

MARK H. MCCORMACK

**WHAT THEY
DON'T TEACH YOU
AT HARVARD
BUSINESS SCHOOL**

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Preface

What They Can't Teach You At Harvard Business School

When I was at Yale Law School I was told that as a business education, a law degree was every bit as valuable as an MBA (Master of Business Administration). Years later, having lectured at Harvard and a number of other business schools, I became convinced that it was – though both have definite limitations when applied to the real world. As an introduction to business, an MBA – or an LLB – is a worthwhile endeavour. But as an *education*, as part of an ongoing learning process, it is at best a foundation and at worst a naive form of arrogance.

The best lesson anyone can learn from business school is an awareness of what it can't teach you – all the ins and outs of everyday business life. Those ins and outs are largely a self-learning process, though the experience of someone like myself might make the learning shorter, easier, and a lot less painful.

In the early 1960s I founded a company with less than \$500 in capital and thereby gave birth to an industry – the sports management and sports marketing industry. Today, that company has grown into the International Management Group (IMG), with offices around the world and several hundred million dollars in annual revenues.

I am probably better known as 'the guy who made Arnold Palmer all those millions' than I am by my own name. In truth, Arnold Palmer made Arnold Palmer 'all those millions', though I think Arnold would agree that I helped.

While the management of celebrity sports figures will always be

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very important to us – with Jean-Claude Killy, Jackie Stewart, Björn Borg, Herschel Walker, Martina Navratilova, Chris Evert and dozens of others among our list of more than 500 clients – it is only one aspect of what I do, personally, and what we do as an organization.

Our television division produces hundreds of hours of original network programming throughout the world and sells thousands more hours for such clients as Wimbledon, the National Football League, the US Tennis and Golf Associations, the World Ski Federation, the National Collegiate Athletics Association and the Royal and Ancient Golf Club. Our marketing consulting division is retained all over the world by more than fifty blue chip corporations. We do the personal financial planning and management for several hundred high-level corporate executives. We own three fashion agencies and we represent, or have represented, entities as diverse as the Nobel Foundation, the Vatican and the English Catholic Church, and we are television consultants for the Organizing Committees for the 1988 Calgary Winter Olympics and the 1988 Summer Olympics in Seoul, Korea.

In more than twenty years, I suspect I have encountered every type of business situation and every type of business personality imaginable. I have had to cipher the complex egos of superstar athletes – and of their spouses, parents, lovers, neighbours and camp followers. I have dealt with heads of state and heads of corporations, with international bankers and small-town advisers, with bureaucratic governing sports bodies and autocratic empire builders. I have come in contact with every phase and facet of the entertainment, communication and leisure-time industries. And at one time or another I have done business with practically every nationality on the face of the earth.

What I haven't experienced myself I have observed. Because of our affiliations with major companies throughout the world I have been in countless executive suites and board-rooms where I have witnessed a lot of companies in action – and have realized why a lot of them are incapable in action. I have seen every conceivable corporate style, culture, theory and philosophy put to work –

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and noted why a lot of them never do. From my experiences and observations I have drawn the advice in this book covering selling, negotiating, starting, building and running a business, managing people and personalities, getting ahead and getting things done.

But in a way this categoric breakdown is misleading, because what this book is really about is ‘street smarts’ – the ability to make active, positive use of your instincts, insights and perceptions. To use them to get where you want to go, preferably by the shortest route, even if this means jumping some fences or going through a few back alleys.

Can you really learn to apply gut reactions to business? Perhaps not totally, but what you can learn are the results of street-smart thinking. Much of what I say and do in business, from a self-effacing comment to an intentionally provocative one, is designed to give myself a slight psychological edge over others, or to help me get the most out of others. That is what street smarts really is – an applied people sense.

Whether it is a matter of closing a deal or asking for a raise, of motivating a salesforce of 5000 or negotiating one-to-one, of buying a new company or turning around an old one, business situations almost always come down to people situations. And it is those executives with a finely tuned people sense, and an awareness of how to apply it, who invariably take the edge.

In fairness to Harvard Business School, what they don’t teach you is what they *can’t* teach you, which is how to read people and how to use that knowledge to get what you want.

Yet that is exactly what this book *can* teach you – how to read people, how to influence their reading of you, and how to apply or customize both to any likely business situation.

Business situations, of course, are just that – situational. But whenever possible – whenever a definite conscious act will generate a consistent subconscious response – I have also done the reading for you. Based on my own experiences and observations I have recommended many specific techniques which can be directly applied with immediate and tangible results.

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Much of this advice is unconventional, not just to be different, but because I believe the dependence on conventional wisdom – on old ideas and antiquated methods – is the biggest problem with American business today. Running a company is a constant process of breaking out of systems and challenging conditioned reflexes, of rubbing against the grain. People want to work but policies suffocate them, and it would be impossible to write a responsive book that didn't address this problem, and the many disguises it wears.

Business demands innovation. There is a constant need to feel around the fringes, to test the edges, but business schools, out of necessity, are condemned to teach the past. This not only perpetuates conventional thinking; it stifles innovation. I once heard someone say that if Thomas Edison had gone to business school we would all be reading by larger candles.

My main purpose in writing this book is to fill in many of the gaps – the gaps between a business school education and the street knowledge that comes from the day-to-day experience of running a business and managing people.

Over the years, we have hired many MBAs from Harvard and elsewhere to work for us. In fact, in my more impressionable days, I guess this was one of my own conditioned reflexes: if you have a problem, hire an MBA. As we grew and got to areas in which we had less confidence or expertise, I reasoned that, by virtue of their education, the MBAs were the best people to run these areas for us.

What I discovered was that a Masters in business can sometimes block an ability to master experience. Many of the early MBAs we hired were either congenitally naive or victims of their business training. The result was a kind of real-life learning disability – a failure to read people properly or to size up situations and an uncanny knack for forming the wrong perceptions.

In fairness to some of our employees, we do have a number of MBAs working for us who have made the adjustment to the real world quite nicely. But to assume, as I once did, that advanced degrees or high IQ scores automatically equal 'business smarts' has often proved an expensive error in judgement.

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A number of years ago Harvard Business School did a case study on the problem. Even in phrasing their questions the students struggled to find the appropriate business-school cubbyhole in which to place every conceivable business situation. Then, as if by turning a crank, they expected the appropriate solution to pop out. Obviously, neither people nor problems fit moulds, and the very act of trying to make them do so distorts perceptions.

Two old friends once met on the street after not seeing each other for twenty-five years. One, who had graduated at the top of his class, was now working as an assistant branch manager of the local bank. The other, who had never overwhelmed anyone with his intellect, owned his own company and was now a millionaire several times over. When his banking friend asked him the secret of his success, he said it was really quite simple. 'I have this one product that I buy for two dollars and sell for five dollars,' he said. 'It's amazing how much money you can make on a three per cent markup.'

I do not have an innate prejudice against intellect, intelligence or, for that matter, graduate degrees, but they are not substitutes for common sense, people sense and street smarts. I suspect Harvard Business School recognizes this as well. I would like nothing more than to see this book become required reading there.

Part One

People

1

Reading People

Let me tell you two stories. One involves a future president, the other a high-living golf pro, and though the incidents happened nearly a decade apart they are linked in my mind.

In 1963, I was in Paris for the World Cup golf tournament, where I happened to have two chance meetings with Richard Nixon – once at the golf club when he came by my table to speak to Gary Player; the other, only a few days later, at the Tour d'Argent, when he stopped to speak to Arnold Palmer and Jack Nicklaus, with whom I was having dinner.

Nixon's remarks were pleasant enough. What stayed with me was that on both occasions he used the same words, the exact same five or six sentences. It was as though he were talking to stick figures rather than to real people, as though he had a fund of stock phrases for every type of person he was likely to meet – five or six sentences for a sports personality, a paragraph for a business leader, another for a religious figure.

The other incident involved the flamboyant golfer, Doug Sanders. When we first started representing Doug a lot of people told me we had made a mistake. Doug did have some 'Vegas' in him. He ran with a fast crowd, got into his share of scrapes, and was known to make more than just a friendly wager every now and then. Some people thought he was too controversial for us and asked why I trusted him. Quite frankly, I trusted Doug Sanders a lot more than some of the people who were questioning me. Which brings me to my story.

Once Doug played a golf exhibition up in Canada. He made all the arrangements himself. I didn't know anything about it, and since apparently he was paid in cash I probably never would have

known anything about it. But about a week after the exhibition took place we received an envelope from Doug. There was no letter or note inside, only our commission – in cash.

I recall these incidents now because they demonstrate something important about reading people. What people say and do in the most innocent situations can speak volumes about their real selves.

My accidental encounters with Nixon, for instance, indicated a certain insincerity and a degree of phoniness that I remembered ten years later, when he was forced to resign the Presidency. Nixon's troubles probably had as much to do with his phoniness as they did with Watergate. People don't like phoneyes. They don't trust them, and they certainly don't want one running their country.

In Doug Sanders's case, the fee for the exhibition was so insignificant it might not have seemed worth the bother. But to this day I can see Doug going back to his hotel room, pulling a wad of cash out of his pocket, counting out our commission, sticking it in an envelope, and scribbling out our address. This was so totally in keeping with Doug Sanders's character that nothing else would have occurred to him.

One would like to believe that it was a future American president who exhibited quality of character, and a golf hustler who came off as a con man. But the facts in these cases belie those conclusions.

What does this have to do with business? Everything.

In the business world it is easy enough to adopt a corporate persona, or several corporate personae, depending on the situation. Some people will act one way with their subordinates, another way with their boss, and a totally different way with people outside their company.

But the real self – one's true nature – can't change colour to suit its environment. In any ongoing business situation, sooner or later – either subliminally or out in the open – you are going to find that you are dealing with that person's real self.

If nothing else, you want to hear what people are really saying, as opposed to what they are telling you; you want to be able to put someone's deeds – his own business activities – into the larger

context of character. Whether I'm selling or buying; whether I'm hiring or (in our capacity as consultants) being hired; whether I'm negotiating a contract or responding to someone else's demands, I want to know where the other person is coming from. I want to know the other person's real self.

Business situations always come down to people situations. And the more – and the sooner – I know about the person I am dealing with, the more effective I'm going to be.

Don't Take Notions For An Answer

People will often make judgements about others even before meeting them, based on what they've heard or what they know about their company. They will even mistrust or ignore their own perceptions so as to make them conform to conclusions that have already been reached.

At IMG we often have to face the preconceived notions that exist about our own company. What we do is fairly visible, and a number of the magazine and television profiles about IMG or me stressed our power position in sports, and painted us as tough, even ruthless, negotiators.

Nine out of ten times this works to our advantage. People *expect* us to name big numbers and their anticipation often makes it easier for us to get them. And when they find that we are actually fairly reasonable people to deal with, they are bowled over.

But there is also every tenth guy who has so hardened himself to his preconceived notions that he has no perception of the business situation itself, or of the people from our company with whom he is dealing. He is so prepared to be tough himself, or to defend against our toughness, that he takes 'Nice to meet you' as a veiled threat. Obviously, his preconceived notions have made him incapable of any genuinely revealing insights.

People-reading is a matter of opening up your senses to what is

really going on and converting this insight into tangible evidence that can be used to your advantage.

Dave DeBusschere, the former basketball star, was a vice-president of our television company for several years prior to his assuming his present position as General Manager of the New York Knicks. Dave once had several frustrating meetings with an executive of an insurance company in Connecticut whom he was trying to interest in sponsoring one of our television shows. The executive seemed genuinely interested in the concept, but was so overwhelmed to be dealing with Dave DeBusschere he could never get past this fact, or his own suspicions. If this was such a great opportunity, he reasoned, then how come just a 'regular guy' wasn't trying to sell it to him?

Use Your Insight

Dave Marr, the former PGA golf champion, and I were once joking about some of the great golf hustlers we had known when Dave came up with the First Axiom of Golf Wagering: 'Never bet with anyone you meet on the first tee,' he said, 'who has a deep suntan, a one-iron in his bag, and squinty eyes.'

Shrewd insights into people can be gained simply through the powers of observation. In most business situations there is usually more to see than meets the eye, a whole level of personal dynamics operating just beneath the surface.

Most business situations provide all sorts of tangible evidence that allows you to see beneath the surface. Sometimes these are the things that people say and do unconsciously, the way someone looks away at the sound of a particular question, for instance. But they may also be acts that are neither simple or unconscious, such as the way someone chooses to phrase a particular thought. The point is that the clues for insight abound, and are there to be used by anyone who is tuned in to them.

A surprising number of executives are not. They totally lack an awareness of what is really going on around them. Either they are too busy listening to themselves to listen to anyone else, or too involved in their own corporate presence to notice what someone else might be doing.

I can't imagine anyone being effective in business without having some insight into people. Business itself is such a subtle matter of taking a slight edge here, an imperceptible edge there. And every aspect of the process comes back to people – managing them, selling to them, working with them, simply getting them to do what you want them to do. Without insight there is no subtlety.

Insight allows you to see beyond the present. Suppose you had a way of knowing everything that was going to happen in business over the next ten years. That information would not only make you wise; it would also make you successful and wealthy. Yet it is your insight into people that gives you the ability to predict the future.

A person's true nature, true self, cannot change with situations. It is totally consistent. The better you know that person, the more you can get beneath the façades, the more accurately you can predict how he or she is likely to react or respond in almost any business situation. This knowledge can be invaluable.

The process, of course, is precisely the *modus operandi* of the 'professionals' – the psychics and fortune tellers who have been using the same tricks to tell the future for centuries.

Psychics will size up their clients by observing them – how they act, how they look, what they're wearing – and by asking a few innocent questions. From this information they can 'see into the future', which is really a matter of telling their client what he or she wants to hear based on what has already been found out. The good ones can come up with some startlingly perceptive things based on the tiniest pieces of information. There are probably some psychics who would make excellent business executives.

I also know a lot of business executives who would make terrible psychics.

Insight demands opening up your senses. I believe you can learn almost everything you need to know – and more than other people would like you to know – simply by watching and listening, keeping your eyes peeled, your ears open. And your mouth closed.

Listen Aggressively

The ability to listen, really to hear what someone is saying, has far greater business implications, of course, than simply gaining insight into people. In selling, for instance, there is probably no greater asset. But the bottom line is that almost any business situation will be handled differently, and with different results, by someone who is listening and someone who isn't.

When I was preparing to write this book I asked a number of my business friends, several of them chairmen of companies, what business advice they would give if they were writing it. Almost without exception, and often at the top of their lists, they said, 'Learn to be a good listener.'

One friend, the head of a well-known sales organization, described it as 'Watch your listen/talk ratio.' Another, an executive at Pepsi Cola told me the story of one of Pepsi's all-time corporate coups, and how if he had been a better listener he would have saved himself and his company a lot of time.

Pepsi, he said, had been trying for ever to get into Burger King and, since they believed Burger King would never dream of dropping Coke, the focus of their presentation was always towards giving the consumer a choice. Burger King's philosophy did indeed promote choice ('Have it your way'), but, as Pepsi was told time and again, this was in the larger, quality control philosophy of a limited menu, *including one cola*.

One day, Pepsi finally got the hint and changed its pitch to stress that Pepsi and Burger King were corporate soul mates – the number twos going after the number ones. Since they already

shared mutual strategies of ‘product superiority’, wouldn’t it make sense to kick out Coke and bring in Pepsi?

‘You know?’ someone at Burger King said, ‘we’ve been trying to tell you that for months. I’m glad someone finally listened.’

Observe Aggressively

I will often fly great distances to meet someone face-to-face, even when I can say much of what needs to be said over the phone. If it’s important, or if it’s a relationship that may be long-term, I want to form impressions based on what I observe even more than on what I hear. After all, the impression you have from meeting someone in person is often quite different from that formed in speaking over the phone.

Observation is an aggressive act. People are constantly revealing themselves in ways that will go unnoticed unless you are aggressively involved in noticing them.

The statements people make about themselves, or the signals they give off, are both conscious and unconscious. ‘Body language’, as these unconscious signals are commonly called, is certainly important, but it isn’t even half the story. Most visual statements are quite conscious and intentional – the way someone dresses, the way he carries himself, and all the other ways people go about trying to create a particular impression. But these signals are only as useful as your ability to pick them up.

Aggressive observation means going after the big picture, taking all these conscious and unconscious signals, weighing them, and converting them into usable perceptions. When I meet someone face-to-face, what I am trying to establish more than anything else is a comfort zone – the ‘picture frame’ so to speak – or the boundaries I need to observe, based on what I see and hear, which will best enable me to deal with that person.

Aggressive observation does not mean hasty observation

– jumping too quickly to conclusions, over-responding to conventional interpretations, or reading meaning into things where none exists. For instance, when I am meeting at someone else's office I have often noticed that people will sort of 'lean in' to the situation when they are ready to get serious, even unconsciously using their hands to push everything on their desk a couple of inches forward. Yet almost as often I have seen people at this same point lean back in their chairs and feign a totally relaxed position.

To generalize about either, then, or to jump to some hasty conclusion, would be as foolish as it would be misleading. Almost any useful observation must be considered within the larger context of the situation, and what else you are hearing and seeing.

Conventional wisdom says that, if someone slumps in the chair, he or she is not very 'commanding'; the converse also supposedly holds true. But how many of us have, at one time or another, dealt with the 'glad hander', the guy who sits erect on the edge of his chair, leans slightly forward, hangs on your every word – and then never does anything. These are often the old school 'I'm-glad-you-asked-me-that' types or the too-eager beavers, the young fast-trackers who have already decided that it is not what they do and say, but how they look along the way that is going to get them to the top. People who are a little too erect, a little too attentive, make me nervous.

Posture is also interesting for another reason. One of the most useful observations you can make about people is the relative importance they place on form in relation to substance. There's a world of difference between posture and *posturing*.

It bothers me when people strike a pose, when their casualness is a little too studied, or their efforts to bulk up their physique or suck in their stomach are a little too strained. The offices of these people, or how they choose to decorate them, are often an extension of this. An office that is overly cluttered with diplomas and mementos or is obviously contrived to create a certain impression is usually a dead giveaway. You have to be careful in dealing with people of this sort. They are more likely to be interested in looks than in performance, in appearances rather than real accomplishment.