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The World According to Me [Inc. Magazine, January 1998— An interview with management consultant Lanny Goodman of Management Technologies. Goodman explains how a company should be designed to satisfy its CEO's personal needs

Face to Face

Forget strategic planning. Your first order in starting a company, says Lanny Goodman, is to design your business to satisfy your needs

Dynamic. Controlling. Masters of their own economic and personal fates; inhabitants of a world shaped to their very own liking by their very own despotic hand. Does that sound like the business owners you know? According to conventional thinking, it's what entrepreneurs typically look like: people who arrange their lives exactly the way they want them, just because they can. But Lanny Goodman of Management Technologies knows better. And, probably, so do you.

Over the course of 25 years Goodman has owned more than a few small businesses himself--working as a jeweler, a sail maker, and a personality profiler--and for the past 15 years he's played consultant to company builders who have discovered what he himself learned all too painfully through his own personal experience: a business is a demanding, heartless thing, and it can steal your life. It can steal your life, that is, if you let it. And how not to let it is what Goodman teaches.

We met Goodman on the conference circuit, where he is one of those rare instructors everybody ends up talking about during breaks around the coffee station--where, not infrequently, CEOs succeed at cornering the man himself for an ardent, on-demand seminar. Even in a crowded hallway, Goodman isn't hard to spot. Now 49, he's six and a half lanky feet tall (give or take), with jar-lid spectacles, a ponytail 12 inches down his back, and a pocket full of his own herbal tea bags for just such impromptu occasions. He's a missionary, so it's not tough getting him to talk.

His management specialty is strategic planning, but what attracts and provokes the business owners who hear him is a single principle, his bedrock belief: "The sole reason for your company to exist is to meet your needs." Your needs. Founders in his audiences react as though they've been slapped. What does he mean?

What Goodman means isn't quite as plain as it sounds. Based on his intuition and his experience--both as a company builder and as a longtime adviser to entrepreneurs--he has concluded that nothing nourishes a company so much as aligning its business aims with its owner's personal ones. And, conversely, that nothing starves a company like keeping those aims at odds. So he proposes a disciplined strategic-planning process that starts with personal strategic planning--something that business owners, he claims, are uniquely positioned to do. Unlike wage earners, business owners can ask-- and get to act on the answers to--four basic questions: What do I need and want out of life? How can my company help me accomplish that? What would such a company look like? And how do we get it to look like that?

Those questions drive the process Goodman leads his CEO clients through, a process usually commencing with two days in Goodman's ochre-and-sage-colored, adobe-walled offices in Albuquerque. Although it's possible to map out an organization's future in a concrete, methodical way, Goodman says that it's the very first--and seemingly most obvious--step that company builders don't get. It is when they master the art of what Goodman calls "creative selfishness" that company builders can get on with the business of building a company. Inc. executive editor Michael Hopkins spoke with Goodman at his offices.

Inc.: You've said that the sole reason for an entrepreneur to own a business is to satisfy his or her own needs. Is that news? Aren't these people already better than most at taking care of their own interests?

Goodman: Absolutely not. They're horrible at it. Listen to what they say even if they do think they have conscious plans and goals: "I want to grow 10% a year." "I want to take

the company to the next level." Who cares? Explain to me why that matters. Ask most CEOs for that kind of explanation, and they can't give you one.

Inc.: What do they say?

Goodman: Too often, nothing. By the time a company gets past start-up and establishes that it can survive, most founders are so used to being reactive that it doesn't occur to them to reflect on their own. Conventional wisdom would have us believe that the company has a life of its own and we're all there to serve it. I don't buy that argument, but that's how we're taught. We're taught to be good soldiers--to serve others and sacrifice ourselves. I say poppycock; it's a bad model. When you assume a company has an independent life of its own, you too easily fall into the trap of dedicating yourself to the blind pursuit of sales or market share or some other manifestation of "progress" without ever stopping to ask the question, Why?

Inc.: But in some very concrete and overwhelming ways a business does have a life of its own. There are employees, investors, customers, and a local community that the company is part of--a whole range of people who have a stake in your company and want something from it, which means from you. Doesn't a founder have an obligation to them?

Goodman: Yes, but the founder's first obligation is to himself or herself. Part of what people don't get is that if that obligation isn't satisfied, none of the others can be satisfied, either. Not really. Not over time. But even before considering the consequences for others, what's wrong with thinking about what we get out of the businesses we start? If it's my ball and bat, it's my game. And if I'm not getting my needs met, I'm going to take my ball and bat and I'm going to go home.

Inc.: We've heard CEOs say those very words. You think they don't mean them?

Goodman: I don't think they say them seriously. And they certainly don't act on them. In one way, entrepreneurs are no different from the rest of us: we all get lost in the most mundane things. We lose the perspective of who we are, of what our true basic nature

is. And that causes suffering. It's tragic that our entrepreneurs--the people who put their butts on the line every day, the people who have the intelligence, drive, ambition, commitment, and courage--should wake up one morning and realize that they've created a monster that's devouring their life. To have that person really take a step back and ask the questions, Why am I here? What am I really trying to accomplish? How can this business I've built help me accomplish that? The logic of doing that is so clear and so compelling to people who find themselves at that crisis point. It's very easy for them to say, "Yeah, I get that. I've really been focused on the wrong thing. I've been focused on this business instead of on my life and what I want it to be."

Inc.: So a by-product of not taking care of your own interests is that you're likely to wake up one morning and discover that you've created a monster that devours your life.

Goodman: Oh, absolutely, and that discovery is so important.

Inc.: In spite of the suffering it causes?

Goodman: It isn't the discovery that causes the suffering. It's losing your way that causes suffering. I had a client call me up one day in tears. She runs a temp business that's quite successful, and she said, "Every time somebody comes in and asks me a question, I burst into tears. I can't make a decision. I lie awake at night." I said, "This is fabulous." She was stunned into silence. So I said, "Look, you can count on one hand the number of times in your life you'll be at a crossroads like this. And you'll learn things from this experience that you can't learn any other way. It's not fun but it's incredibly productive if you'll embrace this. This is one of the really special times in your life. The work is in renegotiating your relationship with your values, your shoulds and ought-to's, and learning to recalibrate your life around your needs."

Inc.: Yes, but when you're starting a business, does it really fit to say, "My needs and legitimate interests are primary and ought to be served first and foremost"?

Goodman: Absolutely. I learned that way back, in my first business. My partner was older and used to say to me, "You know, we have to take care of ourselves. Because if

we go down, then our customers are going to say, 'You know, Herb and Lanny were nice guys, but who is going to do my work?'" And that's exactly what would happen. This notion that the customer is everything is the worst kind of hogwash. Business is a bilateral process. It is not a unilateral process at any level of the game. Remember, the mission of every business is to fulfill the needs of the shareholders, and not just the financial needs. And we do that by taking very good care of our customers and creating lots of opportunities for our employees.

Inc.: So you'd advise the company builder to fight the urge to do what he or she thinks ought to be done and instead focus on making sure this bilateral process is working?

Goodman: There needs to be a recalibrating from shoulds and ought-to's to our own fundamental needs, what I call the art of creative selfishness. If you look at the dynamics of all relationships, personal or professional, they are vital and durable only when everyone's legitimate interests get satisfied. If I don't know what my needs are at a deep personal level and I don't know how to build a track to the fulfillment of those needs, then I cannot have a healthy relationship with my business. It becomes at some level pathological and puts the relationship at risk. The underlying importance of creative selfishness is that we honor our own integrity and recognize that our ability to give is directly proportional to our commitment to receive. Unless we maintain a balance in those things, then we cannot serve at bigger and higher levels.

Inc.: I understand that conceptually, but how does it play out in the real world?

Goodman: If you ask most entrepreneurs what they want to do with their businesses, most will tell you that they want to build them up and sell them. If you ask why, they'll tell you it's because they can't stand the daily hassles and the financial risk of having so many eggs in one basket. Both of those problems can be solved with some planning. If your company is supporting you in having a great life, why on earth would you want to sell it?

Inc.: This is business building on a very personal level.

Goodman: It's a mistake to think that owning your own business can be anything but personal. That's both the curse and the blessing of the entrepreneurial company-- there's no place to hide. When you look at your company, you're going to see a reflection of yourself. Clarity, coherence, and focus are critical in the marketplace and in relationships. When you wring the ambiguities out of the system and all the people involved are clear about who they are and what they want to accomplish, to the degree that that's possible, it makes for much healthier relationships and a much more vital and energetic company. When your company doesn't fulfill your needs first and balance the customers' or employees' needs with them, everything unravels. Either the business will just fall apart or you'll wind up with this sick, codependent, very toxic environment. The company won't support your life on any level. And if it's not life supporting, why bother? There are so many other ways to make a living in this world.

Inc.: Let's go back to that world where the business owner has the bat and ball. How do we reconcile the owner's interests, needs, and wants with the legitimate interests of all the other constituencies that are necessary to make the business really work? Don't they all need to be in alignment? Doesn't there have to be compromise?

Goodman: Of course, absolutely. And the process is coming to the table and saying, "I'm the entrepreneur. Look, I've got some legitimate interests here," and you as an employee say, "Well, I have my own interests." Then we put our heads together and figure out how to make our interests converge. Think about it. You do this every time you have a salary review or a career-planning discussion, and it's implicit in every strategic-planning meeting. If those interests can't be made to converge, then you have to look the employee in the eye and say, "We don't have a relationship here. It's time for you to go do something else, and I'll find somebody who is going in the same direction as I am." And we can do that respectfully and with mutual concern and support for each other's transition. Because the issue for the entrepreneur ultimately boils down to leverage. How do I leverage myself?

Inc.: What do you say to somebody who comes back to you and says, "I don't have the choices you think I have. I can't act on my own real self-interest because I have almost

a moral obligation to care for all these other constituencies out there. And they are just too powerful; there are too many of them." Are you suggesting that unless you care about your own self-interest at least as much as you do about all the others in your business relationships, that what you're doing won't work?

Goodman: A year or so ago, a client asked me to come out and spend a day with him, meeting his people and seeing his business, and then give him my thoughts on what he might do to make things better. Over lunch I heard him say (for the third time that day), "Well, I chose not to take on that battle." I stopped him and said, "Let's get something clear. It's not OK for your business to be unresponsive to your needs. It's not OK to be doing battle with your business over those things that you feel strongly about. It's your business. If it's not responsive to your needs, whose needs should it be responsive to?" Not being clear about your needs puts your relationship with your business at risk, absolutely. If you don't know how to treat yourself like a customer, then you don't know how to take care of your own legitimate interests. You don't know how to look a client in the eye and say, "No, I can't meet with you Tuesday because I have a strategic-planning meeting." And I'll tell you something. Your customers will respect you when they see clearly that you're taking care of your own business. In fact, that will give them the confidence that you're serious about being in it for the long haul and taking care of them. Relationships work only when there is mutual fulfillment of needs.

Inc.: So you're suggesting that a huge factor in creating a successful enterprise rests in discovering the magic formula for pleasing all the people all the time, including yourself?

Goodman: The real job of leading an enterprise is understanding what those legitimate interests are and creating a system by which, to the greatest degree possible, everybody's legitimate interests get satisfied. That's how you create alignment. That's how you create coherence and vitality. And that's how you create an enterprise that's going to be consistently successful for the long haul. Now, in that context where is there room for the CEO or the owner of the company to say, "Well, I should sacrifice myself at the altar of this business so that everybody else can get their legitimate needs satisfied"? Where does that fit in? It doesn't.

Inc.: But doesn't that slow down the growth of your company?

Goodman: Look, I think the opportunity that exists for entrepreneurs more than anything else is to create really human environments. Because in the final analysis, a sense of meaning is so much more important than just money. Ultimately, it puts us in a position where we are better able to serve. Because when we are emotionally bankrupt by virtue of having burned ourselves out, then we have nothing to give. On the other hand, when our hearts are full, our lives are full, we've learned to leverage ourselves, and we've learned to exercise the highest capabilities that we have as human beings, then we can give at such bigger, more powerful levels. And that is the ultimate reward.

Inc.: But just how realistic is it for an entrepreneur yoked to the goal of fast growth to be able to step back and reflect on whether everyone's interests are aligned? Isn't it excruciatingly difficult to step off the growth path for such reflection and then expect to be able to hop back on?

Goodman: Your question misses the point. That is precisely how you create fast growth. And it's hard. So what? What else are you doing that's so important? Also, I don't buy this notion of either grow or die. There are times when that's true, but most of the time it's not. We lose sight of the fact that we live better than the pharaohs. Does it really matter if we make \$1 million, \$5 million, or \$50 million? So the real question is, again, how can I create a life that I will look back on as an incredible shining adventure, and how can the business be a vehicle to help me accomplish that?