Porsche Experience: Jay's Latest Philosophies

I conducted a problem-solving clinic – at a Porsche racetrack facility – designed for a diverse group of high-level mastermind participants. In it, I shared my latest philosophies around these powerful key concepts:

CONTENT

My Philosophy Around "The Strategy of Preeminence"

If you study my background, I'm well known for something I coined "The Strategy of Preeminence". It's a strategic philosophy that should govern everything you do, and should be the foundational rock of your culture. It should be the basis of your selling, your relationships with your team, vendors, marketplace, communications, and more. It's an integrated philosophy of elevating yourself to a position of indisputable, incomparable strata and stature in the market. When implemented, you are seen as the most trusted advisor and only viable choice.

The Strategy of Preeminence has many components to it, one of which is putting into words and verbalizing what people want and don't want, and really showing them you understand what they are doing. It entails giving people a point of view that is different that they can buy into and evolve conclusions that best support them. With this philosophy, you have a moral obligation to not sell them less than you should, in less quantity than you should, in less combination, in less consistency or in less sustainability – not to maximize the money you make, but to ensure they get the best outcome. You also have a moral obligation to not sell them what they don't need. If you really believe your business provides greater support, performance, enhancement, etc. – then you have a moral obligation to not let them buy from a competitor or alterative means.

The key to the Strategy of Preeminence is in changing your focus: You have to not fall in love with your business, industry, product or service – but rather fall in love with the clients you serve. You have to want to see your product or service at work transforming their lives. Further, you use the word "client" – not "customer". Why? You want to be seen as the most trusted advisor and be seen as distinctive, differentiated, proprietary – not generic. If you call someone a "customer," Webster's defines it as someone who buys a commodity or service. It demeans you. Webster's defines "Client" as someone who is under the care, protection, and well being of another person. You have a much greater fiduciary responsibility.

My Philosophy Around "Relationship Capital"

We've done billions of dollars in documented revenue utilizing derivatives of relationship capital. When I take on a client, the first thing I want to know is who already has direct, trusted access to the market they serve. Who are the decision makers that are non-competitive? Further, I want to know what do people buy before, during, and after they buy from my client, or instead of buying from my client (alternative means – which may include doing nothing at all). I also want to know what kind of strategic, integrated, collaborative relationships my client can create. When we set up strategic alliances for clients, they are all consuming.

I remember we grew a company from $300,000 to $500 MILLION in 18 months. We did it by going to people who were the best newsletters in the world and set up an integrated, perpetual, sustainable relationship that had threads running throughout the entity. For example, everybody who subscribed to the newsletter had us recommended to them. We gave them a fabulous collection of material including interviews with prominent individuals and advisors. We secured four special editions of the newsletter that I had written and that we paid for to have them published every year. We funded regional seminars.

When mailing pieces stopped working, I would fix them and underwrite them in exchange for joint tenancy of the names. When they stopped utilizing the informational bonuses they were using, we would utilize the copy for lead generation. In the company itself, we wouldn't sell anybody anything the first time. Everybody else was trying to "hit and run". Our deal was that we wouldn't sell them anything until they saw and grasped why people were interested, then we would sell an introduction to the product, and a further step up, and it was very progressive. It took longer and put us into negative cash flow initially, but we ended up with about five times the average sale and retention.

We've found 47 ways you can leverage other peoples' access, assets (both tangible and intangible), distribution channels and more. For example, one time we did a deal with a big medical delivery company. They had time critical elements going out, but it was not time critical coming back. We found a general shipping company that was getting killed on their expenses, but they didn't have time critical delivery. So, we got rid of their overhead, partnered with the medical delivery company, and they utilized that.

You can get experts to convert their fees to percentages of revenues, savings, productivity and more. If you utilize relationship capital right, you can instantly establish credibility, enter markets/cities/parts of the world you're not in, access all kinds of things, and more. I remember buying the rights to many people's newsletters for a short period of time and I took people's 16 page letters, dropped them down to 8 page inserts, and the first week we made $500,000. Relationship Capital is all about seeing correlations and connections. I've been on the frontlines of so many different transactions and industries and seen so many different strategies, distribution models, marketing approaches, value-adds, and more that it becomes second nature.

My Philosophy Around "Risk Reversal"

Anytime two people come together to transact any kind of transaction, one side is always being asked by the other to take one all or most of the risk. You have to first determine what the risk is – both tangible and intangible. Then, you have to optimally eliminate it. If you can't eliminate it, you want to mitigate it. What are the issues that are knowingly or unknowingly holding people back?

Forty years ago I learned about marginal net worth, lifetime value, and allowable cost before anybody understood what it meant. We bought a company that was only doing around $20-$30K a year selling a mail-order patent medicine for arthritis called Icy Hot. Back then we had no marketing budget. I was given an assignment with no salary to go to every radio station, television, magazine and newspaper I could and persuade them to run ads when they had unsold time or space and they could keep 100% of the money. (Actually, we have them 115%. When we sold a $3 jar, we would give them $3.45 cents.) Before we could do this, we have to think about what the real deterrents radio stations, TV stations and magazines/newspapers had with respect to the deal.

Well, first was that they wouldn't get paid. Second, the product wouldn't be fulfilled. Third, the product wouldn't fulfill the promise. So, I had to preempt all of that. First, I had them keep the money. I simply asked them to send us the name so we could fulfill on our promise. Second, we wouldn't let them do it until we sent them 24 bottles. If anybody complained, we would rather they got two jars than one. Three, we told them we would send them the testimonials we get every month.

The reason we did this was due to our analysis: For every ten first-time buyers who spent $3 (and we gave the partner $3.45) eight out of ten would buy every month forever. It was a very high repeat. Of the eight out of ten, four out of the eight would buy another product in the line every month forever. Of the four, a couple would buy bulk twice a year for their friends to give away. So, every time we lost 45 cents, we were accruing $50 net profit a year forever! We got over 1000 different distribution sources to do it and we ended up getting $27 million dollars' worth of advertising expose in one year (and this was in the early 1970's). In fact, we accidently forced retail distribution, which massively transformed the value of the asset which went from being a mail-order product to a consumer product in retail. G.D. Searle ended up buying the company.

My Philosophy Around "Learning and Adapting to Business Realities"

No matter what you believe in, human nature is immutable. We have to communicate in different forms, languages and more, but the motivators haven't changed. The first thing I do when I work with a client is that I start with a very deep Socratic interview. I look at all the integrations and implications. I look at correlations, anomalies, and everything going on right now. While everybody wants to grow more, I look at underperformance first. I look at everything they are doing that is driving the business. I look at how to maximize. I'm trained in how to multiply performance in everything and how I can upgrade every part of the leverage marketing process. There are 25 different impact points almost no one thinks about, and we look at them. While everybody wants to get more business, I look to maximize what they are doing first. For the same cost, effort, people, activities, and more, you can get A LOT more yield.

For example, something you can do right now is utilize what I call The Amazon School of Marketing. Anytime you're trying to understand your market, you don't have to sit there waiting for divine intervention. That's a suboptimal place to operate from. To determine what people want and what they don't want, you can take your category and utilize Amazon (or even discussion groups). Look at every category of successful book for three or four years on your topic. Look at the headline. Look at the sub-headline. Look at the topic of all the chapters. Then, you go to the reviews. Look at both the 5-star reviews and 0-star reviews. When somebody is passionate, their subconscious preempts their consciousness, and they speak crisply and emotionally about what you want or don't want. You can gain a lot of language patterns you can mirror.

Ultimately, you want to know what you're dealing with. Then, you want to know about everything else. If you sell, for example, a supplement for weight loss, competitors are only one dimension. You want to know all the alternative means that are being used and how they are marketed, the messaging that is used, the places they are marketing and more. In the weight loss example, you'd want to know about people selling equipment, portion control food, videos, books, personal training, etc.

My Philosophy Around "Process Transformation"

I remember when the largest (at the time) first-time homebuilder in Mexico was a client of mine. They were doing billions of dollars and had thousands of employees. I came in to do what they were doing better and find alternative ways to do it. First, being trained in process orientation, I wanted know who their best prospectors and closers were and the scenarios they excelled in. I interviewed them to see what they did differently in mindset, action, communication, and more. Then I looked at their telemarketing to determine who was great at selling leads to optimize their process. Then I looked at their employee attrition, which was very high and saw their ads were lackluster and not very discriminate. I looked at making the proposition and discrimination better. I hired people as recruiters, and all they did was go out in the community and try and get sold. They would go to jewelry stores, carpet stores, car dealers, etc. and when they saw somebody who was really good, we would recruit them.

When it comes to transforming processes, the first thing to do with people is to optimize who is doing what and what can be learned from others. The process

(PEQ Optimization) can be done in person or virtually. When you use it, you get almost immediate results. It's predicated on your team listening to Socratic interviews done with each of them, and they have epiphanies that reveal the drivers and basis.

Instead of trying to shove process down people's throats, you are instead having them discover it. You record it, transcribe it, and end up with training and manuals for everybody. If you inherited various farm lands decided to put ten farmers on each of the pieces of land, and one yielded one crop a year, another yielded two, another yielded five…and you were allocating your richest land to the one farmer yielding one crop a year… you would probably adjust it. This is the mindset with optimization. It's the easiest first thing to look at, and it works.

With the home building in Mexico, I further instilled a transformative mindset into the company. They thought they were selling real estate. I explained to them that they were helping people transform their lives by availing themselves of what they were offering. They transformed the lives of couples who now have a greater marriage. They transformed the lives of their children because they were in a better environment. They transformed the finances of the families by them now having an asset with the house. I told the salespeople that there are very few people in life that have the ability to transform one life – let alone an integration and series of lives. Every time they interacted with someone, they had an opportunity to transform someone's life. I instilled this, and it transformed the company too. This is all about seeing optimization, seeing preeminence, and thinking both critically and strategically – not tactically and sub optimally.

My Philosophy Around "Referrals"

When I go to seminars I do the following exercise. I ask people in the audience how many of them can honestly say 20-80% of their business is driven by word of mouth or referrals. Usually half the audience stands up (sometimes more). I then ask people to remain standing if they can honestly say they have at least one formalized, systemized, constantly adhered to, company-wide referral generating process that everybody follows. It's at this point that 99% of people sit down. Then I ask if anyone has TWO formalized referral generating processes. More sit down. Three? Everybody is sitting. I have found 93 referral generating systems because I've looked at so many.

A referral-generated prospect converts faster, negotiates less, buys more, buys more often, refers people… and costs almost nothing. Yet, if you think about it, most people spend most of their time and money on activities that are designed to generate the first outer periphery of trust building when you have the easiest potential clients you can deal with right in front of you. Something is wrong with this picture. You don’t have to settle for small amounts of business when you can leverage formal, active referral systems.

My Philosophy Around “Assessing Right-Fit”

I’ve become proficient at Socratic interviewing. When looking at the implications of a meaningful growth strategy, I have an assessment form that is over 200 questions. We send it out and most people can’t answer half of it. In going through the assessment, individuals see the logical incongruities they are facing. I get a lot of people that come to me and they are blown away by my non-linear thinking, the logic of my ideas, the idea of growing their business geometrically, etc. – however they are in a constraining status quo where it is difficult for them to do something different. I do things to see how people will really perform. For example, I’m looking to see if they answer the questionnaire promptly – It’s a tell. If I ask them to do something that is very simplistic, but it’s out of their comfort zone, that too is a tell. I want to know what they are going to be like as a collaborator – and if they are not going to be a collaborator, the opportunity cost is too high. I can give people general advice, but the key is the empirical based nuances, understanding, and experiential basis.