

Paddi's Management Model – Cont'd

The second of a frank two-part discussion between US marketing guru, Jay Abraham, and Dr Paddi Lund's publisher, Fletcher Potanin, about the most extraordinary areas of Paddi's business.

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 as well.

What follows is the second part of a two-part 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 continues with Paddi's approach to advertising ... 'By Invitation Only'!

Paddi's Referral System

J: Good, ok. So what in your opinion is the next component of Paddi's System?

F: I think the next critical aspect of Paddi's System – and this ties in very strongly with the 'Welcome Book' – is Paddi's referral system. Paddi's practice is strictly 'By Invitation Only'. As you know, Paddi doesn't just take anyone off the street as a customer – the front door is locked ...

J: And the phone number is unlisted ...

F: There are no signs to indicate it's a dental surgery. It's a very discreet building, difficult to find. (People often get lost, which is a great reason why they need directions in the 'Welcome Book!')

Paddi has learned that if he wants to have more of his ideal customers, he cannot just take anybody. So therefore the

logical step was to be selective in who he would take as customers. That started with making it hard for people to find his business.

Now, like any business Paddi does need a constant flow of new customers, otherwise he won't be in business. So Paddi realised that he had to start asking the people who were currently his great clients to bring more people like themselves. The thought being, if birds of a feather flock together, likely his best clients will have friends or family like themselves who will also be good clients.

A Privilege to Refer

So in developing that system (there's a fantastic story there) Paddi has basically come to a point where he doesn't ask every client to invite his or her friends to the practice. Now when people are asked to invite their friends, they consider it a privilege to do so. And they will do so readily and often. Paddi has a fascinating system for the way his Care Nurses ask for the referrals, too – the way they introduce the referral system. You're given a very nice gold card holder and presented with some more educational information for the back of your 'Welcome Book' that explains why 'By Invitation Only' – why it's to that persons benefit to invite their friends, what will happen and how it will work.

The net result is when customers experience this system, those who are asked feel incredibly privileged to be able to bring clients to Paddi's business. The system has been deliberately set up to have that effect. It's works so well for everyone – Paddi and his customers alike. It's fantastic! This system practically brings Paddi an unlimited supply of new customers that he can enjoy. It's something that basically, on short notice, he can turn on and turn off like a tap! And Paddi's customers really enjoy the process.

J: And Paddi's Referral System is contained in what?

F: Well, we have talked so far about the Courtesy System and Paddi's 'Welcome Book'. They both are in publications that we've created. However, the Referral System...

Works-in-Progress Special Reports

J: The referral is a 'Works-in-Progress' publication and is currently only available in a Special Report form, right?

F: Yes that's right. For each of the next four systems we'll discuss Paddi has written only the first part of the publication, so we've published it in Report form so that people can read about the Systems that interest them most and see how they all fit together ... and benefit from the ideas years before they will be available to the rest of the world.

J: Good ok. So we've got the Referral System, which is a work-in-progress, but it's a very, very critical one. Let's talk about the next component in a progressive order.

The CarePerson System

F: Paddi's next system is closely integrated with his Referral System. It's critical actually. We call it a CarePerson System. It revolves around Paddi's system of having Care Nurses who have long-term relationships with specific customers.

J: And what is a Care Nurse?

F: Well a Care Nurse is one of Paddi's dental nurses. Most dentists have dental nurses who run the office and help out in surgery. They prepare for customers and sterilise equipment; they keep the office in order. Paddi has decided that people come to his business not to have relationships with the business, but to have relationships with people.

It makes sense. So for Paddi the ultimate extension of that idea, and quite a practical one really, is to have one person who co-ordinates every interaction that their customer has with that business. In that way, customers get to know the people in the business in a very personal way. Paddi's customers develop strong relationships with their Care Nurses. Those relationships keep them coming back and back.

J: You're assigned literally to one person?

F: Yes! One CarePerson takes care of the entire interaction with a customer. From greeting them at the door, offering tea and Dental Buns, escorting them to the surgery, caring for them in surgery, presenting the bill and asking for the money to saying farewell to them at the end and sending them home with a small packet of Dental Buns! The aim of the Care Person System is to increase the levels of efficiency, profitability and satisfaction of the employees in a business, as well providing exceptional care for customers.

It is made up of a series of simple systems that make it easy to give employ-

ees an environment where they feel privileged to work and where they enjoy giving an awesome level of service.

CarePeople in General Business

J: What is the analogy to a general business?

F: I'll give you an example of two businesses where we applied the Care Person system. The first is a mail order business that deals with hundreds and thousands of customers a week.

J: Ok.

F: This business is a health and safety products supply business. Kurt C. has 25 people in his organisation, there are 8 or 10 people taking calls all day long. Kurt receives thousands of calls a week so it would be difficult to place every caller with a CarePerson. However, Kurt realised the benefit of the System.

It turns out there are a particular number of his customers, probably about 15 - 20% who are incredible customers - they've spent a lot of money with Kurt, have done business with him for a long time and are worth nurturing and taking care of.

So for Kurt applying the CarePerson System was ideal. In fact, Kurt already had the beginnings of the System - he just didn't realise it. Kurt decided to assign a particular number of customers to newly titled 'Health and Safety Consultants' (he figured out that they could handle about 250 per CarePerson), and they will then interact with those ideal businesses on a very personal level. Their aim is to interact with customers to help them prevent health and safety problems, naturally using products Kurt's business can supply. Kurt's customers love the personal attention and feeling of trust they have in their consultant, and appreciate the expertise.

Another great example is a bicycle parts distribution business. John Bazzano decided to implement the CarePerson System to help in the interaction between customers and a Customer Support Team consisting of a sales rep in the field, a telephone sales person and a warehouse supply person. So in this business three teams of three handle all the interaction with customers ... about 200 each team. They do it more efficiently, with fewer mistakes, and with increased satisfaction because they are working as a team.

A Logical System, Formalised

F: So the CarePerson System is for businesses where customers interact with the team often - that's really the best and most logical explanation.

And if you think about it, we tend to make our purchases that way naturally. If you patronise a particular business a lot – say you interact with a video store down the road a lot – you’ll tend to look out for the person who helped you the first time. Or you’ll look out for the person whose name you know. If you’re calling a company to make a repeat purchase you tend to want to deal with same person as before because you’ve already built a relationship with them.

J: I agree. So it’s a logical system, he’s just formalised it?

F: Yes, and made it very effective.

J: Most people don’t think about it. Most companies don’t formalise portfolio-isation of clients and yet clients appreciate it, and it’s one of the oldest most successful formulas ever invented.

F: I think so.

Two Ancillary Systems

J: Yes, ok. Continue. So we’ve got the Care-Person System. What next?

F: Ok, so far we’ve covered the major systems – the Courtesy System, the ‘Welcome Book’, the Referral System, and the Care-Person System. The last two systems are a little less tangible than the others, but they are integral to the others working well.

J: Now we’re getting into ancillary or support systems?

F: These next two systems aren’t quite as practical or ‘hands on’ as, say the ‘Welcome Book’ or the Referral System. They deal more with ‘behind the scenes’. These next two systems are very important to creating an enjoyable buying experience for customers. The first has to do with the particular way that Paddi handles the money.

J: Meaning what?

F: Paddi understands that for customers (and his Care Nurses!) to enjoy the financial transactions in his business, there are certain ways to handle the money that are more enjoyable for their customers than otherwise. Paddi calls his approach to financial transactions his ‘Buying Cycle’ and it’s designed to make the transaction pleasurable for everyone. Importantly, the ‘Buying Cycle’ hinges on building a strong bond of trust with customers. (Another reason why the CarePerson System is so useful.)

Happier in the End

To start, Paddi has learned that when customers pay up front for their services, he and his Care Nurses tend to feel a lot more comfortable about giving cus-

tomers exceptional service – they don’t have to chase overdue accounts – and customers tend to feel better about their investments. Everyone is happier in the end.

J: So does up front literally mean up front or does it mean the same day it’s rendered?

F: As the service is rendered, but Paddi’s made it so pleasurable that many clients actually pay well in advance!

J: Ok, so what you’re saying is the customer does not leave the surgery without the Care Nurse first rendering their bill?

F: That’s correct. It’s done right then and there as the service is provided, but it’s even more than that. It’s fascinating how they do it.

J: Ok, and compared to most of his colleagues who will send a bill out...

F: Right, there’s usually one person in charge of accounts. They often so readily put a bill on an account, and they wonder why they have \$250,000 in accounts receivable!

J: Ok, all right. And this is a ‘Works-in-Progress’ at the moment, right?

F: It’s currently a Special Report, yes.

J: Ok, and it’s going to teach you basically the psychology, the philosophy of getting paid up front as rendered because it is a more appreciated and a more fulfilling transaction to reciprocate right?

F: Right! That’s correct, and there’s a lot more to it. The system also involves asking for the money in particular ways, helping customers to enjoy the transaction, setting the stage for the next purchase. However, the ‘Buying Cycle’ revolves around building a strong bond of trust and collecting the money when its easy and pleasurable for everyone ... up front or as you render the service.

J: Ok, next.

The Little Things

F: The final system that we should talk about now – the final ‘Works-in-Progress’ at least – is called ‘The Absolutely Critical Non-Essentials’. Paddi has a whole concept of creating simple systems in business for the Little Things that really impress customers. The Little Things we do for our customers that make their interaction with us extremely pleasurable and enjoyable ... that make them say, ‘Wow’!

J: Like the buns, like the cappuccino, like the first visit having the tea and a real, caring conversation?

F: Like being greeted at the door by name by your Care Nurse when it’s only your first

visit, having your name and photograph on your Personal Lounge door when you come for your subsequent visits.

J: That's wonderful. And it's easy to see the implication/application and lateral adaptation of these process/procedures/systems to a different kind of business.

F: It's pretty straight forward when you begin to understand what are the things that customers remember. It will rarely be associated with their major core part of your business.

Linking All the Systems Together

J: Good, ok now let's talk about how all the systems fit together.

F: Well, there's no question. Paddi's new publications are the easiest and best way for people to get an entire overall grasp of Paddi's Management Philosophy.

J: Ok, right, because they really first hand have him not only explaining the processes and the components but the meaning behind them. It's not only telling what he does, but the foundation, the reason why, the basis for it. Would you agree?

F: We like to make a distinction between the philosophical and practical.

J: Go ahead.

F: Paddi is a fantastic business philosopher. And that's really what he's exploring in his business, the philosophy behind his success.

J: He actually says that in one segment of the 'Paddi in Las Vegas' tape.

F: Paddi's philosophy is a continuing theme throughout all of his publications – it's so important to him. Paddi won't say his ideas will work in every business, but he does explain exactly why the philosophy is so important – why the principles apply in his business.

J: Why is the philosophy critical to business? Why do most businesses need to have a powerful and a clearly defined and refined philosophy? And what difference does it make?

A Professional Understanding

F: I think the difference lies in what you would call a professional in his field as opposed to a technician in the field.

J: Meaning what?

F: Well the technician often knows how to do practical things. For example anyone could copy Paddi's 'Welcome Book' and it would work pretty well. Anyone could close their doors and take down their signs and do business with a referral system. Anyone could focus on the little things to create a great customer experience. But if you simply copy without

variation, you won't enjoy the success Paddi has because you won't know what makes the systems work.

So a professional understanding is a greater knowledge of the overall principles that lie behind what you're doing ... more than just the practical things that you're doing. And that's why Paddi focuses on the philosophy so much, so that people can truly understand his concepts and therefore adapt them to suit their businesses.

J: Right. That's important. I find this stuff fascinating, and quite frankly, I'm going through my own enterprise and making a number of very profound changes. I never set it up with ideology with philosophy. I set it up to be all things to all people. So actually, therapeutically, this is very, very instructional, very, very beneficial for me. I'm getting a lot out of it. I've gained a much greater appreciation in the process of doing this. A very interesting man.

F: Well, you're right. Paddi has an unusual grasp of human nature, and he has articulated his concepts very clearly. Our readers love it. Paddi's story is really inspiring.

J: The challenge must be finding people who can really resonate, appreciate and embrace what it is he stands for and can extrapolate the implication to their own business life.

F: Actually, no. They find us! There are lots of people who want a business they enjoy and brings them happiness. With these six systems, Paddi's business is efficient and profitable, as well. Quite a desirable combination, don't you think?

J: Why, yes! Yes indeed!

END: 3:36 pm, 12 August, 1998
Capalaba, Queensland, Australia

Paddi is writing in detail about the six most important systems in his business. The titles in *Happiness & Profit: The Paddi Series* are:

Building the Happiness Centred Business

Simply Stunning Customer Service

The Absolutely Critical Non-Essentials

Mobilising Your Customer Sales Force

The Secret of Customers Who Love to Pay

Training Customers to Treasure Your Business

To order, please call or write to Loretta Cohen at:

Solutions Press:

149 Old Cleveland Road

Capalaba, Queensland Australia 4157

Telephone (+61-7) 3823 3230

Facsimile (+61-7) 3390 3610

Or read about Paddi's publications and learn more about his business at: www.solutionspress.com.au