

## Start With Why

- Apple – he saw the computer as a way the little guy can could take on the corporation. Ability to repeat over and over again. Apple inspires. Not only leading how phones are designed, but how industries function i.e., they tell carriers what the phone would do and the carriers would accommodate their phones, not the other way around.
- If you are inspired, the motivation to act is deeply personal. Less likely to be swayed by incentives.
- People who love going to their jobs are more productive and more creative.
- US automakers vs Japan. There are those who decide to manipulate the door to fit to achieve the desired result and there are those who start from somewhere very different. Thought both courses of action may yield similar results short-term results, it is what we can't see that makes long term success more predictable for only one. The one that understood why the doors need to fit by design and not by default.
- Companies have no clue why their customers are their customers. Odds are they don't know why their employees are their employees either. Most companies are making decision based on a set of incomplete or, worse, completely flawed assumptions about what's driving their business.
- There are only two ways you can influence human behavior; you can manipulate it or inspire it. "I will be your best friend".
- Typical manipulations include: dropping the price; running a promotion; using fear, peer pressure or aspirational messages; and promising innovation to influence behavior – be it a purchase, vote or support.
- When companies do not have a clear sense of why their customers are their customers, they tend to rely on a disproportionate number of manipulations to get what they need. And for good reason. Manipulations work (short term).
- US auto manufacturers vs Japan. US automakers have scrambled to help them hold on to dwindling market share. Heavily promoted with advertising, GM for one, has offered cash-back incentives up to \$8,000. But in the long-term incentives eroded margins and put GM in a hole...realizing in 2007 they were losing \$729/vehicle. So, when GM announced it would reduce the cash back incentives sales plummeted. No cash, no customers. "Never had time or money to do it right the first time, but they always had the time and money to do it again."
- Leadership and loyalty means that customers will continue to support your company even when you slip up.
- There is a big difference between repeat business and loyalty. Loyalty is when people are willing to turn down a better product or price to continue doing business with you. Loyalty is not easily won. Repeat business takes manipulation.
- Use carrot and stick for one-time transactions. When you lose your kitten and offer a reward to get it back, you don't need a lasting relationship; you just want your cat back.
- Long lasting relationships – manipulations do not help.
- Why/What/How = The Golden Circle.
- Why is not making money, that's a result. We sometimes say HOW we do it, but we rarely say WHY we do WHAT we do.
- Inspired companies and leaders thinks and acts from the inside out i.e., start with WHY.
- If Apple were like most companies – We make great computers. They're beautifully designed, simple to use and user-friendly. Wanna buy one?
- Apple being Apple and starting with WHY – Everything we do, we believe in challenging the status quo. We believe in thinking differently. They way we challenge the status quo is by making our products beautifully designed, simple to use and user-friendly. And we happen to make great computers. Wanna buy one?
- Simply copying WHAT Apple does or HOW it does it won't work.
- **People don't buy WHAT you do, they buy WHY you do it.**
- Apple - Their products give life to their cause. Apple "thinks different". It's how we view ourselves. We are inspired. Our decisions feel right.

- Apple – Didn't introduce the iPod until 22 months after Creative released the first MP3 player. Creative advertised "5GB MP3 player". Apple's approach "1,000 songs in your pocket". Creative told us WHAT their product was and Apple told us WHY we needed it. Only later did the WHAT matter – and we chose the 5GB or 10GB iPod. Our decision making started with WHY and so did Apple's offering.
- How many people would stand in line for 6 hours to buy a new phone from Dell? Unless Dell discovers WHY all they'll ever do is sell computers. Apple is not a computer company, they challenge the status quo and offer simpler alternatives. Apple even changed their name in 2007 from Apple Computer, Inc to Apple Inc. Having Computer in their name limited how they thought of themselves. It was philosophical.
- Apple's competitors lost their WHY over time. Now all these companies define themselves by WHAT they do; we make computers. They turned from companies with a cause to companies that sold products. And when this happens price, quality, service and features become the primary currency to motive a purchase decision.
- Caveat – no matter how clear your WHY is, if WHAT you sell doesn't work, the whole thing falls apart.
- Ask – "WHY did we start doing WHAT we're doing in the first place, and WHAT can we do to bring our cause to life considering all the technologies and market opportunities available today.
- Limbic brain (inner) vs Neocortex (outer) - Communicating from the outside in does not drive behavior. Communicating inside out means we're talking directly to the part of the brain that controls decision making. When decisions feel right, we have a hard time explaining why we did what we did. The part of the brain that controls decision making doesn't control language so we rationalize. Our limbic brain is powerful, powerful enough to drive behavior that sometimes contradicts our rational and analytical understanding of the situation. Heart represents the limbic, feeling part of the brain, and the mind is the rational, language centre. "Hearts and minds" or "The art and the science".
- Loyalty isn't doing what your customers want. Henry Ford "If I'd asked people what they wanted they would have said a faster horse."
- Because our biology complicates our ability to verbalize the real reasons why we make the decisions we do, we rationalize based on more tangible factors, like the design or the service or the brand.
- "Gets your whites whiter and your brights brighter". Hired anthropologists and discovered the first thing people do after they wash their clothes is "smell" their laundry. Feeling clean was more important than being clean.
- If a company does not have a clear sense of WHY then it is impossible for the outside world to perceive anything more than WHAT the company does.
- Noun vs verb. It's not "Integrity" it's "always do the right thing". It's not "Innovation" it's "looking at problems from a different angle".
- Question is what are you doing from a marketing or sales perspective to be more authentic? The common solution is hilarious to me. They go out and do customer research and ask customers what we would have to tell you to be authentic! You can't ask others what you have to do to be authentic. Being authentic means that you already know. **Authenticity means everything you say and do you actually believe.**
- **Authenticity produces relationships. Relationships build trust and trust builds loyalty.**
- Real emotional value exists in the brain of the buyer, not the seller.
- If your WHY corresponds with their WHY, then you will see their products and services as tangible ways to prove what you believe.
- "You know what I love about our company? Every single one of us comes to work every day to do something we love. We get to inspire people to the things that inspire them. It's the most wonderful thing in the world. In fact, the fun part is trying to figure out all the different ways we can do that. It's really amazing.
- You know the decision is right, not only does it feel right, but you can also rationalize it and easily put it into words. It's balanced. For example, I can easily explain WHY I'm in business – to inspire people to do the things that inspire them.

- The goal of a business should not be to do business with anyone who simply wants what you have. It should be to focus on people who believe what you believe. When we are selective about doing business only with those who believe in our WHY, trust emerges.
- The drive to win is not a bad thing it just can't be the only measure of success. You need to measure if what you achieve is tied to your WHY.
- Continental Airlines – CEO encouraged employees to want to win for themselves not the company. Paid each employee \$65 every month the on-time percentage ranked in the top 5. Cost \$2.5MM vs >\$5MM. More importantly it got the entire company pointed in the same direction. Note, separate checks were sent out with a personal note saying “thank you for helping to make Continental one of the best”.
- Average companies give their employees something to work on. Innovative companies give their companies something to work toward.
- People who answer the phones can tell you more about the company vs the CXO.
- If you constantly remind people WHY the company was founded and ask them to bring that cause to life they'll will do more than their job.
- General Robinson – If enough of us do this (WHY she does what she does) then we leave this military and this country in better shape than we found it. Isn't that the point?
- Passion come from feeling like you are part of something that you believe in, something bigger than yourself.
- Buying a car and telling people what you are about to buy - However you slice it, the opinions of others matter. And the opinions of those we trust matter most. The question is, how do you get enough of the influencers to talk about you so that you can make the system tip?!
- Law of Diffusion
  - **Innovators = 2.5%**
  - **Early Adopters = 13.5%**
  - Early Majority = 34%
  - Late Majority = 34%
  - Laggards = 16%
- iPhone – People stand in line for 6 hours. Their willingness to suffer an inconvenience of pay a premium has less to do with how great the product was and more to do with their own sense of who they are. They wanted to be the first.
- The best doesn't always win.
- The goal of a business should not be to do business with anyone who simply wants what you have – the majority – but rather to find people who believe what you believe, the left side of the bell curve i.e., **the 16%**.
- The 16% are the people who share your beliefs and want to incorporate your ideas, your products and your services into their own lives as WHATs to their own WHYs. This is how you build loyalty.
- Marketing to the Majority is like throwing spaghetti on the wall until some of it sticks. Super expensive.
- How do you get more people to “get it”? This is what Moore refers to as the The Chasm, the transition from early adopters and the early majority. It's hard to cross but not if you know WHY.
- Simply focusing on influencers is not enough. You want influencers who believe in what you believe. Only then will they talk about you without any prompts or incentives. They'll do it because they want to do it. The entire act of incentivizing an influencer is manipulative. It renders the influencer completely inauthentic to his or her group. It won't take long for the group to find out the recommendation wasn't made with the groups best interest in mind, but rather made out of self-interest. Trust erodes and the value of the influencer is rendered useless.
- TiVo – marketed their product to the middle of the curve i.e., the majority. They also focused on WHAT rather than WHY. “We've got a new product. It pauses live TV. Skips commercials. Rewinds live TV. Memorizes your viewing habits and records shows on your behalf without your needing to see it.” Practical technophobic mass responded with “I don't understand it. I don't need it. I don't like it. You're scaring me.” They should have talked about WHY their invention was created in the first place. “If you're the kind of person who likes to have

total control of every aspect of your life, boy do we have a product for you. It pauses live TV. Skips commercials. Rewinds live TV. Memorizes your viewing habits and records shows on your behalf without your needing to see it.” Confirming their failure, TiVo responded to Wall Street with “until people get their hands on it, they don’t understand why they need it”.

- XM Radio – same failure.
- Harley Davidson – wait up to 6 months for a custom motorcycle. Same story as Apple. People want a Harley. Note, 12% of revenue comes from merchandising. That’s outstanding.
- Dr Martin Luther King – absolute in his conviction. He knew change had to happen in America. His ability to put WHY into words and therefore the power to inspire “I believe”. His belief was bigger than the civil rights movement, it was about all of mankind and how we treat each other. How many people showed up for MLK...zero! They all showed up for themselves. It was because they believed. They saw an opportunity for America to be a better version of itself. They wanted to live in a country that reflected their values. His speech wasn’t “I have a dream” or “I have a plan”. This wasn’t about a black America; it was about a shared America.
- Need to be crystal clear about what purpose, cause or belief you exist to champion, and to show how your products and services help advance the cause.
- Bill Gates – optimism that complex problems can be solved. Remove the barriers so that everyone can work to their greatest potential.
- Loyalty to a company trumps pay and benefits. It’s the cause we come to work for.
- Why = belief (Vision – vision of a future that doesn’t exist yet)
- How = actions we take to realize that belief (Mission – route and guiding principles.....strategy???)
- Not an accident of the WHY and HOWs coming together
  - Walt Disney and Roy Disney
  - Bill Gates and Paul Allen
  - MLK and Ralph Abernathy
  - Steve Jobs and Steve Wozniak
- Apple – ever notice that their advertising never shows groups enjoying their products? Always individuals. Aligns with “Think Differently”.
- CEOs job is to personify WHY. To ooze of it. To talk about it, to preach it. To be a symbol of what a company believes. Your job is to inspire.
- The HOW types are to come to work every day and understand and build out the WHY. Bring it to life.
- Companies struggling to communicate why is not a business problem, it’s a biology problem. We need to rely on metaphors, imagery and analogies to communicate how we feel. That’s the role of marketing, branding, products/services....a way for organizations to communicate to the outside world. Communicate clearly and you should be understood.
- Disney – you have two kids dvd’s that you’ve never heard of and one has the Disney logo...which do you put in the dvd player?!
- Southwest Airlines – open seating. Wouldn’t work on United or Delta.
- Volkswagen – released the Phaeton. A \$75,000 luxury model. Didn’t make sense vs “people’s car”. Other auto manufacturers created luxury brands like Lexus, Acura and Infiniti.
- Walmart - Walmart today is not the Walmart Sam Walton started built. Sam built Walmart around people.
- Achievement is something you reach or attain like a goal. It is something tangible, clearly defined and measurable. Success, in contrast, is a feeling or a state of being. “She feels successful. She is successful.” Achievement is what you achieve WHAT you want. Success comes when you are clear in pursuit of WHY you want it. It is not an either/or – we need both.
- We get to the point when WHY and WHAT are not aligned. It’s the separation of the tangible and the intangible that marks the split.
- Bridgeport Financial (collections firm) – bonuses were based on how many “thank you” cards they received not on the amount of money collected.

- Starbucks – In the early days it was all about their coffee but later moved to the experience. They served their coffee in ceramic mugs vs paper cups “we love you, now get out”. Company faltered when Schultz tried to leave because he hadn’t infused WHY into the organization without him.
- Barrett stepping in at Southwest Airlines – her job is not to be the smartest. It was to lead the cause. To personify the values and remind everyone WHY they are there.
- Henry Ford – “If you think you can or you think you can’t, you’re right.”
- Ben Comen – a runner with Cerebral Palsy. When everyone is done their race they come back to run with Ben. Ben is the only runner who, when he finishes, has a hundred people running behind him. What Ben teaches us is special. When you compete against everyone else, no one wants to help you. But when you compete against yourself, everyone wants to help you. He’s not there to beat anyone but himself. We’re always comparing ourselves to others and no one wants to help us. What if we showed up to work every day simply to be better than ourselves? What if the goal was to do better work this week than we did the week before?
- Why should I do business with you – Because the work we’re doing now is better than the work we were doing six months ago. And the work we’ll be doing six months from now will be better than the work we’re doing today. Because we take up every day with a sense of WHY we come to work. We come to work to inspire people to do the things that inspire them. Are we better than our competition? If you believe what we believe and you believe that the things we do can help you, then we’re better. If you don’t believe what we believe and you don’t believe the things we can do will help you, then we’re not better. Our goal is to find customers who believe what we believe and work together so that we can all succeed. We’re looking for people to stand shoulder-to-shoulder with us in pursuit of the same goal. We’re not interested in sitting across a table from each other in pursuit of a sweeter deal. And here are the things we’re doing to advance our cause.....”.
- Being a leader requires one thing; followers. A follower is someone that volunteers to go where you are going. The question is why would anyone follow you?
- Leadership requires two things: a vision of the world that does not yet exist and the ability to communicate it.
- Leaders achieve very little by themselves; they inspire people to come together for the good of the group. Leaders never start with what needs to be done. Leaders start with WHY we need to do things. Leaders inspire action.