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Interview with Steve Belkin

Trans National Group

June 2001

Interviewer: Amy Blitz, HBS Director of Media
Development for Entrepreneurial Management

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STEVE BELKIN

The Early Years

I grew up in Grand Rapids Michigan. It was a lower-middle-income family. My parents argued a fair amount. My mother would always say, “If only we had enough money we wouldn’t argue, your dad and myself.” And so I was always driven, somewhat neurotically, to go and become successful, to make a lot of money so that I would be able to give them money so they would stop arguing. And I’ve given them a lot of money and they still continue to argue today, but they have been a great motivating factor in my life.

Both of my grandfathers came over here from Europe and they had nothing and they both became very successful. One was in the jewelry business, and the other was in the furniture business. During the Depression they both lost all of their money. My father always had the big vision of being very successful but he was never quite able to implement that. He did give me the vision to think big, to be able to achieve what I’ve been able to achieve today.

I was always somewhat of an entrepreneur. I remember when I was about eight years old my grandfather gave me an automatic letter opener, which my brother and I really didn’t want. So we said, “Let’s go around to the neighbors.” We sold auction tickets for a quarter and the winner would get this automatic letter opener. So we raised money that way. In high school I sold light bulbs door to door. In college, my freshman year, I actually gave haircuts to people in the dorm for a dollar. So I’ve always figured out a way to make some money, to try to have extra spending money.

I really didn’t know what I wanted to do when I went to college but I knew I wanted to go into business. And I felt the training of engineering, which is very logical, analytical, and oriented toward problem solving, would be very helpful. So I never really wanted to be an engineer, but I wanted to develop that discipline of thinking and attacking problems like an engineer.

The HBS Experience

My senior year at Cornell I double-registered in both the Engineering School and the Business School. I could have gone one additional year at Cornell to get my MBA but I actually chose to go two years to Harvard. I didn’t have that much working experience because I went to business school right out of college, so I really felt that Harvard’s credibility, the name, the reputation, the quality of the other students, and the case studies, where I could learn a lot about different industries and different businesses in a short period of time, would be the best type of business education for me.

I was at HBS during the 1960s, which were very turbulent times. That did have an impact on my attitude towards life, and it basically led me to feel that the way things are today

isn't necessarily the way they have to be in the future. The establishment today doesn't need to be the establishment tomorrow. So it really allowed me to think of how I wanted things to be and to try to create them that way. I wasn't limited by saying this is just the way it is and you've got to follow the establishment, you've got to follow the rules. I always took an ethical approach to things, but I always pushed. What are the rules, and can we change these rules or can we expand these current boundaries? I think that the open mindedness of the '60s, the challenging of the rules and the establishment's views did have a very positive impact on me as an entrepreneur.

The best example of what was going on in the '60s was the Vietnam War and the demonstrations against the war, with people saying that even though our government says we should be in this war, we don't agree with our country. To be able to question the establishment was going on in a lot of different areas. There were also Afro-Americans, as they called themselves then, wanting to be treated equally, with more rights and better educational programs. Being Jewish myself, I was very supportive that all people are equal and should be treated equally and should be given the same opportunities. I think that it's also very important for a leader in business to treat all people equally and give them all equal opportunity.

Harvard Business School has had a profound impact on my life. First, the education and the experience I was able to gain in a two-year period from all of those cases was really like fifteen or twenty years if I had just gone out and worked. Then there was the quality of the people that I interacted with, many of whom became wonderful friends as well as business partners and good sounding boards. I've continued to stay in touch with the professors, and often bounce ideas off of them. And the contacts and connections with them have been a great addition to my life.

Early Career

When I graduated from Harvard Business School in 1971, I didn't want to go into a large business so I started a small-business consulting firm with four other HBS graduates. We would go to small businesses and help them develop a strategic plan. We would help them develop a marketing plan. We would help them raise money. We would actually go in and serve as the executive VP or the president. We gained a tremendous amount of experience in a lot of different businesses, and we were responsible for not only developing the strategy and the plans but also for implementing them. And, again, that gave me a tremendous amount of experience in a short period of time to get ready to start my own business, which I did shortly thereafter.

Before you launch your own company there are two types of experience that you need. One is the general experience of knowing how to run a small business. The other is having experience in a particular industry or a particular business because until you've worked in a particular industry or business you really don't know it. So, if you're going to start a business, at least have some experience in that business for a few years as well as the

general knowledge of how to run a small business or awareness of what goes on in a small business.

After I had gained general knowledge of running small businesses from the consulting practice, I went to work for one of our clients as an Executive VP. They were in the travel business. They were in the group travel business, but I saw that it was much more of a direct mail business. They were marketing their product, which was travel, through the mail. So I went and I worked for that company for a year to really learn the specifics of the travel industry and the direct mail industry. And then after being there for a year I left to start my company.

Finding the Opportunity

Most people thought I was going into the travel business but I really was going into the direct mail business, and travel was the first product we were selling. Because it was a new business, I knew we needed credibility, and the way we achieved that was by going to affinity groups like the American Bar Association, the American Medical Association. We said, “Let us run trips for all of your members traveling to Hawaii together, or traveling to Switzerland together.” We would then send a direct mail piece regarding the trip in envelopes from the affinity group—the American Bar Association, the American Medical Association, etc.—so when the person received the letter, they would open it. They would read a cover letter from the head of the American Bar Association. And that’s how right from the beginning we achieved success. We were profitable our first year because we rode in on the brand of these established affinity groups.

While I had experience in the industry from working with the other travel business, one of my business partners had been the top salesperson in the industry and he knew a lot of the heads of the affinity groups. So the relationships that my salespeople had with the affinity groups enabled us to get their brand endorsement. That’s one of the key things if you are going to start a new business. In fact, the three most important things in a new business are sales, sales, sales, and many entrepreneurs aren’t the people who are going to bring in sales. Make sure you achieve those sales by bringing in a minority partner who can sell and by giving equity to some of the top people in the sales industry.

It was a fairly new business because direct mail was just starting to become popular back in 1973. Actually, just when we started the business the first fuel crisis happened. They were stopping a lot of charter flights to conserve fuel. So it was a very bad time to try to start a group travel company. But there weren’t too many competitors. There were only about five companies that were doing group travel and they were all small and they were all fairly fragmented. That’s another opportunity I saw. Here was an industry that was very unsophisticated, highly fragmented, and I thought by bringing my sophisticated skills to this industry we could make a big impact.

One of the key lessons I learned at Harvard Business School is that how you define your business determines to a great extent the success you have. If I had defined TNT as a travel business that would have been a mistake since the travel industry is very volatile. But by defining my business as a direct mail business utilizing the affinity group distribution channel, it created incredible opportunities for me to offer other products and services via direct mail through this distribution channel. So travel, which is still one of our businesses today, is actually a very small part of our overall direct mail affinity distribution business today.

When I started the business, it was important to define success—what was that going to be for my business, what were my priorities going to be for the business and what would I communicate to the staff? We defined success and we defined our number one priority as giving a quality product and service to our customers. If we did that we would end up making a profit. A lot of people go into business to make money. I went into business to provide a real quality service and to grow as an individual, to have control over my destiny, to create an environment for other people to grow. And if we did all of that we should make money. But money was not the number one reason I went into business. It was more to provide a quality service.

Financing the Venture

When I started my business in 1973, service businesses were not high on venture capitalists' lists. They were looking to invest in companies that had more assets. The fuel shortage was also a major issue. A lot of the charter flights were being canceled and the venture capitalists were very concerned about that. How long was the fuel crisis going to exist? So while I thought venture capitalists would be the way to raise money, since that's how I had raised money for other small businesses in my consulting firm, the major economic factors were such that I wasn't able to accomplish that with TNT.

And yet I had started my business. I had hired the first five or six people just with the confidence that I was going to be able to raise the money. So, after about three months of basically charging everything on my American Express card to pay everyone and to pay all of our T&E, I was at a pretty critical point. In fact, American Express called me at 11 p.m. one night asking why I was so overdrawn and whether I was going to be paying that bill shortly. That's when I realized I needed to change strategies on financing the business.

So I actually took a day off, which I think is always an important thing to do when you hit a major obstacle, and I went and sat under a tree and just reflected and tried to think creatively. Then I realized that when you have a charter airplane you're always going to have some empty seats. Those empty seats could be an asset rather than just a liability. I went to friends and said, "Would you lend me \$5,000 or \$10,000 and I'll give you free vacations because I have empty seats on the planes. So even if the business doesn't work, you'll have two or three free vacations and hopefully you'll still be my friend if the business doesn't work." And if the business did work then I knew I'd be able to give them

back their \$5,000, or they had the option to convert their investment into shares in the company.

I was able to get about twelve friends to each give me anywhere from \$5,000 to \$10,000, and I had one friend who gave me \$40,000. Then we had a bank that said that for every dollar of equity we had, they would give us \$1 of debt. With about twelve friends we were able to raise about \$125,000, so we ended up raising \$125,000 of equity and \$125,000 of debt, and we started the business with \$250,000. And I only had to give about 10 percent of the company to my investors because they basically had a convertible debenture that they could get free vacations and then they could either get their money paid back or they could convert it a year later into equity if they wanted to.

Launching the Business

When I first started the business we didn't have an office and yet we needed credibility to start a new business. We were negotiating with major hotel chains, for example. So I always would arrange my meetings at Logan Airport, saying that I would just be going out of town, could we meet at the airport? I did that because we were working out of my apartment and I didn't want the VP of Sales of Hilton or Sheraton coming and signing a million dollar contract and seeing we were just working out of my apartment.

After the travel programs became successful the affinity groups began to ask us what other products and services we could offer to their members, where they would get a discount price and where we would make a donation to the affinity group. It was good for the members of the affinity groups. It was good for the affinity groups. And hopefully it was good for us. It was a win/win/win.

We came up with the idea for loans by mail because back then women were having a great deal of difficulty establishing credit. We went to the American Nurses Association and said, "We'll offer \$5,000 loans to all of the nurses." We knew from the American Nurses Association database how long they had been employed. We knew approximately what they were earning. So we sent out a very simple loan application that basically the nurse just needed to sign and would then get \$5,000 through the mail.

We also went to other women's organizations like the National Education Association and these programs worked extremely well. We then found out that our bad debt was about half of what the industry averaged because if a nurse or a teacher borrowed money from the American Nurses Association or the National Education Association, she thought if she didn't pay that back, or if she was even late on a payment, that it could affect her career. None of that was a reality but that was the perception.

So that's then when we came up with the idea for an affinity Master Card or Visa Card, because if your bad debt was going to be low here too that could be a very profitable Master Card or Visa Card. So we started the affinity credit card business.

Back then you could only get a credit card from a bank. We started with the American Nurses Association, the American Dental Association, and the American Bar Association, and what we found was that not only was the bad debt half of the industry average on these affinity credit cards, but that the usage was also twice the industry average. People were proud that they were members of the American Nurses Association or they were members of the National Wildlife Association. The credit card became a reflection of who they were as a person. So the credit card had some personality to it, while before that it just had a bank's name and there wasn't any personality. From 1982 until 1993, we originated more credit cards than any other credit company in the world.

In 1993, I sold that business in the United States though we still do it in other countries. We sold the business in the United States because around 1993 some major companies like AT&T and General Motors were creating their own affinity credit cards and they were doing it to create customer loyalty. They were looking to break even on the Master Card or the Visa Card but to lock the customer in to buying another General Motors car or to lock the customer in to using AT&T. We felt that the industry had changed such that we were competing with companies that had profits both on the credit card and on their main business, such as cars or telecommunications, and that we couldn't really compete with that.

After the success of our first business, the travel business, we expanded into other products and services to the affinity groups. We took the profit from the travel business or the business that was doing well at that point and reinvested it to create more products and services. We also tried to get into businesses that had a positive cash flow. That way, as the businesses grew, we wouldn't need to spend a lot of time and energy going to investors. We also wouldn't have to give away additional equity in our business, and we wouldn't have to think shorter term either from the venture capitalist point of view or from the public shareholders about quarterly or yearly earnings. This way, we could have a much longer-term vision.

We've been able to expand without raising outside funds. I've actually started twenty-six different businesses over the last twenty-seven years, and the only time we raised money from investors was with the original business. So I've been able to maintain all of the equity for the people who are really creating the value within the businesses. And we have expanded to offer many different products such as loans, credit cards, mutual funds, long distance telephone service, and insurance. But we've also expanded by offering our products and services through direct response, not just direct mail. We use telemarketing a great deal. We're using the Internet more and more each day. So businesses always have to be redefined. But the affinity distribution group is still the main distribution channel that we use. The affinity groups are our main customers.

To start new businesses we have a strategic planning group that brainstorms about new products or services, business opportunities. Many of our businesses have come out of that strategic planning group. We also encourage all of our employees and staff to come up with entrepreneurial ideas. We have a process that they can use to come up with an idea, and we will fund it for a short period of time for them to explore it. If we like what we see,

then we will fund it some more. We will allow them to spend 50 percent to 100 percent of their time exploring that new business. And then there's a third stage. If all of the objectives are met, we will fund it more substantially. We'll start hiring people and we'll actually create a new corporation to start that new business.

Building the Organization

We try to keep all of our businesses to 100 employees or so because we have found that that's the ideal number to have a good camaraderie. Even if businesses get larger than that we try to figure out how to divide them into smaller businesses or groups of about 100, because over that number it's harder to maintain the same sense of camaraderie.

I think establishing a culture that creates an entrepreneurial environment is very important. One thing we do is we try to set it up so that our employees are taking a risk, not a monetary risk, but a risk related to their own growth and their own self-esteem. I think that's more of a motivator than the financial risk or exposure. So I make it really clear who the entrepreneur is who's responsible for that business. I try to get that person as much publicity and as much exposure as we can so that person really owns it.

You also have to allow people to make mistakes. Part of my philosophy is that everything in life is either a positive event that you celebrate or it's a negative, painful event and you learn and grow from it. There is nothing that is ever bad. And to communicate that to your staff, that the culture of the company will allow them to make mistakes, encourages them to try things, to make mistakes, and hopefully to grow from the experiences. We've had a lot of costly mistakes, but hopefully we get smarter and we can create new opportunities out of that. So it's an environment where people are willing to take risks. People are willing to fail because we won't hold it against them. We hold it as an expensive learning experience, and we take that experience and become a little smarter and see if we can turn that into a success. We have started many businesses where the original business has failed but we learned enough from the failure that we were able to start another business related to it that turned out to be a success.

An example of this is from about six years ago. We said, let's start our own affinity groups. And we started the United States Golf Society and the Adventure Club of North America, and we did a direct mail piece to numbers of people who might want to join a club like this. The people would sign up and they would pay about \$29 a year. They would get a magazine every month that would have information about their interest. And then we would try to sell them different products and services, because the main business we're in is selling products and services to members of affinity groups. We found that we were losing money trying to recruit members. We were also losing money with our magazine. But where we were making money was in selling a series of books and videos to these people. So even though that first business of creating our own affinity groups failed, we started a business offering books and videos to affinity groups, and we called the company Transnational Marketing. The person who knew how to sell a series of books and videos was based in Minneapolis, so we convinced him to start this business. We now have a

company there that is very successful. So we lost about \$12 million trying to start our own affinity groups but we now have made a significant amount of money selling books and videos to members of existing affinity groups.

Probably the key factor determining whether our businesses fail or not is the skill set of the management involved. The fact that we're home-growing our own entrepreneurs means that a lot of them don't have the real skill set when they start out. We hope that they're going to develop that during the process but some of them don't and some of them do. So the key reason why some businesses fail is that the people really weren't able to develop and learn those entrepreneurial skills. Sometimes too the business model was wrong, like when we tried to create our own affinity groups. But the people involved with that were able to help us get the video and book business up and running.

Overall, there are two factors that determine whether a business will be successful or not. Number one still comes down to management, because starting a business is very difficult and management constantly has to be coming up with creative solutions to make a business succeed. The second factor that determines whether a business will be successful or not has to do with the characteristics of the industry. A successful business should be a positive cash flow business; that's very important. If a business is an annuity business, that's also very important. I think this is something that people don't look at enough. They don't look closely enough at the characteristics of an industry to determine if it's a good place to start a business or not.

I also feel that sales and marketing is where money is made. Back-end businesses, businesses that require a lot of capital, are not good businesses for people to get into because the life cycle of business is often so short that if you have to invest a lot in capital or back-end operations, you're going to be stuck. It's better to try to outsource where you can, and focus on sales and marketing. A sales and marketing organization can be very flexible. If one product isn't selling, the team can shift to selling another product. And with the life cycles of businesses and products so short nowadays, I think that's a better strategy, to build a sales and marketing company.

I love to enhance the opportunity for people to grow. I think all of life is about growing as an individual, and I think that's what business is for me today, and that's what I try to create for other people as well. If the people grow as individuals you'll probably have successful companies. Still, the people decisions are very, very difficult. If somebody is not doing the job that needs to be done, you have to really sit with that person and hopefully have them understand that it's best for them and it's best for the organization for them to be doing something where their skill set will allow them to succeed. If somebody is not getting the job done they feel pretty lousy about it too and it's not good for them. It's not about firing them, it's more about, this isn't good for you and it's not good for the company, and I want you to be doing something where you can feel really good about yourself. All different people have all different skills and the key to life is to get in the right position where your skill set allows you to be successful. But those are always hard decisions.

The other difficult decisions relate to closing companies. I've started twenty-six different businesses and twelve of those have not been successful, so we've either had to close them or we've had to sell them at loss. It's always hard to know when the best decision is to minimize your losses and move on to something else. By having a variety of businesses, I'm always able to ask myself, "Is the time and energy that this business is taking worth it, or would it better to put that time and energy into one of the other businesses that's working better?" Sometimes, when people only have one business, they just keep working on it and working on it, even though it might not really be a good use of time and energy. But actually having to say that this is a business that needs to be closed or moved along at a loss is always a hard decision.

One example of this is our venture capital business. During the first twenty years of Transnational Group, our companies were all started by entrepreneurs from within our company. About eight years ago, we said, "Let's not only create entrepreneurs within our company, let's also finance entrepreneurs outside of our business so that we're benefiting from a bigger pool of entrepreneurs." So we started a venture capital business with some of the money we'd made selling the affinity credit card business. We invested in a fair number of companies, but after a while I realized that we were not getting the deal flow. We also didn't have the skill set in-house that the larger venture capital firms had. And we went from being an operating company dealing with affinity groups via direct mail to becoming more of an investment company. The business basically failed but we learned from the experience. We closed our venture capital company and now we've invested in thirty-five of the top-tier venture capital firms and we look for co-investment opportunities with them. We rely on those top-tier venture capital companies for their deal flow, as well as for their analyses. Since we've started a lot of businesses and we know how to help get businesses up and going, we also give input and work with the venture capital companies side by side.

One of the reasons we've been able to be successful for twenty-seven years is that we currently have twelve different businesses in diverse industries. All industries go through cycles so, hopefully, when one is going through a bad period, another will be in a good period. For example, when our financial services businesses are having good times, maybe our travel business is having bad times or our telecommunications business is having so-so times. Businesses all go up and down but by being as diverse as we are we're able to have some businesses doing well and some businesses not doing well at the same time. Also, by being privately owned, we can make decisions that are best long term, so if we're having a business that's having a down cycle we don't need to cut it to the bones in order just to try to hit our projections. Instead, we can keep the appropriate staff and keep focused on doing the best things we can to do to ride this out, to maximize the value of this entity long term rather than short term.

You are going to run into so many problems you never anticipate when you start a business that you have to keep a positive attitude and you have to say "what's the opportunity here for us". I think creating a culture where mistakes are tolerated has been really important so that when things go wrong people don't freeze up and get tight because then the creative

juices stop flowing. We also don't want people to work more than forty hours per week. We encourage the staff to spend time with their children, to coach their children's Little League, to take time off from work. We find that if they're healthy and relaxed, they will be able to come up with creative solutions when they run into difficulties. We communicate how we see everything as a challenge, even the difficulties. I think we also communicate that we spend more time at work than at anything else in life. So, we need to have fun at work, we need to grow as individuals and we need to have a balanced life. Work isn't just about work; work is a microcosm of life, and emphasis has to be placed on health and relationships with other staff and emphasis has to be placed on growing personally.

For example, for our tenth, fifteenth, and twentieth anniversaries, we closed all of the companies and took everybody to Bermuda for the day so that we partied together and we had fun together and the staff feels appreciated. That's very important to a culture. It isn't all about work and making money.

Giving to the Community

We realized that there's also a bigger picture, that not only are we playing together and having fun together, but we should also focus on contributing to the community. We're a very philanthropic company. We try to not just talk the talk but to walk the walk, and we really encourage philanthropy. For our twentieth anniversary we decided to give something back to the community and we asked the staff to make suggestions. What they voted on was to take a plane full of terminally ill children from Dana-Farber and their families to Disney World for three days. So, about twenty of our staff went down with about 200 Dana-Farber families and we spent three days down there and just really took care of those families for that period. One day it just rained terribly and the spirit of these terminally ill kids was just incredible; they didn't let the rain bother them at all. So, to create experiences for our staff to see philanthropy at work is very important.

Another example I want to mention is we what we call the Charities Committee. Every employee in the company is encouraged to submit the name of a charity and one paragraph on why they think it should be given a donation from our company. And then we have everybody in the company vote and we choose the top five charities. Every charity has a sponsor from one of our staff and then we give an award or a donation to that particular charity. We try to get the staff involved. I know a lot of large corporations just donate money. But we think it's more important to create an experience for all your staff to get them involved in charities, to have them all learn about a charity, and champion it for the charity donation. I believe in creating experiences for your staff. Don't tell them to be philanthropic—create an experience for them to be philanthropic so that they get the good feelings of what that experience is like.

Winning Attitudes

I think a good entrepreneurial manager needs to know how to get along with all types of people. If anybody has any elitist attitude I think it's a serious problem because people don't like to work for anyone with that type of ego or elitist orientation. They want somebody who gets right down and works alongside of them and treats them as an equal. And to be a good entrepreneur you need to be willing to do every job that you expect anybody else to do. And you need to treat everybody with respect and admiration. That's what I view my role as—to finding good people and mentoring them to maintain the culture and to maintain an overall vision for the business.

In terms of vision, again, the characteristics of the industry are really important. I look for positive cash flow businesses so that as they grow they will generate enough cash to finance their future. I look for annuity businesses. Focusing on sales and marketing and on businesses that don't require a lot of capital is the third characteristic because of the life cycle of businesses. And then I look for great management. I look for what I call consistent winners because the circumstances shouldn't determine if somebody is a winner or not. A winner figures out how to win no matter what the circumstances are. The win might look different than what we thought it was going to look like but it still will end up as a win.

A winner is somebody who no matter what the circumstances were at different stages in life figured out how to win. Did they make their high school experience a winning experience? Did they make college a winning experience? Did they make graduate school a winning experience? Did they make each of their business experiences a winning experience? When I interview people, I listen very carefully to what I call the victim. Did somebody say, well, that didn't work because of this, this, and that? Those aren't the people I want. I want somebody who says, these were the challenges but this is the creative solution I came up with to turn the situation into the best win possible at that particular moment.

I think the greatest risk of an entrepreneurial career is how you handle stress and how you handle obstacles. If you can't maintain a positive attitude and stay relaxed, it's going to take a very expensive toll on you both physically and emotionally. You need to stay healthy, you need to exercise, you need to have a balanced life, and you need to be creative and relaxed. I played a lot of sports when I was younger, and a lot of the skills needed to be successful in sports apply to being a successful entrepreneur. To be successful in a sport, you need to practice but you can't over practice. You need to be relaxed and you need to be healthy. During the pressure points you can't get stressed, you have to be confident. You have to see the opportunity. When you lose you can't get depressed. You have to say, "What can I learn from this loss?"

You also shouldn't work too much. Even when I started my first business, we never worked on Saturdays and Sundays. We said we've got to do it in five days or we're not going to do it. And that has really been a blessing so that when all of the obstacles and the challenges come at me I don't feel like this is the straw that breaks the camel's back.

I'm relaxed and full of creative juices to deal with it, and I'm excited by the challenges.

Balance in life is critical and if you can't maintain that balance or if you can't maintain a positive attitude or if you're too much of a perfectionist, it's going to be a very difficult career choice for you. And when I talk about balance, I think there are certain areas of your life that you're going to have to spend time with, no matter what. We all spend a lot of time with work. Most people spend too much time with work. You have to spend time with yourself and that means take care of yourself—exercise, stay healthy, and stay relaxed. And if you don't take care of yourself, you're going to have to spend that time anyway, but it will be negative reactive time. It will be going to the doctors. It will be negative, related to fixing a health problem.

The other area is with your spouse or your significant other. You're going to have to spend time on that relationship. And you can either spend positive proactive time relaxing and enjoying being with your spouse or you're going to run into a divorce and then you're going to have to spend negative reactive time dealing with that. The same goes for children. You're either going to spend positive time with those kids or they're going to act out and you're going to have to spend negative time, but you're going to have to spend the time no matter what.

And then the last area is the community. You can either spend some positive time with the community and give back to it and make sure that the less fortunate are being taken care of in some fashion, or it's going to be negative reactive time where crime is going to go up and you're going to have to spend more of your energy trying to address the difficulties in the community. So, no matter what, again, you're going to have to spend time on the community.

My key point is, make sure that your life is balanced so that you can spend time on positive things, on being proactive. Spend that time well before it becomes a negative demand on you. Within my company we encourage everyone to spend time with their families, with the community, and with themselves. We have a fitness center right at work. We also bring in a lot of people with information on alternative approaches to health to speak at the company. We bring experts in for training programs so that people grow as individuals. We really try to live that culture and focus on balance as the key to having a successful life.

I define success as the ability you have to give, not your ability to take or to accumulate. A lot of people think when they start a business, how much can I make? For me, it's about how much can I give. What great product or service can I give to our customers? And if you give a great product or service to your customers you'll get your fair share. How much can I give to my staff? It's not how much I can take from my staff. How much guidance or vision can I give to my staff? What type of environment and culture can I provide so that they can really grow and live happy balanced lives? If I do that they will all grow and then the business will grow as well. The same goes for philanthropy. How much I give means so much to me, and I get so much more of an inner satisfaction than when I

make more money or have money sitting in the bank. That's a very short-term pleasure but to really give is a long profound deep experience. So, I define success by one's capacity to give, not one's capacity to receive.

Summary Reflections

Starting a business is like sailing into the wind. You need to have a vision of where you're going but you can't go directly there. All of the obstacles you run into are like the wind blowing against you, so you need to sail this way a little while. Then you're going to run into real difficulties and you need to tack again. So you keep tacking from side to side to side to side, always looking to where your vision is. But you don't get there by going in a straight line; you get there by tacking from side to side. Knowing when to tack and being prepared to tack is what determines whether or not an entrepreneur will be successful. You need to come up with creative solutions each time you run into difficulties to be able to figure out how to tack and go in a slightly different direction to get around this obstacle but still have enough vision of where you want to go. And in order to come up with creative solutions at those particular points you need to be relaxed, you need to be healthy, and you need to have a balanced life. So, it all ties together to be properly prepared to be a successful entrepreneur.

The business I have today is way beyond my original vision, beyond my dreams. I started out wanting to have a successful business and to be my own boss. I thought I'd have a small company and that would be great. But to have so many different businesses, to have had the opportunity to work with so many different people, to have seen so many people who have worked for me become really successful, has really been wonderful. I've always just tried to do the best I could at any particular moment. I've made a lot of mistakes and I've had a lot of pain but I've also had a lot of joy and it's about enjoying the process and having a sense of a long-term journey.

Eventually, I'll sell the businesses. I'll sell the businesses to existing management. I have thought about succession. I have two daughters, and one of them might be interested in business. If she is, though, I'll support her in any way I can as an entrepreneur but I don't think it's good to bring her into the family business because I think business is all about growing as an individual, and to grow in the environment of her Dad's company I don't think that would be healthy for her.

My final thought: enjoy the ride. To be successful as an entrepreneur, you have to conceive it, believe it, and achieve it. Most people think that conceiving it is the most important thing, but the most important part of being a successful entrepreneur is to believe it because you're going to run into so many obstacles, you have to have faith in yourself. You have to believe you're going to be successful even if you have to constantly keep coming up with creative tacks to figure out how to get there. Believe it. That saying has been with me for most of my life it. Conceive it, believe it, and achieve it, with the emphasis on believing it. You have to believe in yourself to be a successful entrepreneur and to be a successful leader.