



## TEL EPISODE #046:

### *Invent, Reinvent, Thrive* with Lloyd Shefsky

Show Notes: <http://www.theelpodcast.com/tel-046-invent-reinvent-thrive-lloyd-shefsky/>

*Welcome to The Entrepreneurs Library, the only book-centric podcast that reviews all the top-selling business books and shares author's perspective, firsthand. This is your resource to finding the next great book that will enable you to grow personally and professionally. Welcome your host, Wade Danielson.*

**WADE:** Thank you for joining us on The EL. Today we have Lloyd Shefsky, author of *Invent, Reinvent, Thrive*. Welcome, Lloyd, and thank you for joining us on The Entrepreneurs Library.

**LLOYD:** Hi, Wade. Good to be with you.

**WADE:** Will you take just a moment to introduce yourself and tell us just a little bit about you personally?

**LLOYD:** Yes, I'm a clinical professor at the Kellogg School. I had a prior book, *Entrepreneurs Are Made, Not Born*, which became a bestseller and is now in eight languages. I've been teaching entrepreneurship for about 18 years, both at the Kellogg School and in China, Japan, other places. Consult with entrepreneurs, consult with family businesspeople. I'm the founder and co-director of the family business center, the Family Center for Enterprises, at the Kellogg School.

**WADE:** Lloyd, thank you for giving us a background on you. Now let's jump right into your book, *Invent, Reinvent, Thrive*, which was just made available for purchase on August 4th, 2014. We're going to move fairly quickly, but we're really going to cover the top questions that our audience, which is made up of entrepreneurial readers, would like to get answered.

The first one is, what was the inspiration behind writing *Invent, Reinvent, Thrive*?

**LLOYD:** Well, for quite some time I'd been bothered by what makes some people successful, but as entrepreneurs and family businesspeople – in the latter case,

carrying it through multiple generations. None of the typical factors were working. Certain traits, I found them in violinists and basketball players. IQ didn't quite do it for me; whether it helped or hurt, it was the same as elsewhere. And even street smarts and savvy and some of the other things just weren't doing it.

For awhile, I thought it would be confidence that I would be looking at, but after just a few interviews, it became clear that what distinguished the successful and less or non-successful was this concept that they had to continually reinvent themselves to be successful at either entrepreneurship, or continuity in the family is what's desired, then carrying it through several generations.

Entrepreneurship is not a cataclysmic event, and if it's a family business, then of your family too. In family businesses, they have to reinvent even more than entrepreneurs because they reinvent both the business and family members and family relationships.

So when I was seeing all this, it became clear that there was such a great similarity in this reinvention concept, and it was something I wanted to deal with.

**WADE:** You've gotten into our second question just a little bit, but what would you say makes your book different from others regarding the same topic?

**LLOYD:** Well, you're right, it is that it carries the concept of needing to invent and reinvent through various stages. But it also uses real stories. They're actually – I'll willingly call them captivating stories, because I've taken the stories from these people that I interviewed. And they're really great people, and they teach important lessons. Important for just about anyone in business, actually. A couple of the people who have reviewed the book say it's important for all people, business or otherwise.

I also jokingly say my book may be the only business book where the interviewees and the stories about them include the speakers at both the last Democratic and Republican conventions. Tom Stemberg spoke at the Republican convention, Jim Sinegal at the Democrat convention. Stemberg, of course, is the founder of Staples, and the Sinegal the founder of Costco – which led to some pretty

interesting insight about Romney, which is mentioned in the book, and some cute stories about Obama, which are also in the book.

**WADE:** Very good. How do you suggest the reader engage with your book? Is this a book they can read from front to back, or should they really pop in and grab different resources and pop back out?

**LLOYD:** It's up to them. Most people today don't have the time to sit and read a whole book, but certainly that would work. But I'll give you the advice that I've learned from some of the people I wrote about, who after I sent them a copy of the book, called me up or emailed me and said, "I just finished reading the section on us. I'll get to the rest of it later." So you can imagine that it can be taken in little chapters, even subchapters, depending on what you want to deal with.

**WADE:** All right, Lloyd, now that we know the purpose behind the book, let's take a deep dive into the content. Please take me through the chapters and give us an idea of what's under the hood.

**LLOYD:** I start with a preface that talks about the differences in generations, because so many of the business concepts we have at any given point in time may work for that generation but not for the next one or the prior one.

The introduction gives an overview, and by that overview I talk about the fact that people really can reinvent themselves without inventing all of themselves. If you think of a quiver of arrows and each arrow is a skill, the quiver being your skill set, you can change certain arrows; you don't have to replace all the arrows. I talk about how to build confidence in your ability to do that. I give an overview, kind of a mapping in the introduction that tells what we're going to be dealing with. I won't bother with that right now, because we're actually going to do that.

In Part 1, I talk about the individual as an entrepreneur, how do you reinvent yourself as an entrepreneur. I spend some time talking about core competencies. For example, the fact that Tom Stemberg was a grocer, yet he started a business in the stationery office products field. Howard Schultz was a machine salesman; he sold espresso machines and suddenly became what we all know as Starbucks.

Junior Bridgeman was in the NBA and became the largest owner of Wendy's and Chili's restaurants in the United States. And a guy named James Freeman, who was a clarinetist but really liked to make himself a great cup of coffee, he figured out how to become a coffee entrepreneur, and Blue Bottle Coffee was the result.

In the second chapter, I talk about ignoring the noise of dissent. We all know that there are these naysayers out there, people who tell you you can't do it or you shouldn't do it. Each of the people that I interviewed had naysayers. Tom Stemberg had the best quote on it. He's now a venture capitalist, and he said "You know, I've never met an entrepreneur who didn't have naysayers." I think he's right. Every entrepreneur I've ever met had naysayers.

How they dealt with them is what's interesting, and I carry through in that chapter, too, by explaining that you can't really ignore naysayers. You have to do something about it. I give some lessons through not only Tom Stemberg, but also Maxine Clark from Build-A-Bear and Michael Krasny from the computer company and all of the others that I have in there that really give lessons on how you can properly deal with the naysayers.

Chapter 3 talks about reinventing the business, not the individual. When do you start to reinvent the business? How do you deal with it, and how often do you have to do it? The typical graph for a successful entrepreneurial business is what they call the hockey stick graph – the graph that has a short downward angled line and then a very sharp upward angled line, to resemble a hockey stick.

I maintain that's a great graph if you're looking at 30,000 feet, but if you come down to a reasonable level, you'll find that there are a load of curves, and these curves that I explain in the book and have graphs showing in the book – there aren't many graphs in the book; this is about it – but this graph demonstrates that it's really a curve. And if you stick with the curve, eventually your curve will go downward, and you'll go out of business. You have to reinvent it near the peak of the curve in order to start a new curve that will go on and on until the next time you have to do it.

I talk about people who continually reinvent. A fellow by the name of Gil Mandelzis, who started a company called Traiana, and how he had to, with big backers behind him, really had to go through the upward/downward cycle several times until he finally was able to sell his business for a large fortune.

Larry Levy, who started Levy Restaurants, was somebody who – we think of naysayers as people who say “Don’t do what you’re about to do” – well, here was a naysayer who said “Don’t do what you are doing. I’ve got a better idea for you.” The fellow who came to him was Jerry Reinsdorf, who owns the Chicago Bulls and the Chicago White Sox, and he had a great idea that Larry turned down a couple of times. He even offered him great tickets for the White Sox World Series game – which happened 25 years later, but unfortunately Larry was out of the country.

Not only Larry Levy, but Jim Sinegal, the founder of Costco. There, it’s more a lesson on what do you change, what do you reinvent, and what don’t you reinvent? He has wonderful principles that establish the value of his brand in Costco, and he would never change those. But he would change the product mix or the categories of products. And the truth is, the Costco you see today is nothing like Costco when it originally opened; they didn’t have all these departments we like: the food department, the wine department, the pharmaceutical department, none of that was there. There’s some great stories that he shared with me that are told in the book about how you decide what you’re going to keep and what you’re going to reinvent.

John Osher, I call him a reinvent-repreneur. This guy invented almost annually, starting many, many businesses, the most successful being what we came to know as the Crest toothbrush after he sold it to Crest for loads of money.

Part 3, starting with Chapter 5, are captains of industry. Here I like to demonstrate that the lessons that have been taught up until then in the book really are applicable at any size, and I use two or three companies that demonstrate this – the first being what I call the best reinventor of all time, Intel. When Intel was literally up against the wall and going to go out of business and they reinvented themselves – and I don’t tell the story in depth; that was done beautifully in Only

the Paranoid Survive by one of the founders of Intel – but I do talk about the Intel story in contrast with Kodak, for example.

Kodak may be the worst example of reinvention in the history of our country. Kodak Moment, Kodak Film, Kodak cameras, they were part of our lives, and all of a sudden they're gone. The reason is that they absolutely refused to deal with the digital camera. They didn't want the digital camera to appear because it would adversely affect their film processing, which was their #1 source of revenue, and their film itself.

So that would be a half-bad story, but it gets worse: Kodak invented the digital camera. They had a patent on it and hid it on a shelf. So in contrast to what Intel did, these were the guys who didn't believe the old saying from the 1998, 1999 period, "Eat your lunch before somebody else does." They didn't abide by that, and their lunch is gone.

Part 4, this is stories of entrepreneurs who morphed to become corporate chiefs. I tell the story of a family physician, Dr. Jim Dan, who was just that – a family physician, sole practitioner. He's now the head of 1,600 physicians in the advocate Health Care system. But it's not a one-jump story; it's a series of incremental steps that led to that dramatic change. That's a situation where the means kind of dictated what he did, and eventually it had an interesting end.

I compare that with some of the other people in the book where the end was what drove them, and that would include – Desiree Rogers is an example of where she had an end in mind, a very concrete end of being a CEO, and took various steps along the way to develop the skill set she would need to be a CEO.

Then I talk a bit about David Axelrod. David started out as a newspaper reporter, left the newspaper to become a consultant with his own company, an entrepreneur, and wound up, after a couple of campaigns that he ran, meeting an unknown by the name of Barack Obama and ran his campaign, and the rest is all history.



I also tell the story of the Popeil family – Sam Popeil, the father of Ron Popeil, the guy we’ve all seen on TV. But Sam is the guy who invented the Pocket Fisherman. The story of how he priced the Pocket Fisherman is not only a cute and entertaining story, it’s a great lesson in what people can and should do when it comes to reinventing their company, their product line, through the pricing that they ascribe to products.

Then I talk a little bit in Chapter 8 about entrepreneurs who had let go, had resigned as CEO of their company, and had to come back. The two that I use are Howard Schultz of Starbucks and Chuck Schwab of Charles Schwab & Company, both of whom had to come back when things weren’t working real well. They both came back and fixed the company, and those are great stories of how to look at your company in order to know what to change. But more importantly, it demonstrates that sometimes, people change their business, they reinvent their business, not to be something new, but to be something old, to be what it used to be.

Then in Part 5, I switch over to family businesses. Chapter 9 is the introduction to what I mean by family business and some things about what I call the Silver Spoon Syndrome. Then I go on to Chapter 10, when I start getting into the actual stories. Chapter 10 talks about the Crown family, a family that a man started with \$10,000 that he borrowed from friends and turned it into a multibillion dollar fortune today. It’s now in the third generation of leadership; it’s done well. It has the founder’s picture on the wall. And unlike some places where that long shadow of the founder’s picture, or what I call the ghost on the wall, can adversely affect the company, there it’s actually established a spirit and a culture that’s been very positive to them.

Then I talk about Johnson Publishing. Anyone in the hard copy or paper publishing business has gone through all kinds of terrible things changing their business in the last decade, and Johnson Publishing is no exception to the rule. But they have done some terribly interesting things in the way they’ve changed to digital. And in order to get to that point, John Johnson, the founder, when he was near death and about to have his daughter, Linda Johnson Rice, take over as CEO, had some fascinating conversations with Linda – conversations that enabled her to take



over the leadership and continue and reinvent the business in ways she couldn't have done otherwise.

Then we talk about, in Chapter 12, leading the family versus leading the business. The Pritzker family, the Hyatt Hotel chain among many other assets, the Pritzker family spent 10 years in the media with stories about how they were fighting, had lawyers and lawsuits. The story of why that is, what happened that caused that in a family where everything was going pretty much perfectly, and then how did they solve the problem and could it have been solved earlier or avoided totally – that's what I posit in that chapter.

In Chapter 13, I talk about the Carlson family. They're the people who own Radisson Hotels and TGIF restaurants. Very interesting; a father who is autocratic and as gender-specific, if you will, prejudiced against women being in the business, and autocratic in the sense that he said he held all his board meetings while shaving in the mirror. Somehow, after a series of events, which I tell in great detail in the book, his daughter Marilyn became the CEO when Carl died.

Marilyn, obviously a woman, established a principle in the company that women would play a bigger and bigger role in management and governance of the company, and indeed her successor now is a woman. And she also established some new rules that Carl would never have tolerated. But then, Carl had one principle, one goal, and that was to keep the family running the business for 100 years. Even Carl would admit you do what you have to do in order to keep your guiding principle intact, so these changes are something he'd probably support.

Then lastly, the Bronfman family, the people behind Seagram. This was a fabulously successful and wealthy family, but the founder, Sam Bronfman, had done some things that had adverse effects on both of his kids. They loved him dearly. Sam Bronfman, who was one of these examples of reaching out from the grave to control things, tried to control the company beyond his death, telling his two sons what they could and couldn't do. That's okay; I mean, it's not what people really want, but things continued to go well. The company was really flourishing.



But then came the third generation, and during the reign of the third generation, one of the people in the third generation, Edgar Bronfman Jr. – Edgar Bronfman Sr. having been the CEO before that – he did a transaction that literally, within a very short period of time, maybe a week or two, resulted in a loss of half of the family’s wealth. We’re talking about a loss of billions of dollars. By tracking back some of the techniques that the family had used, I was able to figure out why it happened and also talk about what could’ve been done differently so it wouldn’t happen.

Then there’s the conclusion of the book, and the concluding chapter is a bit of an overview. I urge readers, though, don’t go to the conclusion and read that first. First of all, you won’t have a proper basis for understanding it, but more importantly you’ll miss out on some wonderful stories about all these famous people.

**WADE:** Lloyd, your book covers a ton of great content from a ton of incredible people, and I think that’s what makes this next question fairly difficult, and that is if the reader could only take away one concept, principle, or action item out of your entire book, what would you want that to be?

**LLOYD:** Well, I think it’s that while there’s a key event in the creation of any new business, it’s not nearly one cataclysmic event that creates entrepreneurship or continuity through generations. They’re all those things you do beforehand – dealing with the naysayers, doing your great homework, building a basis for your passion, flowing with the passion, even converting the passion to an infectious germ that will spread to other people.

So entrepreneurs have to do all of that, and then there are post events, activities you have to do afterwards, like the hockey stick graph becoming curves, as we discussed earlier, and the need for continuous reinvention. So take away the fact that there is no one key event; there are many events that lead to success as entrepreneurs or family businesses.

**WADE:** Lloyd, after interviewing all the people that you did, do you have a favorite quote from your book?

**LLOYD:** One of the quotes that I would use from the book is “when focus causes you to wear blinders, you’re far more likely to be blindsided.” Everyone tells people to focus, focus, focus, and by and large that’s not bad advice.

But if you’re the type of person where focusing is going to cause you to be wearing blinders so that you miss bad things and good things come in peripherally, and miss opportunities and the ability to pivot, in both cases to reinvent and help your business, you’re going to be behind the eight ball. So don’t consider focus as your only or your principle guideline unless you deal with these ancillary parts too.

**WADE:** Is that quote from the chapter on Kodak?

**LLOYD:** (laughs) It should’ve been.

**WADE:** (laughs) That reminds me of what you were just talking about. But it makes sense; focus is incredible, but at the same time, if you’re going to put the blinders on and not know how to pivot, that’s going to hurt you in the end. So I appreciate that quote.

**LLOYD:** I kind of thought you were using the pun of “focus,” but okay.

**WADE:** (laughs) No. Uh, yes, I was. (laughs)

**LLOYD:** Of course.

**WADE:** Lloyd, the next question is also one of my favorites, and it’s just because as a reader, I always like to know what people who have written books, what authors have on their reading list. So really what we’re looking for is a book that you’d recommend to our listeners based on the way that it’s impacted your life. Hopefully it created a paradigm shift or really had a huge impact for you. Do you have a book like that?

**LLOYD:** People have asked me that before, and I've thought about it many times. I'd have to go back to a book I read many, many years ago, and it's called *An Actor Prepares* by Constantin Stanislavski. It's the book that was the basis of method acting, which the actor's theatre in New York and Lee Strasberg used as the basis for their teaching.

It's a technique that he taught of putting yourself in the mindset of another person, even if you wind up doing something you've never done before. It's what enables great actors to be actors, but I'm not talking about using it to be an actor; I'm talking about using it as a means of setting goals. You then have to do your homework and discipline and diligence.

But it reminds me of the joke of the airline pilot who came on the speaker and said, "I've got good news and bad news. The good news is, we're making great time. The bad news is, we're lost." If that's the way you guide your life, I don't care how much good time you make – you may be going in the wrong direction. So figure out some method that works for you.

My method was from this book, and it really helped me guide a large part of my life. It also was useful in the way I interviewed the people in *Invent, Reinvent, Thrive* because it had me thinking in the terms that they were probably thinking in, and clearly that makes for a better interview.

**WADE:** Lloyd, before we depart, can you recommend the best way for our listeners to get more information on you and your book, *Invent, Reinvent, Thrive*?

**LLOYD:** Well, the best way probably is to go to the website, [inventreinventthrive.com](http://inventreinventthrive.com). You'll find out everything you want to know about the book, and there's a piece on me, too, in there. And also a way for you to communicate with me, and I'd look forward to that.

**WADE:** Excellent. Lloyd, thank you so much for coming on and sharing your creation, your book with us.

**LLOYD:** Thank you, Wade. It was a pleasure being with you.



**WADE:** Thanks again for listening in today. If you would like to get your hands on *Invent, Reinvent, Thrive* or any of the other resources mentioned by Lloyd, just look at the show notes at [TheELPodcast.com](http://TheELPodcast.com). And if there is a book you would love to hear reviewed by the author, please visit us on iTunes and leave us a review with that book title.

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#### **LINKS AND RESOURCES MENTIONED IN THIS EPISODE:**

Check out [An Actor Prepares](#) by Constantin Stanislavski on Amazon

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