Meetings with the Masters of Marketing.
An exclusive interview series by Anthony Robbins with the world's leading Internet marketing experts sharing easy-to-apply strategies for making money now.

"The only way to become wealthy is to add more value to people's lives than anyone else is adding."
—Anthony Robbins

Anthony Robbins

THE NEW MONEY MASTERS

Giving Customers the Unbreakable Power of Trust Marketing with Authentic Service.

The New Wealth:
Eben Pagan

"How I Turned Corporate Structure Upside Down and Made Millions in the Process"

Action Book

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Profile: Eben Pagan

Entrepreneur and marketing genius Eben Pagan didn't start out on a clear path. In fact, he started out in a 500-square-foot trailer trying to organize all of his dating disasters and feats into a sellable product. Using his own experiences and all of the strategies he had taught himself through reading and studying others, he pioneered one of the first successful dating advice businesses. He has used his achievements in the seduction industry to create a multi-million-dollar organization teaching others what he has learned about business and marketing.

Eben started in San Diego as a real estate broker who couldn't get a date to save his life and, in just seven years, built and grew a dating advice service into a company that now generates over $25 million annually. He now has 80 employees but has never had an office because they all work virtually from all around the globe. He has represented the leading edge in every subject he has taken on, from seduction to information and Internet marketing. Eben offers a tremendous diversity in terms of the value he gives clients and has focused his business on helping other people create better and more satisfying lives.

Going from musician to real estate broker to consultant to online marketing guru in less than a decade, Eben has since established two successful dating advice programs, *Double Your Dating* and *Catch Him and Keep Him*, and created the groundbreaking Internet marketing program, *Get Altitude*, and he authored multiple training programs, including *Wake Up Productive*—which offers lessons in time management and productivity, and *Guru Mastermind*—a yearlong coaching program for businesses.

Eben is currently single and living in Santa Monica, CA. He continues to focus his life on understanding other people and how to add the most value to their lives.

From Rock Star to Riches

Fifteen years ago, Eben was a long-haired guitar player on tour, getting his first taste of financial hardships. Without having any real models of success, while growing up in an area in the Pacific Northwest he calls the "Boondocks," Eben sold his guitar for a trailer and got his real estate license. In his first year he had only sold one house, so he found a real estate trainer and started studying.

What he learned was quite possibly his most valuable lesson, as it directed the rest of his life. Eben's reading and self-teaching helped him realize that his passion was not in real estate but instead in sales and marketing. He started his own consulting firm and soon after, with some advice from a friend, decided to write an e-book.

After spending two to three years tirelessly trying to figure out dating, Eben decided to find new strategies. He had a good job, a nice apartment on the beach and a new car, yet he was still unsuccessful with members of the opposite sex. He went to seminars, read books and eventually started hanging around with guys who had a better understanding of the opposite sex. He was able to gather a lot of information through these experiences and figured that many other men in his previous situation would want to learn it. So he created his first e-book on dating tips for men.

After teaching himself about Internet marketing and learning how to create his own Web site, Eben launched his new product and sat back and watched as the orders started coming in. Eben realized that he was no longer trading his time for money. His clients were downloading his product, and the money was just appearing in his bank account. He recognized that it was the first time in history that a person could actually start a business all by themselves.

As you might have guessed, he didn't stop there. Because he had put his consulting firm on hold while focusing on his launch, he knew that he had no backup if his new project didn't work out. He decided to test his prices, raising his e-book from $29.95 to $39.95. Until that point, the most he had ever sold was six books (on a good day), but once his prices grew, so did his sales. He sold 10 copies the first day.

But Eben still wasn't satisfied. He started building the business, creating audio and video programs and facilitating live training programs. He launched a dating advice program for women and more recently produced training programs in the business advice industry that teach how to publish information products and provide productivity training and time management instruction.

"If you want to live a long life, focus on making contributions."
—Hans Selye

Defining Success

Like most people, when Eben first started out in the business world, he thought that money would automatically equal success. His definition of success has since dramatically changed; now he believes that focusing on money actually brings scarcity to your life because it does not fulfill you long term. Instead, he chooses to follow the words of Joe Sugarman, the "Mail Order Maverick" and marketing legend, who says that **what you focus on expands**. Focusing on money doesn't work because money is only a symbol; instead, you must focus on value.

Failure Leaves Clues

What's the difference between people who feel successful and people who feel they've failed? The answer is mindset: If you learn and grow from failure, suddenly it becomes a personal asset. People who are successful don't want instant gratification. They don't think about hitting a point of success and never working again. Instead they ask, "How do I improve myself and continue to do that consistently over time?"

How Successful People Think

Poor people think, "How do I get a million people to pay me a dollar?" because it's not a lot to ask of other people, and it still makes them a millionaire. Another example of this mentality is the classified ads that say, "Have $2,000-$5,000 a week show up in your mailbox just by sending $5 and a self-addressed envelope to this address." When you get your envelope back, you get a note that says, "Run an ad that advertises how to have $2,000-$5,000 a week show up in your mailbox." These techniques and mentalities are not sustainable because you are not adding value.

Successful people think, "How can I give $100 worth of value to a million people and if they get value out of it have them give me $10 in return?"

Moving the Free Line

In the past, products used to cost a lot more money to make and distribute. If you wanted to build a piece of software 20 years ago, you needed a million dollars just to write the first line of code. Today, you can hire a team of developers to build a piece of software, get it up and running on a virtual server and develop a prototype for only $10,000.

Because things are much cheaper and easier to create and market, when Eben first released *Guru Mastermind*, his latest training program teaching other entrepreneurs how to create, publish, market and sell information products online, he decided to give the first month away for free. His goal was to give $1,000 worth of value to anyone who wanted it. By the time *Guru Mastermind* launched, Eben had already created a multi-million-dollar product for a brand-new business by using this technique.

The Inner Game Step

For those of you out there looking to accomplish what Eben did and are starting from scratch, you have to retool your psychology as you go from working at a job to having your own business. This requires moving from a value extraction paradigm to a value creation paradigm. Not understanding this idea results in failure for people starting their own companies; it is the glass ceiling that holds them back. Most people try to extract value from the world, or from their employer, because no one ever taught them how to create value from nothing. You can put things together and innovate in a way that serves other people and yourself.

The Justice Mechanism

To get to a point where you're adding value, you have to overcome a tricky self-serving mechanism that every one has: the Justice Mechanism. Most people maintain a scarcity mentality where they play the transaction game. They are constantly evaluating how much they are giving versus what they are getting and are always trying to get the better end of the deal. The average human can rationalize that fairness means it was equal or they got the better end of the deal, but never the other way around.

For instance, there is a psychological study involving two people, where one is given $100 (Person A) and asked to divide the money between themselves and the other person (Person B). The trick is that after Person A divides the money, Person B gets to decide whether both people get the money or not. In most cases Person A splits the money down the middle and Person B agrees that they should both keep the money. Sometimes, Person A gives themselves more money, figuring that Person B is still getting free money. The study found that the tipping point when Person B decides that no one gets the money is at the $70/$30 ratio. Even though they would be receiving $30 for free, Person B would rather not accept it than see the other person walk away with $40 more.

Learn to Love the Short End of the Stick

One of Eben's favorite examples of overcoming the Justice Mechanism is a restaurant in San Francisco. When you sit down, you are given a big jug of wine and two glasses. At the end of your meal, you are asked to say how many glasses you drank and pay for them. When the press came to check out the restaurant's deal, they informed the owner that he was getting ripped off. He responded that it didn't matter because there was a line around the block of people waiting to get in.

This is a major part of marketing. If you can get your customers to think they're getting the better end of the deal and only paying $100 for $1,000 worth of products or information, they will be hungry to buy. **You have to learn to love getting the short end of the stick**, as long as you structure it effectively and balance it with your outer game. Ultimately, the other person gets to feel like they won and you get to feel like you've contributed to their life.

The Outer Game Step

In the external world, there are two paths to creating value: offline and online. The common denominator in both is that you have to get experience and understand how to create value for others while getting value back in the form of money. This is a skill you have to learn and practice, and once you're good at it, you can scale it up to build a business.

Offline

Get into an industry where you have to work with people one-on-one, face-to-face, and you have to help them get the results they want. A good place to start this process is in the sales and marketing industries. Real estate and mortgages are also good industries to start in—especially in the current economy where you will get the best education you could possibly give yourself just by fighting to survive in the industry. Both of these industries are highlighted because working in them requires dealing with individuals and figuring out how they work, what their needs are and how to help them make good decisions. If you are going to succeed, you have to take care of your clients and associates on an ongoing basis. They don't trust you or your product, and you have to learn how to work through that.

More specifically, network, or multi-level marketing companies will teach you a lot if you stick with it and dedicate a few years. It's one of the fastest paths to gaining direct access to successful people. You can meet and talk with them, see their demeanor and learn the self-made method.

When Eben first got into real estate, he was knocking on doors and cold calling. He remembers one day looking at the phone, willing himself to pick it up and call someone. Instead, he only got worked up and nervous and ended up nowhere because he was so distraught. One day his girlfriend was driving him around for moral support, and they stopped at a "For Sale by Owners" home. As soon as he stepped on the property, a man came outside and asked if he was a broker. When Eben answered that he was, the man yelled at him to "Get out!" Although the experiences were traumatizing at the time, when he looks back at them, Eben realizes that he needed to overcome all of that to be where he is now, making a difference in the world.

Online

You can fast-track this process by going on the Internet, although you will miss the great experience of interacting with people live. Affiliate marketing, or selling other people's products online, is one way to get started. Amazon.com, Click Bank and Commission Junction are all examples of affiliate Web sites. If you have a blog—if you don't, you should start one because it sharpens your communication skills—with links to any products you mention (like a book or DVD), all you have to do is sign up for Amazon's associate program and anytime someone buys the item you wrote about (from your link), you get a portion of the sale, or a commission.

For example, if you love your digital camera, you can use it to make a little video about why it's so great and what all the features are. Then upload the video online, post it on YouTube and a few other places (maybe on your blog), put a link to Amazon's associate site and immediately start making money. You can be a Canon salesman (or woman) without even having a warehouse.

Another miracle of modern-day marketing is the pay-per-click search engine advertisements. These are the ads that pop up on the top and right side of your screen when you do an online search. You agree to pay the search engine a fee, and anytime someone clicks on your ad, you pay the fee. But here's the catch: You *only* pay if someone clicks, *and* most search engine sites will give you billions of dollars worth of tracking information to help you see who your potential clients are. There are people who make millions just by playing matchmaker, sourcing leads to companies that need them and not even selling their own products!

In direct-response marketing, the goal is to get the customer to take action. Pay-per-click advertising is, by definition, the customer taking action. If you are testing a new niche, you want to find customers who are looking for your product; you don't want to have to talk people into buying your product. You can test this by putting up a pay-per-click ad and seeing how many responses you get.

Lists

There's almost nothing you can do that can increase the size of your business, profit and scalability more than building your list and establishing a relationship with your customers. The extended lifetime value means the difference between your customer buying one $20 product and buying over $500 (or more!) worth of stuff over the course of your relationship.

Customer Avatar System

For long-term profit, you have to switch from "groupthink" to "individual think." Realize that your list is not just a list of names; it's a list of human beings. If you treat them like a group or if you talk at them, then what you say will not resonate with them. **If you treat each one as an individual and you figure out how to really build that relationship, you will create a raving fan.**

The best way to do this is to make an image of your customer; project what all your customers have in common and what makes them unique. Then script how your conversation would go with them in your first meeting and in the second meeting and what you would say if they bought something.

Sign up for an e-mail auto responder (Eben recommends GetResponse.com, Aweber.com, or IContact.com for $10-$20 a month). Put a sign-in form on your Web site and program your system to follow up with these leads with automated e-mails. You can vary the frequency of the e-mails you send out. Use the scripts you wrote to dictate these auto response e-mails. For example, your e-mail for a person just signing up for the list might read:

> *"Hi Tony, it's Eben. Thank you very much for coming to my Web site. I just want to let you know that I am going to be following up with you, and every week I'm going to send you a really valuable tip on (whatever your product is). Tell me what you think. I'm also curious about what your needs are. Send me an e-mail and let me know."*

The 3 to 5 percent of people who respond are the best prospects in the world.

"The purpose of business is to create and keep a customer."
—Peter F. Drucker

Buyer vs. Prospect

There is a difference between a buyer and a prospect. Once someone buys from you, you have to realize that they have raised their hand and have said, “I am very special.” Most companies spend their marketing dollars treating everyone the same. Instead, once someone raises their hand, you want to put a lot of time and attention into that person. Give them free products and/or information and begin a dialogue with them.

If you’re already in business and have to do this reactively, send your old clients an e-mail or letter that says,

> *“Hey Tony, it’s Eben. You know I feel bad, I realized that you bought my product a year ago and I never did anything to follow up with you. I’m a bad friend. I’ve realized that you are the most valuable person to me and that I should do something nice for you. I’m having a party on Friday night and would really like for you to come and meet our employees and some of the other customers.”*

Or, “I made this video. Usually I would charge $100 for it, but I want you to have it.” Or give them a discount on your new products. The most important thing is to treat them and talk to them like they are your friends. **Don’t treat them like customers.**

Realtors are a great example. Most of them sell someone a $300,000 home, get their $10,000 commission, and say, “Thanks for the money” and leave. Imagine how much better their business would be if they showed up a month later with flowers and a handwritten note letting their client know what that sale meant to them (e.g. it’s helping them feed their family, or it helped them pay off a loan) and asked their client to do them a favor and tell anyone they know who is buying a house about their services.

Think: How would you want someone to build a relationship with you?

Five Perspectives of Business

Altitude is the most important aspect of business success. What is altitude? It is perspective. The more perspectives you get, the faster you move. Altitude is about zooming out and getting a broader perspective so that you can go back and work more efficiently and more effectively. There are five areas of perspective in business: You, Your Market, Your Marketing, Your People and Your Systems.

1. You

How do you affect your business? Your image of yourself and of the business is going to control its success. You need to develop yourself first into a person who can lead and run a business, the kind of person other people respect who can create products, juggle different responsibilities and see and execute the vision.

Personal Success Ritual

Multi-tasking and parallel processing dramatically reduce your productivity. Focus your time in uninterrupted blocks of time. Concentration is power.

Create a personal success ritual, and dedicate a chunk of time to yourself every day. Eben's ritual is to wake up, drink a half-liter of fresh water, brush and floss his teeth, exercise for 20-30 minutes and finish with five minutes of meditation. What you do is not the most important thing; it's the consistency—you have to make it a ritual. When you make yourself strong, you unconsciously re-program and re-prioritize your whole life, and then you're stronger to help other people.

2. Your Market

Your market and your marketing are two different things; your market drives your marketing. Your market is your products and services and the people who buy them. Most people jump right into "How do I sell it? How do I brand it?" But you have to take a step back and ask, "What is the product or service I'm going to sell, and who is going to buy it?" That's what makes up the market, and if you get the product and customer matched, then the marketing takes care of itself.

Three Questions: How to Select a Niche

Between 80 and 90 percent of launches fail, and over 95 percent of businesses fail within their first 10 years. There is a simple test that you can run on any business, product or niche idea to avoid being one of the aforementioned statistics. All you have to do is ask three simple questions:

1. ***Is My Prospect Experiencing Irrational Passion?***

   Is your prospect experiencing pain and urgency? In other words, is there a heightened emotional state? If not, then the prospect isn't motivated and you have to talk them into buying your products.

   Pain and urgency create the intersection where someone is experiencing internal or external pain and there is an urgency to solve it. This is where the biggest opportunities lie. **Most humans are far more motivated by moving away from pain than they are by moving toward pleasure.** For example, there are a lot more accountants than there are tax strategists, because

everybody gets to April 14 and freaks out that they will be arrested if they don't get down to H&R Block immediately.

2. Is My Prospect Proactively Looking for Solutions?

Has your prospect gotten up and actually started looking? Some people will live with pain and urgency and still not act. Humans have a very predictable pattern: They run into a problem, realize that they have a problem, go out and look for options, narrow them, choose the best, take action and then run into more problems. If you catch someone before they've started proactively looking for solutions, then you have to play the game of convincing them to buy your product. Talking people into wanting what you're selling is not rewarding work financially.

3. Does My Prospect Have Few or Ideally Zero Perceived Options?

If someone has few or no perceived options and a huge problem and is looking for solutions when they find you, then they are a buyer. Instead of going into a market where there are dozens of competitors, find the specific niche in that market where there is an unfulfilled need. Then you will be the only perceived option.

If you can get three yes answers to the question test, you owe it to yourself and the world to get out there and test that product. If you don't, you should figure out how to retool your niche, market or product until you do get three yes answers so that you can dramatically increase your probabilities.

3. Your Marketing

In big businesses, marketing means everything you do to merchandise and sell your stuff, from print advertising to your sales force to your direct-mail campaigns to your branding. The purpose of marketing is to figure out what your client needs and then fulfill that need. Selling is not about manipulating people; it's about digging into the mind of the customer and finding out what their real desires are.

The best marketing is actually a fantastic product. If you have something amazing, it sells itself. If you put a good layer of marketing on top of a great product, it's unstoppable.

We live in probably the most competitive business environment in history. There has never been a better time or a bigger set of opportunities to completely differentiate yourself from others and eradicate the competition. All you have to do is ask a simple question, something most business owners never do: What are your customers looking for right now that they can't find in the products that are already available?

The Merchants of Cool

The Merchants of Cool is a documentary by PBS FRONTLINE that featured MTV—the crown jewel in Viacom, making a billion dollars a year in profit. They followed one of the executives as he went out into a rural neighborhood to interview a 15-year-old boy. As the executive sat on the teenager's bedroom floor, he begins to act like a teenager himself, diverting eye contact and using language like "Hey man, can you show me some of your stuff?" The video showed that businesses that really understand marketing are inside the minds of their customers.

How to Get Inside the Mind of the Customer

You can easily replicate what MTV did thanks to the Internet. There are various pieces of software that allow you to send out surveys to your customers, like Survey Monkey, or there are even survey databases, like Ask Database. You can go on a social media Web site forum, ask your question and have people send their answers to you via e-mail. You can use pay-per-click ads on Google for as little as five cents per click. There's even a program called Textilizer, where you can dump texts, e-mails or any communication from your clients then press a button and the program analyzes the thoughts of your customers by words or phrases. By doing these things, you will find that within every category there is a huge available niche because customers have an unmet need that they want to satisfy.

Narrowing Your Focus

Most companies get into business and try to expand their focus so that they can offer their clients everything, but in marketing it's actually much better to narrow your focus. Like Eben did in his dating business, you have to look at the big industry and find out what the customers are missing. When Eben was first starting out, most advice products in the relationship industry were only about how to better the relationship you were already in; there was nothing about how to actually get into a relationship. Eben realized this and honed his focus on the dating advice niche. He built and promoted his category until his company was the leading expert. This helps when you are approaching bigger partner companies because they want to know that they are working with experts.

4. Your People

If you're going to accomplish anything big in life, you will realize that it has to be done with and through people. Knowing how to relate to those people, and then selecting and organizing them, might be the most important aspect of any business if it's going to go beyond yourself.

You Become Who You Surround Yourself With

Confucius said, "Never contract friendship with a man that is not better than thyself." In other words, never make friends with someone who is not better than you. There is nothing that you can do in your life that will affect you more than finding someone who you want to become and getting them in your life. It's very difficult on most people's egos to be in a room full of people who are all beyond them, but there is nothing that pulls you up faster. You become who you surround yourself with.

Selection: How to Hire the Right People

If you really want to screw your business up, hire people you like who are like you. They will come in, work for you for a year, then steal your idea and start another business.

1. Hire Your Opposite

You have to find complements. Find people who aren't like you who can do all the things that you're not good at.

2. Hire Superstars

Don't settle for average. Seventy-five percent of all people who are hired are mis-hires. The average cost of a mis-hire is 23 times their average annual salary! It's not the person you hire but the person you don't fire who destroys a business. **Hire slowly, fire quickly.**

Make sure to ask in your interview process why they got and left their last job, what their strengths and weaknesses are, what they succeeded and failed at, and what their previous bosses would say about them. Look for patterns in their answers. Look for performers. Superstars work for impact, not for money. Beware of smooth talkers. Smooth talkers usually are not smooth doers. They don't acknowledge any limitations on their side.

3. The Driving Quality

The single most important quality to look for in a person is whether or not they are proactive. Do they step up and ask for more responsibility? Do they take it and own it and drive it to results?

If they're working on a project and have a question, do they send you an e-mail and do nothing more, even if they don't get a response? Or do they e-mail, and when they don't hear back e-mail again, then call and then show up in your office?

Proactive people have a sense of result orientation; they drive projects to completion. They also have a sense of personal responsibility. They will step up and take responsibility when something goes wrong and will credit their team when things go right.

Managing Virtual Employees

If you are looking to start a company entirely online, there are some management tools that, much like in physical offices, are very effective. Work in quarters, or 90-day chunks. It's a period of time that anyone can conceptualize. Also have daily huddles within teams—a once-a-day meeting where everyone can share what they're working on and what they might need help with.

5. Your Systems

Systemizing your business and building systems that automate busywork free you up to do higher-level tasks.

The Daily Update

Once you've hired your new superstars, ask them to send you an update at the end of every day telling you three things: what they did that day and what results they got, what problems or challenges came up and any questions they may have for you. If you watch someone's daily updates for a month, you will learn more about them than people who have known them for years. You will see if they are results driven, if they're asking new questions and what they're curious about, even if they sent something every day!

> **"Hire people who are better than you are, then leave them to get on with it. Look for people who will aim for the remarkable, who will not settle for the routine."**
>
> **—David Ogilvy**

New Wealth

In the past, wealth meant accumulating money. Now it's about creating more in societies and relationships, education, collaboration and more abundance in humanity. **When you give things away, you get more.** Most of us have a Justice Mechanism, and we're not willing to give unless we get something back. That is small thinking. It's really doing an injustice to yourself because you are holding yourself back. If you teach someone something, you are learning in the process; you are learning more about it, how to teach and how that person learned, and you get the gratification of that person learning. The new wealth is exponential, because when you give it away you don't lose it; you actually get more of it back.

We're all looking for actualization, to become the best that we can be. When Eben started realizing that more money wasn't making him happier, he started looking at relationships and contributing value to other people's lives. He realized that there are so many things in his business that are profitable but have nothing to do with money. If you create as much abundance as you can, it will come back to you.

It's ultimately about what you contribute to other people's lives. It's not just creating value for other people or helping them make money. It's truly figuring out what they want to achieve, how they want to help the world and what they want their lives to mean, and helping them accomplish that. At the end of your life when you reflect back on the things that bring you fulfillment or consistent joy, it's the contributions you made to other people's lives. You can do really well by doing good.

The most valuable and profitable business skill is compassion, or proactive empathy. This means not just feeling what someone else feels, but actually seeking to understand where they are coming from. When you start to understand other people and you start helping other people, you become more fulfilled.

> **"It is above all by the imagination that we achieve perception and compassion and hope."**
>
> **— Ursula K. Le Guin**

Your Action Plan

Tony Robbins ends his programs by having you take immediate action on what you've learned. Remember, the first step to lasting momentum is taking massive and specific action in the moment. Take a minute now to think about Eben's strategies and how they can apply to your own business or life. Answer the following questions:

1. What two distinctions have you now made as a result of what you've learned? How will these principles change your life and/or business for the better?

2. What are two actions (one big, one small) you can take right now? What will you immediately apply/change/do/decide today to make the biggest difference in your life?

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Money Masters Article by Eben Pagan

Hiring Superstars to Grow and Run Your Business

Getting Started

"A leader's job is to get the right people on the bus and the wrong people off the bus."

— Jim Collins

Selecting the right people is critical to running a successful company; it is the key element to growing a business. If you don't understand what it means to get the right people, you will severely harm your business in the long term.

The Business Version of Marriage

Bringing someone into your business is a huge decision. Seventy-five percent of all people hired are mis-hires, and 50 percent of all marriages end in divorce. Although not entirely the same, there is a common thread between marriage and employer/employee relations. If you bring someone on your team and train them, and they work with other team members, and then you have to fire them, you lose massive value. You have to make up for lost time and training, fill the position and deal with the negative feelings. If you think of the hiring process as a marriage, not as a simple act of finding a robot to perform tasks, and put more time into it than you think you need to you will have far more success in creating a team of superstars. While it's really hard to over-interview (or to spend too much time getting to know someone), it's really easy to under-interview.

Where to Look

The single best place to find people who are honest, ethical, motivated and hardworking is through other people who have these qualities. You want to use referrals from people you know, like and trust, people you have experience with, people who have proven themselves to be "A players" in every way.

The Virtual Bench

Continuously look for superstars. Anticipate positions that will need to be filled, and anytime you meet someone who has all of the qualities you are looking for in a team member, make a note to yourself or tell the other members of your executive team. If you maintain this process of getting to know superstars and sustaining a relationship with them over months or even years, you will have already created a database of potential hires down the road as your company grows.

Create Hoops

If you are in a position where you need to add a team member and have not been proactively searching for your next superstar, you will need to create a series of hoops for prospective employees to jump through. When you broadcast your ad on sites like Craigslist and Monster.com, don't just have prospective hires send in their resumes. Make sure you have them answer a specific question about themselves, fill out a survey or explain how they would approach a particular project or task. Give them something extra to do because 50 percent of the people won't even do it and will disqualify themselves immediately so you don't have to. You can multiply this strategy by posing extra questions to the people who got through the first round and so on to speed up the elimination process.

What to Look For and How to Find It

Once you've found who you think are the right people, you will want to take them through an interview process. Hopefully, if you were able to prescreen your potential hires, 80-90 percent of what you need to know will already have been determined. However, here are some helpful tips and questions to know when determining whether the person is a good fit for your organization.

Understanding Your Goals

When you are hiring a new person for your team, you have to think long-term, expanding your focus beyond filling an immediate need. What most people in business don't realize is that you are not hiring someone to do simple tasks. You are bringing a human being, who has their own thoughts, aspirations, fears and views of the world, into the culture of your company. You want to make sure that their goals match those of your business.

The Microsoft Model

According to Steve Ballmer, the CEO of Microsoft, the two most important things to look for in a new prospect are passion and a proven track record of successfully driving projects to completion. Essentially you want someone with energy, someone who is really engaged in and loves what they do.

Find people who love business. Most people are only interested in getting a job to pay the bills and aren't truly passionate about business. And it really does show. If someone isn't interested in business and becoming a strong businessperson, there's essentially nothing you can do to "motivate" them to excellence.

Ask them, "What do you like about business?" This question is completely unexpected. You'll either get something like, "Well, I like business because it gives me a steady paycheck to pay my bills" (which is more likely) or "I like business because I love figuring out how to get things done faster, more efficiently and at a higher ROI" (which is a much more interesting answer).

If you find people who love business and enjoy the game of business, you'll find that in the long term, everything works out much better.

The Qualities of Being a Star

Most people in most jobs in most companies are not engaged. They are not interested and they are not proactive. They need a threat just to complete simple responsibilities. If you understand the traits that make certain people drivers, you will hire people who not only do the right thing and do it long term but also bring the right values and support the growth of the business.

1. **Proactive:**
As Stephen Covey talks about in *The Seven Habits of Highly Effective People*, most people are reactive; they are waiting for something to trigger them to action. They don't possess the skills or the natural ability of looking at a problematic situation and finding out what needs to be done and what they can do to improve or solve it. Don't hire these people! Hire someone who is constantly looking for something they can take responsibility for.

2. **Personal Responsibility:**
Most people have a victim mindset. They are always finding excuses or placing blame on things outside their control. People who have a personal sense of responsibility are not blaming anyone for the results of their life.

For example, ask a potential employee why they left their last job and pay attention to the language they use. A person could have been laid off, but the way they present that situation will tell you a lot about them. If they say that a better opportunity came up that they decided to take, they have a personal responsibility for their actions. If they say that there were budget cuts

and their position was eliminated, they are using external forces to direct their lives.

You can also ask about a previous project that they worked on. A proactive person who takes responsibility might say that although challenges arose, they were able to figure it out and get the job done by making the best of a bad situation. A reactive person who doesn't take responsibility might say that they didn't have the best resources or they didn't have a good boss.

3. Results Driven:

You want to hire someone who is not thinking just about work but about the outcomes they are trying to achieve. The combination of results orientation and personal responsibility yields an individual who is willing to own the results. As they are doing the work, they constantly have the outcome in mind and make decisions accordingly.

It's important when interviewing someone to ask them about the projects they have worked on, if they owned any of them and what happened. Did the projects get done? Were they on time? What were the successes? What were the failures?

What to Avoid

If you bypass certain screening methodologies, you will end up with inconsistent people, who may have been good at the beginning but over time are no longer able to perform the tasks at hand. As the business grows, they won't be able to keep up. As a result, their stunted work ethic and counterproductive attitude will drag others down and negatively affect the culture of the company.

You want to look out for "C players." These are the kind of people who take credit and align themselves with anything good that has happened and disclaim or avoid taking any blame for negative situations. They also fail to recognize the contributions of other people. You want someone who will take responsibility if something goes wrong but will also give credit to the team when things go right.

Why NOT to Model Big Corporations

A big mistake that people make when hiring for growth is trying to copy what the "big" companies are doing. Fast-growing start-up businesses are very different from large established companies in terms of people needs. If you're hiring people to expand your company fast, you want to avoid individuals only interested in the politics of working the system inside large organizations. Instead, look for resourceful, high-energy, flexible and open-minded people who can ebb and flow with whatever is happening in the moment.

But be careful. Don't hire people that are TOO entrepreneurial themselves. If you do, they'll just learn from you for a few months and then leave to start their own business (that may end up looking surprisingly similar to yours!).

Contractor vs. Employee

The line between "contractor" and "employee" is becoming more and more fuzzy as people set up home-based companies that consist of just themselves and a computer. If you talk to an attorney, they'll warn you about the dangers of misclassifying an employee as a contractor. This is a monumental mistake that can cost you a lot of hassle and money (check with your legal professional on this). People who come to work with you as a "full-time employee" tend to have more of a long-term, stick-with-the-company mindset. An employee is someone who takes direction from you on what to do, how to do it and when to do it. A contractor should deliver a finished result and watch over themselves in terms of the methods and management.

A tip: If you're hiring a contractor, take the time to detail the specific results or "specs" that you'd like to have delivered to you. Be as clear and detailed as possible.

Managing New Employees

Positioning New Hires

People don't like to be put into artificial "status positions" with labels. When someone new starts, don't give them a job description, title or box in a big chart. Instead, try to spend a lot of time getting to know them (typically months), and then match their talent or strength with a role that needs to be filled inside your business.

In the beginning, give them some simple projects—mostly as an education. Over time, they'll help to co-create their role and co-create the entire structure of the company. If the person has a lot of experience, they should be able to lead a team or group at some point, but don't "assign" them the power up front. Instead, it should be earned over time by gaining respect as a resource for other people in the company.

If you've chosen your employee well and done a good job of matching your need with their talent, then it will work out. If not, then you have some tweaking to do.

The Trial Period

If at any time in the first few months you get a feeling that you may have hired the wrong person, then you're probably right. There's a difference between not knowing if you hired the right person and getting that gut feeling that you actually hired the wrong person.

Make Everyone Right

One of the biggest challenges in business, especially as it grows, is managing individuals on a group level. You will have people who are more creative and think conceptually and some who are more in touch with their five senses and like to do things in the real world. As a businessperson, you have to realize that you can't put one person's individual needs in front of those of the group (or company). A great way to manage this is to give everyone a say so that they feel significant and know that their opinion matters.

As your business grows, there will be a greater need for structure. That structure creates a dynamic tension with those who seek creative freedom. As a business owner, your job is to make sure everyone is right. Let your employees collaborate; let the highly structured people bring organization, and let the creative people innovate. Most of the big breakthroughs in business come from left field, from the wild absentminded professors, but in order to grow a business into a successful enterprise, you need a lot of structure and systems in place. If you allow too much of one, it will overpower the other. Always maintain a healthy balance of the two. In doing so, you will have an organized and structured business that supports growth, creativity and flexibility.

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