

The 2014 Playbook

<u>THE EVER-EXPANDING CANVAS</u>	<u>2</u>
<u>FOUNDERS SECURE AND CREATE</u>	<u>6</u>
<u>I WANT THE BALL!!!!</u>	<u>9</u>
<u>\$0 AND \$400,000.....</u>	<u>13</u>
<u>GIVING SPEECHES.....</u>	<u>17</u>
<u>IT'S WHAT YOU DO THAT MATTERS</u>	<u>20</u>
<u>PAST SUCCESS IS A PREDICTOR...OF NOTHING.....</u>	<u>24</u>
<u>CHANGE NEEDS CHAMPIONS.....</u>	<u>26</u>
<u>INTENTIONS ARE EVERYTHING.....</u>	<u>29</u>
<u>PREDICTING THE FUTURE ERROR! BOOKMARK NOT DEFINED.</u>	
<u>THE MASTER PLAN</u>	<u>36</u>
<u>CHANGING THE GAME.....</u>	<u>39</u>
<u>EARN YOUR WAY</u>	<u>42</u>
<u>HERE THEY COME 2X2</u>	<u>45</u>
<u>THE END OF THE BEGINNING</u>	<u>47</u>
<u>THE BLUE BULLETS</u>	<u>51</u>

Secure and Create

The Ever-Expanding Canvas

I struggle as a painter. In fact, I can't paint at all. At least I can't do it the traditional way. I do consider myself a bit of an artist though. I have the ability to create things. Turns out we all do.

I would like all of you to picture in your minds a blank canvas resting on a stand with you standing in front of it. Maybe you are in a studio with floor to ceiling glass windows overlooking a city. Maybe yours has cracked and worn cement floors and overlooks the ocean. Mine sits in a special place in my mind, always ready for me to pick up my brush. The magic thing about my canvas is as soon as I finish a painting, it doubles in size. Sometimes it grows by 10x before I even finish my masterpiece. When it does that, it makes the images I have spent so much time painting look so small on the canvas. The picture that once filled all the white space is now a small little masterpiece in the corner of an immense canvas. This happens over and over till I have multiple pictures building upon each other in the corner of my canvas. This constant growth and expansion of the canvas has never bothered me. I put an incredible amount of energy into each piece. Tremendous detail. Tremendous effort. Sometimes tremendous pain and frustration. But each time I get nearer to the end of the project, the canvas expands making the previous work diminish and the new one look like endless possibilities.

In my discussions with some of you, I realized not everyone has this canvas in the studio of their mind. I thought you all did. You see I have never known any different. But many of

TRACE3

you have a canvas you paint a masterpiece on, and you take it off that stand, frame it, and keep it in a special place close to your heart. You cherish it, protect it, and gaze upon it with a tremendous sense of accomplishment. It became apparent to me I may need to try and teach you to do it my way.

When you are close to finishing your painting, before you pick out that perfect frame, I want you to stop and take a step back and look at it as the paint begins to dry. What if, for this wonderful piece of work that has taken you years to finish, you could leave a curator in charge of it? A curator that could cherish it, protect it, improve on it, and let you come back and gaze upon it with a tremendous sense of accomplishment. What if you could do that? What would happen to your canvas? Would it grow as mine does, demanding a new piece from you? Would you have entirely new canvases appear in your mind drawing you to charity work, family time, or completely new businesses?

Secure the masterpiece and create new works of art. Which side of the “and” in that statement do you fall on? Everyone at Trace3 needs to fall on both sides. That is a natural state of being for me. I want to teach you how to do it. *If you can learn to do both - secure and create – you will be rare and Trace3 will be even more rare.* I realized I talk about securing the family and creating massive opportunity all of the time but I never exactly say how my mind attacks it. This playbook will be my attempt at that. Enter at your own risk. I will cover how I give speeches, the importance of stages, meeting effectiveness, my realization that entitlement is nothing short of cancer, forcing risk down through the organization for growth, and much more. As you read, try to apply my thinking to yours and evaluate your direction.

At one point we were \$23,000,000 in sales and I could have framed that masterpiece and put it on the wall. How many of you reading this are on a team that produces over \$20,000,000 in revenue? How many on that team wish the leader would grow and create room to give them a shot at running this work of art they helped paint? If your leader did it...If he or she decided to expand their canvas and focus on creating more with innovation or net new accounts or business development, there is a strong chance his curator will trip and screw up. In fact, I would almost guarantee in that transition screw ups will occur that will set the business back and the leader that is off painting a new masterpiece will have to come back and help clean it up. Do you know what we call this? An inflection point. It is in this clean up the returned leader becomes a mentor or a dictator. He either frees himself and builds others or traps himself in that frame he meant to grow past.

Growing a team in turn gives you the opportunity to grow. Confine and constrain them and do the same to yourself. So to the team taking over this work of art your leader created, be sensitive to learning. Screwing up happens. Don't screw up at the same thing over and over. If you do, the leader has entrusted the work of art to the wrong person or team. Screw up at different things each time and we might be able to call that growth... To the leader – DON'T fix everything for them. If you want to work on a new piece of art, give them risk balanced with upside and help on the first couple screw ups. Then help less. Then even less. Then if you can, become their board of directors that helps with strategy and growth. After all, you are going to need a lot your time to create your new masterpiece.

I went from \$23M to \$100M. I screwed up a lot. I went from \$100M to \$423M. Some of the screw ups were

TRACE3

devastating. We are about to go from \$423M to \$800M. We could have screw ups that will be legendary...I will mentor, we will correct, I will mentor, we will move forward, I will become an advisor, we will truly scale.

Still have doubts? Answer me this – what was my brand at \$23M? What calls could I make? How much could I help the different teams? How many CIO's did I know? How many magazines were writing about Trace3 and me? How many awards had we won? How many vendors were dying to partner and help me/us?

How about now? How has Hayes' brand changed in the past 4 years?

Okay, that was the most “I”s I have ever used in a chapter. Most of them should be switched out for “we” but I wrote “I” for a reason. I want you to go back to the paragraph that starts with “I went from \$23M to \$100M” and do something for me. Take out the word “I” and insert your name. Now reread the two paragraphs. Now do it again and insert “My team” for the “I”. Reread it again.

I secure and create. You can secure and create. Your team can secure and create. It is a choice and a mindset.

And just so you are aware, 90% of my canvas is white and beautifully unpainted...

Read this book.

Self-select and come with me.

Founders Secure and Create

Many playbooks ago, I covered the concept we coined “Double the Anchors.” It was a three year strategy: take the number of large clients the company had and double it in a specific timeframe. There were stages to the plan in order to make it work. You will probably notice with our goal this year of 750 Net New accounts, we are entering into a client acquisition stage. The hope is 20% of those 750 will become very relevant clients to our future. This acquisition stage will be crucial for us to have the critical mass to go public in a few years. Go back and read “Double the Anchors” if you need a refresher on this concept.

I wanted to cover something different in this section. Having worked now with Trace3, Memento Mori Winery, PoP, Instantscale, and Project Hope Alliance for the past four years, I have really started to gain a great deal of clarity on how important it is for founders to understand which stage of the business their companies are in.

I choose the word “founder” here very carefully. A founder is not just someone who starts companies from scratch. Being a founder is a mindset and operating in the mindset of a founder makes a tremendous amount of difference.

When I joined Project Hope Alliance, it was an important cause helping homeless kids get to school and providing their parents with free after school care so they could hold jobs and get back on their feet. We funded transportation that picked up kids from motels all over Orange County and delivered them to one school that had a small understanding of their special needs. After school we transported them to the boys and girls club and brought them home at the end of the day. The foundation had been around for many years.

When I joined the board I let them know I wanted to try to attack the problem with a more holistic approach. I wanted to look at it like a startup. I had a belief if we did not change the family's situation, we could not truly help the child rise up and out of their predicament. Over time, we agreed to start a family assistance program which would focus on helping families move into permanent housing. Many had jobs, but in the downturn their credit got destroyed. This made obtaining security deposits, first and last month rent, and any types of loans (especially for vehicles) very difficult.

We picked a segment of the group we served and decided to try and change their situation. Though most all of the board agreed to add Family Assistance to our charter, over the first eight months of the program most of the Board turned over. Eventually even the Executive Director (who ran the charity) left. With a new charter came much greater challenges and we needed more expertise. We also needed more money. Fast-forward 24 months and now our fundraising base is 4-5x what it was when I joined. We have a CEO who left her Partner status at a law firm to run PHA. She lived in motels as a child and went on to have great success in life. When she tells her story, people respond knowing she understands how to set a path for these families and children. Our board is completely reset with a deep reach into the community. Our CEO has set a charter for us to end the cycle of homelessness for 500 children this year. Next year it will be 1,000. Hitting that mark would eradicate almost 5% of the homelessness (children) in Orange County.

At first we focused on children and education. Then our scope broadened to provide more value via after school programs. Then we realized the home must be made as stable as possible for our children to have a chance. We are now looking at educating parents as well as children. There

will be a time in the future when we will wipe out over 40% of the homelessness in our county and I hope other counties start to study how we are doing it.

Why am I telling you this?

What would PHA be doing if I had not tried to envision what it could become? It had a solid foundation and a client base that needed help. I thought like a founder. A founder focused on one thing and one thing only: HOW can I provide more value for our clients? How can I lift them up so they can go forward and create more opportunity for themselves and those they love? Then our CEO joined and also acted as a founder, creating an even better vision. I helped build a few floors on a solid foundation and now she will build a repeatable structure that will help tens of thousands. The painting completed, a leader in place, my canvas expands...

Trace3 started as a VAR. We focused on one thing – Helping our clients. We listened to their needs. We adjusted offerings, created new ones, and kept listening. That success led us to focus on innovation. We looked for a founder's mentality inside and out of Trace3. People self-selected into roles and we once again moved forward. In the beginning we focused on value for Admins and Directors. Then VPs and CIOs. Now Workshops, Managed Services, Education, Innovation, and Org. Health apply to the entire C-Suite of execs. All our new offerings focus on HELPING our clients rise above their challenges.

Business. Charity. If they are FOUNDED with a focus on HELPING others, well then, I will guess they have a chance to reach tens of thousands. We will need more and more Founders in Trace3. People willing to think about how we

innovate and help more and more every day. The market is moving so quickly, it demands it.

Project Hope still takes kids to school every weekday of the year. PHA also still has after school programs. But now for many children, when we take them home at the end of the day, it is to an actual home.

You do not need to throw out what is working to move to more value. Secure the current masterpiece and create a new one with a focus on increased value.

Don't look upon the founders in our business with fear. In their success, we strengthen our clients and that strengthens us all.

I WANT THE BALL!!!!

My son is currently in a spring soccer deal where the four teams in his age group all scrimmage together. After one of the practices, he told me he did not want to go anymore. He said he'd go back when his own team started practicing together again. I asked why and he told me he was playing left wing, was open, and calling for the others to pass to him...but they wouldn't. So he just ended holding position and standing there for the 30 minute scrimmage. He was not having fun. He told me so many of the others were better than him and knew it. Since they thought he was not as good, they did not pass to him no matter how open he was. I looked at his face and could tell he was pretty bummed because he agreed with them. Such a tough spot for him. It made my heart hurt a little seeing this guy I love so much have a real life problem hit him so squarely. It especially hurt because his solution was to quit until he could play with others at his level. I wished the coaches would have been

paying enough attention to correct the issue but, as in real life, that is not what always happens.

Mason is shy. He does not like talking to adults. He follows rules to the letter and is becoming a good soccer player. I reached down and lifted his chin up so he was looking me in the eye. I said, “Mason, you need to leave your position and go get the ball.” He started shaking his head and told me that was not what he was taught and the coaches would get mad. I got down on my knees so I could be at his level because I needed him to hear me. I said, “Buddy, this is not just about soccer. This is sometimes how things will happen in life. It could be school, friends, sports, or later for you even at work. But let’s talk about what to do when this happens in soccer. You know the coaches should tell the kids to pass to you for the open shot but they are not paying enough attention, right?” He nodded. “If you stay in position for the next two months of practice and never get the ball, what is going to happen? He shrugged his shoulders. “What is going to happen is all the kids that go and get the ball will get better. They will get so many more touches than you. You will not get better because you are doing what you were taught to do. Those other boys will get noticed because they are being aggressive and you will not be noticed.” I stopped because I knew this was complicated. He responded, “You think I should leave my position and go get the ball...But I think Coach will yell at me.” And to his defense, his coach yells at everyone. A lot. I made my final argument. “Mason, if your coach yells at you, you can tell him why you left your position. You can tell him you are open and they are not crossing to you. You are yelling for the ball, holding position, and never getting the ball. Tell him you want to get better. Tell him you want the ball. I need you to trust Daddy that if you do that, it is going to be okay. Even if he gets mad, he will smile on the inside

because you want the ball and want to score. He will like that you are aggressive. It could be they are not saying much in the scrimmage to see which boys will be the most aggressive. I know that seems weird, but sometimes coaches like to see what you will do if they don't interfere. Can you do it? Will you trust me and try it?"

"No."

I dropped it. We walked to the car. He seemed even more bummed. I put on a song he liked and we started driving home. About ten minutes into the drive I said, "Mason, I am coach and I am gonna yell at you. Tell me what you are gonna say back to me..." He stared back at me in the rearview mirror.

"MASON, WHY did you leave your position?!?!"

He was quiet for about ten seconds and then, God bless him, he shouted, "I LEFT MY position because no one is passing to me and I want the BALL!" I literally started to tear up a little. We spent the rest of the drive home role-playing how he would respond if he got yelled at.

I so want him to be someone who stands up for himself and imposes his will on the world, versus being a person who follows all the rules perfectly and ends up blaming the world for why he is a victim.

It is probably obvious why I tell you this story. This story applies to most everything in life. I am not saying everyone should run around breaking all the rules.

Why is Juan Guevara so rare? I think much of it has to do with his willingness to step out of his comfort zone. Instead of focusing on what there is to lose (or protect), he hires

amazing people, leaves the existing business to them, and sprints forward towards the new opportunity. To so many he moves too fast. To so many he breaks the formula for how we have always done things. He once told me as he was pitching me on leaving the EMC business he built in 18 months, if different departments in the company were starting to complain he was breaking things, he knew he was going fast enough. In other words, the groups that never caused any pain were not pushing the envelope hard enough. I laughed and thought about all the complaints I was getting about Juan and realized almost all stemmed from his intense focus on scale and growth. When he originally pitched me on building a BDI team at Trace3, I told him no because I did not think the timing was right yet. Juan accepted this and without spending any money, partnered with others in the company and started a BDI group that began researching what our play in the market could be in their spare time. He met with his EMC team and identified potential successors and discussed possible future transition planning. Remember, his coach had said no to **formally** building a team. Juan started a BDI “club” instead. Turns out a lot of people were willing to give up free time to educate themselves on it.

He came back months later and told me why we should do it and this time he met all my objections head on. He had intelligently secured his masterpiece with a succession plan. He had identified a new work of art via his club meetings. He was focused on creating massive opportunity for all of us and it was clear he was smart and hungry. Nothing was going to stand in his way.

Juan wants the ball. You could argue he bent the rules or followed them, and make a good case for either. The key is, he did not give up on his new work of art because there were

roadblocks. He got creative and figured out how to make a better case for the new play. Inside, his coach was smiling because **he liked the aggression and intelligence with which he attacked the problem.** Please keep the previous sentence in mind if you feel you need to bend any rules.

Mason did eventually talk to the coach and instead of him sacrificing holding position, the coaches told the other kids to start crossing. He has been scoring quite a bit now that they play as a team that knows how to leverage and hold position.

\$0 and \$400,000,000

I learned something recently I think I used to know yet over time forgot. This chapter may seem silly to some of you who just started jobs or got promoted, but to me it is something to which we all need reminding.

We just don't have that much time.

That is a big statement from me because I am an excellent procrastinator. One of the best actually. But it is true. My new startup PoP taught me this lesson. So did Terri Cooper, who is building our Managed Service offering. So did Juan and Anoj, who are doing our Big Data and Cloud practices respectively.

So often in taking concepts or products to market, we wait for perfection. So often we are not willing to ask for help. Maybe we send calendar requests that don't relate any urgency. Or maybe, and this might be one of the worst ones, we don't ask the really hard questions that give us clarity on which direction to head.

When you have a company at zero dollars in revenue without any funding, things move quickly. It is fun. You are constantly putting together ideas and offerings and testing them with potential clients. When you test them, you end the tests with very direct questions around “If I do ‘this’ – would you do ‘x’.” You need to know which direction to head and new paying clients are a terrific help.

At a \$400,000,000 company, you might not feel that need. You might feel like your offering is set and now all you need to do is scale. Even **as** a zero dollar company, you might eventually get to the point where you feel you have enough feedback and it is time to sell/go for it.

What I realized (again) in recent months is the **velocity** at which one can go to market. If what you have is good enough, simple and compelling enough, you could do 30 client meetings in one week. How many of you do that? None of you. One reason might be you are too busy. Too busy doing internal planning sessions, 2-3 hour client calls, sitting on con calls, etc. That was me. I was doing that. Meeting with vendors, interviewing people, happy hours, on site client calls, dinner, etc....

Turns out, no one really wants to meet for more than 30 minutes. If all your meetings were 30 minutes, you could have 16 meetings per day. You would also have to get to the point very quickly. 30 minutes has an allure. For many executives, this is so refreshing. People constantly want blocks of time on their calendars and in most cases, they make their decision on an idea or product in less than 10 minutes. **As a CEO, if someone wants to show me something in 30 minutes, it must be simple and the person showing it must be busy. Both of those qualities are**

attractive. I decided to try it with POPin. I started scheduling all my customer calls for 30 minutes. I even titled my emails “30 mins”. Suddenly all the people previously having trouble finding time on their calendars seemed to have time.

I am taking POPin to market with 30 minute WebExs. I am doing 3-4 a day right now just based on my contacts. At the end of each WebEx, I ask people if they will run a paid pilot for the product. When I was putting together focus groups for PoP (crowd funding version), I did those meetings in 30 minutes. Even with 3-5 clients on the phone. It is amazing what can get done in that amount of time with a little urgency. I showed POPin to 16 companies this week. 14 of them are holding proposals. One already gave me an order.

I challenge you to try this in the next five working days after reading this chapter. Instead of long, internal sessions or product planning, get ten 30 min client meetings scheduled in the next week. You pick the topic, but it needs to be compelling. Maybe it is a 20 minute overview of AppDynamics with 10 minutes of Q&A. Or maybe it is Skyhigh, Delphix, or DataTorrent. Set up ten WebEx sessions for an Innovation Principal to walk through our offerings. Set up ten meetings for clients to hear about Table Group. Or maybe it is something even simpler. Maybe you have been an engineer onsite at 5-10 client sites for the past year or two doing different things. Some pre, some post, and a lot of relationship building. Set up your calls with two different clients on each call (cuts you down to five required) and ask them what they think Trace3 could improve on. Ask them their biggest concerns around future tech and changes in their organization. Ask them if they think we are missing anything. Then ask them about yourself specifically. Where are you lacking and what could you improve upon?

TRACE3

I am talking about five hours in your next five working days to touch ten customers. If you are on a team that only has one or two accounts, then ten divisions of a customer. At the end of the meetings ask tough questions like “Would you pay to do a POC of this product?” If it is a quick no, you have an answer. If it is a maybe or a yes, you are glad you asked. Then you move forward. If you are taking the personal improvement route, then ask if they would commit to calling you out on things you need to improve upon. Ask for commitment to help you become better. If they agree, ask if they would accept that same commitment from you.

If you are in Ops or HR or Legal, you have clients too. Some external, most internal. You can all do the same thing. Become more. Ask your clients to help you improve.

Could you imagine Engineering, Sales, Ops, Inside Sales, HR, Legal, etc..., all taking five hours in the next week with clients, having a discussion they would not normally have? Imagine if we all did that every week with different clients. Imagine ending the external client calls (on product or services WebExs) asking a happy client if they have any peers who might want to see the same solution.

The difference between zero and \$400M is urgency. Urgency to get feedback from the market. Urgency to help our clients move forward. Urgency to take things to market. Urgency can create velocity and momentum.

Leaders at Trace3 should take at least five hours a week to talk about something new and/or how they could serve better. Rise above the noise and make sure you find urgency in your business.

Giving Speeches

As with past playbooks, there will be many purposes this one will serve. But in all of them I try and pass down the things that worked for me to grow the business. Getting better at connecting with people is a goal that never ends. Many of you in the next 3-5 years will find yourself on stage. That stage could be great or small, but when you venture up there into the lights, you will have a choice to deliver a slide deck, or connect with and inspire your audience to feel something. This may seem like a daunting task to some of you, so let's spend some time on it.

I give speeches all the time now in my position, but they still stress me out. In fact, I get pretty seriously nervous around ten minutes before I have to go onstage. If you don't believe me, watch me before I go up. You will see it.

I think it all stems back to a speech I gave in 2000 at the Techfuel Christmas party. It should have been so simple; but it turned into a nightmare. All I had to do, as CEO, was walk onto the dance floor and give a simple toast. Normally this time of year was terrific because I would have a lot of good news to deliver. In 2000, that was not the case. I knew with what was happening in the market, Techfuel was in the process of shutting down. Many of the employees knew it as well. It was just a very difficult time. As I walked to the dance floor, I wracked my brain for something really positive and inspiring to say. As my feet hit the paneled floor, I turned to the audience of 100 or so people and said, "Hello everyone. Thank you all for coming to our Holiday Party. We....." Silence. I just stood there looking at everyone. I could swear time slowed. I could hear them all blinking at me. 30 seconds went by. I could feel the color rise on my face. I literally, silently, began to panic. My heart started racing. I started to forget simple things like names of

people in the audience, why I was up there, and even my name. Serious panic. After about 90 seconds of silence, Bret, my partner in Techfuel, began to stand in order to come save me. That snapped me out of it and I remembered what my wife suggested for the toast. I raised my glass, said “Happy Holidays” and got the hell off the dance floor. Ever since then public speaking has been a bit of an issue for me.

To avoid this type of crisis, I now spend tons of time preparing for the brief 30 minutes I spend on stage. In fact, if you ever see my mouth moving silently right before I take the stage, know I am repeating the first four lines of the speech. I have a theory that has worked for me. [The theory is if I can get those first four lines out, I will get into the flow of the talk and be fine. If I forget them, hello panic.](#)

Here is some of the detail on the prep I go through in thinking about speeches. I learned much of it from Tom Mendoza, who is one of the most magnetic speakers I have had the pleasure of hearing.

1. How do I want the audience to feel?
 - a. This is crucial. Before you can decide on what you are going to speak about and which stories to tell, you must know how you want your audience to feel.
2. Are there two or three stories you can relay that can evoke those feelings?
 - a. Very often I like the first story to be relatable to all. Topics like: failure, health, family, etc..., are all things people can relate to and usually, if told with vulnerability, can make you more relatable as a speaker.

- b. Stories can be complicated if you have a lot of data to relate. I struggle with speeches that are data driven versus story driven. If I have data I need to relate, I try and intersperse it between the stories. Then I often find if I pick the right story, I can weave in the data points (or the story proves the point). Watch my “being vs becoming” 2014 speech and you can see this. I weave the data into the stories.
 - c. Stories do not need slides. If you can’t tell a story without slides, you picked the wrong story.
 - d. “Data” slides don’t always need slides...but if they do, huge font or picture. Do not put 10 bullet points on a slide.
 - e. It is often useful to recap the point of the story at the end to drive the point home. Sometimes you can even recap story one and two again at the end of the third story to add cohesion.
3. Transitions
- a. I think standup comedians crush this. Next time you watch one, pay close attention to how they transition from story to story. It is truly an art form.
 - b. I often find transitions are a great time for self-deprecation. Making fun of yourself is always good. It shows you remember where you came from, regardless of your successes in life.
 - c. Good transitions are triggers in your brain that can overcome nervousness. In fact, I rarely practice a whole speech. I practice the opener, transitions, and the close. The stories should be

pretty easy once you get into them. Practice the transitions and you won't lose your place if your mind blanks.

4. The Close

- a. Mendoza told me one of the best ways to close a speech is to leave the audience thinking “Wow, what I have in front of me is really not that hard. I can do this.” I like closes like this if I am trying to energize an audience to do something outside of their comfort zone – which is often.

In the end, people will remember how you made them feel, not what you said. They also will remember stories more than data.

Hopefully this basic outline helps. And so you know, I pretty much stole the entire thing from Mendoza. Every time I talked with him about speaking, I took notes. I highly encourage you to do the same when you see someone excel at something. Interview them on how they do it and take notes.

It's What You DO that Matters

Great speeches can make people feel a certain way. They can even cause realization and move one into action. But many times, days later when the business of life overwhelms us, we go back to our routine. We go back to what has worked to get us to where we are in life.

It is in the quiet moments, like right now when you are reading these pages, that I have a chance to reach out to you and state why we are trying to strive to become what we

want to become. It is in the quiet moments when you DO something exceptional rather than just talk about doing something that makes things sink in.

Speeches are important. However, leading by example and doing things that move us all forward are what makes you and a company special.

Let me give you a scenario that happens all the time:

You have a new leader who was recently promoted to the head of your business unit. She is known in the company but has never worked very hard on establishing a brand or vying for promotions. She is respected, but the promotion increased the size of her team by 10x and there are murmurs the job may be too big for her. Promotions like this happen all the time and leave many of us scratching our heads why.

Her first order of business is to stand on stage and give a speech explaining a sweeping new initiative she wants to get everyone excited about. Being new, she delivers the plan in an unfamiliar way. Many in the audience seem a little put off by the new direction and there is grumbling. Some really do not like the delivery style and think they should have been consulted more on such a far reaching plan. You are not sure where you stand on the message. What do you DO???

At an average company, you may bide your time and see if she fails. Maybe you are even secretly hoping she does because you did not agree with the agenda. Maybe you KNOW for sure the agenda will not work and have a lot of data to back up why.

Maybe it is even worse. Maybe you leave that rollout meeting and see a bunch of guys over at the water cooler talking smack about what a bad plan it is. You jump in the

conversation with a joke and a good laugh. Some of them even go as far as talking about sabotaging the initiative by not doing it - and you say nothing. Water cooler talk like this happens all the time and for most it is easier to say nothing rather than publically disagree.

In that average company, our newly promoted leader leaves the stage knowing she might not have nailed it. It was her first time in front of an audience that large and she was more nervous than she wanted to be. She received a lot of “Good Job” and “Nice work” comments, but no one pulled her aside and asked for any detail on the plan. No one really gave her any feedback. She is worried and feeling kind of alone but decides everyone must be okay since there was no negative feedback. She decides to move forward. Months later she will have no idea why she isn’t getting the traction needed for her plans to succeed. It can be one of the most frustrating parts of leading because you cannot pinpoint the problem.

Kind of interesting just how easy for us this is to visualize, isn’t it? New leader with a team unsure whether they want her to succeed or fail. Seems like the team might even be hoping she fails so they could be right on the bet they made with their peers and say “I told ya so” when she gets fired.

It is pretty sad.

Let’s change the scenario in one aspect.

Let’s say the leader is Hayes Drumwright. Let’s say it is the Hayes Drumwright that tried to convince 13 people back in 2005 that Trace3 could be a huge and relevant company...that Trace3 could pave the way for 100s of people (if not 1000s) and potentially change their lives and how they view the workplace. In 2005, I did not have the

TRACE3

outline for speaking. I did not focus on how to make people feel something. I was really not great at much except trying to be a good sales guy and help Trace3 survive. I gave the rollout speech I described above and it did not go well. In fact, that is why I wrote the first playbook. It was to try to convince everyone to take a chance on me. To make them see “why” I thought striving for relevance was so important. Lucky for me, I was not working with an “average” group of people or you would not be working here and being forced to read this book. I needed what the woman in the scenario needed. I needed the team to give me real, honest feedback on the plan so I could improve it and rollout something that received a high level of engagement from the team.

As you have questions or concerns with leaders and plans, we need you to walk up and be honest. We need you to encourage your peers to do the same when you hear negativity. Building credibility as a leader is so tough. It takes years. What most employees do is make the leader earn that trust. That is SOOOO inefficient compared to being vulnerable and asking the questions to which you need answers in order to get behind the plan.

What if you thought of that new leader as a family member and you were going to do everything you could to help them succeed. This doesn't mean blowing smoke or brown nosing. This means mentoring and honest feedback followed with leadership at your level so your peers help SOLVE the issues instead of just complain or bitch at the water cooler.

What is so different about Trace3? People ask that all the time. The real difference is deep down we truly cheer for each other. It is NEVER our goal to tear down a peer or a leader (old or new). It is to help them succeed. [Lifting others up is not a Manager or VPs job alone. It is everyone's](#)

job and it is bi-directional. Departments can lift their leaders too. Help refine new plans and lift up your Manager and VP. Help give the initiatives the best possible chance for success by speaking up instead of staying quiet. Notice the recurring word – Help.

Trace3 is a group of engaged individuals lifting each other up in order to achieve greatness.

Speeches, be they good or bad, are nothing but the beginning of the work. They are the beginning of a vision. What you DO to make us better every day, that beats a speech every time. What you do will decide whether that vision can become a reality.

Past Success is a Predictor...of Nothing

This is a topic I have been thinking about a lot. It flies in the face of the thought “People don’t really change.” In my career I **have** seen many hungry individuals, be that reps, engineers, etc..., start out their careers so focused on making a name for themselves in the industry. They worked so hard to establish a brand and relationships that could lead to building a large business. Fast forward 5-6 years when they are more established in the industry and things start to change. Do they stop working hard? Do they change the way they treat clients (peers, partners, clients)? Sometimes they do, but most of the time that is not the change I see.

Once someone starts to become successful, they have something to lose. When we all started in our careers we had very little to lose. Having something to lose can completely change your go to market strategy. Why is it young startups

with very limited resources disrupt huge corporations? And how often do you see those companies or individuals desperately trying not to lose, actually end up losing because they were protecting their assets so fiercely?

I had a friend once tell me she thought marriage should be a five year renewable contract. I laughed, but as I thought about the behavior this would drive, it actually made me stop laughing. Realizing you can lose something almost immediately made it more valuable. And you realize holding it tightly and stagnating would not be the key for staying attractive to your mate. Creating more value in the relationship would be far more important. Adding new features might be necessary to keep things exciting. Consistent date nights, travel, turning the phone off, etc.

So, bringing it back to business, once someone builds a \$30M base of business, should we just naturally believe they would scale it to \$60M? Should we naturally believe an entrepreneur who has had past success would work with the same vigor and urgency in a new startup? Should we believe an engineer at the top of his field in one discipline will exert the needed effort to become an expert in the tech trends the market is embracing? Should we assume everyone is working with an ever-expanding canvas?

Or should the bets be made on those new up and comers who have nothing to lose (yet)? Why do VCs love funding new kids out of Stanford and MIT when they have absolutely no experience building companies?

I ask myself everyday: Do I want to be an incumbent or a disruptor? My answer is I want to be both and I am looking for a group that wants to come with me. Secure the masterpiece and create new works of art. The future is for the hungry. We all have something to lose. The only way to

guarantee losing it is to stop evolving and just blindly believe what got you here is going to get you there.

Change Needs Champions

Many of us crave change. It turns out change is really one of the only constants we can count on. In running businesses, I don't think I have given more thought to any other topic more than I have to the topic of change. Many of the previous chapters in this book talk about it in one form or another. It is crucial to any company's survival.

What I have learned is most can see and agree on why you need to change if you take the time to write it down and explain it. The brawl occurs when you have groups or committees trying to figure out how to change. How to actually roll it out.

Our management team annually attends strategic off-sites to come up with the defining objectives we roll out for the New Year. Sometimes we come up with them on their own or from market and/or client feedback. Sometimes we use surveys with employees to understand the needs of the people who really make everything happen. Sometimes, just sometimes, crazy CEOs come up with wild moonshots realizing the normal rate of momentum will not be enough.

It is always amazing to me how inspiring these management off-sites are. You leave them feeling you have really solved the world's problems, only to begin cascading the new objectives to the company and have them tell you how disruptive it will all be. Then you start doing town hall meetings to build a groundswell of support for the initiatives. But it is hard to really categorize or prioritize the feedback you receive in the town hall meetings. And you never really know during those visits if the people with the right

questions and concerns are really speaking up. Management has no real way to know what the engagement levels are on the new rollouts via these traditional methods.

It is for all of the reasons above we stumbled upon POPin. It is an internal version of the Portal of Pain we developed for our client base. The external version Crowd sources, Crowd solves, and Crowd funds pain points from enterprise clients to create companies that address the pain points. It just so happens if you turn that product inward (the “in” in POPin), it can be your true champion for change. Before doing any off-site, we normally do some type of survey. When I go to partner councils with my manufacturers, they usually send me some pre-baked survey suggesting what my top issues might be with them (versus asking me how they could help grow my business).

POPin allows us to completely discard surveys. More than that, it allows us to crowd-source from a target audience (employees, partners, and clients) the initiatives and roadmaps in which we need to focus. Before an offsite, we will hold a POPin Session and ask our company, partners, and clients what we can do to grow faster, remove roadblocks, improve processes, increase relevance, improve products, etc. Via the tool, the best ideas will be voted to the top. The participants can comment on each other’s ideas and actually improve upon them (if not solve them). The end result: management gets actionable initiatives from the participants and has a very strong understanding of the importance and sentiment surrounding the topic. The participants feel very relevant to the strategy when they see their session’s best ideas get turned into defining objectives. Exciting, right??

Well, if you are in management, you are now in a position to really screw it up. I know, because I did. I did a POPin session with half the company and sourced an initiative. We (management) were so excited to roll it out on stage at our huge employee conference in Vegas. We locked ourselves in a room and went back and forth on how to roll the initiative out. We thought everyone would be really excited to hear about it since it was their idea. Turns out they hated it. I know what you are thinking...We took the time to not only listen to what they thought was important; but also to implement it! How could you hate it?

Here was the mistake: Since the initiative was for them, we should have done another POPin session to refine the rollout. Not a broad one like before but a very pointed one asking the participants to tell us what the best way to implement would be. You must realize how different this is from assigning a committee to the rollout. POPin gives a voice to the entire group effected by the initiative. The input is anonymous and their ideas stand on the merit of the idea versus their title or popularity in the organization. Everyone can input ideas and the best will rise to the top. Management can create an actionable rollout plan via this feedback and the intended audience of the initiative is bought in and relevant to its success.

Imagine you could move your acceptance of change in the organization from 25% to 75%. What would that mean to you for market leadership, as well as employee, partner, and client engagement?

How much time would management get back if these three audiences really understood and were invested in implementing the vision? I am not sure yet, but I plan on finding out.

Here is what I do know and am the most excited about: We now have a platform that can make ALL of us champions for change. It is not about a lonely person on stage pitching her heart out, or a management team guessing how to roll out important initiatives. We now have a way to gather and refine initiatives in a way that creates relevance and engagement. This is a C-Suite product. Table Group is doing a press release with us announcing their support for POPin, stating how they intend to integrate it into their offsites and use it for additional engagements to help refine the rollout of the Defining Objectives from those offsites. POP is a new work of art in the making and it is yours to leverage.

Intentions Are Everything

This is one of those chapters I think will make sense to you when it is supposed to make sense to you. I debated keeping it in the book and decided it was necessary, especially as it pertains to building new works of art. I learned some of it from Table Group sessions and some from experience (read: doing it the wrong way). I hope at some point in reading or rereading this book it is valuable to you.

Something that helps keep me grounded in an escalating conflict/conversation is to stop thinking about my agenda and start thinking about their intentions. Often times, when people roll out initiatives or plans we are involved in, we disagree with how they do it. Or maybe when you look at how a peer or manager acts, you might think they have a political agenda or ulterior motive.

Let me give you an example. I was pitched by an employee of Trace3 today on a product idea. He is a brilliant person and the idea was very good. As we talked through the execution side of taking the product to market, things got a

little fuzzy. It involved very difficult math algorithms and would need years to develop. When I asked him how he would accomplish this, he launched into his backstory and told me how he was a rocket scientist (for real) and started really defending his abilities. To the outsider it could have looked like serious chest pounding. As we ventured further into the opportunity, it became less and less clear how he could pull off his idea. I started being difficult and even asking him how he possibly thought he could add value in a company with such a grandiose vision. He started name dropping people who could help and clients who had seen it. I dismissed them as irrelevant and told him he was not talking to the right audience. Part of me thought he was not listening because he had a fear of rejection.

So at this point I will stop the story. How am I viewing him right now? Equally important, how is he viewing me? We have meetings like this all the time. Two smart people acting as devil's advocates as they debate. Feelings are at risk.

I stopped, sensing I was being perceived as arrogant, and sincerely asked him, "Why exactly do you want to do this? It is going to be exceptionally hard." He gave me a terrific answer about his passion for math and IT and how this venture combined the two, making it almost irresistible to him. He had talked to his wife about how difficult it would be and how it might not work. He admitted self-doubt but also a belief in himself that he could persevere. There was humility and drive.

After that, it was my turn. My true intentions were to look out for his interests and try to help him avoid pain. I saw a tremendous amount of execution risk in the venture and was worried he did not understand how incredibly taxing and

difficult this road would be. I let him know I thought there were ways to mitigate the risk, but he would have to step WAY out of his comfort zone. For many, that is really difficult. My goal was not to shut him down or be arrogant. It was to try and expose him to some of the hardship he might face so he would not be blindsided. My experiences are somewhat relevant to what he wanted to attempt and the stress increase in his daily life would be 50 fold. I was worried for him.

He wanted to follow his passion and try and help him not get hurt. Those were our intentions. The problem was, he felt I was not supporting him and I felt he was not hearing me. In that situation, things can escalate and turn bad.

What if I had told this guy he was crazy because he did not have any of the experience necessary to start this company? What if he had responded by saying I had never started a real company since I was just the CEO of a VAR? Me insulting him over an idea would probably crush him or make him retaliate. Both are useless outcomes.

If you are with a client, or a coworker and you get into a situation that is starting to get political or hostile...STOP. Look the other person in the eye, slow down, and ask them sincerely what their intentions are. What are they trying to achieve? If their intentions are not malicious, odds are you are going to understand where they are coming from in some way. Try to understand and help. If you think they are way off track, let them know your intentions and don't attack the person – debate the idea and/or solution.

I think you will find people rarely have bad intentions. You probably have more of an issue with the style and or/delivery than anything else. Don't let that get you so worked up you miss a chance to really help.

Predicting the Future

I recently made my entire company do a homework assignment. In the present day, 2014, I made them go back and dig up their 2007 Playbook and read a 6 page section of that book called “A Bleeding Edge VAR.” This is the section in which I wanted them to focus:

This is why Trace|3 is a “bleeding edge VAR.” We have done something, and continue to do something, never been done in our industry. The majority of people working at Trace|3 (Sales and SE’s) are all considered incredibly talented options with whom our clients and vendors could work.

In SoCal, alone, we have ten reps capable of doing \$1M+ in GP. I have never worked at, or heard of, a company in SoCal close to that scale. Look at companies like Insight Investments, EVT, iSCSI, Custom Storage, etc., Vendors still consider them to only have a total of 2-3 really good SE’s. We have over 13. No VAR has ever put together a team like this.

For our start-up regions, Denver and Arizona look like All-Star teams. I am not trying to be pompous. I am stating Trace|3 has a HUGE opportunity in front of ourselves.

There is a shift in talent base away from clients and manufacturers to the Channel. Trace|3 is on the forefront of that shift. The reason is relevance, autonomy, lifestyle, and the chance to work on an exceptionally talented team.

We have a chance to change the way VARs are viewed in the industry. Have any of you ever heard of a VAR having a \$20 million dollar account (without selling servers)? That is \$20 million of high value, high margin product **without** 8A

status (minority/women owned with government contracts). I am talking in the commercial space manufacturers compete in, all day?

How about a VAR having four or five \$20 Million accounts? Trace|3 is going to do that. We are going to build teams around the right reps with Project Managers, multiple SE's, Inside Sales and Ops resources, and we will look and feel just like a manufacturer except we can combine products and present rounded solutions. We will prove it with Ruben at Kaiser. We will expand it with Eric at Mercury Insurance.

We have only been here five years and we have decent market penetration. Imagine how we will look five years from now. Why would a client want to work with an individual manufacturer instead of Trace|3 if we provide those kinds of resources?

The homework assignment was to send me comments on what they took from the section above. In 2014, we delivered \$423,000,000 in revenue. We have 21 reps averaging \$20,000,000 in revenue per rep, with all above \$1,000,000 in GP.

Some of the homework assignments came back with comments like, "How did you predict the future like that?!?" or "Holy Nostradamus!" or "I hate doing homework..."

Here is my response to the homework assignment:

I believe anything is possible and I always have. I still remember every time my father told me he loved me, he would also tell me he believed in me. He told me all the time he thought I was capable of anything. I told my son Carter the same thing this morning. We had and will continue to have a conversation like this:

TRACE3

Dad: “Who loves Carter (or Mason, Trevor, or Brinley)?”

Child: “Daddy does.”

Dad: “Could I ever stop loving you?”

Child: “Never.”

Dad: “Never, never, never.”

Dad: “Who believes in Carter?”

Child: “Daddy does.”

Dad: “Could I ever stop?”

Child: “Never, never, never.”

Dad: “What if you fail? Would I stop believing in you?”

Child: “Never.”

Dad: “Never, Never, Never...”

That conversation may seem cheesy to you but I believe that over 18 years of hearing it, some of it HAS to sink in...

We don't predict the future. We choose to make it. One of the ways to give the future a better chance is to let people know deep down how much you believe in them. I don't know how many people I have worked with over the years to whom I have said those words. Many. Not everyone by any means, but many. I surround myself with great people I truly believe in, so it is pretty easy to say out loud. I am usually a bit surprised in how they react. Sometimes they respond with a smile, sometimes tears. Sadly, sometimes I can tell they really don't hear or believe me.

I can tell you - and this is a fact - never once have I told someone I believed in them and later wished I had not said it. It was worth it every time.

The key to making your future (instead of just predicting it) is having a team you believe in. That is foundational. Then you need to define a product the market needs. After that, it is pretty easy. Figure out what the requirements will be to reach the end state: Financial, headcount, assets, customers, etc. Then create a model that works backwards from the end state to the moves you need to make today.

In order to accomplish our Master Plan in 2016, Trace3 will need to focus on the following things:

- Culture
- Market Leadership/Innovation
- Total Available Market/Market Penetration
- Top and Bottom Line Growth
- Media/Industry Coverage
- Quarterly Consistency
- Talent/Employees

How to attack most of these areas is covered in our published 2014 Battleplan. In fact, I would bet you could reread that Battleplan, take out the chapter titles, and replace them with the ones above. We have an innovative product. The key now is taking that product to market swiftly and effectively. The key now is a question of scale.

Can we get 50 teams averaging \$20M per team, driving 3.5% net income to the bottom line in calendar 2016?

I BELIEVE we can do that. I cannot control macro market conditions, so guaranteeing we could IPO at that point is not

possible. But I can tell you we would be positioned extremely well to go public if we hit those targets combined with the seven topics bulleted above. The Battleplan is a blueprint on how and this Playbook is the theory on “why.”

I believe Trace3 will be an \$800,000,000 company in 2016.

I believe in the team we have assembled.

I believe in the products we are defining.

I believe in our culture.

Could I ever stop?

I hope your brain is whispering, “never, never, never.”

So with this future now predicted, let’s get to why we should strive for it.

The Master Plan

There is a debate that constantly rattles around in my head. It is the need for an end state versus being distracted too much by an end state. Milestones, or as I like to say “appetizers”, could help this issue by giving you a chance for small wins along the way. However, how much should a leader point to the horizon?

I think the horizon is similar to how we often talk about the “why.” The why is the real motivating factor. It is what keeps you going when things get really rough. For instance, in the beginning of any company the why can be as simple as the need to survive and not go under. It could be to revolutionize an industry. Maybe it is to be your own boss.

TRACE3

Maybe it is to show the world what you can do and prove all the naysayers wrong.

Maybe the why is less selfish and more selfless. Maybe it is to provide opportunity for those who will appreciate it and assist in lifting them to new heights. (Or maybe, as Chad Cardenas said on stage in 2014, that one is a selfless and selfish “why”...)

In Lencioni’s Table Group off-sites, there is a discussion around why the company exists. There is also a discussion around what is important right now.

For Trace3:

The Now – To be the Epicenter for Innovation

Our Existence – To strive for greatness and innovate the markets we choose to impact.

Where is the Entrée? You could argue the “Now” is just an appetizer to the main course.

For instance, Elon Musk has Tesla, SolarCity, and SpaceX. All appetizers. The Entrée is to use those pieces to colonize Mars. Yes, to tangibly colonize a planet. His reason for existence could be to affect new worlds... I don’t know. But the concreteness of the entrée is beautiful and inspiring. At some point you can actually touch it. It is a tangible end state. I think secretly we all want something tangible to go with the dream.

Double the Anchors – New and Different – More and Better
– Foundational Success – Rise of the Engineer – BAMs –
VC Briefings – Big Data – Cloud – Datacenter Services –

750 Net New...All appetizers and all helping us strive and innovate...

We will have an IPO for dinner.

I believe if we execute our plans, and the market remains stable, we can take the company public. We can create a new space in the market, lead it, and the public will want to own a part of it. The goal will be hard to reach but the money raised will give us increased velocity and additional credibility. This credibility can be leveraged with clients, media, and most importantly, potential hires.

Even more importantly, an IPO allows us to do something tangible for every family at Trace3. The SARs units you all hold are a synthetic equity plan at the company that can become liquid with an IPO. This means you would be liquid on the equity (after a lock up) and be able to trade your shares. You will have a similar equity play to any of those high risk startups coming out of Silicon Valley. But instead of facing a typical 6-7 year window to go public, you can focus specifically on exactly what you can do at Trace3 in the next 36 months to make this a reality.

The challenge is we will have to raise the value of Trace3 from where it is today at approx. \$120M to over \$600M. This would mean a 500% increase in value in three years. As I stated above, value will have the following characteristics:

- Market Leadership/Innovation
- Total Available Market/Market Penetration
- Top and Bottom Line Growth
- Media/Industry Coverage
- Quarterly Consistency

- Culture/Talent

What I realized is I was letting you all down by not firmly establishing the Entrée. The 2014 Battleplan: The Offensive is a great read, but striving for greatness can sometimes just seem too far away or daunting. It is an ideal and can be difficult to make tangible. Go read The Battleplan again, thinking about how to apply it to taking Trace3 public and see if you have a different level of energy. See if you get more out of it. We can expose the Master Plan to you because you are ready to hear it. Trace3 is your company.

Our “why” has always been there. Maybe we say the same thing with different words from time to time. But think back and you will see it in every playbook. You will see it in the blog posts. You hear it on stage from me every year: Being vs Becoming – The Fighter Still Remains – Foundational Success (whiteboard speech) - Finding Purpose and Urgency (Xmas/Cancer Speech)

All of them, every communication outlet, has the same core ‘why’. A ‘why’ you have heard since 2006. It sounds like this: Relevance, Secure the Family, Create Massive Opportunity, Create Something Special...

So I hand you this Entrée and I hope you can see it as a piece of the horizon line. The difference is unlike a horizon line way off in the distance, 36 months from now I hope you can all reach out and touch a Trace3 IPO.

Changing the Game

I am planning on giving away another 30% of the company to the employees over the next 3 years via SARs. It means all will participate. All will have significant upside. By the

time the plan comes to fruition, I will most likely have given away close to 70% of the company to the employees.

Why give away so much? I have a hunch which is based on some assumptions. My hunch is generosity, if entrusted to the right group of people, will massively increase scale. One of the other assumptions is not immediately obvious. There are many, many people at Trace3 with tremendous interest in seeing the people they work with have a life changing experience. They might have done everything they can to lift their peers up, but an IPO would have the potential to change the playing field. In the homework assignment, many people told me seeing their peers succeed was one of the best parts of working at Trace3. I agree. Seeing people get to a new level of financial security is amazing. Seeing people build their personal brand and become more than they thought possible is what we are all about.

By giving so much away, I enable so many to change their perspective on money and possibly get to the core of their purpose. I have always felt, and explained in the “Enough is Enough” Playbook, if I could help take the issue of money off the table for people, they would focus on a higher purpose. A purpose with clarity. At Trace3 it would be focused around innovation and client value. We would be a company that puts its client’s needs first because that would be the true motivation of each employee. There are obviously metrics the company would have to abide, but if a company provides real value for their clients I believe the clients would willingly help them hit their metrics. I have found this to be true of the best clients at Trace3 and with PoP.

So to sew this up a bit...If I were to be very generous with SARs grants and allow each of you to have a real chance at

financial freedom, my assumption is you would then stop worrying so much about dollars and instead focus on truly providing value to our clients. Please don't misconstrue this paragraph as me saying you aren't already doing that. I know most of you are. The goal is to make it easier.

There are flaws to my plan. I would like to minimize them now if possible. The first is that focusing on the value of the equity is not only a distraction, it is a mistake.

There is a very good chance the overall value of the company will go down before it goes up. If all you did was focus on the near term value of your SARs, this could send you sideways. In order to have 50 teams averaging \$20M each with 3.5% NI by 2016, we must make big moves now. Now as in NOW. That could significantly decrease the Net Income of Trace3 in 2014. In fact, we will have to be careful how much we spend on everything else because of it. But to ramp teams to that level takes years. (The Battleplan hints at which way is faster but I will leave that to the Battleplan) If it takes years, we need to make those hires very soon. Unless you take the time to completely understand all the aspects of the master plan, focusing on the equity value would turn out to be nothing but a distraction. So, I ask with all sincerity, let me worry about the value of the SARs. My goal is to have it at a certain level in three years. The investments made to get there will be necessary. We have a trajectory to get on and 2014 will be a crucial year where Net Income is less important than setting the foundation.

The second flaw in my plan is while generosity can equal scale, if misinterpreted, it also leads to entitlement.

Earn Your Way

Entitlement is like a cancer. If left untreated, it spreads and can ruin an organism. I recently finished an all-day meeting with the top 11 sales people in the company. We discussed many things in the meetings but one of the main themes we really honed in on was “Defining a Homerun.” It is a topic I used to write about a lot and ended up being a pretty incredible discussion. Here is why...

Most all the people in the room had been with the company for more than three years. I started the discussion by asking each and every one of the 11 team leaders to write on the white board their “Homerun” when they started at the company.

For those unfamiliar with the term, “Defining a Homerun” is a concept where a team member explains for the group (or leader) exactly what would be their homerun. It might be a certain level of W2 income, quality of life, becoming a VP, helping others succeed, etc.. The key for me is not what it is, it is whether a person can actually articulate it. If an employee cannot define their homerun, then your job as a leader becomes much more difficult. When interviewing people I always ask them to define it for the following reason: If they can tell me what will make them happy (their homerun), then I stand a much better chance of helping them achieve it. If they can’t, well, we know how that ends. Now back to our meeting....

Each of the 11 people got up and wrote on the whiteboard what their homeruns were when they first started with the company. We went around the room and each spent 3-5 minutes storytelling. They described who and how they were in their old jobs and why they joined us. They discussed things like quality of life, being associated with an

TRACE3

“A” team (brand uplift), making more money, autonomy, and many other things. One of the homeruns was a simple “try and not get fired.” That one got a chuckle.

I thanked them and made a new column on the whiteboard. I titled it “Current Homerun”. Then I gave them a five minute break and asked them to come back ready to write down and discuss if their Homerun had changed in their tenure with us. **Before they walked out, I told them one of the most dangerous things in business is when you hit your homerun. Hitting it can put you at a crossroads in your career.**

They rejoined five minutes later and did what I thought they would. They wrote down new homeruns that looked like this: Understand and help my team achieve their homeruns, fully grasp and understand how to build risk back into the team, scale instead of stagnate, become an effective leader, lift others and remove roadblocks for better performance, get back to a player/coach model so I can mentor more, build a team that offers true value and stands alone in the marketplace...

Pretty powerful stuff. As we talked through each point, concerns came up too. They wanted to avoid doing the same thing day in and day out. Boredom was an issue. They wanted to spend more time with their families. For some, control versus delegation was a difficult topic.

But ALL were VERY worried about entitlement creeping into their teams.

You see, many of us took on tremendous risk (career, financial, brand, time) in order to create this company. Many took great risk in creating their businesses from scratch within this company. We spent a good ten minutes discussing this and how it is true in every single company,

not just Trace3. The ones that succeed in taking the risk and overcoming it get the chance to build teams. When they do, the homerun changes.

Many of the early homeruns had a huge dose of “JUST SURVIVE” in them. Many were selfish. Not in a bad way; they were focused on self because before you can truly take care of others, you need to secure your foundation. Years later, with their financial needs being met, they can focus on building teams in order to scale. They can focus on the team’s homeruns. It is good to understand most of the individual members of those teams are now just like that leader was 3-5 years before. They have homeruns that are selfish. And that is not only expected, it is good. Helping them secure their futures is part of being a leader. If you do it right, once they are secure, they will pass it on.

The one HUGE difference is these 11 leaders for the most part have hidden the RISK from the team members. Risk they had to endure when they began their journey to their original homerun. They see it as their job to shelter the team from risk and in that mode, they create room for entitlement...

Earning your way in any company means taking on and accepting risk from your leader. When you sit down with your leadership and define your homerun, the immediate next step should be for the two of you to discuss how much risk you are willing to bear to achieve the homerun. If a leader’s goal is to shelter their team from risk by bearing all the risk upon their shoulders, they will build a team that cannot scale. Notice I did not say a dysfunctional team. It could be quite functional actually. It would just not scale. And we all know how “A” players feel about being on stagnant teams.

As a leader, you want to secure the family and create massive opportunity. Nowhere in that statement does it say all the risk of building a business must be on your shoulders. Match the risk to the homeruns and help your team earn their own way. Do that well and they will do it for the next generation of team members as they scale. Do it poorly and suffer entitlement and stagnation.

Here They Come 2x2

In building the business, we have ridden many waves. The different stages of growth and consolidation have given us different challenges over the years. The most painful for me was the period where we exploded in headcount around 2010. All of a sudden, because of the success we were having in the market, we doubled in headcount.

This caused such an interesting dilemma. I always hear about companies that want to hold onto their “Culture” and their “Values.” I believe this is imperative to long term success but is hard in times of explosive growth. Why? You can a majority of people who have been with the company less than a year.. In fact, by the end of 2011 we had grown so much more than 70% of the employees had been with the company for less than 18 months. Isn't one of the truest dangers to a company the loss of culture and values? And isn't it incredibly hard to keep those things on track with so many new people coming from different companies with different ideas on value and culture?

I know there are things you can do in the interview process to help weed people out. I have heard the stories of how Southwest would make very established pilots interviewing for jobs change into shorts (most walked in wearing very nice suits) for all their interviews just to see who had a sense of humor. “Sense of Humor” was a huge part of their value

system and if a pilot freaked out and would not do it, they stopped the interviewing process and thanked them for their time. We will be working with our POH group (People and Organizational Health) to come up with things we can do in the interviewing process to help narrow down candidates who care about maintaining our values and culture. The Playbooks are another great way to clearly describe how we think and act to prospective candidates. They should be used as a precursor to any hiring. Many times people will self-select out of the process if they read the books and think we are crazy (Which we are, so beware).

But interviewing alone will not be enough. The headcount of Trace3 will likely more than double by the end of 2016. Before that happens, we have to look very hard at what we have. Who is here now and what are their intentions? If they have been here a while, have their homeruns changed? Do we know what the new homeruns are? Do they align to our culture and values? That is step one. If you run a team or are on a team (which is everyone), have you had these conversations? Make sure you do. **Without a solid foundation for those who come after us, we will head toward pain and confusion.** I hope most of you have already begun these talks because the market is shifting and people are beginning to look for higher ground.

Reps are calling with SEs in tow. Manufacturers are starting to consolidate. The rate of innovation coming out of Silicon Valley is increasing. Our client base is in nothing short of turmoil trying to decide how to be relevant in the new landscape.

We have established a position by making moves that have built Trace3 an ark. We are already starting to receive calls

from so many who want to jump off their capsizing ships to ours. They are coming and we will need to make sure we do not just let everyone on. They must mirror our belief system. If they don't, they could rip the ship apart from the inside.

One caveat, just to make sure I am not misunderstood. We are always open to new ideas and innovation. What I want is our culture and values to hold together as we accelerate.

There is another aspect of everyone wanting to come over that will also need to be considered.

It is going to make a lot of people angry.

Our competition, without a way to quickly adjust because of not having given it much thought, will likely strike out at us. We must keep our integrity. Anyone that comes over to us, must come over clean. **We are not looking to hurt others; we are looking to provide real value and in doing so, create a new space in the market.**

We have a defined go to market strategy and now a defined exit in 2016. They will come 2x2 and we must make sure we only let the right ones on.

The End of the Beginning

I am starting to believe that in the struggle for happiness, it is the struggle that matters. It seems those who reach their homerun are truly the least happy and most conflicted in life. This is not true of all people, but I have spent time with a great many over the last couple years we would all deem "very successful." The ones in it for the money often take time off to do various things like travel and spend time with family or start collecting things. In many ways they seem lost. They seem to have made it, yet at the same time still

search for something to anchor them. I have seen it here in this company. There comes this “What’s next?” kind of mentality or a level of exhaustion around the continual effort needed to scale and improve.

I have also seen the opposite. I have seen those inspired to do the next thing. Those inspired to grow and scale not just a business, but their base of knowledge. I have studied it and believe the difference is the happy ones find joy in the struggle. In fact, without the struggle, there can only be unhappiness for them. Because without it, they feel as if they are set adrift. That is why we see so many who have “made it” doing terrible things to themselves or others. We look at them and think “What a moron. If I had that level of success I would never act that way and screw up my whole life.” But when you put it in the context of the loss of the struggle, it can be the equivalent of losing your purpose...Maybe you start to understand how someone can drift.

I think this can be true of individuals and even companies. I try and think what it would be like to work in a company without a tangible three year goal. One in which very few understood the “why” behind that goal and the upside when we hit it.

It is so much harder to find purpose and engage when we are not driving to a specific end state.

Many have asked me if an IPO is the strategy of Trace3. The answer is no. An IPO is a desired result of Trace3 executing our strategy. If you are confused on our strategy, please go re-read the BattlePlan management spent so much time putting together.

The BattlePlan holds the strategy.

An IPO is a desired result of executing the strategy.

So what is this playbook? Why have I spent countless hours over four months writing it?

This playbook is once again my attempt to let you know how I think. Maybe the simplest way to say it is this Playbook is a way to take care of the person that has EARNED the right to be sitting next to you. You could sub out “take care of” and put “help” or “lift.” Go back if you are bored and look for how many times I use those type of words. No matter the venture, that is my focus. It is selfish and selfless. It encourages generosity and scale.

Maybe for you this playbook is something completely different than the ones I have written before. Maybe for you it is a challenge. So many of you are on teams stuck at a revenue level for the past couple of years. You might be busy finalizing that “frame” for your masterpiece and have spent so much time figuring out how to protect it. I hope this book gives you the clarity to understand you must build teams that earn their way, share in the risk, and have potential leaders ready to grow the current masterpiece so you can make a new work of art.

I hope this book causes self-inspection. Team inspection. Career Path inspection. And when that inspection is done, I hope it causes you to take action. I hope that action is to step forward and inspire all of us to strive for greatness because we are inspired by what you DO, not just what you say.

Every one of you has the ability to strive, to lift, and to help.

Those three simple words: STRIVE, LIFT, HELP.

Simple and powerful, just like SECURE and CREATE.

TRACE3

They are easy to write, fun to give speeches about, and give us an amazing future if we live by them.

I believe in you, I believe in Trace3, and I will never stop striving, lifting, helping, securing, and creating. Never, never, never...

This book is straight from my heart. Thanks for reading all of it.

Hayes

The Blue Bullets

If you can learn to do both - secure and create – *you* will be rare and *Trace3* will be even more rare.

A founder is not just someone who starts companies from scratch. Being a founder is a mindset and operating in the mindset of a founder makes a tremendous amount of difference.

I helped build a few floors on a solid foundation and now she will build a repeatable structure that will help tens of thousands. The painting completed, a leader in place, my canvas expands...

All our new offerings focus on HELPING our clients rise above their challenges.

I so want him to be someone who stands up for himself and imposes his will on the world, versus being a person who follows all the rules perfectly and ends up blaming the world for why he is a victim.

Turns out, no one really wants to meet for more than 30 minutes.

As a CEO, if someone wants to show me something in 30 minutes, it must be simple and the person showing it to me must be busy. Both of those qualities are attractive.

I challenge you to try this in the next five working days after reading this chapter. Instead of long, internal sessions or product planning, get ten 30 min client meetings scheduled in the next week.

TRACE3

Maybe you have been an engineer onsite at 5-10 client sites for the past year or two doing different things. Some pre, some post, and a lot of relationship building. Set up your calls with two different clients on each call (cuts you down to five required) and ask them what they think Trace3 could improve on.

The difference between zero and \$400M is urgency.

Leaders at Trace3 should take at least five hours a week to talk about something new and/or how they could serve better. Rise above the noise and make sure you find urgency in your business.

The theory is if I can get those first four lines out, I will get into the flow of the talk and be fine. If I forget them, hello panic.

Lifting others up is not a Manager or VPs job alone. It is everyone's job and it is bi-directional. Departments can lift their leaders too.

Trace3 is a group of engaged individuals lifting each other up in order to achieve greatness.

Once someone starts to become successful, they have something to lose. When we all started in our careers we had very little to lose. Having something to lose can completely change your go to market strategy.

Imagine you could move your acceptance of change in the organization from 25% to 75%. What would that mean to you for market leadership, as well as employee, partner, and client engagement?

We don't predict the future. We choose to make it. One of the ways to give the future a better chance is to let people know deep down how much you believe in them.

The key to making your future (instead of just predicting it) is having a team you believe in.

All of them, every communication outlet, has the same core 'why'. A 'why' you have heard since 2006. It sounds like this: Relevance, Secure the Family, Create Massive Opportunity, Create Something Special...

There are flaws to my plan. I would like to minimize them now if possible. The first is focusing on the value of the equity is not only a distraction, it is a mistake.

The second flaw in my plan is while generosity can equal scale...If misinterpreted, it also leads to entitlement.

Before they walked out, I told them one of the most dangerous things in business is when you hit your homerun. Hitting it can put you at a crossroads in your career.

Earning your way in any company means taking on and accepting risk from your leader.

Match the risk to the homeruns and help your team earn their own way. Do that well and they will do it for the next generation of team members as they scale. Do it poorly and suffer entitlement and stagnation.

Without a solid foundation for those who come after us, we will head toward pain and confusion.

We are not looking to hurt others; we are looking to provide real value and in doing so, create a new space in the market.

TRACE3

I am starting to believe that in the struggle for happiness, it is the struggle that matters.

I hope this book causes self-inspection. Team inspection. Career Path inspection. And when that inspection is done, I hope it causes you to take action. I hope that action is to step forward and inspire all of us to strive for greatness because we are inspired by what you DO, not just what you say.