



sample CHAPTER

*The following is a sample chapter
from the book*

'How to Lose Friends and Infuriate Competitors'

www.LoseFriends.com

AM INCLINED TO BELIEVE THAT EVERY PROBLEM HAS A SOLUTION, AND EVERY SOLUTION COMES WITH ITS OWN SET OF PROBLEMS. As I travel around the world, I am often amazed at what's on offer. I marvel at great ideas and I wonder who thought of them. As I spot clever gadgets and brilliant designs, I wonder why the innovation had not previously occurred to *me*, or why it had taken so long for something so useful to enter the market. Then, shortly afterwards, in stark contrast, I stand aghast at the incompetence that small and large corporations and institutions seem to exhibit with ease and disdain. I shake my head as I ponder under whose stewardship certain policies and procedures were approved. I am absolutely baffled about who is responsible and what led to that situation, and if the chief of the organisation has any knowledge of the inexcusable and hideous decisions being made in the name of 'company policy' or under the guise of 'systems and procedures'.

For example, a client invited me to a meeting that was planned on a small island. There was only one airline that flew to that destination, and it had decided to remain a low-cost airline in order to cater for holiday-makers. At some point in time, the airline decided to offer its passengers portable DVD players (to be hired at five dollars per journey) because there was no other form of entertainment on board. The user-pays system also extended to beverages and meals.

I was sitting at the back row of the long plane because passengers with children were allowed to board first (even though I was the first one to arrive at the airport), which meant that my special executive ticket was trumped by the 'school-holiday' crowd that comprised 90% of the passengers. To drown out the noise, I requested a DVD player (having noticed that no other passenger had asked for one). The flight attendant asked me to surrender my driver's licence. Being security-conscious, I refused. The flight attendant told me that the new procedure was implemented because some passengers had absconded with the players. I said, 'We are at 30 000 feet. How can anyone pinch these? Why don't you make a note of the passenger and the seat number, and collect the devices prior to touchdown?' The attendant was not amused.

I added, 'How does a driver's licence in *your* possession stop anyone from walking off with devices. It only costs \$21 to have one's licence replaced. It's not a bad investment, if someone were inclined to keep a \$300 player that no-doubt

cost your company only \$50. Would it be worth your while to send a sheriff to repossess the player? What proof would you have that a passenger took the player, especially if that passenger says that the player was left on board? Why don't you take the boarding pass or just note it in a log-book?' The flight attendant could not be bothered to discuss the issue with me. Requesting the licence is all she was trained to do. My query was outside her authority or beyond social conscience. I offered to place cash by way of a bond, but she would not accept any other form of deposit. She walked away, and I did not receive a DVD player. Yet, her airline's website said, 'Our people are passionate about ensuring customers are delighted... We believe in fostering a culture that is focused on our customers... [our people] are recruited with an attitude and ability to deliver excellent customer service... That means working smarter and always looking for ways to improve [our] systems and processes.' Go figure!

Never trust anyone who tells you to trust them

In this era of identity-theft, all corporations (who are themselves defrauded by this fast-growing crime) should be banding together to implement sensible procedures. The first and most urgent matter is to educate the public about the risk of surrendering their driver's licence which contains ample information for the identity thief. ID theft can result in huge financial losses and irreparable damage to one's reputation and credit history. Victims of ID theft can spend thousands of dollars and many months battling to rectify the damage

and confusion. ID theft can even cause a lifetime of inconvenience, including endless refusals by banks and airports whose computers cast doubt about the victim's credibility.

We must be wary of anyone asking for private information. Handing over a driver's licence should never be entertained. On security grounds, we must put a stop to this practice. It was hardly a necessary procedure on board a plane where there is little risk of a passenger absconding with the goods.

Having written to the airline to highlight this anomaly, I received a reply that proved to me that they had completely missed the point. The letter said, 'All Cabin Crew members pass stringent security checks before they are employed...'

My letter to the CEO was trying to bring an important matter to his attention. It seems that no-one was listening.

In any case, I mention this story with a different question in

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mind: which department first decided to make these DVD players available to the public, and why did the managers not consider the potential for the portable devices to go missing? The driver's licence was an afterthought. It was a remedy to a problem. I cannot understand why they did not plug that hole in the first instance.

Why launch a program, and then learn about consumer behaviour the hard way? To outsiders, it would seem that the airline improved the situation by implementing a new procedure to cope with the theft of the devices. Is

this called continuous improvement? To me, it smacks of a band-aid solution. Unfortunately, their new policy creates a new set of problems. As for the crew passing stringent security checks, one can say the same about police officers and bank officials about whom we enjoy daily horror stories of corruption and scandals. My motto is: never trust anyone who tells you to trust them.

It's bad enough that the airline did not pre-empt the problem; but it is particularly disconcerting that they could not even understand my warning.

I can gauge the brainpower of a company by its operating procedures. For over three years, a charge-card company has telephoned me to query a range of transactions by first asking me for my password. I do not know how to adequately emphasise the risks associated with this absurdity, short of printing this page using fluorescent ink. Card companies, banks, and merchants are suffering untold losses due to credit-card fraud that is sweeping the globe. With all the earnestness and all the money and all the intent, they still have not found a solution to the problem. They just don't get it. Every time they try, it seems to resemble someone trying to douse a fire with petrol. Every time I receive such a phone call, I protest most strongly, and then I contact the security department at that company, only to be met by docility beyond belief. On two occasions, I have written to the CEO, and have not received any response. Conditioning customers to divulge their password to anyone who asks for it over the

phone, is woeful. Daily I am agog as to how an entire industry can be so clueless and unskilled. The set of solutions is quite simple. If ever a CEO cares to ask me, I would be ready to offer the solutions. Sadly, by the time a CEO reads this, and arranges to meet with me, it is likely that the CEO has been transferred, retrenched, sacked, or retired. When will boards call a halt to the game of musical chairs? That is an argument for another time.

As a social commentator and a concerned member of the public who cares deeply about order and justice, not a day goes-by when I do not do my utmost to get through to business and government leaders about anomalies in their system, and about problems that they are inadvertently creating or perpetuating. It is oh-so-rare to get through to them. I am often met with skulls that are numb. I know that this sounds rude, but I cannot think of a better expression. Tell me what (other than numbskull) could be used to describe the manager in the following situation. I happened to be at the office of a new client. It was my first visit to that office; in a suburb where no other client of mine had ever resided; and where I had never been for any other reason. I was travelling the following day and I urgently needed a new SIM card to be delivered to me. My phone carrier was one of the largest in the world. I asked them to hand-deliver the SIM card to my client's address by courier so that I could receive it that afternoon. Let's say that the address I had supplied was: Mr Jonar Nader, c/o Mr John Smith, Client Company Pty

Ltd, Level 2, 123 Client Street, Client Suburb. Prior to that point in time, that address had never been associated with my name in any way whatsoever. The hand-written envelope arrived, except that it did not include the line, 'c/o Mr John Smith', and this is understandable.

A few days later, my client called me to say that a letter had arrived, addressed to Mr Jonar Nader, c/o Mr John Smith, Client Company Pty Ltd, Level 2, 123 Client Street, Client Suburb.

From whom could that letter be? It contained neither a postcode nor a State. The only computer in the world that had that combination of data belonged to the aforementioned telco. Believe it or not, the letter was actually junk-mail, in the form of a brochure enticing me to purchase an air-conditioner. What can one conclude from this? Someone at the telco was stealing confidential client data from the computer, then selling it to a mailing-house that rents its list to corporations who wish to reach people by mail. It occurred to me that perhaps the courier company had been the culprit, but the courier would never have known about the omitted 'c/o Mr John Smith'. I telephoned the telco's fraud department, and do you think that their head-of-security could even begin to understand what I was saying? He kept insisting that they have strict procedures, and he kept trying to convince me that such a thing could never happen. I tried desperately to convince

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him that it would be in his interest to investigate the breach. Try as I might, he neither had the agility nor willingness to heed my advice. What can you say to those who insist that something can *never* happen, when you know that it very-well did happen?

After growing tongue-tied trying to reason with the alleged security expert, my mission switched from trying to do the telco a favour, to trying to understand how such an inept person could hold a senior position with a multi-billion-dollar global corporation whose CEO says that he has ‘a clear, single-minded focus on delivering a superior customer experience. We believe in: Getting it right... Making it simple.’

While speaking with the security manager, I was examining my own ability to communicate. I started to doubt my powers of persuasion, and I wondered what would happen if I had been at gun-point, trying desperately to convince him of something that affected national security. It really is frightening to think that officials can be such numbskulls. Just read the accounts of famous terrorist cases, and you would soon realise why and how such horrors were so easily carried out, despite the endless array of security procedures. What a lark. Speaking of life-threatening situations, a financial institution had blocked a transaction, so I called to query it. The phone-based teller refused to assist me. In her mind, I was a fraudster because a phone number I had given did not match what’s on file. I said to her, ‘Thank God my life does

not depend on this. Just as well I have other avenues...’ She cut me off and said, ‘If you blaspheme, I will have to contact the police...’ I do not know what she said thereafter because I told her what I thought of her and her wretched company who alleges: ‘We do business each day with absolute integrity, honesty and passion, partnering as a team to meet our consumers’ needs.’ My needs were not met. I had transacted with them before. They had all my details. I had passed all their stringent security checks. Yet, the teller asked me for my phone number, and I gave her one of my many contact numbers which apparently did not match what she had on file. She would not take the matter any further nor allow me to submit another number. She seemed to gloat at having supposedly captured a fraudster, and her higher-than-thou tone was convicting me over the phone. If the expression ‘talking to a brick wall’ ever applied...

The lesson here is to train your staff members in the principles of the game of chess. Help them to slow down, and teach them the art of pre-emptive management. Reduce the burdens that you place upon them and give them the space to develop intellectual acuity. One more thing: don’t employ a manager who is not capable of thinking like a villain. For example, never appoint a manager to the post of airport-security-chief if that person is unable to smuggle a dummy-bomb on board (as part of the interview procedure). Similarly, don’t pin your hopes

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on an auditor who cannot show you twenty ways to fudge the books (and get away with it). If you are worried about how thieves might break into your establishment, don't put people in charge if they cannot mastermind the blueprints to two perfect heists. Don't appoint a customer-service manager who has never been a customer of your types of products or services. Don't expect a teacher to teach students a language, if that teacher has never before had to learn a foreign language. Don't appoint a squeaky-clean family-court judge if that judge comes from a long line of blissfully married families. In *How to Lose Friends and Infuriate Lovers*, I say, 'Don't tell me that you can spot a conniving hound if you have never been bitten. Don't tell me that you can avoid a con-artist if you have not been fooled by one. Just keep this in mind: swimmers who can't ever remember learning to swim, are inclined to presume that everyone can swim, to the point where they will find it incomprehensible that someone could drown in tranquil waters.'

WHY ARE YOU IN BUSINESS?

During my corporate workshops, I often ask managers this question: 'Why are you in business?'

At this point, group-discussion breaks out. Delegates say that they are in business to help customers, or to deliver great service, or to be the best in their industry. As the steam dissipates, and we start to narrow it down, everyone seems to agree that their corporation is in business to make

money. From this single point, it mushrooms out again as the participants justify that singularity. They contend that in the absence of money (and without profit) they would neither be able to fund their organisation nor *pay the piper*. One by one, as if at a coming-out ceremony, they concede that 'money' is at the centre of it all.

When the dust settles, everyone is in agreement — except me! I have been known to promote the idea that an organisation must learn how to charge customers more, so long as managers can develop products and services that encourage the customers to pay more with pleasure. By all means, we must not discount our products. Any fool can cut prices, and any fool can cut costs. It seems that cost-cutting is a management fad that has reached problematic proportions. We do not pay managers exorbitant salaries so that they can go around cutting quality and chopping infrastructure. Any fool can sack people. It takes no skill to cancel all investments in long-term infrastructures. It seems to be within everyone's repertoire to cancel the advertising schedule, to kill the training budget, and to shelve the growth strategy. Such actions sure do save a lot of money. I say to managers, 'If cost-cutting is the only way to improve your bottom line, then you are doomed. You might artificially make your figures look palatable for this year, but what's left to cut next year and the year after that?' Managers should find ways to grow the business and to convince customers to *pay more with pleasure*. In *How to Lose Friends and Infuriate People*,

I dedicate a chapter to this topic. It is called, ‘The final cut: The bottom line about the cost-cutting frenzy.’

In that chapter, I point out that cost-cutting is a new frenzy that points to a business in trouble — signalling several warning signs. First, why is cost-cutting all of a sudden important? What has changed to make it so urgent? Is it because the margins are lower than ever before? If so, why have margins been allowed to diminish, and why are customers assessing products or services based on price alone? Second, if cost-cutting is the only way to improve the bottom line, where would that type of strategy lead? What would companies do when costs can no longer be trimmed after they hit rock-bottom? If cost-effectiveness has not always been part of an organisation’s daily routine, then its immediate and urgent introduction is bound to fail. It would be like a gambler who cuts down on living expenses, hoping to put more money towards the very black-hole that necessitated a review in the first place. Cost-cutting is for wimps. Besides, anyone can do it, up to a point. And then what? If cost-cutting means closing down a branch, I would want to know who approved its opening in the first place. Unless an organisation identifies how it rewards its decision-makers, the same insidious processes will be applied to a chopping frenzy that could well sever important arteries that will lead to haemorrhaging.

Why do I disagree with the notion that commercial organisations are in business to make money? Although

organisations ought to make it their passion to make money, they are not in business to make money. Instead, they are in business to *earn the right* to earn money. This is not some mushy earthy psychedelic warm lovey-dovey feel-good humanitarian noble spiritual hogwash. We earn the right, by delivering on our promise to add value by adding worth or wealth to our customers. After all, customers not only pay all our expenses, but also pay extra for nothing at all. That extra is called ‘profit’. Profit is best generated by asking customers to pay-up. Profit is the free money that customers give us, knowing full well that the price they are paying for our products or services covers all our expenses, which include salaries, research, rent, cars, air-conditioners, forklifts, coffee, electricity, training, birthday cakes, staff outings, golf days, advertisements, and charitable donations. And after customers have paid their fair share, they delve deeper into their pocket and hand-over more money for absolutely nothing at all. They give generously. In order for us to legitimately accept that extra free cash, we have to add worth or wealth. This is what I describe as the WOW Factor.

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THE WOW FACTOR

When I first coined the term ‘worth or wealth’, I defined it as the added value that a new system or process would create as a result of its implementation. When an organisation

implements a system for the purpose of creating an advantage, or reducing costs or wastage, the question of its *value* must be considered. A system is said to be of value if it helps to create worth or wealth (whether financial or peace-of-mind or saved time/energy). For example, when water and gas pipes became common features in the home, they offered a high degree of WOW because they brought with them a high level of convenience. The WOW Factor can be used to help estimate whether or not an innovation would be permanently adopted by those whom it is trying to serve or attract.

Gas pipes to the home were considered worthwhile because they eliminated the need to go to the store to fill heavy gas bottles. In this example, the worth could be measured in convenience, time-saving, and the ability to have an endless supply of gas for all-night heating and uninterrupted cooking and bathing.

The WOW Factor must be assessed in light of the changing environment. For example, when the introduction of water-pipes was first considered, its worth was compared with the situation of the day. Back then, people had to walk to the well or the dam to fetch buckets of water. Pipes eliminated this chore. However, when the quality of the water-supply fell, people resorted to the older method and they fetched water once more, except this time the well was replaced by a supermarket, and the bucket was replaced by plastic bottles. Ironically, using plastic bottles is even more

damaging for the environment due to the manufacturing and shipping procedures, as well as the energy consumed in refrigerating and later dumping them amongst household garbage.

Another important element to consider in the networked world is that of the ‘BackSlash Syndrome’. I define this as the introduction of a product or service that, when announced, is superior within its market, but over time, as the pressures surrounding the innovation (including competitive ones) becomes more complex, the benefit begins to decline. I use this term because the line on the graph resembles the backslash character ‘\’ on a computer keyboard, and it is a play on the word ‘backlash’.

When both theories are combined, we can see that, even if an innovation generates a high level of WOW, it is susceptible to the BackSlash Syndrome — the more complex an innovation becomes, the more difficult it is to maintain the WOW that it had enjoyed at its founding level. For example, life-insurance was once a simple service. When the policyholder died, a payment was made. This offered a high degree of WOW. However, competitive pressures (including legal, medical, and ethical) have made life-insurance a complex service, with hundreds of variations on the theme. If the insurer does not innovate in line with market or government pressures, and does not continue to improve its services, its original WOW might not look so attractive against the myriad of modern offerings. When the original

WOW becomes affected by the BackSlash Syndrome, its value is dwarfed in the face of newer offerings that provide a higher level of worth or wealth.

Change in any organisation needs to be assessed so that we can consider if in fact it is offering worth or wealth above what is generally available. In the networked world, your organisation will find it a challenge to maintain a high level of WOW because the complexity of innovations drags your WOW down.

Although change is neither good nor bad, it is either long-lasting or fleeting. If it is an idea, system, or innovation that is likely to offer worth and/or wealth (and one that can withstand or adapt to competitive pressures) change must be embraced. If it does not pass these simple tests, it is unlikely that you would need to embrace it. If we do not have the foresight to assess such things, fear of change is

likely to surface. This fear is often provoked by ignorance or myopia, not by the change itself.

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So far, I have been urging you to ensure that your managers can think strategically and pre-emptively. However, what calibre

of person would be required to also possess foresight? Who shall have the perceptivity to understand the merits of hitherto unimagined futures?

Those blessed with the capacity to think strategically, pre-emptively, and perceptively, possess the qualities that

futurists enjoy — although their lot is a risky one because if futurists do a good job, the masses will doubt them. If they do a great job, the masses will heckle them. If they do an excellent job, the masses will hang them.

It is for similar reasons that I remind leaders that if the suggested path is being applauded, stay away from it. If a rumoured change is hated, investigate it. If an innovation is being laughed at, invest in it.