

Hello, this is Wayne Rivers at The Family Business Institute. Thanks for tuning in. Scroll down to the bottom, you can click on the RSS feed and subscribe to our podcast now. So that's a new feature and we hope you'll take advantage of that.

This week, I want to talk about the difference between smart work and hard work with a couple of concrete examples. So my father-in-law, who was actually the co-founder with me of The Family Business Institute used to be in the radio business, and one Sunday morning he woke up preparing for church and he clicked on the radio to the station and it was dead air. Well, in the radio business, that's the worst thing that could happen to you. Dead air means no revenue. So he got on the phone and there was this guy that was like ... They had a certain brand of equipment that ran the radio station and there was this guy you know 100 miles away or so that was a guru with that particular brand of equipment.

So he got on the phone. This is back in the days of, you know, rotary phones and all that stuff and calls the guy on Sunday and the guy gets there by about noon time on Sunday and takes a look around and pulls out a screwdriver and goes to a particular part of the equipment. And Tom said he puts the screwdriver into the screw head and just turns it about a quarter turn like that and boom, radio station's back up and running. And Tom goes, "Oh my Gosh, thank you. Thank you. You've really been a savior. Golly Moses. Wow, this is terrific. Thanks so much."

And the guy says, "I'll send you a bill." Well, a week later the bill gets there and it's a bill for like \$10,000 and Tom is horrified. He's like, wait a minute. I call the guy, I know it was a Sunday, you know, he drove 90 minutes to get here. He stayed here about 30 minutes. He turned the screw a quarter turn and then he had ... So Golly, he's got like four hours in it and he charges me \$10,000 and Tom calls the guy up and he's, "You can't charge me \$10,000. All you did was turn the screw a quarter turn," and the guy says, "Look, I didn't charge you for my time. I charged you for my experience and my knowledge and I, uniquely, among all the people you might've called knew which screw to turn how far."

And that's how he justified the bill. And guess what? Tom paid it. So, you know, the guy was experienced, specialized and smart. He wasn't charging for his time, he was charging for the value of his expertise. And you've heard me talk about Dan Sullivan of Strategic Coach before. Dan has a similar story where he talks about a car dealer.

So the guy has one car store and he sells ... I mean, he only can devote about 10 hours a week to the sales floor, but he's a crackerjack salesman and he can sell about 40 cars a month. So if you think about it, he's working 10 hours a week, 40 hours devoted to selling in a month typically, and he's selling 40 cars a month, which is one car per hour, which is amazing and that generated about \$800,000 gross revenue for his dealership.

But he's frustrated because the big guys, the successful guys, have multiple dealerships and he can't figure out how to break out of this "I'm the primary sales guy in addition to being the primary HR guy and the primary

finance guy and the primary operations guy and the primary service guy and all these are the things." He can't figure out, like most of our family business leaders can't figure out, how to break out of that mold.

And Dan Sullivan tells the story, okay, well guess what? He recommended that the guy hire an average salesman. Wait a minute, why would I hire an average salesman? I'm a great salesman. In only 10 hours a week, 40 hours a month, I can sell 40 automobiles. Dan says, "Yeah, let's analyze that for a sec. Okay? So let's assume this guy is only a third is good as you. In other words, you sell a car per sales hour. This guy's only going to sell a third of a car per hour. It's going to take him three hours to sell a car, but he's only going to focus ... He's got blinders on. He's only going to focus on sales, so now he's got 40 hours a week, 160 hours a month."

If you multiply \$160 a month times .33 you get guess what? This guy can sell 53 cars a month even though he was less efficient than the owner, he was able to sell more automobiles. And so this model, you know the scales fell from his eyes. The model is okay, maybe you're not quite as good at this particular task as me, but because you have more focused time to deal with it, you can sell more cars and produce 33% more revenue than I did just by focus. The power of focus.

So think about those two examples and think about how you spend your time. I see our family business leaders out there working insane hours. I mean, 80, 100, 120 hours a week, especially now that the economy is booming and business is great again. It's not sustainable. Think about what you're doing.

Smart effort requires that you really dig down and analyze the opportunity cost of what you're doing. So for this car dealer, the opportunity cost of that 10 hours a week he was devoting to sales, meant that was 10 hours a week he couldn't devote to building his automobile empire. Guess what? After he took Dan Sullivan's advice and began to hire specialized people to do specialized things, he was able to grow and own many, many dealerships and you have the same opportunity. If you can hire specialized people to do specialized things, you say, "Well, gosh. Instead of working 80 hours a week, I'll be working 40 hours a week. I'll get bored."

Well, take that opportunity time and start new businesses and find ways to make your business better and focus on different key performance indicators, KPIs, that you can measure that will make your improvement, focus on getting the right people on the bus, focus on getting the people that you have in place in a better place in their business lives with you.

Focus on the long term vision. Focus on your succession. All that time that you spend doing tasks represents real opportunity cost that's holding you back from your potential as a business leader.

So please analyze that and think about maybe there's a better way instead of working hard all the time. Maybe there's a better way where I can work smart and grow the business that way. This is Wayne Rivers at The Family Business Institute. We'd love to hear your comments. Thank you.