

MSP SUCCESS

MAGAZINE

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Special Edition: Fall 2021

MSPSuccessMagazine.com

Cathy Coloff, CEO Of IT Radix

DELL EXPERT NETWORK IS A ONE-STOP SHOP FOR MSPs AND IT CONSULTANTS

The new network offers rewards, incentives, and quick access to all Dell products for servicing small businesses.



With the launch of the Dell Expert Network in February, Dell is providing a one-stop shop with incentives and benefits for IT consultants and managed service providers (MSPs) targeting the small business market.

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**The 4 Forces Of
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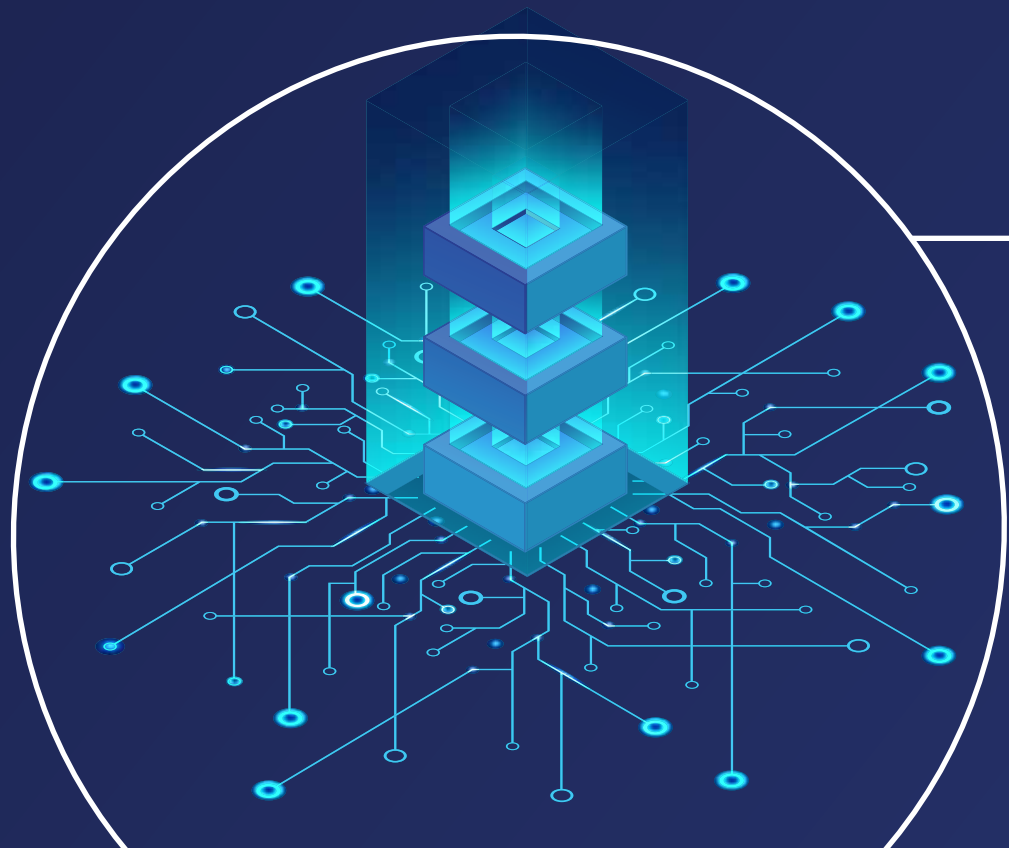
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**MSP Success
Business Feature**

Cathy Coloff



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The REAL Reason You're Not Getting Things Done

The other day I pulled a 14-hour day — a solid, honest, “run through the day, not walk” 14 hours, starting at 6 a.m. at my desk and wrapping up at 8:10 p.m. — not 14 hours stretched out with long coffee breaks, an hour lunch, a workout, etc. Food was hastily eaten standing up, coffee was made while on conference calls, and piles of work were messily surrounding my desk as I quickly (urgently) moved from one thing to the next. By the end of the day, my ear hurt from wearing my headset. But MOST important was that I wasn't just *busy*, but *productive*, getting an ENORMOUS amount of important work done. Multiple initiatives moved forward, and I made progress and accomplished my objectives.

It seems to me that far too many people run around “busy” all day but are rarely productive. They're constantly snacking on social media, watching videos, texting, staring into their phones, wandering around the office at the water cooler, and incessantly checking email. **All BUSY work, but definitely NOT industrious.**

There IS a major difference, and if you want to secure a higher-than-average income as a salesperson, executive, or owner and profitably run a high seven- to eight-figure IT services business, you'll have to get this very, very right. Not just hustle, but hustle on the RIGHT things with intention and purpose. Too many days of distracted, unproductive work and you're too behind to catch up.

In my experience working with MSPs and IT services business owners who are small and struggling, the common thread is their complete lack of ability to make smart time choices and organize themselves, their work, and their schedules to ensure they actually make progress every day. In most cases, they don't even understand the time-money link, routinely wasting time at \$10–\$15 an hour while they ignore more strategic and important work, excused for not “having the time” to get to it, saved for “tomorrow” or sometime in the future when they “get around to it.” Pfu!

This unproductive behavior is almost entirely based in a total lack of HONEST AMBITION and genuine desire to accomplish the wishes they utter or secretly hold for more money, more security, and more success. They say they want it but remain too distracted (on purpose) to organize and discipline their own daily behaviors, constantly holding back, hesitating, and slow-walking it. Napoleon Hill wrote about “burning desire” as one of the characteristics of entrepreneurial giants. Very few of the small-business owners I see struggling with productivity are really “on fire” and relentless about achieving their stated goals.

They aren't intensely studying and aggressively consuming useful information on how to accomplish them nor ardently working on implementing what they've learned every day, teeth bared and steamrolling anything and anyone standing in their way of obtaining those goals. They aren't **ruthlessly intolerant** of missed deadlines and goals and poor performance from themselves, vendors, and people who work for

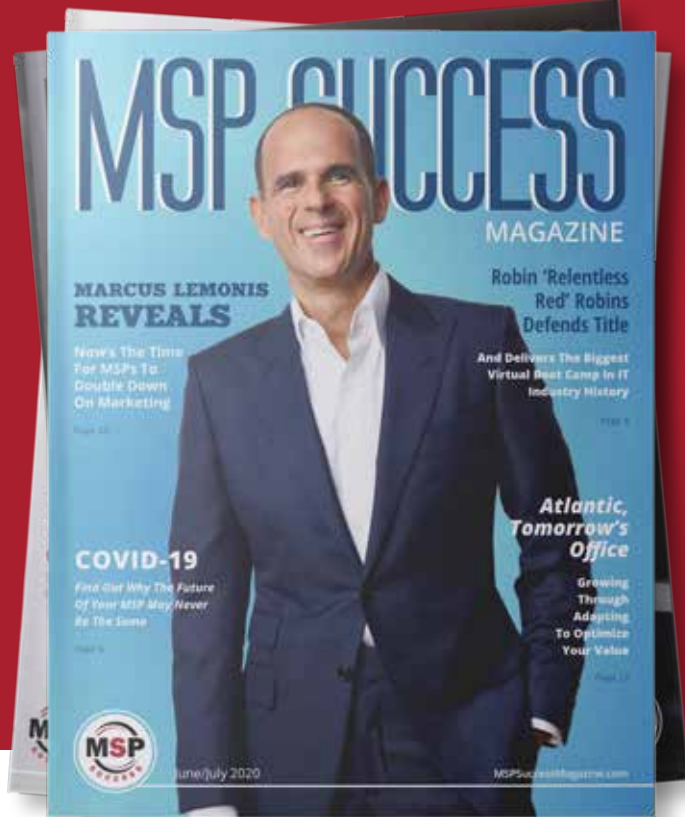


Robin Robins

**Founder and CEO,
Technology Marketing Toolkit, Inc.**

them. They lack clear goals and daily, weekly, and monthly productivity measurements, constantly giving themselves “timeouts” and extensions. NO urgency.

At the end of my day, I know if it's been a productive one based on goals I've set, productivity measurements, key performance indicators, and milestones completed and/or set in motion. How about YOU? How fiercely committed are you to your stated objective and goals? This edition of MSP Success is dedicated to ENTREPRENEURIAL PRODUCTIVITY because it IS a critical component to accomplishment and achievement that constantly needs monitoring, study, and improvement. Time is one of our most precious assets, and a minute wasted is one we cannot recapture or profit from. ■



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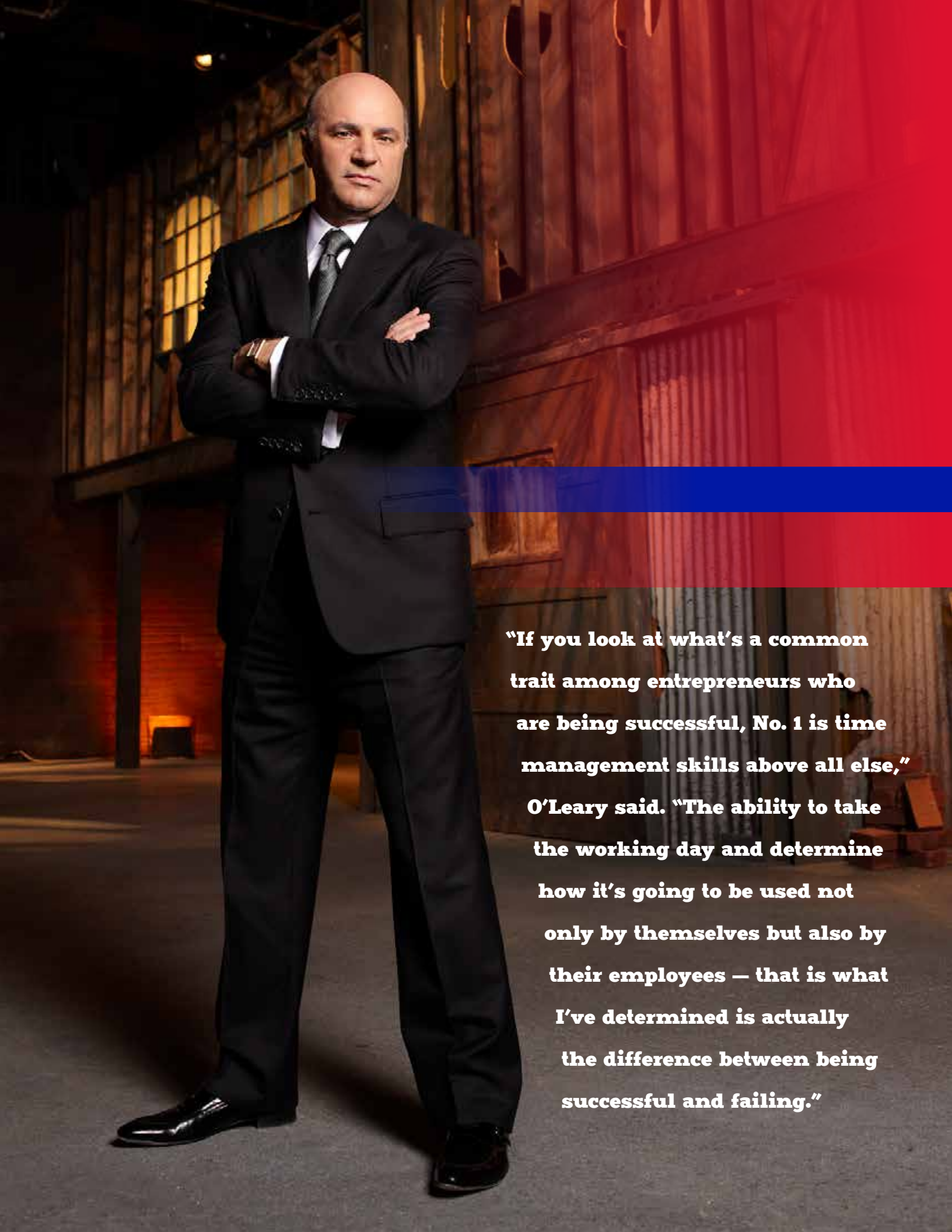
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A man in a dark suit and tie stands with his arms crossed in a dimly lit industrial space, possibly a warehouse. The background features wooden walls and large windows with metal grates. A red and blue horizontal bar is positioned behind the text on the right side of the image.

“If you look at what’s a common trait among entrepreneurs who are being successful, No. 1 is time management skills above all else,” O’Leary said. “The ability to take the working day and determine how it’s going to be used not only by themselves but also by their employees — that is what I’ve determined is actually the difference between being successful and failing.”

Mergers, Acquisitions, And Getting Your MSP Ready To Sell For BIG Money

Advice From A Shark To MSPs



It was the 1970s, and Terence Thomas Kevin O'Leary was set to change the world. He had graduated with a degree in environmental studies and psychology and was determined to make a difference in the real world. However, his course was set to take a different turn thanks to some honest, sage advice. "Look, you're going to starve to death," O'Leary's stepfather, George, said to him. "You're not going to make any money. Go back to business school."

So, that's what O'Leary did.

More than 40 years later, O'Leary, better known as Mr. Wonderful, has taken his stepfather's advice and excelled beyond anything that young college graduate could have ever anticipated. Shortly after business school, O'Leary partnered with some of his classmates, founded Special Event Television, and never looked back. Multiple businesses, successful investments, and millions of dollars later, O'Leary has established himself as one of the world's foremost business leaders, authors, TV personalities, and political influencers. O'Leary regularly invests in burgeoning companies through ABC's "Shark Tank," launching products into household names, and today, he serves as the chairman of O'Shares Investments ETF.

O'Leary recently shared his expertise and the lessons he's learned on his way to success with Robin Robins and an exclusive group of her Tennessee-based marketing company, Technology Marketing Toolkit. Pulling from his decades of triumphs and failures, O'Leary shattered the belief that chaos and mistakes are anything but opportunities.

His Dad's Grit And His Stepdad's Advice

Terence O'Leary was a proud Irishman. He worked hard in sales to provide for his wife, Georgette, and their growing family. When his first son was born on July 9, 1954, Terence knew he needed a strong, long, Irish name that he could carry with him for the rest of his life.

Terence Thomas Kevin O'Leary was the first child of Terence and Georgette and was fondly nicknamed Kevin for the rest of his life. His brother, Shane, soon followed, and life was good, albeit not without its obstacles. Both Georgette and Terence pulled double duty to give their sons the best life they could, and it was simple and beautiful — while it lasted.

At age 37, Terence died, leaving Georgette and her two young sons to pick up the pieces of their lives and carry on without him.

"Times looked tough," Kevin recalled.

That is until Georgette met George. The couple fell in love, got married, and Kevin and Shane had a father figure in their lives again. The new family packed up their quiet Canadian life and began jetting across the globe, moving every two years as part of George's career with the United Nations. By the time he was a teenager, Kevin had been to Egypt, France, Japan, Tunisia, Ethiopia, Cyprus, Cambodia, and Switzerland, building an appreciation for how small the world really was and gaining an education far more valuable than what the textbooks at school in Canada could have provided.

"You name it, I've been there," Kevin shared. "Living in all these places and seeing them had a profound impact on me ... [I had a]

firsthand education on how the world really works. Living there and being there gives you a big experience."

When the time came to head off to college, Kevin landed in environmental studies and psychology. That's when his stepfather gave him the harsh advice that would shift the entire course of his life. Kevin's degree wasn't going to cut it in the wild; he needed to find a backup plan, something with tangible potential to give him real roots.

Returning to business school led Kevin to business partners who helped him reshape his life path yet again. Kevin and his peers started Special Event Television, producing memorable sports series such as "Bobby Orr and the Hockey Legends." They eventually sold their business, and O'Leary started Softkey, which later became The Learning Company. Eventually, he sold to Mattel, positioning him as a business leader with a multimillion-dollar status.

But O'Leary didn't get comfortable there.

"If you think you can have a balanced life as an entrepreneur, that's [b.s.]," O'Leary said. "There's some guy who wants your customer who's working 25 hours a day; that's what I've found ... You're either going to control your own destiny, or you're going to be an employee. They're both noble. One gives you time to be with your family ... the other one is balls-to-the-wall, and the reason why you do it is more personal freedom."

O'Leary married his wife, Linda, in a simple ceremony in 1990, and the couple hosted their reception back at their apartment. As his family grew, O'Leary invested more sweat and tears into his businesses, building off that Irish grit he inherited from his father and the advice his stepfather instilled in him. They weren't going to starve. He was going to make some money, and he wasn't going to stop there.

After the sale of two successful businesses, O'Leary's pursuit of personal freedom was far from over. The next two decades saw his rise as an author, investor, financial expert, and business leader. O'Leary joined ABC's "Shark Tank" as one of the first sharks on the show in 2009 after the show's producer, Mark Burnett, snagged O'Leary from the British CBC version of the show, "Dragons' Den."

Today, O'Leary is a key investor in many household brands, including Honeyfund, Potato Parcel, LovePop Cards, and Wicked Good Cupcakes. Many of these products have catapulted to success, building off the path O'Leary has set for them while changing the game in business. And, they have taught this Irish Canadian shark a few lessons along the way, too.

Time Is Money. Stop Wasting It On Crap.

When Sara and Josh Margulis were planning their wedding, they knew they didn't want more pots and pans or dish towels. They wanted a sweet honeymoon halfway across the globe in Fiji. But websites that offered that kind of registry were asking for a big chunk of the change their guests would have given them. Dismayed, the couple set up their own website, and the result is one of today's most well-known honeymoon registry sites: Honeyfund.

O'Leary met the Margulis couple on "Shark Tank" in 2014 when he invested in their business. Since then, the business has grown to its premier status and continues to climb.

Beyond the financial aspect, the impact Honeyfund has made on O'Leary is found in the lessons he's learned from founder Sara Margulis. In fact, it's a lesson that O'Leary believes is the biggest determining factor of a prosperous entrepreneur, and subsequently, their business.

"If you look at what's a common trait among entrepreneurs who are being successful, No. 1 is time management skills above all else," O'Leary said. "The ability to take the working day and determine how it's going to be used not only by themselves but also by their employees — that is what I've determined is actually the difference between being successful and failing."

According to O'Leary, Sara Margulis has some of the best time management skills he's ever seen. The first thing she does every morning is determine the three big tasks she needs to complete before noon that day. Before she does anything else, she completes these tasks, racing against the ticking clock and prioritizing the biggest rocks in her business and life.



Technology can be a powerful tool in aiding this, but it's also one of the biggest distractions pulling entrepreneurs away from their goals and making money. Between tweeting, answering Facebook messages, and learning about the news in the world around them, entrepreneurs are not immune to getting swallowed up in the time-suck that is social media and technology. Whenever a business is failing, an audit of their time can often pinpoint the lack of time management skills and an abundance of distractions as the biggest inhibitor of their success, according to O'Leary.

"They'll do something that has nothing to do with making money, and the reason you go to work in the morning is to make money," O'Leary explains. "All the wonderful things you can do with your time are about making an income for yourself and your family, so why waste all your valuable time on the crap?"

When used correctly, social media and technology become so much more than "crap." For the past two years, O'Leary has partnered with a social media manager and expert to build his digital connection, grow his brand, and position himself as an Instagram, Facebook, and social media influencer. Through this growth, O'Leary has discovered that social media isn't a waste when it's harnessed for its full potential.

Equipped with the proper tools and team to make social media his ally, O'Leary continues to deploy this valuable gem. Wicked Good Cupcakes, one of his invested businesses, recently celebrated the sale of its one millionth cupcake, and to celebrate, O'Leary's team shot a beautiful promotional video and pushed it out on all of their business's digital platforms. O'Leary and his team understood that consumers who are buying greeting cards and registering for honeymoon funds might care about quality baked goods from Wicked Good Cupcakes. The wedding industry is a billion-dollar industry, after all.

O'Leary quickly learned that power in this digital age doesn't come just from viral memes and heartwarming dog stories. It can be found in the hard work done by entrepreneurs and their teams to create and push products that consumers need and crave. It's all about seizing the opportunity to grow and running with it, regardless of what the norm may be. Your business is your book. You get to write it.

Taking Advantage Of The Chaos

Many entrepreneurs start with an idea. They find a problem, and they discover the solution to that problem. They pour their heart, time, money, and energy into cultivating this solution into a tangible product for others facing a similar problem. Anyone with grit, determination, and a real, viable solution can do it. You just need someone who's going to listen.

"I take meetings with people who can solve problems for me," O'Leary said. "It's either you're saving me money or you're making me money. Everything else, I don't want to hear from it."

Growing and pushing your business to the \$1-million or the \$5-million mark is easy, O'Leary told us. When you solve that problem or find a way to keep making money, you'll have the attention you need to make your business hit \$5 million. It's growing past this mark that takes serious strategizing and understanding of who you are as a business owner and CEO. O'Leary is adamant that you can't be weak about it. Your weakness equates to weak sales, and sales are the foundation of any successful business.

To grow past that \$5-million mark, you have to ask yourself if you're truly the leader you need to be. Can you make those tough decisions? Do you need someone else to step in and lead

while you work silently in the background? Do you need to adjust your sales management? Are your marketing and sales connected? Are you wasting time on soft, poor leads?

For years, O'Leary was making the mistake many entrepreneurs continually make. His sales staff made money every time the company acquired a new customer. They latched onto hot leads and sold with the possibility of an incentive hanging over their heads. Meanwhile, his marketing team threw everything they possibly could at the wall. They threw their net out to the radio, TV, print marketing, and digital advertisements. If it was the next thing in marketing, they were pushing it, regardless if it worked or not.

Leads were stagnant.

Sales were down, despite the value of his salespeople.

The company was hitting a ceiling with no sign of escaping the multimillion-dollar cap they found themselves hovering around.

Instead of accepting that as the norm, O'Leary shifted focus. If the salespeople were rewarded for every sale the company made and motivated to plug more customers into the business for the monetary incentive, wouldn't the same rule apply to the marketing team?

The results were staggering.

"They make less money doing crappy activities and make a lot more figuring out what works, and all of a sudden, bingo," O'Leary explained. "We're doing a lot more of what's working and less of what isn't. [The marketing team is] making more money, and our enterprise value has doubled — just by tweaking the role. When we find something that works, we pour gasoline on it in the form of money, but that wasn't happening until I compensated the marketing people for that."

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Pushing past the \$5-million barrier requires a dedication to pushing the boundaries that have been set before you. You can rewrite the book that was given to you as a road map for your success and create something that transforms your business from a standard company into an enterprise. O'Leary's experience shows the value of seizing what's in front of you and making it work for your business, even if that means asking the tough questions and making even more difficult decisions.

"I believe business is war, and there are winners and losers every day. This is not a social club," O'Leary said. "This is about getting more market share, winning more customers, and keeping your competitors broken, defaulting, and going out of business. It's not a Kumbaya, sitting around the fire ... Something happens, and you have to survive it, and the weak die. I never lose any sleep over that. You have to be able to survive, and then you have to take advantage of the chaos. In chaos, there are opportunities."

Lessons From An Irish Winemaker

O'Leary Fine Wines had a problem. Someone posted a photo of its bottles of chardonnay — O'Leary's personal staple — with crumbled labels, as if the bottles had been soaking in the water. This was not the brand O'Leary had created with an appreciation for wine that he gleaned from his stepfather. This wasn't the image he wanted to portray, but the power of social media propelled it forward.

O'Leary was embarrassed and beyond anxious about how to explain this faux pas away. But he shifted focus away from defense. Instead, O'Leary sent two teams on a mission. One

was set to discover where this poster was located and how they could get apology bottles of wine into his hands. The other was sent to discover what was really going on and why this top-tier wine company had something as trivial as a labeling issue.

The discovery was quick and obvious. The team was relabeling the chardonnay bottles and left a small piece of adhesive film, tainting the label. O'Leary assigned his teams to send cases of wine to the gentleman who posted about the bottles, thanking him for helping the team discover the issue. Another team took to social media to explain the issue and advise the correct course they were now taking. Instead of all-out war, the issue simmered for mere days on the digital sphere, and a solution was found.

But O'Leary was still far from happy. Bad press had tainted this image, and he couldn't push past the idea that such a mistake had been made public.

That's when he was reminded that so long as you avoid legal and ethical problems in the press, any press you receive is good press. How you respond to that coverage is what's important. You have to take risks. You have to put your problems on the front line and dig into the real solution, even if it's uncovered via social media. You have to be honest with where you're headed, what your goals are, and how you plan to get there. When executed correctly, standing in the chaos creates success.

"Sometimes being a little edgy can work," O'Leary said. "You can't [b.s.]. You have to tell the truth ... "

And when you stumble into chaos, when the economy tanks, when you hit ceilings, or when you're thrown a curveball from your stepfather, how you respond is even more powerful than the collapse. ■



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Communicating Value And Expanding Repertoires

MSPs can do a lot of things for their clients, most of which can't be replicated with their own homegrown talent and resources. But it's quite common for MSPs to undersell the magnitude of the benefits their services bring to the table.

To an MSP, these services might feel like a commodity, which drives some to undervalue and underprice what they're pitching to prospects. But high-performing MSPs are separating themselves from the pack by continually adding new services.

When it comes to IT services outsourcing, the vast majority of customers want one-stop shopping. They need a trusted partner that views their systems holistically, not just a collection of point solutions operating in a vacuum. An MSP that can advise customers on what they need today and tomorrow is essential, given the complexity of an ever-shifting IT landscape.

This begins with the language MSPs use to position themselves. MSPs limiting themselves to specific technical areas and simply reacting to customer requests — versus proactively exploring all possibilities — are selling themselves short when articulating their value proposition.

The Art Of The Cross-Sell

It typically costs about 125%–150% of a customer's monthly recurring revenue (MRR) to close an initial deal, factoring in the various sales and marketing expenses. That's why MSPs fight so hard to keep their existing customers happy.

In the software industry, it's standard practice to lure in new customers with a particular product or service. Then, once customers are in the fold, businesses increase each client's value by continually pushing them to purchase additional offerings.

But for whatever reason, this is usually not the case with MSPs, which often do not have a strong sales culture within their organization. Instead, most MSPs work very hard to cram as many services as possible into the initial deal, then move on to other prospects once that deal is closed. This leaves a tremendous amount of revenue on the table.

Although a customer may not have initially been interested in backup or compliance services during the sales cycle, their needs will change over time. Plus, once they start seeing how much value they're getting from working with your MSP, they'll be much more open to expanding the relationship.

For MSPs, not pursuing cross-sell opportunities within their current client base is a huge mistake. The costs to win additional business from existing customers is negligible, but cross-selling can dramatically improve an MSP's MRR.

With customers already in the fold, MSPs can assess each client to see where opportunities for expansion lie. This includes proactively checking to see if the client's security is adequate, if they are planning for backup and disaster recovery, or if they are undergoing a digital transformation that requires additional cloud services.

Pricing For Profit

Another area where MSPs aren't always maximizing their margins is pricing their services. The underlying rationale for their price tags is often a hodgepodge of formulas and approaches.

Some MSPs are purely driven by what they see competitors charging. Others try to guess what the engagement will cost them, tack on some margin, and present it to customers, and some simply ask customers what they can afford and try to make it work.

There's no reason to adopt such a slapdash pricing strategy. By doing a little bit of homework, you can follow a standard formula that always nets a healthy margin:

- Calculate the cost of the tools required to manage the account.
- Tabulate the labor required for proactive services (such as monitoring endpoints or installing patches and upgrades).
- Tabulate the labor required for reactive services (e.g. fixing stuff when it breaks).

With these figures in hand, MSPs can add it all up, divide it by the number of seats, and see exactly how much it's costing them per seat to support each type of service. Take that number, tack on a 70% margin, and the pricing is all set.

Of course, not every MSP is already tracking these metrics, so it might require some effort to complete this exercise and create a systematic way to assess your expenses. But without that underlying cost data, any pricing calculations are essentially being done blind. MSPs are inevitably undercounting just how much it's really costing them to deliver and, therefore, underpricing in most cases.

Charge what your services are worth and don't be afraid to turn away prospects or fire clients that don't match your model. Every bad deal with low margins is taking up bandwidth that could be spent landing and supporting customers with higher margins and greater upside.

Mandating Standardization

Unless you're lucky enough to have a startup knock on your door and ask for help from day one of their business, MSPs are inheriting a potpourri of legacy systems when they onboard a new client. But just because a customer is using a particular solution before signing on doesn't mean MSPs must settle for the status quo.

Every additional variant an MSP supports is a direct hit on their ability to maximize profitability and efficiency. So, if your new client is using a firewall, server, or antivirus solution that you don't typically support, your staff are now going to require additional training and must keep tabs on new patches, upgrades, security alerts, and firmware updates from multiple vendors. Then there's the impact of "switching costs" as your staff members shift from one vendor's platform to the next. And, of course, these systems require monitoring with a variety of dashboards that may not integrate well or use common terminology or user interfaces.

MSPs should make their lives — and the lives of their staff — easier by switching clients to their preferred solutions as part of the engagement. Most customers don't really care about which vendor's solutions they're running on; they just want things to work.

If a particular prospect is unwilling to make the transition, MSPs should seriously consider walking away from the opportunity. While that additional revenue is nice, supporting multiple vendor solutions directly impacts profitability and the ability to scale efficiently.

With this approach, staff members only need to get certified on a limited number of platforms, and the business is primed to fully exploit the benefits of automation.

MSPs also shouldn't be afraid to approach existing customers and get them to switch to their preferred solutions. Even if that results in losing some business, it will pay off in the long run as engagements become more uniform, automated, efficient, and profitable.

Exponential Capacity Thanks To Automation

Many MSPs are pretty small operations — more than one-third have fewer than 10 employees. But that doesn't mean they have to hire an army of minions to accelerate growth.

By standardizing on a comprehensive tool set supporting the full range of IT services they're looking to provide, many routine tasks can be automated. This frees up their limited staff to focus on the hard, interesting challenges, letting day-to-day matters run on autopilot much of the time.

Automation enables MSPs to increase their book of business without ramping up headcount. This leads directly to increased profits and potential for growth.

Integration For The Win

Core applications like remote monitoring and management, professional services automation, and IT documentation are table stakes for any MSP. Unfortunately, many MSPs treat these as discrete tools in their arsenal.

But amongst high-growth MSPs, 80% believe integration between core MSP applications is important, and 92% connect this integration to helping them drive better bottom-line profits. Adopting a common platform for as many services as possible saves MSPs time and money, and there's no better place to start than with the most commonly used apps.

Remember, time is money! Your staff only has so many hours in a day, so devising ways to get the most out of them by eliminating inefficiencies is key to increasing margin on every engagement. ■



How Great People Make Magic Happen

Q: What are the top three metrics you use to measure your business, and why?

A: The first and most important metric I monitor is also the most difficult to measure – it's the strength and depth of a long-term relationship with our clients. It is all about their happiness. It is so important that we pay attention to the quality of our relationships with the people who make our business possible. This is not solely the key contacts, business owners or managers, but also going deeper to include all the users we touch with our work. That's number one.

Secondly, we monitor our clients' overall spend and investment with us. We also pay close attention to our monthly recurring revenue and production efficiency.

Finally, unlike most in our industry, we tend not to focus on the technical team's billable hours. Rather, we focus on their "connectedness" with our clients. As a matter of fact, our hiring strategy is to find and retain individuals in all business and technical areas who can enhance our client relationships, which is our number one priority. We are very high-touch with our clients. We have more business staff than the industry average to make sure we keep in touch with every client. Not every technician knows or understands how technology applies to business. That's why we focus on hiring team members who are more than just "heads-down" techs, but individuals who are good communicators and take the time to ensure our client's business need is clear.

Q: Top lesson you had to learn that allowed you to kick-start your business growth?

A: Sales and marketing was critical. I joke that I'm a "recovering tech." I was a technician by training, so sales and marketing was difficult and uncomfortable for me. I had to go out and be in front of clients to sell our services and knowledge. It's pretty straightforward how I improved – I found Robin Robins. We use many of her strategies here at IT Radix. We did very focused marketing campaigns to kick-start our business, and it worked. We're zealots about consistency and follow-up in our sales and marketing efforts. Those efforts set the stage for long-term, mutually-beneficial relationships.

Technology is not an end in itself. My experience indicates we must focus on what the client needs. Robin is a master at that. Most tech people tend to come from a whole different angle: "Isn't this cool? New technology can do X, Y and Z!" But not all businesses need the extra stuff. Our approach is to tailor the technology to their actual needs, wants and budgets, even if it's not particularly new or flashy. For example, I'd been advising our clients about the concept of managed services long before it became known as it is today.

Company:

IT Radix

Year Founded:

2008

Headquartered:

Morris County, NJ

Geographic Market:

Northern New Jersey

Top Growth Indicator:

Top-line revenue growth, monthly recurring revenue and client retention

YoY % Of Growth:

10%

CEO And Founder:

Cathy Coloff

Also, being consistent is key. You have to keep at it and you must deliver consistent, quality results. I believe “ya gotta be there” to succeed. I’ve been meeting weekly with the same marketing group for 16 years. Unless I was on vacation, I can tell you where I’ve been every Thursday morning for the past 16 years! Consistency is how you get the results.

A final lesson I learned is you can’t do it all. I needed people to help me out so the business could grow. I’m lucky to have a fabulous team I can rely on.

Q: What would you say was the single “secret to your success” this past year?

A: It’s simple – keeping in touch with our clients, especially during this time of economic turmoil. A lot of people’s attention shifts greatly to new clients, but we like to focus on our current clients. Additionally, we want to make our new clients feel like old clients. We call, email and meet with them on a regular basis. We offer free regular online training to improve their technological ease and security. We’ll often stop by when we’re in the area, we offer free electronic recycling regularly and we hold client appreciation events. These are just a few of the things we do because we believe our clients drive it all.

Depending on the situation, sometimes we’ll even play matchmaker, especially with our not-for-profit clients. Let’s say we have a client upgrading their equipment, but there is potentially still some life in it. We work with our not-for-profit client who can refurbish and reuse the old hardware. It’s a win-win!

Also, if it turns out that our services can’t help a client, we’ll refer them to someone we believe can. I know we don’t have to do that, but it’s important to be helpful (plus, nice!).

Overall, we want people to feel like they’re speaking with a friend. If we find out someone is getting married, earning an award or having a baby, then we celebrate with them. If we find out someone is ill or passed, we commiserate. That’s important: how you focus on your current clients and vendor partners is everything.

Q: What was the biggest challenge you had to overcome this past year related to either reaching that growth – or as a result of that growth?

A: I have to agree with many of the other MSP Success features I’ve read: finding good people. Finding great people is a real challenge. You have to identify whatever that person’s strengths are and align those with their responsibilities. Some people are naturally better at the nitty-gritty techie things going on. Other people are greater at figuring out customer problems and turning them into technical solutions. Then we have people who love routines, and others who can’t stand them! Finding great people and leveraging the strengths and weaknesses of our team members is a big challenge.

Q: Who would you say is the most impactful business leader or business thought-leader whose techniques or leadership style you either try to emulate, follow or are influenced by, and why?

A: This is interesting because I’ve been exposed to a lot of different thought-leaders over the years. A recent influence is Jesse Itzler. I stumbled upon him at a Producers Club meeting and completely connected on a business and personal level. He’s really homed in on what’s important to your business and how

to accomplish your goals efficiently.

On a more personal level, his philosophies of having “no zero days” and buckets in your life really hit home with me. He speaks about the three C’s of communicating, including consoling, complimenting and celebrating, which we’ve been doing at IT Radix since the beginning. To hear him say this was awesome validation.

Nido Qubein from High Point University is another one. His perspective on business relationships is now accepted everywhere.

Robin Robins hosted a Boot Camp guest speaker from Disney World, Doug Lipp. He was the former Head of Innovation & Creativity at Disney and talked about how to make magic happen for your customers. We use the Disney U concept behind the scenes at IT Radix as much as possible. We strongly believe in his suggestion of “putting on a good show” for the clients. Even if there’s chaos in the back, the client shouldn’t be exposed to it. Thankfully, we don’t have too much chaos behind the scenes but rather a lot of dedicated people making sure things run smoothly.

Q: What book would you recommend that other MSPs or SMBs trying to grow their business should read?

A: Years ago, before I even started this company, I read a business book called *The Power Of Nice*. I live by it to this day. Some people will tell you that nice guys are pushovers, but doing the right thing is really important. Being nice in a business context was always important to me, but it became completely concrete and well-defined when I read that book. From a growth standpoint, it helps because when appropriate we refer our clients and prospects to other businesses that can help them. We don’t do it because we expect payback; we do it because it’s the right thing to do. We get more positive feedback on how we work with our clients rather than the technical solution and support we provide. That makes me feel wonderful.

Q: In closing, any specific advice or “words of wisdom” you would give to other MSPs looking to grow or build a successful exit for their business?

A: These might sound cliché, but they’re so important.

First, surround yourself with great people. You can accomplish great things, but only if you lead the way. I started this company because I wanted something different than my previous work experiences. Like Gandhi said, “Be the change you wish to see in the world.” You have to initiate, move and lead the way. Good people will find and follow you so you can accomplish great things together.

Second, ask yourself what’s right for your employees; in turn, they’ll ask what’s right for the company. Working in IT is often a high-stress environment. Some clients are kind enough to call ahead for regular maintenance, but more often than not, they call when things go wrong and they’re under stress. To provide a relaxed atmosphere, we celebrate goofy holidays like “Hat Day” or “Bring Your Teddy Bear To Work Day” and we often extend those celebrations to/with clients. They love it. We’re flexible and support our staff’s life goals; for example, we have someone who needed to work part-time so they could attend graduate school. Several members of our team work remotely for health and family reasons. Our company culture is focused on teamwork and positivity, while making sure clients are first in our decision process.

I think people genuinely like coming to work here. Sure, we have days where we’re tired, but we laugh a lot too! We’re working hard, but we collaborate and work together. That’s huge. ■

5 Top Tools For MSPs



1

Zomentum:
Zomentum.com

zomentum

Convert opportunities into paying customers. Zomentum offers an all-in-one sales solution built exclusively for MSPs to help you manage opportunities and create winning proposals to close deals faster and win new customers. You can bring all your client and sales information into a single tool using Zomentum's native integration with all popular professional services automation (PSA) tools, including Kaseya BMS, Connectwise Manage, and AutoTask. With extended Zapier support, you can move opportunities to or from any marketing automation or PSA tool that's a part of your sales ecosystem.

2

GreenLink Networks:
GreenLinkNetworks.com

GreenLink
NETWORKS

Add VoIP services as an additional revenue stream. VoIP solutions have taken over the SMB market, and for good reason. In general, VoIP systems are cheaper and more feature-packed than the basic phone systems, giving SMBs the opportunity to leverage benefits in a way they haven't been able to before, such as streamlining inbound calls, using voicemail-to-email to ensure messages are returned, and utilizing a custom auto attendant to give their SMB an enterprise-company feel. Check out GreenLink Networks' flexible cloud phone system solution and generous compensation model for MSP partners.

3

Network Detective Microsoft Cloud Assessment Module:
RapidFireTools.com

RapidFireTools

Improve cloud management to increase security, save time, and win new business. As companies continue to move to the cloud in order to more efficiently manage their remote workforces, MSPs continue to grapple with decreased visibility and control over their now virtual computing environments. This new comprehensive module provides a powerful tool that delivers greater visibility and more control over virtual environments to safeguard against security gaps and simultaneously save valuable time. The Network Detective Microsoft Cloud Assessment Module produces detailed client risk and management plan reports as well as separate assessment reports for each of the core Microsoft Office 365 applications, such as SharePoint, OneDrive, Teams, and Outlook Mail.

4

Graphus Cloud Email Security:
Graphus.ai

GRAPHUS

Increase revenue, protect profit, and retain clients with an automated phishing defense. Graphus is the world's first automated phishing defense platform that protects businesses from cybercriminals posing as trusted contacts. As phishing attacks disguised as email messages from trusted individuals like a manager, coworker, or business associate grow more sophisticated, not even G-Suite or Office 365 can filter them out, but Graphus uses a unique, powerful, and patented AI technology to capture even the most sophisticated cyberattacks and social engineering scams to protect against phishing, business email compromise (BEC), account takeovers (ATO), identity spoofing, and credential theft. A Graphus solution can be implemented in minutes, and Graphus is available as an annual subscription, with pricing based on number of user-accounts being protected.

5

Beachhead SimplySecure for MSPs:

BEACHHEAD

BeachheadSolutions.com

Securely manage all employee-owned and company-owned devices. With more client employees working from home, MSPs need to ensure all devices used for remote, work-related activity have robust data security mechanisms in place. Beachhead Solutions offers cloud-based data security and encryption — built for seamless MSP portfolio integration — through its SimplySecure for MSPs platform. From a single multi-tenanted console, MSPs can enforce encryption and remote data access control for clients' Windows and Mac PCs, iOS and Android phones and tablets, USB storage devices, and Windows servers. Other features include remote data wipe and full monitoring, alerting, and reporting capabilities.

Puncture The Myth

Marc Randolph On Netflix, Mentorship, And The Importance Of Testing Your Ideas

If there's one person you'd be surprised to hear say, "There's no such thing as a good idea," it's Marc Randolph. As co-founder and founding CEO of Netflix, Randolph, along with co-founder Reed Hastings, created a company that is regarded as one of the best ideas in Silicon Valley history. In a place that's in love with grand innovation, it would be easy for Randolph to view his career in tech as the foregone conclusion of coming up with a concept that is now one of the textbook examples of disruption.

But Randolph, never afraid to go against the grain, rejects the conventional narrative of tech startup success. Early in his new book, "That Will Never Work: The Birth of Netflix and the Amazing Life of an Idea" (Sept. 15, Little, Brown and Company), Randolph immediately puts the sword to the Hollywood version of the origin of the streaming giant. "There's a popular story about Netflix that says the idea came to Reed after he'd rung up a \$40 late fee on Apollo 13 at Blockbuster," he writes. "He thought, 'What if there were no late fees?' And BOOM! The idea for Netflix was born. That story is beautiful. It's useful. It is, as we say in marketing, *emotionally true*. But as you'll see in this book, it's not the whole story."

If that didn't make his point clear enough, he later adds, "One of my goals in telling this story is to puncture some of the myths that attach themselves to narratives like ours."

*The Birth of **NETFLIX** and
the Amazing Life of an Idea*

That Will
NEVER
Work

MARC RANDOLPH
CO-FOUNDER AND FIRST CEO OF NETFLIX

The Art Of Storytelling

"That Will Never Work" revises the myth and attempts to tell the whole story while also dispensing what Randolph calls "hard-won truths" from his 40-year career in entrepreneurship. "I did not want it to be a 'you' book," he says. "You have to do this. You have to do that." It's telling a great story — about the things we overcame, the problems we had, the close calls. People will then pull out of that some of the lessons they can apply to their own lives and their own businesses. It's absolutely meant to be a great story first."



On that level, the book is an unmitigated success. It's the opposite of the dry business tome in which the author pontificates from on high about abstract concepts and actionable takeaways. Encompassing the brief span of time between Netflix's initial conception (January 1997) and its IPO (May 2002), "That Will Never Work" gives readers an inside look into the halcyon days of Silicon Valley, when, as Randolph puts it, "You couldn't prove to your investors that your idea would work unless they gave you money to prove that your idea could work."

The structure of the chapters, split into narrative blocks rather than digestible nuggets of wisdom, echoes the author's insistence on pulling the universal from the particular and not vice versa. Along with the scenes that teach some of those "hard-won truths," there are countless, vividly detailed moments that would work as well in a novel as in a so-called business book. In one outrageous passage, a screening of "Boogie Nights" at Steve Kahn's house turns into something worthy of its own inclusion in a Paul Thomas Anderson film, complete with Reed Hastings swimming laps, Mounds bars, and "Dirk Diggler [letting] it all hang out in crystalline, DVD-quality resolution, across an 8-foot screen."

As rollicking as the narrative itself is, there's no denying that this book will help business owners think critically and provide them with a fresh perspective. "It's designed mostly to be inspirational," Randolph says, "because I want people to feel they can do *this*. Whether it's taking their business from where it's currently at and growing it to the next level, whether it's overcoming some challenge they see on the horizon, whether it's straddling some new technological shift: I think all those things these days are doable, possible, and, I won't say easy, but certainly within everyone's grasp."

Perhaps the greatest way "That Will Never Work" achieves this, as its subtitle suggests, is by demonstrating exactly why there's no such thing as a good idea.

Build A Better Test

"The fundamental problem most people have," Randolph says, "is that they are obsessed with coming up with this great idea. And I have now become convinced in my wise old age that there's no such thing as a good idea. Every idea is wrong. They're bad. Every one. But they're all starting points. So, the longer you keep that idea in your mind — polishing it, augmenting it — the longer you put off actually figuring out what's wrong with it, so you can begin fixing it."

Herein lies the crux of Randolph's argument. In his eyes, an idea is not anything until it's testable. Or, as he puts it, "The success of an idea is directly proportional to how many things you can test." When Netflix was just a talking point, it sat on equal footing with competing ideas like customizable surfboards and personalized baseball hats. Only after Miles and Randolph proved their idea had legs, in the form of safely mailing a CD, did everything else fall by the wayside.

As Netflix grew and Randolph continued to test aspects of the business, he realized there was a quicker and more efficient way to perform testing. "At one point in our saga, we were selling and renting DVDs, and we decided to walk away from selling in order to focus everything we had on rental," Randolph recalls. "We had lots of great ideas on how we could make rental work. At first, I was testing them

in a very comprehensive way. I was doing a perfect test, custom copy, custom photography, stress testing the site. But it would take me three weeks to do that, and the test would fail."

Eventually, Randolph hit upon what he calls "validation hacking." "We don't have to build a real test," he says. "We can fake it. We can do something that makes no sense in the long-term model but is a great way to find out whether it works or not in a quick and cheap way." The point wasn't to give to the idea the best possible chance to thrive. If that happened, it would only allow delusions to fester. Instead, making an idea prove its mettle quickly and, in adverse circumstances, was an effective way to kill Netflix's proverbial darlings. "If it was a bad idea, no matter how much polish we put into the test, it wasn't going to make it a good idea; but if it was a good idea, it immediately sprang out to us. Then we knew what we had to fix."

'This Is Not For The Long Term'

While Netflix may have taken validation hacking to never-before-seen heights, it was actually an idea Randolph first learned from a mentor during his days running a mail-order company called MacWarehouse. "One of the pieces we needed was a huge computer because back in those days, if you wanted to take orders for a mail-order company, you had to buy a half-million-dollar IBM mini mainframe to do it," Randolph says.

Randolph went to his mentor, who was also the largest stockholder in the company, and asked for the money to buy the computer.

"That's crazy," the mentor replied. "Why don't we just do contract fulfillment? Let's do everything through a third party."

"That's a good idea," Randolph answered, "but that's going to cost us \$25-\$30 an order, and our margin is probably \$15 an order, which means we lose \$15 per order."

"Of course," his mentor responded. "But this is not for the long term. It's not something repeatable or scalable, but this will allow you to learn if your idea is good for \$15 an order. You can do that 1,000 times, and it will only cost you \$15,000 if you've made a bad decision."

Would you rather spend \$15,000 to test your idea or \$500,000? The answer to that question is self-evident, and it certainly helped instill in Randolph a willingness to experiment with every facet of Netflix rather than simply being enchanted with the emotion of the core idea.

The Last DVD Rental

Just as Randolph is willing to tease apart an idea to find its shortcomings, he's also unafraid to take a hard look at himself. In 1999, he famously stepped down from the CEO role at Netflix and turned the chair over to Hastings, who remains in place to this day. The move was one that required Randolph to do some self-reflection in a hurry.

In "That Will Never Work," he recounts in excruciating detail the conversation when he realized he would no longer be the CEO of the company he helped to start. "I knew that a lot of what he was saying was true," Randolph writes of his conversation with Hastings. "But I also thought that we were talking about *my* company. It had been *my*

idea. *My* dream. And now it was *my* business. While Reed had been off at Stanford and TechNet, I'd been pouring my entire life into building the company. Was it realistic to expect anyone to get every decision right? Shouldn't I be allowed to work my way through mistakes?"

In the moment, his sense of indignity is easy to empathize with. Who wouldn't feel as though the rug they had woven was being yanked out from under them? Over time and through introspection, however, he realized the decision was best for everyone involved. "I love Netflix, and it's my baby," he says. "Of course I want to be there forever, but there are people who are way better at it than me. Just like a child, at some point, it has to stand on its own without you. The best thing you can do sometimes is get out of the way. It really comes down to parsing two different dreams that are melded together: I want to build and grow a company. Which is more important? That it's you doing the building and growing, or that the company gets built and grows? If you're really honest with yourself, do they have to be joined?"

From Mentee To Mentor

His emotional wisdom may be easily replicable, but Randolph credits mentors throughout his career with helping to cultivate his business savvy. "I've always been somebody who glommed onto anyone who knew what they were talking about," Randolph reveals. "It's part of this insatiable curiosity I have." Having never attended business school, he had to learn by doing. "I was fortunate in that I bumped into two or three phenomenally good entre-

The graphic is a dark blue and green background with a diagonal split. In the top left, the 'COMPLIANCE MANAGER' logo is displayed. A rocket ship icon is positioned in the upper right. The main headline reads 'START DELIVERING PROFITABLE IT COMPLIANCE SERVICES WITHOUT BEING AN EXPERT'. Below this, three circular icons represent different compliance areas: a shield with a cross for 'HIPAA', a bug with a lock for 'CYBER INSURANCE', and a padlock for 'GDPR'. In the bottom right corner, there is a QR code with the text 'SCAN ME' above it and 'Get A Demo Today!' below it.



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preneurs who I enlisted as mentors. From each of them, I learned some really interesting lessons. Not by them sitting down and watching them lay it all out on a whiteboard, but just by watching how they did things, how they prioritized things, how they chose what and what not to work on.”

Now, long after the events of “That Will Never Work,” Randolph finds himself on the other side of the mentorship coin. It probably won’t surprise you to learn that he isn’t interested in going through the motions in that arena, either. “When I first left Netflix,” he says. “I got lots of invitations to be an advisor, quote-unquote. You go, and you have lunch with someone; you go sit at the meeting. They tell you about their business, and then you give them this pattern recognition answer. It sounds smart, but you’re really doing a one-size-fits-all answer.” Randolph had no interest in doing that.

In an age when mentorship and coaching have become commodified industries in their own right, Randolph urges people to find mentors who are truly willing to do the grunt work with you. “It’s all about listening,” he states. “When you’re talking to your mentor, do you really get the sense that they understand what your problem is?”

Once you have an established relationship with a mentor, you have to be willing to be both adaptive and steadfast, depending on the situation. “The critical thing to being mentored is to walk a very careful balance,” Randolph advises. “On the one hand, the reason that you are successful in your business is that you’ve been listening to people tell you that will never work, and you have enough self-confidence to persist. On the other, you have to be the kind of person who can listen to the advice and truly consider it before you accept or reject it. When I’m selecting a mentee, I’m looking for somebody who can demonstrate that they’re open to other ways of thinking about a problem, whether they take my advice or not.”

Today, Randolph contributes to the entrepreneurship programs at both Middlebury College and High Point University, where he mentors the next generation of America’s business leaders. After 40 years spent creating and growing a business, Randolph still maintains an enthusiasm for the future. “I’ve been doing this since before people called it entrepreneurship,” he says with a laugh. “Back when I was a lad ... when you wanted to start a company, you had to do everything yourself. Now, of course, everything’s there; everything’s in the cloud. The overhead flow of trying something different is remarkably low. That frees people up to try things.” In “That Will Never Work,” Randolph encourages readers to do just that. ■

Building A World-Class Sales Organization

As you look to build a world-class sales organization, make sure you are focused on the right things. As a sales manager or business leader, it is not your job to grow sales. It is your job to grow salespeople in quantity and quality every day. The following five initiatives are the main areas to focus on when building a world-class sales organization.

1 Finding Good People The process of recruiting good talent to your organization is not one that happens by chance. Many companies get aggressive about recruiting only when they need somebody to add to their team or when they need to replace somebody who has just left their team. Recruiting is a process, not an event. It must be ongoing and continuous. Can you imagine only going after a new customer when you lose an existing one?

2 Getting Them To Join Your Team Now that you've spent countless hours, days, and months hunting your prey, you finally have them in your sights. Once they agree to sit down for a formal interview, have the full expectation that the candidate has prepared and practiced a very thorough and professional presentation for your company and its products, services, features, advantages, and benefits. This is only natural when you think about it in the context of your sales process.

3 Getting Them Trained And Producing Now that you have brought new talent onto your team, it is imperative to have a plan to get them "into the game" as soon as possible. We often hear from sales managers and CEOs that the "ramp-up" time for salespeople is six months, one year, or more. It is the goal of this initiative to get those salespeople ramped up quicker and producing results.

4 Growing Them Into Top Producers It is my belief that training must be ongoing and continuous. As company leaders, you send your salespeople out into battle every day to face constantly changing forces in the marketplace. I tend to use the analogy of sending lumberjacks out into the forest each day to chop down trees. If their axes are not **constantly** sharpened, they will eventually have to work much harder to achieve results. Thus, you get turnover and/or salesperson burnout.

5 Keeping Them The Harvard Business School conducted a survey of top producing sales professionals that asked them to rank the top five reasons why they stayed in their current positions at their current companies. Here are the top five reasons:

- RESPECT
- RECOGNITION
- POSITIVE WORK ENVIRONMENT
- OPPORTUNITY FOR PERSONAL GROWTH
- MONEY

Jack Daly is a serial entrepreneur, international sales expert, and author of "**Hyper Sales Growth**" and "**The Sales Playbook for Hyper Sales Growth**." Learn more at JackDalySales.com. ■



"Say what you like about Cloud Computing, but the technical support is amazing."



HAVE A LAUGH

'Unmitigated Discipline'

Military Tested Leadership Strategies From A Navy SEAL To Guide MSPs Into Everyday Battle



In 2004, Ramadi, Iraq, became the center of control for the Middle Eastern terrorist group al-Qaeda. Two-year battles ensued over the city of 500,000 people, during which the law was nonexistent, bloodshed was constant, and devastation was unrelenting. U.S. forces posted battle stations within the city and managed to keep al-Qaeda at bay until everything came to a head in March 2006.

The United States' position was threatened, and sensing urgency and rising tensions, the U.S. Marines, Army, and Navy partnered together to steamroll al-Qaeda and take back control centers in a pivotal location in the Iraq War. The result was a near-complete toppling of the once-powerful terrorist stronghold in the Iraqi city.

None of this would have been possible without military leadership having its boots on the ground and executing, supporting, and pushing these teams through power moves deployed by the intensifying U.S. forces in the Middle East.

Today, one of those leaders is sharing his secrets with business leaders.

Navy SEAL team officer John Gretton "Jocko" Willink spoke at the 2020 Technology Marketing Toolkit IT Sales and Marketing Boot Camp this April. A lifelong devotion to becoming a commando led Jocko to service at age 18. Over a 20-year military career, Jocko served as a leader in the Navy SEALs, trained fellow SEALs on the complexities of combat in the Middle East, and earned multiple military honors. Today, Jocko is a New York Times bestselling author, host of the leadership podcast, Jocko Podcast, and co-founder of Echelon Front, an organization devoted to preparing and training business leaders.

And, like so many of us, this soldier's start began in his backyard.

The Origins Of A Leader

As a kid, Jocko was painting mud on his face and preparing for an imaginary war he had created. Battle lines were drawn in the dirt of his yard, while every piece of wood or stick he could find became a toy gun. There was nothing but his own backyard shadowing his mission, but that didn't matter. He was going to lead his men to victory.

When the East Coast-grown boy discovered Navy SEALs, the image of what his future could be like as a commando started to unfold.

Jocko enlisted in the Navy at 18 years old and was immediately stripped of his freedoms. This wasn't his backyard anymore; he was becoming a soldier. Jocko trained with real machinery, underwent intensive boot camp operations, and prepared for real combat. Eventually, Jocko worked his way through the ranks of the Navy to earn that additional freedom and become the

soldier he always dreamed he could be.

Jocko trained as a Navy SEAL and was ultimately named an officer. Jocko's distinguished 20-year career saw him deployed to Iraq, where he led Navy SEAL Team Three's Task Unit Bruiser through the Battle of Ramadi. Leading alongside Colonel Sean MacFarland, Lieutenant Colonel Ronald Clark, and Lieutenant Colonel Stephen Neary, Jocko's Navy SEAL team joined the U.S. Army, Marines, and Iraqi Special Forces to resecure war-torn Ramadi during the nine-month battle.

Together, multiple branches of the U.S. military and Iraqi Special Forces were able to restore their presence and pressure over al-Qaeda to attempt to rebuild peace in the turbulent and war-devastated region of the Middle East.

For his service, Jocko was awarded the Silver Star and Bronze Star, and Unit Bruiser was the most decorated Special Operations Unit during the Iraq War. After his deployment, Jocko served as the officer in charge of training for all West Coast SEAL Teams.

"It was the best job ever," Jocko says. "Being on the SEAL teams is awesome. You're working with a bunch of people and have awesome missions. Your job is very fun day to day if you like being outside and diving out of airplanes and diving into the water."

The Distinguished Navy SEAL Today

As Jocko neared the end of a lustrous career, the lifelong Navy SEAL was prompted with an interesting proposition. The CEO of a company approached him about speaking to their team about the value and qualities of leadership. This CEO was a friend, and while public speaking wasn't exactly in the career military man's job description, Jocko knew he had lessons to share.

When Jocko finished the presentation, his friend had another favor to ask. They asked Jocko to present his lessons and expertise to every division of the company. Even better, the CEO was going to pay him. It was a done deal, and off Jocko went.

That's where a little bit of fate intervened.

The CEO of the parent company happened to be sitting in the audience at one of those divisional speaking engagements and was so impressed with what Jocko had to say that they requested Jocko speak to every CEO in the company. Once Jocko finished speaking to those 40-45 CEOs, the requests for more presentations flooded in.

What was once an unclear path after retirement was crystallizing.

There was a need for the leadership values and lessons he had gleaned from a career in the military, and rather than sit on these lessons, Jocko saw an opportunity to lead through the

battlefield of the boardroom.

"There was a high demand for it," Jocko says. "What we realized is that in any organization's leadership, there's a big thing. There's a lot of civilian companies that don't have leadership training, and they don't learn that on the job if you don't have good leaders to learn from. There's a demand for leadership training."

On The Frontlines

In 2015, Jocko partnered with fellow U.S. Navy SEAL Officer Leif Babin to co-author The New York Times' bestselling book, "Extreme Ownership: How U.S. Navy SEALs Lead and Win." The book pushes leaders to evaluate the ways in which they lead and challenges them to become better for their teams and in their personal lives. Together, Babin and Jocko provide readers with a thorough military-grade guide to navigating the nuances and landmines of leadership to become the best versions of themselves for their team and mission.

But the pursuit of education didn't stop there.

Jocko and Babin once again partnered together to found Echelon Front to address the need for effective leadership training for organizations at all levels. The company now deploys 10 experts to teach leadership skills and styles the military ingrains in soldiers like Jocko and Babin before trusting them to lead a group of men and women into intense combat zones.

Building off the lessons Jocko and Babin compiled in "Extreme Ownership," the team engages business leaders across the nation to create a culture of pride in work while fully accepting responsibility for the actions and results of their leadership. To encourage finding the balance between pushing hard and being compassionate about a team's success, Jocko, Babin, and the Echelon Front team deploy the Extreme Ownership Principles to serve their lesson.

They're the very same tactics Jocko and Babin were taught in SEAL training, and while the war zone is vastly different than the boardroom, these tactics are still vital, Jocko says. These Extreme Ownership Principles give leaders a guide to that everyday battle.

- 1. Cover And Move:** Just like the military teams that weave and advance toward an enemy target, your team has to be coordinated in the goals of your mission and the steps you are taking to get there. As Jocko often explains, if you have a sales team that is underselling what the manufacturing floor can create, then your sales team is failing your company and the manufacturing team. They are leaving the team dead in the water. Likewise, a manufacturing team that cannot produce the quality materials a sales team is pushing is failing the sales team. Sales will plummet, and you will lose customers.
- 2. Simple:** This one is easy. Keep it simple. There's no need for added complexities in your fight toward optimal company culture and production. Find the easiest, most effective, and most powerful way to get there and deploy it — simply.
- 3. Prioritize And Execute:** Does this sound familiar? You settle into work on Monday morning, field 20 emails, prepare for the big meeting in an hour, manage a complaint from the floor, and overhear of a budding problem in your shipping area, among dozens of other matters that pull your attention away. How do you manage this?



Where many untrained leaders fail is in their inability to prioritize the biggest problems ahead of them and focus on what they *can* accomplish rather than everything they *want* to accomplish.

- 4. Decentralize Command:** When Jocko was leading a team of trained Navy SEALs into combat, he wasn't taking the brunt of the responsibility of the tasks simply because of his rank. He was relying on the leadership capabilities of every member of Unit Bruiser. He recognized that other members of his team had skills that went beyond his own capacities, and he capitalized on them. A successful business leader does the same.

Disciplined To Succeed

Becoming a great leader doesn't happen overnight. It takes discipline, courage, and the foresight to understand where you need to grow and how you can get there. When Jocko spent his childhood days fighting his backyard war, he didn't let each day pass hoping opportunity would land on his lap. Instead, he remained dedicated to his dream, enlisted, and climbed a ladder that many struggle to climb.

All it took was that first step and a willingness to work.

"I'm not a big believer in motivation," Jocko says. "... To think that every morning I feel like a spring chicken to go lift weights and go for a run ... I'm not motivated. It's because I demand unmitigated discipline." ■

The **ONLY** Opinion That Matters



"If you want to dramatically increase your response [to your marketing campaigns], dramatically improve your offer."



That was just one of the maxims of marketing genius Axel Andersson, a Swedish entrepreneur who ran a hugely successful home-study school in Hamburg, Germany, before coming to live in the U.S. Axel hired one of his successful students and put the student's office right next to his so he had to walk past his office every day. He did this because he "wanted to actually see one of my customers every day." He also hired a professor from a local university as a consultant. Axel wrote:

"Before I would test a new ad, I would run it by my former student and also give it to the professor for her reaction. If the student liked it, I would go with it. If the professor liked it, I would change it."

So often, I hear about new clients taking a marketing campaign from one of our programs, and, instead of just running it, they first give it to their techs or their spouse for an opinion before sending it out. **Big** mistake. Second to that is giving it to a client for **their** opinion. Yes, Axel did this, but that was a client-turned-employee who was motivated to find a winning ad *and* who was selected, trained, and mentored by Axel on direct response advertising, giving him the ability to provide a *qualified opinion*, which is the point I want to drive home.

Only Trust The Opinion Of People Who Are Qualified To Give It

If you wouldn't *pay* an individual for their advice and if they are not a seasoned, qualified professional in marketing, advertising, and sales advice, then why would you care what they think about a campaign?

Keep in mind that you, your techs, and your spouse are **not** your customer. You have an entirely different understanding of what you sell and a biased appreciation for it. You have different motives for investing in technology than your average customer. If you write ads that appeal to **you**, that your techs like, and that your spouse thinks are "nice," it's very likely they will miss the mark with your prospects.

Another key point in deciding what good marketing is to **test it**.

True marketing pros never guess; we test. We might spend weeks developing a campaign, an offer, or a message. We might run it by our seasoned marketing colleagues. But ultimately, we know the only way to truly know if a marketing campaign, copy, and offer will work is to roll them out to a bunch of prospects — not focus groups or current clients — and see if they'll buy.



Here's Why

Human beings are largely unable to accurately see their real motives and habits. When snack companies run polls and ask their customers what type of chips they want, they will repeatedly say they want less greasy, less salty chips. But in a blind taste test, the greasiest, saltiest chips win over and over again. That's the danger of focus groups: They only tell you what people *want* to believe about themselves, **not what they actually believe**.

I'm occasionally confronted by a new client who adamantly believes the marketing I'm practicing "won't work." They'll tell me it's too hokey, too old-fashioned, and that "nobody would read all of that copy." They say the graphics are all wrong. I will then gently point out that the same marketing got **them** to buy, as well as over 10,000 other CEOs of IT services firms. The proof is in the pudding, as they say.

Back to Axel: He was the one who persuaded Denny Hatch, author of "Million Dollar Mailings," to give awards each year for "grand control" marketing campaigns — specifically, campaigns that consistently produced the highest and best cost per inquiry, cost per order, and cost per sale over a long period of time (years), which is how the "Axel Andersson Award" came into being and, consequently, the book. One comment worth noting by Denny:

"[T]he only judge in the Axel Andersson Award mailing is the marketplace. Many of these mailings are not pretty. If entered in an awards contest, one or two of them might send the judges running from the room clutching their throats and gagging. But they have PROVED themselves successful for years. They are responsible for millions of customers and tens of millions of dollars in revenue."

This is why so many marketing firms and so-called marketing pros miss. Their need for the ad, the letter, the email, or the campaign to **look good** trumps the need to get a response. One of my first consulting gigs was with an IT services company that wanted to launch managed services 12 years ago, back before it was commonplace. I created an entire online and offline campaign that secured their annual sales goal in three months. However, the owner's son, who was being groomed to take over the business, could not *stand* the campaign and promptly fired me to invest the money into PR. His decision was driven by the emotional need to see his company featured in the news over what was actually getting the job done and achieving actual results.

Don't be that fool. ■

Robin Robins

THE 'SIMPLE NUMBERS' APPROACH

A certain service business, clawing its way to \$5 million in revenue during 14 tough years, was barely turning a profit or providing a reasonable wage to the owner. That's when Greg Crabtree's accounting team stepped in and, using Crabtree's "Simple Numbers" approach, helped the owner see his business in a different light. They made gross margin their key top line instead of revenue. The service firm adjusted the owner's pay to a real market wage so that profits would not be overstated, and Crabtree's team introduced techniques for tracking labor efficiency, which helped the owner align his labor costs immediately with business cycles.

The net result was this: Crabtree's client grew to \$25 million in the next five years and hit 10% profit after paying the owner a competitive salary. Yes, there were significant taxes to pay, but that's because the company was now generating real after-tax wealth that helped both the business and its owner become debt-free and flush with cash.

One of Crabtree's "Simple Numbers" pillars is understanding the four forces of cash flow.

The 4 Forces Of Cash Flow

Once a company is on the road to 15% profitability, as defined by the "Simple Numbers" formula, it faces additional cash flow challenges. We say "additional" because whenever management tells us there's a cash flow problem, we always start with fixing profitability, unless the company is broke and needs an immediate cash infusion to make payroll.

You can improve cash flow by negotiating favorable terms with customers and vendors. However, we recommend sacrificing your margin with special deals only if you're desperate.

Force No. 1: Taxes

You need to know how much you owe in taxes throughout the year to avoid the annual Tax Day surprise, and you must resist the temptation to spend \$1 in order to save 40 cents in taxes by rationalizing, "Hey, the government pays for 40% of the cost of the computer (or whatever the company is buying), anyway." Crabtree believes that rather than chasing the very limited tax-saving maneuvers available, certified public accountants would better serve business owners if they would emphasize that true wealth is created only with after-tax profits. If you do not pay any taxes, you either have not created any wealth or you have cheated, and both scenarios are bad.

Force No. 2: Manage Debt

Debt is generally not your friend. If not managed properly, debt will enslave your business and keep it from reaching its full potential. Once you have set aside your tax money, eliminate debt on your line of credit and remain current on any term loans. Lines of credit are addictive for businesses because it's too easy to draw on them to solve cash flow issues rather than make the hard decisions that lead to improved profitability.

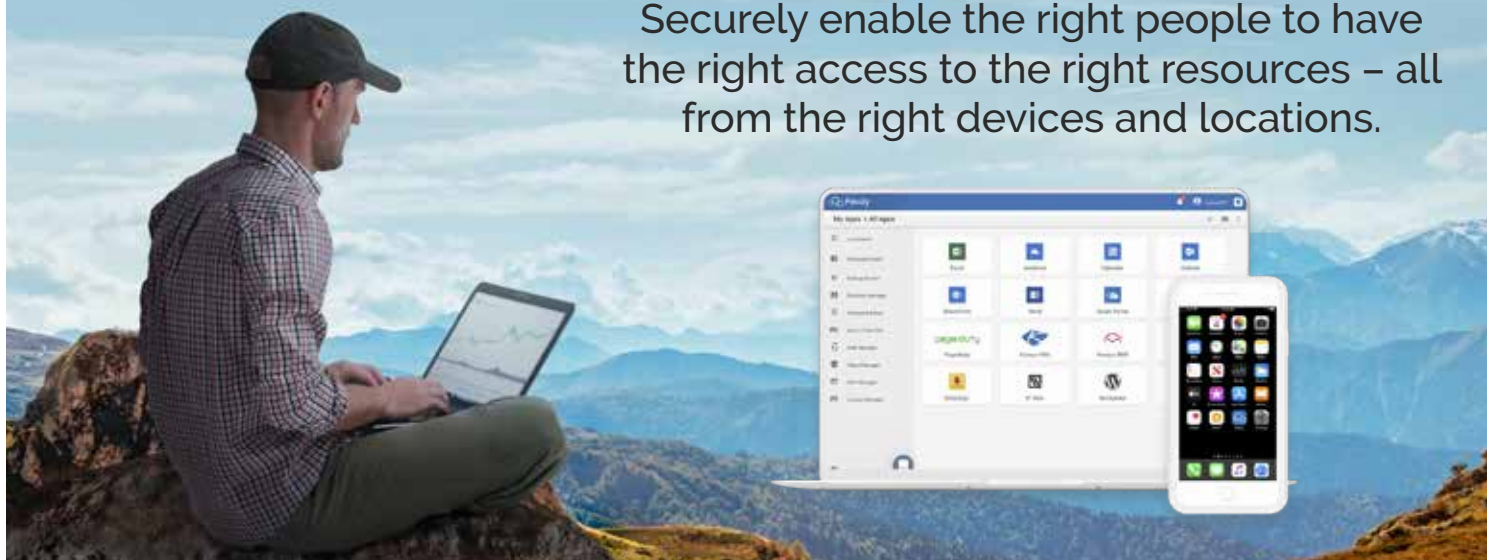
If you need a line of credit to handle seasonal ups and downs or to extend your customers' credit, we recommend that you borrow on it only when you are profitable. If you are losing money, do not draw on it before you fix the underlying problems. Banks know that a company losing money will eventually have no funds to repay the line of credit.

Term debt can help you spread the cost of long-term assets over their useful life. However, if you have "termed out" your line of credit, pay off this debt as quickly as possible if it does not support any long-term functional asset. You must avoid



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falling for the trap of using debt to buy an asset at year-end just to save on taxes. This ends badly over the long run, unless the asset is critical to improving profitability.

Force No. 3: Core Capital Target

Meeting your core capital target means having two months of operating expenses in cash after you have set aside money to pay your taxes — assuming you have nothing drawn on your line of credit. In our opinion, any company that can meet this criterion is considered fully capitalized and can start harvesting profits for either further growth opportunities or distribution to shareholders for wealth diversification. If business owners harvest profits before debt is cleared, they risk putting the business into an undercapitalized situation. This is a problem that plagues many growth companies.

The definition of two months of operating expenses includes all normal operating expenses on which you do not get terms. As a rule, the only costs you exclude will be your cost of goods sold, since businesses typically get terms of 30-plus days.

Hitting the core capital target is one of the most rewarding accomplishments we have seen our clients achieve. It changes their thinking and improves their profitability. They are not so cash-strapped that they have to give away margin, and it gives them staying power through a bad quarter. Most of them never want to see line-of-credit debt again.

Force No. 4: Harvest Profits By Paying Dividends

Once you have set aside taxes, paid off your line of credit, and met your core capital target, you can safely take your after-tax profits in the form of a distribution or bonuses to employees. You have now created a profitable, cash flow-generating business — the best of both worlds. The company is more valuable than less profitable peers. You own a wonderful, high-performing asset that you may want to consider holding onto rather than selling.

Here is the often-overlooked nugget in all of this: If you run a business at 10% profit that has hit its core capital target, you now have a business that is producing a **minimum** return on equity of **50% per year!** Investors would kill for a rate of return of 20% year after year, and yours is running somewhere between 50%–100% per year. This is the true secret of building wealth within a privately held business.

The key is getting a better handle on a few crucial ratios and adjusting your numbers to get a better picture of your true profitability. ■

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