

# Making Tough Decisions

On my entrepreneurial path, I have realized many things come down to a few key decisions. Sometimes they are very tough decisions that can have a significant impact on people's lives. This is what being an entrepreneur and leader of a company is all about. It is about making the big decisions that will either lead you to your success or demise. The demise part comes by not acting and putting off these tough decisions that need to be made.

These decisions can come in the form of people that should or shouldn't be with your company, products or services that you should or shouldn't have, or in the strategic direction of your company.

We have been having a challenge with our solutions sales manager in generating results. When he started, we worked hard to help him gain understanding of the marketplace, CRM, leads source, and messaging. We invested significant time and resources before he even started to make calls or send emails. Then after the calls and e-mails started, the volume of activity didn't produce the needed appointments to create sales.

This left me with lots of discussions with my partners on what to do. You hate to make a change when you have made a large investment of time or money into something. You listen to the excuses that are made for why the results aren't there. You want to go with it, but your gut tells you something is still wrong. We even offered a commission only option as the last attempt to keep a relationship because a very small part of me said he may just need more time. Finally, my partners and I faced the writing on the wall and said enough is enough.

This is never an easy thing to do, and only a sadist would

enjoy it. Afterwards, you often realize that your gut was right, and you wonder why you didn't take this action before, especially when all this evidence surfaces supporting your decision when you finally make it.

I've had to do this more times in my career than I would like to admit. When I have to let someone go, I feel like I've failed, like I didn't do a good enough job in the hiring process, which should have prevented this. Efficiency has a very stringent hiring process, but it isn't foolproof, so these things happen.

Whenever you have a parting of the ways, it seems to be inevitably in the best interest of all involved. The person let go learns from the situation and moves on to seek an opportunity better suited for them, and the company also learns from the circumstances and refocuses to find someone better suited for their needs. Obviously, some people deny responsibility and blame the employer, but typically I have seen people move on to positions in which they were able to excel and advance their careers.

We all have strengths, and we just need to be freed up to find them sometimes. Are you holding back and avoiding making a decision that would be in the best interest of all involved?

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## [Solving the World's Problems with Abundance](#)

Let's continue our discussion from last week's blog. How does Abundance solve the future problems that seem to loom before

us like population growth, water needs, hunger, and power?

Abundance Thinking holds the understanding that we have the capability to solve our pains with the technologies we have already created. Those technologies are at such a level that the continued connectivity of each of them creates exponential opportunities for solving all the issues of the day and the problems out ahead of us.

Click Image below for TED Talk.



When I talk about technologies, I am referring to ubiquitous broadband networks, nanomaterials, digital manufacturing, synthetic biology, artificial intelligence, robotics, and infinite computing. These areas of exploration are a game changer for the world in which we live. For those skeptics out there, let's look at a few examples.

Consider the issue of water needs, which is a major one. [Dean Kamen](#) was working to get sterilized water to dialysis patients, when he realized he could solve a problem of clean water for billions of people by creating the Slingshot. This device is the size of a dorm room refrigerator and has an intake hose and an outflow hose, so you could stick it into anything wet, and out would come pure pharmaceutical grade injectable water for dialysis. Great for drinking also! Anything wet includes salt water, arsenic-laden water, and even the latrine. Can you imagine that?

This ultimately translates into helping to solve the population explosion. How? Most people that have large families are rural farmers that need more people to work their farms. They have more children because they tend to have a higher mortality rate in rural areas without clean drinking water. Solve the water problem, and you take huge steps toward

the over-population problem.

Next, let's tackle food. [Vertical farms](#) will change the game here. This would consist of utilizing buildings that would be immune to weather changes, so crops could be grown year round. It would take ten to twenty soil-based acres to produce the same amount of crops as one acre of skyscraper or vertical farm. This also means no pesticides or herbicides to runoff and effect the environment.

Now, we will take a look at the power issue. An updated version of the [stirling engine](#) can burn almost anything, and it is being used to power things like cell phones and lights. This engine can also power the Slingshot. Guess what powered it during a six month trial in a Bangladesh village? Cow dung!

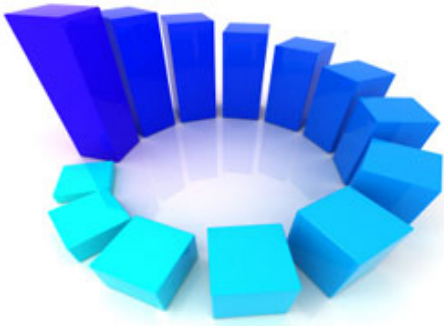
All these examples prove that we really can solve huge problems and realize how abundance will raise the living standards, save resources, and provide ecological benefit to all on the planet.

If you are wanting to explore this more or still not convinced check out the [TED Talk](#) by [Peter Diamandis](#) or read the [book](#).

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## [Time Has Limitations, But You Don't!](#)

Being an entrepreneur, I have a mind set to create something better and to "[maximize](#)" the future. One of the things that I like to maximize is time. The problem with that is time is not



scalable; it cannot be expanded with increased use. What do we do then? Since you and I can't change the fact that we all have 24 hours to utilize in a day, we need to approach it differently.

From the perspective of the majority, we all go to work and put out a certain number of hours. If you want more money, then you work more hours, right? This is because you are paid for being at work, either by the amount of time worked or by the project or production. For example, when we are building a custom software project, we receive payment for the hours we work on the project or, if we quote a fixed price, for the completion of the project itself.

When you work this way, you must ramp up each project and exert the time and energy into understanding each client situation, becoming familiar with the client's environment, solving the problems, writing the code, testing the code, getting it stable, and then you do it all again. In order to grow and expand your profits, you need to acquire more time, more resources, or both.

We have the opportunity to build one software project and sell it over and over again. You build it once, but you can sell, lease, or give the software to a couple or even a few billion people at minimal to no additional cost to the company. This would be the same as a contractor building an apartment complex with 5 units but leasing the same space to thousands of users.

We are building software tools such as [Sluice](#), which we are able to lease, thus multiplying the revenue as more people use them. This only works if you create real value for people by solving a big pain that is so troubling that they will spend money to get rid of that pain.

To be scalable outside of software may take some creativity, but even with fixed assets it is possible. For example, think of turning a condo unit into a time share unit. You can sell the unit to one person for lower revenue or to 52 people buying a week for more revenue.

What are you doing to make your time scalable?

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## **STOP Doing It!**

So much of what we do in business is about the things we need to get done. I need to write a report. I need to send e-mails to my clients. I need to create a budget. I need to put a plan together for the next quarterly meeting. On and on it goes with stuff we need to do in order to make progress in our business. Nothing is wrong with this, especially when it creates progress. Progress has been determined to be the number one motivator of both business owners and employees.

However, we really ought to find the things that we need to STOP doing! It is the one thing we, myself included, often neglect to do. What is it in my business or my world that I need to stop doing? Business guru [Jim Collins](#) and coach to the Fortune CEO [Marshall Goldsmith](#) emphasize this topic frequently. They ask, "What is on your STOP doing list?"



When we want to create value, we want to DO something. At times, we can create value by stopping the things that are wasting our time, distracting us from important work, and keeping us from clients and other people vital to our business.

There are various things I find myself doing that I should stop. I should stop having my e-mail open all day long because I get distracted from what I am working on every time I receive a new e-mail. I need to stop not writing the important things on my calendar because time management is event management. I write my blog when I happen to get around to it rather than putting it on the calendar and letting the

calendar manage my events.

I also need to stop looking at things once, leaving them, and then coming back to spend more time on them. I will read an e-mail, leave it to do something else, and continue this process by moving on to something else again instead of taking care of it right then. This is a major waste of time, and I need to STOP it. When something comes up, I should get it done now, move it to the calendar to do at a later time, delegate it to someone else, or delete it and move on.

What do you need to STOP doing?

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## 4 Billion New Customers!

Think about that! If you had access to 4 billion customers, how would that impact your marketing, your strategy, your vision, your opportunities, and your profit potential? Well it's coming, and I see it happening right before my eyes.

Let me back up for a moment and give you some perspective. As I write this, I am at my office in Pondicherry, India. I started [Efficiencie](#) with my partners April and Rich back in 2004 and came to India shortly after to set up the office. We started with one full time team member and one intern and then quickly added five more. We have now grown to 40 bright, enthusiastic, hardworking men and women.



When I started coming to India, none of the team members had cell phones. Cell service existed here, but the phones were expensive, and most didn't see the value in having one. This continued for a few years. Now all our team members, from the lowest to the highest paid, have cell phones. At this point, eight of them have smartphones, and I see the rest upgrading in a year or so. I can see this new global customer base growing right before my eyes.



You may remember reading the [Software Monster](#) blog I wrote about how new software applications, Software as a Service (SaaS) tools, and apps are eating up the legacy business of a huge number of mainstream industries. This was based on an article that [Marc Andreessen](#), founder of Netscape, wrote in the Wall Street Journal. Now, he has another article out that deals with the expansive opportunity that putting a handheld computer or communication tool connected to the entire world is offering by bringing customers to your doorstep.

In a CNet article called [Marc Andreessen Predications for 2012](#), Marc discusses how smartphones are now in the hands of about 2 billion people in the developed world, and in three to five years they will be in the hands of 6 billion. Can you imagine what to do with 4 BILLION New Customers? I have been advocating the power of connectivity since the early '90s, and this adds an exponential growth factor to that, which compounds the potential. If you read any futurist thinkers like [Ray Kurzweil](#), it looks like we are much closer to that [Singularity moment](#). You can check out his book [here](#).

Marc ends the article with how opportunities and growth wrap around smartphones saying, "Local merchants, like local restaurant owners, are going to have a smartphone app they can use to dial up customers on demand. Whether that's from [Groupon](#) or [Foursquare](#) – any of these companies can do that. A lot of small business owners are going to start running their

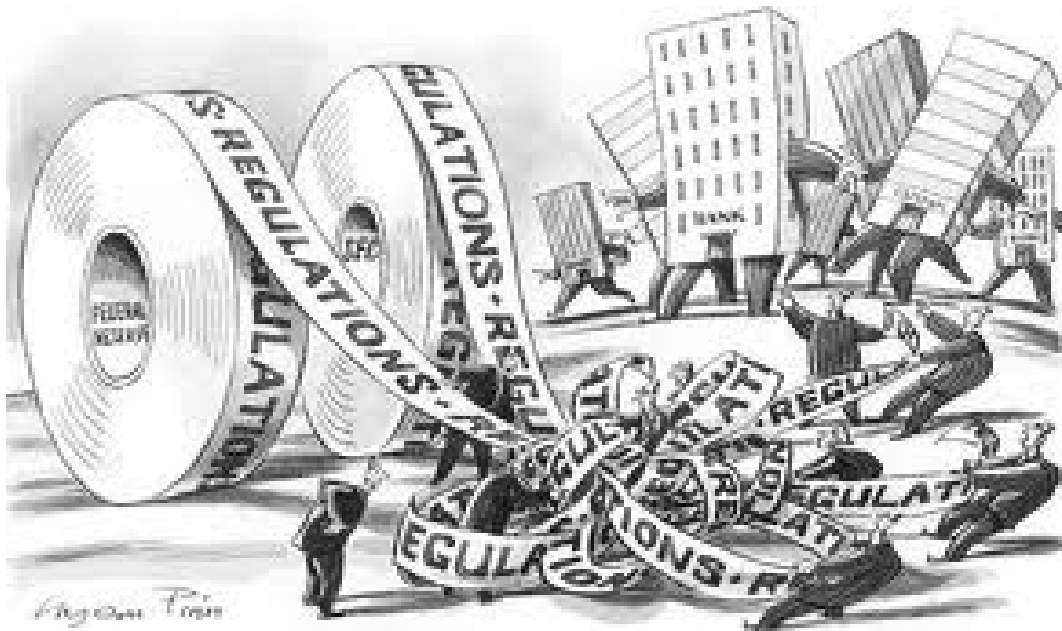
businesses from their smartphones.”

Your marketplace is not your backyard anymore; it's not even your country. We recently launched a requirements gathering tool called [Sluice](#), and it gets 60% of its sign-ups from outside the US. I can already envision all kinds of great opportunities with this mobile expansion, and we are moving our company in that direction for the potential it offers. What are you doing to go after the soon-to-be total of 6 billion new customers?

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## Creating a Jobs Economy

Our nation is struggling to create jobs. You've likely heard that regulations have limited businesses' capital, making it difficult for them to hire or expand. Have you wondered what types of changes to these regulations would help this economy create more jobs? Let's discuss a few key changes that have worked in the past to encourage companies to grow and hire more people.



Many regulations create a big problem for the economy. Which regulations and policies are stopping us from creating the jobs that we are missing? Amity Shlaes writes an interesting article in the Wall Street Journal, [Three Policies That Gave Us the Jobs Economy.](#)”

The first game changer implemented a venture capital investment increase from \$39 million in 1977 to \$570 million in 1978, an increase of 15 times! What policy changed? They cut the capital gains tax rate from 49% to 25%. In the 1960s, the rate had been raised. What happened then? As Amity says, “The mid-1970s were a dead period.” The decrease in the capital gains tax rate generated investments and growth in businesses, which actually brought in more tax revenue for the government.

The second big policy change adjusted the [ERISA law](#), which regulated pension and retirement plans. In 1974, they instituted the prudent man rule, which said that pension plans would be violating their fiduciary responsibility if they invested in risky startup companies like Apple at that time. They relaxed these regulations in the late 1970s, and as a result, more money was invested in small, younger start-up

companies that create most of the jobs, as I discussed in an earlier [blog post](#).

The third major policy change centered around intellectual property rights and clarified how ideas in universities and research departments could be sold or used for commercial benefit. Subsequently, so many great ideas surfaced after having been pushed aside on a desk or stuffed into a file cabinet simply because, until that moment, no one had the incentive to go out and reap the benefits.

The lessons here are plentiful! We need to continue to lower the cost of capital transactions and capital gains. When we take from the people with capital, we always get slow growth or dead periods, not more jobs or government revenue. Amity suggests the major regulations of today include [Dodd-Frank](#) and [Sarbanes-Oxley](#). We need to change these policies and reduce the burdens they place on businesses.

Most entrepreneurs understand this instinctively, but we need to share this data with others. Shout it out loud and clear to the policy makers because this information is vital if their real agenda is to create jobs and improve the economy and not just to maintain power.

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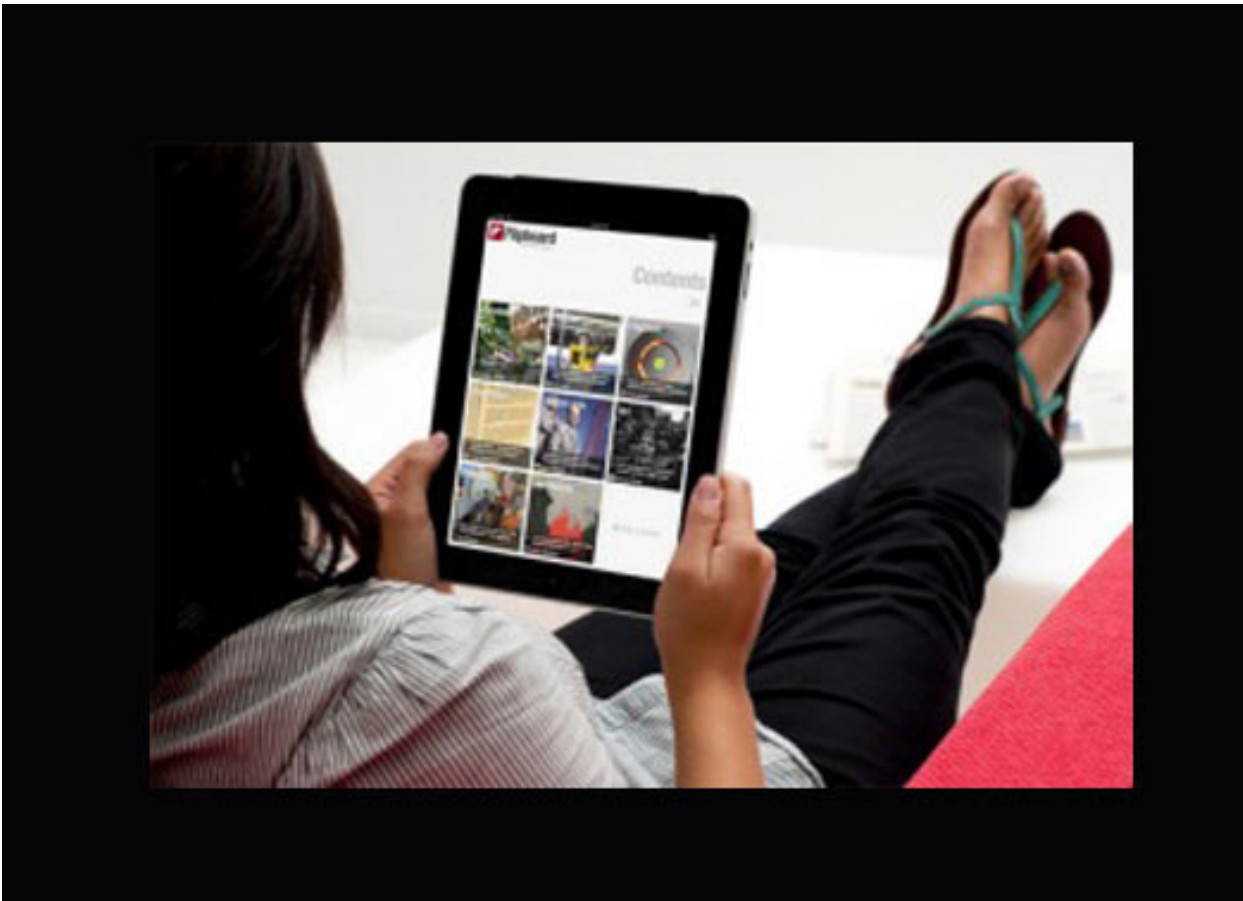
## **The Mobile Future is Right Before Our Eyes!**

Last week, I traveled to Dallas, TX for a guys' weekend with my son Tony, his close friend Steven, and my brother Mark.

While there, we also attended the Bills vs. Cowboys football game. Having grown up in Rochester, NY, I am a Bills fan, which is often difficult to endure. That weekend was no exception. Even after a great start to the season, the Bills lost 44 to 7. Other than that, we had a great time, and the Cowboys' stadium is off the charts!

You seem to open your eyes more to what is around you when you're in a new environment, so being a bit more observant, I watched the nonstop mobile usage around me. These observations made me want to share some recent research that has been released. Based on the research and my own thoughts, mobile devices are becoming a powerful force in our lives.

As we went to restaurants, the social watering holes, the tailgate party, and even in the stadium, I noticed how many people were using their mobile devices to stay in touch, update Facebook and Twitter, and take pictures to upload or send out to everyone. Sitting in Cracker Barrel next to a table filled with the 60 plus crowd waiting on their food, I watched all of them tapping away, or reading what was on their phones. This is universal and will expand as speed increases and apps are introduced, making our lives easier as well as more resourceful and connected.



In a previous [blog](#), I discussed the research of [Mary Meeker](#), a leader in mobile technology research. She released new data at the [Web 2.0 Summit](#) recently, and it showed the continued surge of mobile usage, traffic, and e-commerce.

In the area of e-commerce, she discussed how [eBay](#)'s mobile sales have reached \$4-billion, [Paypal](#) has hit \$3-billion, [Amazon](#) has made \$2-billion, and [Square](#) is at \$1-billion. All had big increases with Square up 20,000% year over year growth! From what I observed, it is just going to continue to be off the charts!

Meeker explained that over the past year, the use of mobile search has increased four times, and the mobile app and advertising revenue combined has been growing at 153% annual compound rate since 2008. At that time, the revenue was at \$700-million, and now it has hit \$12-billion! This is amazing growth!

For internet services like [Pandora](#), [Twitter](#), and [Facebook](#), a

large portion of their traffic is from mobile devices. Actually, for Pandora and Twitter, the majority of their traffic is mobile with Pandora generating 65% of traffic and Twitter gaining 55% of traffic this way. Approximately 33% of Facebook traffic comes from mobile devices, and it is increasing dramatically.

This all means we are entering a world much different from where we have been, and it is changing fast. We will be doing so much more on our mobile devices, and this will drive how we work and play. How does this affect you and your business? Can you improve your service to allow easier access to your products and services over mobile devices?

As I contemplated these questions over the weekend, I had an idea dealing with mobile devices and connecting people that has been brewing for awhile now, but it was solidified in Dallas. What ideas do you have to connect people, share information, or simplify things? The next [Gates](#), [Jobs](#), or [Zuckerberg](#) is brewing and will show up soon. Why not you?

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## [How Do You Get Great Ideas?](#)

Many of us out there hold a strong aversion and distaste for meetings. You have heard it before, or possibly even said it yourself: “We do nothing but have meetings around here, so how am I to get any work done?” Why do we have such negative feelings in regards to getting a group of people together to discuss issues and create solutions to move forward?



I believe strongly in the power of the group and think it is vital to bring people together to create the best ideas. If you have read this blog for any amount of time, you have seen me discuss my belief in collective intelligence, an ideal I trust in so much that I even started a mutual fund managed around the philosophy.

When you imagine a good idea occurring, what do you envision? Do you see Einstein with his crazy hair looking up into the sky with a light bulb going off? Do you visualize the lonely scientist looking into a microscope, and then Eureka . . . It happens?

I read about a study in [Steve Johnson's](#) book "[Where Good Ideas Come From / The Natural History of Innovation](#)" and was not surprised to find it shows that good ideas happen not in these moments of individual discovery but when a group of people are sitting around a table sharing ideas. I said to myself, "Holy moly Batman! Now I have real evidence to support my gut!"



Psychologist [Kevin Dunbar](#) actually set up cameras to watch a research group of scientists work in the early 1990s. His team transcribed all the interactions and tracked the flow of information. Dunbar discovered the physical location where the most important breakthroughs occurred – the MEETING ROOM!

They found the group interactions helped reconceptualize the problem. In his book, Johnson explains, “questions from colleagues forced researchers to think about their experiments on a different scale or level.” Group interactions allowed the more surprising finds to be questioned rather than dismissed, and this led to better ideas and breakthroughs.

So there we have it! Those all day quarterly meetings we have in order to focus, strategize, and plan along with our two day off-site annual meeting have purpose! This can also be said for any other meeting where you need important decisions made or great ideas from your team. If for some reason the team has doubts, get the book! It is a great piece of evidence.

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## **Three Things Scrooge Would Say About Our Business**

As we approach Christmas and get to spend more time with our family and friends in a spirited, colorful environment full of lights, we open our hearts and our pocket books to give and share what we have with others. While I cannot speak for you,

it makes me feel good to give to others. When it is done with sincerity, I feel it has that effect similar to when the [Grinch's](#) heart grows three sizes. It changed him. I look to the holidays to have that growing heart experience and hope the holidays have the same effect on you.

However, in certain areas of your business, I feel it is necessary to have a [Scrooge](#) mindset. I have experienced this in the areas of operations management, stop doing , and cash!



For operations management, I find it useful to go through all the expenses on a periodic basis and for each ask, "is this expense necessary and does this add value to my business?" I always do this at the end of the year and prefer to do it quarterly. I often discover things we are paying for that no longer need to be paid or that could be modified or reduced.

For example, during this end of year review, I found that we were paying to store outdated documents off-site. These can now be destroyed, thus stopping that expense. My team is also

reviewing our servers for potential consolidation and fee reduction. What expenses could you reduce or end?

What can we STOP doing in the true Scrooge fashion? Many times we take on too much and have to stand up and be a scrooge and say, “No, I can’t do that at this time because it will affect my other work.” It can be most difficult to say no to clients, but as I have experienced, it can be the most important thing you say in business. You can read much more on this in last week’s [blog](#).

The last and most important area I’ll discuss is cash. We all know that not having the cash to pay our bills is a bad place to be. Therefore, being cautious and miserly in this area is prudent in the right context. Ask the question, “what can we do in order to get cash in faster and pay it out slower?” Extending cash outflow for thirty days by putting some of our expenses on credit cards could be an option. What are the opportunities to negotiate getting paid upfront or sooner from clients in exchange for some benefit to our clients? We have lines of credit in place and credit card availability as a back-up in this area.

As we go into this holiday season and the New Year, I am shooting for balance between being a scrooge in some business areas and growing my heart three times. Wishing you all a wonderful giving and sharing holiday season!

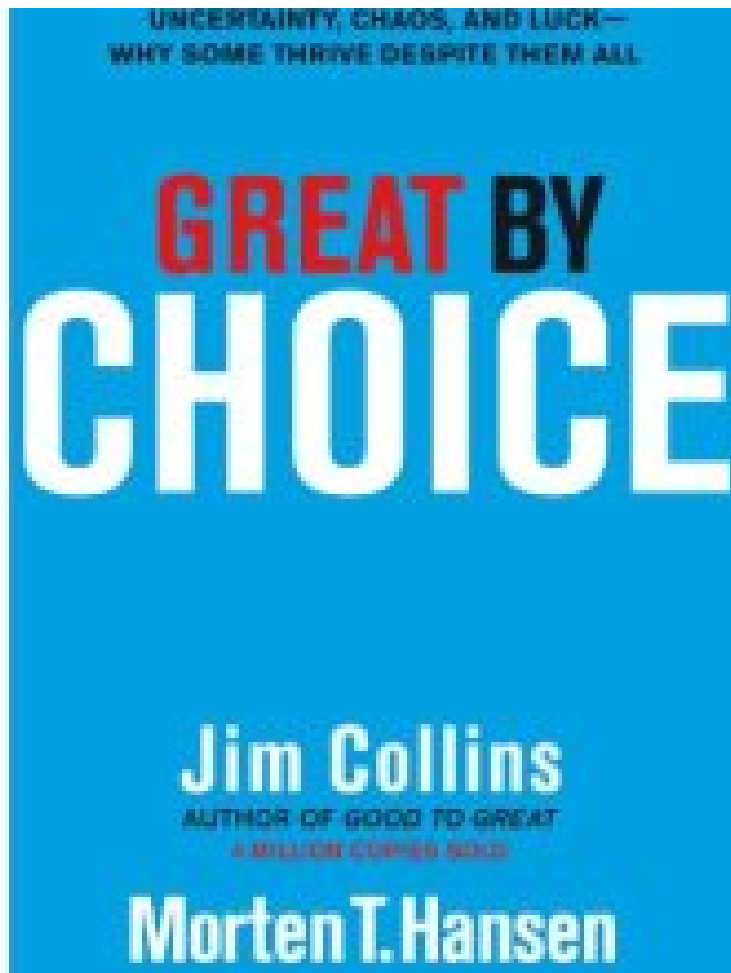
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## [3 Keys to Business Greatness!](#)

If you asked me the business authors out there who I think provide the most value, I would have to say [Jim Collins](#) and [Peter Drucker](#). Both of these guys have provided huge insight to the business community on how to run a successful company. Like most businesses, we at Efficiencie are starting the year formulating strategies and goals to make forward progress toward our destination, and reading Collins' and Drucker's material has always been good preparation.

Peter Drucker is legendary and has since passed on. I credit him for giving me the insight in the early '90s to see how the information revolution would provide the future with value and to develop a mutual fund called [IPS Millennium Fund](#) in '95 to participate in this information revolution.

Jim Collins opened my mind to creating a company that had a big vision with a BHAG (Big Hairy Audacious Goal), a heart with a core purpose, and personality with core values. So, when Collins came out with his new book, I was anxious to see the new awareness that would come from his decade long research.



In [Great by Choice](#), Collins and Hansen set up an awareness of how three key areas acted as the common themes in the companies that have dealt with uncertainty, chaos, and luck as well as why some companies thrive despite all this. What they found was very interesting and contradicts common thinking about great companies. They discovered what they call 10Xers (companies that have been beating the marketing and comparison firms by at least 10 times in stock market performance) were **not** more visionary, more bold, more risk taking, more innovative, or more creative than the comparison companies.

They were more of 3 things:

- 1) **More Disciplined**
- 2) **More Empirical**
- 3) **More Paranoid**

This book is very eye opening! When we think of a company that has had great success, we usually assume it has done so with a new break through idea, a new patent, or by taking a big risk that is paying off. However, this was not the case. Of course, to a point, these companies were innovative and creative, but they became really great by finding what works through empirical evidence, testing that out, and then being super disciplined to get it done. They also worried excessively about what was out there that could change the game for them.

I will discuss each in more detail in next week's blog. Happy New Year, and I wish you much success this year being worried about what is coming, gathering evidence that your ideas work, and implementing them with vigorous discipline.