

**Jaime Tardy of Eventual Millionaire  
w/John Spence**

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Jaime: Welcome to Eventual Millionaire. I'm Jaime Tardy and I'm really excited to have John Spence on the show. He's a strategist, consultant, speaker, utterly amazing guy. You can find him at johnspence.com. Thanks so much for coming on the show today.

John: It's my pleasure. It's my honor, Jaime.

Jaime: So it's funny because before camera we were talking about you failed out of college and a whole bunch of other things. Tell me a little bit about that story. Because usually we put people on a pedestal and now we don't. So go ahead.

John: Well, I gave a TED talk on this years ago and I'll give you the real short version. I grew up in Miami, Florida, very wealthy family, went to a nice prep school, got admitted to a lot of colleges when I graduated. And I chose the University of Miami because it was near my boat and my girlfriend. Not exactly why you should choose a college. A couple of semesters later I had a stunning GPA of 1.6. I found out how you get kicked out of college.

I went in to register and I said, "There must be some mistake. I didn't get a registration date." And they said, "No mistake. We didn't send you one." Problem. My father's one of the top alumni ever to graduate from the University of Miami. The year I got kicked out he was on the Board of Directors and there's a building named after my dad. So you really gotta mess up bad to get kicked out of a college where there's a building named after your family.

Reapplied to college at the University of Florida, where I live now in Gainesville, Florida. And they literally laughed at me. I mean, I remember the woman looking at my transcripts and going, "We don't take people like you. Next, please." And I remember walking down the steps of the registrar's office, sitting on 13<sup>th</sup> Street here and crying. And saying I'm about to throw my whole life away. I had dreams of being a millionaire, of traveling around the world, of owning companies and at that particular point in time my career path looked like I was gonna spend most of my time saying, "Would you like fries with that today?"

Another big problem, and this is great for your listeners, is I had a 1.6 GPA, all my friends had a 1.2 or 1.0, a 0.9. I had the highest GPA of all my friends. I was the academic stud of my group at a 1.6. When I didn't get admitted to U of F I had to go to a community college here in town. Now the No. 1 community

college in America, Santa Fe, awesome school. Back in 1984 when I was there, not quite so much. And I met a professor that turned my life around, a guy named Roger Strickland. And he taught me the three things it takes to be successful in college and they're very similar for life. Not exactly, but very similar.

He said, No. 1 read the books, at least in college 90 percent of the answers are in the books. I'm still a fanatic reading, I'm sure we'll talk about that. No. 2, and this may be the second most important thing I've ever learned, ask for help. He said, "Ask the teachers, ask the TA's, ask the other students." A lot of people think it's weakness to say, "I need help." The most successful and wealthy and happy individuals I've ever met in my life are superb at asking for help, feedback, advice, input. Much like you are, you've got a whole show dedicated to it.

And then the third one was start study groups. So I'd stand up at the beginning of all my classes. I'd go, "Hi, I'm John. I really wanna do well in this class so I'm gonna have a study group. It'll be at my house 7:00 to 10:00 p.m. We'll go get a beer afterwards. Anyone who wants to be in the study group is welcome as long as you have a 3.6 GPA or higher." Nobody ever asked me my GPA because I set the mastermind groups up. But I'll bring you through the whole thing, but I ended up graduating No. 3 in the entire United States of America in my major with the help of that team.

And I got hired by the Rockefellers immediately out of college and two and a half years later was CEO of an international Rockefeller foundation with offices – doing projects in 20 countries around the world. So I went from totally failing out of college to CEO of a multi-national company in about seven or eight years.

And the main thing I learned, and this is very, very powerful, is – it was from my study groups, you become what you focus on and like the people you spend time with. Whatever you read, whatever you study, whatever you fill your mind with, and whoever you choose to spend your time with will pretty much determine what your life will look like in the future. And that's why today I still have mastermind groups. I have 18 CEOs that come to my house about once a month. We sit down, we help each other, we talk, we share books, ideas. Big, big, big idea.

Jaime:

That's – do you think that that was sort of innate in you? That you were this smart guy anyway, you were just down the wrong path and then that's what put you back on it? Or do you think that it

changed you?

John: I think it changed me. I think I was a fairly bright guy. I mean, I went to a good school and I got admitted to a lot of colleges, but I wasn't applying myself at all. And I didn't think college would be that challenging so I didn't ask anybody for help. I literally didn't go until the mid-term exams my first year. But that was a crucial moment. A lot of people that I know have had to go through something like that. Having a job they hate, losing everything, having an illness.

For me it was facing the reality that I was creating the most problems in my own life. That my mom couldn't fix it, my dad couldn't fix it, my friends couldn't fix it. If my life was gonna get better I had to make it better. So I committed right then and there to becoming an expert on success. I started reading everything, going to every seminar, reading every book, getting mentors, and for 35, 30 years now, 35, couple years I've been a fanatic. I read 100 to 120 business books a year and I have every year since then. And that doesn't count the seminars, and the webinars, and everything else that I listen to, the blogcasts and YouTube videos. I'm constantly trying to dedicate myself to lifelong learning.

I think through all that I made myself a little bit smarter. But I said that all the answers were in the books in college. In real life the answers aren't in books, but the information to figure out the answers is in books, or on the Internet, or on YouTube channels and things like that. So you need to go look for that to get the raw material that you need to come up with the answers.

Jaime: Ooh, that's good. So self-responsibility was huge for you. I wanna ask you about books because I see all the books that you have and if you read that many books. So many people are asking about what was pivotal in your life for books as you were going through. Was there anything that made a big difference? Or a couple books that made a big difference to you?

John: Well, there's – I'll tell you a couple books, but I'll tell you the thing that made such a big difference with books. First of all, it allowed me to get stellar grades in college. After I failed out and when I restarted, once I started reading books – I would even go to the professors and ask if there was extra books I could read for class. Not a well person. But I would read them and then the other students would wonder why I had the highest grade in the class. And I don't think it's because I had the highest IQ, I had access to

the most information.

Then when I got my first job with the Rockefellers I remember that the first year I worked there, everybody got a \$500.00 bonus and I got \$1000.00 bonus. The second year they all got \$1000.00 bonus, I got a \$3000.00 bonus, the third year they got a \$3000.00 bonus and I became CEO. And the reason was, was I'd be sitting in a meeting – I had four billionaires on my board and everyone else was worth more than \$100 million each. Very, very aggressive group that was used to excellence.

And we'd be sitting in a meeting and one of the billionaires would say, "Does anybody have an idea on this?" And I'd go, "Well, I was reading a book by Tom Peters last night and it said this and I was reading this, that, and the other." And I'd throw five or six ideas out from other people and he would go, "Let's go to Spence's idea." And I went, "Hmm, funny how that worked." And that's what – ever since I've realized that my income rises in proportion to the amount of knowledge – it doesn't have to be books. A lot of people don't like to read.

It can be audio books, it can be blogs, it can be videos, whatever works best for you. And actually, instead of me going into it, there's a ton of books. If folks go to my website johnspence.com there's a button there that says resources and there's a list of the top 60 business books I've ever read in my life out of probably 3,000 or 4,000. And a free resource. Everything on my website's free.

Jaime: That's awesome. Okay, cool. So we're gonna link up to that so everybody can take a look for sure. So what's the difference though? Because I know the people I interview are voracious readers, but there is a big difference between someone who's just intaking information and consuming, and actually using and taking action on. So where is that balance?

John: Well, I'll tell you quickly how I learned that. When I became CEO at the foundation, Mr. Rockefeller had a right hand man named Charlie Owen. And I was very young and obviously did not know what I was doing at all. So Charlie became my mentor. And Charlie taught me two great ways, A). He would bring me to stuff. Like, "We're gonna go buy this company for \$330 million cash. Come along, sit in on the negotiation, watch how we do it." Great, great, great way to learn through a mentor. No. 2, every Monday he would walk in my office and hand me a book and every Friday I

would meet him for lunch and I had to make a book report.

But here's the key idea, it was really cool. He would say, "Now, John, what are the three things you're going to apply out of that book?" I would tell him and he would write them down and he would say, "You will now be held accountable for doing that in your job." So when I read a book now, I'm always looking for what can I use here? What can I take away? I'm not reading it just for the fun of reading it, I'm looking for applicable information, teachable ideas, things that will make a difference in my business or my life.

And then I also am big about underlining and highlighting it. I do the same thing in eBooks. And then as soon as I'm done I take all that highlighting and summarize it down into just one piece of paper that gives me all the key ideas of the book. And then I study that over and over again.

Jaime: Really? Okay, only one other millionaire that I've interviewed, his name is Nathan **[inaudible]**, he's 25, does that same thing that you do, where he takes the one and he does a one sheet, which is like so impressive. How long does it take you to make that one sheet for – I mean, you've done that many books, how many – how long...?

John: Well, it takes a couple hours to read the book, maybe another hour to go through – and now I use Dragon Naturally Speaking software so I just hold the book in front of myself and read it to the computer. And it gets everything. Or I give it to a virtual assistant **[inaudible]** assistant. That's what I used before now, they type it in. I enjoy now doing – reading it in for two reasons. One is I can add comments. As I'm reading, I'm highlighting it. Oh, yeah, well, this means this to me and I'm applying it to this idea. So not only am I getting the highlighting, but I'm getting – and then I have a recording of it that I can listen to in my car.

Jaime: Wow, that's so smart, though. Oh, my gosh.

John: Yeah, it's my own little audio books.

Jaime: So you're just taking the ideas that were really, really important out of those books and then you have audio and transcription.

John: And the key to all that is pattern recognition. It's what I built my entire career on. And I'm sure you've talked to a lot of the

millionaires you've interviewed that one of the ways they're successful is they're able to look at a huge amount of information and figure out the pattern. What's the trend? What's the anomaly? And how can I take advantage of that? So I've built an entire career on pattern recognition.

Jaime: Okay, tell me more about that. Because I wanna dive in deeper to what you actually do and how you help businesses and that sort of thing. So I was reading on your website you have an audit and a bunch of other really cool things. So when you first go into a company or a small business I mean, because that's who we're talking to right now, a small business, what do you do and how can you help us do that?

John: And I do a lot of different things. I do – probably 50 percent of my work is large training classes for big companies or major speeches at conferences, but when I work with a smaller company and that might be two – well, not two, but maybe ten, 15, 20 employees, but also solopreneurs, the audit I use is what I call an organizational effectiveness audit. And it's just 28 questions based on 20 years of experience around what are the things that make or break a business? What are the key ideas and how well are you doing at them?

It's basically a chance to hold up a mirror and say – and instead of me going, "Here's what I think," which really isn't that important, "Here's what your staff thinks, here's what your customers think, here's what the market thinks." I'm big on if I'm gonna help a business, not telling them what to do, but helping them look at data and facts that are pretty much irrefutable and say, "If these are the facts, what do we need to do together to get them where you are?"

So the whole audit's on a scale of 1 to 10 with 10 being world class, one being terrible. And I basically look at them and say, "Any place you're a five or lower we gotta work on. Seven is good. How do we get these all to eight, nine, or ten?" And then we figure out the specific steps to take those gaps and close them.

Jaime: How do you get that data?

John: We do it through Survey Monkey.

Jaime: Oh, really?

John: Just do a confidential survey through Survey Monkey, got the

questions, I've already done it. Send it out to the entire staff, I've got three firewalls in it so it's completely confidential. And that way I can give them back a report that says here's exactly what people said. And I've got some open-ended questions so they can type answers. I take all those – I'll massage them and move them around so nobody can figure out who said them. But on the scales it's just pretty clear. Scale of 1 to 10. Actually the surveys are 1 to 5. 1 to 5, what's your average score? If it's below a 3.5 we have a problem.

Jaime: What are some of the questions that are on something like that that you're looking for?

John: Do we have an organization with open, honest, robust, transparent communication? Are there high levels of trust within the team? Do we always give our best work? Does our executive team work as an effective team? Are we highly customer focused? Do I trust and respect the people I work with? Do I feel like I get to use my best abilities every day? Things like that.

A lot of it's taken from the major surveys like the Gallup Engagement Poll and stuff because I read so many of these I see a question I'll go, "Oh, that's really good." And most of the questions are based on problems I've seen that companies struggle with that cause them to go out of business. So I'm looking to try to indicate how are we doing in this really critical area. And if it's like customer focused, if your average score on customer focus is two, you're likely not to have a lot of customers in a while.

Jaime: That's good to know in advance because that's gonna happen really soon. Yeah, definitely. Okay, so then let's say you get all that data back, what are some of the common problems that you need to sort of close the gap on?

John: That's a great, great thing. And I'll give you two things here. I'll give you an equation and then I'll give you some other ideas. I boil down pretty much everything I've seen at every business I've worked with around the world into a small equation of four fundamental things. Whether you've got one person in your company, ten, or 10,000 or 100,000, it's still the same four things. And the equation is, and it's in brackets,  $t + --$  let me do that backwards for the video.  $[T + C + ECF]DE$ .  $[T + C + ECF]DE$ . I'll explain it now.

T stands for talent. For the most part, for pretty much everybody

watching this, the quality of the people that you can get, grow, and keep on your team, or the relationships that they create with your customers are one of the only sustainable, competitive advantages left. Many, many companies, if not most, are totally dependent of the quality of the people they get on their team. Or if they don't work for you in your network. So talent is essential, which means that talent acquisition, talent retention and talent – or talent development and talent retention should be a strategic objective. Your business is gonna live or die by the quality of the people you can get. Big, big idea. That's the T.

The C stands for culture and there's two things you want in culture. You want a winning culture that gets employees engaged and excited and passionate and having fun. And I got a great phrase here that's absolutely critical. Just remember this. The customer's experience will never exceed the employee's experience.

Jaime: So good. So good.

John: Yeah, the No. 1 factor in highly satisfied, engaged, and loyal customers is highly satisfied, engaged, and loyal employees. So, yeah, people ask me all the time, what is it? Employee first or customer first? It's very clear. Hire talented people, give them a winning culture, really treat your employees well, and that doesn't mean paying them lavishly, we can talk about that later if you want to. But create a winning culture. When they're engaged, they'll engage the customers.

However, there's the other side of culture that says you also have to deliver business results. It's not all about fun and game and foosball and sushi and massage chairs. I like that stuff, but at the end of the day they also have to deliver profitability to the company, deliver the business results. So you gotta balance those two things in culture between a really engaging culture, fun for the employee, where they come to work every day with high levels of accountability and proactivity and passion, and deliver the results for the business.

ECF stands for extreme customer focus. Extreme customer focus. Another phrase I like here is whoever owns the voice of the customer owns the marketplace. Whoever understands the customer the best, their needs, their wants, their wishes, their fears. And I find out that most businesses, probably 90 percent of the businesses I work with worldwide, from brand new startups to the top of the Fortune 100 are pathetic at truly listening to their

customer, deeply understanding their customer. Huge advantage there, too. If you know your customer better than the competition, you have a huge, huge opportunity that they don't see.

Then you take those first three things, talented people, winning culture that delivers results, extreme customer focus and you multiply it by disciplined execution. Which is basically accountability, personal and mutual accountability, and delivering the business results.

I've been teaching a class at the Wharton School of Business as a guest lecturer for about 14 years. And every year – it's an executive level class. I have only presidents and CEOs of companies in my class. And every year I ask them, "What percentage of companies that know what to do, know how to win, they got a good product, they got a good plan, what percentage of them effectively execute their plan?" And the answer for 14 years has been 10 to 15 percent. So it's not a lack of knowledge.

And this is the same thing with individuals. Why is everybody not a millionaire? Because only about 10 percent or less of people have the disciplined execution and personal accountability to do what they know they need to do.

Jaime: Wow. Okay, so now we have to dive into every single one of these, though. Because I – that's awesome. So let's start with talent. So how do you get these amazing people and how do you know that they're the right people on your team?

John: Two answers. Remind me to give you the second one. The first one I'll tell you is what attracts them. I just did a study of 10,000 high potential employees at top companies around the world, Apple, Microsoft, Amazon, I mean every company you can think of. And I interviewed their very, very, very best high potential employees. And these are the kind of people you would love to have on your team. These are also the kind of people that I call voluntary employees. They're so good at what they do that if they quit their job at 9:00 in the morning, they have a job at the competition by noon. They're that good. So they don't go to work because they have to at that company, they go to work because they want to. Because they could work anywhere they wanted to.

So I ask them, "Why do you work where you work?" And they gave me six answers. And this is the stuff that absolutely attracts and retains the best people. No. 1 was fair pay. Fair pay, not

exorbitant pay. And the way they defined it was 10 percent above or below what I would make to do the same job any place else. As long as you get parity on pay and roughly making about the same, you can hire top talent. As long as you've got these other five items.

The next one was challenging/meaningful work. I wanna do work that's engaging, exciting, where I really challenge myself and at the end of the day I feel proud of the work I did. The next one was cool colleagues. I want eight players, [inaudible] great players. I wanna work with cool, high integrity, honest, proactive, neat, bright people. No. 4 that would be then is winning culture, what we just talked about. Engaging, fun, exciting culture. No. 5 and No. 6 are really important. And when you get up the echelon, these are the things that really keep top talent or make you lose top talent.

No. 5 is I want both personal and professional growth. I need to be able to look back over the last week or the last month and realize that I learned something new. I had training, I had a mentor, I had a coach, they sent me to a seminar. But I'm getting smarter, I'm getting more skills as being a result of working in this company, personal growth. And I need to be able to look up and see that there's a place for me five to seven years out. If top talent feels like they're bored, like they're not learning, there's no new skills, or they look up and realize there's no job for me, I'm as high as I can go in this company, they'll leave as fast as they can.

Unless you get to the sixth and final one which is working for a leader I respect and admire. 88 percent of people that quit their jobs do not quit the job, don't quit the hours, don't quit the pay, don't quit the workload, they quit their immediate supervisor, their idiot boss. The reverse is a lot of these people that I talk to said the main reason I stay in the company I work for, maybe they don't get all the other things, is I really, really respect and admire the person I work for and want to stay working for them. I really love my boss. Big idea.

Now we'll add the second part, which is how do you do this is you need to create – and I don't want to use consulting terms, but a competency model or a template of the ideal employee. Look at your best employees now or sit back and think about this before you interview anybody, before you interview, and say what are the must-haves? What are the stuff this person absolutely has to have? What are the nice to haves and what are – or what are the

secondary and what are the nice to haves? And if they don't meet pretty much all of the must haves, no matter how cool, or nice, or cute, or friendly, or fun they are, don't hire them because they probably won't work out.

And there's an old cliché, hire slow, fire fast. I think that one hits the nail on the head there. And let me recommend a book here. The single best book I've read on hiring and hiring process and the HR process in a book called *Who, W-H-O*, by Geoff Smart. I've owned, owned or been the CEO of eight companies, some of them large, some of them small. My firm is small now. If I was back to hiring people again, that would be my bible. I would open that thing up and read it every time before I hired anybody.

Jaime: I love this. Okay, so one quick question on the talent side. What do you do for people – do you want people to already know the skillset? Because I've heard you hire for the person. I use the culture index to try and hire people. And so we hire for the person and even if they don't have the skillset we're willing to train them. But it can take a while. So do you agree with that?

John: Well, there's a great phrase I learned from a CEO of a big company. Hire for attitude and aptitude, train for skills. They're gonna need some fundamental skills. If I'm gonna hire an engineer I need to know they've gone to engineering school. I don't necessarily need them to have a 6.7 GPA. So hire the best person you can. They've got some general basic skills, but they have an aptitude to learn, they're really good at learning.

And most important, they have to have the right attitude. Because here's the deal. If someone's got some foundational skills, they've got aptitude, they learn, great. I can train them. But if someone lies, or they don't like other people, or they don't play well on teams, there's no class I can send them to, there's no seminar they can go to. That's who they are. They're likely not gonna change.

And I'll give you a quick tip that I used to use when I hired key people in my businesses, senior executive or a critical role, is after we'd done all the interviewing, we'd done all the tests, we called all of the...what do they call those? References. Checked everything, and we did team interviewing. Everybody in the team said this is who we wanna hire. I'd invite him back to my office and say, "We're gonna offer you the job. I'm gonna tell you about the offer right now, but you cannot accept it. I want you to go home. I want you to think about this, talk to your wife, talk to your

husband, talk to your dog, I don't care who you talk to. But I need you to really think about this and here's why.

If you take this job just because of the salary, the benefits, and the vacation, I will figure it out really quick and I will terminate you as fast as I possibly can. If it's just a job for you, I will see through that the first 90 days and you will be gone. And I will not be a good reference. On the other hand, if you like our vision, our values, what we do, you enjoy the people you've met, you like the sort of culture we have here, you've got a passion for what we do, you're not really worried about how much money I'm gonna offer you as long as it's fair you'll take the job, then please take this job. This might be the last job you ever have. You might retire from here. But if it's about the money and the other stuff, don't take the job." Here's the interesting thing. 70 percent of the people did not take the job. 70.

Jaime: That saves you so much time and money. Oh, my gosh, just from that one thing.

John: Yeah, and somebody asked me once, "What, are you running a cult?" And I said, "Yeah, it's a cult of excellence. You have a problem with that?" And he went, "No, I'm fine with that. It's cool."

Jaime: Oh, my gosh. That's insane. That's so smart, though, because most people will do that and then you've cleared them off the calendar before you even had to put them on. That's so smart.

John: Yeah, and I only want people that are dedicated and passionate and want a career and a calling and a craft, not a job. Everybody listening to this video cast I'll call it, I was gonna say podcast, but it's not. Everybody listening and watching this understands this. You never become super wealthy working for somebody else. So you need to find the right individual who doesn't have a dream of being a millionaire or billionaire that wants to do a great job, that's passionate, but doesn't want to run the place. Because if you've got somebody like that they're great for a while, but then they're gonna quit and go start their own job which I think is great.

Jaime: That's what happened to me. Kendra is leaving. Darn it. I knew this, in advance though, and the hard thing is that I love entrepreneurship so there's no way in heck I would ever wanna stop someone from pursuing their dream in any way, shape, or form. No, please, go. I totally get it. But it's also like, crap. Now

I have to train someone else.

John: I have run several professional services firms, I owned an advertising firm for years, I knew – I know now and I knew then that the people that work for me that do that kind of work, if I can't give them a major promotion or make them a partner in my business in about five years, they should leave. They've learned everything they can from me, they understand our industry, [inaudible] hopefully they won't set up shop right across the street and compete with me, but that's fine.

But I didn't wanna make people partners in my business. I own the business. I took all the risk, I wanted to get the highest reward. I paid them lavishly, but at a certain point you say, "I can't give you any more. You're making double what anybody else in this community makes doing the same job. It's time for you to leave." And you wish them well and hope them well. One of the things I'm the most proud of in my entire career is almost everybody that's worked for me in a major position in any of the companies I've run, are now the owners of their own companies, or CEOs of large companies.

Jaime: That's awesome. That's huge.

John: It's hiring good people.

Jaime: Yeah, amazing. So let's move on to the culture. How do you create, especially in a smaller team, how do you create a culture? And how do you balance that? Because disciplined execution is really important. So you have to balance, hey, we can't just do massages all the time, right? What are the...?

John: Yeah, well, let me give you – there's nine keys to building a great culture and five keys to accountability. So remind me to give you the five keys to accountability after this. Based on a whole bunch of research and my experience with all the companies I worked with, there's basically nine key things you need to build a winning culture.

No. 1 is it needs to be a fun place to work. When I say fun it doesn't need to be rock-climbing walls or constantly putting whoopee cushions under everybody's chair, but here's the way to test this. People smile just as much when they come to work as when they leave. If they're happy when they get there and they're happy when they leave, you probably have a fun place to work.

And you can feel the energy, you can feel the vibe.

No. 2 is it has a family atmosphere. We genuinely care about each other. We ask how was your weekend, how's your wife feeling, I heard she was sick, how's your daughter's soccer game, how's your son doing in baseball, whatever it might be. So it's a family atmosphere. No. 3 is I work with people that I would consider my friends, sometimes even my best friends. That doesn't mean I have to be friends with everybody in the company, but I do genuinely think a couple people here are folks I really, really like.

No. 4 is I'm treated fairly. And that's not pay, that's the rules are fair, the hours are fair, the workload's fair. And if there's a problem I know that my voice will be heard. I'll be treated fairly. Money was not on this list, but again, if you get 10 percent above or below, you're fair on pay. Next one was freedom. I want the training, the resources, the help and then I want autonomy and personal accountability. Let me go out and do my job. Don't micromanage me. The next one was pride. I wanna take pride in the organization I work for. I'm proud when I hand out the card or I wear the shirt or that hat. Or when I'm at a party people ask me where I work I wanna feel proud of the work we do.

The next one was praise. And that's some sort of genuine, honest, sincere praise once every seven to ten days. And a lot of people go, "Oh my god. I'd spend all my time praising my people." It's not just the leader, it's everybody in the company. And this is a big, big idea here. It's creating a culture of catching people doing things right. In most businesses if you mess up, 99 percent of the time someone's going to be there to point that out rather quickly. But if you do something good, about 99 percent of the time nobody says anything. I think that's a bad way to run a business.

So you create a culture where everybody's focused on, not only accountability, but also catching people doing things right. Now that's the first seven. And for about 20 years of that study those seven were the strongest. And two more joined the list, thank you millennials. Which is fair and supportive, fair and supportive. So you're looking at – no, it's meaning and support. Is my boss supportive? Are they compassionate? Do they love me? And do I find meaning and accomplishment in my job?

So when you look at those things, fun place to work, family atmosphere, I work with my friends, I have freedom, I'm treated fairly, I take pride, I get praise, I have meaning, accomplishment,

those are the things people look for in a winning culture. Now how do you balance that with accountability? Here's the five keys to accountability. By the way, you didn't know I was gonna talk the entire time.

Jaime: You know, I knew. I knew. Sorry I didn't warn you.

John: So this is work I did with a couple clients to try to get this down and people always wonder, how do you be accountable without being a bully or being mean or ruining the culture? Here's how you do it.

Step one, if you're gonna hold somebody accountable for something – it's not everything, this is mission critical stuff, big stuff. You need to get 100 percent clarity plus appropriate authority and resources. You've gotta sit down with that person you're gonna hold accountable and say, "This is the budget, this is the timeline, this is what success looks like, here's how we're gonna measure it, this is..." As much information as you can possibly give to get 100 percent clarity and then ensure that they have the appropriate resources, everything they need and enough authority to get it done. Key, key idea.

The next one is 100 percent agreement. That person needs to look me in the eye and say, "I understand the budget, I understand the timeline, I understand the metrics, I understand all that other stuff, I believe this is a reasonable goal, and I accept 100 percent accountability." I've asked probably 60,000 small to medium sized business owners in the last two years, "How many of you, on a scale of 1 to 10 with ten being world class, would say that you're a solid nine or a ten on always getting 100 percent clarity plus appropriate authority and resources and 100 percent agreement on all of your most important projects?" And the answer is zero.

Jaime: Okay, good. Phew.

John: Not 1 percent – actually a guy in Australia raised his hand. I went, "Are you sure?" He went, "No." He put his hand down. And I had a young lady in Miami Beach raise her hand, real enthusiastically. I go, "Are you sure?" She goes, "What was the question again? My manager told me to raise my hand." So I said, "Put your hand down, too." So don't feel bad. Nobody – now that I say it, it makes total sense.

Now No. 3 is track and post. If you're gonna hold people

accountable for their – a goal, you need to let them know where they stand against that goal. And the two key things with tracking and posting is make it highly visible and super easy to understand. I can see it at a glance. It's green, yellow, red. It's thumbs up, thumbs middle, thumbs down. I can look at it, immediately know where I stand, no guessing. And then No. 2, put it up so everybody can see everybody else's goals in the entire company. From the top of the company to the bottom, everywhere. Cut down all the trees, no place to hide.

Here's what happens. About 10 percent of the people in the organization love this. They're your A players, your stars, they're gonna nail it. They're gonna be green, green, green, green. They loved to be tracked because everyone sees how awesome they are. About 70 or 80 percent of the people in the middle of the thing go, "Aah!" Deer in headlights. "They're gonna track everything and post it." And they're freaked out. And about 10 percent of the people fall on the ground like a two-year-old with a wet diaper, start crying. And you go, "It's been a pleasure working with you." Make them available to industry.

So what do you do about that big group in the middle that's scared to death? Step No. 4, coach, mentor, train. When they start to slip, when they go from green to yellow, you don't run in and yell at them, you run in and help them. People parachute in from the sky, you know? So every time – because most people equate tracking with punishment. You're gonna track me so you can yell at me. You're gonna track me so you can withhold bonus. You're gonna track me so I don't get my stock option. Whatever. What you need to do is change that around so you know we're tracking you to ensure you get bonus. We're tracking you to ensure you get stock options or whatever it is.

We want you to stay in green all year long. Because if you go from yellow to red, it not only hurts you, it hurts the whole company, hurts the team and it hurts me as the owner. I don't make any money. So as soon as they can make that paradigm shift from tracking equals punishment, to tracking actually equals coaching, mentoring, training, and help, they want more tracking.

Which leads me to the fifth and final one, which is celebrate success lavishly. And again, I don't mean throwing around money. I mean a Starbucks card, employee of the month, a trophy, dinner out with their spouse, whatever it might be, or partner. Maybe some money, I don't know. Whatever you wanna do.

And then the other side of that is deal decisively with mediocrity. If someone is consistently yellow, red, yellow, red, yellow, red, you do everything you can to help them. Everything. I've got a great Jack Welch quote I love, "I never fired anyone who was surprised." So you make it very clear that they're on the verge and then if they don't get back up in green, you politely let them go.

One of the reasons you do everything you can to help them is, you gotta remember, that everybody is watching how you terminate other people. And if somebody's doing great and they're fine and they got all green, everything else and the next day they're not there, everybody starts looking around like, "I didn't know Bob was in trouble. Did you know Bob was in trouble?" He just got vaporized, you know? And then they go, "I wonder if that'll happen to me." But if they see you go through a fair, methodical process, you're trying, you're doing everything you can, then they realize if they start to get in trouble you'll be fair with them.

Jaime: So how do you come up with those goals and decide what is green versus red?

John: Some of it are gonna be tied to major metrics in the business, profitability, membership, customer satisfaction. The best way I've ever found is to ask the employee, "What do you think you need to deliver? What do you think a good metric is?"

I was working with a company years ago in Texas, due diligence firm it said, and about a \$50 million company. And they had six partners who had never been tracked. Never had any kind of metrics. Nothing. They just showed up and did their best. And we wanted to put them on something like this so I just asked them, "How should you be tracked?" And one of the partners looked right at me, goes, "Oh, that's simple. Utilization rate, hourly blended rate, number of projects under management, number of people under management, money in the pipeline." That's impressive.

I said, "Do you have numbers for that?" "Oh, of course. 90 percent utilization rate, \$250.00 blended hourly rate, three projects under management, ten people under management, \$2 million in the pipeline." I go, "That's good. Is everybody else comfortable with that?" And he went, "Yes." I go, "Great. You've now got your metrics." And within four months it became obvious that two of the partners weren't anywhere close on those metrics. Not even

close. And they both quit because they could not stand having everybody else in the firm know that they were doing 20 percent of the work everybody else was doing.

Jaime: Wow, that's awesome. That works out so well.

John: Yeah, self-termination.

Jaime: So, let's go into extreme customer focus. How do we know that we're doing that? Or how do we make that better?

John: The key to that is two ideas, one really big one and then one that follows that up. The first idea is moments of truth. In any business you've got dozens or hundreds of touchpoints, places where you interact with the customer. Out of those hundreds of touchpoints there's only a handful of critical, absolutely essential, moments of truth that must be delivered flawlessly. I'll give you a quick example.

Restaurants. There's about 170 touchpoints to going out to dinner with your partner or your friends. Could you get into the parking lot easy? Was it well lit? Was it clean? Was the temperature right? Was the music too loud? There's a whole bunch of stuff. But in every restaurant there's basically only four moments of truth. Four things you've gotta do flawlessly every time for every customer to make them a customer **[inaudible]**, to make them love you.

Hey – one of my friends walking past the door, out the window. Next door neighbor's really polite. I don't have a regular office. You'll get a kick out of this. I have a little man cave. I have a three bedroom house that's about seven miles from my regular home where I have all my books and videos, so it's my little man cave where I'm hanging out. My neighbors are really nice.

So moments of truth, restaurants. There's only four moments of truth for restaurants. No. 1 good quality food, No. 2 good service, No. 3 reasonable prices for that food and service and No. 4 cleanliness. I've asked thousands and thousands, thousands of people, they all agree.

So if I take you out to dinner. We get there, the place is awesome, the vibe's nice, the music's great, the parking lot's well lit. We come in, the service is incredible, they sit us down, they make sure we got drinks and they're not hovering, but they're great. We look

at the menu, the prices are really reasonable. The food comes out, it's awesome. I mean the food's the best we ever had, we're talking about how good it is. And right as we're talking a big rat jumps on the table, runs around, takes off food from the middle of your plate. Are you ever going back there again?

Jaime: No.

John: No, here's the idea. They got 169 out of 170 touchpoints perfect. They got three out of four moments of truth. But they miss one moment of truth and lost a customer forever.

Jaime: I laugh because that actually happened to me. There was a rat – it was a gorgeous experience. I took my mom out to this wine bar and my mom is deathly afraid of mice, rats, anything. She jumps on the table. I'm like, "Oh my." So that happened to me.

John: And you and your mom are not going back there, are you?

Jaime: We have not been back. No, we walk by and we think it's hilarious every time.

John: You're the first living example I've ever had of this. But they might have done everything else right, but your mom will never step foot in there again.

Jaime: Heck no.

John: And I'm sure if she wanted to, she could tell a lot of people not to go there, too.

Jaime: Definitely.

John: Right? So one of the main **[inaudible] [00:43:10]** ways you have extreme customer focus is understanding those moments of truth and delivering them flawlessly. And I hate process. I'm not a checklist guy, I don't like spreadsheets and everything, but I know this. If you want repeatable success, you must have process. And if there's any place in your business you want process, it's around the moments of truth. That's what you train on, that's where you create process, that's where you create operation procedures and checklists.

Because if you nail those – and key idea here, too, is you have internal and external. External is your external customer, internal

is your employees. And if you don't deliver the moments of truth to your employees, they can't deliver the moments of truth to your customers. So the second part of that, of extreme customer focus, is **[inaudible]** on the voice of the customer. Because who's the only person in the world that can tell you what the moments of truth are? The customer.

So you gotta ask them and you gotta ask them in a thousand ways, through surveys, through focus groups, through new user groups, through VIP, councils, customer councils, net promoter score. Basically just short of becoming a pest. You don't want to send them a survey at 10:00 a.m. then send them another one at noon and go, "How'd you like that survey I sent you at 10:00?" That's a little bit too much. But short of that, the more information you know and you can correlate, you can correlate. It's not anecdotal like, "Hey, how do you like our thing?" "It's great." That doesn't help me much.

Scale of 1 to 10 how was your service today? 8. What could we have done to make it a nine or a ten? That's the kind of data. So when you own the voice of the customer, understand what's most important to them, then you can understand the moments of truth and deliver them flawlessly. And to me, that's extreme customer focus.

Jaime: I love that. Okay.

John: Sounds like I talked about this once or twice before.

Jaime: I know. That's what's so great. I'm like, "Wow, you know this like the back of your hand." Which is important, right?

John: That's what I get paid to do for a living.

Jaime: Okay, you have great moments. This is when it counts. So what about disciplined execution? How can we make sure that people are doing what they gotta do? Because if you have all those other pieces, it doesn't matter if...

John: Well, we have the five keys to accountability, so clarity is critical here. The other thing I think is really important is setting clear expectations. Not just when you hire people – and this is the kind of work you're really gonna be doing, but constantly setting clear expectations and then tying those expectations into – and I'm gonna use very specific phraseology here, a vivid, compelling,

tightly, sharply focused and well-communicated vision and strategy for growth.

So part of that disciplined execution will be showing everybody how what they do every day ties directly into the success and the future of the business. Which by default is the success and future of their job, right? So they need to be able to see all those things in winning culture because then they get engaged, they need to understand accountability and those five keys so they understand what they're supposed to do and how they're doing against it. And then we need to be able to see the bigger picture of how does all this fit into who we serve, how we deliver products and services, what our vision is, what our values are, what our strategy is, and how do I play a role in making the company successful.

Jaime: Okay, so how do we figure out that vision and strategy hard core? Because there's a thousand things that it could be. Are there any books or resources? Because the thing is, is that I was actually at dinner last night with one of the millionaires that I interviewed and we were trying to think of books about visioning. We found *The Alchemist*, but that's not really – you know what I mean? What do you have for strategy and vision at this high level that could help people?

John: Wow, well a bunch of this – in all seriousness a bunch of this is on my YouTube channel, my blog as well. I just did a video on vision values – mission, vision and values for one of my clients. But, you know – and there's a couple of good books and you and I'll catch up by email later today and I can – I think *Flight of the Buffalo?* No, *Northbound Train*. *Northbound Train* by Karl Albrecht is a great one. And I also think *True North* by Bill George would be a great one, too. He's a neat guy, former CEO of Medtronic. He's a friend of mine.

I think those two would be awesome, but there's actually a couple of great books out on vision. But here's the thing. Having done this for many, many companies, the vision is, where do we wanna take the business? Where do we wanna be in three, four, five years? Here's my best piece of advice on that. You don't have to be the best in the world. Everybody wants to be No. 1, the biggest, the industry leader, the recognized. That's nice, but that's really hard. The price you have to pay to be No. 1 on the face of the Earth at something, the best in the world, is extremely challenging. And very few companies have the passion and the drive, the resources or the talent to do that.

I think it's absolutely fine to say among the best, or one of the – recognized as one of the best and run a really profitable, fun company that's not that stressful with great people that serves great products and services and helps your community. At the end of the day you're going home making money, you're paying everybody well, you're not too stressed out, people love your products and services, you're helping your community. You're doing something really cool that very few people can do, right? So the vision doesn't have to be the intergalactic, stellar champion of all time.

The mission is a real quick way to understand this. Who would miss you if you were gone? If your company ceased to exist tomorrow, who would go, "They can't be gone. I love that product. I love that service. I need that company. I need those people. I need that guy or that gal." The mission is who you serve and why you do it. And the best way is who would miss you if – and if nobody would miss you if you're gone, not really adding a lot of value to the marketplace.

And then the values are – two key ideas here. I think some of the values, and all the gurus on this will tell you that values are not developed, they're discovered. Some are and I agree with that. But I also think that if you own a company or you start a company you have the right to set some core values that you believe in. One of my favorite ones, I'm not a military guy, but I love West Point. We will not tolerate lying, cheating, or stealing or anyone who does it. Period. To me there's some basic core values that if it's gonna be my company, or it's gonna be my division or my [inaudible] [00:49:23] we're following these because they're essential to running a great business. Then you can get some other ones around sustainability or compassion or helping your community contribution, those are all awesome.

People can mess up in business. If you make an honest business mistake, I don't have a problem with that. Violate the values and I can prove it, you're gone immediately. Because the second you let someone violate the values to stay in the company, you've told everybody else we don't have any values.

Jaime:

Oh, that's awesome. I really appreciate that, too. Writing values was difficult when I first did it because you're sitting and looking at a blank page. And I remember chatting with one of my friends who does this often and I was like, "Well, everyone wants to put integrity. But that's a given. It should be a given." Right?

John: I would hope so, but, you know, in many companies that stop – let's talk about Volkswagen today. Oops, did I say that? Today's the day that, if anybody watches this later, all over the news that **[inaudible]** Volkswagen had a special software program in that would allow them to cheat on emissions control when cars were getting tested. But once you got out on the highway it was four times the allowable – it's probably – their diesels. Probably some of the dirtiest cars on the road, but people bought them thinking they were some of the cleanest cars on the road.

And it was a special software thing they put in their system so that when you went to get your emissions checked it could tell the back pressure and change the emissions. And now huge backlash on – Volkswagen Canada just announced, I was just listening to the radio, halting, stopping selling all diesel Volkswagens in Canada. That's gonna hurt a little bit in the bottom line. And they've lost trust.

Jaime: Yeah, who wants to buy that now?

John: And they lost integrity. That's brutal. Whoever did that, decided on that, that's a big, big, big mistake. And it's probably gonna cost them billions of dollars.

Jaime: And how do you recover from lying to everybody? Right? That's insane.

John: It's interesting that you ask that because I had five or six emails from people around the country last night saying would you write a blog about that John? How do they recover? And I'll share with you the general area that I'm in is, I think they need to go talk to their customers and ask them, how do we recover? What do we do? We've totally violated your trust, we had your trust before, we were a brand you trusted. What do we have to do to earn your trust back? And I don't know if they can right away. It may be a five, ten year, 20 year deal to get back to where they were. Nobody knows how much damage it's gonna do, but all of the press worldwide is piling on this big time. Big time. So it's gonna hurt Volkswagen quite a bit.

Jaime: That's insane. I know we have to start wrapping up. I want you to just keep talking forever. Is that okay?

John: A couple hours. **[Inaudible]**.

**Jaime Tardy of Eventual Millionaire  
w/John Spence**

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Jaime: The next millionaire might be a little pissed off, but that's okay. No, I'm gonna ask you the same last question that I always do because I have to wrap up, but what's one action listeners can take this week to help move them forward towards their goal of a million?

John: I'm gonna do two because I cheat.

Jaime: Do it.

John: I like that. I just talk about integrity so I can...

Jaime: I know.

John: No, I wanted to add extra value. Extra value.

Jaime: Exactly.

John: In all seriousness I wanna say two big – two key ideas. No. 1 dedicate yourself to lifelong learning. I don't care if it's reading or audio books or videos or whatever, but become a fanatic for self-learning, for what I would call personal kaizen, continuous incremental improvement, 1 percent better every day. Dedicate yourself to taking 5 or 10 percent of your time every day and investing it in yourself.

And then No. 2 I'm a huge fanatic for network. Build the biggest network you possibly can of bright, sharp, smart, talented people that are invested in your success. Those two things. What you focus on, who you spend time with will determine what your life will look like a decade from now. Don't take them for granted. Break off the time, focus on the right stuff, focus on the learning, focus on stuff like this and surround yourself with the biggest network you possibly can of high integrity people. That would be my absolute best advice.

Jaime: Yay! Give me chills, too, because that's what I do. That's what I'm working on. I really – I'm like, "Yes! Confirmation." Thank you so much, John. Where can we find out more about you, especially all those videos and I know you said the link to the books and all that. Where do we go?

John: It's all on johnspence.com and I've got a YouTube thing there. Connect with me on social media. And if any of your followers

**Jaime Tardy of Eventual Millionaire  
w/John Spence**

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have a question, comment, concern, issue, just shoot me an email. My email is john@johnspence.com, john@johnspence.com. I will say I get about 300 emails a day and I answer them all personally so it might take me a week or two to get back to you, but I do answer all my own emails. And if you've got a problem, issue, concern, there's not – you can't find something on the website, just shoot me an email and I'll do everything I humanly can to help you.

Jaime: See, the fact that you'd give out your personal email address is so ridiculously awesome. Thank you so much for coming on the show today. We really appreciate it.

John: It's my honor, my pleasure. I've really enjoyed spending time with you today Jaime.

Jaime: You're so awesome. All right.