Announcer:

Welcome to The Carey Nieuwhof Leadership Podcast. A podcast all about leadership, change and personal growth. The goal? To help you lead like never before in your church or in your business. And now, your host, Carey Nieuwhof.

Carey Nieuwhof:

Well, hey, everybody, and welcome to episode 396 of the podcast. My name is Carey Nieuwhof, and I hope our time together today helps you lead like never before.

Carey Nieuwhof:

Well, whether you are a business leader, solopreneur, entrepreneur, church leader, whether you work in a large organization, I know there are just so many of you who listen in every week. Thank you for that. And our goal is to really help you thrive in life and leadership. And we've had some incredible guests this year. We've got some more coming up, and today's no exception. We have got David Salyers. He spent a career at Chick-fil-A and has now moved beyond that, talk about that. And today's episode is brought to you by our partners at Pro Media Fire. You can book your free digital strategy session today at promediafire.com/growth. And by Generis. What would it look like to have a voice of generosity at your leadership table? Find out at generis.com/Carey. They'd love to help you.

Carey Nieuwhof:

Well, David Salyers was one of the very first people to join... Like, he kind of was the marketing department at Chick-fil-A back in the day and tells that story. They've gone on to become one of the most successful restaurant quick-service chains in the world. And David and I talk about how he started when he was 21 years old, how Chick-fil-A adds value that results in 10x results, why sales are as controllable as costs, and how to create a job you don't want to retire from. Man, we go all over the place and I'll tell you, there is a lot of value, so make sure you listen to the end. At the end, I'll be doing a What I'm Thinking about Segment. And I'm going to tell you why I think you should never put your products on sale and how to calculate value.

Carey Nieuwhof:

So just a little bit of a riff on some of the things we talked about, and if you're new, just really, really glad to have you on board on the podcast. We have a great lineup this year that I'm very excited about. If you subscribe, you get it all for free. Thank you to everybody who continues to leave ratings and reviews. We read them. We take your comments very seriously. And thanks for sharing this on social and with your team as well.

Carey Nieuwhof:

So whether you're running a business, a church or a not-for-profit, here's the question that will determine your digital success this year. What is more important, online content or strategy? The key to growth online in 2021 is actually strategy because content is everywhere. I've written about that before. If you follow my blog you know, content is everywhere. But your strategy for creative design, social media and online pathways is vital to drive growth.

Carey Nieuwhof:

The challenge, then, becomes how do you do it with a limited budget, lack of knowledge, internal teams that are overwhelmed? This is where Pro Media Fire steps in. They have an entire team of professionals providing digital strategy and a creative framework to help you grow online. So it's like hiring a whole team for the fraction of the cost of hiring one person. So they work with hundreds of clients and they know exactly what is working right now. So if you want help today, you can get it. Book a free strategy session at promediafire.com/churchgrowth.

Carey Nieuwhof:

And then for those of you who lead a church, imagine your church as a passionate community of givers, they're committed, who consistently grow in their understanding of generosity and propel your vision forward. Okay? I dreamed that for years, but sometimes your reality is not like that. Well, imagine a leadership voice representing stewardship and generosity throughout the church and with the staff. So my friends at Generis are passionate about partnering with churches to help them build a thriving culture of generosity, which I think is going to be even more important in the unstable environment, even after the pandemic.

Carey Nieuwhof:

So what 2020 taught all of us is that churches who prioritize discipleship and generosity were best able to anchor their mission and continue to move forward in ministry, even in the face of all that uncertainty. So building a culture of generosity, though, it's nuanced, and you're going to have to figure out a strategy to do that well. It's more complicated than capital campaigns, more than just a short-term initiative or just standing up there Sunday after Sunday going, "Ah, everybody give," so it requires patience, persistence and a focus on discipleship, but you can do this and Generis wants to help.

Carey Nieuwhof:

Generis is launching a new service called Your Generosity Pastor that will serve as an experience guide to make this a reality for your ministry. What they do is they'll embed a skilled generosity expert on your team, so you can move beyond the, "How do we pay for this?" conversation, which used to drive me crazy, and get generosity moving in every conversation to move your mission forward. So, want to know how to act on that? If you would like a voice of generosity at your leadership table, you can find out how at generis.com/Carey. That's G E N E R I S .com/Carey C A R E Y. So with all that said, I am so excited to welcome David Salyers to the podcast, and here we go with that fascinating conversation. David, welcome to the podcast.

David Salyers:

Man, it's such a pleasure to be with you. I've been a fan of yours for a long time, and it's great anytime we can connect and talk, especially right now.

Carey Nieuwhof:

Especially right now, yeah. And I know you and I've had a chance to interview each other at events and conferences, but first time on the podcast. So really thrilled that we were finally able to make it happen. So very few leaders today have a lifelong career at a company, but you're one of those fortunate people. So Chick-fil-A for... How many years, was it 37?

David Salyers:

37 years, yeah.

Carey Nieuwhof:

Wow. That's a long time. So you were 12 when you started...

David Salyers:

[laughs]

Carey Nieuwhof:

Tell us what happened. Like how did you get into Chick-fil-A?

David Salyers:

Well, Carey, I met Truett Cathy when I was a junior in college and I ended up going to work for him four hours after graduation. I literally started on a Saturday morning, went to work for Chick-fil-A four hours later.

Carey Nieuwhof:

How did that happen? So you literally walk off a stage and go to Chick-fil-A?

David Salyers:

Really it did, because they were doing a little training program that had started that week and I'd missed all the trainings, so I was trying to get there to catch up as quickly as I could. But here's what's fascinating, is Chick-fil-A at the time, it wasn't a startup, but it was close.

David Salyers:

It was in a converted airfreight warehouse. There were about 20 or 25 people on the staff and they had run out of room in the warehouse. So they cut a hole through the wall, pulled up a mobile home, and my first office was in a mobile home attached to a warehouse. And literally you walked through the hole in the wall to get to it. And so that was the humble beginnings, but what makes it miraculous, almost, is if I go back to what I was thinking about as a 21-year-old. If you'd have asked me as a 21-year-old what the most remarkable life I could imagine consisted of, it would have been to graduate from college, make as much money as I can as fast as I can, to retire as early as I can. And I had set 35 as my goal.

Carey Nieuwhof:

Retire at 35? Seriously.

David Salyers:

Retire at 35.

Carey Nieuwhof:

Well, you know that's a whole movement now, right? The FIRE Movement, financial independence, retire early. But you were way ahead of the curve on that.

David Salyers:

Well, what makes it fascinating is I share that today with college students and all of them are shaking their head and everyone thinks that's the most amazing thing. How cool would it be? But I look back on it now, and I think, "That was a really bad idea." In fact, instead of finding the job I could retire from early... And let's unpack that just for a minute. If your whole goal is to retire early, then what that basically says is you're not enjoying what you're doing because your goal is to stop doing it as quick as you can. So even if you accomplish it, let's say you were talking about 35, essentially you spent 15 years in misery, doing something else. And then the question becomes, what do you do with the rest of your life?

David Salyers:

So what I found at Chick-fil-A, Carey, was something that I never would have imagined existed. Something that had never crossed my mind. Something that had you told me about it as a 21-year-old, I wouldn't have believed it. But I got to see it play out in front of my very eyes, and I got to experience it and live it. That's the only reason I believe it.

David Salyers:

Instead of finding the job I could retire from early, I found the job I wouldn't want to retire from. See, that thought had never crossed my mind, that there could be a job you wouldn't want to retire from. We're taught that, "Thank God it's Friday." We're taught that work is something to be endured, not endearing. Culturally, we think work is something to be avoided, it's a dirty four-letter word almost. What I found was work, when it's executed well, is something that can be rewarding, something that can be enriching, something that can be looked forward to. It's all the opposite of what I was thinking. And work can be something you wouldn't want to retire from.

Carey Nieuwhof:

What would you say, David, are the qualities and characteristics, whether that's at Chick-fil-A or just that you've seen in the industry or in business or churches or organizations... Because I get what you're saying. Like, I could retire right now. I mean, but I don't want to. I love waking up doing this. What are the ingredients? Because you're right. So many people hate their job. It's something to be endured. We work for the weekend, we got off early. We don't want to do this anymore. We dream of a hammock and a beach. So what is it that kept you coming back?

David Salyers:

Yeah. Well, Truett introduced me to the idea that if you love what you do, you'll never work another day in your life. So I feel like I spent 37 years at Chick-fil-A and never worked a day in my life. But that thought had never occurred to me. But kind of in retrospect, I'll share with you what I shared with the team that I worked with at Chick-fil-A. And by the way, when I started with Chick-fil-A, there were two of us in that mobile home, there was a gentleman named Steve Robinson, who they had hired in January of my senior year to start a marketing department. And then I got hired in June. So at one point it was the two of us were the marketing department at Chick-fil-A. When I left Chick-fil-A, we had 300 people in the marketing department.

David Salyers:

So we grew. And we grew from a multimillion dollar business to a multibillion dollar business over time. But here's what I told them when I was looking back on it. And I said, "This is what to me would be important." I said, "You need four things for the job you wouldn't want to retire from. One is you want to love what you do. Second, you want to love who you're doing it with. You want to love the mission that you're on. And you want to love who you're becoming in the process of accomplishing that mission. If you can have those four things, then you will have the job you wouldn't want to retire from."

Carey Nieuwhof:

I'm getting ready to interview Seth Godin, so I want to go back to the first thing you said, because you're like, "Love what you do." And Seth Godin says, "The axiom today is the opposite, it's do what you love." In other words, find something you love and then do that. But you've kind of flipped it around and you're saying, "No, no, no, no, you have to love what you do." So you're in a marketing position, what are the ingredients... And you've listed the other three. But I think that's a really good distinction, and I wanted to make sure... We have a ton of young leaders listening. It is very counterintuitive to what's out there in the water supply right now. So what made you love working in the marketing job at Chick-fil-A?

David Salyers:

Well, I'll answer that, but before I do, I want to add one thing that I think it would be super helpful. Because I've heard it said, "You should love what you do," and that's necessary, but not sufficient for a career. So, really, I think there's another dimension to it that most people miss. So you could love what you do... And let's just say, Carey, that you're an amazing skateboarder. That you're a super talented skateboarder.

Carey Nieuwhof:

That would be an imagination thing.

David Salyers:

And you love it. Now that's great, if you can create value for other people through skateboarding. Like if you can fill up stadiums or ESPN wants to film you and sell commercials, if you can do that, that's a great career. But if it's just you who love what you do, and you're the only beneficiary of loving what you do, then that's a great hobby for you, it's a terrible career. Because careers are about creating value for other people.

David Salyers:

So the second half of that is, yes, you should love what you do, but yes, for it to be a career, you got to create value for other people because that's what you get paid for. You don't get paid to love what you do. You get paid to create value for other people. And if in the context of creating value for other people, you love what you do, that's the job you wouldn't want to retire from. So I think that dimension is what gets lost in the conversation, is the point of a career is not to extract value for yourself, it's to create value for other people. That dimension doesn't get talked about enough.

Carey Nieuwhof:

So you're straight out of college, literally.

David Salyers:

Yes.

Carey Nieuwhof:

What did Truett see in you, do you think, as a young leader?

David Salyers:

I have no idea, but I'm so glad he did because I never would have expected... When I graduated from college, I was taught you're going to have 9.2 jobs over the course of your career, and wherever you start will be your first... I never thought I would be there for 37 years, and I never thought it would grow into what it became. But here's a fascinating conversation that I had that might, again, help your listeners, especially the younger ones. Again, my mindset as a 21-year-old was I want to go out and make as much money as I can, fast as I can, retire as early as I can. And Chick-fil-A offered me the least amount of money of any option I had coming out of college.

David Salyers:

I'd done really well in college. I'd done well academically. I'd had a lot of leadership roles. I had a great resume. So I had a lot of really good offers coming out of school. And the smallest offer I had, by 50% less than the others, was Chick-fil-A. And yet I was struggling. There was something about Chick-fil-A that was interesting to me, but it didn't look like it was the best path to retire early. I had a mentor in my life at the time, a guy named Dave Kaplan. And he came up to visit me, I was at University of Georgia. And I'll never forget it, Carey. It felt like it was yesterday. He visited me in the ATO parking lot. We're sitting there and I explained all this to him. I said what my goals were, and there's something about Chick-fil-A, and it didn't take him a nanosecond to figure it out.

David Salyers:

He said, "Salyers, the last thing you need to worry about coming out of college is how much money you make." He said, "There are four things." He said, "Find a leader you want to become more like, because whoever you place yourself under as a leader, that's a picture of the future you." I'm going to use Truett's words on each of these. Truett used to say it this way. He said, "We become like those we surround ourselves with, for better or worse." So he basically said, "Surround yourself with people that you want to become more like." That was number one. Number two was, he said, "Find a company you'd be proud to work for." Because first question you're going to get is, "Who do you work for?" And you want to have a company you'd be proud to work for. Truett's version of that was, "A good name is rather be chosen than great riches."

David Salyers:

And Truett was always talking about his personal good name and the good name of Chick-fil-A. And my job in many ways at Chick-fil-A was to create a good name for Chick-fil-A. So find a company with a good name, a leader you want to become more like. Third, he said, "Find a job you would be uniquely gifted to do." All of us have unique giftings. We've got some real strengths and we got some weaknesses, and find a job that plays to your strengths and that you're uniquely gifted to do. And then finally find a job you'd be passionate about doing. And another thing about passionate about doing, I think, find a job that charges your battery, doesn't drain it. Or another dimension of passionate I've kind of discovered later in life was passions in life are things we're happy to sacrifice for. You need to have a job you'd be happy to sacrifice for.

David Salyers:

I remember Andy Stanley one time when he was telling the story of the start of North Point Church, he said, "There was a point at which we financially were a little unstable." And he said, "I felt like if the church started to have financial problems, everyone would go out and get a part-time job to keep it going." That they were that dedicated.

David Salyers:

And so even in the... I've got a number of for-profit companies now that I'm working on, but all of them have this non-profit mentality that we've got people that many times take a cut in pay to come work for one of these companies, because they believe in the mission of what we're doing. And that was my case at Chick-fil-A. I didn't technically take a cut in pay, but I took 50% less than I could have gotten elsewhere because I believed in some things about Chick-fil-A that they were doing. And I like to think of businesses that are mission motivated, not money motivated. They're on a mission. They've got a campaign going that's super important to them and more important than the paychecks they're getting.

David Salyers:

And so anyway, those were the four things that Dave Kaplan shared. He said, "A leader you could believe in and want to become more like, a company with a good name, a job that you're uniquely gifted to do, and a job you'd be passionate and energized by doing." He said, "If you can find those four things," he said, "Money will never be your problem." Sure enough, that was like the scales fell from my eyes. I said, "That's why I'm struggling with this. Chick-fil-A is all four of those things. The other jobs, not so much." So I took the job with Chick-fil-A for half what could have made other places and I've never looked back. And it worked out pretty good.

Carey Nieuwhof:

It's fascinating, David. I want to double-click on money as a motivator because it's a really interesting thing. And I ended up in ministry for a fraction of what I would've made in law and half of what I would have made at a church in Toronto. And here we are all these years later. And it's true, all the studies suggest that at a certain level, yes, you need a roof over your head. Yes, you need to buy groceries, fill your car up with gas or plug in the battery or whatever you're doing. But do you want to talk about when and how money stopped being your motivator?

David Salyers:

Yeah. Well, almost right up front. Because literally that whole idea of retiring early was all about money and the love of money. And the Bible talks about the fact that love of money is the root of all kind of evil. And I think if businesses are all centered around nothing but money, it's the root of all kinds of problems. So I look for mission motivated businesses to get involved with. Because I feel like in the end, money is important. You can't have a business without money. You got to be profitable. But if that's all you have to offer, you don't have much to offer. I feel like money is the starting point and money is more the way the score is kept. It's the fruit, not the object.

David Salyers:

And if you keep money as the fruit, not the object, you'll end up with a lot more money, in my opinion and in my experience, is organizations where money is the fruit, not the object of what you're doing are the great brands. All the great brands that you think about out there, they're not all about... I don't know too many entrepreneurs that do great things and become these great... that their primary motivating force is money. It's, they want to change the world. They want to create things people have never seen. They've all got a mission and a campaign and a crusade that they're on that's so far beyond money. And I feel like that the wimpy competitors, they're the ones chasing the money. And the thought leaders in the great brands, they're the ones chasing the big idea and chasing the mission and the campaign. And that's where I saw at Chick-fil-A.

David Salyers:

It's interesting. When I started with Chick-fil-A, again, I had to take a cut in pay, but probably for the first I'm going to call it 10 or 15 years of my career, almost everybody I hired took a cut in pay to come to Chick-fil-A.

Carey Nieuwhof:

Wow.

David Salyers:

And what I learned during that time is there are things beyond money that motivate people and that's what we had to focus on. And then over time now you'll make more money when you go to Chick-fil-A. But it had to start with people who came with a different motivation.

David Salyers:

Here's another real "aha" moment for me. There was a guy that worked with me at Chick-fil-A and he moved to another department for two years. And I kept meeting with him because when I'd hire somebody at Chick-fil-A or something, they're a friend for life and they're important to me for life. And I don't care whether they work in my department or somewhere else. They are an important human being to me. So he kept coming to me during that time. And during that time his income went to heights it had never been to at Chick-fil-A. He was making more money than he'd ever made. And he was the most miserable he'd ever been. And then he ended up switching back into my department later, and then he had the money and the other stuff. But what I realized during that episode was, if it's all about money and he's making more money than he's ever made, how could he be the most miserable he's ever been?

Carey Nieuwhof:

I saw that in law, my brief time in law. People who had everything and yet on the inside were not happy and had no money. I would love to go back because we've had a few Chick-fil-A guests, we'll link to the previous episodes. We've had Dee Ann Turner and Mark Miller and others on the podcast. And Jeff Henderson, of course, who you know really, really well.

David Salyers:

Sure.

Carey Nieuwhof:

Chick-fil-A was a slow start. Everyone thinks of Chick-fil-A now, right? Almost every city in the South and now globally rolling out, et cetera, et cetera. But wasn't there just one restaurant for the longest time?

David Salyers:

Yes.

Carey Nieuwhof:

And then you must have gotten in... Like, it was almost like a 20 year ground floor. Can you take us back to your experience of that?

David Salyers:

Yes. I love that. That may be the single best question you've asked me so far, Carey, that's so important. Here's what I really get excited about and maybe your audience will. Do you know how old Truett Cathy was when he opened the first Chick-fil-A as you know it?

Carey Nieuwhof:

I do not.

David Salyers:

He was 48 years old. I round it to 50. So basically everything you know of as Chick-fil-A happened after age 50 for Truett Cathy.

Carey Nieuwhof:

For Truett, wow.

David Salyers:

And so I think about him at age 48, and he had one restaurant in Hapeville, Georgia called the Dwarf House Restaurant. And I keep thinking, at age 48, was he thinking, "Is this all God has for me in life? Is this all I'm going to do, is one restaurant in Hapeville, Georgia?" And little did he know, that that next year and that half of his life was really going to be what his career was all about. So the first 48 years were preparation for what he would really do in life.

Carey Nieuwhof:

How old was he when he started the Dwarf House?

David Salyers:

I don't know exactly what age he was. I think it was 1946, 1947. He started right after World War II. He was in World War II. And in fact he worked in some of the kitchens and commissaries and perfected some of his culinary skills. And then after the war, he and his brother sold everything they had, including a car, to start that first restaurant. And he took up an apartment right next door. And literally he would just have to commute one house over, in the middle of the night. That first restaurant was open 24 hours a day, six days a week. And by the seventh day... That's why he decided to close Sunday. He said, "I got to have a day off."

Carey Nieuwhof:

He was spent.

David Salyers:

But he built that little business and then the Chick-fil-A sandwich became his most popular item. And the way the Chick-fil-A sandwich was created, it's really fascinating, is chicken was his slowest item to cook. Chicken would take, let's call it eight or 10 minutes, and a hamburger would take two or three.

PART 1 OF 4 ENDS [00:24:04]

David Salyers:

So if somebody ordered those two together, the chicken would slow things down. So they started experimenting with boneless chicken. He would take the breast of chicken and he could then cook it about as fast as the hamburgers and now he could get the orders out faster. So he had this filet of chicken and then it became a sandwich and then it became his most popular item. And then the first Chick-fil-A, as you know it and I know it, opened in 1967 in the Greenbrier Shopping Mall and he had like a little 800 square foot chicken sandwich stand that would sell chicken sandwiches, fries, and drinks. That's all. That was his whole menu. That was the start of Chick-fil-A. And then he opened another and another and another and the rest, as they say, is history. But for the first 20 years, Chick-fil-A was only in shopping malls. A hundred percent of locations were in shop... When I came on board, a hundred percent of the locations were in shopping malls.

Carey Nieuwhof:

Really? How many stores were there by the time you joined the company? And roughly what year was that?

David Salyers:

I was a 21 year old kid not paying much attention. I should go back and do the research on that. I don't know exactly.

Carey Nieuwhof:

But it was dozens not hundreds, right?

David Salyers:

Yeah. Oh yeah. Yeah. Yeah it was not hundreds. It was dozens not hundreds for sure.

Carey Nieuwhof:

So you're basically starting a marketing department?

David Salyers:

Yep.

Carey Nieuwhof:

What were your biggest challenges as a 21 year old? Walking through the hole in the wall, into your mobile home, how do you even start from scratch in marketing?

David Salyers:

Well we had formed kind of a philosophical approach. What we realized is because a hundred percent of our locations at that time were in shopping malls, we conceptually devised this idea that we're going to be a captive audience marketing firm. In other words, we weren't trying to get people to come to the mall, that was the mall's job, but once they got there, we were going to focus on that experience and do things that would entice them to eat. And it's interesting, Carey, for the first 10 weeks of my time at

Chick-fil-A they sent me out to 10 different locations and I had a week in each location and my job, along with two other people that were with me, were get sales up as much as we could in one week. Do whatever you can to get sales up in one week. And we were being sent to the locations with the lowest sales, where operators were focused on controlling their costs because they thought costs are controllable, but they didn't feel like sales were controllable. And our job was to kind of prove to them that sales were as controllable as costs in this.

Carey Nieuwhof:

Oh, wow. Good insight.

David Salyers:

And you know what? 10 out of 10 locations, we had sales increases. Double digit. 10 out of 10. In three of the ten we had triple digit sales increases. And what that did for this 21 year old kid was made me realize sales are controllable. I know what to do, and I can do it. I did it 10 out of 10 times. So I was learning this whole idea of captive audience marketing by doing it and experiencing the result.

Carey Nieuwhof:

What did you do?

David Salyers:

Well, what we realized intuitively, and we later proved this statistically with data, is that 70% of eating in a mall is impulsive eating. People didn't walk into the mall thinking they were going to eat that day. They smelled something, they saw something, and all of a sudden decided to eat. So we had all kind of things we could do, everything from sampling chicken, we had little pieces of sample on a plate and we'd go -

Carey Nieuwhof:

So Costco strategy. Got it. Yup.

David Salyers:

It was funny. You'd see people, you'd sample to them, they'd walk down the mall and three minutes later they'd come back. It was kind of like a Lay's potato chip, you couldn't eat just one. And then we did product demonstrations. I learned to juggle that summer with lemons because we have fresh squeezed lemonade. No one would believe it was fresh squeezed so we'd literally get out in what we called the lease line of the mall, which is where our restaurant intersected with them all, and we would squeeze lemons and juggle them and they would say, "wow, you really squeeze your lemons." And we'd make pies, all kinds of things just to attract attention.

David Salyers:

And it's funny. I remember thinking, Carey, I'd look over at the card store or I'd look at the jewelry store or the shoe store and I'd think, I'm glad I worked for Chick-fil-A because everyone's going to eat somewhere today, all I've got to do is make sure they eat with me.

Carey Nieuwhof:

Not everyone's going to buy earrings.

David Salyers:

Not everyone's going to buy shoes or cars or cards or jewelry or whatever. And so I said, I'm glad I got my shot with this company. But I came to believe firmly that sales were controllable and all I got to do was figure out psychologically how it happened. And in a mall, it was impulsive. You try a sample and you come back. You see, you smell, whatever, and we can get sales up. And so I'll use that to then, my first job at Chick-fil-A was to become a consultant to our operators to help them put together marketing plans, and so we'd put together marketing plans and all of a sudden their sales would start to take off and they would start to have confidence that sales were as controllable as costs. And that's really what the ultimate was.

Carey Nieuwhof:

That's a really fresh thought. I'd love for you, because it's one thing to be 21 years old and squeezing lemons and handing out samples, but obviously you scaled that. You went on to do the cows campaign and some of the things that, on a national level and now international level, Chick-fil-A is seen as iconic about. How did you begin to scale that idea that sales are as controllable as costs? That is a really, honestly, I've done many of these interviews. That's a fresh thought. I don't know that I've heard that before. Maybe everyone else has, but you got me. So you keep going man.

David Salyers:

Yeah yeah yeah. Well, I think you have to decide philosophically on your strategy. And here's an interesting insight for you too. People love to throw out the word "strategy "at nauseum. We all get sick of hearing that word. "Strategic this and strategic that." Well I had a business school professor who is one of the greatest professors on strategy, probably in the whole world, and he shared this with me. He said that "strategy is about trade-offs. You have to trade off one thing for another." And he said, "if there is no trade off, there is no strategy. And if there is no need for a trade-off, there is no need for a strategy." And what I realized with that insight is that people throw out the word strategy and strategic, but most of them are not talking about strategies, they're talking about statements. Our strategic energy is to clean the bathrooms or something. Well show them the person who's strategy is to keep it dirty. It's got to be a trade off and a trade off means you're sacrificing one thing for another. And really, ultimately, strategies are that way.

David Salyers:

So here's the way I think about, strategically, what our marketing... The different trade-offs we make are the differences in our results. So ultimately in most businesses, 80% of what most businesses do is the same as what everyone else does. Like in fast food. Chick-fil-A, 80% of what we do at Chick-fil-A is exactly the same as what our competitors would do. We would buy land, we'd build buildings, we'd have drive-throughs, we'd have cash registers. We cleaned bathrooms, we cleaned tables, we serve food over a counter, all the things, 80% of what we do is exactly the same as our competitors. On that side of the equation, we just need to be competitive. We just need to do it as well. We need to do it with excellence, but we just need to do it as well as everyone else.

David Salyers:

20% of what we do was dramatically different. It was different than what everyone else was doing. That's what created a competitive advantage. And I felt like my job was to figure out the trade-offs we could make that created a competitive advantage and 80% of what we would do would be the same as everyone else and we'd be competitive, but 20% would give us this competitive advantage that no one else had because we were making different trade-offs than other people made. So let me -

Carey Nieuwhof:

Yeah, that was my next question. What were your trade-offs?

David Salyers:

Yeah. So I think the purpose of a business is to create value for a customer. Now interestingly, in business school I was taught something very different. I was taught the purpose of a business is to increase shareholder value or the purpose of a business is to maximize profitability. So those are all legitimate ways to approach it, but our trade off was we didn't think about increasing shareholder value or maximizing profitability, we wanted to create value for our customer, which is a trade-off for a lot of people. A lot of businesses are started as what I would call a get rich scheme. They start a business because they want to get rich. And so we were competing a lot against a lot of get rich schemes. So get rich schemes are all about self-enrichment. "I enrich my life at the expense of yours." And so they're going to enrich their life and their business at the expense of their employees, at the expense of their customers, at the expense of the suppliers. How many supplier negotiations are win-lose and win at the expense of the communities that they participate in.

David Salyers:

So our strategy was the exact opposite. We didn't want to have this win-lose. At the end of the day, if you're a get rich scheme, you're a win-lose. I want to win, I want you to lose. Our strategy was, I would label it, we weren't a get rich scheme, we were a be rich scheme. We wanted to be rich toward our employees. We wanted to be rich toward our customers. We wanted to be rich toward our suppliers. And I'd love to tell you some stories about that. We wanted to be rich toward the communities that we serve. And so we had business as a be rich game and we were competing against a lot of people who were competing as a get rich scheme. So right there is a big difference. And a get rich scheme, again, the central organizing idea, maximize shareholder value, maximize profitability, which is all about me.

David Salyers:

Be rich businesses think in terms of "how do we create a platform that enriches the lives of all the stakeholders in the business." We didn't think about shareholders, we thought about stakeholders. And stakeholders are who are all the people that have a stake in the outcome of the business. Employees have a stake in the outcome. Customers have a stake in the outcome. Suppliers have a stake in the outcome. Communities and shareholders have a stake in the outcome. But if you limit your thinking to one, if the shareholders are winning, but the employees are losing, the customers are losing, the suppliers are losing, communities are losing, guarantee you that is a business that will not last. But by contrast, if the employees are winning, the customers are winning, suppliers are winning, communities are winning, guarantee you the shareholders will be winning. Guarantee. That's Chick-fil-A.

David Salyers:

So this whole value, we have a little word that we coined called valuecentricity. It's like electricity, but it's value that creates the electricity that roams the business. And value equals what you get divided by what you pay. Value equals what you get divided by what you pay. And what most businesses do is they focus on the what you pay side in order to create more value because the ultimate dilemma for any business and any marketer is that customers want an imbalance in their favor. They want a value inbound. I want a value inbound.

Carey Nieuwhof:

Correct. Yeah. You want to say this was worth more than I paid for it.

David Salyers:

Exactly. So every customer wants a value imbalance in their favor. And the problem is that most businesses aren't very creative, aren't very imaginative, aren't very thoughtful, so the only way they can think of to create that value imbalance is to lower the price. And I used to tell Truett, I said, "if the best idea I got for you is to lower the price of Chick-fil-A to create that value imbalance, a kindergartener could come up with that idea." But it's funny, Carey, I mean we all laugh at that, but most of our competitors, that is the best idea they got.

Carey Nieuwhof:

It's a race to the bottom. Then you're cheating on your chicken, you're cheating on the bread, you're cheating on how often you clean the bathroom.

David Salyers:

Exactly. And then it's 99 cent sandwiches. 99 cent sandwiches, buy one get one free. All these things, all these, 50% off, that's the best idea they got. And if that's the best idea they got, they ain't got much. But here's why people choose that. It kind of begs the question, why do people choose that strategy, that trade off? Well, it works. Literally, if tomorrow Chick-fil-A had a 99 cent sandwich, guarantee you it would work. People would line up to come to Chick-fil-A. Secondly, you can prove to the CEO or the CFO that it did work. You can count, weigh, and measure exactly how many you sold at 99 cents and how many more that was then last year or whatever. So that's another. And it works quickly. I can do it this week and see it by the end of the month. And so they're all kind of reasons why people choose that.

David Salyers:

But the road last chosen, and the road that Chick-fil-A chose, our strategy, our trade off was, we said, you know what, price is never going to be the way we compete. The way we're going to create the value imbalance is not by what they pay, it's by what they get. And we're going to create the value imbalance on the what they get side of that equation, not the what they pay. Now, not many people choose that option, and you know why? Because it doesn't work immediately. It takes a long time to work. It's not as easy to count, weigh, and measure. Almost the opposite of what we just talked about. And you've got to have a long-term view on that.

David Salyers:

But let me share with you, this is what will blow your mind, the result of that over time because it's cumulative effect over time, it's why we competed. It didn't work overnight. It's the overnight success story 40 years in the making. No. But here's the amazing thing. Chick-fil-A is in the fast food business. Last year, the average fast food company did about $700,000 in revenue. So fast food is about a $700,000 business, right?

Carey Nieuwhof:

If you're an individual franchise owner, you mean?

David Salyers:

Yeah. Individual restaurant.

Carey Nieuwhof:

So if I own a restaurant, probably going to grow 700,000.

David Salyers:

On average.

Carey Nieuwhof:

Okay.

David Salyers:

If you look top 200 chains.

Carey Nieuwhof:

Gotcha.

David Salyers:

That's the frame of reference. So about a $700,000 business. McDonald's, arguably the best in the business, they're not only golden arches, they are the gold standard of the business. Last year they did about 2.6 million in a 700,000 business. That is pretty good.

Carey Nieuwhof:

That's really good.

David Salyers:

Real good. Now Chick-Fil-A is the only one of those top 200 restaurants that I'm aware of that's closed on Sunday. And so we've got a 52 day handicap, and not only is it a 52 day handicap, but arguably it's the worst day of the week to be closed if you just look at it from a numeric standpoint. For most restaurants, their single best day of the week is Sunday. And probably your own behavior, my own behavior. Lots of people eat on Sunday.

Carey Nieuwhof:

Yeah. It's like oh, let's not cook today, we'll just go out.

David Salyers:

Exactly. So Sunday, arguably, is the best day to be open, but we close. We choose to close. Another strategy. Another trade off. we choose to close on Sunday, arguably the best day to be open from a pure numbers standpoint. Now, this year, I just talked to Dan Cathy about a week ago about trends at Chick-fil-A, in a $700,000 business where 2.6 million at McDonalds is the gold standard, take a guess at what the average individual Chick-fil-A restaurant, I'm thinking freestanding restaurants, as of right now the average restaurant will do this year.

Carey Nieuwhof:

I'm going to say you outpunted McDonald's, so I don't know, 3 million.

David Salyers:

How about 7 million?

Carey Nieuwhof:

Okay.

David Salyers:

10 times the norm in 52 less days. 52 less of the best days.

Carey Nieuwhof:

7 million, hence the triple drive through, hence all the efficiency.

David Salyers:

Even in the midst of COVID that's what they're trending to do.

Carey Nieuwhof:

That's insane. So I got to ask you because-

David Salyers:

The strategy, it's a different trade-off. It's a be rich scheme versus a get rich game. And when the be rich game competes with the get rich game, it's almost not fair.

Carey Nieuwhof:

So I want to really, this is fascinating David, I'd love to know, so for that, you're right, 80% of your business is the same. There's a building, there's a drive-thru line, you have employees, you're cooking food, it's quick service, you have bathrooms, the whole deal, okay? So 80% is the same. You're not racing to the bottom. You're not doing the 49 cent, 99 cent value menu. On the other hand, you can't also charge $18 for a chicken sandwich, right? There's a top that the market will bear. So you're not undervalued, you're also not overpriced. Where does the giving to the customer show up? Where does that value chain, so that when I pay, I forget what it is, $4 for a sandwich, let's just pick a number out of the air, I feel like you're over delivering. What are some of the intangible tangibles that you have delivered?

David Salyers:

Great question. Well, what we did is we always use going up on price as our last resort. We never wanted to be going up in price as our first way of kind of increasing our revenues. So what we did is we set a formula that we felt like was a fair profit for the business that we're in and the only time we go up on price is when our cost structure, we feel like has permanently gone up. Let's say chicken has gone up or labor rates have gone up, the only time we ever go up on price. So we've gone, I remember times we'd go two or three years and not take a price increase. But what we wanted, Carey, was the day we took a price increase that we created so much value, and I'm going to get into your specific question in a minute, we created so much value in favor of the customer that the day we have to go up on price it's a non-issue in their mind.

Carey Nieuwhof:

They're like, so 42 cents more, it's not a big deal. Yeah.

David Salyers:

Yeah. So we wanted to create that value imbalance so that when we did have to take a price increase, it's a non-issue in the mind of the customer. And literally, we have this statistic, early in my career we could show when we went up on price, we'd see a drop in what we called customer count, almost like this inverse relationship -

Carey Nieuwhof:

Just the raw number of customers?

David Salyers:

Yeah. But later in my career, as we created this value imbalance and really had a better understanding of our strategy and execution of it, customer count is identical, if not increasing after we go up on price. I mean, it was just a business miracle in a sense. So let me give you some examples. I wish I could take you, in fact I'll give you this offer. If you're ever in Atlanta again.

Carey Nieuwhof:

I will be. One day we're going to fly.

David Salyers:

What used to be called headquarters, we now call it Support Center. In the Support Center there's an 80,000 square foot innovation center. 80,000 square feet of innovation going on at any point in time. What I'd love to do is walk you through that 80,000 square feet of innovation and show you everything we're working on. But what's amazing is there's not one thing we're working on designed to get you to spend one penny more at Chick-fil-A. It's all designed to give you more value for the hard-earned money you're already spending with us. So examples. In order to create value there are several sources of value. One is pain points. The pain that you experience in doing business with us, if we can eliminate that pain, we created value for you.

Carey Nieuwhof:

So what would that be? Like wait time or?

David Salyers:

Wait times. Yeah. Like drive through. There was a time where 50 or 60 cars in an hour was good. Now we got guys doing 300 cars in an hour or whatever. You can get in line and it's like NASCAR and a lot of people... It's interesting. A number of years ago we created, it was in, let's see, about 2007 and eight. We had a financial crisis here in the United States, a banking crisis, and during that time everyone was laying off employees because it was a time not unlike the one we're going through right now with COVID. All of our competitors were laying off employees and Dan and Truett decided this was the best time to start investing. Again, trade off. The opposite. We're going to go on the offense while everyone else is going on defense trying to save money, save, we're going on the offense, and they decided we're going to create what's now been called second mile service at Chick-fil-A. And second mile service was born during a crisis like this where they had the crazy idea, we're going to spend millions of dollars to create this program, millions of dollars to train people, millions of dollars to execute in a time we didn't have that kind of money. And it's interesting, there was a political candidate years ago here in the United States that had an expression, "it's the economy stupid."

Carey Nieuwhof:

Yeah. I remember that.

David Salyers:

You remember that? Well our version of that at Chick-fil-A was, "it's the food stupid." The reason they come to us for the food. And you can make that argument. It's like yeah, they're giving us their $4, they get the sandwich, that's why they're here. But Truett and Dan were convinced we could create value way beyond the food so we started the second mile service initiative. One of the subsets of the second mile service initiative was the reinvention of the drive through. We realized the drive through experience had not been reinvented in 50 years. It was this same thing where you pull up to a box, where you couldn't hear them and they couldn't hear you. And it's this, you know? And so we said, we're going to throw that out and come up with a new experience. And sure enough, now Chick-fil-A is more known for its service. And our feedback from customers, they come more for the service than they do the food.

Carey Nieuwhof:

And was that when you pioneered the people coming out to take your order where you had employees?

David Salyers:

Yeah. Exactly.

Carey Nieuwhof:

Because I thought that was brilliant and it's been adapted by others, but that's really interesting. What are some of the other hallmarks of second mile service?

David Salyers:

Well the fundamental concept is, we believe that at Chick-fil-A we're not focused on creating sales, we're focused on creating raving fans of the business. And I found that all of the great brands, that's kind of their focus. They want to create this group of customers that are just raving fans of what you do. And we define raving fans as people who do three things. They're happy to pay full price, they come more often, and they tell us and others about us. That was our definition of a raving fan. Happy to pay full price, come more often, tell us and others.

David Salyers:

And the goal was not, it was like, how do we be good enough to where they're happy to pay full price? You've got to be pretty good. I'll bet if I asked you make me a list of companies you're happy to pay full price, it's a short list. So get on the short list with customers. Come more often was important in our business because with a food business, the frequency of businesses is really important. But what we thought about it, is we want to be good enough to where they want to come more often. And then finally, we wanted to be good enough where they would tell us, meaning if they had feedback, if we gave them a bad experience, they'd care enough about us to tell us and tell others that they should be eating. So they almost become this unpaid sales force for your company.

David Salyers:

So if you add those three things up, if you're good enough that they're happy to pay full price, if you're good enough they want to come more often, and you're good enough they will tell you when you mess up and they'll tell other people they should eat with you, you've just created something that's almost unimaginable in the world of business. And interestingly, we don't think about it as profit, but can you imagine any more profitable behaviors a customer could exhibit than those three behaviors?

Carey Nieuwhof:

No. I mean that's a dream.

David Salyers:

It's not why we do it. Again, I don't want to confuse the fruit. That's the fruit, not the object of us doing it. But if we can create that, you'll have the most profitable business in the history of the world, which is kind of a $7 million business in a $700,000 category. But, going back to your original question, the way our plan, our strategy to create raving fans was three parts

PART 2 OF 4 ENDS [00:48:04]

David Salyers:

One was operational excellence. Operational excellence is basically giving people what they expect, with excellence. Now, most people, they struggle just to do that.

Carey Nieuwhof:

So your sandwich is hot, your fries are crisp, your drink is cold, you're not out of ice, you're not running out of product, you're not waiting 10 minutes for your order, all that stuff.

David Salyers:

And just that, is what the business was built on. For a number of years, that's all we had. That was a pretty good building block right there. But second mile service, if first mile is about giving them what they want and expect with excellence, second mile is about giving them things they don't expect, with excellence. What are all the things people wouldn't expect from a fast food restaurant? I want to give you a good example of that in just a second. Then the third aspect to creating raving fans for us was what we called emotional connections marketing. That we wanted to develop an emotional connection where they felt like this part of the family, and they felt almost ingratiated, indebted to Chick-fil-A because of the way in which Chick-fil-A has impacted their lives and things they care about personally. So we can get into that, but let me give you a tangible example.

David Salyers:

Visiting with a operator out in Kansas City one time. We were talking about everything we're talking about. We just watched this video that we produced called Every Life Has a Story. And coming out of that, the story line for me is that if every life has a story, maybe we should make it our business goal to improve the story of those we do business with. That's one of the central organizing ideas of Chick-fil-A. It's not to make money and profit, it's how do we improve the story of those we do business with? He and I had just watched this film, and we were talking about improving the stories of those he did business with, but then the reality hit us. He said, "David, all that sounds good. But for instance, I got to compete with 99-cent kids meals. Every one of my competitors has a 99-cent kids meal, and if I don't do a 99-cent kids meal, I can't be competitive."

David Salyers:

What went through my mind at that point was we don't want to be competitive. We're trying to create a competitive advantage. And if all we do is a 99-cent kids meal, yeah, we're competitive, but there was an opportunity to create a competitive advantage. So that day, that particular operator said, "You know, if we really do want to improve the story for those we do business with, is a 99-cent kids meal the best idea we got?" And we were convinced we could do far better than that.

David Salyers:

So fortunately for you, fortunately for me, this particular operator had three daughters, and he said, "You know, one of the things I love to do is I love to go on daddy-daughter date nights with my daughters." He said, "What about if instead of a 99-cent kids meal, I did a daddy-daughter date night at my store." My mind almost exploded at that point. It's like, this is gold. This is pure marketing gold. This is creating value for people in ways. This gives us an unlimited opportunity to create value.

David Salyers:

Long story short, he started brainstorming, I started brainstorming. He called me a couple of days later, Carey, I was back in Atlanta at this point. "David, you're not going to believe this." I said, "What?" He said, "Remember that daddy-daughter date night idea?" He said, "People from the community have started calling to volunteer to help." What struck me, Carey, is you come from the nonprofit world with the church. People volunteer all the time to help the church, but how often do people volunteer at a for-profit business.

Carey Nieuwhof:

Yeah, in a for-profit business to get volunteers?

David Salyers:

It almost never happens, but a photographer called and said they'd love to come take pictures. A florist called that said they'd love to donate flowers. A carwash, of all things, called and said they'd love to come wash the cars of the dads while they're in with their daughters, and on and on it went. Anyway, this guy put it on his website. He decided in order to execute it, that he'd do reservations that night in order to maximize the opportunity, because he created 30-minute increments. So in the end he did the math and he cordoned off three-quarters of the restaurant for these dads and their daughters. He did the math, and he creates 700 opportunities for dads and daughters to come on this daddy-daughter date night between 3:30 in the afternoon and 9:00 that night. He put it on his website 9:00 in the morning, went back to check at 5:00 that afternoon, that was like two weeks out. Guess what had happened?

Carey Nieuwhof:

Sold out.

David Salyers:

Sold out with a waiting list started one day. Here's what's fascinating about it. When we did the homework and the research, half the dads didn't even know they had gotten signed up, the moms were signing them up. When Dad got home that night, it's like, "Guess what? You're going on daddy-daughter date night in two weeks." But here's what I know about a dad. I'm a dad of a daughter myself, and every dad wants to be that- that dad was thrilled. Every dad wants to be that dad. We just have to make it easy on them to live into the dad they want to be, and that's all we did that night, was make it easy on a dad to be the dad he already wanted to be.

David Salyers:

Fast forward to that night. When you arrived at the restaurant, the carwash folks, instead of washing the cars, he decided to have them valet park the car. So you get out there, they'd open your door, and then he'd set up this big tented structure and the red carpet, so you can take your daughter in your arm, walk her down the red carpet. About halfway down the red carpet, there was a big container of carnations, so you give your daughter a flower. Then when they got inside, because they had reservations, they set up a hostess stand that night, and it would be Mr. Salyers, Miss Salyers, your table is waiting, and they'd escort you to the table.

David Salyers:

Now here's where it got super interesting, and where this whole philosophy of we're here to create value, not extract value. We're not trying to sell them a 99-cent kids meal, we're trying to create genuine value in their lives. So what this guy had done, he had gotten with a nonprofit in the area to talk about the idea, and they told him, they said, "Well, the first thing you're going to have is when that dad sits down with the daughter, most dads, when they sit down with their- Picture an elementary school, middle school daughter, he said, there's something that begins with a C that's about to not happen." What's that? A conversation.

David Salyers:

Most dads don't know what to talk to their daughters about. So what he did was he created a place mat with very thoughtful questions for the dad to ask the daughter, like this nonprofit help, really rich, deep, cool questions to ask the daughter. Then he left a space to record the answer so they could prove to mom they'd actually had a conversation. Same thing for the daughter, this place mat for the daughter with questions to ask the dad and record the answer.

David Salyers:

Carey, I've got things like that for my kids when they were young, I've got them later. You know what that is in my life? It's priceless. You can't put a price on that, later on, to see my kids in their own little handwriting when they're in third grade or something, what they were dreaming for their future. He created something priceless for those dads and daughters. Instead of saving them a couple of bucks on a kids meal, he created something priceless in their lives. So on and on it went, they got their picture made, 30 minutes later out the door. Because everyone signed up for reservation, we had their email, so we sent out a survey. I know you're a little bit familiar with surveys. Our normal response rate in the world of business, if you get a one or two-percent response rate to a survey, you've had a good day.

David Salyers:

You know what the response rate was on that survey? Eight-seven percent. Eighty-seven percent response rate to that survey, because it had impacted their lives so much, they were willing to take time to give you that feedback. You know, we said, raving fans tell us and other people] tell us about the experience. I couldn't believe it. I said, "You got to send those to me." He printed them out and sent them to me. One of them was three pages long. I sat in my office crying over what this dad said the impact that it had on his relationship with his daughter.

Carey Nieuwhof:

Well, that's changing a trajectory. That's changing a story, right?

David Salyers:

Exactly. Bingo. And that's the point. How much value did we create that night for them? And how much value imbalance did we create by allowing a dad to be the father they want to- We're not in the father-daughter business. We're not a nonprofit, but that night we were. The whole idea was hundreds, if not thousands, of ideas like that over time, and the cumulative effect over time, and the emotional connection that's created to our business over time. What would it now take if that daughter had that special night with her dad, next time they go out to eat, where are they going to want to go?

Carey Nieuwhof:

Yeah, it's got a positive association in their mind forever.

David Salyers:

When they grow up and they have their own family, where do they want to go? It's not all about that one night, but that's an example of creating this value imbalance, not by charging less. We charged our normal rates that night, but we created so much more value than what they paid for, they probably would have paid more, but we didn't charge them more.

Carey Nieuwhof:

No, I hear you, because I totally get that. Pricing can be a race to the bottom. You just cut, cut, cut. Sales are as controllable as costs. That's really good. Let's shift gears a little bit, David. Let's talk about creating value for your suppliers, or for your distributors, or some of those B2B people. Your customer, yeah, you've improved their whole experience; you added value on the drive-through; you created things like the daddy-daughter night. We've talked on previous episodes with other Chick-fil-A executives about even the "yes ma'am, yes sir," bringing food to your table, enculturating staff so that it's a positive experience, and cutting down wait times. I think there's lots of ideas for leaders, but I'd love to know how you add value to your partners, to the people that a customer will never see, but they gave you the chicken, or they gave you the bread, or they gave you the tables for your restaurant. How do you do that?

David Salyers:

Yes. I'm so grateful you asked that question, because I think that is a real strategic difference. I think the way most businesses approach suppliers, they see them almost as the enemy and it's a win -

Carey Nieuwhof:

How can I squeeze something out of you? Like, how can you give me this for less, David?

David Salyers:

Exactly, and it's always that. So you create this win-lose attitude where you're trying to win and they're feeling like the loser, or they win and you lose. There's not much to be gained from a win-lose attitude with a supplier. What we did is strategically our trade off is we said, we're going to do the opposite. Almost like what we just talked about. Instead of arguing over price, let's create value for each other beyond the price we pay. It works both ways. I'm going to give you example of both ways.

Carey Nieuwhof:

Yeah, I'd love to hear it.

David Salyers:

Let me give you an example first. Coke was a great example. Coke, every year would come to us, and they're going up on the syrup price, and most people want to haggle over that. What we would do is we'd say "Let's not argue over the price. Let's find ways for you to create value for us well beyond the price, we're happy to pay the price."

David Salyers:

I'll give you some examples. Every year we would get together with Coke, and we'd come up with a whole list of things that they were going to do for us beyond just sell us syrup, because they were so much bigger than us, and they knew a lot more than we did about so many things. So they would help educate us on all kinds of topics. I remember going up, like when we were looking for an ad agency that ended up with us picking the Richards Group that ended up with the cow campaign, we never picked a beta ad agent. They had lots of experience. We literally spent time with their Chief Marketing Officer, and he walked us through the process that they used and educated us on how to do that and ended up giving us a list of people he would recommend.

David Salyers:

It was unbelievable value that they created. I got my marketing master's degree from just talking to their CMO and learning from them and their process. They introduced us to people, et cetera. When we got into sports marketing, Coke had done that for years. We sat down with a person in charge of sports marketing, and they educated us on how to approach it and how to think about it. There's a little adage they gave us, I've never forgotten. He said "most people in sports marketing, they want to buy the toy, "which was the property. Like we sponsor the Chick-fil-A Peach Bowl. They focus on just buying the toy, the sponsorship.

David Salyers:

He said, "But what you really need to do is buy the battery to make the toy work." The battery just sits there. That's the way most people approach sponsorship. He said the key is to buy the batteries. So they literally allocated money to what they call it, activate the event. So we would have a disproportionate amount of money to activate the event relative to what we spent.

Carey Nieuwhof:

Can you break that down so we know exactly what that would look like with a real life example?

David Salyers:

Yeah. Well, let's use the Chick-fil-A Peach Bowl as an example. When we first sponsored the Peach Bowl, it was like number 28 down the list. It was one of the most undesirable bowls out there.

Carey Nieuwhof:

It was gettable and affordable.

David Salyers:

It was very affordable, and it was interesting. It was scalable, because at that time they had an SEC and an ACC team, and that graphic footprint matched where a lot of our locations were. So it was very gettable, no one had ever sponsored it before, but both of us got into it, and we said our goal is not to buy it to be the number 28 bowl; our goal is to get into the college football playoff championship rotation. We want to be a Rose Bowl. We're going to buy it cheap and then grow it to make it look like one of these real expensive bowls that we couldn't afford. Mutual goal. We literally have done that now. I don't know how much you follow college football, but -

Carey Nieuwhof:

Very poorly, but I promise you all my listeners are better educated. So go, go.

David Salyers:

Well, we literally are now part of the college football playoff rotation. So we grew it from number 28 down the list into one of the top six bowls in the country that now rotates. Every three years, we have a college football playoff in the Chick-fil-A Peach Bowl. Then every six years, we have the national championship, although now they've restructured that yet again, so actually now the city's been on- but the point was, we mutually decided to grow it. So we bought it cheap, but we made investments and they made investments to grow it into something.

Carey Nieuwhof:

That was with Coke, just to clarify?

David Salyers:

No, no, no. It was an independent organization, a nonprofit organization. The Peach Bowl, Inc, is what it's called.

Carey Nieuwhof:

Okay, so you basically solved the problem.

David Salyers:

They educated us on how to think about this. Then we activated it. What we would do is we'd activate it with all kind of ancillary events. Like we created a kickoff game with the Peach Bowl at the beginning of the season where we said, "You know what? The end of the season is so crowded, let's do equivalent to a bowl game at the beginning of the season." We created the Chick-fil-A kick-off game. We've had golf tournaments, we had basketball tournaments, we had like a fan fest where families could come before the game and enjoy. All these things got layered and built onto that one idea. We even jointly brought the College Football Hall of Fame to Atlanta. It used to be up in Indiana, and now it's in Atlanta. And that came as a result of us partnering with the Chick-fil-A Peach Bowl. So it just grew into this amazing thing, but our investment we did for the long haul stayed really inexpensive, because we bought it when it was cheap and we grew it into something valuable.

Carey Nieuwhof:

I'd love to, even that is such a great example. If we can, let's go back to the Coke example where, you're right, in a classic situation, people are arguing whether it's the cost of paper, the cost of syrup, like, we just need- That is where almost all negotiation takes place, and it's a zero sum game. I win, you lose, or you win and I lose. That's how it works. So you're like, no, let's not haggle over the price. Let's just talk about how we can add value. And you go and sit with the CMO and get a master's degree in advertising. How does that work? Was that an exchange of funds? How did that work?

David Salyers:

We built that, again, philosophically our strategy was value is what you get divided by what you pay. We said, "Let's don't argue about what we pay, let's strategize about what we get." Every year we would sit down and we would literally come up with a list of things of ways Coke could add value beyond what we're paying them, that they were happy to do. It would include things like that. It would include things, even use of their headquarters. Their headquarters is here in Atlanta, we're in Atlanta. So we used to have offsite meetings there. We'd look for every way that we could create value through that relationship. They would introduce us to people that we needed to meet, that they had relationships with. There are all these ways they could create value above the line instead of just arguing over the price below the line.

Carey Nieuwhof:

Right. So you walk away saying we don't care paying X number of dollars for syrup, because-

David Salyers:

Just add enough above the line, it makes it worth that.

Carey Nieuwhof:

Got it.

David Salyers:

Does that make sense?

Carey Nieuwhof:

That makes a lot of sense.

David Salyers:

It's everything from education to activity. Here's another thing we did. We said, "Let's create a portion of what we pay in the price of the syrup to be a marketing fund that we jointly decide how we're going to spend." Literally, every year if their price went up, the marketing fund went up, and we had these joint dollars that we could jointly spend to grow our business in ways that would benefit them and us. Some of the way we even paid for some of the things I just talked about was through that marketing fund we created. The bigger we got, the bigger that fund became, the more we could do with it.

Carey Nieuwhof:

I'll give you a very good example.

David Salyers:

Yeah, go ahead.

Carey Nieuwhof:

I'd love to pick your consultant's brain on this. We both know Brad Lomenick quite well. I'm sure you know Brad, used to run Catalyst. Brad works with my team, and just to take people behind the curtain, this podcast is always brought to you by one or two people. It's one of the reasons I can do the interviews, jump on airplanes, pay for a staff, do show notes, the whole deal. Anyway, it's more than just a hobby now, but one of the things that happened when the pandemic hit was we didn't know were all our sponsors going to be okay, because it felt like the sky was falling, and what would that be? His immediate reaction, it was his idea, I give him full credit, was do a bi-weekly partner call. Invite all of your partners who are in on this, and tell them what you're learning in real time and do like a little mini mastermind.

Carey Nieuwhof:

First of all, I thought nobody was going to come. Secondly, I thought really? They would want that? Well, that turned out to be one of our favorite things to do, and we're still doing it even though the immediate crisis is over, but it was a way of adding value. And we've done that with a couple of other teams where they're like, "Hey, you had a lot of downloads. Can you meet with my team and we'll just sort of swap ideas?" You're talking about looking for opportunities like that, that are win/wins. Is that it?

David Salyers:

Absolutely, Carey. That reminds me of one that we did. Most of our agencies that we work with in marketing department viewed all the other agencies as their competitor. That's very normal in the industry. So we said, "Let's reverse that. Let's do the opposite." Every year we would hold an agency summit where all of our agencies got to get together in one place, meet each other, collaborate with each other. We said, "The pie is big enough, you're all getting your fair share of it. Well, let's make the pie bigger and let's collaborate together."

David Salyers:

You can't believe the reaction we got from the agent. No one else has done that. And they love meeting each other. They love colla- Their ideas got even better when they collaborated with each other, because you've got a lot of smart people, you got a lot of creative people. So every year we'd have this agency summit, and then quarterly we'd follow up, and we would create projects that we're all going to work on. They would all get their fair share coming out of that, but they didn't have to feel that they were competing against the other agencies. They can collaborate with the agencies and then they would just do different pieces of what we came up with. It was fantastic, but the feedback we would get on that. Here's another thing we would do.

David Salyers:

We found that a lot of ad agencies don't have a very big budget to develop their people. That's not a strength in general of marketing agencies. We said, "We're going to do more to develop them as professionals and as people than their agency's going to do." We would bring in speakers, we would get them books. We even took them sometimes. If we would go to a conference, we'd take them with us. We would pay their tuition or their expense to be there, and they would always tell us, "we're so loyal to Chick-fil-A, because Chick-fil-A is investing in our development as a professional in ways our own company's not." One way we could do it.

Carey Nieuwhof:

Where did that, and I know there's not a single answer to this, and if this is the wrong phrase, you can substitute your own in, but it feels like an abundance mentality. It really does. Where did that come from? Was that Truett? Was that a team? How did you embed that in your culture? Because everywhere, like we're an hour into this conversation, everywhere I look, it's an abundance mindset, which I'm a huge fan of, but I think we all flirt with scarcity sometimes.

David Salyers:

Yes. We love that term, and we use that term. I love abundance mentality, but I would go back to this be rich versus get rich. A get-rich scheme in the end of the day is a scarcity mentality. It's like [inaudible 01:09:29] rich, I need to win/lose, because there's only so much pie, and I would need to get a bigger share. It's a win/lose mentality.

David Salyers:

An abundance mentality is, nope, we'll just make the pie bigger, and everyone's piece of it gets bigger. This whole get rich versus be rich scheme, I think is connected to abundance versus scarcity. It really does go back to Truett. Truett from the very beginning was generous and willing to share with people and had an abundance mentality right down to the way he created the operator bottom, where the operator splits the bottom line with Chick-fil-A. Of all the profit made in an individual restaurant, 50% goes to the operator and 50% comes back to Chick-fil-A. So for every dollar they make, we make a dollar, and it's this unbelievably generous proposition, but he knew that the pie would get bigger.

David Salyers:

Now we're a $7 million business in the $700,000 category. That's the abundance. I love that language, and that's exactly what permeates all these decisions is, how do we make a bigger pie? How do we make it better for everyone? How do we create a win/win/win situation, not a win-lose? Usually business is adversarial. It's I want to win, I want you to lose.

Carey Nieuwhof:

I got to ask you, because I know there's some leaders who are like, "David, I wish I lived in your world. I wish I worked at Chick-fil-A. I wish I worked in one of your companies. I wish I did, but I got this bean counter on my board, or I've got this like bean counter on my executive team, and they don't think abundance. They think scarcity. They're like, let's cut costs." When you've encountered that attitude, what are some ways to flip that or turn that, or even quarter-turn those naysayers in an organization?

David Salyers:

One of the ways that we would do it is we would sometimes have to create what I'll call an oasis of greatness in a desert of scarcity, maybe oasis of abundance.

Carey Nieuwhof:

I love that.

David Salyers:

It is the ability to do it on a small scale and prove it. What the numbers people want is proof.

Carey Nieuwhof:

Good answer.

David Salyers:

And a lot of times you can give it to them. Let's just try it on a small scale. Let me show you that it works, and then we'll expand it. Instead of going all or nothing, it's like how can we try this on a small scale? I'll show you that it works, given a reasonable amount of time for it to work and stuff, and then if it works, then let's put more into it and do it.

PART 3 OF 4 ENDS [01:12:04]

David Salyers:

I think that is the best way to approach somebody with that scarcity mentality, is show them a little bit of abundance and what that mentality can result in, but not have to go whole hog. I think where people get in trouble is they went whole hog, whole-

Carey Nieuwhof:

They're trying to change their whole life and mindset. Right? That almost never works.

David Salyers:

I share with you maybe a more tangible way to think about it. We were busy with Jim Collins, one time, the author of Good to Great. Jim, he's a fantastic guy, is a good friend of Chick-fil-A, became a personal friend of mine along the way through Chick-fil-A.

David Salyers:

We were out at his office one time. In fact, this will be an amazing story for you. Jim, every year, he would invite two or three companies to come visit with him in Boulder, Colorado, which is where he operates out of.

David Salyers:

Historically, you could bring no more than 12 people. It didn't matter the size of the company or whatever. If you're coming, you got 12 slots and that's it.

David Salyers:

The year he invited Chick-fil-A, we had 16 people that were on our leadership team. For the first time in history he's ever done it, he invited all 16. His secretary, his administrative assistant told me, he said, "With Chick-fil-A, it just didn't feel right to ask you guys to leave someone behind because you're such a close-knit group. It just didn't feel right."

David Salyers:

We asked him, "Well, why 12?" He said, "Well, because only have 12 seats in my little executive board room." That was the only reason.

David Salyers:

So, what he did for us, is he rented a hotel room so we could do 16. We got a hotel room in Boulder and all 16 of us were able to go. But there was an example where he made an exception to the rule because he said it just didn't feel right, given the culture of Chick-fil-A, to ask someone to stay home.

David Salyers:

But here's the story I want to share with you. At that time, he was working on his next book. He had a chapter called Bullets and Cannonballs. I don't know if you've heard this illustration, but it's so powerful.

David Salyers:

He said back during the Civil War, when you would go out on a boat, space was very limited. So, cannonballs and gunpowder were quite limited. He said, what they would do is, they'd take a musket and they'd take a little bit of lead and a little bit of gunpowder and they'd shoot at the target.

David Salyers:

Maybe they're 10% off. So, they take another shot. Now they're 8% off. Take another shot, now they're 4% off. And when they finally hit it, then they fire the cannonball. So, that they're using this little bit of lead, a little bit of gunpowder to get to the cannonball.

David Salyers:

He said, what most businesses do is the opposite. Someone comes up with a big idea and they want to fire the cannonball immediately. And then they argue over which cannonball they're going to fire, this multimillion dollar cannonball or this one.

David Salyers:

So coming out of that, Carey, in next year when we went to planning, we realized we're that way. We would get in these big arguments over which multi-million dollar initiative we're going to fund.

David Salyers:

Unfortunately, it usually went not to necessarily the best idea. It went to the person who was the best at selling the idea.

Carey Nieuwhof:

Mm-hmm (affirmative). Mm-hmm (affirmative).

David Salyers:

So, what we decided that year is we said, "You know what? Instead of funding, one big cannonball, we're going to fund a lot of bullets. So, bring us your bullets."

David Salyers:

Bullets, by definition are not multi-million dollar. They're these little ideas. Little bit of lead, little bit of gunpowder and if it doesn't work, we're not putting the company at risk. It's no big deal.

David Salyers:

So, we fired a bunch of bullets that year. Then, the next year, we figured out which of those bullets actually were cannonballs and we funded those. Isn't that a great way to think of it all?

Carey Nieuwhof:

First of all, it's a great story. Jim Collins is a dream guest. I'd love to have him on one day. I love his stuff.

Carey Nieuwhof:

I would love to know what's one or two of those bullets, in that experimental period. Because I think this is a time, particularly in all this disruption, David, where there needs to be more bullets and fewer cannonballs. We don't know what's going to work moving forward.

David Salyers:

Gosh, there's so many ways to apply this, Carey. Before I answer that, I just want to ... That next year in planning was so much easier, because sometimes when we all had our multi-million dollar initiative that we wanted funded and only one got funded and nine didn't, the nine groups that didn't get funded walked away feeling gypped. That felt deflated in all this time.

David Salyers:

So for the first time, when everyone's bullets got funded, everyone's fired up about going in and they're committed to making their bullet work.

David Salyers:

But let me share with you some examples of what bullets might look like. Maybe a good example would be, we all the time had to decide, which food product are we going to come up with next?

David Salyers:

So, we would do tons of research and then we might have an initial list of a hundred food products. We might get it down to 10 that we would actually take out to an individual restaurant and we would unitize.

David Salyers:

We'd say, "Can we really manufacture this? Can we produce it, et cetera?" We do one location with this one new product. And then maybe the list goes from 10 to five at that point, because it's not as practical to do some of them as others.

David Salyers:

So then, the next step would be, we'd go from one location to like 10 locations and see, could we retrofit it? And then once we got it in 10 locations, we'd go to three markets. We went to three markets. We were doing a sales test, to see a lot of it.

David Salyers:

Up until that time, it's more operations test to see, can we do it? And then the sales test would decide which of those products we're actually going to roll out, which one becomes the cannonball.

David Salyers:

So, it started maybe with 10 bullets and then goes to ... The ones that are most promising go to a few locations, then three markets. And then and only then would it go ...

David Salyers:

But by the time it goes national, guess what happened between that one unit and three market tests? All the problems, all the unforeseen things, all of it gets worked out in front of a small audience, where it's very fixable, very changeable, very doable.

David Salyers:

It turns out, had we rolled out nationally the way we would have done it in one location, almost always would have been a disaster.

Carey Nieuwhof:

Right. It's like, we don't have supplies. This doesn't work. It doesn't taste good. Yeah.

David Salyers:

Yeah. Equipment's not right, all these things. You kind of bulletproof it. Pardon the pun on that.

Carey Nieuwhof:

Yeah. Yeah. Yeah. Yeah.

David Salyers:

We do it for three months. And then by the time we roll it out nationally, it's never perfect, but it's a whole lot closer.

Carey Nieuwhof:

Wow. David, there's going to have to be a part two. This has been so, so good. I absolutely love it. It's been so helpful. I feel like I got my MBA in strategy or marketing or something, in this time.

Carey Nieuwhof:

You got a new online course. You retired a couple of years ago from Chick-fil-A. You're running ... we were catching up beforehand, 280 companies right now, I think, or something. You got a few on the go, right?

David Salyers:

Yeah. I've got about a dozen different-

Carey Nieuwhof:

About a dozen different ventures that you're backing right now, everything from co-working space to technology to et cetera.

Carey Nieuwhof:

If people want to access you and your mind, you've got a course called Spark. Tell us about that.

David Salyers:

Yeah. What Spark is designed to do, Carey is, a lot of what we talked about today gets forced out, but in a much more practical, applicable ...

David Salyers:

Well, I've got a talk I do, called Remarkable. The Remarkable talk is all about inspiration. What Spark is about is the application of that.

David Salyers:

So, let's say people are walking away from this and they're inspired and they want to do what we've talked about. What this course will do is help them apply it.

David Salyers:

It's six sessions on marketing. I think about it as Marketing Branding 101. Where we do everything we just talked about, one-on-one. And then it's six sessions on culture as well.

David Salyers:

Here's an interesting "Aha" for me, that I've kind of learned post-Chick-fil-A. I feel like every great brand understand that ultimately ...

David Salyers:

Donald Miller would talk about this, StoryBrand. Every great brand is a story. The greatest stories become the greatest brands and the greatest stories add the most value, et cetera, et cetera.

David Salyers:

But that story has two portals. It's got a customer portal, the way a customer sees the story, but it's got an employee story and the way employees see the story. It's kind of two sides of the same coin. It's the same story, but viewed through the employee's lens and viewed through the customer's lens.

David Salyers:

Marketing is all about making a great story that the customer sees. Culture is all about making a great story that team members and your employees want to be part of, but it's the same story.

David Salyers:

What's been fascinating about my post Chick-fil-A time is, they almost never call me back about marketing, but I get called back almost weekly about culture at Chick-fil-A. It's like, why is this? I wasn't in charge culture. That wasn't my job description.

David Salyers:

But everything I thought about from a marketing standpoint and everything we've tried to create within the marketplace, was all culture related. So, I feel like culture is the ultimate competitive advantage, but culture is connected like Siamese twins to your marketing. They're the same thing.

David Salyers:

So, if you want to create raving fans, like we talked about before, what I've learned is the customer will never be more excited about your brand than your own employees are.

Carey Nieuwhof:

Truth.

Carey Nieuwhof:

If you want to increase the passion, increase the engagement, increase the excitement of your customers, it starts by doing all that with your employees. The level to which you're able to improve that with your employees dictates the level of which you're able to obtain with your customers. So to me, these two are so connected.

Carey Nieuwhof:

So the six of these sessions are on brand building. The other six are on culture, kind of the equivalent in culture, because I feel like you got to do both.

Carey Nieuwhof:

You got to create a culture. I've never seen a great brand born out of a terrible culture. You know what I'm saying? You've got to work on the culture to create the great brand and this addresses both of those.

Carey Nieuwhof:

Wow. Where can people learn more? Where can they find the course? You've got an offer, I think. Right?

David Salyers:

Yeah. In the spirit of what we've been talking about, creating value for people, what I'd love to do for your folks is give them a free sample of what this is all about. If they like the sample, great, they can dig deeper. If not, then no harm done.

Carey Nieuwhof:

Right.

David Salyers:

So what they can do is, they can text Spark, the word spark, S-P-A-R-K, to 55444.

Carey Nieuwhof:

Wow, that's easy.

David Salyers:

If they'll Spark to 55444, they'll get a free sample of the course. If they like it, great. They can think about doing more. If not, then hopefully at least that portion was beneficial.

David Salyers:

Interestingly, what they'll get is a session that I did specifically with this time that we're going through in mind. It's the upside to the current downside. It's all about the time we're going through. How do you create upside out of the current downside? That's the session that they'll get.

Carey Nieuwhof:

Oh, we all need that. I'll tell you that, David. And then do you have a website that people go to, generally, to find you?

David Salyers:

If they'll just text Spark to that number, it'll connect them to all that information.

Carey Nieuwhof:

Then we're all set. We'll link to everything in the show notes. David, there will be a part two.

David Salyers:

Excellent.

Carey Nieuwhof:

This has been absolutely fascinating. I don't think I got to a single question I sent you in advance. So, that's always a good sign.

David Salyers:

Yeah. Well, your questions you asked were better than anything that you'd scripted ahead of time.

Carey Nieuwhof:

Well, there you go. Those are good conversations. Thank you so much, David. I really appreciate you. Thanks for building into all of our leaders.

David Salyers:

Pure joy. It was my pleasure to spend time with you and your listeners.

Carey Nieuwhof:

That's great.

David Salyers:

Don't forget to get to eat more chicken.

Carey Nieuwhof:

Well, that was a lot of value packed into an hour or something. Wasn't it? My goodness. If you want more, we have it in the show notes. We do that every week. It's free to you. You can find it at CareyNieuwhof.com/episode396.

Carey Nieuwhof:

That's a direct link to everything we talked about. It includes transcripts, which are available for you for free and for your team. A lot of people are readers.

Carey Nieuwhof:

If you haven't subscribed yet, please do. We have some incredible guests. We just booked Simon Sinek. He's going to be on our show. Adam Grant, John Maxwell just confirmed. We have Cal Newport coming up. You just heard Seth Godin. We've also got Amy Edmondson, Annie F. Downs, and so many more.

Carey Nieuwhof:

Why do we do that? We want to bring you the best value. And if you subscribe, you get it for free. If you haven't yet subscribed, here's what you're going to get next time.

Carey Nieuwhof:

You're going to get Craig Groeschel. Craig comes back for a wide ranging conversation on everything from the last year at church and why he's a hundred percent on digital and a hundred percent in on physical church, but also about the battle for your mind. It's a powerful and personal conversation. Here's a slice.

Craig Groeschel:

All my pastor friends are like, "When we open the door, they're all coming back." "Pull your head out. They're not coming back. They are not, not, not, not, not, not, not, not all of them. Because we have trained them."

Craig Groeschel:

I'll give you an idea. I worked out for 28 years with my buddy named John. 28 years, we worked out. During the pandemic, we couldn't work out. We've only worked out once since, only one time.

Craig Groeschel:

Why? Because I work out at my home gym now. That's what I do because I've formed a new habit. 28 year habit and we've only worked at one time because our rhythms have changed.

Craig Groeschel:

So now, people, when it comes to church, if they were Sunday morning person is now they do what? They sleep in, or now they go work in their yard or now they stream a podcast and do whatever. So, their habits are different and we just have to acknowledge that.

Carey Nieuwhof:

That's next time. And yeah, if you subscribe, you won't miss it, along with all the other good things we have.

Carey Nieuwhof:

Now, it's time for What I'm Thinking About. We are going to talk about pricing and values.

Carey Nieuwhof:

We talk about that, like how Chick-fil-A adds value. I want to talk about, for those of you who price things, how that works. I'm going to explain to you why I never do sales. Okay?

Carey Nieuwhof:

See whether you agree or not, but that's what's next in the, What I'm Thinking About segment. It's brought to you by our partners at Pro Media Fire. You can book your free digital strategy session today, whether you're a church or a business, at promediafire.com/growth. And by Generis, what could it look like to have a voice of generosity at your leadership table? Find out now by going to generis.com/Carey. That's G-E-N-E-R-I-S.com/C-A-R-E-Y, Carey.

Carey Nieuwhof:

Let's talk about value. Let's talk about sales. We had Seth Godin on, last time on the podcast. It was an incredible conversation.

Carey Nieuwhof:

If you read Seth at all, you're going to bump into this idea that sales are a race to the bottom. That so many people just say, "Okay, you know how we're going to compete? We're going to compete on price. So, we're going to do 70% off, 80% off, 90% off." Seth Godin calls that the race to the bottom and I agree.

Carey Nieuwhof:

98% of what I do is free. You don't ever have to give me a penny. You can listen to this podcast. Thank you to our sponsors for making it possible.

Carey Nieuwhof:

But obviously, I have a team and I have costs and I need to eat and live too. So, we have a few paid products. They're premium products. And when those products sell, they kind of cover everything else.

Carey Nieuwhof:

So what I do mostly, I do a number of things, but courses. I'm going to use courses as the case study today. So one of the things, if you follow my courses and I have courses on preaching, leadership, team building, personal time management and a number of other things, I never put them on sale. And you're like, "What? Why would you never put anything on sale?"

Carey Nieuwhof:

This was a decision we had to make about five years ago, when we got into courses. I really thought about this deeply. I agree with Seth Godin, that pricing is a race to the bottom. Because if you put things on sale, here's what you're doing. You're training people to never buy things at full price.

Carey Nieuwhof:

You're like, "But Carey, we all love sales. You buy things on sale." Absolutely. That's absolutely true. But here's the rationale behind it.

Carey Nieuwhof:

Let's say you bought my Lead a Better Team course, which is one of my premium courses. Okay, it's $447 if you buy it today.

Carey Nieuwhof:

Now, I think that represents a lot of value. We'll talk about how we calculate value in a moment. But you buy it for $447 today, let's say, and then next month I put it on sale. How are you going to feel?

Carey Nieuwhof:

I know how I would feel. I would feel really upset. It's like, "Excuse me, Carey, last month I paid $447 for it and now you offered it for $397. Not fair. Give me some money back." So, we just decided we were never going to do that.

Carey Nieuwhof:

Here's our philosophy instead. If you buy the course today, it's at the best price it will ever be. Now, six months down the road, we might raise the price. We might raise it a year from now, to $497 or something. But we don't put it on sale because we want to make sure that whenever you bought it, it was at the best price it would ever be. So, in many ways, that's honoring you as a leader.

Carey Nieuwhof:

You might say, "Well, Carey, how do I know I'm getting value for that?," which is exactly the question to ask. So, here's a very simple definition of how value works in my mind. Value is the gap between what you paid for something and what you believe it's worth. Simple.

Carey Nieuwhof:

I'll say that again. Value is the gap between what you pay for something and what you believe it's worth.

Carey Nieuwhof:

Let's say you're buying deck chairs for your porch or something like that. Okay? Let's say they cost you $150 each. Okay, that's expensive, but it's not cheap, but it's not like ... you can always pay a lot more. Right?

Carey Nieuwhof:

So you're sitting on those chairs and here's what you're doing. You're saying to yourself, "Are these chairs worth $150?" Now, you'll know that long term, when 10 years later, they look fantastic. They haven't broken. They're not falling apart.

Carey Nieuwhof:

If you sit down and it's wobbly already or you're not sure it's going to hold you or the color starts to fade after a few months, you're like, "I got ripped off." Right?

Carey Nieuwhof:

Okay. So, value is the gap between what you paid for something and what you think it's worth, what it gave you.

Carey Nieuwhof:

Same with the course. Let's say you bought my Lead a Better Team course for $447. You're like, "Well, that's a big investment." Yeah, it's 10 units. We stand behind it. We give a 30-day money back guarantee. So once you're in, you don't have to stay in. We'll give your money back, no questions asked. But the real question is, has this produced value?

Carey Nieuwhof:

I teach a few things in the Lead a Better Team course. I show you how to get results from your team. I show you how to lead a hybrid team because I've done that now for a long, long time. I was leading a virtual teams back in the nineties. Okay, go figure that. Okay?

Carey Nieuwhof:

Now I've led an entirely virtual company for six years. So, I teach you on that. I show you how to get rid of toxic culture and build a better culture. So, the net result having done the Lead a Better Team course, is that I would hope you reduce employee turnover, you increase employee output and productivity.

Carey Nieuwhof:

I would think you're going to get a 10X to 100X return on a course like Lead a Better Team. So that, the question you're asking yourself after you've done it, and you've implemented some of the strategies, then it is, "Hmm. Are we $447 better off than we were before we bought the course?"

Carey Nieuwhof:

I think, implicitly, the answer is yes. Otherwise, I wouldn't do the course. Right? Hopefully you feel like you got 10X the value. It's like, "Oh my goodness, we kept our best talent. I know how to lead a team now. My goodness, I'm using the process that you talk about. We've reduced a lot of the friction and workflow because there's a workflow triage system and we're so much more efficient."

Carey Nieuwhof:

How much is that worth? Way more than $447. Okay, bingo. That's it. That's the value proposition. So, the question you have to ask when you're pricing a product or when you're pricing a service, is are the people going to get more value than they paid for?

Carey Nieuwhof:

I also do the High Impact Leader course, which currently retails, I think for $347. That will go up later this year, but how do you know that's worth it?

Carey Nieuwhof:

Well, the promise in the course, is that it will buy you ... by getting time, energy and priorities working in your favor, it will buy you three hours a day to three hours a week of extra productive time, like redeemed time.

Carey Nieuwhof:

So, you add that up. If it's three hours a day that you free up as a result of doing the course, then that actually gives you over a thousand fresh, productive hours a year.

Carey Nieuwhof:

You're saying, "Well, sure, that's great, Carey. But what if you only free up three hours a week?" Well, that actually works out to about 156 fresh hours a year that you get back in your life and in your leadership, which works out to about a month of vacation, which is like, that's a lot of time. Right? But a month worth of productive work week.

Carey Nieuwhof:

So, we hear from alumni like Christina, who a has newborn, developed an app. She started working out. It's like, "You did that with a newborn because you took the High Impact Leader?"

Carey Nieuwhof:

John lost 70 pounds with his redeemed time and started getting a full night's sleep. He also built a deck on his house. Steve started a blog. Zach began his doctorate with the new time.

Carey Nieuwhof:

It's like, okay. So you ask people like that, who took the course and say, "Okay, was that worth $347 to you?" They would probably go, "Mm-hmm (affirmative). Mm-hmm (affirmative). Mm-hmm (affirmative)." That's how you calculate value. So, when you're pricing something, think about it that way.

Carey Nieuwhof:

Now it's a little bit different if you're selling a shirt or whatever, but think about how you can add value and then think about pricing because the automatic default, the reflex in our culture is, "Well, it's got to be on sale. It's got to be on sale."

Carey Nieuwhof:

No, you've got to provide value. And if you don't feel like you're getting value, we just give people their money back.

Carey Nieuwhof:

That's a little bit of my thinking behind value and pricing. I really hope it helps you. It was a bit of a breakthrough for me. I could go on for a long time about it.

Carey Nieuwhof:

I'm always happy as a customer, whether I buy a $5 thing or a $5,000 thing, if I feel like, you know what, that was a fair price. I got more value out of it than I actually put into it. So, I'm extremely pleased and I'd probably do it again.

Carey Nieuwhof:

So that's some thinking, hopefully that helps you. I know that was a lot. I could go on a long time about it, but if you want to see courses, you can go to CareyNieuwhof.com, just click courses. You can see the little library there.

Carey Nieuwhof:

Of course, I'm just grateful and that allows us to do this for free. So, thank you so much for listening. Thanks for supporting our partners as well. I can't wait to come back with you next time and have a conversation with Craig Groeschel. In the meantime, I hope our time together today has helped you lead like never before.

Announcer:

You've been listening to The Carey Nieuwhof Leadership Podcast. Join us next time for more insights on leadership, change and personal growth to help you lead like never before.

PART 4 OF 4 ENDS [01:34:53]