

David Baker: Your expertise is always going to emerge from you've already done, so it's more a function of saying no to opportunities that are just in your lap, and leaving the last few that it really makes sense to tie your position to.

(Intro Music)

Bob Glazer: Welcome to Elevate, a podcast about achievement, personal growth and pushing limits in leadership and life. I'm Robert Glazer, and I chat with world class performers who have committed to elevating their own life, pushing the limits of their capacity, and helping others do the same.

Lenox Powell: This episode was previously recorded and published as part of the Outperform Podcast.

Robert Glazer: My name is Bob Glazer and I'm the founder and managing director of Acceleration Partners. Today I'm really excited to be joined by David Baker. He's the author of five books and hundreds of articles. He's a business consultant, high performance motorcycle racer, pilot, TedX speaker, photographer and all around interesting guy so welcome David.

David Baker: Thank you. It's really great to be here, Bob. I appreciate the invitation.

Robert Glazer: Excited to have you with us today. So there's a lot I wanna talk about particularly in your new book which I really enjoyed reading but before we get into that, I'd love to hear a little more. I was fascinated to read that you grew up in a tribe of Mayan Indians in a remote village in Guatemala so how did that life experience unfold and how did that lead you to where you are today.

David Baker: Yeah it's a little unbelievable. I almost have to go back to that village to even pinch myself to believe it happened. I go back every couple of years and nothing's changed really so my parents were ... Well I did medical missionary work as well as literacy work and so when I was four we left the U.S. and went to Costa Rica where they learned Spanish. I got dropped into a Spanish Kindergarten, that's how I learned Spanish. When I was five we went to live with this tribe of Indians and it was called [inaudible 00:01:36] it was off the beaten path. There were no stores, no electricity, no running water. I was there 'til I was 18 so we spoke the Mayan language and Spanish was the trade language and that's where I grew up. I thought it was normal until I came to the U.S. and discovered, oh wow, it's quite different. Especially talking with my friends, they thought I was raised by wolves or something.

Robert Glazer: And so did that lead you to later earning an advanced degree in ancient languages and theology?

David Baker: Yes, yeah. Like what are all those connections, right? Thank goodness most people aren't doing what they were trained for. That's given me some hope but yes I was headed down the same path and changed my mind about halfway

through grad school, discovered that I would really wouldn't be a good fit for that world and took a different direction but decided to finish my degree and it's just sort of a long path that's dropped me here. I've often been intrigued how people take advantage of some of the strange twists and turns their lives take and my life has certainly been in that direction as well.

Robert Glazer: Interesting so yeah, our experiences all really add up to the presence. In your book you talked a little bit about running your marketing firm in Warsaw, Indiana in the '80's and '90's. Take me a little bit through that experience and how you got from there, probably through a lot of learning to writing five books and really becoming an expert in the field of becoming an expert, I guess.

David Baker: So I started that firm back in I guess it was '88 and didn't know what I was doing. I'd never worked at another agency but I was just flipping through local ads and thought, how hard could this be? Plus these ads seemed to not be all that impressive and I thought, well I understand marketing a little bit. I love language. I'll see what I can do here. It turned into, it was a six year jaunt, essentially. It was not a remarkable firm in any way. It was a very pedestrian firm. We did probably better than average work. I was a worse than average manager. I made a lot of good decisions, some poor decisions. Part of what got me through those six years was subscribing to a publication called, Creative Business, and the deal was that you could call up the editor and ask him any question that you wanted. There was no charge for it. It was just really his way to stay in touch with the marketplace and so I took advantage of that. Eventually because he didn't enjoy the financial performance, metrics side of things, he asked me if I would take a stab at writing some of those and so I did.

As I continued to write more and more publication, I would help him with other things. One day I said to him, "Hey why don't you do personalized advice for agency principles?" He wasn't interested at all. He didn't wanna travel and there were some other reasons in his life that kept him from doing that but he said, "Why don't you do it?" Honestly the idea never occurred to me. But before I could even think about it, he said, "Hey, I'll put an ad in the publication for free and you just give me 10% of everything you make." I thought, well what's the worst that could happen? I didn't think anything would come of it but agencies started calling and so that took over my life very quickly over about a six, seven month period to the point where I discovered that I was really enjoying that more than being an agency. I don't know how many agencies there were at the time but now they're like 45,000 in the U.S. alone and so instead of being one of 45,000, here I am about one of about 20 advisors to my former peers and that felt like a better place to be.

So I just started to observe the patterns which is what I wrote about in the fifth book. Observe the patterns, start to turn them into intellectual property and help folks so that was the beginning of my path towards expertise and then helping my clients be experts along the way. It was a long path but a very, but a very ... one I'm really grateful for. This sort of opportunity's that feel into my lap.

Robert Glazer: So you were an affiliate marketer, that's what I heard in that. There was a deal and some percentages. [crosstalk 00:05:57]

David Baker: Yeah leave it to you to pull that out of any conversation, right?

Robert Glazer: Well there are patterns of performance marketing that I think appear everywhere that people don't incentivize. I mean I am in all of my relationships I try to organize some sort of performance based component so that everyone does well.

David Baker: Really interesting, yeah I'd never thought about that. But I guess you're right, yeah.

Robert Glazer: Yeah I mean I just think that too many things are win/lose, particularly agency client relationships and how can we make 'em more win/win. So at a high level, wanna dive a little more into the book but why is it so important to specialize or be an expert in today's marketplace?

David Baker: I think it's more important now than it ever has been only because there's just so much knowledge around us. There is no way that I for instance could be an expert in all of the different things that are open to me in terms of you know, being able to explore as an expert. There are just so many options that I have to pick and choose because I simply can't be that deep in an area but I don't know if this is going to benefit man kind for the long term but the fact is that information around us has been exploding like crazy and so in order to be effective, I'm going to have to stake a claim and dig in and learn just really know what I'm talking about. Everybody ... I know you have. I would imagine almost all of your listeners have as well experienced expertise of some kind. They taste it competence and once they've tasted it and compared it against lack of competence, they never wanna go back to that. That's what drove me in those early days and it's what drives me today is to help people get to that point where they really experience competence. I do think that the world is different now and it requires us to stake a claim.

Now in our personal lives we can be really broad and interesting and just suck lots of data in, pursue what interests us but in terms of our careers when people are paying us for expertise, we better really know what we're talking about.

Robert Glazer: So it's interesting. My last guest and I were talking about focus, another agency owner. This must be something you run into because one of the things we were joking about is that I constantly see agencies who have more service areas than people on their website so what is it particularly about marketing agencies that make them so unwilling to admit what they don't know or wanna be narrow and wanna specialize. This whole sort of agent of record and you sell something and you pass it on so this must be one of the core issues that you run into consulting these firms.

David Baker:

Absolutely. Now I will say that it's not as bad as it used to be. Agencies are much more likely to be willing to specialize now than in the past but here's what drives it. Partly ... and I don't have all the science behind this but partly creativity tends to draw people who love to pursue all kinds of things and so it's almost the antithesis, right, of creativity to which is what drives agency owners to be specialized. That's one thing.

Another is that while they are in marketing, they help their clients with marketing issues. They are so terrible at doing marketing for themselves and so they lunge at every opportunity that comes their way, whether it fits or not. They don't have enough opportunity to be able to choose from. If they say no then they end up with people in the seats that don't have enough to do. They have this machine that's hungry that needs to be fed and they don't have a marketing machine. That's another reason.

Yet another reason is just their love for growth. They believe that growing almost regardless of the consequences is part of how we define success in the developed world and so they're always trying to attract opportunity rather than pushing it away. I feel like marketing should be more like whack a mole. Like when an opportunity pops up, kindly respectfully, gently, tap it on the head and if it's real it'll come back again as opposed as to like dying to fly across the world and talk with somebody because there is this spark of opportunity there that we might be able to pursue. So those are all the reasons that contribute to it but it's better than it used to be for sure.

Robert Glazer:

So you said something in your book, *The Business of Expertise*, that I thought was really interesting and really go against all of these growth oriented individuals that you sort of describe and you eluded to the fact that firms make, professional service firms make better decisions when demand exceeds supply rather than having all the supply and feel like ... Can you talk a little bit about that and how you discuss that with sort of owners and folks who are running these agencies because I'm sure they fight you like hell on that.

David Baker:

They do, yeah. They do for sure. I'm almost ... yeah I feel like sometimes I need to suit up, take some of my motorcycle gear in before I start talking about this with them because I know I'm gonna get a lot of push back. So here's the way it normally works. We're told by the society around us that we need to grow. If we aren't growing, we're dying which I think is really nonsense. That's the first part.

Second part is we don't have a positioning and so most firms don't and so we're going to attract as much opportunity as we can. So let's say then at that second stage that we are successful at attracting opportunity. Because we're in love with the idea of growth, we are going to build capacity to meet that opportunity. We're going to hire people so that we don't have to say no. Saying no is so painful. It's not even just psychologically painful, I think it's almost physically painful to shape your mouth in words that say no. We almost have to practice that in front of the mirror. So every time we meet more opportunity we fall in love with it, we build our capacity to meet it. Now, what happens if

there's a temporary dip in that opportunity? Well now we have these people that are capable of doing great work with nothing to do. Then we compromise by taking work from clients who are not a good fit and we think we can turn them into great clients and that doesn't typically work.

So my suggestion there to get back to your question is, to always size your firm at slightly less than the opportunity you have so that you can say no because unless you say no your yes hardly ever means anything to the prospect. If you're always saying yes, yes I can do this. Yes, I'm qualified for this. Yes, we have the capacity to do this, then they don't believe it really because you've never said no to them. There's just something about the confidence that comes from saying no but I wish that agency owners would experience more of.

Robert Glazer: And is there a pricing functionality when you say no or is this the whole club? You know you wanna be the club that won't have you? You wanna get into [crosstalk 00:13:14] that won't have you.

David Baker: No well there is some of that. I mean I really do mean they should say no and shouldn't let themselves get talked into something. Partly what's happening here is that they're letting the client base determine how big the firm should be. Now on the face of it, how could we disagree with that, right? I mean we're in, well we're not really in the service business but that's ... we understand what that phrase means. We're in the business of meeting marketplace demand. What if the marketplace doesn't want, doesn't demand much from us? What happens to our size but I really think we have more control over that than we act. I think you should decide and I think this would resonate with you given your attention in your career to leadership and management and culture. I think we should decide what kind of firm we are capable of running well, respectfully.

Robert Glazer: Right.

David Baker: And then we should size our firm appropriately and not let the marketplace let us be bigger than we are capable of running as a leader.

Robert Glazer: Yeah I mean that, right. Leaders have to ... it takes a lot different skill set to run a one million dollar firm than a 10 million dollar firm and you can, if you wanna do that, you can get better. I'd love to dig into this growth for growth sake 'cause I agree there's too many and a lot of it's driven by venture capital, not in the services industry but about just growing for growth sake. However, I'd probably argue on the flip side you know, if you are the same year after year after year, then you're probably not innovating particularly in professional services, you know, one of the things with our team is we look for hungry people who wanna grow and learn and we always say that growth opens up new opportunities to for associates to turn to managers and managers into directors. What is that balance because I agree that on one spectrum there's growth for growth sake but another spectrum there are some great companies that may be the same size and the same thing year after year but in general if it's something's the same forever it's not really world class. I think there are

clearly exceptions to that rule but I would say, generally something needs to be growing or changing or improving. Particularly in an industry that moves quickly.

David Baker: OK we'll have to do a separate episode about that 'cause I don't believe that but I certainly understand your perspective. And I'm in the minority so the betters are gonna go with your side, I'm sure.

Robert Glazer: But so you don't believe that at all that this sort of, you think the small giants ... if you're a 10 person firm forever but you're world class then you can be innovative and you don't need growth.

David Baker: Yes I do. I think you can charge a lot more.

Robert Glazer: Got it.

David Baker: I also don't think that employees necessarily want to stay at the same firm for 15 years and I'm not sure the firm is well served if they stay there for 15 years.

Robert Glazer: So your firm focuses on helping professional services firms as we talked about. What is the biggest mistake that you see them making? I mean we talked about this at high levels but tactically, what is the thing that people just keep doing wrong and making the mistake over and over again?

David Baker: One of them is positioning which we've sorta beat to death. Another one is solving, is what the best thinkers on the team and I don't think we can say the best thinkers or the highest paid or they've been there the longest or anything. But how the best thinkers on the team are spending their time, they are frequently solving individual client problems which never stop. There's this steady stream of individual client problems. Rather than stopping, pausing anyway, maybe not stopping but pausing and saying, okay let's stop for just a second here and think about this problem that we're faced with. Is this a problem that a lot of clients are experiencing? If it is, then let's try to solve the bigger problem using this particular client opportunity as an excuse for that. That's the difference between being in that same business every year, year after year versus innovating and starting to solve issues from an IP, intellectual property standpoint and digging deeper and deeper and deeper and building systems. That's the kind of environment that I love to study and be a part of. I think that's probably one of the biggest mistakes that they make.

Another big mistake would be just not watching performance indicator from a financial standpoint. They're not in business for the right reasons. It's more of a hobby or a job to them. They don't think about the fact that society really deserves your firm to be run well and returned profit and pay employees well and be able to pay people so that they can put their feet up and think. Those are the kinds of things that come to mind when you ask that question.

Robert Glazer: Yeah you know a couple responses to that. Two things. I think that I like the quote, I think everyone's running two businesses. There's the business of the product and then there's the business of the business. Right? And a lot of people aren't good at the business of the business. It's actually a lot of those high growth professional service firms that if you're growing 30 or 40% and you don't pay attention to these financial metrics and you have clients paying you at 90 days and you're hiring employees, you end up being under water from a cash flow standpoint, even though profit and revenue look great and I think we've seen that a lot where they're just really struggling to make ends meet even though they're growing 30 or 40%.

David Baker: Right.

Robert Glazer: To your first comment, there's a book I have an idea for and it's sort of a couple years away that goes through sort of the stages of change in a business as it grows and I think what you were alluding to and what I've seen is that early on a business really values firefighting a lot and I think it rewards firefighting and I think at some point you need to transition your leaders from giving all the rewards and accolades to people that come in to solve fires to those how are strategic and figure out how to prevent fires. And we struggled with that and I think a lot of businesses do and in a lot of cases those people didn't make it because as the organization said hey we don't want a utility player at every position that can jump in and play an inning, we want all stars at each position and we want clear accountability and responsibility ... oh but I can solve a lot of problems and you say, well we're in the predictability business now. Not in the solving problem of business. I think that's a really hard cultural transition for an organization to make and I've seen it happen around the three to five million in revenue level.

David Baker: That's really, really interesting. It's almost, I was thinking, using your example it's almost like the people study a fire after it's been put out and then they draft building codes, right or fire codes that that's interesting. One thing that happens there is the principles start to derive this learned, this significance I call it so that they begin to feel valuable because of their ability to jump in and stop fires, fight fires and it's hard for them to make that transition because their out of touch with the front lines and they don't understand what, how to derive significance from their new way of thinking.

Robert Glazer: Yeah we follow the traction entrepreneurial operating system which really separates the founder from the integrator and we've seen a lot of success with that. I mean we joke around Matt who's our integrator. He's running the 2017 business. I'm focused on the 2018 business and it keeps the church and state really separate on those issues.

David Baker: A lot of my clients are using that system and really benefiting from it as well.

Robert Glazer: So what's the mistake in your business or career that you've learned the most from? And often times that's a repeated mistake versus a specific moment in time.

David Baker: I think not understanding myself well, trying to make promises to clients that I was really quipped to really deliver on, I think that would be one of the recurring mistakes that I've made. I think I've solved that more recently but it's not bad after 23 years, right? That was pretty quick. That's one mistake.

One that I have not solved yet at all and I still, I'm just plagued by this is my skin is way too thin. My feelings get hurt when they should not get hurt. When actually nobody had any intention of implying something that I read into their statement or their tone of voice. I'm looking for my third therapist. I've worn out the first two. Those are the ... if you have a good one you can let me know. But those would be some pretty big mistakes that I think I've made and I've done some things really well but mainly because I made mistakes in a previous business and learned from those. I could remember so vividly some of the mistakes I made in prior businesses that I've learned so much from them, so much more from those mistakes than I learned from the things that I did well I think.

Robert Glazer: Wow that's totally the case and I always encourage everyone to be in some sort of mentor mentee sandwich where they are learning from someone who's a little bit on the road ahead because the really expensive lessons to learn and then I think it feels really good to take those lessons, a lot of the ones that you've made and sort of coach someone who's up and coming and help them save from making the same mistakes because it really is, it's all been done. It's about avoiding it and not making all those mistakes on your own time.

David Baker: Absolutely. One of the people that I think building alliances with people that understand your business really well which most people would consider competitors but I don't. I consider them more collaborators. I think you know Blair [inaudible Ends 00:23:13]. So he's been one for me. We're pretty honest with each other, with open book relationship and I'll just pass something by him before I stick my foot in my mouth and he's been really good at being honest with me [crosstalk 00:23:26]

Robert Glazer: Yeah in our industry there's service firms and then there's platform firms and the platform firms are really antagonistic to each other. I talk to my competitors regularly, we sorta compare notes, we generally all believe there's just more pie to get around awareness and I've always believed in talking to and developing relationships with the competitors and that you have more to do by working with someone than you're really competing. A lot of times we're competing against people not doing anything or doing something in house so I have agreed with that as well.

David Baker: Yep.

Robert Glazer: Can you give me some examples of companies that you think are really nailing the concept of identifying their expertise? Whether it's names that we would know or folks that you coached and have really made a transition.

David Baker: Yeah so that's a good question. There's a firm headquartered in New York and Denver called DCI. Their website is about dci.com They help market places as well as doing economic development work and I think their positioning is just brilliant. There's no question what they do, what a good fit client is and so they're gonna be able to answer that question very quickly. That's an example I would say.

Another one is newfangled.com in North Carolina. They do basically business development ecosystems for agencies so they know exactly what they're doing. They've got, I don't know, probably 100 clients that they're doing this for so it's easy for them to recognize the patterns. One that I think is really interesting, particularly because they're serving clients who are not usually a good fit for agencies. And so they have to go out of their way to make sure that the clients understand what it's going to be like because these clients have not typically used an agency before so they're gonna be shocked at how much time it takes and how much money it costs. So big buzz inc out of Denver is working with Dennis. Can you imagine? If you think some of your clients are not qualified, imagine working with Dennis who have never used an agency before. So I love how they've just gently and kindly tried to educate clients that way, prospective clients.

I think Henge Marketing in DC is very well positioned, particularly their library and content section, they provide all sorts of excellent free help to prospects. I could give you a hundred but those are the ones that come to mind.

Robert Glazer: How can we as individuals or business leaders or firms, what are some tactics or things you'd recommend to develop our expertise or figure it out what it is because I assume a lot of people maybe, they don't know what it is.

David Baker: Yeah for sure. Usually your expertise is always going to emerge from something you've already done and so it's really more a function of saying no to many of the opportunities that are just in your lap and then leaving the last few that really make sense to tie your positioning to so you don't look for new things, you look at your existing experience and then say no to the ones that don't fit as well as those but apart from that, that's more of a mechanical I guess, suggestion. Apart from that I think writing is the most important thing you can do. Somebody said, I'm not sure who it was, it certainly wasn't me, I'm quoting them but it was like, "I don't know what I believe until I write. I write to figure out what I believe." Right? To me it's not in my case and I think this is the way a lot of authors would view it. It's not like ... you get clarity and then you articulate it. It's more that the clarity comes in the articulation and so figuring that out, I give my clients this exercise.

I call it, drop and give me 20. So pretend so I'm talking, let's say you're the client and I'm David here and I say, all right Bob, I want you to pretend that I know a lot about marketing and pretend that I'm intelligent just for the mistake of the exercise and now I want you to tell me 20 things about a possible focus and I want to have ah-ha moments at each one. They're not things I would already know because I know about marketing or already know because I'm smart. I want ah-ha moments. You come up with those things and you're going to slowly narrow down the options for yourself. I think writing is the most important thing you can do.

Robert Glazer: I assume passion plays into this, right? It's gotta be hard to be an expert at something that you're not passionate about.

David Baker: It is, for sure. But a lot of people are passionate about things that they're not an expert in and a lot of people I definitely do not ... I do believe what you just said, whole heartedly. I do not believe that we should follow our passion and success will also come. I don't believe that at all. But I do believe you should be passionate about it but competence ... I'm passionate about competence, too.

I'm also passionate about the kinds of clients I work with. That's very important. I'm passionate about discovering new things and talking about them like there's no way I'm gonna punish myself and choose a focus that I'm not passionate about but a lot of people get hung up on the passion idea because their lack of focus is stemming from their passion for pursuing all these other things and what I say to them is like get a life outside of work. Your life outside of work oughta be so incredibly passionate that you get mad when your work life impinges on your personal life. Don't demand all that passion from work. Passion should be tied to competence at work. So I don't know if that helps at all but that's my motto. [crosstalk 00:29:30]

Robert Glazer: Does and I'll tie together for the last question which is in terms of your passion. You do a lot outside of work. What parallels do you see between advising entrepreneurs and the high performance motorcycle racing?

David Baker: Well both of 'em can kill you. Maybe that's the ... [crosstalk 00:29:49]

Robert Glazer: You can just go with that. That's a good answer. [crosstalk 00:29:50]

David Baker: Okay yeah well that's true. One of 'em kills you slowly, one of 'em can kill you quickly but those are the [crosstalk 00:29:57]

Robert Glazer: Award.

David Baker: Yeah that's right, exactly.

Robert Glazer: That's very funny. So David how can our listeners learn more about you?

David Baker: The most recent book which of the five books I've written, this is the one I'm most proud of and the one I really let myself go. The only one that doesn't look like a Wikipedia. They can learn about that at expertise.is that's probably the best place to start.

Robert Glazer: Okay great. Well David thank you for taking the time to join us today. You live quite a life and have some great thought leadership and expertise to share. I know we discussed today probably barely scratches the surface so we may have to get you on again in the future. I'll say to fellow entrepreneurs out there. You know the book, The Business Expertise, it's a great read. It's also a beautiful book. Really high quality and I learned a lot from it and it's clearly a topic that you're passionate about so to our listeners we'll be sure to include links to David's book, his business resources website and other links to connect with him after the podcast. And until next time, thanks for listening and keep outperforming.