to hear from the bartender is, "That's not us. That's the hotel." You want the bartender to be compassionate. You want him/her to say, "Maybe I could help you out with that." So, even though we are a third party, we act like we're part of the team. I think that's what we've built our reputation on. We get along great with the general managers of the hotels. We get along great with the owners of the hotels. We work well. I always like to say that we play well in somebody else's sandbox. And that's a very big deal in the hotel business.

Did you always know you would be successful?

I don't know if I always knew I would be successful. I always hoped that I would be successful. My father was very successful in his business. My grandparents were very successful, so I think I had the upbringing to be successful, but if you ask me, "Did you always know you would be in the bar business?" I had no idea. I really thought I was going to be in the real estate business. That was what I started in when I graduated from college, but we fell into the bar and restaurant business by mistake.

When faced with adversity, what pushes you to keep moving forward?

I think it's probably that I have five hundred people who work for me and rely on me and our business for their livelihood. I have a family that relies on me for their livelihood. That's not to say that if I were to quit today, they would be starving. Obviously, they wouldn't be. But that's what I get up for in the morning. I love what I do. And so if the time comes when I don't love it anymore, then I'm not going to do it anymore, but I don't really see that time coming any time soon because I love what I do.

What is the greatest lesson you've ever learned?

Probably one of the greatest lessons I've ever learned, which was from my father, is that regardless of somebody's position in a company or in life, financially, title-wise, or whatever it is, it really doesn't matter; you should be nice to everyone. You should treat everyone with respect. You shouldn't be treating anyone differently because they're the president of a company versus a bar-back or busser in your company. I'd say that's probably the best trait I've learned from my father, and that's what I live by today. I want to give everyone the respect that they deserve, and it really doesn't matter what your position is, financially or title-wise, for what you have or you don't have.

What makes a great leader?

A great leader is someone who is decisive in what they do. I think a great leader is someone

who wants to hear other people's opinions and takes them into consideration, whether they follow them or not. I want to hear what people think about how to improve our business. I want to hear about people's issues with our business. What's right? What's wrong? And it could be anybody in our business, but I think listening is a hugely important thing in business. I don't always want to tell people what to do. I want to hear their input. I want people to feel that they are part of our business because without our people, we don't have a business. So you need to respect them. You need to listen to what they want to do. Again, I don't have to follow them all the time, but I do want to listen to it. I want people to feel like they can come in and talk to me about things, whether it's a personal or professional issue. Whatever it might be, and I think you have to be compassionate and understanding about people, because sometimes shit happens.

What do you think is the most common mistake entrepreneurs make?

There's a couple. First, I think that very often the number one reason for failure in our business is because you're undercapitalized. You don't understand how long it's going to take for you to get your feet off the ground, get your business up and going, because then you'll eventually become undercapitalized, and you don't have enough money so you're out. So I think that's the number one mistake. The second most common mistake is that you think you know too much. That you know everything. One of the things that I know is that I know what I don't know, and I'm not afraid to ask questions. I've been doing this for a very long time, but I don't know everything about my business. I always want to learn, and I'm not afraid to ask questions, because I know the things that I don't know. So I think those are two of the biggest mistakes that cause people to not be successful when they're starting off in a business like mine.

What advice would you give to entrepreneurs who want to open a venue but have no access to capital or valuable connections?

It's different than when I started in business. I had worked in a different industry, and I started off in this business, really, as an investor. I think that somebody today, if you can get a job working for a reputable company like Gerber Group, that does a tremendous amount for your ability to attract not only people but also capital. To know that you are trained under a company like ours and have seen a successful business like ours work I think is very important. And then it's just about the more people that you meet. In our business, some people just want a vanity investment. They don't really look at the business part of it, so if you've got a good personality and if you've been working for a great company and working with a lot of people, you'll find some people that are ready to invest behind you. But I think the most important thing is to realize that owning a bar or restaurant is not like going out to a bar or restaurant. I mean, everybody thinks it's all fun and games. You'll get to be hanging out with your friends and having drinks and food and just having a great time. It's not like that. It's a job. You need to be able to differentiate when you're going out for dinner and going out for drinks with your friends from when you're working. And if you let those two things collide too often, you're guaranteed for failure.

What advice would you give to young entrepreneurs, as a whole?

I've got two kids who are in college, and what I hear is that kids today could have up to ten careers in up to twenty to thirty jobs. I believe there's no mistake in taking a job, and I tell this to my kids all the time. One of two things is going to happen: 1) You're either going to love what you do, or 2) You're going to realize that you don't want to do that and you're going to want to move on. So I think that the more experiences you can avail yourself of and the more experience you can get in different fields, at some point you're going to find something that you love. And when you find something that you love, then you've found something that you can be great at and be hugely successful. I don't think if you don't love something that you could have the same level of success you've been longing for.

Do you believe the American Dream is dead?

No. I definitely don't believe the American Dream is dead. Think about all of the things that have been created in the past ten years. Ten years ago, I'm sure that nobody thought there was anything new to create. But I think there's so many things that you can't even think about today that will continue to be created. That could be in technology or even physical things. It could be in so many different areas, but no, I don't believe the American Dream is dead at all. I believe that for bright, aggressive people, they're going to be hugely successful. They're going to figure out how to have balance in their lives. They'll figure out how to have a great quality of life. I don't know if the American Dream is only tied to how wealthy you can get. I think a lot of people are choosing lifestyle over wealth and are trying to balance those two things out. I interview kids who, ten to fifteen years ago, would've been going to Wall Street, and that would've been their only choice. Today, they're like, "I don't want to be on Wall Street. I don't want to work eighteen to twenty hours a day crunching numbers and have a miserable life. I want a life." So I think those are the choices that people are making, and maybe the definition of the American Dream is changing or evolving, but no, I don't believe it's dead at all.

Liz Elting



Liz Elting co-founded TransPerfect in 1992. Today, TransPerfect is the world's largest privately held provider of language and business solutions. Headquartered in New York City, the company has more than four thousand employees and over ninety offices in cities around the globe. Elting has earned numerous awards for her outstanding entrepreneurship and focus on developing women business leaders. They include: the Working Woman Entrepreneurial Excellence Award for Customer Service, the Ernst and Young Entrepreneur of the Year Award, the American Express-*Entrepreneur* Magazine Woman of the Year Award, the Distinguished Alumnae Award from NYU Stern's Women in Business, the Alumni Medal for Excellence from Trinity College, the Women Worth Watching Award from Diversity Journal, and most recently, the Women of Power & Influence Award by the National Organization for Women.

Elting is profiled in several books, including *Succeed On Your Own Terms: Lessons From Top Achievers Around the World on Developing Your Unique Potential* by Herb Greenberg and Patrick Sweeney, *Leadership Secrets of the World's Most Successful CEOs: 100 Top Executives Reveal the Management Strategies That Made Their Companies Great* by Eric Yaverbaum, and *Straight Talk About Starting and Growing Your Business* by Sanjyot P. Dunung. She is featured regularly in the media, including the *New York Times*, *Wall Street Journal*, *Forbes*, *O* (The Oprah Magazine), *The Financial Times*, *Reader's Digest*, *Huffington Post*, and *Crain's New York Business*.

With Elting's commitment and vision, TransPerfect has been an eight-time recipient of the Inc.

5000 Award, a six-time honoree of the Deloitte Technology Fast 500, and has earned multiple Stevie Awards, including Company of the Year and Fastest Growing Tech Company of the Year in 2016. Crain's *New York Business* has named TransPerfect one of the largest privately held companies and one of the largest women-owned companies for nine consecutive years. The company was a winner of the 2015 SmartCEO Corporate Culture Awards and named the Internet Marketing Association's Best Translation Solution at the IMPACT15 Conference. TransPerfect has also been named one of the fastest-growing women-owned/led businesses in North America by Entrepreneur and the Women Presidents' Organization.

Elting serves on the Trinity College Board of Trustees and the Trinity Women's Leadership Council's Founders Council and is a regular speaker at both NYU and Columbia Business Schools. Elting is also the founding ambassador of the American Heart Association's Circle of Red and is a member of the Women Presidents' Organization's Zenith Group.

Elting holds an MBA in Finance and International Business from the Stern School of Business at New York University and a BA in Modern Languages and Literatures from Trinity College in Hartford, CT.

Tell me about your background.

I was raised in Westchester, NY. When I was eight, we moved to Portugal, and when I was ten, we moved to Toronto. I studied in Spain for a year during college and worked in Venezuela after college. So I grew up living, studying, and working in five different countries. I studied four languages, and that's really what led me to do what I do. I had the privilege of being raised by really remarkable parents, both of whom have always been my biggest mentors, advocates, and role models. They both taught and reinforced certain values that I think had a profound effect on who I am today: integrity, respect, and hard work were paramount. When it came to hard work, my parents led by example, and I followed enthusiastically from an early age; I started working when I was ten, and I always had some sort of job from then on, including throughout high school and college. It became a passion, so naturally, I never stopped working, even during maternity leave.

What did your parents do?

My mom was in education her entire career. She is very smart. She was actually the valedictorian in her high school class of over seven hundred people. When she went to college, she originally wanted to be a doctor. Her father was a doctor, but she realized it was difficult for a woman back then. That is, with all the expectations placed on women, even working women, to raise children and keep a home (many of which still exist today). So she ended up having a wonderful career, but in education. She was a teacher and taught nearly every grade, from kindergarten through twelfth grade. She was also a special education administrator and a guidance counselor. She was even Teacher of the Year in Canada, and she has been an amazing influence on so many people, particularly in helping them reach their greatest potential. Even today at seventy-eight, she still works on occasion. She jumps

in at the drop of a hat when someone goes on maternity leave in the education system in Toronto. So that's my mom.

As for my dad, he climbed the corporate ladder in marketing and advertising and ended his career as president of Grey Canada (part of Grey Advertising). But the reason we moved to Portugal when I was eight was because he wanted to venture into something entrepreneurial and international, as those were two of his biggest passions. So he obtained the Kentucky Fried Chicken franchise, or the right to open KFC in Portugal, and we moved there. Just about the time we arrived, a revolution overthrew the previous political regime, and the transitional period was extremely turbulent, so it was an incredibly difficult time to open an American business. He actually ended up opening an Italian restaurant instead. We moved back to the U.S. less than a year later, and then my father was eventually transferred from Grey New York to Grey Toronto, so we all packed up again and moved to Canada, where he ultimately rose to president and CEO before retiring.

Tell me about your early career.

I got started early, so from the age of ten all through high school and college, I had a number of eclectic jobs. The first was babysitting, which eventually included taking a child to school. I also delivered newspapers at six o'clock in the morning. I did a lot of telemarketing. I worked at a dry cleaners, and I was a counselor at a number of camps, where I even became a financial administrator at one particular camp. I was also an usherette for the Toronto Blue Jays for four years. While in college, I spent my nights—from ten at night to six in the morning—working as an overnight campus security guard while spending my days in class and any other time I had working in the campus kitchen. I also did administrative work at an investment management firm. And after receiving my MBA in finance and international business from NYU, I very briefly worked in the proprietary trading division of a French bank, doing equity arbitrage, before focusing on TransPerfect.

How did the concept for TransPerfect come about?

Given my family's extensive travel and having lived in several different countries, I discovered early on that I had a passion for languages and connecting with people across the globe. I won a language award in high school, and while in college I majored in modern languages, spent a year living and studying in Spain, and then worked in Venezuela. After that, I moved to New York and took a position at what was, at the time, the largest translation company in the world. This was in 1987, just as the globalization of business was beginning. I loved working there and stayed at that company for three years, both in production and in sales, and was able to get a good understanding of the work and also of what clients were looking for. I especially loved solving clients' problems. While I really enjoyed it, I thought it could be done better with a more holistic approach. Back then, it was enough to be a translation company, because there simply weren't so many of them. I saw that there was a real gap between what many of our clients needed and deserved and what was available in the industry. Effective communication isn't just about translation. You really have to understand

your client, their business, the world they're in, and the lens through which they view it. With that mentality, I began conceiving of a company that could offer the very best in terms of quality and service, much like a top-tier law firm or investment bank. Out of that idea, TransPerfect was born. I then set out to fully learn the business and the various industries it affected and began pinpointing areas that needed improvement and gaps that needed filling. Realizing that a translation company had to be more than simply a translation company, I went back to school and got my MBA from NYU, and while I was there I began developing my idea of a comprehensive and holistic language solutions company so that I could make it into a reality.

How did you come up with the name TransPerfect?

I wanted a name that really differentiated our company and highlighted what made us unique—providing the absolute best quality and service. I also tend to be a perfectionist (for better or for worse), and I knew that's what I wanted to give our clients. So when I was brainstorming, my partner and I were thinking, "A translation company with the highest quality," I thought about WordPerfect, which was among the most widely used word processing applications at the time, and it sort of just came out: TransPerfect. I really liked it, and it stuck because it captured our prioritization of premier quality and it didn't limit us, and that was a crucial factor for me: I wanted to make sure the company was scalable.

How was the first year in business?

TransPerfect was a startup, with no funding whatsoever, that literally began out of a dorm room. So needless to say, the first year involved a great deal of hard work, including a whole lot of phone calls and mass mailings. My goal was to be able to move into an actual office within six months, with enough revenue to pay for an office, and we indeed hit that goal right at the end of six months. So it was tough, but the hard work paid off. After just twelve months as a company, we had brought in over \$200,000 in revenue.

What were some of the challenges you initially faced?

Making sure we had the right people. This was particularly challenging before we had the infrastructure and client base because it's really all about the talent, and I knew that if we found the right people, then we could deliver the best quality and service. I'm a big believer that the first million is, by far, the toughest, and certainly getting to that point where we had the infrastructure, as far as having both the right team and the right clients, was certainly our biggest challenge early on.

Did you have a lot of competition?

Yes. Even then, there were a lot of companies that set out to do what we did. It was a very fragmented industry, and there were about ten thousand other companies, that we knew of, when we started in the U.S. Most of them were started and run by translators, many of whom

were incredibly talented linguists, but it's very difficult to translate high-volume technical material all day long while also trying to build and run a business. I have a great deal of respect for talented translators. I spoke several languages but never felt that I was at that level, and ultimately what I wanted to do was build a company. Fortunately, that was actually a great way for us to differentiate ourselves. I focused my efforts on building the best team of linguists and translators, finding the right salespeople, and hiring the most skilled project managers, and we kept expanding.

What was your marketing strategy?

One of the toughest things about starting out is that you don't yet have a track record and relationships with clients and potential clients. So the short answer is that we made it our mission to begin making and building upon those relationships. But to answer how we actually did it, we made hundreds of phone calls a day, sent out thousands of letters a week, set up as many meetings as we possibly could, attended trade shows, and really focused on bringing in business as quickly as possible.

Who was your first client?

A small law firm that wanted to translate an English document into Slovak. Today, we do work for many law firms, including the two hundred largest law firms in the world, but it all started with that one small firm.

What was an average workweek like for you back then?

I was working at least a 120 hours a week. I would wake up by seven in the morning and worked nonstop until bedtime, which was almost always well past midnight. I worked and I only worked. I stopped seeing my friends for a few years and missed a family Christmas celebration in Vermont one year, as we were working all night to finish a project for Goldman Sachs. Basically, I worked crazy, crazy hours from the early morning until late into the evening with many all-nighters.

Is that around the same for you today?

No, it's much more reasonable. It wouldn't be sustainable. Early on, I knew I needed to work crazy hours for the first few years and do what no one else was willing to do in order to create something unique in the industry. I was very aware that it was going to be tough at first because we were building a company without any outside funding, but my hope was that it would all pay off. In those first few years, our tiny team was doing everything from sales to production to accounting to IT to HR. Now we have over four thousand employees, so it's a much different kind of workweek.

Were you profitable by the end of year one?

Yes, but I also took a salary of about \$8,000. So we were profitable, but I didn't take money out to live in a normal way. Instead, we reinvested every penny back into the business.

How fast did the company grow during the first few years?

Incredibly fast. During the first few years, we doubled every single year. We went from about \$200,000 in revenue to about \$500,000 to about \$1 million. One year in particular that really stands out as a major growth year was 1996-1997, during which we actually went from \$1 million to \$6 million in revenue.

What do you think caused that high spike in growth?

We got an amazing project from a law firm. This particular project was critical and it accounted for a large percentage of the \$6 million in revenue.

Did you ever feel like giving up?

Giving up, no. It's just not in my DNA and has never been an option for me. Being frustrated beyond belief though, yes, definitely. There have been some incredibly difficult days, between having insane hours, demanding projects, and a host of crazy things that I could have never imagined. So there has been a lot of excitement and a lot of drama, but giving up never even crossed my mind.

Did you ever feel you had to sacrifice a lot of personal time for the business?

In the early years, absolutely. Fortunately, when I first started TransPerfect, I was in the ideal situation to be working long, crazy hours. I was not married, and I didn't have kids, so it was fairly simple and straightforward to find ways to put all of those hours in. I definitely gave up seeing my friends for those first few years, and to a large degree my family. A lot of my friends from business school would get together for drinks after work or would rent a place in the Hamptons on the weekends, so of course I missed out on those kinds of things while I focused on building TransPerfect. I was working eighteen hours a day, seven days a week, so yes, there were definitely some sacrifices made in those early years, but I feel quite fortunate in that they really paid off.

Fast-forward to today. How fast is the business growing?

We did \$505 million in revenue last year, and we've been growing steadily at about 15 percent every year.

Why did you choose not to take on outside financing?

Essentially, we didn't need outside financing to grow and we wanted complete ownership of the company and to be in control of our work. In 1999, we actually started a second company—Translations.com—and we did have a few outside investors in that. However, after about five years, we decided to buy them out. Ultimately, we were able to grow organically, and it simply worked well for us to not have outside investors.

How do you organize your day?

It changes week to week, day to day, hour to hour, and really depends on what's going on. Whether I'm in New York or I'm traveling for various reasons, including attending an internal sales conference, a production leaders meeting, or meeting with our people at one of our offices or our clients, each and every day is very different, so there isn't one particular way that I go about organizing my day. The short answer, I suppose, is that I always have to be dynamic.

What has been your primary source for new clients?

Most of our business comes from repeat business, previous clients, and referrals. We worked very hard over the years to build relationships with our clients and to ensure that we do the best possible work for them. In the long run, all of our extra efforts continue to pay off. Many of our clients refer us to other people within their company, as well as to friends and colleagues at other companies.

How did the recession affect your business?

We still grew. Since our founding in 1992, we've continued to grow each and every year. I think the credit really goes to the range of services we offer as well as to our diversification of clients and industries and our global reach. We are all over the world, on six continents and in ninety cities. We have a wide diversification of receivables, meaning no one client accounts for more than a small percentage of our revenue. And we provide more services than any other company in our industry—everything from translation and interpreting, to website and software localization, to cultural consulting and remote interpreting, to staffing solutions, litigation support, testing services, and various technologies. So essentially, if a certain industry or country is hit by a recession, we have enough diversity to balance things out.

Do you think that is the key for a business to survive during a recession? To have enough diversity to balance it all out?

I think it certainly helps. There may be other ways they can survive, but for us, it has definitely helped.

How has technology affected your business?

We've changed drastically, along with the advancement of technology, since we started in 1992. Back then, we were sending projects by modem to clients, which could actually take as long as six or eight hours for large files. Obviously, things are vastly different today. Today's technology has created an expectation for much faster and much more cost-efficient delivery; clients expect and need things much faster and at lower costs because of what technology can offer. We've worked hard to incorporate technology into our business as quickly as it evolves. The result has been that we are at the cutting-edge in our industry, as far as our technology, and we continue to develop it every day. That's what many people at TransPerfect do. We have hundreds of employees who focus on programming and developing software for our own internal use, as well as for our clients. So technology is a big part of our business. In spite of that, actual human beings do virtually all of our translation work. Technology helps a great deal with managing projects and managing terminology, and we've definitely incorporated that into what we do, but at our core what we really have to offer has always been the unmatched talent and nuance of our expert linguists.

What are some of your daily habits that have contributed to your success?

I'm incredibly goal-oriented, so one thing I've always done is to actually take the time to write out my goals on a regular basis, both short-term and long-term, for both myself personally and the business. It's really remarkable how key making a habit of pinpointing, naming, and actually putting down in ink your goals can be to succeeding. There was a time when I set out to open specific numbers of offices each year, and ultimately that's how we've grown to be a company with a hundred offices in ninety different cities. Another habit that I've made part of my daily routine is that I always walk to work when I'm in New York, unless I have a good reason why I can't. It's about sixty blocks, or three miles. I love it and find it to be a great stress reliever and a very helpful way to clear my mind and stay focused.

Do you believe in the Law of Attraction?

Yes, I believe in that 100 percent, as well as being grateful for what you have. I try to take the time each and every day to think about what I'm grateful for. Positive things happen to positive people. I actually have these quotes on my wall. Growing up, my dad and I used to discuss quotes that we love, from literature and fiction to great thinkers and entrepreneurs. And when I graduated from high school, he gave me a collage of our favorite quotes. It may be a bit corny, but many of those quotes were really helpful reminders to stay positive, be grateful, and to never give up. Ultimately, I really couldn't agree more with those sentiments.

What are some quotes that you live by?

There are so many! Where do I begin? One is, "If you can meet with Triumph and Disaster, and treat those two impostors just the same," which is from a poem I love by Rudyard Kipling titled "If." Another from that same poem is, "If you can fill the unforgiving minute with sixty

seconds' worth of distance run." Of course, "Tis better to have tried and failed than never to have tried at all" is a favorite twist on the classic quote from Alfred Lord Tennyson. Another favorite—although it may be cliché, I think it holds true—is, "If you don't have anything nice to say, don't say anything at all." One of my absolute favorites though comes from a piece of advice Polonius gave to Laertes in Shakespeare's *Hamlet*: "This above all: to thine own self be true, and it must follow, as the night the day, thou canst not then be false to any man," and finally, "Honesty is the only policy." These last two really stand out because I truly believe in the value of honesty, integrity, and authenticity. I don't think you can have real success without those qualities, and I think that nothing is more important than being honest with others and true to oneself.

What are some of your favorite books?

I read as much as I can, and my tastes change depending upon what I'm working on. One book that continues to stick with me is *Man's Search for Meaning* by Viktor E. Frankl. It really makes you reevaluate your experiences (realizing there is meaning in every moment of life, even in the low points), appreciate everything you have, and understand the importance of identifying a purpose and striving toward it with hope. Another great book is *Broken Open: How Difficult Times Can Help Us Grow* by Elizabeth Lesser. I also like *Outliers: The Story of Success* by Malcolm Gladwell and *Hyper Sales Growth: Street-Proven Systems & Processes. How to Grow Quickly & Profitably* by Jack Daly, who I know personally and think is fabulous.

How do you define success?

Being able to see your business provide a positive change to the world is one of the greatest forms of success in my book. I also think doing what you love and helping others with that passion is another major factor for real success (I think on some level that inherently requires being true to yourself).

What is the key to success?

It may be a tired cliché, but if you can find something you can enjoy doing, you'll never work a day in your life. I love giving people from different countries, different backgrounds, and different walks-of-life the ability to effectively communicate with one another. And all of the late nights, long hours, and hard work truly feel worth it knowing that my work can remove language as a barrier and from the list of differences between companies, organizations, and people to ultimately help connect them.

Did you always know you would be successful?

I don't think I thought about it in those terms. I always had dreams. I always set goals, and I always knew that I was willing to work as hard as I possibly could in order to achieve them. That said, beyond hard work, I was raised to be independent and was always encouraged to believe in my ideas and my own self-worth.

When faced with adversity, what pushes you to keep moving forward?

My passion and drive always keeps me moving forward, as well as everything I have to be grateful for, which is really a great deal. At the end of the day, even when faced with challenges, I'm still doing what I love to do, and I consider myself incredibly fortunate.

What is the greatest lesson you've ever learned?

There are two actually, both of which my parents taught and instilled in me when I was young. The first is to never depend on anyone else for anything. And the second is simply to know that I, as a strong, working woman, can have both a family and my career, and that I don't have to sacrifice my goals or dreams of either for the other.

What do you enjoy doing in your spare time?

Reading, which I can never get enough of. Traveling and seeing new places, especially with my two sons and husband. Giving all the time I can possibly give to the American Heart Association, which is a charity that is very near and dear to me. Spending time with my close friends, who mean the absolute world to me. And above all else, being with my family, whether it be traveling, baseball, golf, tennis, swimming, hiking, and enjoying nature together, or simply wonderful conversations over our long walks, or laughter and tears during movie nights.

What makes a great leader?

A great leader understands the value of the team that they lead. A great leader can inspire their team to do the best work they possibly can through positive reinforcement, encouragement, and, above all, through leading by example. A great leader understands that the people they are leading come from different walks of life and can appreciate the unique perspectives and solutions their team can offer to a problem and to the company.

Tell me about one of the toughest days you've had as an entrepreneur.

It was actually before I was an entrepreneur when I was just starting out on my career. Right after graduating from NYU with my MBA, I took a position doing equity arbitrage in the proprietary trading division of a French bank. I was the only woman in the office, and I was very enthusiastic about taking those first steps on my path to a high-powered career in corporate finance. Unfortunately, my hopes and expectations were immediately crushed when reality began to call—literally, in the form of the office phone. Whenever the phone rang, the guys would yell across the office, "Liz, phone!" This happened over and over and over again. All day long. It wasn't because answering phones was part of my description. It wasn't. Nor because I was the junior most employee. I wasn't. It was because I was a woman. I have nothing but the utmost respect for receptionists and office managers, but clearly that was not the job I was brought on to do. I had never quit anything in my life, and

the feeling that I had somehow failed began to set in. How could this happen? I had an advanced degree in finance and international business. I was smart, hard-working, and a leader, and I knew I hadn't spent those years studying, honing my skills, and working my tail off so I could make coffee and take messages for my colleagues.

How did you overcome the challenges at hand?

I had the courage and belief in my own value to do what I knew I had to do. After just one month on the job, I gave my two weeks' notice. With the deeply held belief that I deserved to lead, I knew that if I wasn't going to be allowed the space to do so, I would have to create that space myself. And as you know, that very decision is what ultimately led to the creation of TransPerfect. So in short, I believed in myself, stayed true to what I knew was right, didn't ask permission or apologize for being a strong, intelligent leader, and simply got down to work forging my own path forward.

What is your vision for the future of TransPerfect?

To keep growing, to continue expanding to other countries, and to extend our reach to every corner of the globe. To help as many businesses and organizations as possible effectively communicate with one another and to ultimately create a better, more connected world that isn't bound by different languages and cultures but is instead empowered by them.

What do you think is the most common mistake entrepreneurs make?

The most common mistake entrepreneurs make is expecting success to be a given or to happen overnight. Setting achievable goals and continually reevaluating and setting new ones once those are met is very important when starting and building a new business. Rome wasn't built in a day, and neither were Apple, Amazon, Google, or even TransPerfect. New entrepreneurs will always overestimate their numbers, whether it is sales, product, or clientele. Having a realistic understanding about the needed commitment, time, and hard work and then having the fortitude to go above and beyond that is key.

What advice would you give to young entrepreneurs?

I'd tell young entrepreneurs that it's okay to dream big, but just understand that there is a process to building a business, along with a lot of time, dedication, and hard work. Set concrete goals, put them down in writing, collaborate with others, take things one step at a time, and be ready to work your tail off.

What advice would you give to women entrepreneurs?

Know that bossy and difficult are labels given to women who have the courage to lead and the gall to speak their mind. So be bossy, be difficult, and don't let anyone ever make you feel like you should be quiet or apologize for your strength and ability to lead. Don't ask permission, and if you aren't given the space to be a leader, go create that space yourself.

Do you believe the American Dream is dead?

No, absolutely not. I recognize that we're in a time in which many people rightfully feel forgotten and disillusioned and are deeply hurting. Certainly there is always work to be done, and I do believe we can be better. That said, there is so much opportunity in this country. So much innovation, brilliance, passion, and heart, and we are only getting better each and every day. I am very optimistic about the future of this country. I truly believe that this country has a special quality that undeniably makes it the greatest country on earth. And that quality is the vastly diverse and unique people that make it up and the dreams they have, their optimism, their hope, and their fight for an even better tomorrow. I believe that is the American Dream, and that is something that can never die.



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