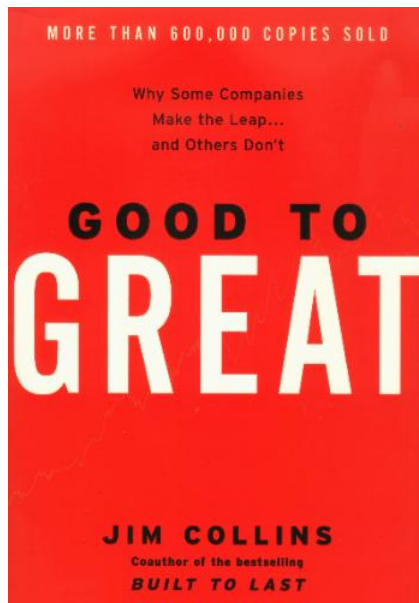


Are You Confronting the Brutal Facts?



We have had a nice run in the markets over the past few weeks, hitting record highs for seven consecutive days. It would seem like good times ahead and I would so much like to jump on that bandwagon. I have seen this before and it makes me very cautious, given what is probably ahead. With any market and economic difficulties, there is always opportunity. The key signature of the DNA in a real entrepreneur is always being in search of opportunities in any

environment, and then acting on them.

When looking for opportunities, we must first practice the Stockdale Paradox, which is coined by Jim Collins in his book [Good to Great](#). In the book, Admiral Jim Stockdale makes observations of those that survived being prisoners of war in Vietnam and those that did not. Admiral Stockdale was there for eight years and endured the most brutal of situations.

Unearthing the Latent Demand to Grow

Over the past few weeks, we have been discussing the change in the marketplace oversupply. If we are going to grow our companies, we need to figure out how to zero in on the right demand sectors. To do this, you first must figure out your

demand profit pools. So, what are those? Demand profit pools are the areas of untapped demand that we as business owners may not be aware of because we haven't dug deep enough.

In "How Companies Win," Kash and Calhoun discuss this and cite an example of the dog food industry. This industry provided bags of food under standard segments based on large, medium, and small dogs.

Our Economy's Transition to Oversupply

Last week, I said we would discuss how to zero in and better handle the demand economy, and we will also look at how to make your offering target the demand that you want to create. We will actually do that nextweek, so we can first understand how we have transitioned into an economy of oversupply. Let's review why economic demand has changed. In the book "[How Companies Win](#)," [Kash and Calhoun](#) describe four phases of transitions moving from a supply based economy to a demand based one.

Does Your Business have a Demand Problem?

Looking at what has been happening in the world with the slow economy, you would think it all has to do with a bad recession

or political activity that is less than favorable to the business world. Look a little deeper, and you will see things are changing. We should be aware of all that is going on for the sake of positioning our businesses for the most potential possible.

I believe, as a leader of a company and the one responsible for putting us in the path of future waves of opportunity, my purpose is to read and learn as much as possible. To achieve this, I participate in the [E0 University Conferences](#), attend the [Verne Harnish Fortune Conference](#), and read a large number of books every year.

Crowdfunding, the Savior for the Entrepreneur

Something exciting has happened in the entrepreneurial world, and I want to share it with everyone. The [JOBS Act](#), passed by both houses of Congress in March and signed into law on April 5th, will generate big changes for the growth of small and mid-sized businesses. One of the major amendments in this bill would allow [crowdfunding](#). I see this evolving into a significant means for companies to access increased funding, and it is a great way for small investors to find more opportunities to devote their money to companies with which they are more closely involved. Given how connected we are through social media and the internet, this is ripe for the times!

Is Your Head Stuck In a Recession?

Watching the news these days doesn't leave one with much hope for the future, when all we're hearing is about inflation, unemployment and national debt. Reports are spreading of an ongoing recession and even a possible depression before things get better. So what is an entrepreneur to do? Constantly trying to keep your head above water can get discouraging when you have nothing solid to look towards. As much as I'd like to bury my head in the sand sometimes, I know that's not a viable option. Instead, I practice the [Stockdale Paradox](#), which is to retain faith, regardless of the difficulties, AND confront the brutal facts, whatever they may be.

The Economy Is Alive

Looking at the economy and how it operates can give you insight into a model of reality that helps to make business decisions that keep you alive and evolving instead of dying off and becoming extinct.

Many people think of the economy as a mechanical instrument that you can control and operate with the twist of a knob or a pull of a lever. This seems to come from the Newtonian perspective that the universe is predictable, stationary, and perfectly knowable with its mathematical formulas. This [Newtonian](#) approach was given life by economists of its time.

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](#)."

A Connection Worthwhile

Did you ever wonder how a website that does nothing but allow you to display your life to all your friends and family and is free to use, could be worth around [\\$11 Billion](#)?? [Facebook](#) is. This valuation comes from the power of connecting...not just people, but things. When connectivity is increased, value goes up exponentially.

This could best be understood with the explanation of the "fax effect". The first fax machine that was made cost exorbitant amounts of money during research and development, and was worth relatively nothing.

Want Jobs? Grow Entrepreneurs!



As I travel around the world, I listen to people talk and read the local papers to get a feel for how others view the global economy. It is interesting to try and see the world from their perspective. It seems that many people are just looking for their economies to get better and waiting for leaders to do something about it.

As I discussed in my last blog, I have a different point of view on changing the world. I see it as you, the individual, who holds the responsibility to change the world. Great leaders simply provide the mindset and inspiration for you to do so. They also create an environment that is conducive to allowing the common man to make a difference.