

207 STRATEGY | How to conquer complacency, improve performance, and safeguard success through business vigilance. w/Len Herstein

And now taking care of business, your hosts Craig Moen and Shye Gilad.

[00:08] Craig: Welcome to Business Owners Radio episode 207. Our guest today is Len Herstein, the author of the new book, *Be Vigilant!: Strategies to Stop Complacency, Improve Performance, and Safeguard Success*. Len has over 30 years of experience in business and brand marketing. He innovated, managed and grew brands for major consumer packaged good marketeers, including Coca Cola, the Campbell Soup Company, and Nabisco. Interestingly, he's also a reserve deputy sheriff in Colorado. Let's dive in.

[00:41] Shye: Good morning, Len. Welcome to Business Owners Radio.

[00:45] Len: Thanks, Shye. It's great to be here, really excited.

[00:47] Shye: Yeah, we are too. Digging into your book, *Be Vigilant!: Strategies to Stop Complacency, Improve Performance, and Safeguard Success*. What an interesting topic. Tell us what drove you to write this book.

[01:01] Len: It was interesting, because after 25 plus years of business, I actually entered the world of law enforcement about six years ago. And when I did that, it was to become a reserve sheriff's deputy. And I went through a whole police academy and field training and all that, and for me that was going to be something completely different than anything I'd done before. But I soon found that there were these overlaps. There were things that I was learning in this new world that I was able to apply back to business and my life. And the first and foremost thing I learned was this concept that we talk about a lot in law enforcement, which is complacency kills. And I started looking at it from the lens of my previous lives here. And I said, man, complacency kills businesses, it kills brands, it kills organizations, it kills personal relationships. And I became kind of obsessed with this idea of what is complacency and how do we fight it. And that's where the book came from.

[01:51] Shye: It's an amazing insight, you know, sometimes something that simple, this idea complacency kills, as you reflect on that takes on all these other meanings, and it's clear that you really internalize that.

[02:03] Len: Yeah. I mean, for me, it was like a light bulb went off. I was immediately able to see all the failures that I'd seen in business, all the failures I'd seen in people's personal lives, and can really track them back to at this base level, a lot of them really come back to this idea of complacency. This idea of becoming overconfident,

self-satisfied based on past success, and losing sight of the threats and the dangers that are out there.

[02:28] Shye: You know, where this pattern shows up a lot in small businesses, sometimes when there's early success, right? So, a lot of small businesses start because someone finds a client, and they have an expertise, they were doing it for somebody else, and now there's this opportunity. So they jump in and they already have a client, and they deliver that thing. And it's great and the client loves it. And maybe they even get referred and they get the next client and they think I'm a genius, right? And then before you know it, they wake up three years later and they're exhausted. They're over-serving all these clients. They've customized everything that they do. And they're really having trouble scaling. And so often, that can be in some ways this sort of form of complacency or sort of believing your own BS, right?

[03:11] Len: Yeah, absolutely. I like to tell people, you don't find a lot of complacent bootstrapping startups working out of their garage, maxing out their credit cards. That isn't what happens. And so the question is, when does complacency come in? Complacency comes in when you have success. And I talk a lot about that in the book, that success makes you vulnerable to complacency. And there's this whole idea of survivorship bias in the fact that just because we made it to a certain point, we attribute that to all the things we did previously. And that gives us that overconfidence that puts us at risk.

[03:45] Shye: So many stories of this, and large firms failing to pivot and being completely disrupted by upstarts. I know you've worked with some huge brands in your past, Coca Cola, Campbell Soup, Nabisco, those brands have had massive successes, but they've had some failures too. Maybe is there something in your history now where you look back, where you just see this pattern where it happened to them?

[04:08] Len: I can see it over and over again. So you know, at the macro level you can look at a Coca Cola and Pepsi back in the days of the cola wars, and becoming so fixated on each other that they lost sight of where the other threats could be coming from—energy drinks, waters, all those types of things kind of snuck up, right, because they were so focused on what they knew and what had been successful in the past. You know, one of the things I talk about in the book is this idea of threat awareness, of being able to understand not only who your current competitors are, but where the future competition could be coming from, and being prepared for that with scenario planning and stuff.

So at the macro level, you can see that but I think that complacency is even more dangerous at the micro level. At Coca Cola, I worked kind of a hybrid sales marketing role. I supported sales teams that were selling to restaurants and hotels and all sorts of places, where you would consume Coca Cola right there. And you can see this, I'm sure

lots of your listeners can think about this in their own business. Once you have success with a customer, you're selling into a customer, things are going well, that's when you're in most danger of losing that customer. That's when your competition swoops in and gives them an offer that maybe you didn't even see that they wanted, because you thought everything was going well. And you start putting your attention towards new business, because you think this is on autopilot. And also, that customer that you've had such success with over the years is at risk. And that's where I would see it all the time. I'm sure you have tons of examples of that too, from the people you work with.

[05:40] Shye: No doubt. And those are difficult, difficult lessons to learn. So, let's talk about this a little bit. How do you sort of identify some of the latent threats in your business right now?

[05:52] Len: Well, so one of the things that you have to do is you have to first understand that it's an activity that you have to constantly be going through. Our threats can come from current competition. It can come from future competition. It can come from government regulation. It can come from environment. It could come from supply chain issues like we're seeing right now. Who would have thought that the supply chain, the lack of ability to find truck drivers and the lack of ability to get ingredients to things cripple so many different industries, right. And so you have to have someone within your organization whose job it is to maintain threat awareness, to keep that 360 degree view, to be looking for where could those next threats be coming from, and how do we figure out a plan to address them if they come up. So, we do a lot of that in law enforcement. We do a lot of scenario planning. Because one of the things we talk about is in a time of crisis, we will not rise to the occasion, we will fall to our highest level of training and preparation, right. And that's what happens. People have this myth that when something happens, we're all going to rise up beyond any level of training or ability we've had before to be able to address a crisis. And that's not what happens. And so part of it is making sure your organization has processes in place to have someone responsible or people responsible for identifying those threats and figuring out responses, because the time to be figuring out what you're going to do in a crisis is not when you're in a crisis.

[07:19] Craig: I recalling some of these activities of simulating and creating threats as an exercise. And I know in your chair fork that you've come across this and it's been part of the training. I like how you're aligning this back into the business structure and it really tracks. An example I have is we would have a red X that was on a big placard and it would go on someone's working station. They come into their office and they would realize that they had the red X on their monitor. And that was to indicate that you no longer have access to any of the systems that day, you had to deal without it. And it was fascinating. Everyone would fear the red X because they knew they'd have to go through this exercise of dealing with, if you will, the triage. What types of things would you recommend to our business owners?

[08:13] Len: Yeah, I love that story. I love it, because one of the things that I talk about in the book is this idea of self-disruption. And what we're talking about actually kind of covers a couple of different areas. It covers this idea of scenario planning and understanding how you're going to react and things. But it also what you're doing at that point as you're kind of self-disrupting by removing resources and adding artificial constraints that maybe don't exist at the time. And that's a great way to get people out of their comfort zone, to think about, you know, we get comfortable with the resources we have. But what happens if those resources don't exist anymore. And so going through those types of scenarios, I think, exactly what you're talking about is this idea of scenario planning and planning for what is going to happen if, what if, and we do a lot of that in law enforcement. I don't believe that we do enough of it in business. If we had, we all wouldn't have been caught so off guard by this last year and a half by everything that's going on, and the ripple effects that come out of it, and how long this has lasted. And so going through those scenarios and planning times within your organization exactly like you were just talking with a red X story that you go through is planning specific times to actually have these kind of games that you play. And games, it's not like a fun game but it's a game that allows you to think through different possibilities and understand what you might do if they come up.

[09:34] Craig: In your research, what have you found to be one of the largest areas of concern from the standpoint of the greatest impact to a business? Should it not be previously exercised, if you will?

[09:47] Len: I think the biggest problems that we see is that when people are not prepared for these changes, they are slow to act. And when you're slow to act, when your competition is faster to act, especially in small business, we find that we have lasting effects. And so one of the things that I talk about in a book is this idea of the OODA loop. And both you guys have been involved in aviation, you've probably heard of this before. It's O-O-D-A, observe, orient, decide, and act. And it was thought up in the world of fighter jets and the military to understand how decision processes are made, and how to speed up our own decision processes, and how to slow down our competitors. And our ability to observe what's going on, orient ourselves to it, decide, and act is incredibly important. And so we can speed that up by getting through that observe, orient, and decide to that acting phase quicker by preparing ourselves and training ourselves and understanding how we're going to react to different stimuli. And we can also get our competitors to slow down by disrupting their OODA loop. Because every time a stimuli changes, every time something changes, they have to go back and start again. They have to re-observe, reorient, re-decide, react like a football player running down the field with the ball. If they're running straight, it's very easy to figure out in our minds, even though none of us are mathematicians, what angle we're going to run out, what speed we're going to run out to intercept that person with the ball. Once

they start juking and moving and moving side to side, that's when we start falling over our feet, because we have to reorient ourselves every time they move. So that's the goal for businesses. How do we figure out ways for us to be strategically unpredictable to get our competition to slow down, to have them have to figure out and re-observe, reorient? And how do we also, on the flip side, train ourselves to be able to get through that process quicker when stimuli changes, which means we have to, number 1, have processes to be able to identify when stimuli are changing. And then we have to have the plans in place to understand what we're going to do once that happens.

[11:58] Craig: One of the things I've noticed of having various sensors out there, and to be able to get a feel for what the marketplace is changing or what activities have happened in the marketplace that need you to think about or make a change. But where I see a breakdown is, okay, we've got the data, where did it go? And I think maybe 9/11 was an example of that in that we had a lot of data, and it was held at various departments and areas that it never was consolidated into a decision-making level. What are your recommendations regarding how this data flows continuously and actively? And how do you define the decision-making level that it goes to?

[12:43] Len: Well, I think one of the key things that you started with there is that we have a lot of data. I think one of the big problems is that we have a lot of data. So data, I think for a long time, when we didn't have a lot of it, we saw it as kind of the answer to all of our problems. And now we have so much of it that it actually becomes part of our problem. I have a whole chapter in the book about metrics and data and this idea about how they can actually add to our complacency. They can add to our complacency if we're measuring the wrong things. They can add to our complacency if we're using what I would call vanity metrics, where we're coming up with metrics and data that makes us feel good, but doesn't tell us anything real. And we can also be measuring things that incent people to not act appropriately the way that we incent or measure success with our sales teams or our marketing teams or our finance teams can actually provide perverse incentives in terms of what they do to match those metrics. And so the way that we collect data has to be smarter, we have to make sure that the data that we're collecting is actionable, that it's predictive, and that it is understandable by the organization, and pushes us towards the right decisions.

So to me, that's the biggest thing right there is not collecting more data but understanding what are the metrics that we can actually use that actually push us towards the success that we're looking for, that everybody can understand, that we can collect accurately, and that actually is predictive and helps us make decisions. And then we can figure out who is it within the organization who needs to have that data to make those decisions. And for me, part of that is pushing that as far down as possible.

One of the things I talk about in the book, and especially as it relates to employee engagement and keeping employees is how do we give our employees autonomy and discretion? By giving them the ability to use the data that we collect without having to get 73 people on board before they can do it, we allow them to have some of that autonomy and discretion that will build engagement within our teams.

[14:56] Craig: One of the things that comes to mind, and I really love I love what you're saying and there's so much content here and you cover a wide surface area of the business world and the business environment, all the things that affect it, some great content here. I was curious, at what point in the decision-making process, who's responsible? I like the idea of distributing the decision-making and distributing the responsibilities. And then it comes up to at some point who's responsible for all of it working?

[15:30] Len: The answer, as any good consultant will tell you, is it depends. I think that when you're talking about small business, at the end of the day, the responsibility is going to fall on the business owner and the business leader. That's part of holding ourselves accountable. But again, my thought is the farther down we can drive that decision-making, whether it be at a business unit level or a brand level or at a store level, the people that are closest to it, giving them the ability to make those decisions on their own is incredibly important to fighting complacency and making sure we're being vigilant in our businesses. Of course, at the end of the day, the CEO or the founder or the owner or the store manager is going to be the one that is ultimately responsible. But for me, those people can be most successful when they've empowered the level below them to make the decisions that are appropriate at that level without fearing getting in trouble or without fearing being second guessed.

[16:38] Craig: So Len, when we talk about complacency, how would you describe that? What should we be looking for?

[16:44] Len: Yeah. It's a good question. Because I think complacency and being complacent is one of those things that you'll hear it today, you'll hear it this week, someone will say it on the news, someone will say it in a sporting event that you're watching or something. It's almost become a throwaway term because people will say, "Hey, let's not be complacent.". But nobody ever talks about what that is, what that means, and what you actually do about it. So number one, as we've talked about, I mean, complacency to me is a self-confidence, a self-satisfaction, a smugness that comes along with success that makes us unaware of threats that are around us. And that makes us vulnerable. So that is complacency. It's not laziness. Sometimes people misuse that and think that being lazy or not being aggressive is being complacent. That's not. It's being overconfident and smug. Where people I think sometimes kind of turn around and say, "Well, what's the alternative then, just being paranoid? It sounds

like I've got to be hyper vigilant all the time and just be paranoid." And that's a big distinction, because in my mind and what I talk about in a book is that the opposite of complacency is not paranoia, it's vigilance. And the difference of the two is this—paranoia is the fear of threats, fear of potential threats that are out there, while vigilance is the awareness of it. And so this is all about how do we become more aware so that we can make the right decisions when they come up. It's not about how do we walk around being afraid all the time looking over our shoulder and being paranoid. That's not what it is. It's how do we build the processes within our business, within our lives to allow us to be vigilant, to be aware, and to be able to address threats when they appear, and a lot of times before they can appear.

[18:29] Shye: Well, Len, we want to thank you again for joining us today. It's been a fantastic conversation.

[18:34] Len: Thanks, Shye and thanks Craig. This has been awesome for me. I'm so excited to have been here with you guys. You guys do such a great show. And thanks for having me.

[18:42] Shye: Well, you taught us a lot today about vigilance. What can we do from here? What are the next steps our listeners can take?

[18:49] Len: Yeah, absolutely. Thanks for asking. So first thing you can do is you can go to Len Herstein, lenherstein.com or bevigilantbook.com. You can get all the information on the book and you can get the links to order it and get your copy from Amazon or Barnes and Noble or Apple Books, wherever you buy your books. So certainly encourage you to go there. And if you want to test drive before buying the book, you can download the first chapter for free right there as well. And then the second thing I would do is reach out to me on LinkedIn. I'm just Len Herstein on LinkedIn. I would love to connect with your audience and anybody out there who wants to discuss or talk about their specific situations. I love doing that. So LinkedIn at Len Herstein.

[19:34] Craig: Our guest today has been Len Herstein, the author of the new book, *Be Vigilant!: Strategies to Stop Complacency, Improve Performance and Safeguard Success*. As always, you can learn more about Len, as well as find links to his book, contacts, and resources on our website at businessownersradio.com.

Thank you for joining us on Business Owners Radio. We hope you enjoyed today's show. As always, you can read more about each episode along with links and offers in the show notes on our website, businessownersradio.com.

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we would love the stars and comments on iTunes. Till next time, keep taking care of business.