

Jamie: Welcome to Eventual Millionaire. I'm Jamie Tardy, and I'm so excited to have Ray Zinn on the show. He wrote a book called, *Tough Things First*, and he's also been a CEO of an amazing company called Micrel. I'm so excited to have you on the show today. Thanks so much for coming on, Ray.

Ray: Well, thank you for inviting me. I really appreciate this opportunity.

Jamie: So it's insane. I definitely want to get into the book because we were just talking about that a little bit beforehand, but tell me about the company you created because it's insane. Thirty-seven years a CEO of one company in Silicon Valley.

Ray: It's kind of interesting. Actually, it's a funny story. I started the company in 1978, but my prior work – I started working in 1961 after graduating from Brigham Young University. I took a job in Sunnydale, California. So I started my career in 1961 – actually, maybe 1960 even. I had difficulty. I went from the high tech rocket business. I worked for United Technology making rocket motors to joining Fairchild's Semiconductor in 1963 because my father-in-law worked there, and he said, "Oh, you've got to come over and work for this new dynamic industry called semiconductors."

Of course, I didn't even know what that was at the time because it was a new industry. So I started with Fairchild in 1963, and then I had a bumpy career after that. The industry was going through a lot of change. In 1976, which is not that much later, like 14 years, I had been fired like five times – or laid off – same thing. So I told my wife, "I'm tired of being laid off or fired. I'm not going to work for anybody ever again. I'm just going to work for myself." And she says, "No problem. What are you going to do?" And I said, "I don't know, but I'm not going to work for anybody else." So literally, Jamie, I started in July of 1976, the last time I received a paycheck from anybody else other than myself.

So July of 1976 was the last paycheck that I ever got, and so I've only worked for myself since then. That's going on 40 years. I bumped around. I tried – let's try this, let's try that. I tried like five different companies – starting five different ones – before I actually narrowed it down and Micrel in November of '78, we opened our doors and started the company. So that's how I got going. I tried this, I tried that. If you don't know what you're

going to do, you try different things, and you find something that works. So it took me maybe a year and a half going from one thing to another before I actually settled in on the company I actually succeeded to, which is Micrel Semiconductor and retired in August of last year.

Jamie: How did you know – that was a year and a half of, I'm sure, a crazy trajectory considering you had never started a business before and you're trying things and, I'm assuming, not working. So how did you know that this was the right one? I think there are a lot of people listening that are in that space, and 18 months feels like forever when you're in it. I'm sure [inaudible] [00:12:03] for you doesn't now, but then it was crazy. So tell me about that.

Ray: Well, again, since you don't have an income coming in, yeah, it is scary, and that's definitely a stressful time. I honestly did not know what I wanted to do. Should I be in sales? Should I form like a [inaudible] rep organization? Should I do a distributorship? I didn't know. All I knew is I wasn't going to work for anybody again, and so I did try like five different kinds of things. And the reason that Micrel succeeded was because it had the most momentum. In other words, it caught hold.

We talk about scale. Scale is the big key when you're talking to your listeners out there. You have to have a way to scale your company, and if it doesn't scale, you're not going to go anywhere. One of the problems, if you do a business like you're an individual, like a consultant or something like that, it's hard to scale it. Not that it can't be done, but it doesn't scale real well so you have to find something that will scale, that has legs. Micrel, by the time I got it going in November, I could see it would scale because I think within the first year we did like \$3 million in revenue and it had some momentum.

So I just kept plowing through with that one. Actually, I didn't terminate the last company that I founded before Micrel for almost four years after I started Micrel. Then I closed that last one down, but it was on just before I did Micrel. I can see that that prior company wasn't going to do well, and I just closed it down and then focused on Micrel Semiconductor.

Jamie: So not being a business owner beforehand and then getting into this space, especially that it was trending in new, how did you do – that seems huge to go from zero to \$3 million when you weren't a

business owner beforehand. No offense, but the semiconductor industry seems like a tough one to break into, especially back then.

Ray:

What my focus was to own the company myself as opposed to – well, I had three other partners, but the purpose was not to be a major funded company. That was also a big challenge because we had to go for bank financing, and the bank did not want to finance the company. The funny story is that when I went down to the bank to get a loan – because I had to have some money to work in capital – they said, “Well, we don’t do startups.” And I said, “Well, wait a minute. What’s a startup?” They said, “It’s a company that doesn’t have any revenue.” And I said, “Okay, so tell me what the objection is to fund a company that doesn’t have revenue?” “Well, we don’t have time for this.”

And I said, “Educate me. I’d like to know.” So they him hawed around, and finally to get me out of their office, “Okay, we’ll tell you what the requirements are.” A couple weeks went by, and I kept bugging them and saying, “When are you going to tell?” They were just fluffing me off. So what I did was I finally just went down there and said, “Do you have the document ready that says what it is that I have to do to meet the criteria to get a bank loan?” They said, “Oh, yes. Okay.” So they had it in their drawer, and they pulled it out and showed it to me. It was the most onerous covenants you would ever believe.

I had to be profitable from day one. I had to have like four to one current ratio. Debt to equity was ridiculous and all these covenants that I had to meet. I looked at it, and I said – by the way, what they did was they typed it up on an actual bank form – in other words, the actual loan form. The amount was in there, the total amount that I wanted to borrow, which was \$300,000 is what I wanted to borrow. This was back in ’78, which is a lot of money back in ’78 for a loan. I signed it, and they said, “Well, what are you doing?” And I said, “Well, I agree to your covenants.” “Well, you’ll fail.” And I said, “Well, why would you want me to fail?”

“Well, we didn’t think you’d agree to it.” And I said, “Well, I did agree to it.” “But you’re going to fail. You’re not going to succeed.” And I said, “Well, can we come up with some covenants that will work that I can succeed?” So we negotiated, and I ended that day with a bank loan with them when they didn’t want to give me one, by just being persistent, just going back, doggedly, doggedly, and overcoming every objection that they had, I was able to get them to agree to a loan. Now, I had to

personally guarantee the loan, which is fine. And then at one point, I had to guarantee up to a million and a half more than I had actual assets for, which meant that I had to agree to cover up to ten years of salary. They could take a portion of my salary for ten years if they had to call the loan. I was still on the hook for ten years to pay back that loan. So it was very onerous, but I believed I could do it.

Jamie: Wasn't it scary, though? How did you know that you could – that's insane. That's a lot of risk.

Ray: Let me tell you. Don't go into business unless you're willing to be at risk. They say something that I love. No pain, no gain, Jamie. So if you can't stand the heat, get out of the kitchen. Don't start a business unless you're willing to bet the farm, as they say.

Jamie: Did you have kids then or family?

Ray: Oh, I had four children.

Jamie: You had a wife and four children at that time, too. Oh, my gosh. Go you. Which is exactly why your book is called, *Tough Things First*.

Ray: Let me finish the story, which is really funny.

Jamie: yeah, go ahead.

Ray: Okay, this is really funny. So in 1985, the bank came to me and said, "We'd like to kick you off the guarantee because it's costing about \$60,000.00 to \$80,000.00 a year to perfect the guarantee." I don't know if you know what that means. Well, when you do a guarantee, you have to install your assets. They had to perfect those assets through doing appraisals and that sort of thing, and it costs them about \$80,000.00 a year. They thought they could save some money if they could pull me off the guarantee because by that time – by the way, the company had never lost money. They day I opened the door, we never lost money.

So the covenant was that as long as I was profitable three out of four quarters and as long as the whole year was profitable then I satisfied the covenants of the loan. But anyway, back to my story. So in '85, they said, "We want you off the guarantee." And I said, "Well, I'll let you know." And they went, "What?" You should've seen the look on their face. "You've got to be kidding

me?” “No, I’ll tell you know.” And they said, “Well, why?” And I said, “Because I want to think about it. I’m not going to be rash about this.” “Oh.” So anyway, a couple weeks went by, and I wanted to think about it because having that guarantee kept my head to the grindstone – my nose the grindstone, I should say – and it kept me focus and it kept me dedicated to be successful because I told my people – see another thing, Jamie, that’s interesting about this is that my people also knew that I was on the **hook**, and they were working hard because they didn’t want me to fail. So they were willing to – because they said, “hey, if the boss is willing to guarantee **[inaudible] [00:20:30]** his whole life and his assets then we have a commitment, and so they committed, too. They were on the hook, too. We were blood brothers, you know.

So they were willing to stay the course with me, and so I was afraid that if I went off guarantee than my employees would say, “Oh, well. Now, he’s off the guarantee.” So with fear and trepidation, I pulled the guarantee and no longer had to guarantee the debts of the company or the loan, but it still bothered me because I did benefit from having that personal guarantee because the employees related to that. You see? So as your listeners think about this, don’t be afraid of doing a personal guarantee unless you don’t think you can survive.

Jamie: That’s amazing. Oh, my gosh. So you work, apparently, very well with your feet held to fire, is what it sounds like,

Ray: Yes.

Jamie: I know not everybody is like that, but do you think most entrepreneurs are more similar to you or do they have to be similar to you to be successful in business?

Ray: Well, everybody’s different, and I’m not going to put my situation on everybody else, but it worked for me, and I know that most of us, when we have a lot of personal assets on it, our neck is on the line, we tend to do better than if we don’t have that pressure. So I was in all the way. So I think if you want to be an entrepreneur, if you want to run your own organization, you’ve got to be in all the way. You can’t say, “Well, I lost **[inaudible] [00:22:19]** money or somebody else’s money.”

You’ve got to look at it as it’s your own, and that’s the way I did it. I made it look like it was my company, my neck was on the line, and I had to perform, as opposed to, “I’m the hired gun. This is

[inaudible] money, and if it doesn't work, it doesn't work." It's a different mentality than if your neck is on the line. When I mentor companies and consider investing in them, I actually want them to have some sweat on the line. I want them to be, also, in it with me, too. I won't invest with anybody that doesn't have personal assets in on the deal.

Jamie: Doesn't that make you stressed though, especially, you having four children and neck on the line? Were you constantly stressed or were you able to go with the flow or what was that like?

Ray: Well, I don't think go with the flow, but stress is okay if it's held right. We talked about prestress concrete. That's how they get the concrete stronger is they put this rebar in there, put it under stress so that when the concrete is cured, it holds it together. It can hold a greater load. So being under stress is good as long as you can handle it.

Obviously, you don't want to stress yourself more than you can handle, but I think a certain amount of stress is necessary, like running a marathon. They call it the wall you have to go through at about 16 miles. So you have to be willing to push yourself so that your body starts cannibalizing on itself. That's what you do when you run a marathon. You have to have some amount of stress, Jamie, or you're not going really, I think, succeed. As they said, no pain, no gain.

Jamie: How do you know when that ends, though? So let's say you're stressed, and then you're like – how do you know when it's bad before you have a heart attack or cancer or something like that? Do you know what I mean? Is there a point at which you can know that at all?

Ray: Well, everybody has a different stress level they can handle, and you have to know your limits. If you don't know your limits, then, of course – it's the same thing when you train. I don't propose that you just take off and just do a marathon in the same day. You have to build up to it. You have to train yourself to do it. So training yourself to deal with stress is like, again, running a marathon. You have to train for it. And so if you never put yourself under stress, you're never going to learn how to deal with stress. Anxiety and stress is a buildup. It's like working your muscles and developing that core competency that you need to be able to be an enduring company. I'm not proposing that you take on something that's going to wipe you out because that's stupid, but you want to be

able to build up that stress level. When you start a company, you're small, and you're just starting getting it going, but you've got to learn to deal with stress. If you avoid stress then, of course, you're never going to build that muscles.

Jamie: Okay, so tell me about your book, *Tough Things First*. What made you write it? It sounds like that was your main key thing from all those years in business. Tell us about that.

Ray: Back in 1984, I had this friend that worked at IBM, and he kept asking me to tell him the story. Now, he was a senior fellow at IBM and very high up, but he kept asking me to tell him the story about how I started the company, and the company was only like five years old or six years old at the time. But what was funny was is I said, "Okay, Owen, I'm tired of telling you the story. I'm going to record it next time. And every time you want to hear it, just hit the play button." So he says, "Well, you ought to write a book," and that's going back to 1984. So I've had people over the years say, "Ray, this is a story that's got to be told. You've got to get this down, for posterity sake."

So finally, in 2014, I decided to get serious and start writing this book. It took us about four months – three and a half months it was to actually get it drafted and ready for publication. So that's what we finally did. And I said, "If that story is that well-received," – in other words, if it's that good, "then we should put it in print and get it out there for people." So I don't care to make a dime on the book. That's not my goal. My goal is to help other people. If this book can help other people, other entrepreneurs, help them succeed then that's all I care. I don't need to make a lot of money on this thing. That's not my objective, Jamie.

Jamie: So tell me about the whole point, *Tough Things First*. How the heck do we do that? It's like that book, *Eat That Frog*, where there's just so much resistance for doing the tough things first. So how do we make ourselves do the tough stuff?

Ray: Every time we come around to the New Year, we talk about New Year's resolutions, and it's tough to keep New Year's resolutions because they're tough. New Year's resolutions, if they're not tough, are not resolutions, right? So we always end up with these difficult things we want to achieve. I don't know of anything that doesn't have a high aspiration for themselves and their family. But those high aspirations come with effort. You're not going to accomplish something if there's no effort involved. As they say, if

something's worthwhile doing, it's worthwhile doing well. So you need to be able to put the time and effort into whatever you're doing, and that takes discipline. And I define discipline as doing what you don't like doing and doing it well. That's where the *Tough Things First* comes in because it's loving the things you hate. I know it sounds like an oxymoron to love the things you hate. But if you think about the things, Jamie, that you don't want to do, it's because you don't like them, right? But those are the things you really should do, as long as they're good things. I'm not proposing you want to do something bad. But I'm saying if it's good for you and your family, but they're difficult, those are the ones that you need to focus on, and they're harder to do.

So what I do – and I've done since I've been a child – is to really just dive in, just not think about how much I didn't like wanting to do it, and then I learned to like it. That's what I call loving the things you hate. There are very few things that I really don't like doing because I've learned just to do things that I don't like doing. I say, "Well, you know. I've learned to overcome that one." Then I can go over the next one. For example, for me, getting up at 5:30 every morning is not easy, but I've made it a habit. So every single morning, Saturdays and Sundays, also – and still, even in my semiretired state – I get up at 5:30 in the morning, and the first thing I do is exercise.

I exercise for an hour. I run two miles on my treadmill, and I exercise with my weights, and then I go start the rest of my day. So I list all the things I don't want to do, and I do them first, and that's what I call doing the tough things first. So I get them out of the way because if I can do the tough things first, the rest of the day goes really smooth, and I've increased the amount of things I get done by 20 percent.

I know it doesn't sound like a lot, but if you think about time, if you've only got, say, eight hours – you've got eight hours of sleep and eight hours of work and eight hours of doing other things – 20 percent of eight hours is pretty good. So I've increased my efficiency by 20 percent by just doing the tough things first, getting those out of the way. I literally list all the things I don't want to do today.

Jamie:

So tell me a little more about this because we do set New Year's resolutions. We're like, "Okay, great. I'm going to do this," and we're excited and we do the discipline for usually a short period of time, and then we're like, "okay, I'm going to wake up at 5:30 and

exercise.” And then we don’t anymore. So how do you continue with something to love it enough – something you hate to love it enough – when most people can’t? How can you explain to us to do that same thing? Because [inaudible] [00:31:01] either.

Ray: That’s the tough things first. You do it every single day. You can’t say, “Well, okay. I’m going to give it a try,” like lose weight or you’re going to start on your book or you’re going to learn to play the piano or you’re going to learn to play the violin or you’re going to start running half marathons or something. You have to do this every day. You can’t say, “I’m going to do it today, but I’m going to give up the rest of the week and do something else.” You really have to – I don’t suggest you take on everything, but list at least five things you want to accomplish – five – and then start of those and do them religiously every day.

So I’m sure, Jamie, you can think of five things that you would like to do to help you grow. So just list them and work on them every single day. Don’t just say, “Okay, I’m going to give a shot for January,” and then forget about the rest of the year. By the way, once you go at least a month or a month in a half, you’ll find that you continue it because a habit takes about a month to establish.

Jamie: My best friend actually does this. She does exercising and the crosses out – she’s on like 150 straight days of exercising every single day, which I think is awesome. I was going to start doing the same thing, and then I hurt my foot. I had an MRI yesterday. So to me, that’s a really good “excuse” for not continuing what I’m doing. What happens when lifelike that gets in the way, and you have to stop? I might need foot surgery so I’m like, “Okay, what do I do for something like that?”

Ray: I wish my wife were here right now because she’s had her foot operated on twice.

Jamie: Yup, I broke my one other one also.

Ray: Okay, and so now she has to have it operated on the third time. So she’s going to have three operations within one year on her foot, and yet, she still exercises every day.

Jamie: What does she do? I can do sit ups and stuff like that.

Ray: She can't use the treadmill. She uses a recumbent bike. So she sits on the bike and uses the bike. She can't do the treadmill.

Jamie: So you're telling me I'm using it as an excuse and can still do it?

Ray: Well, it's up to you. You've used it as an excuse. You say, "Oh, my foot hurts. I can't do it." Now, it does her some pain to do it, and you have to be able to moderate that to some degree, but, certainly, she is exercising just as much as I am. She may have to back down on the tension a little bit on the bike, but she gets in her time. She burns those calories that she needs to burn, and she's religious about it every single – I don't even have to talk to her about. She just does it on her own, and I wish she were here to tell you this.

Jamie: I know.

Ray: But she has this thing. She'll probably have to have her foot operated on in May at the very latest, maybe even April. They wanted her to have at least one year between the last operation because she has a lot of – what's [inaudible] [00:34:22]. I forgot what I'm saying. Anyway, there's that stuff that builds up that has to –

Jamie: Oh, yeah, after she had the – like scar tissue kind of stuff?

Ray: Scar tissue, thank you. That's it. She had a lot of scar tissue. It has to settle in before they operate again.

Jamie: Thank you. That's perfect because you're like, "Jamie, come on. My wife can do this. She's had more surgeries than you. Get over it." I appreciate –

[Crosstalk]

Jamie: She's a tough lady, apparently.

Ray: Well, she's got 22 grandchildren and four great grandchildren.

Jamie: Tough lady, oh, my gosh. So tell me, when we're doing the tough things first, what do you suggest for people? Do you want them to pick five things? Does it have to be at the beginning of the day, or as long as it's daily, does it not matter?

Ray: Well, doing the tough things first doesn't mean do it the last of the day. It's not first.

Jamie: Well, I know, but does it have to happen every single day? Do you know what I mean? To me, the book title was like, "Do the tough things first," I thought you meant, too, in business, when you have something that's really, really tough that it doesn't necessarily have to be early in the morning. But you're saying, "Do it first thing in the morning, no matter what it is," not necessarily, "Do it the first part of the project," or something like that.

Ray: Well, no. It's the first thing. When you get up, start doing your tough things. Or if its things at work and you have to get to work first, obviously, when you get to work do it first. And so it's whatever the beginning of that sequence is, you do it first as opposed to putting it off, procrastinating because, really, the thing that kills us from succeeding is procrastinating. I don't care whether you're exercising, whether you're another, whether you're a father, whether you're a CEO. Procrastination really is one of the primary causes of failure in business or in life.

Jamie: Okay, I want everybody to take that to heart, though, because – no offense – but in our society, procrastination is rampant everywhere.

Ray: Because we don't like doing what we don't like doing, and we're a microwave generation. We want it now, and we're not willing to wait and put forth the effort to do it. But as they say, nothing in life with [inaudible] [00:36:43] comes free. You're going to have to pay a price for it, and if you want to be successful in your life, if you want to get the most out of your life, you have to be willing to do things you don't want to do, and that's really what the book's all about.

Jamie: I love this. I also love your perspective, too, because you've got so many decades of business and advice and that sort of thing. To me, 18 months feels like forever, and you just said, "Well, 14 years isn't that long." You said that earlier. I'm like, "Fourteen years seems like a long time to me." But you have such an amazing perspective to go, "Okay, it all adds up over time, and long periods of time, they're going to happen anyway so you might as well be doing the stuff that makes a big difference."

Ray: That's it. It's the tough things that are the ones that'll make the big difference. If you just think about it – those who are listening – when you think about the things you don't want to do, those are things you should do.

Jamie: Awesome. I'm going to go exercise tomorrow morning. I really appreciate it. I know we have to start wrapping up so I'm going to ask you the same last question I asked everyone, what's one action – I have a feeling I know what you're going to say, but okay. What's one action listeners can take this week to help move them forward towards their goal of a million?

Ray: Do the tough things first.

Jamie: I knew it. So tell them right now, starting tomorrow, one thing – how do we implement this tomorrow? Do they pick out the toughest of the tough things first? Just give us a little more.

Ray: okay, get up a half an hour earlier than you do now. Start there.

Jamie: Okay. That's when I'll do my exercise.

Ray: Get up one half hour earlier that you do now. So what time do you get up now, Jamie?

Jamie: Around 6:30 ish.

Ray: Okay. Tomorrow, get up at 6:00.

Jamie: I don't want to get up at 6:00.

Ray: Okay, well.

Jamie: I know. This is where the tough things happen.

Ray: Your listeners are hearing you say this Jamie.

Jamie: I know. Now, have to do it because they're going to hold responsible. There was a great book called, *The Miracle Morning*, by Hal Elrod, who's another guy, and he tried to get me to wake up at 5:00 a.m. every day. I'm like, "that's not going to happen." So the half an hour before does seem like an in-between solution comparatively to getting up at 5:00 a.m. every day. So yes, okay. Tomorrow morning I will wake up 30 minutes earlier and figure out what exercise I can do. I have a trainer so I usually do muay

thai in the morning – fighting – and I’m just sad that I can’t do that so I think that’s probably why I gave up.

Ray: Well, don’t give up.

Jamie: Exactly.

Ray: You may have to find another exercise routine, but you can always work your upper body if you can’t work with your foot then just do some upper body exercising. But exercise. Burn some calories. Don’t just go sedintate on us because you’re sitting there doing these podcasts seven times a day. Find time to really develop yourself, mentally and as well as spirituality and physically so that you become a whole person and not just part of a person.

Jamie: Thank you for a kick in the butt. I really appreciate it. Where can we find you book online so everyone can pick that up?

Ray: Amazon, Barnes and Noble. All the major places carry the book. Listen, if you want to get ahead, if you want to become more successful, read *Tough Things First*. You’ll get a lot out of it. I got five star ratings on Amazon so I think somebody’s liking it.

Jamie: Definitely. I looked it up. There are tons of them. If you want Ray to kick your butt just like he just did for me, go pick up the book. Thank you so much for coming on the show today, Ray. I really appreciate it.

Ray: My pleasure. Thank you for inviting me, Jamie.

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Duration: 47 minutes