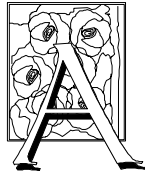


# MIKE & PADDI TRANSCRIPT



**conversation between Dr Paddi Lund and Mike Basch, founding VP of Fed Ex.**

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When I look at how I evaluate organisations, I evaluate basically on a scale of 1-10 on the passion that their front line people have.

I was a founder of Federal Express, and I spent 8 years at United Parcel Service. Those two giant companies are, I think, two of the best companies in the world where the passion of the front line people is pretty high. I would rate 6 or 7.

Some of my consulting clients that are smaller companies and are now really moving along, maybe an 8 or 9, and a solid 9 in one case. I've been searching world wide for a model that I think is the model, but I had to come to Brisbane, Australia to finally see a 10.

And I saw one - a small dentist office.

By now you've heard all about him, Dr Paddi Lund. What really turned me on was going and visiting his front line people and some of his customers. Paddi's business does what I would call - understanding today's environment, climate and culture - the ideal.

And I had to come to Australia to find it.

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## The Nature of Change

M: Let's go back in time Paddi. It's been now, about 12 years since you decided to make a change in your life?

P: I can't decide exactly when I decided to make a change or even if I did decide to make a change, Mike.

Sometimes things just happen. It's not always in large quantum leaps. Often it's just the sum of a lot of little changes. For me these little changes have happened gradually. It's sometimes only in retrospect I can see some plan to what has occurred.

I would have loved somebody to have said to me 15 years ago,

“This is how business can be. You can have a good time in business rather than going crazy. You can have a happy time in business and not feel dis-empowered, unloved, unfulfilled. You can do it differently.”

If somebody had said that to me I would have been very grateful. But no one did, and I just had to sort of muddle through.

## Selling Happiness

M: How did you change?

P: Well, as I said, it was a gradual process. At first I would have been happy just to be a reasonable dentist. Later I would have been happy to have been a reasonable dentist making reasonable income.

Then I would have been happy to be a reasonable dentist making a great income and then a great dentist making a great income....

When I reached the stage where I was a reasonable dentist making a great income I found I was less happy than I was when I was at university. That was scary because I thought ... well if now I become a great dentist making an astronomical income ... I might be even more unhappy.

I looked around at people doing well in business and I thought ... yes, probably I will be less happy than I am now. So, at that stage, I started to have the vision of a business that was full of joy and contentment. And my first thought was for my own happiness.

**Some of us try to make  
more and more money  
to buy happiness...**

But pretty soon I realised that my happiness was intimately bound up with the happiness of the people I worked with. Later I discovered it was also intimately bound up with the happiness of my customers. So ... eventually I came to this concept of dental happiness – in that my aim was to sell happiness.

When a customer goes out of my front door, my aim is that they are happier than when they came in. We achieve that through dentistry and ‘dental buns’ and cappuccinos and deeper relationships – all sorts of ways ... but increased happiness is the aim. Why? Because I know that if people go out of my door happier they will eventually increase my own happiness.

M: Now, it’s very interesting to me. Once you began to look at happiness as a major goal, then your whole life changed. Gradually, albeit, but it changed. And then, over time, it changed dramatically.

P: Some people are born wise. They don’t get into this silly thing of trying to make more and more money to buy happiness. Some of us are not born quite so wise and we do fall into this way of trying to make more

and more money to buy happiness ... but at least then we realise that it doesn’t work.

M: Yeah I would suggest that probably ... less than 1% of the population is born with that kind of wisdom you’re talking about. Most of us have the same kind of battles. You really have to look at your life and say, “Is happiness a goal?” and, “If it is, how do I get it?”.

Once I begin asking those questions, I start to navigate in a different direction.

## **Happiness-Meetings**

M: Now what were the mechanics Paddi? What, you know, when you started on this, down the happiness track. As I understand it, were you meeting for a while once each day? How often do you meet now?

P: Well, one of the driving forces was the happiness. At various times in my life, I’ve been happy or unhappy. But probably the time that I’ve been most deeply unhappy is when I was working really hard in my business; working lots of hours and getting little fulfilment. I went through some very

difficult times because of that. So, for selfish reasons, I decided that I needed to increase my happiness.

I noticed that my happiness was intimately tied up with the happiness of those around me. If other people in the business came in unhappy, it tended to make me unhappy. If I was unhappy, it tended to make them unhappy.

So I thought, well, the only way I'm going to work on happiness in business – to increase it, that is – is by working with my fellows in the business. I thought about how we would increase the happiness ... it's a long story...

We made a device called a 'Happiness Meter' that measured our happiness. We met together in the evening and we measured our happiness and we worked out some simple rules for increasing our happiness.

Gradually we revised those rules and we introduced them to our clients and eventually we became pretty happy.

M: Now as I understand it, when you first began to meet, somebody would also report on how much revenue you did?

P: Yes, and it's important I think in any system that you have a goal. Systems should be set up I feel with that in mind. Most of the systems that we have set up have been of that nature. But the main goal was happiness.

If you've got a problem, half of the ... well, maybe three quarters of the solution is recognising that you have a problem and what it is. Who was it? It was Thoreau – an eminent American. Thoreau said, most men ... I'll paraphrase because I may not be quite right ... "Most men (and women) live lives of quiet desperation" ... and I think that probably applies to women, too.

**Editors Note:** Thoreau was a great American philosopher who wrote a number of interesting works, including 'Civil Disobedience'.

M: I think it applies to all of us at some time or another.

P: And yet for me, and I suspect most other people, for a lot of my life I hardly noticed

**"Most men (and women) live lives of quiet desperation"**

**"We made a device called a 'Happiness Meter' that measured our happiness"**

that was what I was feeling. I was just coping.

M: You were just coping. Yeah I can identify with that!

P: I didn't realise I was living a life of quiet desperation.

M: Looking forward to the weekends, you kind of lose yourself for the weekend.

P: And looking forward to the holidays and thinking: you know if I make enough money during the week, I can buy myself a little happiness by going to this great restaurant, or buying this great car, or buying a wonderful house...

## **Pleasant Interludes**

P: It was only after a long time that I realised that I didn't really get happiness from buying. What I did get was a brief ... all too brief pleasure, a few more hassles in my life ... and more responsibilities.

What I actually needed was more positive relationships and more pleasant little episodes of human contact during the day.

M: Yeah, it's really the little things that make us happy isn't it?

P: I think so Mike. I'm sitting down here with you, drinking some Russian Caravan tea. Now this, it's the first time I've had Russian Caravan for a little while, and this has been a nice little interlude in my day.

I made it. I let it stand for 5 minutes. I put the right number of spoons in the pot. I turned it round 3 times towards Mecca. I put the milk in the cup first, and then I poured the tea in. I did it very carefully. We shared it together ... It was a great pleasure. A good day is made up of such little pleasures.

M: Little pleasures....

P: Little pleasures ... and work is a good place to get them. Half a dozen little pleasures at work during a working day – now that makes for a very pleasant day.

## ***The Courtesy System***

M: In your daily meetings, you actually talked about happiness. People just talked about it and discussed it, and you began to

**“Half a dozen little pleasures at work during a working day makes for a very pleasant day.”**

develop, over time, a set of principles or rules for conduct.

You did an awful lot of little things that made it better, better and better as time went by. Now you have a *Courtesy System* plaque on the wall. Let's talk a little about those rules of conduct that the team developed.

P: We have a system called the *Courtesy System* that is to do with interpersonal relationships. We found that the thing that affected our happiness as a group most profoundly was the courtesies of life.

I feel good if one of the Care Nurses takes the time to say to me, "I wonder if you would mind just signing this form Dr Lund," rather than, "Just sign that." If people are polite with me and careful with me I think they care for me. They may or may not. But usually if you take the time to be polite with somebody it means you do care for them.

We made a system of rules about politeness. Things like, "If you want something, say please. If you get something, say thank you." If somebody does you the courtesy of saying 'thank you', thank them by saying,

"It was a pleasure", or, "I really enjoyed doing it" That's the sort of thing.

Everybody thinks that they already do these little courtesies.

I notice whenever I talk with groups of people everybody thinks that they are courteous most of the time. But if you record people interacting in business you will find most are not. And the people that are worst are usually the people with the power. The people with the power are often the ones who are the least polite.

M: That's interesting!

P: You may notice that yourself if you keep your eyes open. Oft times, the people with the power feel that they're being courteous and if you record it and play it back, they're very shocked. They're not always so courteous as they think.

Me, I'm sometimes shocked when I stand back and listen to myself ... me, the one who's written the book. I sometimes don't say 'please' and 'thank-you'.

I'll give you another Performance Standard from the *Courtesy System*: "If you are talking

**Lack of happiness in  
business causes  
problems and  
inefficiencies.**

about someone who is not present, always use their name in every sentence in which you refer to them.”

Now this is a really hard one. That means that if I talk about you Mike – with Marilyn – I don’t say, “HE said ...”, I say, “Mike said...”. It may seem very strange to do that but we have noticed if you do use someone’s name like that, you are more careful with the things that you say about them.

M: That’s so interesting, and I, you know I’ve interviewed an awful lot of front line people and there’s always politics going on. People talking about other people disparagingly when they are not present. It’s so counterproductive.

P: It causes so many problems. Not only does it cause a lot of unhappiness ... it causes inefficiency. You get back biting. You get factions. You get rebellions. You get people covertly not following the system merely to be annoying.

M: And people spend their energy worrying about what’s being said and what’s being done without them knowing it as opposed to just doing their job.

P: Exactly, so to make a system that addresses these problems ... its not just a silly whim ... it makes cold, hard economic sense.

## **Lock All the Doors**

M: Now, let’s talk a little bit about the clients. You call them clients don’t you? They’re not patients, they’re not customers ... they’re clients.

P: Well, when I speak about them I like to call them my ‘Customer Family’.

Editor’s Note: You will find that Paddi uses ‘Customer’, ‘Client’, ‘Patient’, ‘Guest’, ‘Visitor’ and ‘Customer-Family Member’ almost interchangeably. You may find you are comfortable with one word and not with another. Health-care professionals may find it difficult to use ‘Customer’. Those in mainstream businesses may find ‘Customer Family Member’ or ‘Guest’ to be a little challenging.

M: That’s great – Customer Family.

Okay, so I’m a member of your Customer Family. Now, I visit your practice and the first thing I see is a door that’s locked and a doorbell and a plaque that says ‘By Referral Only’.

**“I had listened to a great dental speaker called Omer Reid and decided to rid myself of the front desk.”**

Would you describe that and how you got to there?

P: Certainly I would. It was like this: I had decided that it would be a good idea to communicate in private. Now if you go to most professional offices, there's a front desk where you make your appointments and your financial transactions. You may even have your medical history taken at the front desk. You may be spoken to about delinquent accounts at the front desk.

It's not a really wonderful situation, and I noticed that people find it really, really hard to keep their mind on the communication when there's other people listening. I don't know whether you've noticed that Mike especially if somebody's asking you about things financial, say ... “Why haven't you paid your bill?”

How about if you have to answer this question Mike: “Is there any chance that you could be a carrier of AIDS, and do you have any of the following habits ...?”

It's really hard to concentrate on personal questions and answer them honestly in public. Yet, these important questions do need to be asked in a dental business

M: Yes, that's true.

P: I had listened to a great dental speaker called Omer Reid and decided to rid myself of the front desk. I thought it would be a good idea to have a lot of private lounges where people could have their own space, their name on the door, feel comfortable and be free to communicate. So, that's what I had constructed: customer's personal lounges – three of them.

Unfortunately, because of the inertia that we all have in our businesses, none of the Care Nurses asked their clients to use them. The transactions still went on at the front desk. I was not happy about this, but no matter how much I ranted and raved, the tenacity with which we all hold onto our old behaviour patterns was just too great for me to overcome.

One weekend in a fit of desperation or pique, I can never remember which, I took a large motorised saw ... and I sawed up the front desk ... and carted it away.

On Monday morning when everyone came in, there was no front desk; instant paranoia!



**Merilyn said, “Why don’t we make our business premises more like a house”**

M: It must have been a shock to everyone, right?

P: That’s right. Everyone milling around like a herd of lost sheep – “What are we gonna do now?”

But, strangely enough, after a few hours everything settled down. The clients were taken into their lounges, the Care Nurses talked with their clients there. They drank tea together, and it all worked out very well. I had burned the bridges, so to speak.

However, we had a problem when clients happened to come through the front door into the area where the front desk had been. Because we had rid ourselves of the front desk, there was not always somebody there to greet clients who called in.

We were talking about this problem one day at a meeting and Merilyn had an idea.

“Well,” Merilyn said, “Why don’t we make it more like a house, and put a bell on the door?” And so we put the bell on the door.

Unfortunately people still came in without ringing the bell. So, then I thought, well, why don’t we lock the door? And so we

locked the door then people couldn’t get in without ringing the bell.

M: So that it was really driven by the desk being cut up and having no one there as a receptionist so you always had to lock the door. I never realised that.

P: Oh yeah, it’s interesting. I could tell the story a different way that would imply we knew our path from the start ... but it wouldn’t be true. That’s why I say that sometimes ... things just happen ... and it’s only in retrospect you realise how and why. But, you have to do something in the first place so that the chain of events can be set in motion. I really believe that we make our own good luck.

**Editor’s Note:** Paddi is advocating that we make a start on the pathway of change even though we cannot see quite where the path ends, or all the turns it makes. Things have a way of working out. But if you don’t do anything things usually stay much the same. It is said: “If you always do what you’ve always done, you’ll always get what you’ve always got.”

Paddi once told me that he had a sign on his office wall that read: “If we knew where we were going, it wouldn’t be so exciting.”

## The Pareto Principle

M: Let's get back to the happiness thing. Don't you think people have an enormous fear, that if they set out to have a good time they are not going to make any money, and they'll go broke?

You learned somehow that you could combine those two – happiness and money – but I remember you saying you got rid of 75% of your patients. You realised that if you concentrated on the people you liked to do business with you'd get more of those people in. But that was pretty risky wasn't it, certainly in the beginning?

Didn't you have any kind of fear that you were going to do these things and not have a practice that paid the bills?

Editor's Note: I think Mike is voicing the fears that will be held by many. Paddi divested himself of a large portion of his practice. To most people in business this sounds like a very frightening idea. Even if you believe Paddi's ideas are very reasonable and sensible, to rid yourself of customers is still a little like making your first parachute jump.

However, as Paddi points out, unlike a parachute jump, you can make your changes gradually and see how you feel about the result of each little alteration.

P: I think the other people in the business were more fearful than I was – because it was mostly my idea. I was a little more convinced of the sense of it than everyone else.

However, as I mentioned, I didn't do it so rapidly. I did it piecemeal. Like everything in life, sometimes you need to do a little bit and get a bit of feedback and see how it goes

I referred-on the people with whom I got on with least well. I didn't do it all at once, and I was certainly afraid of doing it. To rid yourself of people that you've worked hard to get seems a little scary.

We all know how hard it is to build up our businesses and then to think you're going to give away part of it.

Anyway it happened gradually. I referred-on the people who gave me my least pleasure, my most hassles and the least amount of money. In fact on later analysis I found that I had some people in the practice who actually cost me money to treat!

M: Really?

**20% of your people give you 80% of your money. 80% of your customers who give you 20% of your money and 110% of your hassles**

P: Well, it's the old Pareto principle. There are 80% of your customers who give you 20% of your money and 20% of your people give you 80% of your money. And the 80% of the people that give you 20% of your money give you 110% of your hassles. You spend a lot of time fighting fires with those people, and it's when you're fighting fires that you lose money.

M: Now what do you think is going on there? Those people don't want what you have, can't afford what you have ...?

P: Well a bit of each. It's the hardest thing to do ... to realise just how costly some customers are to your business. You actually pay them for the privilege of serving them.

## **ABCD — Practical Pareto**

P: I decided to break my practice up into A, B, C and D people, Mike. I took out all of the patients charts (They were 'patients' at that time!), and wrote a letter on the top of each one. A, B, C or D. Depending on how I felt about this person.

Now this wasn't God's judgement. These people may have been wonderful, virtuous people – but they weren't wonderful people for me and my business.

M: And the one question you asked was, "Do I enjoy being with this person?" Was that the question?

P: Yes, but it wasn't just that one question.

At the time I was a little more money oriented than I am currently. At the time it was probably, primarily, "How much money does this person give me?" ... that was what was most important at the time. A second consideration was: "How much pain or pleasure do they give me?" In other words, as you said, "Do I enjoy being with this person".

An 'A' person wanted all of the things that I had to offer. They were able to pay. They were happy to pay, and they did pay. I found these people pleasant to talk with and they would also refer nice people to me.

'B' people were somewhat deficient in one of the above characteristics and 'C' people more so.

**'A' people want all of the things that you have to offer. They are able to pay. They are happy to pay, and they do pay.**

The 'D' people didn't particularly want what I had to offer. I had to persuade them very hard to buy it. They had a difficult time affording even the least parts of the treatment. And, they weren't particularly grateful for the things we did for them. These were the people who complained a lot. And, they seemed to have a lot of problems. If they ever did refer anybody to me, it was a similar sort of person.

So, if I had cultivated the D people, I would have had myself a lot of hassles and very little money. In fact, I would have lost money and, with their referrals, I would have had more people of the same type of person – "Birds of a feather flock together," so to speak.

So I decided to cultivate the 'A' people – not so silly when you think about it.

M: (Amused) No, I see your point.

P: The only way I could have time to do this – because I was already working 60 hours a week – was to divest myself of some of the people who weren't so wonderful to me. These were, of course, the 'D' patients.

M: Now how did you handle that? Say I came in. I'm one of your patients. What would you say to me?

P: Firstly because I haven't done any dental treatment for you I'd have to ask you – "Are you a D person, Mike"?

M: Yeah, okay, me, I'm a D person.

P: You're a D person?

M: Yeah, I'm a D person. I want to be a D person!

P: Okay, we've established that you're a D person. So I'd say to you, "Mike, I've been looking through the things that we've done together in the past, and I've noticed that it's hard for you to pay for the things that you have had. And we've had a lot of hassles together with the treatment that I've done for you. And we've had a lot of conversations and it seems that we're not always on the same wavelength.

True?

M: True.

P: I have a friend who's also a dentist who practices not very far away. I talk to him

**It is a universal truth  
that you cannot be all  
things to all people!**

every now and then, and I think that you two would see eye-to-eye a little more than we do. I think it would be to our mutual advantage if you saw my friend.

How would you feel, if for the current problem that you have, I arranged a time with you to see my friend the Dentist.

You can talk with him and see what you think. Now, if you're not happy with him, come back by all means, and I'll see what I can do, but I think you two will get on together very well. How do you feel about what I've said?"

M: Oh, that sounds reasonable.

P: And to a man or to a man ... and a woman, everyone seemed happy with that arrangement. I got some quite good feedback from people who had gone to see various Dentist friends of mine.

Some people even returned, asked to be let back into the fold, and metamorphosed into 'A' people.

## **Different Strokes**

P: Why does that happen? Because, it's 'Different strokes for different folks'. Not everybody can give you exactly what you want in the world, and you cannot be all things to all people.

I couldn't give these people exactly what they wanted ... and I didn't want to, anyway. I was looking out for myself, but I also really wanted to find somebody for them who could give them what they wanted.

M: So the bottom line is: you pick out those people where there's a relationship that can develop both financially and in friendship and you concentrate on those people in building your business. Is that basically the plan?

P: Yes, and it's really not so silly when you think about it.

M: No it isn't. It sounds so eminently logical, you wonder why more people aren't doing it all the time. It's just common sense: the people who cost you money, you send on to someone else ... where they're often happier.

**I wonder why I didn't start to do this sort of thing a long time ago, rather than continue to have problems and loose money treating certain clients.**

P: And it's interesting that these people that I refer on, often become desirable clients for the other dentist. Your 'D' people could well be someone else's 'A' people. It's funny how the world is.

I wonder why I didn't start to do this sort of thing a long time ago, rather than continue to have problems and lose money treating certain clients. It seems that we have to 'stick our head in the gas oven' before we realise that it's not a good thing to do.

M: Well, yes, but there is a very powerful paradigm out there: *The more customers the better*. I think most people think that way, don't you?

P: Oh absolutely! And the more professional people are booked ahead, the more secure they feel. Business people seem to feel that the more customers they have the more profit they will make. But it doesn't always work like that.

Often, the professionals who are only booked 2 days ahead, or the businesses with a small number of good customers, do best. The businesses that are booked 6 months ahead or who have lots of customers sometimes have a lot of 'D' people.

M: Who may not show up?

P: Certainly in a professional practice this is a big problem. They often don't show. They may not pay their bills. They won't want the things that the professional person wants to supply.

The same in business. These 'D' people find it hard to buy and are often dissatisfied with their purchase.

It means that you make less money and also you have less fun doing it. The more people that you see who are really not that keen on doing business with you, the less money you make ... and the less fun you have!

M: That is so interesting!

## **Making a Business Family**

M: I like the idea of Customer Family and Business Family. Could you tell me more about this 'family' idea of business? How did it come about?

P: I think locking the front door was the first step in converting our business to more like

**Why not make the money and have emotional fulfilment all at the same time?**

a family home than a business. It was no longer a public place ... we felt more like a family.

Once you make that conceptual change, other things follow – like entertaining people, Now our business has become somewhere where we welcome friends. It seemed reasonable that people came in off the hot street or the cold street in winter, that we would give them food and drink. It's what you do when you welcome friends into your house. We sit them down. We offer them refreshment. We talk with them pleasantly about whatever they want to talk about.

M: And when you start the conversation, when somebody comes into your home, you enquire about how they're doing and how their family is and so forth, it's the way to get kind of warmed up.

P: Yes, and it's not a chore. You do it because you enjoy it and because you're concerned about them. And that's important, because once again I come back to the point that business is a part of our lives.

Why do we feel we don't need the same emotional inputs in business that we do in our private lives? The answer is we do. If we don't get them, we're not as happy as we should be. We suffer emotionally. Why not get them? Why not make the money and have emotional fulfilment all at the same time?

It also works well for the customer. The customer gets a better deal. The customer doesn't just get the service, the mainstream core service that you're offering – like dentistry, or like a pair of glasses, or a steel fabrication. They get warm human relationships as well. And that's what everyone craves.

Quite often now people send us presents. We get cards from all over the world from clients on holiday. We get clients telling us when they've had babies.

I've noticed the Care Nurses are always reading what we call the "hatched, matched and dispatched column". They sometimes sit around and read the Personal columns and say something like, "Oh, did you notice that Julie got married the other day. I knew that was coming up. Better send her some

**The Care Nurses look out for the interests of their customers. They're like a 'devil's advocate' for their client — they're the protectors**

flowers.” Or ... “Hilary had a baby. She rang me the other day, Pat. You weren't in so I told Hilary you'd ring her back.”

It's a really personal relationship. We send out a lot of flowers. Sure, it costs us a bit in flowers but we do a bulk deal and the recipients are 'knocked out' that their Care Nurse really does care.

## Care Nurses

M: Please, say more about the Care Nurses. What's their role and how did they come about?

P: Once again, it's something that evolved. As soon as you start putting emotion into your life, and as soon as you start caring for people, you go down a fairly predictable path. You nurture these people. You want to spend time with them. You care about them. You're interested in them.

When emotional bonds are formed, people really do start to care about each other. They look out for each other. They become interested in each other, and they try and give each other every advantage.

The Care Nurses look out for the interests of their customers. So, if, I'm a little short with somebody in that I don't spend enough time with them or the Care Nurse doesn't feel I've done the right thing, they'll tell me. They tell me because it intrudes upon their relationship — upon their territory.

So they're like a 'devil's advocate' for their clients — they're the protectors.

M: Almost like a brother or a sister taking up for you with the parent that they perceive is being unfair. It goes back to your family ideas.

P: Exactly! And it keeps me on the straight-and-narrow when I'm feeling lazy or avaricious.

M: So in essence, you have a system where there's one person primarily for each patient or customer-family member.

P: Yes, exactly. It used to be that when a client came it was catch-as-catch-can. They were looked after by whoever was available.

But as we changed, we found that we wanted deeper relationships with customers, and so we gave each client their



**People who ring  
almost invariably ask  
for their own Care  
Nurse**

own special 'Care Nurse'. We also decided that when anyone referred a friend, the friend also would have the same Care Nurse. So, it became like a little network.

People now really don't ring up and just say what they want straight away. They almost invariably ask for their own Care Nurse.

So that if I pick up the phone, a client will say, "Oh, is Pat there?" I'll say, "I'm really sorry she's not in. Can I help you?" – after all I am the boss, you would think they wouldn't mind talking to me – but they say, "Oh no, really I need to speak to Pat, thanks Paddi. I'll ring back tomorrow." It's really interesting how close Care Nurse and client have become.

## **Systems**

M: I use your story of the daily meetings with the Happiness Meter quite a bit in my presentations. What I like to see people do is to put in a good system where they determine their goals and a good daily and weekly feedback system so that they begin to invent over time what's going to work for them.

Once you get a process in place where you've decided what you want, you need feedback as to whether you're getting it or not. The 'gap' is the difference between what you want and what you're getting.

When you have measured the gap – when you have the feedback – the actions become almost automatic.

See, I think, you know, and the way I look at a system it's got a goal, it's got gaps, it's got action, it's got feedback and once you set that up, then you're right. Your actions create feedback and feedback gets tested against goal and then on and on.

And another hallmark of a great system is that it doesn't matter that the users understand the logic behind the system. Whether or not the users understand the ideas upon which the system is built, a good system will still work effectively.

## **Deep Stuff**

P: What is the best way to change someone's ideas. Do you talk with them logically or do

you ask them to try out new behaviour based on the new ideas?

In a subtle way, your actions affect your ideas. If you're living a polite life, it is very difficult to go back to living an impolite life, because your view of how you fit into the world changes. Your concept of who you are is affected by how people treat you and how you treat others.

M: Exactly.

P: We can give people the systems. They don't always have to realise the total concepts behind them. That may happen implicitly afterwards.

That's often how we teach our children. We instruct them in some practical skills. We may not teach them the total concept associated with the skills. After a while when the children have used these practical skills and realise their advantage, they start to think about the deeper concepts ... well some do!

The idea of the *Courtesy System* is to humanise our relationships. People don't have to understand all the mechanics of the system to use it. It does help but it's not

absolutely necessary. Just using courtesy makes everyone feel happier and more respected.

## War in Business

M: Now I remember Paddi once, I guess it was in a talk you gave or someplace I heard it where you, you kind of took the opposite of that and said if you were a general in a war your job is to dehumanise. Say more about that. Do you remember that story you told? It was very interesting because it put it in a different perspective.

P: I can remember Vietnam real well because I was almost involved. You may remember in the military bulletins they always talked in euphemisms: 'taking out the enemy' or 'termination with extreme prejudice' or 'cleaning up this area'. They talked about the 'enemy'.

**If you personalise contacts by using systems like the Courtesy System, then we can expect the contacts to be warm and people will want to do business with you.**

The soldiers who returned on 'R and R' would talk about 'gooks' or 'slanties' or all sorts of terrible names for other humans. But, you have to do that if you want to kill people. It is very hard for you as a caring human being to kill someone when you know their first name and their family. We have to dehumanise the enemy first of all.

Part of the job of the military is also to dehumanise the soldiers. You do squad duty, You learn to obey orders unquestionably so that you loose your conscience. When that has been done to you, you can go out and kill people more easily.

Now if we apply that in our businesses we can do the same thing. We can desensitise people to human contact.

Think about customers. We can talk about them behind their back. We can call them 'customers' rather than 'John' or 'Sue' or 'Fred'. If we do that then we can only expect the human contacts between our staff people and our customer people to be less than warm.

However, if we personalise contacts by using systems like the *Courtesy System*, then we can

expect the contacts to be warm. If the contacts are warm, people will want to do business with you. It makes economic sense.

## **'By Referral Only'**

M: Could you tell me a little more about your 'By Referral Only' style of business?

P: For me, running a 'referral only' business has been one of the best things I've done in my life. It's getting better. I'm making money more easily. Every week. I'm having a better time and I'm feeling a lot more fulfilled in my life. The basic concept is: building relationships, nurturing people, caring for people and keeping in contact with people.

People only come to our front door by referral from somebody else. We also send out to them quite a large amount of literature – our 'Welcome Book' – to new customers before they come in so they understand exactly what we have. Then they can decide whether they want to buy from us.

**We find just the sort of customers that we want... we have our present customers select them, with the 'help of our Welcome Book'**

## **The Power of Exclusivity**

M: I remember you saying that when you lock a door more people want to get in.

P: That's true isn't it? As soon as you make something unattainable or not easily attainable, it becomes more desirable. We're all a bit like that.

M: Well I guess that is human nature. I mean diamonds are valuable because they're not easily attained.

P: Exactly. As we all wear clothes...if you're a virile male walking down the street and the wind blows and a pretty girl's dress blows up a little above her knee, cars stop, drivers look and chaos can ensue. If we all went naked in the street nobody would be that bothered. The lure of the forbidden is great.

M: Right, so a large part of your success is because of the uniqueness of the way you've thought about things and tackled things ... and acted upon things ... like locking the door.

P: Yes, but also because we find just the sort of customers that we want. And we have our present customers select them, and we have them select themselves – with the help of our 'Welcome Book'

## **Filtering**

P: Probably 1% of people will ring up before they come and after they have had the literature and say, "Look, I've read your literature and really I don't think you're the place for me."

These people usually call up very pleasantly. But for some reason, maybe it's because we say we're more expensive than other dentists ... or maybe it's because we only work these very short hours ... or maybe they don't like my photo ... anyway, for whatever reason, people will decide that we are not the place for them.

When that happens I'm very, very happy because it means there is not going to be bad feeling. It is great, because we do not have to spend time with people who really

**In essence, what Paddi has done is to make his business a family enterprise ... and he carefully chooses who he wants in his family.**

don't want what we have. Or have the angst of serving somebody and finding out afterwards that they didn't really want what we gave them. It's great to filter people as much as possible up-front.

M: Well it all goes back to that paradigm shift that you brought up in the very beginning ... about business as a family. If we consider having an adopted family member or a friend, there's a screening. I mean you're not friends with everybody in the world. You have to be friends with people you can relate to and have something in common with and who want the same things to some extent.

P: We are friends with the people with whom we want to be friends.

M: So really, in essence, what you've done in business you've said well let's make the business a family enterprise ... and lets carefully choose who we want n our family.

## **A Family Business**

M: It's been a new insight for me today – this idea of the 'Business-family'. Once you

come to grips with that many other little things fall into place.

Once you decide that what you're about is really caring for other human beings and relationships, then you automatically search for the things that you can do to make them happy ... and yourself happy in the process.

P: It's having the concepts and then being brave enough to follow them through ... or maybe being silly enough sometimes in the face of conventional wisdom.

M: Now that, you know it goes back to the idea of uniqueness and that's where so many people I think have a problem, you know it's hard to be unique. It's hard to stand out from the crowd.

P: In the end it's the greatest asset.

M: Yeah, exactly.

P: We are unique. Everybody's unique. My mother tells how she used to live in a little village in Yorkshire, a little tiny village. She tells stories about the people who lived in the village. There were people with all sorts of strange habits and strange likes and dislikes, unusual hobbies, people who kept strange hours, people in very unusual

**It is important to develop a business that reflects the uniqueness of your talent, rather than reflect an imitation of the things that everybody else has done.**

businesses, people with strange faces. But it's not like that now, she says, everybody's the same. The whole world's becoming the same.

M: Yes, it is.

P: We're all sublimating our differences to become this universal, almost, Southern Californian person. I'm not slinging off at Southern Californians, it's just that they always seem to be ahead. But everybody's aspiring to this same thing. And I think that's a little sad because we all have different talents that we could develop in different ways.

So, for me it's important to develop a business that reflects the uniqueness of your talent, not tries to imitate things that everybody else has done. This is the essential difference between the personal business and the Wall-Mart business. The Wall-Mart business or the franchise business attempts to be similar everywhere you go.

Wherever you go McDonald's is the same. Now there is a certain security in that but there is also a certain boredom in that, a

certain ennui in that and for me, I like my life to be a little more exciting.

M: And what's exciting to me too, I think is the opportunities that creates for those people who are willing to take the risk, who are willing to be unique, and who are willing to do things a little differently. I think they can develop business at higher margins and with less advertising, less sales people and have more fun, and better relationships with their people and their customers.

What I love about this whole concept is that I think it really goes to the heart of a major trend or counter-trend which is to get back into relationships.

P: Well I think that everybody's unique in their own way. It's important that what we do reflects our own character and I'm absolutely sure of that. However, I don't necessarily think it's a good idea for somebody to take all of the ideas I have and institute them all. Just the ones they're comfortable with.

**Shopping ... or going to the dentist, doesn't have to be a bad experience or even a neutral experience. Shopping can be a wonderful experience!**

## **Congruent, Personalised Business**

M: That's why the timeliness of this is so important. Almost everything going on in our society is dehumanising the human contact, dehumanising the business transaction.

You know, here in America we have this thing that I call the 'Wal-Marting of America'. We have these huge stores that sell things very inexpensively. You go in and you check-out and very rarely will you see somebody to help you in the store. There's certainly a market for that ... but it sets up an equal and opposite reaction in my mind of people who do want more human contact in their shopping. I think that's exactly the sort of thing that you've provided.

P: To a certain extent the same thing happens in Australia and certainly there are a lot of franchise stores here whichever shopping centre you go to the stores are the same and it's very boring.

M: Yeah, McDonald's is over there as well.

P: Oh, we've got McDonald's but not only that, the hardware stores are all the same, the restaurants are all the same – it's a franchise – the clothing stores are franchised.

I think more and more there's a place for boutique-style business where people remember you, where people write to you, where people know your taste, where people inform you if something comes in that you might like, where people nurture the relationship ... and where you enjoy going.

Shopping ... or going to the dentist doesn't have to be a bad experience or even a neutral experience. Shopping can be a wonderful experience!

We all like to buy. Especially if it's from somebody with whom you have a relationship. It's wonderful if that person cares enough about you to lead you in the direction of something that is very useful for you ... the whole thing becomes worthwhile.

M: Yeah, instead of just simply wanting to sell you something for their own benefit.

P: Both people benefit in this style of business. It used to happen 200 years ago. Everything was personalised and I suspect people had a lot more fulfilment from their businesses.

I would like people to develop deeper, longer-term relationships with their clients, and I would like their clients to become happier as a result of their relationship.

These clients will refer more people to the business so eventually, we get better standard of businesses, we get happier people as clients and the world becomes wealthier and happier. That is basically my aim Mike.

M: Not a small aim Paddi!