

10 Essential Principles of Entrepreneurship

**You Never Learned
in School**

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MICHAEL S. MAURER

FOREWORD BY DAVID L. IKENBERRY, PH.D.

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Dedication

*This book is dedicated to my father, Julius Maurer
and his brother, my Uncle Mickey*

“If you can't stop in, smile as you go by.”

This kind request graced the fence enclosing the salvage yard known as Maurer Brothers Auto Parts at Ninth Street and Senate Avenue in Indianapolis.

The proprietors of this business, later renamed Wrecks Inc., were my father and uncle, Julius and Mickey Maurer. The neighborhood also boasted a number of other small, family-owned businesses, including Swancy's Auto Laundry, Chamber's Standard Station, Stuart's Moving and Storage, and Cooper's Diner. The “s” in each name connoted proud, hard-working businessmen. There were no national firms and no franchisees.

This was my world on Saturdays and every summer from age 10 until midway through college, when I was able to apply new skills to a job in the office of George Cannady, an accountant.

It was the age when Cokes were a nickel, pay telephones were a dime, and we would sell you a good used tire for a five-dollar bill. It was basic capitalism—where the rubber actually met the road. Everything in the place was for sale, and every price was subject to negotiation. It was where I was introduced to the rhythm of business.

On Saturday everyone came to Wrecks. Commerce was transacted in English, Spanish, Yiddish and the argot of the neighborhood. Telephones rang continually. Uncle Mickey became famous for juggling phones while conducting four or five simultaneous conversations.

Most customers were honest, but some were caught walking into the yard and attempting to throw a car part over the fence when the salesman was not looking. They received a severe reprimand from my uncle and were allowed to go.

Customers would place orders and wait to have the part removed from a car and brought to the front of the yard. The purchase price was then determined through lively bargaining. Most of the customers felt they could out-negotiate a 10-year-old boy. You see, I was allowed to participate, even though my head did not reach the top of the counter.

Too often, people say negotiation is fair if each side is a little disappointed. My father and uncle felt differently. In addition to obtaining a fair price for the product, they felt it was important that customers were pleased with their bargain. A successful negotiation occurred only when both parties were satisfied. Obviously, a satisfied customer is likely to return, but more importantly, pushing an unfair advantage was offensive to my father's and uncle's sense of fair play.

Working at Wrecks was hard labor. I was often tired and always dirty, but I had a sense of excitement with my first participation in this great game.

Nonetheless, I knew I didn't wish to make used auto parts a career. As soon as I landed that accounting gig, I bid my uncle and father adieu. In fact, it was the threat of permanent employment at Wrecks that kept me in law school.

I have not forgotten my experiences at Ninth and Senate, and I have shared these ideals with my children. (Is it any wonder our son Todd set the curve in his negotiation class in law school?)

My father worked himself to death by age 53 so many years ago.

Driving home from the *Indianapolis Business Journal* one night, I diverted to Senate Avenue. As I crossed Ninth Street, I reflected on the neighborhood, the people and the lessons learned. I hoped my father would have been proud.

I smiled as I drove by.

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Foreword

As humans, we are all perpetual students, continually capable of learning from the environment around us. What follows is a wonderfully told blending of life experiences and business advice that break down traditional classroom walls. We are treated to candid prose from an Indiana icon and business sage, Mickey Maurer. This book is the product of a great teacher, a person from whom we can indeed learn.

Mickey shares in a way that only he can, weaving wonderful observations about the human condition and how that can and should affect good business decision making. Throughout this book, Mickey imparts key observations—pearls of wisdom—about how true business leaders should conduct affairs.

He gained these insights both before and following his days as an undergraduate at the University of Colorado. In this book, Mickey provides a finishing degree of sorts to the business education he received at the Leeds School of Business at the University of Colorado Boulder, the institution at which I currently have the good fortune of being Dean.

The “business” of business schools is a fascinating topic. The business school in its current form lacks little resemblance to its earliest years. For example, the Leeds School of Business was formed at the turn of the 20th century. During those early years, business education was in flux. Industrialization was affecting economies around the globe and profoundly changing the business landscape, and business leaders were clamoring for a more formal investigation

of their craft. Society was asking colleges and universities to study, clarify and “demystify” the business management problem. Imagine the bold step the Regents of the University of Colorado took in 1906 when they chose to establish the eighth oldest business school in the country. Colorado was indeed on the frontier.

Hundreds of business schools subsequently spawned during the first half of the 20th century. The pedagogical model for business education then was similar to the pedagogies common in law, medicine and theology—to not only impart knowledge, but also to treat business as a profession of practice.

This changed abruptly in the late 1950s when two prominent reports were issued, one by The Ford Foundation and the other by The Carnegie Foundation for the Advancement of Teaching. Both adamantly demanded a drastic change in the business school research and teaching environment. The very existence of business schools on college campuses was being questioned.

Both reports demanded that a more scientifically driven business school evolve, one with heavy reliance on economics and quantitative methods. In many ways, this change spawned a remarkable evolution in business knowledge, consuming and redefining in some cases entire disciplines such as Finance. One consequence of this transformation was that many key business problems were simplified in the interest of adding economic structure and elegance. Many of the nuances in the application of business were regrettably lost—out of necessity for the complexity they otherwise brought.

Strong views in the business school academe formed after the late 1950s and placed rigidity on what and how business school professors studied and taught. In key sub-disciplines, this structure opened new doors and resulted in many new insights. For example, in the 1970s, great advances in option theory occurred and changed forever the lives of many including Midwestern farmers. In the 1980s—20 years after Mickey was at CU—economic game

theory gained traction and gave us great perspective on topics like competition and barriers to entry. Today, business schools do have a better understanding of some of the topics Mickey shares with us, albeit not with the flair and firsthand account brought to bear in this book.

Today, the modern business school is changing yet again. Business schools are not reverting per se to their pre-World War II roots, yet they are indeed redefining themselves in new, exciting and frankly critical ways. After decades of under-emphasis, the powerful role of human behavior and how it affects decision making is now emerging with much greater force in the 21st century.

This important change is opening doors for academics to reconsider and in many cases throw out simplistic, rational views of business problems. In this new world, it is not fair to say we've captured the nuance of core business principles that shape this book, yet it is fair to say that business educators today are more in-tune with business society and ever more so over time.

For example, Chapter 4 of this book focuses on mentorship. Several years ago, Leeds took a strong position on mentoring. Recently though, we've upped our demands and are moving to a model where all students are immersed in several mentoring relationships, both as receiver and as provider.

Another example relates to the impact of the business enterprise on society and the impact of lapses in ethical judgment (Chapter 5). Here too, the Leeds School made a commitment to exposing this critical dialogue to all our students starting in 2001 with the formation of what would become our Center for Education on Social Responsibility. Who knew that commitment would precede the debacle of the Enron scandal by only a few short months? All credible business schools today are embracing this aspect of business education in ways not seen even a decade ago.

Business schools are remarkable for how they can help society.

As educators, we seek to fill bright minds with knowledge. Yet truly great educators reach further and try to impart on their students a framework to know how to think and more importantly how to continually learn and adapt—this is the essence of critical thinking. In so doing we aim to help our pupils become that perpetual student, one better prepared to learn and grow from the ever-changing environment around us.

Yet for all the great *knowledge* we generate and disseminate, it may not make up for the greater goal of exercising *wisdom*. For that, time, experience and intuition play a crucial role.

While we can hope and should expect the business school to both develop and nurture knowledge, the broader and admirable challenge of having our students acquire and exercise wisdom is a far deeper calling.

In the chapters which follow—ten key lessons Mickey learned not in college but through the school of life—we gain some insight into where business education was and where it is today. We also gain insight into the exercise of wisdom.

In the pages which follow, welcome back to business school. To paraphrase a famous U.S. Republican Party member, “. . . there he goes again.”

David L. Ikenberry, Ph.D.
Dean, Leeds School of Business,
University of Colorado

Preface

Entrepreneurship can't be taught in a regular classroom anymore than surfing can. To learn it, you have to get your feet wet in the real world. Why? Entrepreneurship is messy. For an entrepreneur, there are rarely clear-cut, right or wrong decisions day-to-day. Real life gives entrepreneurs the ability to better make those kinds of judgment calls.

—Victor W. Hwang, co-author of
“The Rain Forest: The Secret to Building the Next Silicon Valley”

For more than 40 years I have been immersed in high-profile businesses in disparate industries including broadcasting, publishing, motion picture production, cable television, real estate and banking. My business life is characterized by start-ups and turn-arounds, endeavors for which I, along with many others of my era, was ill-prepared.

Mistakes were made – lessons learned – lessons I never learned in school. For example, my partners and I established the first racquetball facility in the city of Indianapolis and built one of the largest racquetball chains in the country, all before learning a painful lesson about “barriers to entry.” Likewise, we produced a full-length motion picture in an industry fraught with immorality, a “people” lesson.

No one is immune to mistakes. Abercrombie & Fitch started a line of Asian-themed T-shirts with slogans like, “Wong Brothers Laundry Service: Two Wongs Can Make It White.” In response to outraged reactions, the line was discontinued. This is one of the “101 Dumbest Moments in Business” (2003 edition) compiled by *Business*

2.0, a defunct magazine published by Time Inc. The list pokes fun at corporate blunders including the TV spot titled “Captive Audience,” which featured a 7-Up representative handing out cans of soda to prison inmates. After dropping a can, the spokesman remarks, “I’m not picking that up.” Complaints from the group Stop Prison Rape caused the ad to be pulled.

Mistakes are not usually fatal. Often with proper damage control you can still win the day. Many years ago, Marla Smith popped into my office and applied for the job of secretary. After flunking her typing test because the ribbon had run out, she asked for another try. Based upon her reaction to the mistake—her earnest desire to succeed—I knew she was who I wanted. We did not even administer a second test. She was my assistant for 30 years.

Ranking high among my choices of jumbo mistakes is the Conseco Inc. purchase of Green Tree Financial Corp. in 1998. Green Tree was the nation’s largest lender to mobile-home buyers. Conseco CEO Steve Hilbert exuberantly paid an 83-percent premium over Green Tree’s stock price. Mobile home owners live on the economic fringes. They have little cushion to weather economic downturns. The ensuing recession sent many into bankruptcy. At the same time, Long Term Capital, a hedge fund that routinely purchased this Double B rated security, filed for bankruptcy and Conseco got stuck with the bad paper. Just before the deal was announced, Conseco stock traded for more than \$57 per share. Not too long after you could have picked up a share of Conseco for a nickel—and you would have paid too much. Among a myriad of fine decisions, Hilbert made a bad one and it cost the company a fortune.

Many successful entrepreneurs have encountered setbacks. Bill Cook died in 2011, the richest man in Indiana. The obituaries led the reader to believe that Cook’s business career began with medical-device company Cook Inc. It did not. Cook and a fraternity brother organized an enterprise to manufacture and sell shot glasses with

pictures of nude women on the bottom. The pictures were magnified by a lens and held in place by a filter. The filter failed and so did the business. Cook was undaunted by failure and did not hesitate to begin again. He tried yet another business before he built that first catheter system.

When Jim Davis submitted his original cartoon strip, *Gnorm the Gnat*, to several newspaper publishers throughout the United States, it was rejected—swatted, if you will. Typical feedback praised the creator, if not the subject: “The gags are great and the art is good,” Davis was told, “But bugs—nobody can relate to bugs.” *Gnorm* appeared in only one publication, the *Pendleton Times*, a weekly newspaper edited by Davis’ high school friend Jerry Brewer. The only fan mail *Gnorm* received was a letter Davis wrote to himself. Davis, who as a boy overcame chronic asthma and the social stigma of stuttering, was barely fazed by what he saw as a temporary setback. Davis held on to his dream—even when *Gnorm’s* dreams ended in 1976.

He audited the comics industry. Dogs were doing well—Snoopy, Marmaduke and Daisy—so he thought, “Why not a cat?” Launched June 19, 1978, Davis’s irrepressible cartoon cat, Garfield, by 2002 had found a home in 2,660 newspapers, making it the most widely syndicated comic strip in the world according to the *Guinness Book of World Records*.

Recognizing failure, Lillian Carter, mother of President Jimmy Carter, was reputed to have said, “Sometimes, when I look at my children I say to myself, ‘Lillian, you should have remained a virgin.’” It is too late for Lillian but not for most of us.

Blunders should be expected and then milked for all the lessons they can provide. The best entrepreneurs see dumb moments as inevitable and as an exciting aspect of the wonderful game we play called business.

From my mistakes, I developed principles that when properly

considered and applied will protect you from foolish propensities, guide you to create the proper business relationships that make success a higher probability and prompt you to practice entrepreneurship at a lofty level.

This book is primarily for entrepreneurs in the broadest sense. When I began my business career, entrepreneur was a word I could barely pronounce let alone define. It seems that there are almost as many definitions of entrepreneurs as there are entrepreneurs. Most iterations stem from the following simple explanation: an entrepreneur is someone who strives to identify opportunities, allocate resources, and create novel and useful value, often by taking risks. I prefer to expand that definition to include intrapreneurs—those who create and pursue entrepreneurial opportunities in larger, more bureaucratic organizations. Among the best of that lot is Ben Lytle, who spent most of his career in large corporate America building a Fortune 500 company.

I also include the social and government entrepreneurs defined by Leslie Lenkowsky, professor of public affairs and philanthropic studies at Indiana University: those who seek to produce an innovative solution to social and political problem. He cites the example of John F. Kennedy's call to land a man on the moon as a way to fire up patriotism in the context of the Cold War. In the same vein is the cultural entrepreneur. Among the finest of that lot is Michael Crowther, president and CEO of the Indianapolis Zoological Society.

Money is the objective criteria for keeping score for the classic entrepreneur, but other equally important metrics exist. Success in this volume is also measured by how the entrepreneur behaves and the extent to which the entrepreneur gives back to the community.

I have shared the ten principles with various organizations including Rotary and Kiwanis service clubs, venture clubs, leadership programs, chambers of commerce, private corporations and colleges

and universities. Based upon the feedback from those presentations, I accepted the challenge to write this book.

After one address, Bob Grimm, clinical associate professor at Indiana University's Kelley School of Business, took issue. He said, "I touched on a few of these principles in school." That gave me pause. Perhaps I should have named this effort "10 Principles of Entrepreneurship *I* Never Learned in School." Yet in conversations with the entrepreneurs that you will hear from in these pages, I learned that they also failed to learn these principles in school and made many of the same mistakes in the process of building and operating their businesses.

It is my hope that this treatise will provide entrepreneurs with savvy, street smarts—and wisdom. As per humorist Miles Kington, knowledge is knowing a tomato is a fruit. Wisdom is not putting it in a fruit salad.

1. People

The world has gotten down to bits and bytes, and 1s and 0s; but it still really comes down to people.

– John R. Gibbs

Did you ever sit around with your friends on an afternoon and decide, just like Mickey Rooney and Judy Garland in the Andy Hardy movies, to “put on a show?” We probably all have walked out of a theater and complained, “I’m sure I can make a better film than that.” In 1989 I did both and learned an expensive lesson: the people principle.

Mark Shaw and I embarked on an ambitious project to make a first-run motion picture. I was introduced to Shaw by mutual friend Jason Boyewsky, a senior commercial lender at Indiana National Bank. Shaw had practiced criminal law in Indianapolis, specializing in high-profile murder cases. His mantra was, “If there are no fingerprints and no confession, I’ll take the case.” More than once he characterized his profession as “show biz.” Shaw was not new to the entertainment industry. His intelligence and engaging personality landed him a run on the CBS show “People” with Miss America Phyllis George and a stint as Mr. Science on Disney Channel’s “The Scheme of Things.” Shaw’s brownish-blond hair and boyish grin give him a remarkable resemblance to the late folk singer John Denver, for whom he was often mistaken when they both lived in Aspen, Colorado. Shaw also had produced a Christmas special with Jimmy Stewart and the television movie “Freeze Frame.” He convinced me that we could make some money and have some fun in the process. Well, we had fun—for awhile.

Our film, “Diving In,” a coming-of-age movie centered around a high school diving team, was the only locally owned movie to be shot entirely in Indianapolis that enjoyed a national—albeit limited—theatrical release. It also played on HBO and Showtime. Curious? This PG-rated film is available on eBay for less than \$20. See if you can spot Shaw’s cameo. He is a ham.

Our moviemaking adventure was a time of intense creativity and steep learning. I did not know a producer from a director, so I was particularly excited about accumulating a new body of knowledge. With the help of family and friends, we rewrote portions of the purchased script, engaged a Hollywood director, selected costumes, secured locations and hired actors as we raced to discover as much as we could about the industry. Making a movie is a kick.

The young actors were hard-working professionals who respected their craft. We enjoyed their warmth and spirit. The three co-stars—Matt Adler, Christie Swanson (the original Buffy the Vampire Slayer) and Matt Lattanzi (whose wife, Olivia Newton-John, graced our set)—were like family. Burt Young, who portrayed Paulie Pennino in the “Rocky” movies, was likeable and genuine, exactly who you would expect after seeing him on the screen.

A couple performers made their debut in “Diving In.” Our daughter Jill, then 14, wailed, “For my entire life all I wanted to be was an actress.” She got her chance. The high school cheerleading squad was comprised of topless dancers recruited from local bars the night before filming began. When one of the dancers failed to report due to a more lucrative gig, Jill was tapped. She picked up a wealth of knowledge in the makeup trailer between takes—knowledge she would not need for years.

In legendary Hollywood style, “Diving In” also launched a career. The script called for a bully to beat up protagonist Matt Adler, all 5-feet-5 inches of him. My wife, Janie, remembered that our plumber’s grandson was a hulking teenager. She was right. We cast

6-foot-7, 250-pound Abraham Rubin Hercules Benrubi, who had no trouble bouncing our hapless hero all over the gymnasium. Benrubi's performance caught the eye of a Hollywood agent, who convinced the Fox network to cast him as the high school bully in its sitcom "Parker Lewis Can't Lose." But he is best known for his three seasons on the NBC hit "ER," where he played goateed desk clerk Jerry Markovic. Benrubi also has appeared in a number of studio pictures including "The Shadow" and "Open Range," co-starring with the likes of Kevin Costner and Robert Duvall.

Unfortunately, it took me longer to learn the lesson any student of the industry knows: The Hollywood side of moviemaking, especially distribution, is absent of morality. Like the City of Gomorrah, it was hard to find a righteous man—but we hardly looked. Did we get screwed as a result? Of course.

Ben Berkey, CEO and founder of the largest photofinisher in the world, summed up this phony world. I met Ben through his son Harvey, a great friend and fraternity brother at the University of Colorado. Berkey Photo was conned into purchasing Hollywood-based Pathe Motion Picture Labs, which developed 35mm and 16mm film, by "Mortician Marty" Ackerman, a competitor who made his first stake selling gravestones. Ackerman sold Ben Berkey on hype and tinsel, and Berkey closed the deal quickly without investigation. Before long Berkey was a partner in a few movie investments. Describing his dealings with movie distributors he said, "They are immoral and litigious." He added with tongue in cheek, "You meet in the conference room and sign a contract then each party proceeds to a separate room, calls his attorney and instructs him to file suit."

In business school, I learned to prepare, analyze and evaluate financial statements, revenue projections and business plans. But my instructors never discussed the most important factor to consider when evaluating a business opportunity: the people principle. As a consequence, I did not learn what parameters to use or how to engage in a proper analysis of this essential element of decision-making.

Had I understood the people principle, I would have determined the movie industry to be fraught with fraud and deception and would have avoided this “learning experience.” At the very least, I would have been more careful in the choice of distributors. We worked with Skouras Pictures Inc., against whom we eventually had to bring an action to obtain a fair accounting—which was not fair after all.

I was not the first to fall victim to the Hollywood vulture culture. Art Buchwald, American humorist best known for his long-running column in *The Washington Post*, won a lawsuit against Paramount Pictures in 1988 claiming the studio had stolen his script treatment for the Eddie Murphy film “Coming to America.” In the introduction to “Fatal Subtraction,” the book about the lawsuit, Buchwald described the dispute as “a minor breach-of-contract case which turned into an historic legal battle over the way motion picture studios keep their books and diddle their talent.”

Actor James Garner sued Hollywood studios on two occasions and prevailed both times. He punished Warner Brothers, for whom he played cardsharp Bret Maverick, for breach of contract. Later, when he played private detective Jim Rockford, Garner sued Universal Studios for breach of contract and fraud for withholding his rightful share of profits from “The Rockford Files.” Garner says, “Creative accounting is too polite a term for what Universal was doing. It was flat out larceny. They systematically inflated the expenses to reduce—to wipe out—the net profit.” According to Universal, despite the studio taking in \$120 million from syndication

and foreign sales, Rockford earned less than \$1 million. Garner settled the case for a large sum, the amount of which he agreed not to disclose.

Shaw also learned the people lesson. After covering heavyweight boxer Mike Tyson's rape trial for the national press, he wrote the book "Down for the Count," which launched a prolific writing career—but he never made another movie.

When choosing who to do business with, evaluate people on the basis of their honesty and track record in addition to whatever criteria are specific to your industry or company. A good track record is a strong indicator of success. The converse also is true. Even the best lawyers cannot protect you from a dishonest person. Moreover, your reputation—your most important asset—will be damaged by association with someone who is disreputable. Venture capitalists often say "we bet on the jockey and the horse," meaning the entrepreneur holding the reins is as important as the product or idea.

The people principle also applies to employees. Purdue University chemistry professor Peter Kissinger founded Bioanalytical Systems Inc. in 1974. The company provides contract research and other services to the life sciences industry, primarily working in drug development. Kissinger knows from experience the repercussions of making a bad hiring decision. It only takes a couple of weeks to pick the wrong person, he said, but it took him years to face the fact that he screwed up—paying a high price in terms of money and anxiety. He maintains that job applicants fool employers by presenting a falsely agreeable picture. According to Kissinger, the worst part of picking an unsatisfactory employee is that the rest of the organization knows you did it and knows you are not acting to fix your mistake

with any speed. “Most problems ultimately become HR problems—sooner rather than later—and we tend to be too darn slow to fix them,” Kissinger said. “This has been my biggest failing in life. Slow learner, I suppose.”

Bill Oesterle got it right the first time. Oesterle is a founder of consumer-ratings service Angie’s List and serves as the company’s chief executive officer. He is an instinctive entrepreneur with the risk appetite of a Mississippi gambler. Oesterle earned an honors degree in economics from Purdue University in 1987 and an MBA from Harvard Business School in 1992. With scant resources, he sought to replicate Unified Neighbors, a small firm that helped homeowners find reputable plumbers and electricians. He could not afford to resign his full-time job as a partner with the venture capital firm CID Equity Partners to focus on the startup business, so he found an employee/partner who was hardworking and creative.

Angie Hicks was the best intern at CID. She was graduating from DePauw University with a degree in economics when she informed Oesterle that she was going to take a job with accounting firm Arthur Andersen. He suggested that her career choice was a little boring and offered her an alternative. “Look, you’re fresh out of school. You don’t have a mortgage, and you don’t have a family,” he told her. “I’ve got this business idea. Why don’t you come to Columbus, Ohio, and we’ll try to start this business. The worst case is that if it goes belly up after a year, you’ve got a good story for your application for graduate school: ‘I started a business and it failed.’ That’s a guaranteed winner. Guaranteed winner!” She accepted and the company carried her name.

Oesterle did not fully understand the people principle, but he applied it subconsciously. He found success with a partner who had no entrepreneurial track record but was an excellent employee. He knew her well. “I don’t think I’ve ever met anybody else who would have delivered what she did when we started the business,” Oesterle

said. “I picked the right 21-year-old back in 1995, and that’s the only reason we’re here.” Angie’s List later bought the service that had inspired Oesterle and moved the headquarters to Indiana.

When Oesterle attended Harvard Business School, he enrolled in a first-semester class in organizational behavior. Whether he listened to the professor is another matter. “No one worried about that class. We were worried about finance,” he recalled. “The professor could tell that this was not our top concern. He said, ‘You know, all you guys, you all in this class don’t pay much attention, but when I get the CEOs in for executive management—and I get the top CEOs in the world—this is the class they all want to pay attention to.’” Oesterle gets it today and consciously bases his investment decisions on “people first.”

John Thompson owns and operates firms in the design, construction and distribution fields generating sales in excess of \$60 million. He remembers his organizational behavior class at Columbia University, where he earned an MBA and finished in the top 10 percent of his class. In fact, he remembers the first day. Before the students even got to class, they were assigned a case study to read and analyze for the first-day’s discussion. In class, the professor, Kirby Warren, asked students for their thoughts. Thompson volunteered. He explained his thought process and then advocated that the employee in the case be fired. He said, “Let him go.” Whereupon, Warren told Thompson to “pack up your things, you are out of the Columbia business school. Get out of the class, go back to your apartment and get your things and leave Columbia. You are no longer a student at Columbia University. I have the ability to do this.” Thompson sat there looking at the professor for awhile, trying to determine whether he was serious. Warren continued, “That’s how we are here at Columbia. You are out.” When Thompson began to gather his things to leave, Warren stopped him. “Sit down. I just wanted you to see how it felt to be fired. You should try a lot of

things before you fire someone. People are the most valuable asset in your business.” Thompson sat down and continued to discuss the case. Warren became his favorite professor. He had a great impact on Thompson, who after earning a chemical engineering degree at Cornell University had been out in the business world a few years and was hard-nosed. Warren softened him and made him think more about people, a lesson he was lucky to learn in school.

Charles Bantz, chancellor of Indiana University-Purdue University Indianapolis, holds a doctorate in communications from The Ohio State University. He is an organizational communications expert who believes such courses are important for business students, especially those in which emphasis is placed upon people and their interactions. None of those courses was required when I studied business at the University of Colorado.

Compatibility is another important consideration. Enlightened employers, particularly law firms, are beginning to appreciate the relevance of this quality to the partnership track. In the early 1970s, I was a single practitioner who accepted two partners, Chuck Cohen and Bob Garelick, to help me with a significant work overload. They were able lawyers, but it was a compatibility disaster. To a large extent, that disaster was my fault. I was already pursuing entrepreneurial opportunities while practicing law. Cohen and Garelick were “pure lawyers” who resented—rightfully at times—my spotty devotion to the law practice. I should have investigated whether we would be compatible under this stress or any other. It takes only one experience like that to elevate compatibility to an important factor in the people decision-making process. Once the pressure of working together was removed, we again became good friends.

Even seasoned and successful entrepreneurs like Gene Glick and Bill Cook fall prey to the people principle. Just out of law school, I worked a year for apartment builder Glick as his feasibility analyst. It was my responsibility to pore over business opportunities and advise him whether to make an investment. Glick fielded many investment opportunities. From a standing start in 1962, he built more than 18,000 apartment units in 10 states. As he constructed and managed properties, Glick was always looking for operational improvements. He attended tenants' meetings and acted on their concerns. He inspected and graded his properties regularly and later instituted hotlines and e-mail comment systems to help deliver the best results in the business. By the time he hired me, he had been a mainstay on the list of the nation's top apartment developers. Would-be partners knew he had money.

Glick lived life with enthusiasm. Tall and lanky, he loved to dance and he was near fanatic about his golf game although he rarely broke 80. His service in World War II garnered mention in Tom Brokaw's book "The Greatest Generation" and led to his careers as builder and philanthropist. Even at war, when he experienced the harsh realities of life, he never lost his faith in humanity. That faith, coupled with unbounded optimism, caused him to make a number of mistakes both in the hiring of employees and in passive investments—decisions made without proper people investigation. In spite of his immense success, I doubt he ever fully learned to evaluate people as the most important part of any business transaction. Sadly, I was of little help to him on the people principle.

An even sadder people mistake was described in "The Bill Cook Story: Ready, Fire, Aim," written with hall of fame journalist Bob Hammel. In 1988, 25 years after Cook and his wife, Gayle, founded Cook Inc. in their Bloomington apartment, Cook was designated by *Forbes* magazine as the richest man in Indiana. Cook Inc. is among the world's best-known and most respected names in medical devices

and supplies. Cook founded the company on July 1, 1963, at the age of 32. A laboratory invention by an obscure Swiss radiologist came just in time to be the impetus for his own career launch. Dr. Sven-Ivar Seldinger—32 himself at the time—had discovered a revolutionary medical means of cardiac catheterization, inserting a tiny catheter into the patient’s artery and guiding it to the affected area, releasing dye and delineating the problem for detection and cure. As Cook liked to say of the procedure, “It separates the surgeon from his pocketbook.”

Doctors in general—not to mention the entrenched and wealthy giants of the medical equipment industry—were not nearly so quick to grasp the business potential of the advance. The product niche Cook had picked involved making and selling Seldinger-method kits to hospitals, which up to that time had to fashion their own needle, catheter and wire-guide sets. So Cook built Seldinger units in the third bedroom of their apartment. “All I needed was a blow-torch, a soldering iron, and a few little tools I could make myself,” he said. Outside the room, Cook was the company’s salesman, piloting his single-engine Mooney Executive throughout the country; Gayle was the quality-control supervisor and bookkeeper. Cook did not learn the people principle in school, so as the company grew he could not impart its importance to his small cadre of trusted employees. It took a big mistake to drive this lesson home.

The November/December 1984 issue of Cook Inc.’s in-house publication, the *Angio-Gram*, carried a key personnel announcement: “Robert G. (Bob) Squires has joined the Cook Group companies as Managing Director of William Cook Europe and will report to his new assignment in Copenhagen on approximately April 1, after completing two to three months of training here in Bloomington and other U.S. and Canadian offices. A native of Pennsylvania, Bob has an extensive background in senior manufacturing management abroad, including Japan, Singapore, Latin America, and Europe. He