

What They
Don't Teach
You at
Harvard
Business
School

by Mark H. McCormack

A John Boswell Associates Book



Bantam Books

Toronto • New York • London • Sydney • Auckland

WHAT THEY DON'T TEACH YOU AT HARVARD BUSINESS SCHOOL
A *Bantam Book* / September 1984

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For information address: Bantam Books, Inc.

Library of Congress Cataloging in Publication Data

McConnack, Mark H.

What they don't teach you at Harvard Business School.

1. Success in business. 2. Management. I. Title.

HF5386.M474 1984 650.1 84-45172

ISBN 0-553-05061-3

Published simultaneously in the United States and Canada

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rooster, is Registered in U.S. Patent and Trademark Office and
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Fifth Avenue, New York, New York 10103.*

PRINTED IN THE UNITED STATES OF AMERICA

DH 19 18 17 16 15 14 13

TO MY MOTHER, Grace Wolfe McCormack, who instilled in me, always with a twinkle in her eye, an awareness that money was indeed worth being concerned about and

TO MY FATHER, Ned Hume McCormack who, more than anyone I have known, demonstrated to me the importance of being highly sensitive to people's feelings no matter how difficult the circumstances.

Acknowledgments

I would like to thank John Boswell for having the conviction to believe that what I had to say might be useful to others. Without his advice, support, guidance — and very long hours—this book would have never been written.

Thanks are also due to my editors at Bantam Books, Linda Grey and Jeanne Bernkopf, and to Judy Stott, Patty Brown and Jane Williams for coping with the logistics of writing a book from seven points around the globe.

Preface:
What They
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WHEN I WAS AT Yale Law School I was told that, as a business education, a law degree was every bit as valuable as an M.B.A. Years later, having lectured at Harvard and a number of other business schools, I became convinced that it was—though both have definite limitations when applied to the real world. As an introduction to business, an M.B.A.—or an LL.B.—is a worthwhile endeavor. But as an *education*, as part of an ongoing learning process, it is at best a foundation and at worst a naive form of arrogance.

The best lesson anyone can learn from business school is an awareness of what it can't teach you—all the ins and outs

of everyday business life. Those ins and outs are largely a self-learning process, though knowing the experience of someone like myself might make the learning shorter, easier, and a lot less painful.

In the early 1960s I founded a company with less than \$500 in capital and thereby gave birth to an industry—the sports management and sports marketing industry. Today that company has grown into the International Management Group (IMG), with offices around the world and several hundred million dollars in annual revenues.

I am probably better known as “the guy who made Arnold Palmer all those millions” than I am by my own name. In truth, Arnold Palmer made Arnold Palmer “all those millions,” though I think Arnold would agree that I helped.

While the management of celebrity sports figures will always be very important to us—with Jean-Claude Killy, Jackie Stewart, Bjorn Borg, Herschel Walker, Martina Navratilova, Chris Evert Lloyd, and dozens of others among our list of more than 500 clients—it is only one aspect of what I do personally and what we do as an organization.

Our television division produces hundreds of hours of original network programming throughout the world and sells thousands more for such clients as Wimbledon, the NFL, the U.S. Tennis and Golf associations, the World Ski Federation, the NCAA, and the Royal and Ancient Golf Club. Our marketing consulting division is retained all over the world by more than fifty blue chip corporations. We do the personal financial planning and management for several hundred high-level corporate executives. We own three fashion model agencies, we represent, or have represented, entities as diverse as the Nobel Foundation, the Vatican, and the English Catholic church, and we are television consultants for the Organizing Committees for the 1988 Calgary Winter Olympics and the 1988 Summer Olympics in Seoul, Korea.

In more than twenty years I suspect I have encountered every type of business situation and every type of business personality imaginable. I have had to decipher the complex

egos of superstar athletes—and of their spouses, parents, lovers, neighbors, and camp followers. I have dealt with heads of state and heads of corporations, with international bankers and small-town advisors, with bureaucratic governing sports bodies and autocratic empire builders. I have come in contact with every phase and facet of the entertainment, communication, and leisure-time industries. And at one time or another I have done business with practically every nationality on the face of the earth.

What I haven't experienced myself I have observed. Because of our affiliations with major companies throughout the world, I have been in countless executive suites and board rooms where I have witnessed a lot of companies in action—and have realized why a lot of them are incapable of action. I have seen every conceivable corporate style, culture, theory, and philosophy put to work—and noted why a lot of them never do. From my experiences and observations I have drawn the advice in this book covering selling, negotiating, starting, building, and running a business, managing people and personalities, getting ahead, and getting things done.

But in a way this categoric breakdown is misleading because what this book is really about is “street smarts”: the ability to make active positive use of your instincts, insights, and perceptions. To use them to get where you want to go, preferably by the shortest route, even if this means jumping some fences or going through a few back alleys.

Can you really learn to apply gut reactions to business? Perhaps not totally, but what you can learn are the results of street-smart thinking. Much of what I say and do in business, from a self-effacing comment to an intentionally provocative one, is designed to give myself a slight psychological edge over others, or to help me get the most out of others. That is what street smarts really is: an applied people sense.

Whether it is a matter of closing a deal or asking for a raise, of motivating a sales force of 5,000 or negotiating one

to one, of buying a new company or turning around an old one, business situations almost always come down to people situations. And it is those executives with a finely tuned people sense, and an awareness of how to apply it, who invariably take the edge.

In fairness to the Harvard Business School, what they don't teach you is what they *can't* teach you, which is how to read people and how to use that knowledge to get what you want.

Yet that is exactly what this book *can* teach you: how to read people, how to influence their reading of you, and how to apply or customize both to any likely business situation.

Business situations, of course, are just that—situational. But whenever possible—whenever a definite, conscious act will generate a consistent, subconscious response—I have also done the reading for you. Based on my own experiences and observations I have recommended many specific techniques which can be directly applied with immediate and tangible results.

Much of this advice is unconventional, not just to be different, but because I believe the dependence on conventional wisdom—on old ideas and antiquated methods—is the biggest problem with American business today. Running a company is a constant process of breaking out of systems and challenging conditioned reflexes, of rubbing against the grain. People want to work but policies suffocate them, and it would be impossible to write a responsive book that didn't address this problem and the many disguises it wears.

Business demands innovation. There is a constant need to feel around the fringes, to test the edges, but business schools, out of necessity, are condemned to teach the past. This not only perpetuates conventional thinking; it stifles innovation. I once heard someone say that if Thomas Edison had gone to business school we would all be reading by larger candles.

My main purpose in writing this book is to fill in many of the gaps—the gaps between a business school education and

the street knowledge that comes from the day-to-day experience of running a business and managing people.

Over the years we have hired many MBAs from Harvard and elsewhere to work for us. In fact, in my more impressionable days I guess this was one of my own conditioned reflexes: If you have a problem, hire an MBA. As we grew and got to areas in which we had less confidence or expertise, I reasoned that by virtue of their education the MBAs were the best people to run these areas for us.

What I discovered was that a master's in business can sometimes block an ability to master experience. Many of the early MBAs we hired were either congenitally naive or victims of their business training. The result was a kind of real-life learning disability—a failure to read people properly or to size up situations and an uncanny knack for forming the wrong perceptions.

In fairness to some of our employees, we do have a number of MBAs working for us who have made the adjustment to the real world quite nicely. But to assume, as I once did, that advanced degrees or high IQ scores automatically equal “business smarts” has often proved an expensive error in judgment.

A number of years ago the Harvard Business School did a case study on our company for a course entitled “Management of New Enterprise.” When I lectured there in conjunction with this course, and later, as I spoke at Stanford, Duke, and other business schools across the country, I began to gain some insight into the nature of the problem. Even in phrasing their questions the students struggled to find the appropriate business school cubbyhole in which to place every conceivable business situation. Then, as if by turning a crank, they expected the appropriate solution to pop out. Obviously neither people nor problems fit molds, and the very act of trying to make them do so distorts perceptions.

There is the old tale of two friends who met on the street after not seeing each other for twenty-five years. One, who had graduated at the top of his class, was now working as

an assistant branch manager of the local bank. The other, who had never overwhelmed anyone with his intellect, owned his own company and was now a millionaire several times over. When his banking friend asked him the secret of his success, he said it was really quite simple. "I have this one product that I buy for two dollars and sell for five dollars," he said. "It's amazing how much money you can make on a 60 percent markup."

I do not have an innate prejudice against intellect, intelligence, or, for that matter, graduate degrees, but they are not substitutes for common sense, people sense, or street smarts. I suspect the Harvard Business School recognizes this as well. I would like nothing more than to see this book become required reading there.

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I

People

1 | Reading People

LET ME TELL YOU two stories. One involves a future president, the other a high-living golf pro, and though the incidents happened nearly a decade apart, they are linked in my mind.

In 1963, I was in Paris for the World Cup golf tournament, where I happened to have two chance meetings with Richard Nixon, once at the golf club when he came by my table to speak to Gary Player, the other, only a few days later, at the Tour d'Argent, when he stopped to speak to Arnold Palmer and Jack Nicklaus, with whom I was having dinner.

Nixon's remarks were pleasant enough. What stayed with me was that on both occasions he used the same words, the exact same five or six sentences. It was as though he were talking to stick figures rather than to real people, as though he had a fund of stock phrases for every type of person he was likely to meet—five or six sentences for a sports personality, a paragraph for a business leader, another for a religious figure.

The other incident involved the flamboyant golfer Doug Sanders. When we first started representing Doug a lot of people told me we had made a mistake. Doug did have some "Vegas" in him. He ran with a fast crowd, got into his share of scrapes, and was known to make more than just a friendly wager every now and then. Some people thought

he was too controversial for us and asked why I trusted him. Quite frankly, I trusted Doug Sanders a lot more than some of the people who were questioning me. Which brings me to my story.

Once Doug played a golf exhibition up in Canada. He made all the arrangements himself. I didn't know anything about it, and since apparently he was paid in cash I probably never would have known anything about it. But about a week after the exhibition took place, we received an envelope from Doug. There was no letter or note inside, only our commission—in cash.

I recall these incidents now because they demonstrate something important about reading people. What people say and do in the most innocent situations can speak volumes about their real selves.

My accidental encounters with Nixon, for instance, indicated a certain insincerity and a degree of phoniness that I remembered ten years later, when he was forced to resign the presidency. Nixon's troubles probably had as much to do with his phoniness as they did with Watergate. People don't like phonies. They don't trust them, and they certainly don't want one running their country.

In Doug Sanders's case, the fee for the exhibition was so insignificant it might not have seemed worth the bother. But to this day I can see Doug going back to his hotel room, pulling a wad of cash out of his pocket, counting out our commission, sticking it in an envelope, and scribbling out our address. This was so totally in keeping with Doug Sanders's character that nothing else would have occurred to him.

One would like to believe that it was a future American president who exhibited quality of character and a golf hustler who came off as a con man. But the facts in these cases belie those conclusions.

What does this have to do with business? Everything.

In the business world it is easy enough to adopt a corpo-

rate persona, or several corporate personae, depending on the situation. Some people will act one way with their subordinates, another way with their boss, and a totally different way with people outside their company.

But the real self—one's true nature—can't change color to suit its environment. In any ongoing business situation, sooner or later—either subliminally or out in the open—you are going to find that you are dealing with that person's real self.

If nothing else, you want to hear what people are really saying, as opposed to what they are telling you; you want to be able to put someone's deeds—his own business activities—into the larger context of character. Whether I'm selling or buying, whether I'm hiring or (in our capacity as consultants) being hired; whether I'm negotiating a contract or responding to someone else's demands, I want to know where the other person is coming from. I want to know the other person's real self.

Business situations always come down to people situations. And the more—and the sooner—I know about the person I am dealing with, the more effective I'm going to be.

Don't Take Notions for an Answer

People will often make judgments about others even before meeting them based on what they've heard or what they know about their company. They will even mistrust or ignore their own perceptions so as to make them conform to foregone conclusions.

At IMG we often have to face the preconceived notions that exist about our own company. What we do is fairly visible, and a number of the magazine and television profiles about IMG or me have stressed our power position in sports and painted us as tough, even ruthless negotiators.

Nine out of ten times this works to our advantage. People