

# Paddi's Management Model

The first of two parts of a frank discussion about Paddi's ideas between US Marketing Guru, Jay Abraham and Paddi's publisher and friend, Fletcher Potanin.

Jay Abraham is one of the pre-eminent marketing consultants and speakers of our time. In 1990 Jay visited Australia for the first time to share his genius with clients of the Results Corporation in a series of eye-opening and powerful Marketing Boot Camps.

As it happens, a quiet unassuming dentist from Brisbane was among the attendees that weekend as well. When Paddi began describing his business, everyone expected a stayed conventional dentist. But as Paddi's story unfolded, the whole room became entranced with the amazing business systems and bizarre stories they heard.

Since that time, Jay has shared Paddi's story with his clients in every one of his marketing seminars and has held Paddi up as the ultimate example of niche marketing expertise. Fletcher Potanin has become close friends with Paddi and has explored his business approach in-depth. Together he and Paddi have uncovered the secrets to Paddi's most effective business systems so that others can benefit from them.

What follows is a conversation between Jay and Fletcher to uncover and identify each of those systems, discuss their implications and reveal how they all fit together so perfectly. The conversation starts with commentary on what it means to be happy in business...

## The Ultimate Management Philosophy

J: OK, let me ask you this ... what has Paddi got? Is it a management philosophy? A life philosophy? How do you categorise it?

F: It really started as a management philosophy, but Paddi has taken things further and made them his life philosophy. That's primarily his systems approach to business, to happiness, and the way of interacting with people courteously in order to interact pleasantly with them.

J: Ok. So now let's talk about the components of the "Lund Management System". So we have this management system. It's currently best understood, learned, manifest through several components. Go through for me if you can in your most dimensional but synced ability why each component is inte-

gral and the order on a progressive basis that each really needs to be embraced.

What I want to do is take Paddi's business systems and describe how they all fit together into what really is the ultimate Management System.

A System that's going to teach you not only how to make your business perform better – everyone in your business perform better – not only how to make your enterprise much more profitable, and almost give you pre-eminence and pre-emption. But it's also going to give you the method to be more – to get more done in less time, to get people to perform more consistently at higher levels, to bond customers to you. How to make your entire business far more effective, productive and efficient. It's like the ultimate management, marketing and motivating system in the world – isn't it?

F: Yes, I feel so – definitely – and so do many other business experts.

J: Ok, so just take each of the components and tell me what they are organised within a perfect world.

## The Courtesy System

F: The place to start – assuming you have read Paddi's *Building the Happiness-Centred Business* – is Paddi's Courtesy System. It's the system Paddi started with and this is what really led to everything that followed. It's sometimes difficult to grasp the power of this particular aspect of Paddi's System, but it's critical and it is the place to start.

J: And the Courtesy System in its purest sense is a system/method for accomplishing what?

F: Efficient Communication between people. Paddi's a dentist. He works on a person who is laying down in front of him with one, usually two other Care Nurses. So there's four people all within close proximity of each other – working under sometimes high stress situations where they have to ask for and give things things from each other with some urgency and importance. In this surgery situation, they interact with each other in a way more in-

timate than perhaps any other situation you can ever imagine between people.

And so when Paddi decided to do something – that he was really going crazy – he began by asking his Care Nurses about their levels of happiness and stress, and how could they improve them.

J: Were they able to answer him?

F: Not at first. Paddi tells the story of the happiness meter in his book. Paddi and his team met regularly, once every day. They asked each other two questions, what is your level of happiness today and what is your level of stress today?

At first the scores simple improved because they were being measured, people were being asked. But then, as Paddi and his team started having more and more of these meetings – and it probably took about three months before anything concrete happened – people typically began to say things like – in frustration really, because Paddi was the worst offender – “When you asked me to give you something in surgery today, you didn’t say please. And it put me off completely and I was miserable the whole day.”

The neat thing is, the close confines of the surgery gave Paddi the environment, the hot bed so to speak, where he could come to some conclusions that other people may not have been able to. In this dental surgery situation, Paddi began to realise that the communication between people was sometimes terrible.

What Paddi heard over time was these simple things, these little discourtesies, were what really upset people. Someone didn’t say please, or Someone didn’t say thank-you. And so that’s what the first Performance Standard of the Courtesy System became. And that’s how this whole approach to finding happiness in business began – with effective communication.

J: And why is that so critical, essential, pivotal to managing more effectively?

F: Everything we do in this world – whether it’s managing or whether it’s interacting in our every day lives – revolves around asking people to do things for us.

Whether we’re buying something at the grocery store, interacting with strangers, or whether we’re at home with our spouses or children. More or less, everything that we do in this world revolves around the way that we communicate with people.

And generally we communicate with others to ask for something, to share an idea, to seek approval, etc.

Everything ultimately comes down to this: How do we get things from other people that we want? It is very, very basic.

And that’s the real purpose of the Courtesy System – rules and guidelines to help us communicate pleasantly and efficiently with other people so that we can get what we want.

J: Because we can’t get what we want unless we give them what they want or need, right?

### **Systems Focus**

J: So the Courtesy System is basically the first stage. It’s a philosophy, commitment, or strategy of courteous conduct towards others. How does it fit into the model?

F: All the systems in Paddi’s business integrate very, very closely with each other – the Courtesy System and the five other pivotal business systems that we’ll be talking about – and the Courtesy System is where Paddi started.

J: Ok, I’ve got it. And the Courtesy System, is composed or comprised of what?

F: Eight Performance Standards that help to guide us in the way that we communicate with people. In particular there’s one Performance Standard that is critical to a systems focus in your team, and it is integral to all the other systems in Paddi’s Management Philosophy.

Performance Standard six of the Courtesy System states, “Blame a system – not a person.”

### **Human Nature, Finding Fault**

F: When we find things have gone wrong, our natural tendency as human beings is to find fault – to blame things or people for what’s gone wrong. We want to blame and our natural inclination is to associate that blame with a person.

Now ultimately, that’s not going to get us anywhere, except ill feeling from the people that we blame – including us when we start cursing ourselves.

The most beneficial – and I think this is really the key to everything else that Paddi has done – the most beneficial way of addressing something when it goes wrong, is not to blame the person, but blame the system that allowed the problem to happen. And invariably that leads you to fixing the system.

J: I like that. Ok, continue.

F: You see, the purpose of the Courtesy System is to help you communicate effectively. To put it another way, the Performance Standards of the Courtesy System help you to communicate without all the emotional stuff that usually gets in the way. The little discourtesies that are often scattered through our communication –

that often cause these emotional barriers – are simply gone. What's left is pleasant thoughts about other people ... and the ability to focus on our work.

And without those emotional barriers, people tend to be happier doing things for each other. Work in the office tends to happen quickly and efficiently. When we're trying to figure out all this emotional stuff, it's hard to focus on the important issues. When we aren't preoccupied, we just go ahead and get things done. Which makes the Courtesy System a wonderful tool for efficiency.

Now that leads to Performance Standard six, "Blame a system – not a person." When you come to a point in your business where you've integrated the other Standards really well, and the emotional stuff is out of the way, something interesting happens. When you have a problem with something or something goes wrong, Performance Standard six gives you the focus of, "Let's don't look at what's happened and why because of the people involved, let's look at the system that allowed the problem to occur."

The next obvious question is, "How do we fix the system?" And the neat part about that is when everybody in the business has that focus, the business owner or the manager is no longer the person responsible for fixing everything. Everybody has the focus of fixing the system.

J: That's interesting. I like that. I like that a lot. Ok, continue. So the first and the critical starting point is the Courtesy System?

### **Choosing your Customers**

F: Right. So Paddi started looking after himself and his business family, and once they were interacting well with each other, they began to focus on other areas of their business – particularly how they interacted with their customers.

When focusing on fixing the systems, Paddi found that there were some customers and clients that were more difficult or unpleasant to deal with. Paddi discovered that these less-than-ideal customers actually cost him money to serve.

And so Paddi decided one day to look at all of his customers to see which ones were his best and worst so that he could focus his attention on his best customers. Paddi graded his customers by A, B, C or D.

Paddi of course had to create some set of criteria for determining what was a typical A client, what was a B type client etc. Having done that, Paddi decided to spend most of his time with his A class

clients. Not so strangely, Paddi's ultimate conclusion was to get rid of those customers who were no longer good for him – his D's and your C's. So slowly over time, Paddi referred his less-than-ideal customers to other dentists who all thought he was crazy!

Once he'd done that, Paddi wondered how he could stop himself from acquiring more of those D and C customers. And so the first step was to say ask, "What if I can teach my new clients to be better clients? What if we can educate them about the things we do so that they interact with us in a more fluid, direct and profitable manner. In a way where we don't have to spend a lot of time trying to sell them on what we do, they already want what we have to offer. Hence the birth of Paddi's 'Welcome Book'.

J: Ok, so let's talk about that.

### **Paddi's 'Welcome Book'**

F: Paddi has a book that he's written and created – it's his 'Welcome Book'. Paddi has spent a lot of time and goes to a lot of effort to create a first class publication that fits with the culture and is congruent with his personality.

J: What is the strategic and or tactical function?

F: It educates and filters customers. Paddi realised he couldn't be all things to all people. He realised that if he wanted more A class customers, he needed to educate his customers about what that meant.

Paddi's A class customer of course is the kind of person who really wants what Paddi has to offer. So for Paddi to attract those people and filter the rest, he had to create something that would really zoom in on exactly what the A type customer would want. And for Paddi, that meant creating a 'Welcome Book' that stated exactly what Paddi had to offer, the way he wanted to interact with his customers and also the standards he would expect of his customers – or as Paddi calls it, the bargain that he makes with his customers.

### **Attract Ideal Customers**

Paddi's book was written to attract and suit his ideal customer. And that's really the key. People who were not Paddi's ideal, the D class customers, simply did not come along and waste Paddi's time. They'd read the 'Welcome Book' and would say, "No, no it's not for me." Whereas the A class customers were delighted. So delighted in fact, that they were pre-sold on Paddi and pre-disposed to buying his

services. They began to trust Paddi implicitly even before their first visit.

In Paddi's business it's important that the patient trusts Paddi as the dentist. It's like that in most businesses really – the people you interact with, your customers, need to trust you. So what Paddi did with his 'Welcome Book' was to attract the right sort of people, but in addition, his customers began to really trust him.

And that made Paddi's work go a lot more smoothly and efficiently. He didn't have to spend lots of time trying to convince customers that his suggestions were the right way to go. Paddi didn't have to explain his prices. Paddi didn't have to convince customers that a procedure was something they needed. They already knew these things because Paddi explained most of them clearly in his 'Welcome Book'.

J: Is that sent out to people? I set up an appointment prior to my coming for the first transaction. This 'Welcome Book' is sent out to me?

F: That's correct. Paddi's 'Welcome Book' tends to address all the fears that you might have in coming to a new business, not just a dental practice, but a new business.

#### Filter the Rest

F: So when customers read Paddi's 'Welcome Book', they're predisposed to what Paddi has to offer and ...

J: And if they're not, they don't show up. They cancel then and there – which is ok with Paddi because then Paddi's not wasting his time with poor quality, unprofitable customers.

F: Right. Not only that, those that do come tend to be a lot more comfortable and a lot of their fears are addressed up front. They are amenable to the things that people in this business suggest to them.

J: Ok, good. So his 'Welcome Book' is a good template? Anybody can modify, adjust and incorporate or appropriate all, part or at least the fundamental skeleton of it right?

F: Absolutely. And Paddi is happy for people to do that too, because he understands the importance of people building business in their own images. An exact copy of Paddi's book won't fit very well with most businesses, so it's important to change it to suit your business.

But there's more to Paddi's 'Welcome Book'. It's not just a book. It's a system. The 'Welcome Book' serves as the basis for a continuing education tool.

J: Meaning what?

#### Continuing Education

F: Well, Paddi understands that as he does different things with customers in his practice, they require similar type education to that which they've had initially. For example, you would know that you go to a dentist for a check-up – Paddi calls that a Complete Examination. What Paddi does of course is when customers come in for the first time, the Care Nurse explains what happens in a Complete Examination and gives them a detailed information sheet that they can add to their 'Welcome Books'.

The extra information sheets let customers know exactly what's involved in different procedures. It helps them feel much better about what's going on – because it's a very sensitive area in dealing with our teeth – and what they get for their money. It gives people an opportunity to be very clear on exactly what is the value of the service that they're buying. The information sheets position the service extremely well so that customers can feel good about their purchases, and in some cases, justify their purchase to their spouses! Paddi's education system is amazing how it guides customers through their relationship. And it's especially worth noting the way it integrates with the other systems that are critical to Paddi's business: the Referral System, the CarePerson System, and the CNE's.

... to be continued!

In the second part, learn how Paddi easily attracts all the A class customers he wants, delivers extra-ordinary levels of customer care with less effort, and systematises the little things so customers have the perception of attention to detail and very high quality service.

Paddi is writing in detail about each of the important systems in his business. Paddi's 'Welcome Book' and continuing education system are the topic of *The 'Welcome Book' Construction Kit – Educating new customers so they love doing business with you!* It is A\$449 plus shipping and includes a copy of Paddi's 'Welcome Book' and Extra Information Sheets that you are free to use as a starting point with your own system. To order, please call or write to Loretta Cohen at Solutions Press:  
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