

business 101

Harvey Mackay



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You Can't Put A Price On A Good Reputation

Two brothers in a small town had a reputation for bad behavior. But they were rich enough to avoid the consequences all the time. The pastor of the local church knew them well and tried to find the good in both of them, although this was next to impossible. One day one of the brothers died suddenly. The other came to the church and asked the pastor to speak at his funeral. "To be honest, I wouldn't know what to say," the pastor replied. The brother took out his checkbook. "I'm writing you a check for \$10,000 for the church renovations you're always talking about. All you have to do is tell everyone at the funeral that my brother was a saint." The pastor thought for a moment, then accepted the check. At the funeral, the pastor stood before the townspeople who had come to see the last of one of their disliked neighbors. "I didn't know this man well," he said. "I do know that he cheated on his wife, and cheated everyone he did business with. But I can say one thing about him: compared to his brother, he was a saint."

My father, Jack Mackay, used to tell me, "You can't buy a good reputation; you must earn it." He also offered this advice, "You spend your whole lifetime building a good name and reputation, and one foolish act can destroy it." I took his words to heart, and aside from building long-term relationships, there is nothing more important than a good reputation in building a successful business. Without having a positive reputation, success is elusive. Richard Branson, who founded the Virgin Group that controls more than 400 companies, told me in an interview, "All you have in business is your reputation—so it's very important that you keep your word."

There are many people who were at the top of their game when they made one fatal mistake—due to poor judgment, arrogance or the inability to do the right thing. Reputations are destroyed, and all the money in the world cannot buy them back. As Warren Buffett said, "It takes 20 years to build a reputation and five minutes to ruin it. If you think about that, you will do things differently." How true! You can do things right 99 out of 100 times; however, mess up one time, and the consequences can be severe. Reputation doesn't happen overnight. It takes time. But if you do the right thing consistently, you will build a great reputation. Reputation is never completely secured—it is being continually earned. Elizabeth Arden, the founder of the cosmetics, skin care and fragrance company, said, "Repetition makes reputation, and reputation makes customers."

Building a great reputation is like building a company; you need to do it one brick at a time. While you cannot build reputation on what you are going to do, you do build expectations with your customers. And if you don't meet those expectations, you can't expect your customers to trust you. Your reputation is always on the line. What companies have the best reputations? Rolex topped the list, according to recent research from the Reputation Institute. The report was based on data from more than 170,000 ratings of companies in the first quarter of 2017 by consumers from around the world. Each firm was assigned a RepTrak score by researchers based on its reputation in seven areas: products/services, innovation, workplace, governance, citizenship, leadership and performance. Rolex was recognized for its strong reputation with consumers across all seven performance areas, especially quality of products and services. Lego ranked

second for best reputation with consumers. The Walt Disney Company was third, followed by Canon, Google, Bosch, Sony, Intel, Rolls-Royce and Adidas.

Fastcompany.com lists the seven habits of people with great reputations, and I think they are worth sharing: They get things done. They take ownership of their mistakes. They are generous. They listen to other points of view. They're decisive. They don't sacrifice principles, and they're resilient. That list is a perfect guideline for those who aren't sure what they need to do. Pay particular attention to the final habit: resilience. You will make mistakes, you will upset some people, and you will be blamed for things that aren't your fault. But your reputation will take a beating if you react rashly. Take the high road, not the shortcut. That's the brilliance of resilience.

Mackay's Moral: Your reputation depends on your past and determines your future.

Don't Confuse Need With Greed

Years ago a TV show "Candid Camera" captured reactions to situations on a hidden camera. A reporter would surprise the subjects and point to the hidden camera. One set-up was a grocery store that put a big table heaped with oranges outside with a sign "FREE." They purposely didn't leave anything to carry the oranges in. Predictably, everyone tried to take 3 or 4 more oranges than they could carry. Their reactions at being busted for being greedy usually included embarrassment.

Greed is a dangerous emotion and it makes people act irrationally and foolishly. Greed clouds your judgment. That's why in the investment community they say bulls and bears make money; pigs get slaughtered. Businesses that take advantage of customers often end up spending more to fix their reputations than they made in the first place—if they stay in business. Our materialistic society preaches to accumulate more. We "need" a bigger house, car, TV. It's natural to want more. The quandary lies in deciding how much more is enough.

The Merriam-Webster describes greed as "Excessive desire for more of something than is needed." Greed doesn't necessarily only relate to money. Any time someone wants more than their share or desires to accumulate something, at the expense of others it is an example of greed. Greed is one of the seven deadly sins, along with gluttony, lust, sloth, pride, envy and anger. Each of those also relates to greed: Greed is the gluttony of stuff. Greed is the lust for stuff. Greed is sloth that becomes a thoughtless consumer. Greed is the pride of having stuff. Greed is the envy of those who have stuff. Greed is the anger that believes we have the right to possess. Greed is destructive.

My friend Brian Tracy says: "Successful people are always looking for opportunities to help others. Unsuccessful people are always asking, 'What's in it for me.'"

Mackay's Moral: One who grabs too much may lose it all. ■