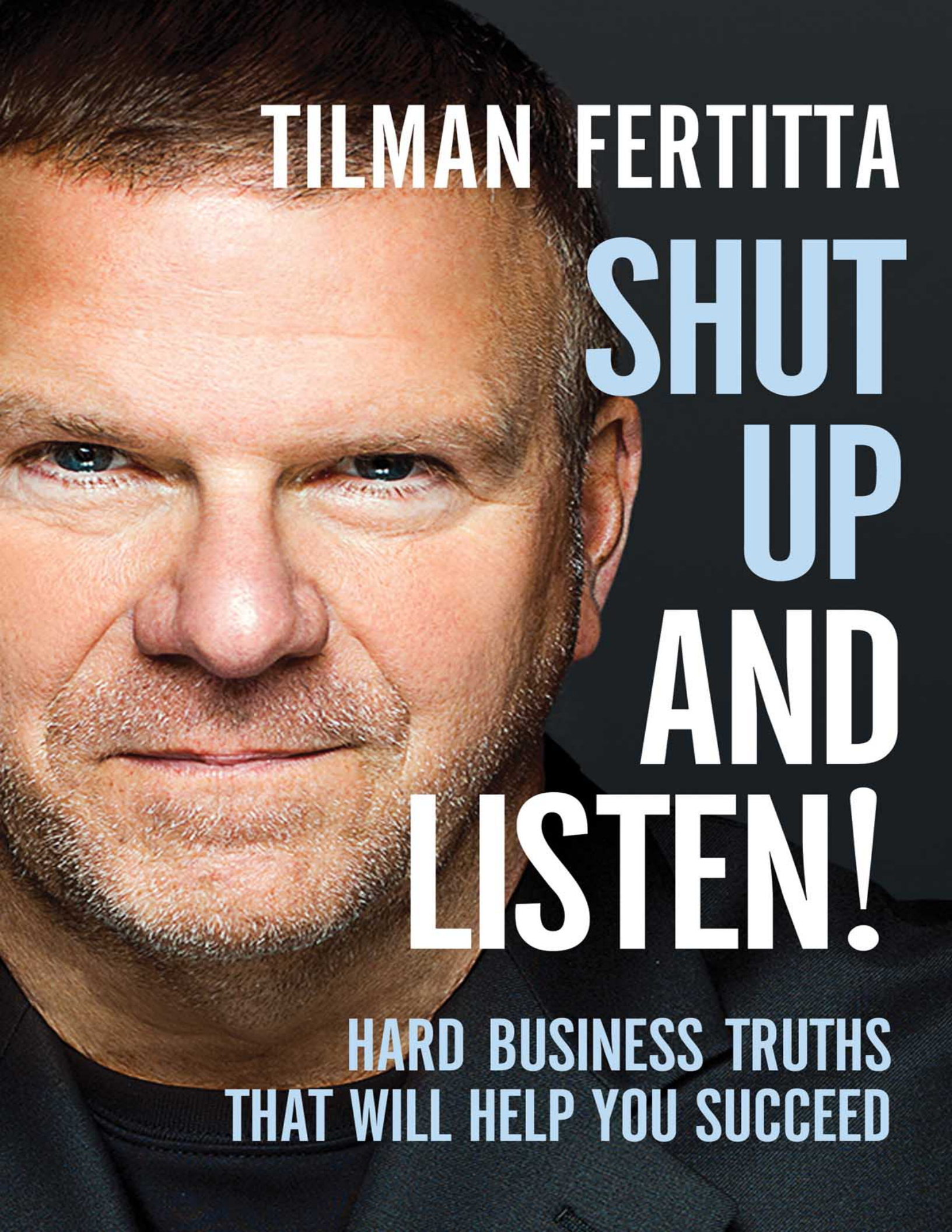




TILMAN FERTITTA

**SHUT
UP
AND
LISTEN!**

**HARD BUSINESS TRUTHS
THAT WILL HELP YOU SUCCEED**

PRAISE FOR

SHUT UP AND LISTEN!

“Tilman’s message isn’t just for people in business. His approach to leadership, service, and knowing your strengths and weaknesses can be used by the most junior cadet or the most senior officer.”

—Art Acevedo, President, Major Cities Chiefs
Association and Chief of Police, Houston, Texas

“You will want to reread and review Tilman’s timeless lessons for business owners over and over again.”

—Tom Brady, six-time Super Bowl Champion, four-time Super
Bowl MVP, three-time NFL MVP

“Tilman’s swag comes through loud and clear on every page, telling you what you need to do to be successful.”

—James Harden, NBA Houston Rockets All-Star and MVP

“Tilman offers up compelling lessons on how to build and run a business. If you want to rocket your business to new heights, this is the book for you.”

—Scott Kelly, Capt. US Navy Retired, former NASA astronaut

“Take heed of every lesson and bit of advice dispensed in this groundbreaking and insightful book. Just as Tilman changed the University of Houston’s trajectory, he can change yours too.”

—Renu Khator, Chancellor, University of Houston
System and President, University of Houston

“Tilman doesn’t just understand business—he understands what the customer wants because of his rare ability to see the world through other people’s eyes.”

—Michael Milken, Chairman, The Milken Institute

“Mr. Fertitta provides great insights to apply to the management of businesses, and people, that span all industries and all cultures.”

—Yao Ming, business executive, former
Houston Rocket and NBA All-Star

“Once you instill the principles of this book into your mindset and culture, you will know success.”

—Stephanie Ruhle, MSNBC anchor, *NBC
News* business correspondent

“Tilman shares his secrets on how to succeed in a highly competitive marketplace, whether you’re running a small business or operating a multibillion-dollar sports team.”

—Adam Silver, Commissioner of the NBA

“I’ve seen Tilman’s unique business strategies in action many times. All through the book he breaks them down in ways that are not only easy to understand, but can be used in any type of business.”

—Brian Sullivan, CNBC anchor

SHUT UP AND LISTEN!

**HARD BUSINESS TRUTHS
THAT WILL HELP YOU SUCCEED**

TILMAN FERTITTA



**HARPERCOLLINS
LEADERSHIP**

AN IMPRINT OF HARPERCOLLINS

Copyright © 2019 by Tilman Fertitta

All rights reserved. No portion of this book may be reproduced, stored in a retrieval system, or transmitted in any form or by any means—electronic, mechanical, photocopy, recording, scanning, or other—except for brief quotations in critical reviews or articles, without the prior written permission of the publisher.

Published by HarperCollins Leadership, an imprint of HarperCollins Focus LLC.

Published in association with One Street Books.

Any internet addresses, phone numbers, or company or product information printed in this book are offered as a resource and are not intended in any way to be or to imply an endorsement by HarperCollins Leadership, nor does HarperCollins Leadership vouch for the existence, content, or services of these sites, phone numbers, companies, or products beyond the life of this book.

ISBN 978-1-4002-1374-0 (Ebook)

ISBN 978-1-4002-1373-3 (HC)

Epub Edition August 2019 9781400213740

Library of Congress Control Number: 2019938796

Printed in the United States of America

19 20 21 22 23 LSC 10 9 8 7 6 5 4 3 2 1

CONTENTS

- 1.
2. [*Foreword*](#)
3. [*Acknowledgments*](#)
4. [*Introduction*](#)
5. **[SECTION 1: HOSPITALITY \(“IF THEY WANT SCRAMBLED EGGS ...”\)](#)**
 1. [Chapter 1: Hospitality Matters, No Matter the Business](#)
 2. [Chapter 2: Take the Word “No” Out of Your Damn Vocabulary](#)
 3. [Chapter 3: Cater to the Masses, Not the Classes](#)
6. **[SECTION 2: YOU’D BETTER KNOW YOUR NUMBERS](#)**
 1. [Chapter 4: Working Capital Is Everything](#)
 2. [Chapter 5: The Pitfalls of Property Leases](#)
 3. [Chapter 6: Know Your Numbers](#)
7. **[SECTION 3: THE 95:5 RULE: WHAT’S YOUR “FIVE”?](#)**
 1. [Chapter 7: Get to Know Your “Five”](#)
 2. [Chapter 8: Know and Leverage Your Strengths](#)
 3. [Chapter 9: Partner with Complementary Strengths](#)

8. **SECTION 4: SEE THE OPPORTUNITY, SEIZE THE OPPORTUNITY**

1. Chapter 10: A Five-Year Reprieve
2. Chapter 11: “I Wonder If I’ll Ever Have a Company That Does \$10 Million in Sales”
3. Chapter 12: Don’t Ever Lose the Hunger

9. **SECTION 5: LIVE YOUR LEADERSHIP**

1. Chapter 13: If You Want to Lead, Listen First
2. Chapter 14: Be a Great Teacher
3. Chapter 15: Change, Change, Change

Conclusion 10. Don’t Choose to Quit—Choose to Keep Punching

Afterword 11. “Now That You’ve Listened . . .”

The Tilman I Know

About the Author

FOREWORD

Over the course of more than four decades, I have spent my career covering the greatest athletes and winners the world has ever seen, interviewing legends Muhammad Ali, Tom Brady, Michael Jordan, and Michael Phelps. The dedication, devotion, hard work, integrity, intellect, imagination, commitment to excellence, and heart have made them global icons.

The same principles apply in business. So I think I have an idea why you're reading this book. It's because you want to learn from an incredible winner in business.

Tilman Fertitta has risen to the top of the mountain and is one of the biggest winners in business history.

If you're a business professional, you may know Tilman as owner of Landry's Inc. and the many hotels, restaurants, and casinos they own and operate, or from his CNBC show, *Billion Dollar Buyer*. If you're a sports fan, you may know him as owner of the Houston Rockets, or for serving as chairman of the Board of Regents at the University of Houston, where he has helped build the institution and athletic program to prominence.

If you know Tilman personally, as I do, you know that he oversees his various businesses with a passion and energy that is just as strong today as it was when he opened his first restaurant over thirty-five years ago. Even with all of his success, his drive is like he just arrived at his first day on the job. There is no room for complacency working with Tilman, and no detail too small when it comes to the experience he provides to his customers. There is no question that Tilman knows what it takes to start and manage a successful business. He knows how to motivate those who work with him, and he leads by example. He instills confidence, and empowers people, to get the best out of them. He trusts himself, so he is able to trust those

around him. In fact, there are very few people you could turn to who know what it takes to succeed in business more than Tilman.

In *Shut Up and Listen!*, Tilman shares his secrets and strategies that have made him so successful and does so in his blunt, humorous style that readers will love. He uncovers common blind spots that can trip up entrepreneurs, and offers proven strategies that will help them grow. I don't know many people who can say, as Tilman does in the introduction—"You may think you know what you're doing, but I'm going to show you what you don't know"—and be right.

I highly recommend *Shut Up and Listen!* The wisdom and actionable insights Tilman offers in this groundbreaking new book are a potent combination that business owners of all types will value long after their first read. It's a lifetime of business lessons presented by a man who is willing to share a map of how you can navigate in business, and join him on the victory platform.

Jim Gray
Hall of Fame, Emmy Award-
winning sports journalist,
reporter, and producer

ACKNOWLEDGMENTS

I could not have written this book without the support of my entire family. My parents, Vic and Joy, and Paige, Michael, Patrick, Blayne, and Blake, and my brothers Jay and Todd, have heard every “Tilmanism” in this book and more.

I would like to thank those who provided critical feedback during the writing and editing process for this book, including Patrick Fertitta, Michael Fertitta, Steve Scheinthal, Dancie Ware, Melissa Radovich, and Dash Kohlhausen. My editor Lavaille Lavette was the catalyst for this book and has been there every step of the way to make this book a success.

I particularly want to acknowledge my friends and contemporaries who took time to make contributions to the “Tilman I Know” section of this book, including Rich Handler, Dave Jacquin, Capt. Mark Kelly, Capt. Scott Kelly, Michael Milken, and Dr. Renu Khator.

Lastly, without the dedication of all of my Landry’s, Golden Nugget, and Rockets employees, I would not have built my organization to what it is today, and there would not be a book to write. I often brag about how fortunate I am to have kept so many long-tenured employees. I take their dedication as the ultimate compliment. I particularly want to acknowledge the following executives, all of whom have been with me for approximately twenty years:

Andy Alexander
Keith Beitler
Jeff Cantwell
Kerri Carr
Howard Cole
Gerry Del

Prete Rhonda DePaulis
Jim Dufault
Richard Flowers
Shah Ghani
Steve Greenberg
Nicki Keenan
Brett Kellerman
Lori Kittle
James Kramer
Julie Liebelt
Rick Liem
Scott Marshall
Mark Monsma
Don Rakoski
Kelly Roberts
Kathy Ruiz
Steve Scheinthal
Paul Schultz
Lynn Small
Dena Stagner
Stephanie Tallent
Karim Tamir
Terry Turney
Tim Whitlock

There is not enough space on the page to list the hundreds of other employees who have been with me so many years, but to all of you who were not listed on this page, thank you as well for your dedication.

INTRODUCTION

If you are in business, want to start a business, or perhaps want to climb the corporate ladder, you've come to the right place. Now, shut up and listen to make that business all that it can possibly be.

I'm Tilman Fertitta. According to the Forbes 400 list, I'm ranked the 153rd richest person in America. As the sole owner and founder of Fertitta Entertainment, my organization owns and operates restaurants, hotels, amusement parks, and aquariums. You may be familiar with some of my restaurant brands, including Mastro's, Morton's The Steakhouse, Rainforest Café, Chart House, Bubba Gump Shrimp Co., Landry's Seafood House, Saltgrass Steak House, and thirty-five other concepts. In all, I own more than six hundred restaurants. I also own five Golden Nugget casinos and hotels. If that wasn't enough, I've also starred in my own reality show called *Billion Dollar Buyer* on CNBC.

Oh, by the way, if you didn't know, I also own the NBA's Houston Rockets.

That's a long way from starting with a single restaurant in Katy, Texas. And in this book, I want to share some of the key ideas and strategies I used to build an entertainment and hospitality empire that covers the globe.

To do that, I'd like to begin with a warning:

Be just like me: never, ever stop worrying about your business.

Why?

Because when it comes to business and most everything else in life, there is a paddle for everybody's ass.

And you never know when it's coming or where it's coming from.

I really do believe that. I don't care if things are going well for you, that you think you know it all. Put this one thing in your head: there is a paddle coming for your ass right now.

By a paddle, I mean that there is always a force out there, something that's taking square aim at your business's success and growth. There might be someone with a better product. There might be a lawsuit waiting to pounce. The economy may turn. A bank that you relied on may deny you credit. New government regulations may be ready to take effect. Your computer may be hacked. These days, it's not ridiculous to worry about a terrorist attack, international or domestic.

The best you can hope for when something damaging or disruptive happens is that you act quickly to minimize the impact. But you have to open your eyes. You need to start worrying, anticipating, planning, and being proactive. Why? Because the paddle comes from the blind spots we all have when we juggle the many roles and skill sets needed to successfully run a business.

It is way too easy for complacency and overconfidence to set in, which leads to ignoring crucial details.

“You might think you know what you’re doing, but I’m going to show you what you don’t know.”

People ask me all the time: “What do you fear?” I say I don’t fear anything, but I *worry* about everything. That’s one of the significant features of the message I try to get across when I speak to business leaders, students, my employees, and entrepreneurs on my television show *Billion Dollar Buyer*. I have to tell entrepreneurs that, even as they pitch some very appealing products to me, there is some area where they are falling short that is hurting their business.

So, as the title of this book says, the next step is a simple one: Shut up and listen.

I’ve got a lot I’d like to share with you. And you’ll be glad that you paid attention.

The book is divided into five sections, each of which talks about a core area that can kill a business if you’re not aware of those blind spots. Here they are, in order:

1. Hospitality (“If They Want Scrambled Eggs . . .”)
2. You’d Better Know Your Numbers
3. The 95:5 Rule: What’s Your “Five”?
4. See the Opportunity, Seize the Opportunity
5. Live Your Leadership

Each section provides specific strategies and ideas to help your business break through to that next level. And if I want to emphasize something, it appears in a “Listen!” sidebar.

When it comes to business, it’s absolutely critical to always remain realistic—about your product, your competition, and yourself. Be cognizant of everything you do and every decision you consider. This book will help you better analyze your strengths and weaknesses and understand what actions you should take. Be honest with yourself about all that you don’t know—and what you can do about it. (As I like to say, I’m not about to go on the court and teach NBA MVP James Harden how to shoot a jump shot!)

I’ll share some of the most straightforward strategies and ideas I’ve used in my own businesses and that you can use as well. These strategies will help you achieve the sort of breakout success that you want, no matter if you’re just starting your business career or you’re years into it.

Each chapter wraps up with what I call “Tilman’s Targets”—a quick, easy-to-reference summary of major points that were covered in the chapter. They’re a handy way to refer back to key concepts.

At the end of the book, I’ve included bonus content with a feature called “The Tilman I Know.” You’ll hear from several friends of mine who have their own thoughts about who I am and some of the things I’ve done to achieve success.

This isn’t a textbook. These are the strategies I’ve used—in both good times and bad. As I’ll discuss later, I’ve been through more than my share of days when it seemed like the whole world was falling apart. Having these ideas in mind helped keep me from throwing in the towel when it would have been the easiest thing in the world to do.

The fundamental concepts I’m sharing helped me succeed. In business there are no Oscars, Grammys, or Pro Bowl, but there is the Forbes 400 list, and I’m on it. I believe my ideas and strategies can help you achieve

success no matter what sort of business you happen to be in. If you want to make money in business, you need to read this book.

Despite all my success, I walk around every day making sure that the paddle doesn't get my ass. I can take a few taps, but I don't want a big swat.

Neither do you.

So, saying this in the nicest way possible: "Shut up and listen!"

Let's get started.

SECTION 1

HOSPITALITY (“IF THEY WANT SCRAMBLED EGGS ...”).

Every successful business, in one way or another, is built around hospitality.

The problem is, many businesses fail to see that. And if they do, they don't pay nearly as much attention to it as they should.

Hospitality can mean everything to the success or failure of your business. In this section, I'll discuss what hospitality involves, why it means so much to your business, and how to overcome obstacles that can get in the way of providing hospitality—consistently and without exception.

CHAPTER 1

HOSPITALITY MATTERS, NO MATTER THE BUSINESS

We've all been there. And it's the kind of experience that drives us all absolutely crazy.

Probably because it happens. A lot.

It's 11:02 a.m. Maybe you've been in an important meeting or just arrived from the airport, but you walk into a restaurant, and you want some scrambled eggs.

Here's what you might hear. Take your pick:

"Sorry, we stopped serving breakfast at eleven."

"We serve eggs only at breakfast."

"The kitchen is shifting over to lunch."

"Sir, if you'd only been able to get here fifteen minutes sooner, . . ."

No matter how it comes out of someone's mouth, the basic answer is the same:

Can't help you.

As I said, everybody has had to deal with this. And, as I also said, it can drive you crazy. You're not asking the kitchen to make you a waffle, pancakes, or even eggs Benedict. You're not asking them for an order of bacon (although they probably have some sitting over on a counter that they can heat up in a few minutes and toss into a club sandwich).

All you're asking for is someone in the kitchen to pick up a skillet, put it on the burner, and cook up a couple of scrambled eggs. But the server

treats you as if you were trying to place an order for Peking duck—from scratch, prepared by a chef flown in nonstop from Beijing.

Maybe you try to argue with the staff about throwing a couple of eggs into a pan. Maybe you shrug and ask to see the lunch menu.

Or maybe you walk out and try to find someplace else to eat.

That's because something like this should never, ever happen.

But it does happen, all the time—and in different ways. You may telephone a hardware store with an important question, only to hear that everyone's busy. "Can you call back?"

Or maybe you're in a department store and ask if they have a particular wallet in stock. "No." Not a suggestion that they'd be happy to show you some similar items—just no.

Can the doctor take a few minutes to talk about your lab results? "Make an appointment."

For me, these are all a question of hospitality. And customer service and hospitality are everything, no matter what the business is.

To me, the definition of hospitality is simple. It's however you handle a customer. Nothing more, nothing less—how you treat him or her, how you respond to what he or she asks for, and your ability (and willingness) to stay flexible. The ultimate goal of interacting with a customer is to make him or her feel like the only customer you have in the entire world. Why? Because as I tell my own employees, there are no spare customers.

LISTEN!

It starts with how you talk with them. And you don't need to memorize any special words or magic sentences. The rule is simple: when talking to a customer, be sure to make the conversation all about them. Let them talk about their needs, what they hope to get out of buying your product or service. If they want to complain, listen. They want to be heard more than anything. Since you're trying to make them feel like they're the only customer you have, act like it. When dealing with that one customer, no one or nothing else matters at that moment.

If you want to boil it down even further, I have a rule of thumb that I say almost every day: it's free to be nice.

Think about that. As a business owner or entrepreneur, does it cost you anything to be courteous to each and every customer? Of course not! Being nice costs you nothing. But, by the same token, remember: it can cost you a hell of a lot to be rude.

Sometimes it's not the easiest thing in the world to be nice, no matter how much sense it may make from a business standpoint. Maybe your spouse or significant other said something that upset you right before you left for work. Maybe something else is going on in your life that makes it awfully difficult to be nice and cheery with each and every customer you deal with.

“Be plappy.”

To which I have a simple answer: be plappy.

By that I mean “play happy.” No matter how upset or worried you may be about other things in your life at the moment, do everything within your power to project a happy mood when you're on the job.

That's an ever-present rule of thumb at all of my businesses. When you step foot inside one of my businesses and you work for me, be plappy if you have to. One reason is that, as I said earlier, no one cares that your dog chewed up a \$300 pair of shoes or that you have to meet with your kid's principal after work. That's reality.

The other reason that rule always stays in place in my businesses is that the customer experience is all that matters. We're in the hospitality business, so we have to be sure to be hospitable all the time.

And no matter the specifics of what you do, you're in the hospitality business as well.

Follow-through is another aspect of hospitality. For example, if you say you're going to deliver the product on the thirteenth at three o'clock, deliver it exactly at that time. Don't call minutes before it is due and say it's going to be three days later than you had planned. Even worse, don't call

after the product was due to be delivered and say it's going to be even later. (Your customer already knows that, by the way.)

Just as important, don't offer up an excuse to explain the delay. Nobody cares that your driver's kid got sick and he had to pick him up early from school. Not to sound mean or heartless, but somebody who orders something from you doesn't care that your mother-in-law died.

I'm sorry your child got sick. My condolences for your mother-in-law's passing. But if I'm a customer who was told that a product I ordered would arrive on such and such a date and at such and such a time, all I'm focused on is the fact that something I was expecting—maybe something very important to me—isn't going to arrive as planned.

We all have kids who get sick. Relatives and loved ones pass away. Personal problems crop up daily. You know that, and so do I. But a promise to a customer should be treated as something that shouldn't be affected by the sorts of problems and unexpected events we all deal with constantly. Business would be a whole lot easier if life never got in the way, but it does.

There's a simple way to address this problem. Try building in a few what-ifs. When you make a promise to a customer, take into account that something may go wrong or get in the way of keeping your commitment. Assume a worst-case scenario. Tack on a few extra hours or even days to give yourself a little cushion.

One way I do this is by being very careful about how I schedule my time. I generally avoid making commitments too far in advance. For me, I never build a schedule that's longer than a couple of weeks or a month out. That way, if something comes up during that time frame, I've given myself enough time to find a work-around. You're focused but also flexible.

That sets you up for a win-win. Either you deliver the product as planned or, even better, you call your customer and say the product came in earlier than expected.

If you offer a due date that the customer feels is too far away, now is the time to explain why it has to be that way. It's not an excuse; it's an explanation. And from the customer's standpoint, an explanation of why something is going to take as long as it will to arrive is easier to accept than some sort of excuse later regarding its slow delivery. When you make an excuse, you're basically asking a customer for forgiveness because you didn't deliver as promised.

The overall goal is to make certain a customer feels special. And a customer who feels special will bring you more business and tell all of her friends how much she loves your service.

Of course, there will be times when things don't go as planned. Maybe a delivery is going to be late, or something on the menu isn't to your customer's complete satisfaction. It's critical to make that misstep up to the customer in some way.

In our businesses, we have lots of things at our disposal. For instance, if five people are eating dinner at a table, and one diner gets his meal ten minutes after the others, we'll likely comp that meal. If someone stays at one of our hotels or resorts and has a negative experience, we may offer them a free night's stay so that we can show them how we do things right.

But it's also a balancing act. If someone spends fifty dollars and is unhappy, we're certainly not going to give her something worth \$300 to make it up to her. Not only is that completely out of balance, but it's an exaggerated apology. While you want to right the wrong, you may inadvertently be making something out to be a bigger deal than it actually is.

It circles back to making certain the customer knows you're listening. Ask questions and react accordingly. And resolve the problem as quickly as possible, so it doesn't turn into a monster.

Keep in mind also that there will be times when a dissatisfied customer is being unreasonable. There are people who will sit down at a restaurant, eat an entire steak, and then complain that it was overcooked.

First, be nice and respectful, no matter what you may be thinking about that particular customer. Then, remind the customer that he, in fact, did polish off the entire steak. Had he said something earlier, you could have done something, possibly replacing the steak with another meal. But since he did eat the whole thing, the only logical thing for you to conclude was that the steak was perfectly fine. In a nutshell, maintain a balanced, polite demeanor while you're explaining that there's nothing else you can do.

Is that telling a customer no? In a way, it is. In this instance, it's the honest response and the only one that makes business sense.

“Build a few hours or days into your schedule for the what-ifs. If I tell somebody I’m going to deliver something on this day, I’m damn well going to deliver it. I’m going to make that customer feel special.”

Speaking of business sense, let’s apply a what-if to the scrambled eggs story that opened this chapter. The best what-if would be a kitchen that sets aside a few eggs and other breakfast items to accommodate late arrivals. What if the kitchen has some quiches all made and ready to stand in for scrambled eggs?

Or, even more simply, what if the server took your order, and the kitchen staff tossed a couple of eggs into a pan and made a couple slices of toast? They may very well charge you twenty-five dollars for an eggs and toast breakfast, but that’s what you wanted. (Remember, there’s a big segment of the population that would say I don’t give a crap how much it costs—I just want scrambled eggs!)

More to the point, by building in a what-if strategy, or by being flexible, you’ve made a customer feel special. And that’s the overriding goal of hospitality.

But don’t lose sight of the fact that you’re a businessperson. Bust your rear to make certain that a customer never hears no, but that every action makes business sense as well. You’re in business to make money. A customer wants scrambled eggs. Make them for him but charge for the additional effort. If they want scrambled eggs at 8:00 p.m., charge for them. If a customer wants expedited delivery or something installed at their home, be smart. Know what your costs are and charge them accordingly. Not only will you have a happy customer, you’re also taking care of yourself as a businessperson.

This raises an important point. Nobody’s product is that great. Nobody’s product is so amazing that it stands out completely from everything else. You may have a perfectly good product, but you’re competing against a bunch of other perfectly good products. That’s the reality of business.

How you can separate yourself from the competition is through hospitality—attention to customer needs and wants, 24/7. Think about the

same two products—one is delivered on time as promised, and one arrives one day late. You tell me what that customer is going to remember.

Hospitality is essential to all sorts of businesses. I don't care if you're a doctor—you should be a hospitable doctor and have a great bedside manner. If you think about it, every doctor around can give you the exact same flu shot. The one who helps you relax, so the shot doesn't hurt like hell, is the one you're going to go back to.

I was talking with someone not long ago who sees a therapist regularly. The appointment is always over at three o'clock sharp. Out the door she goes. Almost anybody who sees a therapist can relate to that sort of rigid schedule. Feeling better? Good. Please pay at the next available window. Next patient! Keep it moving!

What would happen if that therapist built in a little extra time for each session that the patient could use if he or she wanted to? One time they might go over by seven minutes, another by three minutes. What would happen if a masseuse you book for an hour's massage actually spent sixty minutes with you, rather than showing you the door after fifty minutes, after starting five minutes late?

The point isn't so much that the therapy is any more effective—although it might be—but that the patient feels as though the therapist really cares. She doesn't feel as though she's being thrown out of the office at exactly the same time. She truly feels like she matters, that her therapist is ready to give her extra attention if she feels she needs it.

That's hospitality—a patient who doesn't feel like just another name on a chart.

LISTEN!

Hospitality not only applies to every business—it also applies across every part of that business. Everyone working for a business, no matter what they do, should practice hospitality with the same level of commitment as everybody else.

Here's how that can play out. You go out to dinner, and you're promptly escorted to your table. You're waited on by a courteous and helpful server. The food is outstanding, as is the dessert that follows. You leave as a thoroughly happy customer.

But it all falls apart when you try to get your car. Maybe the valet misplaces your keys. Maybe it takes the valet sixteen minutes to find where he parked your car. Maybe when the valet drives up with your car, you notice a scratch on the driver's side door that wasn't there when you dropped it off.

All of a sudden, the memory of that great experience you had at the restaurant is completely gone. After a great meal and great service, you drive home pissed off because of the service the valet offered.

But is that great experience really gone? Maybe not. The issue isn't necessarily limited to the valet's mistake. The issue is, did your general manager talk to the valet? Did the valet bring it to the restaurant's attention? And then what did the restaurant do to help alleviate the situation? Did they ask the customer to sit down and talk, to address what happened and, just as important, to ask what can be done to make him or her feel better about their experience?

Problems are inevitable. What matters is what you can do to make that customer happy again or, at the very least, mitigate the bad experience. Put another way, sometimes you can't avoid the fire. It's how you put it out that matters.

The same can happen in any business. A patient leaving a therapist's office after the doctor gave him or her a few extra minutes can be turned off by a moody receptionist.

That's all part of being in the hospitality business. It involves everyone and depends on everyone. It's called taking care of your customer. And, if even one person forgets that, an otherwise great customer experience can go straight down the drain. So be ready to respond when that happens. And believe me, it will happen.

Sometimes, a lapse in hospitality occurs by a matter of choice—the most unforgivable mistake, in my estimation.

Here's what I mean. I was staying at a five-star hotel in Chicago a while ago. At the end of a very long day, some associates and I went down

to the bar to unwind and have a drink. As we were relaxing and enjoying our drinks, the bartender came up to us and asked us to leave.

Why? Because the cleaning crew wanted to get started cleaning the bar!

I have a saying that bartenders love to run your bars, but this went way beyond anything I could have ever imagined. Can you imagine going to a five-star hotel and having some drinks and then being asked to clear out because the cleaning crew wanted to start vacuuming? Is that being hospitable? On a more practical level, was that the only space that needed cleaning? Could they have gone somewhere else while we finished our drinks at our own pace?

This example highlights the importance of telling everyone with whom you work that hospitality comes before everything else. Make hospitality the forefront of everything your business does, from making certain that deliveries arrive as promised to feeding a hungry customer just what he wants, no matter the hour. And, in the case of my cocktail at the Chicago hotel, hospitality means doing things at the customer's convenience, not your own.

Take hospitality personally. When I'm in one of my restaurants, and I see someone get a drink without a napkin, or food that's not hot or that's on the wrong plate, it bothers me to my core. I truly look at it as a reflection and a representation of myself.

And, if you go into one of my restaurants at eight o'clock at night, there are going to be scrambled eggs there if you want them. I may charge you more, but you're a happy customer who got what you asked for.

TILMAN'S TARGETS

- Make hospitality your goal, no matter what business you're in.
- Hospitality means making a customer feel special.
- Keep your promises. Build in what-ifs to help you follow through on your commitments.
- Make hospitality the goal for everyone involved in your business.

One person who doesn't show hospitality can ruin an otherwise positive customer experience.

CHAPTER 2

TAKE THE WORD “NO” OUT OF YOUR DAMN VOCABULARY

For years, I’ve had a question stuck in my head. And no matter how hard I try, I can never come up with a good answer:

Why is it so easy to say no when you can say yes to a customer?

That’s a simple question but, as I said, I’ve never come across what I would consider a fair answer.

In the world of business, particularly for entrepreneurs and businesses just starting out, it would seem to be such an easy question to answer. A customer asks for something, and you say, “Yes, no problem.” End of story.

But in many ways, businesses say no to customers all the time. And it’s one hell of a mistake.

It can be as simple as saying you can’t make a customer scrambled eggs after 11:00 a.m., like the example in the previous chapter. With my experience in the hotel business, it can be as simple as telling a customer he can’t have his suit cleaned and back to him by the next morning, since he missed the deadline by thirty minutes.

Sometimes saying no to a customer has a higher price than pissing off someone who would be happy if you just said yes. Say a customer asks to substitute shrimp for oysters. I know for a fact they cost you the same. Charge a substitution fee, but don’t tell them no.

“Why is it so easy to say no when you can say yes?”

I really can't say why this sort of thing happens—a casual attitude toward work maybe, or a sense that customers tolerate more these days—but there's an easy solution to all this: take the word *no* out of your damn vocabulary.

I preach that all the time. Never, ever say no to a customer. And there are plenty of reasons never to say no beyond the obvious one that you might alienate an otherwise happy customer.

LISTEN!

If you think about it, saying no to a customer usually doesn't mean that you can't do something. Instead, you're choosing not to do something.

That's a big difference. Obviously, in some situations you can't do something. Say your business is scheduled to make a delivery to a retailer, but a major storm is flooding roads everywhere. In that instance, telling your customer you're going to be late is understandable. No one can control the weather.

And, in some cases, what a customer asks for can be completely unreasonable. In all fairness, not every customer is going to ask for something that's realistic, like the customer who asks for a refund after devouring an entire steak. When that happens, saying yes can be hard to do.

But in far many more instances, saying no translates to someone saying they choose not to do what the customer asks.

Let's go back to the scrambled eggs example from [chapter 1](#). A customer wants scrambled eggs, but it's way past breakfast time. The server says they can't make scrambled eggs.

Wait a minute. Is the kitchen out of eggs? Are all the skillets dirty? Have the chickens gone on strike?

Of course not. Everything's there to make a perfectly good plate of scrambled eggs. Yet the restaurant is choosing to say no to a customer.

Believe it or not, I think customers pick up on this much more than you might imagine. They know full well that when someone says, "I can't," it really means "I won't." Think about that. How would you feel if a

business told you no, pretty much because they didn't feel like doing it, not because it was beyond their ability to agree to what you asked for?

That's a bad situation to put yourself in. First off, customers who hear no are made to feel as though they're expendable, that their business doesn't matter. I like to say there are no spare customers, and saying no to one is a certain way to make them feel unimportant, fast. Don't put yourself in a position to tell your customer no. If you run out of ice cream, hamburger buns, tomatoes, whatever, go to the damn grocery store and get some. You can tell your customer you're out of Wagyu beef, but not something you can get at a grocery store down the street.

“There are no spare customers.”

I also like to say it's essential to treat every customer like he or she is the only one you have. But saying no to someone can make him or her feel like a number, just another item on the list. With just one word—no—you can be telling that customer, “I'm saying no to you because you really don't matter.”

It's also important to bear in mind that when you wipe the word *no* out of your customer vocabulary, that doesn't necessarily mean you have to say an outright yes. Offer alternatives, a sort of “I can't do that for you, sir, but I can do this.” If a customer likes your product in a particular color that you don't happen to have, suggest a color close to it. If your restaurant is out of a menu item that a customer orders, offer her a discount to come back the next night, when she can get the food she wants. You're not telling them no—instead, it's a qualified yes.

In short, say what you *can* do, not what you can't.

That's an important message to get across. Even if you can't meet the customer's exact request, you're showing a willingness to do something else to keep him or her happy. Again, it's a matter of choice—you're choosing to take those extra steps to make someone feel special and valued.

Taking the word *no* out of your vocabulary also encourages you and anyone else with whom you work to think on your feet. In many ways,

saying no is the easy way out of a situation. But if you refuse to say no, you often have to come up with some alternatives quickly. That can build a business that's responsive and flexible in all sorts of ways. (Later, I discuss the importance of thinking on your feet.)

All this may seem very simple, and it is. But you'd be shocked at how many businesses with great products and services inadvertently shoot themselves in the foot by telling customers no in all sorts of ways. However, if you're aware of it and make a consistent, conscious effort to never tell a customer no, you're going to see results.

You don't always need to say yes to a customer. But never saying no may be one of the most valuable strategies you can use to help your business break out to the next level.

TILMAN'S TARGETS

- Never tell a customer no.
- There are no spare customers.
- Understand the difference between being unable to do something for a customer and choosing not to do something.
- If you can't say yes, offer alternatives.
- Never saying no encourages you and everyone involved in your business to think on their feet.

CHAPTER 3

CATER TO THE MASSES, NOT THE CLASSES

One of the biggest obstacles an entrepreneur can face is believing that his or her product is the only one like it anywhere in the world. As I've said before, that's completely unrealistic.

But that reality can also raise an issue that's a problem for any business looking to grow—a product that's too narrow to attract wide interest.

If you want your business to break out to the next level, cater to the masses, not the classes. The math behind that is simple. The broader the appeal of the products or services you sell, the more customers you will have. And that starts by doing what the customer dictates you should do.

A lot of people run their businesses according to how they think it should be done. They base their products, services, and much of the customer experience on what they like—be it food, service, or some other element. The problem is that you can't do what you like. Granted, you may have a great idea or product you absolutely love, but whether you love it or not is largely beside the point. You may like liver, but can you build a restaurant chain around liver? Not likely. To build your business, you want to do what the masses like.

Pay close attention to the feedback you receive. Your customers will be telling you what they do and don't like, in so many words. And by listening to what they have to say, you're not consciously limiting your potential customer base. Instead, you're working toward making it as large as possible.

First is the obvious question of price. Is your product or service priced to be within reach of the greatest number of people possible, while still giving you a sufficient margin? If your product is priced too high, you may

be losing customers who otherwise might be attracted to what you have to offer them. That's an unnecessarily small target.

There are all sorts of ways to identify a solid price point. Start with knowing who your competitors are. It may be surprising to learn, but many entrepreneurs don't clearly understand who their actual competitors are. For instance, someone who's offering a different product or service can be as challenging a competitor as someone doing the exact same thing as you. When looking at potential competitors, watch for products and services that someone may buy instead of yours, identical and otherwise. When talking with customers, take a minute to ask where else they've looked. Ignoring or overlooking a key competitor can be devastating.

Next, see what your competitors are selling and at what price. There are plenty of resources available regarding industry standards that you can refer to. Use them as a guide but not as gospel. By knowing your numbers—such as production costs, labor, and others—you'll begin to see what, if any, adjustments to those prices you should make to help your business become both more profitable and accessible to the most customers.

This is as common a problem as I've seen in all sorts of businesses. Entrepreneurs routinely price their products higher than they should if they want to attract a wide range of customers. And that goes for wholesale as well as retail. Wholesalers expect deeply discounted prices by buying in quantity, yet entrepreneurs often ask for prices that are anything but discounts. Sometimes that's a production issue—decreasing production costs always translates to lower prices—and sometimes an inexperienced entrepreneur hasn't been exposed to the sorts of discounts that major wholesale buyers can command.

Price is just part of what you need to take into account. For instance, does age come into play? Is your product or service attractive to a person of a certain age, or does it appeal to customers whose ages range across the board? Does that include kids and teenagers? What about college-aged kids and postgraduate millennials?

What about gender? Is yours a male-or female-only product, or might anyone be interested? Go through these questions with an idea of expanding the appeal of your product.

One way to look at the challenge of catering to the masses is to approach it like a restaurant menu. Of course, some restaurants don't

exactly cater to the budget-minded among us—or, for that matter, don't include children or diners with particular dietary needs among their target market. That's perfectly okay.

But a restaurant that's aiming for a wide audience knows how that goal should be reflected in its menu. More affordable sandwiches and small dishes can complement higher-priced items. A kid's menu targets the younger diner, while giving mom and dad a price break. Gluten-free, vegetarian, vegan, and other options cater to customers with particular diets.

You get the idea. Offering customers a wide range of choices is one proven way to cater to the masses.

With that in mind, consider the products or services your business currently offers. What could you add to that "menu" that might attract a broader customer range? What products or services would naturally complement what you already sell? For instance, if you're selling your grandmother's homemade pasta recipe, can you introduce other flavors or other fillings? How about her from-scratch tomato sauce to accompany the pasta? What seems like a natural add-on?

If more products aren't the answer, or even possible, what can you do to make what you already have more appealing to more customers? That could be as simple as broadening the range of colors or varying the material used for a particular item. Can a product be used for something other than what it was originally intended to do?

The point here is to always stretch your thinking, to see beyond the obvious. Look at what you have and explore any ways you can add to it or reframe it so that more customers will sit up and take notice.

I'm not saying that you can't sell an exclusive product or something geared to a specific audience. That's fine. But if you want to attract the sort of financial response you need to help your business break out, it's always a solid idea to try to engage with the biggest audience you possibly can.

That's because, particularly for entrepreneurs and small, emerging businesses, you want to sell to the masses, not the classes. Businesses that cater to the masses inevitably end up making more money than those that limit their scope.

TILMAN'S TARGETS

- Cater to the masses, not the classes.
- Work to make your product appealing to as broad an audience as possible.
- Understand your competition.
- Know your target audience.

SECTION 2

YOU'D BETTER KNOW YOUR NUMBERS

One overriding factor determines whether any business is destined to rise to the next level or struggle endlessly: your numbers.

This is something I emphasize not only in my own businesses—as I like to say, ask me anything about my businesses, and I'll be able to answer you—but to entrepreneurs of all sorts. You need to know your numbers, and you need to know them cold.

If you ask me why I've been successful, I usually break it down into four reasons:

1. I know my numbers.
2. I understand operations.
3. I know the developmental side (i.e., how to grow your business).
4. I change, change, change with the times.

Of those four, knowing your numbers is by far the most important piece of all.

The reasons are simple yet powerful. The numbers drive everything that happens in your business—what you have coming in, what you have going out, and the critical interaction between the two. And if you don't know your numbers—and by “know,” I mean right down to the specific decimal points—you're likely headed for trouble.

Just as important, a failure to know your numbers can needlessly handicap your business's growth. Without sufficient cash on hand, you may find yourself passing up opportunities that you might have otherwise pursued. Or you might make financial decisions and commitments that you later regret.

I don't care how great a product or service you have. If you don't know your numbers, you'll go out of business.

Don't let that happen.

CHAPTER 4

WORKING CAPITAL IS EVERYTHING

Every number that has to do with your business is undeniably important. But one financial reality is of particular importance to small businesses looking to scale.

LISTEN!

For a small business or an entrepreneur, working capital can mean the difference between success and extinction.

Many entrepreneurs have a dangerously simple idea of how business works. To them, it's very straightforward—you sell something to someone else, and you get paid. End of story.

Except that's not even close to how things work.

Here's an example of what I'm getting at. Let's say an entrepreneur designs an absolutely beautiful purse—stylish and eye-catching at the same time. She takes a sample around to various high-end retail outlets, and the product is appealing enough to attract immediate attention from the store owners.

“You know what?” says one. “I'd like to carry those in my store. I'll take thirty-six. When can you deliver them?”

That's a problem. The entrepreneur is thrilled with the order but lacks the necessary cash to buy the materials to produce thirty-six purses. And after the purses are manufactured and delivered, the store placing the order can have a month or longer to pay for them, according to most current accounts payable standards.

That's an issue that I see over and over again with all sorts of entrepreneurs. They expect to be paid right away, only to discover that the money they rely on to keep things operating isn't going to arrive for a month and a half.

What do they run out of? Working capital. And in my experience, the number one reason—by far—that people don't make it is because of working capital.

“The biggest issue that small businesses face involves working capital, because they have to pay for everything up front.”

Breaking down the topic a bit, working capital is the difference between a company's current assets and liabilities. Current assets are those that can be turned into cash within the next twelve months; liabilities are expenses, costs, and other charges within that same twelve-month time frame.

Working capital is well named. That's because it's money you can put to use right away to help your business function at its peak all the time.

A company's working capital situation is determined by a number of factors. For instance, some businesses require more working capital than others, such as manufacturers that need funds to buy supplies necessary to make products.

How long it takes to make those products is known as the business's operating cycle—the longer the cycle, the greater the need for cash on hand. Operating cycle also refers to the situation I described earlier: the entrepreneur who makes a sale but has to wait several weeks to be paid. That's a gap that needs to be filled.

Then there's the sort of business in question. For example, if you have a business that's cyclical in nature—you have certain busy seasons or have products geared to particular holidays—you're going to need plenty of working capital. That's money that will not only see you through leaner portions of the year but also help you gear up as you approach peak seasons.

Christmas is an ideal example. Many retail businesses experience a significant sales spike during the holiday shopping season. Yet many struggle since they don't have the working capital necessary to stock up for the holidays.

Working capital also fuels growth. If a small-business owner or entrepreneur starts a business and wants to expand it, they'll need lots of working capital to fund that expansion. On the other hand, someone with more modest goals may be perfectly happy to stay small, requiring less cash.

These and other issues are the sorts of things that never occur to many entrepreneurs—until the day they find they lack the necessary cash to meet even the most basic expenses, let alone have the money to grow.

If you think about it, that creates something of an uneven playing field. Many small businesses have to pay for essential expenses up front, only to find that the same sort of quick payment doesn't happen when customers place an order. Unfair maybe, but that's the way it is.

Sometimes the worst thing that can happen to a small business is sudden success—by success, I mean a large number of orders. On the surface that may seem like the best thing that can happen, but without working capital available to produce the products to fill those orders, all you may end up with is a rash of unfilled orders and angry, disappointed customers.

Even having a large number of assets won't necessarily cover for a lack of ready cash. The infamous Enron story is a perfect example. Enron went under due to a lack of liquidity and working capital. They had billions in assets, which they didn't have time to sell to pay those basic expenses I mentioned earlier. Their assets were eventually divvied up and sold off after the company went under. With billions in assets, they didn't have to fail, but they did because they didn't have sufficient working capital.

So, what's the answer? Every business needs a "revolver," meaning a revolving line of credit, such as a bridge loan or line of credit, to fill in the gap.

The trouble is, getting a line of credit or loan can be difficult, particularly for a new business. Banks have been cutting back on their financing of small businesses, particularly larger banks. And as smaller

community banks are swallowed up by larger institutions, the number of choices available to borrow from is growing smaller all the time.

I know exactly what this feels like. When I was starting out, I tried to get my hands on money in every possible way I could—credit cards, you name it. (One thing I didn't do was reach out to friends for loans. If you want to lose a friend, just ask for a loan. Nothing destroys a friendship faster.)

Add to that the fact that, at the time, the banking environment in Houston and throughout Texas was being shaken to its core as bank after bank shut its doors (a situation that, as it turned out, worked in my favor, as I describe in a later chapter), so securing working capital was nearly impossible.

Even though the banking situation is a good deal more stable now, it can still be difficult for entrepreneurs and small-business owners to get financial help from a bank. Often, new businesses have little in the way of operating history to support their credit worthiness or collateral to borrow against, so their inability to secure loans isn't all that surprising. Many lenders will give lines of credit only to companies that have a minimum of two years' worth of operating history.

Start by building up your cash reserves. This is separate from bank financing but is a critical step to ensure you have as much liquidity as possible. It's important for entrepreneurs to understand that business cycles go up and down. Be prepared for the down cycle. During down cycles, use your cash to expand your business. But during boom cycles, save cash for the next downturn.

“When things are bad, eat the weak and grow your business.”

That's not just a matter of survival. It gives you the opportunity to eat the weak and grow your business—while others are struggling mightily.

Here's an example of what I'm getting at. Lake Charles, Louisiana, may not be a familiar city, but it's the primary gaming market for my hometown of Houston, Texas—the oil capital of the world and fourth-

largest city in the United States. Owning a casino in Lake Charles was something I had my eye on for a long, long time, because I knew I could do a bunch of business there by bringing in my unparalleled hospitality, which everyone in Houston already knew.

The problem was that no more available gaming licenses were available in Louisiana, making getting into that market very unlikely. Or so I thought.

Out of nowhere, on May 29, 2013, the Federal Trade Commission (FTC) announced that a casino in Lake Charles that was being built by Ameristar Casinos (which was being acquired by Pinnacle Entertainment) had to be sold in order to avoid an antitrust problem. I knew that the other major casino companies could do a bunch of business there. I had to separate myself from them, and fast. What did I do? I was in the middle of buying another casino, but I killed that deal and immediately got on my plane and flew to Vegas to meet with then CEO of Pinnacle, Anthony Sanfilippo. I offered him a \$50 million deposit—completely nonrefundable. I told Anthony that if I didn't close on this deal, he could take the money I put up and sell the casino to someone else.

The building was barely out of the ground, I knew I needed at least \$800 million to complete the project, and I had to get the deal approved by the gaming board—all of these could have impacted my ability to close. But I knew that this might have been my only chance to get into the Lake Charles gaming market, and I was ready. Having the ability to put up \$50 million and make a big bet on myself and my company is what it took to get the deal done.

Everybody blinked when I staked that amount of money! But I was in a position to do that because I had accumulated the necessary cash.

The same thing happened when I put up \$100 million nonrefundable to buy the Houston Rockets, fully aware at the time that I might not be able to obtain the necessary financing. Because I never stopped thinking ahead in building up cash, I was able to fulfill the lifelong dream of buying a sports franchise in my hometown.

LISTEN!

Okay, so you're not in position (yet!) to make those sorts of deals, but the same principle applies to any sort of business. Want to know an easy rule to make certain you always have adequate cash on hand? Never put your lifestyle ahead of the growth of your business.

I've seen it for years. All of a sudden, young companies start making an extra \$20,000 a month, and instead of using it to help their businesses grow, the owners buy new homes and new cars. Then their business slips a little, and they end up working like hell, trying to keep up their personal lifestyle.

In fairness, I also own a nice home, boats, and planes. But those purchases never occurred before making certain that all my businesses had sufficient cash to leverage opportunities at all times. I've always kept the majority of my money in my company. I bitch to everyone that I never have money because I keep it all in the business!

But that's why I've gone from \$4 million to \$4 billion in thirty years—I didn't go out and buy \$100 million Picassos like some people. I didn't buy a house in Malibu. I used that money to buy more companies and to build buildings.

About five or six years ago, I took a big dividend out of the company—roughly \$600 million in cash. I didn't go buy a new plane. I didn't go buy a new boat. I didn't go buy a piece of art. I sat there with the money, knowing that times were going to get tough. I was able to make some huge acquisitions. That's because I was liquid when there was a downturn.

“Never put your lifestyle ahead of the growth of your business.”

This comes back to something I say a lot, but it bears repeating: when things are good, we tend to forget that things can get bad. One of the biggest mistakes an entrepreneur can make is to assume the good times will always last. I've been through three major economic downturns, and being prepared is the only way to weather these storms. During the 2008

recession, my company wasn't caught off guard. Our income dropped 10 percent. Fortunately, we survived by being ready in advance. We always have cash or credit capacity set aside, ready for the next downturn. And so should you.

Next, address the issue of bank financing. The first step is simple: get it before you need it. I cannot stress this enough. Work to obtain bank financing as soon as you can get it, which is generally easier to secure when the economy is strong and your business is doing well. Not only does that give you the best chance to get financing on the best possible terms, but when things take a downturn—which they inevitably will—you're going to have cash within reach to make it through.

Additionally, pursuing bank financing when your business is doing well lets you leverage those factors that every lender looks for—positive cash flow, and solid and consistent revenue and profits, among other things.

Pay attention to your personal credit, especially if your business is new, with little or no credit activity. The biggest factor in many banks' decisions to lend businesses money is the owners' personal credit rating. To boost your credit score, be sure to pay personal bills on time and keep a low ratio of debt to available credit on personal credit cards and credit lines.

LISTEN!

Don't just go into the bank and tell them you need money. Walk in there like you know how to borrow money and have a thorough business plan with you. Be sure to have a comprehensive overview of your current circumstances, specifically why you're asking for the money, as well as a strategy that outlines your future plans. And don't make the mistake of limiting your plan's outlook to the next thirty days. Instead, map out plans for the next one to three years—the longer and more detailed, the more favorably a lender will view your application.

But as I like to say, don't go so far as to start drinking your own Kool-Aid. If, by chance, the scenario you lay out to a lender is too good to be

sustainable, you're going to be out of business even if you obtain the cash you're after. That's because you won't be able to meet that aggressive a level of obligation—meaning that you can't afford the loan.

Here's what I do and what I suggest you do as well. With every scenario and every deal, I run a best-case scenario, a likely scenario, and a worst-case scenario. If you do that—and provided your numbers work—feel free to offer the banker your best-case scenario.

However, this strategy comes with a few cautions. First and foremost, don't lie to yourself. If the numbers say you can't manage your best-case scenario, don't talk yourself into it, no matter how much you may need the money. Be absolutely certain your best-case scenario is, in fact, doable. Otherwise, you're driving your business straight off a cliff.

Additionally, don't overlook the value of drawing up a worst-case scenario. That's because you want to be confident that you'll still be in business if anything and everything goes wrong. In the worst situation possible, where will you be? Everyone wants to assume that everything is going to work out, but know what numbers you'll be looking at in the event that things turn out badly. What will you do when you have half the amount of business you thought you were going to have?

It's perfectly fine to keep your worst-case scenario to yourself. After all, you want the money. But along the way, don't lie to yourself (or the bank) and convince yourself that a certain plan is going to work out when the numbers say otherwise. Why? Because, sooner or later, the worst is going to happen, and you need to understand whether you're going to be able to survive or not. Eighty percent of the time, you're going to hit the worst-case scenario and not the best-case scenario, so make sure your business is still going to be in business under the worst-case scenario.

If you're turned down for a loan or line of credit, don't give up. If you don't already have one, get a business credit card. Not only can that offer some source of necessary funds, but using it responsibly will help build your business's credit rating and history, which, in turn, may help if you try again to obtain bank financing.

No matter the specifics, remember that working capital is everything. A business without a ready source of cash is playing with fire, day in and day out.

That was my concern with Nicole Di Rocco of NICOLITA Swimwear, a company featured on *Billion Dollar Buyer*. The maker of unique swimwear once had a contract to supply a department store, only to have it fall apart after the store renegotiated her contract for a net 90 arrangement. Translated: ninety days to be paid by a buyer. Meanwhile, she lacked sufficient capital to bridge the gap.

Happily, when I met Nicole, she readily acknowledged her need for working capital with which to grow her business. Over my time working with her, she was able to significantly expand her company's line of credit to carry her through the ninety-day waiting period to get paid. It also paid off for her: she accepted a deal with me worth \$175,000 for swimwear for use in my resorts as well as for retail sale. All because she quickly realized that, when it comes to growing a small business, working capital is everything.

TILMAN'S TARGETS

- Working capital is the lifeblood of any business.
- Loans and lines of credit are two excellent sources of ready cash.
- Borrow money when times are good, even if you don't need it.
- Draw up a worst-case scenario that you can keep to yourself. If everything goes wrong, you want to be certain you can stay in business.

CHAPTER 5

THE PITFALLS OF PROPERTY LEASES

Every entrepreneur who starts a business is focused (or should be focused) on the usual things—product, production and labor costs, and marketing, among many others.

Those are all perfectly valid concerns. But one other issue tends to fly under the radar of many entrepreneurs' attention: property leases.

At first glance, that may seem like a relatively minor concern. After all, property is nothing more than a place to conduct business. If you have a place that suits your purposes, what else is there to worry about?

A lot.

This goes back to an issue I raised in the prior chapter. When planning for the future, it's natural for entrepreneurs to map out plans they fully expect to run like clockwork—a complete and unqualified success. Most likely, no entrepreneur in the history of business has ever started something without utter confidence that the venture would move forward and flourish.

But it's equally valuable to draw up a plan B of sorts—one that turns out significantly less successful. Again, that's something you should feel free to keep to yourself, though it's essential to anticipate what things will be like if, by chance, your business struggles or, even worse, fails to survive.

That's where property leases can come into play, and not necessarily in a good way. If your business does struggle or go under completely, and you decide to give up (in my view, something that many businesses do way too early, but we'll get to that later), what happens to the property you were leasing for the business?

If you haven't been proactive, you keep on paying. That's what can happen.

Think about that for a moment. You may be paying a relatively small amount to lease property—say \$5,000 a month—on a five-year lease. If things go bad and you're forced to close, everything comes to a sudden halt—except for your lease payments. If you've been in business for two years and shut down, that's \$5,000 a month for the next three years—\$180,000—that you may have to keep paying, even though your business is long gone, all because the landlord hasn't found a replacement tenant.

What many entrepreneurs fail to realize is that leases can be comparable to taking out a bank loan. Regardless of what happens, you owe that money, and the bank—or in this case, the landlord—is going to make certain you pay it.

If you try to refuse to pay what you owe, watch out. Like any lender, your landlord can bring a suit against you and garnish any assets you have. They have every right to collect what's owed them, like anyone who loans you money. Signing a lease is exactly like signing a promissory note. When you put your name on the lease, you're guaranteeing that you'll pay what's owed on that lease.

It goes without saying that this situation can cripple you financially for years to come. For instance, if you shut down your business at an outside location and try to keep it going in your home or garage, you're still burdened by a lease payment for space you no longer use. Thinking about giving up on the old business and starting something completely new? Again, you're going to have to do it with a financial burden hanging over your head—often a very significant one.

LISTEN!

Fortunately, the situation doesn't have to turn out that way, but you need to know a few strategies before you sign on the dotted line. First, try negotiating a clause that allows you to cancel your lease if revenue projections haven't reached a certain goal by the six-month or one-year anniversary of the lease.

Another choice is a buyout clause. This gives you the option of paying to terminate your lease if your business isn't generating sufficient revenue to afford the expense. The downside is that a buyout

clause can be expensive, maybe as much as fifty cents on the dollar of the amount owed for the remainder of the lease. This can depend on prevailing market conditions and how confident the landlord is about finding a new lessee to take your place.

As another form of protection, pay attention to the length of the lease. First, if you're just starting out with a relatively new business, a long lease can be a bad idea—the longer the lease, the longer your liability if your business doesn't succeed. The general rule of thumb in terms of shielding your liability is the shorter, the better.

Of course, a landlord may not be particularly enthusiastic about a short lease. He or she wants as much security as possible, so any tenant is locked in for the longest time possible.

This can be addressed by a lease with term options. For instance, you agree to an initial two-year lease with more options to renew when that time period ends—for example, options of two or three additional years. While that gives both you and your landlord additional flexibility, understand that the landlord will likely insist that any additional options will mean an increase in the rent you pay every month.

If you're looking at term options, negotiate them in your favor. For example, make it clear in your lease agreement that you're the one who has the right to exercise the additional term options, meaning that your landlord has to agree, as long as you stick to the requirements outlined in the lease terms.

Another strategy is making certain you have the option of finding someone else to sublease the property if you can't make a go of it. In this situation, somebody else effectively takes over your lease, freeing you from further financial responsibility. To avoid problems, ensure your lease says your landlord can't unreasonably refuse to consent to a new tenant who's financially qualified.

Of course, this is all part of doing your due diligence before signing a lease. Get a sense of the rent on comparable properties, to make sure your financial commitment is in line. Understand all the costs tacked on to the lease payment itself. Review any stated increases in lease payments, as well as your obligation for utilities and other expenses.

Lastly, it's never a bad idea to work with an experienced real estate attorney to address these and other issues. That can make your lease a valuable component of your business rather than a needless liability.

TILMAN'S TARGETS

- Make certain you understand how to get out of a lease early, including buyout provisions, subleasing, and other options.
- In general, look for a short-term lease—ideally, with renewal options that you can choose to exercise.
- Know all costs associated with a lease.
- Work with an attorney experienced in commercial real estate to help negotiate the best possible lease package.

CHAPTER 6

KNOW YOUR NUMBERS

As you can tell from my show *Billion Dollar Buyer*, as well as the ideas and topics covered in this book, there's a great deal that I like about working with entrepreneurs. They have vision. They have courage. They have commitment to their ideas and their products. And they have the nerve to keep going when many others would happily throw in the towel.

But some things do bother me. And nothing bothers me more than an entrepreneur who doesn't know his or her numbers.

It bothers me a hell of a lot.

By numbers, I mean everything to do with your business. Cost of supplies. Cost of production. Labor costs. Costs of sales. Margins. I won't bother going into any explanation regarding them. You should know exactly what I'm talking about. And if you don't, you'd better find out.

“Know your numbers. Numbers don't lie.”

As an entrepreneur, chances are excellent that you know—or certainly should know—all those numbers are essential to understand. But in my dealing with entrepreneurs of all sorts, I'm constantly amazed at how many entrepreneurs don't know these numbers like the backs of their hands.

First off, numbers concerning your business are the lifeblood of that enterprise. They tell you everything you need to know about where your business has been, where it is now, and, perhaps most importantly, where it's headed. They offer the single most valuable and accurate read of your business in its entirety.

That's a hell of a lot that goes without the attention it needs, if you don't know your numbers.

Just as bad, even entrepreneurs who have a basic understanding of their numbers often don't know those numbers at the level of detail they should. From where I stand, an entrepreneur needs to know numbers down to their decimal points. For instance, they should know if their utility costs are truly 4 percent. If you know your costs to every tenth, at the end of the month, you can see where you need to fix those numbers.

That kind of specific knowledge arms you with the best information to confidently make good decisions, particularly the tough ones.

I make it an ongoing, everyday point to ensure I'm completely familiar with all the numbers having to do with my businesses. I also make budgets an everyday priority. I have both weekly and monthly budgets to keep track of what we're doing, from a profitability standpoint. I even run daily reports, which I call my "flash reports," for each of my different businesses. These flash reports show me the most important information that allows me to know where I stand at all times. Knowing how your business is performing from a financial standpoint on a daily basis is equally important as selling your product.

You can and should do the same. Know what your lease payment is for the month, what your salaries are, cost of sales, and other known operating expenses, and track all of those expenses regularly, along with your revenue. To the extent that your revenue is greater than your expenses, then you know if you're making money and if you're on budget or not. Simple, but a key part of my success.

You don't want to be surprised thirty or forty-five days after the end of a month to suddenly realize that you lost money. You need to know exactly where you are within a 5 to 10 percent degree of certainty—all the time.

Knowing your numbers is essential, no matter how your business is performing—the more specific that knowledge, the better. If your business is on the upswing, you must know everything about the income and expenses, to the smallest detail. If you don't have a solid handle on the numbers for inventory, overhead, staffing, and supplies, you're going to find it that much harder to take your business to the next level. Your decisions won't be as sound, you won't be able to think on your feet and make good

decisions quickly, and you may inadvertently pass on great opportunities, because you don't know if your numbers can handle them or not.

Numbers are just as vital when your business is struggling. Lacking specific knowledge, you may be unable to identify the problems holding back your business. Worse, you may decide that one particular area of your business is the culprit, only to discover later that your lack of knowledge about your numbers led you to something that wasn't the problem at all.

When do you make that discovery? All too often, when you hand the keys to your landlord shortly after you shut down your business.

Knowing your numbers inside and out doesn't stop with the numbers themselves. It's also essential that you put them in perspective, so you know whether your numbers are where they should be.

I mentioned this in the prior chapter, when I discussed obtaining the most favorable lease possible. It's critical to know what the going rate is for a certain amount of space—that is, what's a good deal? Are there areas in the town or city your business is located where you're going to pay a premium for space?

The same goes for your other numbers. Know that your labor costs should be in a certain range. Utilities should never account for more than a specified amount. These and other frameworks let you see a broader picture of what parts of your business are on solid ground and where you need to make some serious adjustments.

Knowing your numbers is also a critical element of your sales pitch, regardless of who you may be pitching. If you're talking with a banker or some other lender, you'd better know your numbers inside and out. And if you're talking with a potential business partner—such as me—your knowledge of your numbers should be every bit as thorough.

Still, when I'm talking with budding entrepreneurs, the conversation goes the same way all too often:

“What's your cost of labor?” I ask.

“Uh . . .”

“How many employees do you have now?”

“Eleven.”

“Can those eleven employees take you from \$2 million to \$4 million in sales?”

“Well . . .”

“You do understand that if they can do that, you’ve effectively cut your labor costs in half, right?”

“Um, sure . . .”

And on it goes. Are margins holding up, including gross margins and net margins? Are you turning over more money but only making slightly more or the same in revenue? Sometimes the answers come from confusion rather than out of ignorance, such as mixing up labor costs with lease costs or mistakenly combining the two.

No matter the specifics, I’m continually shocked about how little people know regarding the economics of their own company. In fact, when I go in and meet these new companies, I can tell within three minutes if they have any idea what they’re doing.

All this raises a question: If I can tell in a couple of minutes whether a business’s numbers look good or not, what am I looking at?

I start with revenue. Next is cost of sales. After that are labor and other expenses. There are other issues to bear in mind, but those are the primary ones.

When it comes to numbers, most entrepreneurs assume that to make more money you have to boost revenue. That’s true, but not always. For instance, a business with labor expenses at 25 percent immediately becomes more profitable if those costs go down (a theme I talk about all the time on *Billion Dollar Buyer*). Selling more may mean nothing if your costs continue to increase—something that knowledge of your numbers helps you keep under control.

Although this sort of knowledge and analysis—being able to really dig into your numbers—is critical to boosting your business and pushing it to the next level, this doesn’t mean all entrepreneurs need to be numbers whizzes. If you’re trying to run a company but can’t keep track of costs and sales, make it a top priority to hire people who can.

They’d better be strong, because without them, you’re not going to survive. That’s because your numbers mean everything. Treat them that way.

TILMAN’S TARGETS

- Knowing your numbers is the most essential part of being able to take your business to the next level.
- Make daily flash reports and budgets a priority.
- A complete knowledge of numbers is also critical to any sort of successful sales pitch.
- If you don't or can't master your numbers, partner with or hire someone who can.

SECTION 3

THE 95:5 RULE: WHAT'S YOUR 'FIVE'?

Being in business can involve all sorts of formulas. But when it comes to what can make your business either a success or an ongoing struggle, I always use a simple ratio to make sure I'm paying attention to what really matters.

LISTEN!

I call it the 95:5 rule. The breakdown is simple. Most moderately successful businesses are good at about 95 percent of what they do. It's the remaining 5 percent that can determine whether the business excels or not.

I've seen businesses wrestle with this over and over. Often, they haven't identified that critical 5 percent. Sometimes, they're needlessly worried about the 95 percent that *is* working. Other times they know the 5 percent that isn't working but don't know what they can do to change that. Maybe they refuse to believe that particular 5 percent is all that important.

That 5 percent isn't just important—it's absolutely essential. And that 5 percent can appear in all sorts of ways.

Five percent may not seem like much, but it is. The chapters in this section show you how to know your 5 percent and what you can do to make your business excel.

CHAPTER 7

GET TO KNOW YOUR “FIVE”

On the surface, the 95:5 ratio may seem completely out of balance.

I’ve heard it from all sorts of entrepreneurs: How can a measly 5 percent help or hurt my business so much? How can such a small part matter, especially when most everything else is working so well?

Believe me, it can.

Let’s break down what we’re discussing. By the 95 percent, I’m talking about the portion of your business that functions well. It can refer to the core competence of your business, be that food service, landscaping, or any other activity.

For instance, in the case of my network of restaurants, the 95 percent refers to the consistent quality of the food, the cleanliness of the facilities, and the performance of the restaurant staff—in other words, the basics. I know that our staff is properly trained, our menus are up to date and accurate, and point-of-sale systems and other types of technology are functioning as they should be. That’s our 95 percent, because all the necessary systems and procedures are in place.

The 5 percent is the real difference driver, the tipping point that, when addressed properly and consistently, moves our restaurants past that 95-percent level.

Unfortunately, that critical 5 percent can suffer in all sorts of ways:

- A server brings a drink without a napkin. (This drives me nuts every single time I see it.)
- A four-person table has one chair that doesn’t match the other three.
- A perfectly prepared meal is served on the wrong type of plate.

- Overhead fans turn at different rates of speed.
- Trash and cigarette butts litter the parking lot.

But the 5 percent doesn't always have to be a negative:

- It can mean knowing the names of repeat customers.
- It can mean knowing where a particular customer prefers to sit.
- It can mean knowing whether certain customers appreciate frequent check-ins while they're eating or prefer to be left alone.
- It can mean escorting a customer to the restroom if he or she doesn't know where it is.

Those and other things are what I mean by that 5 percent, those elements that, when executed well, can set your business apart and help propel it to the next level—or, at the same time, hinder your growth if they're not done right or ignored altogether.

These and other examples show how hard it can be to identify the 5 percent. When a business is struggling to grow, it's understandable if the owner looks for the most obvious issues—lack of cash flow, for instance, or production headaches.

But there are issues beyond the obvious. Stories have been written about me saying that I can see a burned-out light bulb forty thousand feet in the sky. Why is that? Because when I go into my businesses, I pay attention and look for what's wrong. I've trained myself to see little things that matter. It drives some of my colleagues crazy, but I take their complaints as compliments. Little things truly matter in taking a business from good to extraordinary.

Sometimes the 5-percent problem is something the business has done for years. Maybe it's the way they market themselves, maybe it's production costs that have been unnecessarily high, or maybe it's some other strategy or practice they're using because, well, that's the way they've always done it. In a business with a long-running 5 percent that's a matter of habit, it's often a testimony to the product's strength that the business has

managed to stay alive! Five-percent problems that float under the radar can be that serious.

Sometimes the 5 percent is an issue that an entrepreneur or business owner knows is there. The problem is they don't know what to do about it. Maybe they say, "We know our costs are too high, but we don't know where else to look for production supplies." Other times, the problem is obvious but of such a personal nature that any action to correct it may seem more damaging than the problem itself—think of the punch line to the joke about the business owner who knows he should fire his idiot son: "But I have to sleep with his mother."

Sometimes the 5 percent stems from complacency—an attitude that 95 percent is good enough. Well, it may be good enough, but that 5 percent you choose to ignore can mean the difference between business as usual and a business that truly excels—a business that blossoms into a regional or national player versus one that's small and bound to remain that way.

I park my car, and I'm walking into a restaurant. I see a smashed Coke can or a broken beer bottle. As I near the entrance, I notice some dead plants with cigarette butts and candy wrappers nearby. I reach for the front door. The glass has smudges on it because the hostess isn't wiping it down constantly.

Those observations take a minute or two at the most. But I know what that restaurant experience will be like before I even walk in the front door. I can tell you right then and there whether I am going to have sharp service, sharp food, sharp everything. And I'm barely through the front door.

That's the 5 percent I'm talking about.

LISTEN!

A culture of always being on the lookout for the 5 percent is something that I've built in each and every one of my businesses. I urge you to do the same. You should aim for a culture that puts the 5 percent at the forefront of your thoughts, decisions, and actions. Don't be shy or bashful about letting others know just how critical that is.

This culture must permeate your business. Show the people with whom you work that the 95 percent smoothly humming along isn't what truly matters when it comes to separating yourself from everyone else—it's the 5 percent. You're always watching for the 5 percent, and they should be as well. Five percent is the attention to potentially small details that a great business owner and staff might miss but a great team would rarely overlook.

Have them proactively work at the 5 percent. If you run a restaurant, tell your servers to keep an eye on their customers' plates. If somebody hasn't eaten their food, notify a manager, who can visit the table and ask, "I noticed you didn't eat your food—is everything okay?" That's because dissatisfied customers often won't say anything. It's up to you to take the first step to check to see if there's an issue that needs to be resolved.

The same goes for any business. If a customer buys an expensive product, follow up by phone. Ask questions like, "Is everything okay? Is the product everything you wanted it to be?" There may or may not be a problem. But a little effort on your part shows that their business matters to you, and you're ready to address any issues that may arise.

One way I view it is in terms of a thermostat in a room. If a room is too hot or too cold, you adjust the thermostat by just a degree, maybe two, and it will change the room's comfort level.

Apply that concept to your business. If you make just a 1 percent improvement in the 5 percent that needs attention, think about the results you can achieve—like the room that becomes comfortable because of the slightest temperature adjustment. So, too, with your business—a seemingly small change can have a big impact.

Additionally, consider how that 1 or 2 percent difference can help separate you from your competitors.

Approach the situation from a numbers perspective—a 1 or 2 percent difference for the better in your business may not seem like much, but it can translate into significant extra revenue that you can earmark to expand your business or help acquire a competitor.

It's also essential to remember that, unlike the "paddle" I discussed in the introduction, you have complete control over that 5 percent. The weather or a power outage is out of your hands, but that important 5 percent is something you can wake up to every day and address.

This approach is subtle but powerful. You're not necessarily looking at some sort of major change or upheaval. After all, if you boost the thermostat in the room by ten degrees, you're not going to be comfortable. More likely, you're going to be boiling! By the same token, dropping it by ten degrees can leave you shivering. Either way, it's completely ineffective and counterproductive.

The same holds true for your business. Taking your business to that next level by addressing the 5 percent is handling the factors that can set you apart. If you consider a drastic change or solution, you may inadvertently affect part of the 95 percent that you already do well. In other words, you're fixing something that isn't broken.

There are lots of examples of businesses with great products that don't grow into all they can be because of not paying attention to the 5 percent. For instance, a lot of talented, creative people go into business, only to have their business side emerge as the 5 percent that ultimately causes them to struggle. (Later in this section I'll discuss the importance of balancing strengths when choosing partners and coworkers. That's a key strategy for anyone creative, or anyone with a particular strength or ability: to find someone who complements their skills instead of duplicating them.)

As I mentioned earlier, the 5 percent that hurts a business can come from seemingly small, insignificant things. For instance, a mailer that reads "at the corner of Oak and Frost" instead of "225 Frost Boulevard." Or a food package with one small misspelling in its instructions.

Take it as a compliment that you have the ability to see a burned-out light bulb at forty thousand feet away. That means you notice seemingly insignificant things that others might miss but that can completely cripple a business. If you're the kind of entrepreneur who has a knack for spotting the small stuff, keep it up. If you're not, make sure you partner with someone who can. Either way, always watch the details.

How else can you stay on top of the 5 percent?

LISTEN!

Listen to your partner, customers, suppliers, and anyone else with an opinion about your business. Ask them, "If you could change one thing

about what my business does, what might that one thing be?” Also, pay attention to online reviews and feedback.

Never lose sight of your customer’s perspective. Here’s what I mean by that. A restaurant manager arrives at the restaurant before it’s dark, goes inside, and stays there. Perfectly fine, but this doesn’t let him see what customers see when they pull into the parking lot after sundown. Maybe a sign isn’t turned on. Maybe trash has accumulated, or someone has dumped out a car ashtray right in the middle of a parking space.

The point is, you can’t forget to experience your business like a customer does. That’s why I urge all my restaurant managers to get their butts outside and walk the property. Seeing what a customer sees can boost your hold on that critical 5 percent.

Obviously, not every business allows you to walk the property. But try to walk in their shoes whenever possible. Ask them point-blank how they were treated at your business. What did they notice? Was it something that boosted your business in their eyes, or diminished it?

Never become complacent. No matter if your business is soaring or struggling, never take a break from looking at that all-important 5 percent. Because when it comes to working to achieve that breakout every business wants, the 95 percent that’s working just fine tends to take care of itself. The 5 percent that isn’t working might end up taking care of you, and not in the way anyone wants.

TILMAN’S TARGETS

- The 95:5 rule—95 percent of your business may be operating fine, but seek out the 5 percent that’s wrong.
- Don’t get complacent: always look for the 5 percent.
- View your business through your customer’s eyes.
- The 5 percent that harms your business can be made up of small things.

CHAPTER 8

KNOW AND LEVERAGE YOUR STRENGTHS

Many business advisors—and others as well—urge people to work on building up their weaknesses. The thinking is, by getting better at what you don't do especially well, you become a better-rounded, more capable person.

I don't disagree with that. We should all work to improve the things we're not good at. For me, that would be a very long list, and yours probably would be too.

But don't forget to leverage your strengths at the same time.

I like to say we all know what we know and what we don't know. We may not want to admit it, but the truth about ourselves is usually clear. Deep down, we recognize what our strengths are, in addition to those skills that don't match up with our abilities.

That kind of honesty is important if you're an entrepreneur—or anyone else, for that matter. In fact, one of the biggest mistakes people make is being unable to admit what they don't know.

I've seen it for years and, more recently, on *Billion Dollar Buyer*. I've met with entrepreneurs and businesspeople who are absolutely convinced they're good at something they're not all that good at. Some may think they're good at marketing, while others are certain they understand the need for ongoing cash flow to help their business grow. Many have convinced themselves they know everything about how to scale up their businesses.

One of the things that has always come naturally to me is my ability to recognize what I'm good at and what I'm not good at. As I've sometimes said, I have to think about how to put gas in my car. Change the oil? I'd take lashes instead of trying to do that.

A guy can take an engine apart and put it back together, but most don't give him any respect for being able to do it. But he's the smartest guy in the world to me. The painter who can paint a perfect line? My line would be here and there and all over the place.

“I can look at a business and its numbers and within a few minutes know if that business has the stuff to become really successful. It's what I'm good at, and I know this.”

That's why I urge every entrepreneur to be brutally honest with himself or herself. It's critical to know what skills you bring to the table and those you lack. Without that honesty, you may not be able to grow a business in all aspects and to keep that growth going through a balance of skills (more about this in the next chapter).

People—especially younger entrepreneurs—constantly ask me if I think they need to go back to school to get an MBA. My answer is always the same—if you need that, you'll know it. You'll know if business comes naturally to you or if you need more formal education to fill in some of the cracks. And for many people, getting an MBA is a way to increase their overall skill level and, from there, apply that to moving their business to the next level.

Going back to school doesn't automatically mean an MBA. In an episode of *Billion Dollar Buyer*, Kismet Cosmetics founder Caitlin Picou worked with the entrepreneurial school at the University of Houston to build and refine an effective business plan. You can certainly do the same, as there are many online and onsite business programs throughout the country where entrepreneurs can become much better versed in the workings and strategies of the business, without any prohibitive time commitments.

But going back for more schooling isn't just an opportunity to shore up business skills you may lack. It's also a way to sharpen those things you're already good at.

That ties back to the central idea of this chapter—improve at what you’re not particularly good at, and lean and build on those strengths you know you have. If you know you have the gift of creativity, leverage that for all it’s worth. On the other hand, if you’re good at numbers, for instance, rely on that ability.

Sometimes, a strength may not even be a particular business skill. For example, one thing I urge every entrepreneur to do is to never give up. Don’t admit defeat until they come and padlock your front door. Call that stubbornness, call it confidence, but it’s certainly a strength. If you can ignore the naysayers, everyone around you who says you can’t possibly make it, that’s a strength to rely on.

Occasionally, you meet an entrepreneur who’s not certain what his or her strengths are. Maybe they’re too modest to point out a personal strength. Or maybe they’re the opposite—“I’m so good at everything, I can’t pick just one!”

Here’s where a little feedback can be helpful. Ask your business partners what they think your particular strengths are (and, to avoid turning this into an ego party, offer to describe their strengths to them). You may hear what you expect, but you also may be pleasantly surprised, or even disappointed. Hearing this information from someone else may be just the thing you need to pinpoint those strengths you bring to the business.

LISTEN!

How you best build on your strengths depends on what those strengths are. For some, that may mean going back to school to get an MBA. For others, it can mean becoming aware of what you do well and making certain you bring that strength to your business. Don’t be afraid to let others know what you have confidence in. As an example, if you’re adept at analyzing numbers, and the creative guy in your group doesn’t see what you see, get your points across so your business benefits from what you know best.

No matter the specifics, a business won't flourish by ignoring its strengths. It's great to become better at things you're not particularly good at, but also leverage all that you do well. After all, that's why you went into business in the first place.

TILMAN'S TARGETS

- Work on your weaknesses, but also make sure to work on your strengths.
- Ask your partners to describe what they believe to be your strengths.
- If you have a strength, build on it. Lean on it. Don't be afraid to assert your strength for the good of the business.

CHAPTER 9

PARTNER WITH COMPLEMENTARY STRENGTHS

What's a surefire formula for business failure?

Many people might answer that by saying, "Go into business with a family member or best friend."

I don't know if I agree with that entirely. Granted, there's no better way to lose a friend or a loved one than by starting a business together, only to see it flounder. But, on *Billion Dollar Buyer*, I've encountered many promising businesses that are run by friends or family members. For me, it's not so much what label goes with a particular person—friend, sibling, what have you—but what they bring to the table.

That highlights what I think matters even more. When it comes to business success, it's far more important to partner with people who have complementary strengths.

Here's what I see all too often: you and two of your best friends have worked in a kitchen together for several years. You all know the kitchen inside and out. You decide to go into business for yourselves, as partners.

It's great that you're all strong with regard to how the kitchen operates. But it would be far better if one of you knew the kitchen, one of you knew financials, and the third friend understood the front of the house.

"Never become partners with someone who has the same skill set as you."

If you think about it, that only makes sense. If you partner with people with complementary strengths, rather than the same strengths, you're covering as many of your business bases as possible. If there's an issue with the kitchen, one of the three of you has a handle on it. If obtaining fresh produce every day is becoming too expensive, the numbers person can be on top of that. The same goes for the front of the house. If reservations or scheduling is becoming backed up or confused, the friend with front-of-the-house knowledge can deal with those problems.

Unfortunately, that's not the way many entrepreneurs go about starting a business. Far too often they partner with friends without giving a moment's thought to who is good at what. You just know that you like each other, share the same dreams, and are committed to building a business you're all excited about.

There's nothing wrong with that. But if you come at this from the standpoint of strengths, you're effectively crippling your business from the very beginning. For instance, if you're both good at numbers, who's going to take the lead if you have delivery issues? Who's going to be responsible for evaluating customer feedback and addressing problems?

If everyone involved in a business has identical or even similar skills, that can lead to major headaches. But those and other issues like them prove manageable if the business leadership has different skills and strengths.

This isn't just a matter of division of responsibility. It comes back to what I discussed in the prior chapter—leveraging your strengths. Partnering with others who have different strengths and abilities allows everyone involved to play to those strengths, rather than try to scramble to address issues and challenges that don't match their skills.

Nor is “never do business with friends” a hard-and-fast rule. Anything but. One thing I emphasize is making friends in business because they're the only ones who will be there for you when you really need them.

It's also important to recognize and appreciate what strengths everyone contributes to a business. It's a mistake to assume that one person's abilities are more “important” than someone else's. As I said earlier, I admire anyone who can take apart a car's engine and put it back together. I admire someone who's able to change a car's oil quickly and efficiently! Do I look down on those skills as something less than my ability to analyze a business's numbers? Absolutely not. And if you do, not only are you

dismissing the value that every skill brings to a business, but you're also degrading others' abilities.

Sometimes, when a business isn't made up of people with a range of skills, that can become obvious quickly. Maybe they have a great product with great marketing, but production and delivery are cutting off the business at the knees. That's a clear sign that someone in the mix doesn't have the skills needed to make the business perform.

Occasionally, the signs aren't all that clear-cut. Maybe a business lacking a numbers person will do well for a while, only to see costs slowly pile up and strangle cash flow.

The good news is that the thought of a business made up of people with similar abilities and strengths doesn't have to be written in stone. If you're skilled at one particular job but know that your team lacks talent in a particular area, don't be shy about bringing someone new on board who can address those holes.

That not only takes care of a skill or ability that's lacking in a business, but it also allows everyone else to do what benefits the business most: knowing their strengths and making the most of them.

I did that several years ago when I partnered with the people behind Catch, a fantastic restaurant with locations in New York and Los Angeles. What my partners Eugene Remm and Mark Birnbaum have probably done better than anybody in the industry is change with the trends and the times. They have created an environment, ambiance, atmosphere, and energy better than any other restaurant in the industry. That, and they have great food, great service, and great locations.

What they didn't have was the business expertise to fully leverage that success. They lacked the systems in place to grow, as well as the capital required to support that growth. They were ready to take that leap of faith and acknowledged they needed someone with development and growth experience, who also had the capital to steer them in the right direction.

I partnered with them 50/50—me owning 50 percent, with the remainder divided between them. Why? Because I recognized that their egos hadn't gotten in the way of them admitting they needed someone to take on these issues and challenges. They knew they needed someone like me to help take them to the promised land.

They knew what they were good at and what they weren't good at, and they didn't hesitate for a second to find someone to address the missing pieces.

In understanding that they needed to partner with someone who had different skills and insight, they showed me just how smart they were.

TILMAN'S TARGETS

- Partner with people whose skills complement your own.
- Make friends in business your personal friends.
- If you know your business lacks a certain skill set, bring in someone who can address the void.

SECTION 4

SEE THE OPPORTUNITY, SEIZE THE OPPORTUNITY

Every successful entrepreneur is, more or less, an opportunist. And I mean that in the best sense of the word.

An entrepreneur sees opportunity by building a business that's focused on something different from what others are doing. Maybe he makes an existing product better. Maybe she takes an existing product and comes up with fresh new ways to use it. No matter the specifics, every entrepreneur looks to build a business that capitalizes on the opportunity he or she can see.

But some entrepreneurs go beyond that. For one thing, many entrepreneurs capture opportunity in circumstances that, to almost everyone else, don't seem to be much of an opportunity at all. As I'll share in the next chapter, I'm one of the entrepreneurs who was fortunate enough—and opportunistic enough—to make the most of a situation riddled with chaos and confusion.

Then there's another kind of entrepreneur, one who recognizes that even the greatest ideas and business concepts aren't necessarily overnight successes. They see that some businesses will take time to grow and prosper, and that it will be up to them to have the confidence and conviction to stand by their vision.

They're what I refer to as the “not yet” entrepreneurs. What they see is no less real than immediate success, but success that's going to take time to happen.

That offers all of us a lesson in persistence, one characterized by patience, commitment, and, perhaps most important, the understanding that success takes time and perspective. They're as confident as the most impatient entrepreneur that success is on the way.

Just not now.

CHAPTER 10

A FIVE-YEAR REPRIEVE

If you want to talk about being an opportunist—about making the most of a situation where it seemed as though no opportunity was anywhere in sight—let me take you back to the 1980s in Houston, Texas.

When I was in my late twenties, about the time I was experiencing some business success, there were hundreds of banks across Houston. In many ways, it was a buyer's market for companies in need of financing. With so many institutions competing against one another for business, it was a great time for entrepreneurs to look for funding and other means of financial assistance to start or grow a company. Banks and lenders were fighting tooth and nail for every bit of business they could land.

Going back a bit further to the 1970s, Texas had the most banks of any state in America. Not only was the oil business going great guns, local legislators had limited outside competition by prohibiting any lender outside the state from doing business here. That made for a closed, competitive market.

But it didn't last. After embargoes were removed in the 1980s, the price of oil plummeted. Eager to pick up the slack, banks began shifting their attention away from the oil industry and into the commercial real estate market. But after incentives were eliminated in real estate, that portion of banks' portfolios also began to fall apart.

The aftershocks were enormous. From 1980 to 1989, 425 Texas commercial banks failed. That included nine of the ten biggest ones. In 1988 alone, 175 Texas banks went under—representing \$47.3 billion, about 25 percent of the entire state's banking assets.

You had banks collapsing across the board. Every savings and loan failed. Every Tuesday the FDIC would come in and close three or four more

banks in town. You could almost set your watch to it.

This went on for two years.

It was horrific to watch, and it also resulted in an enormous shift in the banking industry, which was boiled down and consolidated. That's why you have banks today with trillions of dollars in assets, which are too big to fail because the government came in and helped them take over other banks. They're basically rollups of all the banks that existed back then.

When all was said and done, after the world basically fell apart, every bank in Houston had failed except five or six. And, as I said earlier, every savings and loan failed.

I didn't realize at the time how much I would learn from the experience—as useful a lesson as I have ever received. In my case, I had loans at eight to nine different banks, totaling about \$2 million. Like a lot of other people, I scrambled and made deals whenever and however I could. I kept fighting and fighting. I worked out interest-only deals at a few banks and consolidated loans at others. It was a never-ending juggling act. I was trying to stay alive, and some days the prognosis didn't look especially good.

In fact, one time I switched watches with my lawyer Steve Scheinthal in the elevator on the way up to talk with bankers. I thought it better that the guy asking for a deal was wearing a little Seiko watch instead of some fancy gold Rolex!

But, in its own way, the situation worked out. Simply put, every bank with which I was doing business failed. As a result, I didn't have to make any debt payments—there was no one to make payments to.

As it turned out, the bureaucracy and mechanics of banking and government worked in my favor. Given all the time and energy required to shut down all the banks and reallocate all the funds, it took them five years to get to me! They had bigger issues to worry about.

That gave me an invaluable five-year reprieve during which I had a lot more cash to work with, since I wasn't making loan payments. And in that five-year period, I built Landry's locations in Galveston, Corpus Christi, San Antonio, Kemah, and Dallas.

Not a bad run of success when everything else seemed to be going straight to hell. And the fact that I had cash-flow businesses ensured my

growth, while others operating on an accounts-receivable basis (where you wait to be paid) were struggling.

Even though that five-year window of opportunity gave me the chance to go on a roll, that's not to say it was easy. Finding funds to pay for the kind of expansion I wanted to pursue was incredibly difficult. I used credit cards, cash, equipment leases, and most anything else I could get my hands on. I couldn't go to any banks because there were essentially no banks to go to. Whatever money I found to fund my business, I had to piece it together on my own. Since funding had been readily available not long before, the scramble to track down what I needed was both exciting and scary—exciting because I had spotted opportunity and was trying to make the most of it, and scary because leveraging that opportunity involved a whole new playing field.

Of course, my five-year break didn't last forever. The FDIC did eventually get around to me. Still, it was a great deal. In 1991, they agreed to waive all interest charges on what I owed. I wrote them a check for \$2 million, and that was that. It was interest-free money for five years.

Naturally, this entire situation involved a fair degree of luck on my part. Since the government had much bigger players than me to focus on, I was lucky they took as long as they did to address my situation. I wasn't big enough to be at the front of the line.

But this story is also a great illustration of recognizing opportunity and making the most of it. Since the financial world was going to hell, it would've been understandable to panic, assume that finances would never be the same as they once were, and throw in the towel. You could see evidence of that everywhere. Apartment buildings were being left only partially built. Office buildings remained vacant. Residential projects had roads put in, but no houses constructed. It was scary and depressing, and it would have been simple to give up—especially if you wanted to grow like I wanted to. But there were hardly any banks to approach.

I didn't throw in the towel. One reason was a truth that I had come to learn and that I've never forgotten.

LISTEN!

When things are bad, we often tend to forget that they're going to be good again. Further, when things are good, we forget that they're going to be bad again. You need to prepare for both types of situations, because they're both headed your way, sooner or later.

Granted, this was an extreme environment in which it was definitely hard to keep the faith. If nothing else, having watched hundreds of banks go out of business, and seeing businesses of all sorts collapse as a result, it wasn't easy to keep watching and waiting for things to get better. Fortunately, I was able to do so.

Again, having cash-flow businesses where customers pay on the spot—order a meal, pay for it—helped me when the economy struggled. In fact, every time there was a hiccup in the economy, I grew because I had the cash on hand to capitalize when my competitors didn't. If yours is a cash-flow operation, you can do the same—just make certain to accumulate as much cash as possible when conditions are good.

If yours isn't a cash-flow operation, you may not find out things are bad until thirty, sixty, or ninety days after you sent your last invoice, so you need to make even more of an effort to accumulate cash or have a revolving line of credit in place to access cash during the bad times. Then, when all of your competitors don't have the cash to fill a big order that could save their business, you'll have access to cash to capitalize and either take that business or buy out your competitor. Like I said in an earlier chapter, when things are bad, eat the weak and grow your business—but that takes cash.

Looking back, the banking crisis was just a natural continuation of a pattern of success and struggle. Before the banking collapse took hold, people in Houston and throughout Texas were enjoying genuine boom times. Construction was thriving, and memberships at expensive country clubs soared. Expensive cars filled the streets, and private jets were ready for travel at a moment's notice.

At the time, did a lot of people forget that just as the bad times never last forever, the good times also don't go on endlessly?

I think a lot of them did. But I was determined not to fall victim to this mentality.

That's the kind of perspective that can help any entrepreneur spot opportunity, no matter the current circumstances. Regardless if things are good or bad, most of us have a tendency to assume that whatever's happening now is going to continue forever. We should know better than that, but a lot of us do it anyway.

That's why, as an entrepreneur, it's always critical to try to see the bigger picture. Perspective is everything. Never forget the ebb and flow of good times and bad. Talk to your partners, employees, advisors, customers, and others to broaden your view. What can they share to help you gain a more complete understanding of the situation? Do they see positive signs or hints of opportunity? Almost every environment, no matter how crazy or chaotic it may seem, contains opportunity for those who are willing to take a deep breath and try to see what others may be missing.

The experience with the banks also taught me another valuable lesson regarding opportunity, which I also discussed earlier, in the context of having enough working capital. Borrow money when you don't need it, because when you need it, you might not be able to borrow it. That was a lesson in opportunity that paid off handsomely further down the line.

A few years ago, I had banks throwing money at me. I decided to borrow, even though I didn't need the money at the time, and in so doing, I greatly boosted my interest costs. But all of a sudden, a large casino under construction in Lake Charles, Louisiana, became available. I was able to act faster than anybody else to acquire it, because I had the cash.

This story also illustrates that opportunity is there, no matter how big or small your business might be. During the banking crisis, I was the little fish that could be ignored for a few years, while the banking regulators took care of the bigger fish in the pond. As it happened, my size worked to my advantage.

Take that as a lesson in your own business. Even if you're small, you can still spot great opportunities that you can leverage to build your business. In my case, I was given that opportunity because I was relatively small. And since a small business can react faster than many larger operations, you're in a better position to quickly take advantage of any opportunity you see.

LISTEN!

Always remember that the greatest opportunities are in bad times.

TILMAN'S TARGETS

- Opportunity is always there, no matter what the current conditions may be.
- When times are good, we tend to forget that at some point they're going to be bad.
- Borrow money when you don't need it, and build cash when times are good, so you can take advantage when times are bad.
- Spotting opportunity requires patience. There's always another deal.

CHAPTER 11
**“I WONDER IF I’LL EVER HAVE A COMPANY
THAT DOES \$10 MILLION IN SALES”**

Yes, that quote is from me.

I can clearly remember being twenty-two or twenty-three years old and wondering out loud if I ever would be the head of a company that had \$10 million in sales.

I also remember some time later, when I was wondering about \$20 million. Then \$40 million. Then \$100 million.

You get the picture.

In that way, I was like almost every entrepreneur alive. I dreamed about being successful and then building on that success.

If you don’t have those sorts of dreams, you may not be much of an entrepreneur. As a rule, entrepreneurs are dreamers at heart. If they weren’t, they’d likely settle for making a living as an employee, just like everyone else.

But the kind of dreaming that allows entrepreneurs to spot opportunity has to be carefully managed. Maintain perspective as you dream—always look and work for something bigger and better, but understand that dreams are often made up of relatively small steps along the way.

On the other hand, dreaming that gets out of control can hinder or trip up even the most gifted and skilled entrepreneurs.

LISTEN!

Learn to be patient. Not the easiest thing for many aggressive entrepreneurs to do.

That's not to say dreaming is bad. If anything, it's essential for anyone who works to succeed. But perspective is everything.

My own story is an example of that. The current scope of my business interests is enormous, from professional sports to restaurants to gambling and entertainment.

But it's taken me thirty years to get here. And yes, I was as guilty as any entrepreneur when it comes to dreaming big. However, I also knew that building dreams has to be done systematically—with an ongoing eye to spot opportunity, but also an understanding that opportunity requires long-term commitment and patience.

I knew that from the start. I made sure that I was positioned to take full advantage of every opportunity I identified, both financially and logistically. But I never looked at any one success as the Big Dream come true, that one knockout punch in my fight to succeed. They were merely steps along the way—granted, some bigger and more significant than others, but steps nevertheless.

One significant opportunity I capitalized on occurred when I took my restaurant company public, on August 14, 1993. In the early '90s, many restaurant chains—Outback Steakhouse, The Cheesecake Factory, and others—were going public. It was a new fad among restaurants to access the public markets; everyone seemed to be doing an initial public offering (IPO). I saw that it was a great funding opportunity and did the same.

When I woke up on August 15, 1993, the day after my IPO, my personal stock in Landry's was worth over \$100 million. Between 1993 and 2002, Landry's went back to the public market five more times with follow-on stock offerings and raised over \$400 million to fuel our explosive growth. This is very difficult to do unless you're delivering on all your promises to investors and experiencing tremendous business success.

With all the capital that was raised, Landry's grew from approximately \$30 million in revenues in 1993 to over \$1 billion in revenues by 2004.

Still, I wasn't satisfied. I had this burning desire to expand Landry's business empire. Do you know how many \$10.95 shrimp dinners a restaurant has to sell to pay its rent? As I told my management team, the restaurant business is one of the hardest businesses to excel at. You have to take multiple raw products that come in your back door and turn them into something you can then sell to your customers, all at a high quality and on a

consistent basis. Meanwhile, retailers take the same product in and resell that same merchandise without having to do anything to it and with much less staff. And casinos, they have slot machines. There's no product to sell. Slot machines are like a bank where people make deposits, but you don't have to give them all their money back!

I had been going to Las Vegas for years with my family and knew Landry's was missing out on a tremendous opportunity if we didn't get into the casino business. So in 2004, Landry's did the largest bank and bond financing ever done on Wall Street by a restaurant company at that time and raised over \$800 million. With cash in hand, we seized the opportunity to buy the Golden Nugget in Las Vegas.

Since the old ownership group had insufficient working capital, when I showed up with \$340 million in hand, it was an easy decision for them to sell the Golden Nugget to me. After Landry's invested another \$180 million into the casino property, the brand was resurrected, and with four more Golden Nugget Casinos and Hotels built over the next ten years, it is now one of the most recognizable names in the casino industry.

But like I say, when things are good, never forget that things can go bad. That was the case with all stocks, including restaurant and casino stocks, back in 2008 and 2009, when the financial crisis hit the United States. The share price of consumer stocks plummeted across the board, as stock multiples contracted (the price of a stock relative to its actual earnings).

Bad news for some, but an opportunity for me. Again, when things are bad, we tend to forget that things will be good again. Since Landry's stock price had fallen to a ridiculously low number and because of my rainy-day cash and business acquaintances turned friends, I was a bull and seized the opportunity, starting in 2009, when I bought 100 percent of my company back amid fear and chaos on Wall Street. This all happened during the time General Motors and AIG, the largest insurance company in the world, went bankrupt, and investment banking giants Lehman Brothers and Bear Stearns failed. When the financial markets recovered, as I knew they would, and stock market multiples returned to normal levels, I completed my purchase in 2010. I was standing as the sole owner of Landry's, a \$1.2-billion revenue company generating nearly \$200 million in annual cash flow, and I

had a personal net worth that qualified me for the Forbes 400 list for the first time.

That's a great story that describes an enormous jump in wealth. But it's also an example of opportunity that took more than a decade and a half to play out. And basically, it involved taking one step—the opportunity to go public—and, some sixteen years later, taking another step—the opportunity to go private again.

“You’re trying to run a marathon, and you haven’t even shown me you can crawl.”

It's like I told one entrepreneur on my show *Billion Dollar Buyer*: “I never shot for the stars. I took things one step at a time—and it took a long time.” Or, as I commented to another, “You’re trying to run a marathon, and you haven’t even shown me you can crawl.”

In my work with entrepreneurs of all sorts, I've seen many business owners, particularly younger ones, who lose sight of that—a self-imposed impatience that can lead even the most promising business owners to want way too much, way too fast.

This circles back to the issue of humility. If you approach yourself and your business with a humble attitude, you know what you can reasonably do and what you cannot. And that allows you to take advantage of even the smallest opportunity instead of being frustrated by that One Big Break that never seems to come your way. You can position yourself to set reasonable goals.

Patience also plays into the way you approach certain deals. Many entrepreneurs make the mistake of going after business too aggressively, sending the message that they're willing to do anything to get the deal done. That can backfire in a big way. Yes, they may get the deal, but not the one they had hoped for, because the person on the other side of the table knew how badly they wanted it and pulled their pants down.

Here's what I do. Having evaluated everything I need to take into consideration, I make my best offer. I tell the person with whom I'm

negotiating that it's my "walk-away offer." If that's good enough to close the deal, great. If not, I'm prepared to walk away.

The key here is to say what you mean and mean what you say. If you say you're going to walk away if the other person hesitates, make sure you do just that. That's because, more often than not, if what you offered was genuinely fair, chances are good the other person will come back to you, and the deal will get done.

Put another way, let the deal come back to you. It takes patience, it takes confidence, but it's a great way to make the most of the opportunity at hand.

It's okay to chase deals on occasion. But, just as often, take time to let the deals chase you.

LISTEN!

The lesson here is to pursue opportunity at every chance, but realistically. It has to be the right opportunity, not just any opportunity. Remember that there will always be another opportunity coming along. Don't be afraid to walk away from a deal. Don't chase a deal—let it come back to you.

Not every deal has to be a home run—singles pieced together can score just as many runs as one long ball.

TILMAN'S TARGETS

- As an entrepreneur, it's essential to dream—but to dream realistically.
- Don't chase a deal—let it come back to you.
- Not every deal has to be a home run.
- Spotting opportunity requires patience. There's always another deal on the horizon.

CHAPTER 12

DON'T EVER LOSE THE HUNGER

Watching a great athlete who rises to the occasion time and time again—a great hitter in baseball who celebrates a victory like it's the first time he's ever won anything, or a three-point shooter in basketball who never loses her enthusiasm at making a shot—makes you wonder about their motivation as you admire their athleticism.

How does he keep up that energy level? How can he keep going after championships when he already has so many under his belt?

The answer is simple: he stays hungry.

That's an invaluable lesson for everyone. Don't ever lose the hunger for what you're doing.

That may be an easy thing for many entrepreneurs to do. Since they're just starting out, with big dreams, staying hungry is one of the last things they have to worry about.

But starting a business or trying to take an existing one to the next level can be exhausting. Physically, putting in fourteen hours a day seven days a week will wear down even the strongest among us. Add to that the emotional and psychological strain—maybe you're putting your life savings on the line, or someone else in your family is relying on your success—and it can be way too tempting to ease back occasionally, just to catch your breath.

That's perfectly okay, every now and then. But to truly make your business a success—and to continue building on that success—you must get that hunger back.

LISTEN!

Start by remembering a simple rule that I stress over and over: know what you're good at and what you're not. That's an essential component of building your business. If you know what you're good at—and make certain to work with people who have skills you don't have—you have a balance of skills to address problems and leverage opportunities at the same time.

But examine what you do well with an especially personal point of view. You're good at something. Why in the world would you not want to try to be the best you possibly can be? And why not try to be better at something than anyone else you know?

My definition of business success has to do with making money. However, success in life isn't measured in dollars or the size of your wallet.

But you can use the issue of money to your advantage. How?

Feel poor. I always thought about things I couldn't afford.

What I mean by that is this: think of something you'd really like to do or own. But, you don't have the necessary cash. That's feeling poor, and it can be a powerful means of staying hungry.

Obviously, feeling poor will mean different things to different people. A young entrepreneur may feel poor because he can't buy a house. A more successful one may feel poor because she can't buy that boat she has her heart set on. No matter the dream, feeling poor can make you very, very hungry.

For me, I always had the dream of owning a sports franchise in my hometown. I was able to realize that dream with the purchase of the Houston Rockets, a deal that involved my putting up \$100 million in nonrefundable cash toward a \$2.2 billion price. I could have owned them years earlier for \$85 million, but I couldn't come up with the money then. Even though I was very wealthy at the time, that made me feel poor, and I thought I would never have another chance, since pro franchises don't change ownership all that often. But when the Rockets became available again, I was bound to find a way to buy. Which I did.

That attitude will also keep you hungry. For me, I could have called it quits after I was worth \$500 million, but my goal was to be on the Forbes billionaire list, so I didn't stop. Stay hungry because you want to be the

best. The business world is sport to me, but you can't measure your success in it by wins and losses. You can measure your success only by how much money you make.

Another way to stay hungry has to do with perspective. When things are going well, it can be all too easy to kick back and become complacent. Why bust your rear if you don't need to? Let the good times roll.

If you recall my story about the banking industry in Houston in the early 1980s, you could probably picture a lot of people—bankers, businesspeople, and politicians, among others—who were absolutely convinced that the good times were there to stay. They were absolutely wrong.

Staying hungry is easier if you keep that in mind. Just because your business is growing and doing well today, don't ever make the assumption that situation is never going to change. That's because it's going to—you can be absolutely certain of that. And staying hungry when the times are good will put you in a much better position when things go sour.

You'll be able to move forward when times are challenging. If you stay hungry no matter what is happening around you, it's much easier to maintain that hunger—or ramp it up even more—when you have to struggle some. You won't have to completely shift gears.

“No matter the circumstances, be the bull.”

All of this comes down to a central message: be the bull. By that I mean be strong, opportunistic, and confident, not to mention always prepared, regardless of what may be happening or is going to happen. In my case, being the bull meant following through on the purchase of the Houston Rockets by staking millions in nonrefundable cash—even though another bidder was in the lead. Teach yourself to be the same type of bull in your business.

Remember, there's a paddle for everyone's ass. And a bull is always ready to avoid the swat. For instance, in [section 2](#), I emphasized the point of liquidity. When times are challenging and others are struggling, that makes

for a bull poised to charge—a hungry bull ready to seize opportunities when others are merely scrambling to survive. Be a bull that's strong when others are weak.

But being hungry and staying hungry shouldn't be a solo effort. It's critical to surround yourself and work with others who are every bit as motivated and hungry as you. One person with passion is an asset—many people with that same level of passion are invaluable. By the same token, a passionate, hungry person working alongside others who are basically mailing it in is a surefire recipe for frustration, bitterness, and failure.

Finally, to stay hungry, never see anything as an obstacle, something impossible to overcome. Instead, take things as challenges, steps that require solutions to get to the finish line.

This addresses a problem that I'll discuss in more detail later but is worth mentioning again now. Many people throw in the towel way too early, particularly in business. They're confronted with problems—often, very significant ones—and they assume there's no way over or around them. So they give up.

I like to say that when it comes to your business, never give up until the moment they come and padlock your front door. Until then, everything and anything is possible. And if you approach things with an eye to solving challenges instead of seeing them as obstacles that can't be overcome, you'll never lose the hunger that's so critical to taking your business to the next level, and the level after that.

TILMAN'S TARGETS

- Surround yourself and work with others who are every bit as motivated as you.
- Always stay hungry. Never become complacent.
- Define success by being better at something than anyone else.
- Staying hungry when times are good will reward you when faced with challenges.
- Treat every issue as a challenge instead of an obstacle.

SECTION 5

LIVE YOUR LEADERSHIP

I like to say: every leader looks good when times are good. It's when things are bad that you really see great leadership.

From how I see things, leadership isn't something you impose on other people. The fact of the matter is, people want to be led—and more specifically, they want to be led by great leaders.

That's even more true when times are bad. When times are tough, that's when great leaders step up and keep everyone motivated and focused. They don't promote fear and anxiety. Instead, they help their team prepare for the better times ahead—which always come.

Another saying is that great leaders are born, not made. That suggests that you're a great leader because that's who you are and always have been. It's something that comes to you naturally.

I agree with that, but only to a certain extent. Yes, there are some natural-born leaders—people who just happen to have leadership skills and abilities. But I also believe that great leadership skills can be taught, that anyone willing to listen to solid advice and guidance can, at the very least, become a better leader than they are right now.

Great leadership always goes hand in hand with great businesses. Here are some of the strategies I've learned and used over the years to improve my leadership skills—skills that you can improve, day in and day out, to help push your business toward the next level.

CHAPTER 13

IF YOU WANT TO LEAD, LISTEN FIRST

We were all born with two ears and one mouth for a good reason. And it isn't because nature just happened to have a second ear lying around that it decided to stick onto our heads.

No, the reason we have two ears and one mouth is that it's far more important to listen than it is to talk. That's true for everyone, but it's especially true for great leaders.

Great leaders take the time to listen—to partners, employees, advisors, and customers. In my case, I'll go talk to the people at the blackjack table or someone playing slots. A chat in the trenches can tell you a lot. You'll probably hear a fair amount of bullshit, but even if you get just one piece of useful information, you'll be a better leader. And the more you do it, the better you become at separating the useful from the useless.

Solid leaders know everyone has something of value to contribute, so they make sure they give everyone the time and attention needed to truly be heard. That's because they know they'll become a better leader by listening.

This comes back to a central idea I've been emphasizing throughout this book: know what you know, and know what you don't. It's a form of personal honesty that every great leader embraces. They know what they know, and what they don't know, they're ready to learn or rely on others for that knowledge.

It's been said that great leaders surround themselves with people much smarter than they are. Do you then tune out and ignore these people? Of course not. When you assemble your team, ensure that every person has something of value to contribute. I use this exact strategy.

At the same time, this isn't to say that you shouldn't listen to your instincts. Far from it. Use your instincts and rely on them, particularly when

you're listening to others. Your instincts will let you know what's good advice and what's not.

Or, for that matter, what is accurate and what is inaccurate.

But back to advisors for a moment. Now's a good time for me to share one of my pet peeves about business. To put it mildly, I'm not the biggest fan of hiring consultants. For one thing, they can be expensive. Many base their work on trying to make themselves increasingly indispensable—the more you work with them, the more you need them, and the more they get paid. No thanks!

“Consultants can consult you straight out of business.”

Additionally, bringing an outsider into your business can often be counterproductive. Granted, they may offer you an objective perspective, but that's what you have other advisors for in the first place. Moreover, no one can possibly know more about your business than you and those who work with you every day. I see so many CEOs using consultants as a crutch.

Being a good listener also has many other advantages. Not too long ago, I had a meeting with managers and others who were in charge of several of my larger hotels. They were discussing a promotion in which hotel guests would receive 15 percent off the price of their stay. And they wanted to market it with the phrase “15 percent off BAR.”

If you don't happen to be in the hotel business, when you hear that you would probably assume that phrase meant 15 percent off your tab at the hotel's bar. But that's not what we were trying to say. In this context, BAR refers to the price of the accommodations (the stated price of the room, or “best available rate”).

Good thing I had been listening as closely as I had been. I reminded them to keep things simple.

“Guys, you all are putting hotel lingo in here,” I said. “Somebody's going to walk into the bar and say, ‘Where's my 15 percent off?’ You may know that means your rate at your hotel, but they don't.”

Listening to people around you means that you don't have to necessarily agree with or act on what other people tell you. Far from it. But at the very least, by taking into consideration what others have to say, you're giving yourself the best chance to make the smartest decisions possible. You've gained insight into some areas of your business that may need improvement. You've broadened your perspective, and that is never a bad thing to do.

Being a good listener helps a leader avoid insider business speak when communicating with the public. Sometimes a business is so inwardly focused that it overlooks times when it's using language that only its employees understand. Listening well cuts off that mistake before it can become a real problem.

I don't have many rules about the give-and-take with the people I meet with every single day. But I do have one I stick to religiously: never, ever hand me any bullshit. I can take good news, I can take bad news, but never try to dance around me with words whose only purpose is to hide or sweeten the truth. If you have something to say, just say it. I'm blunt with the people I work with, and I expect that kind of bluntness from them in return. Don't ever walk into my office and talk bullshit, because I will most definitely call you on it. That's because bullshit is, more often than not, easy to smell a mile away.

Here's an example. Some time back we had a restaurant in Oklahoma that, for whatever reason, wasn't performing well. I asked regional management what was going on. Well, said one, it's because there are "professional diners" in Oklahoma City.

I looked at him and said, "Excuse my bluntness, but what the f***?"

It was one of the craziest, most obvious bullshit comments I've ever heard in my life. Oklahoma City has "professional diners"—what does that even mean? What's a professional diner? Why is it exclusive to Oklahoma City? Cities like Houston, Austin, and Tulsa don't have professional diners.

To this day, I still don't understand what the hell he was trying to say. But in many ways, it doesn't matter. It was a bullshit answer, totally lacking in truth. I'd never heard such crap in my life. People are people everywhere. They expect good food and good service at a reasonable price. Obviously, we weren't doing that.

“Don’t show a head in the bed if it’s not there.”

One of our sayings with regard to our hotels is “Don’t show a head in the bed if it’s not there.” That is, don’t play games with how many rooms you’ve sold on any given night. That’s blunt and to the point, and that’s the kind of bluntness I want from myself and everyone with whom I work. Being a good listener means you know what makes for good communication. Being blunt makes for efficient, clear-cut communication.

Being a good listener also cuts both ways. The best leaders listen closely to feedback they receive about their leadership skills. From there, they take it to heart to become better leaders. This comes back to the issue of being blunt—if you’re blunt with the people you work with, don’t just allow them to be blunt in return. Embrace it.

I’ve seen businesses on *Billion Dollar Buyer* where great products were essentially undercut by leaders who wouldn’t listen to what their people had to say about their leadership style. I remember one business in particular where the business owner refused to believe that her leadership skills and interactions with others were the problem, even though comments from others labeled her “bossy,” “silly,” and “sophomoric.”

In the end, I decided not to do business with that entrepreneur. And her leadership style was one of the primary reasons.

Committing to listening also doesn’t mean you have to spend all day listening to others, particularly when they’re going on too long or wandering endlessly off topic. If someone’s not communicating clearly, ask them to make themselves clear. If they’re blunt, it shouldn’t take that long.

Speaking of efficiency, that’s why I make it a policy to always have meetings that are as short as possible—ideally, fifteen minutes or less. Of course, we go over that time limit often, but trying to impose some sort of time restriction generally cuts back on the average time spent in meetings and keeps the time in the meeting productive. That, and we work to keep those short meetings consistent in how we review our business. That helps everyone prepare better to make the most of those few minutes.

The reason I believe so strongly in short meetings goes beyond the fact that everybody hates long, drawn-out sessions. A short meeting also

promotes bluntness and accountability. If you're only asking people to focus for fifteen minutes or so, they bring their A game to those fifteen minutes. A lot gets done because it's focused and on point. The goal is to make them all focus for fifteen minutes and know that you're listening to them. Get to the point and get out.

Keeping meetings short is also valuable to reinforce an organization-wide commitment to ongoing goals and priorities. For instance, since I've emphasized the value of hospitality, no matter the business, short meetings are an ideal way to reiterate that message. Use short meetings to remind everyone and to emphasize everything from the specials for that day to production and delivery priorities. Keep it short and on point, and the message is easy to convey and understand.

“People who ask questions are often the smartest in the room because they have the humility to ask about what they don't know.”

As I said, I value people being blunt with me and vice versa. But, by the same token, I have no problem at all with someone telling me, “I don't know.” I'm fine with that—it's blunt and to the point. I'd much rather hear “I don't know” than someone concocting some bullshit story. And I'm even finer with it if the person who says he or she doesn't know adds, “But I'm going to find out.”

This comes back to the value of humility. None of us have all the answers, and the leader who recognizes that is well on his or her way to becoming a truly great leader. They're comfortable with someone telling them they don't know something, because they know they don't know everything themselves.

A leader who listens is also a connected leader, one in touch with his or her business and the people with whom he or she works.

A great leader also needs and wants to stay involved with his or her business, no matter how big the business may get. And to stay involved, my advice is always the same: keep your hands dirty.

By that, I mean stay committed to doing whatever is necessary to help your business succeed. It's never too small or trivial. In my case, if I walk into one of my establishments and see a candy wrapper on the floor, I pick it up. If I walk into one of my hotels and see a chair out of place, I always put it where it belongs.

The message here is, don't change who you are. If you see a problem, get involved. And that applies whether your business has grown by leaps and bounds or you're just starting out and having to do a lot yourself. Stay true to yourself.

LISTEN!

As a leader, never make the assumption that just because you told someone to do something, it's going to get done. That's one of the biggest lessons I have learned and that I share all the time. When you start out in business, make sure to follow up so that things are being done the way you want them done. And keep following up.

I did that myself, starting with my first business, and it remains true to this day. In fact, not too long ago, I was getting off the elevator at my Post Oak Hotel, when I passed a room service cart on the way to a room. When you're handling a room service order, lots of things can go wrong and, even worse, you can't just run back to the kitchen to get ketchup or a lemon that was left off the plate. So I always take the opportunity to look for things that aren't right.

I stopped the room service person. I looked to make sure the check was okay, which it was. The whole presentation on top of the cart looked good too. Then I asked to see the food.

The room service person took off the cover. Underneath was a burger that had no garnishes—no lettuce, tomatoes, pickles, nothing. It was just a hamburger bun with a burger and nothing else. It didn't meet my standards.

I went nuts. It was the worst presentation I had ever seen in my life. If I were at another hotel, I'd be laughing at them, but this was my hotel—The

Post Oak—a Five Diamond hotel and one of the finest in the world, where they do 99 percent of everything right. But not this time.

I immediately took a picture of the food and shared it with the general manager of the hotel and the executive chef. The hotel had been winning all these awards left and right, and then we go and do something this stupid . . .

Like I said: never assume anything, even at a Five Diamond hotel. That's what I did there, at a place where you assume everything's going to be perfect. And it's the same thing I did some thirty years ago.

The goal is to stay involved at as many levels as you possibly can, right down to details that someone else might see as meaningless. Some business owners might see a piece of trash on the floor and figure it's not the end of the world—or wait until someone else does the dirty work and picks it up.

That's certainly not me, and I don't think that's you either. You want to be involved and are constantly looking for opportunities to stay involved.

The example I used earlier is being able to see a burned-out light bulb from forty thousand feet away. Many people might never even see that or, if they did, decide it's not important. But to me—and to almost every entrepreneur or business owner committed to succeeding—nothing is trivial, ever.

Think about what people, leaders included, look like when they're hard at work. They have their heads down. That's good—they're concentrating and focused. But it also pays to lift up your head once in a while and look around to see what's going on. Keeping your head on a swivel keeps you from missing anything of value.

And when you lift up your head, take the time to listen as closely as possible.

TILMAN'S TARGETS

- Take the time to listen to everyone. A great leader listens all the time.
- Be blunt with the people around you and expect them to do the same.
- Keep meetings short. Short meetings help people focus.

- Stay involved in your business as much as possible.
- Don't assume anything.

CHAPTER 14

BE A GREAT TEACHER

One day, I was sitting in a restaurant at the Golden Nugget in Lake Charles, Louisiana. As I mentioned in the previous chapter, it's critical for business owners at every level to remain involved in their businesses. With that in mind, I decided to wander around a bit to see what was going on elsewhere in the hotel.

As I walked around, I noticed one particular customer who had walked up to the front desk, apparently ready to check in. Everything seemed fine, so I moved on.

About thirty minutes later I went back down to the lobby and spotted that same customer sitting there. She obviously hadn't checked in, as her bags were still by her side.

I walked over to the front desk and asked what was going on. I was told there was "something not right in the room" that was holding everything up. Now I was genuinely curious, so I took the elevator up to the room to see what was happening.

As I walked up to the room, staff members were busy getting it ready. By all appearances, checking in shouldn't have been an issue.

"What's going on?" I asked one of the people.

"We're waiting for an iron for the room," she replied.

"What?"

"We're waiting for an iron for the room. Somebody hasn't signed off on it yet, and we can't get the iron in here until someone does."

I shook my head. "Do you mean we're going to let someone sit in the lobby for forty minutes—for an iron?" I demanded. The staff member shrugged.

As I looked around, I also noticed that other elements of the room were far from being guest ready. Apparently, everything had been slowed down or put on hold while the all-important decision about the iron was being made.

I hurried back down to the front desk and asked what other rooms were currently available in that class. There was one all ready to go, I was told, but it was being held for another guest—one who wouldn't be arriving until that evening, hours from now.

"I don't give a damn about the person coming in later," I told them. "Let's solve this issue right now. Let's not piss off the person who's already here! Let's put her in the room that's available, and we'll worry about the other person later."

Obviously, there had been a breakdown in communication. Somebody should have called in a senior manager, who probably could have fixed the situation in a few seconds, but nobody was thinking on their feet.

The good news was that I knew they could all learn from the experience. And that's why it's so important that great leaders also be great teachers.

How that teaching takes place will change every day. One day it may be a lesson learned from dealing with a crisis that never should have happened in the first place, like the guest stranded in the lobby needlessly waiting for a room. Others occur as a result of even more routine, everyday problems—a wet spot in front of the main entrance that takes too long to be mopped up, for instance.

As you deal with issues on a daily basis, don't be shy about explaining to the people around you how you arrived at the decision geared to solving that particular problem. Let them know the details of your thinking, so they can learn from how you thought things through.

That doesn't mean explaining every little decision. If there's a wet spot at the entrance, there's no need to show others how you found a towel and wiped it up. But you can share the lesson of always keeping your eyes open and constantly watching for small problems (chances are good that your staff already knows how to use a towel).

LISTEN!

The best way to sum up your goals as a teacher is to teach your people to act how you would act in a particular situation. If you're confident in your own ability to make decisions—and, as a business owner, you'd better be—use yourself as the template for teaching. If it works for you, don't be shy about sharing it with others.

Show them the value of making quick decisions as well. This comes back to knowing your business inside and out, from the numbers behind your business to your overall understanding of how things work and why. If you have that battery of knowledge at hand, you're better positioned to make fast decisions. You know what you're talking about and apply it in a practical manner.

Of course, that's not to say that all the decisions you make are going to be right. As we all know, running a business has enough surprises and unknowns to keep even the most informed entrepreneur from batting a thousand. But a mistaken decision can always be corrected, and people learn from that as much as they do from a decision that was right from the start. Often, that lesson from the wrong decision is even more valuable.

A quick decision not only promotes a sense of confidence about the business—a sense that leadership is connected and in control—it also teaches people the value of being able to think on their feet. This is as valuable a lesson as any that you can share with those with whom you work. Encourage people to use the knowledge they have to make decisions on the fly. Urge them to be creative and approach problems from new perspectives. Tolerate mistakes, as long as someone comes away having learned something from the experience.

Being able to think and act on the fly is a critical lesson because, for most businesses, no two days are exactly the same. Each day brings new challenges, new problems, and new issues that need to be addressed. These challenges require people with the ability to think as they move.

As we like to say around here to people interviewing for positions, if you want a script for every day, we don't have it. Every day is so new that any script would be pointless. I bet your business is in the same boat. That's the ideal situation for people with the ability to think on their feet.

That's one of the things I really liked about Brittany Hankamer and Megan Oberly of Eat Drink Host.

I first met the two women to learn about their custom paper products company. And I was very impressed by the quality and creativity they brought to the operation. (Who wouldn't like to be snacking off a small paper tray embossed with the words "Lil' Plate, Lil' Calories"?)

Further, the company passed my tests with flying colors. Prior to a Houston Rockets game, we offered fans a selection of paper and food-servings goods from both our usual stock and samples from Eat Drink Host. The results: 87 percent of fans responding said they preferred Eat Drink Host's products—a terrific result.

However, like many small businesses, they lacked sufficient scale to make their products affordable for operations such as mine. Still, I liked the design and offered \$15,000 for exclusive rights to use the designs at Bill's Bar & Burger restaurants.

They accepted on the spot—no hemming and hawing, no getting-back-to-me nonsense. It wasn't the exact sort of deal they had been hoping for, but a quick assessment of the opportunity I offered them made them confident that this fast decision was the right one.

Or, as they might put it: Think. Fast. Succeed.

It's also helpful to be a hands-on teacher, one who works one-on-one whenever possible to help others learn and improve. I love working closely with my marketing and advertising people to show them how I think an ad or campaign might be improved. They may not love it as much as I do, but I like to think that everyone learns from it—including me.

Sometimes the best lessons are taught in an environment where not everyone is comfortable or, for that matter, happy. To drive home a message, I'll do certain things that, with the goal of teaching in mind, aren't particularly nice at the moment.

When we were still relatively small, we had a meeting of general managers. One of them explained that he was actively recruiting new employees and said he wanted to create his own logo to help do that.

I wasn't very happy. I told him in no uncertain terms that we had a marketing department and we already had a logo and it was in place for very good reasons. I said there was no way I was about to permit a new logo to distract from the overall message of the company.

I realized at the time that I was singling him out in front of the others. But I also realized that my meaning was absolutely clear—I knew that no one else in the room would ever do or even suggest something like that again.

Afterward, I went up to the general manager and apologized for how I had treated him. I told him I hadn't meant to be so hard on him but that he had given me an opportunity to drive home a message.

That's something that happens a great deal, and I always make a point to put my arm around the person and explain why I did what I did. I want their memories about the experience to be short. I want their memory of the lesson learned to be long.

Another time, I was in one of my restaurants in San Antonio. I went into the kitchen and noticed silverware was in the garbage. It turned out that the servers and bussers getting rid of the remaining food on plates were also dumping silverware into the trash can.

I was so mad that I turned over the garbage and dumped it on the floor in front of everyone. With everyone in the kitchen watching, I got a busser and the manager, and the three of us picked up the trash, making sure to separate out the silverware. And, to make the busser feel a bit better, I tipped him twenty dollars.

That story underscores several important points. First, protect your assets. Second, when the owner of the company bends down to pick up trash, people start to pick up on a culture. They learn that everyone can and should do that sort of thing. That's when the managers start doing it, along with the waitstaff and everyone else. It's okay to get your hands dirty.

Although I believe in recognizing people who do their jobs well, teaching and ongoing contact with the people you work with shouldn't mean a never-ending rah-rah session. Great work should be recognized and rewarded, but remember, doing your job well is something to be expected, not constantly applauded. That comes back to culture. Your culture should mandate top performance. If employees do their jobs well, that's great, but that's also to be expected, not recognized as something special or out of the ordinary.

Taking a one-on-one approach should be applied to everyone with whom you work, not just certain people. One of my most important rules is simple and has everything to do with teaching: don't think that you're too

important or too high up in a company to teach anyone. As I've said before, a great leader is always a humble leader, and that applies to teaching as much as it does to everything else.

In my restaurant division I tell my upper-level managers this: don't ever think you're too important or too busy to teach a busser or to help train a cook. Don't slough it off on your front managers or kitchen managers. Instead, take a busser, bring him over to a table, and explain clearly what you want him to do. You want him to wipe it off exactly like this. You want him to look at the base and see if there's any food down there—after all, people's feet deserve the same level of cleanliness as their hands do! Make sure there is no ketchup, little piece of butter, or anything else left in the seat because a kid was sitting there before.

That kind of teaching is invaluable. If a manager takes a busser and trains him or her, showing that circumstances and situations are always going to be different—and how to react—you can get more out of five or ten minutes' training than if the busser took part in a week of group instruction.

It also shows that employee something that's every bit as valuable as any part of the training—he or she is important. He or she feels valued and starts to think, *If the general manager is taking the time to show me how to do my job well, then this job is important to the success of the entire business.*

“Don't ever think that your position is too high to teach others. Because I still teach every single day. And, just as important, I learn as much as I teach others.”

Every day is an experience in learning for me as well as everyone else. Somebody always does something in a day that makes me a little bit smarter than I was when the day began. If you're a leader who's dedicated to teaching everyone around all that you have to share, you can be every bit as open to learning and benefitting from all they can offer in return.

What makes a good learner? Being able to stop and listen. I know that if I take the time to listen, and I can pick up even one little thing each and every day, I'm going to be a better entrepreneur, owner, manager, employee —whatever—the next day.

TILMAN'S TARGETS

- A great leader is also a great teacher. Take every opportunity to teach those around you.
- Encourage people to think on their feet and be creative.
- Don't be afraid to make mistakes. Mistakes can be a more effective teacher than success.
- Great leaders are always learning.

CHAPTER 15

CHANGE, CHANGE, CHANGE

Many people, including entrepreneurs, are frightened or intimidated by change.

Not me. I love change. In fact, I love to say, “Change, change, change.”

Change gives every one of us the opportunity to improve, to reinvent ourselves, and to correct past mistakes. And, if you don’t change, then change some more, the paddle I mentioned at the beginning of this book is going to find your ass.

And fast.

Think back to the prior chapter that discussed the importance of being a great teacher. The reason it’s vital to be teaching all the time is that you want the people around you to change and grow. You want them to improve, to get better at their jobs, and to think faster and more creatively on their feet.

LISTEN!

The simple fact of the matter is that change occurs constantly, whether you like it or not. You can either learn to anticipate change and put you and your business in a better position to react with greater agility, or you can ignore and deny change.

And, like I mentioned at the beginning of this chapter, that can lead to one nasty paddling. Just ask companies like Xerox, Kodak, and Blockbuster

—iconic names that chose to ignore the change that was all around them. The paddle certainly found them.

The presence and importance of change is something I preach constantly. It's critical that you're always looking for ways to change your business, because industries are constantly being disrupted, and trends are constantly changing everything around us. If you're not looking for ways to get ahead of the curve with new cutting-edge products or services, you can fall behind all too easily. So, instead of looking up and finding you're behind the curve, get out in front of it whenever you can.

Coca-Cola is a good example. Once a company that produced a soft drink, they've changed to incorporate all sorts of different drinks and products, not to mention the design and look of those products. Could they have survived if they had stuck to that one type of drink? Probably, but their capacity to change has allowed the company to excel.

Coca-Cola's example also points out the importance of anticipating change. The company realized their market was changing in all sorts of ways, and they were ready with products to greet that change.

“By anticipating change, you don’t just change with the times—you change the times themselves.”

My businesses change constantly, be it their menu items, staff uniforms, music that's played, or layout and feel. When I acquired Morton's The Steakhouse in 2011, although they'd been a popular place for steaks since their first restaurant in 1978, by the time I bought the concept, they had seventy-plus steakhouses failing to do one critical thing: change, change, change.

One of the most world-renowned steakhouse brands out there still looked and felt like it did thirty years before. Red leather banquettes, dark mahogany wood everywhere, maître d's with bowties in tuxedos, no music, and even a food cart they rolled out to every table to show off their raw steaks at the beginning of service. The brand needed to attract a broader customer base.

By 2011, the likes of Del Frisco's, Mastro's, STK, and other high-end steakhouses had passed Morton's by on look, feel, and vibe. So what did I do? Change, change, change. I gave them an entirely new interior design, installed modern furniture, updated the uniforms (killing the bowties and tuxedos), turned down the lights, turned on the music, and expanded the menu. And what happened? I grew the customer base and did more business. The same people who knew and loved the brand kept coming, and I introduced Morton's to an entirely new generation of customers who used to think that Morton's was where their grandparents ate on their wedding anniversary.

How can you anticipate change? To quote the title of my book—"Shut up and listen!"

LISTEN!

Pay attention to changes in society, such as greater interest in healthy, farm-to-table foods. Understand your customer base. What do they value right now? Pay attention to technology trends and innovations. Which ones do you expect will boost the value and appeal of your business? Talk to your customers. Talk to your employees—the greater the variety of people you speak with, the broader and more accurate the picture of change you can anticipate and react to.

Failing to beat change to the punch puts change in the position of dictating terms to you, rather than the other way around. And like I always say, if you sit on your hands, you're going to go out of business.

Here's an example that shows the importance of being open to change. The Supreme Court recently allowed states to implement various sorts of legalized sports gambling. As you probably know, a good portion of my overall business operation has to do with gambling, such as gaming tables, slot machines, and the like.

On one hand, we could choose to hunker down and stick with what we already have in place, hoping that legalized sports gambling doesn't detract from the gambling we already have. On the other hand, we could embrace

this type of change as a fresh avenue of opportunity, and that's exactly what we have done.

During a CNBC interview about the topic, I summed it up this way: "We all have to evolve."

That's an ideal summary of my approach to change. It's going to happen, so put yourself and your business in a position to make the most of it.

Every business deals with change on an ongoing basis. In the restaurant business, it's everything from making the music a little bit louder to incorporating communal tables to adding dishes like avocado toast and shishito peppers that reflect how people want to eat today.

That raises an obvious question: When is change good, and when is it better to keep doing what you've been doing? The answer is easy: test. If you've watched *Billion Dollar Buyer*, almost every episode has at least one instance where we put a small company's product up against competitors. Then, using everyone from real customers to others who work for me, we ask them to be honest. What's better and why?

That emphasis on going to your customers to evaluate change is critical. For one thing, you're going to get honest feedback. Just as important, you're listening to the people who may or may not buy your product—not listening to yourself or the people with whom you work. And, as I said in an earlier chapter, that's one of the best ways to cater to the masses. Offer them what they want.

Two final bits of advice. When I test products against other products, I require an 80 percent result to justify any sort of change. For instance, if we're testing a new salad dressing with ten participants, a minimum of eight out of ten of those folks need to say they prefer the new dressing for us to even consider a switch. That high level of approval gives greater certainty to any decision that's made. It helps identify change that truly makes sense.

The second bit of advice is, if change involves eliminating something, never cut anything that's going to affect your customer.

Earlier I discussed how you can grow your business by cutting expenses. That's a proven strategy, but don't worsen the customer experience in the process.

For instance, if you operate a restaurant, automatically putting bread on a table can cost a surprising amount of money. Instead, ask if they want

bread. That's not lessening the customer experience—rather, it's refining it by letting the customer decide. There's cost cutting involved, but not at the expense of the customer experience.

By the same token, a company that switches to smaller, more cost-efficient delivery vehicles isn't impacting customers. They're still going to receive the same product, just in a different manner. If the product arrives on schedule and is followed up with helpful customer support, nothing about what the customer sees changes.

How else do you best react to and leverage change? One proven strategy is to put people in the right positions in your company, where they can make the most of their skills and other attributes to use change to your advantage.

This relates to a critical issue I discussed earlier in the book. Any successful business requires a balance of experience and skills—you need a numbers guy, you need a creative guy, that sort of balance. That balance is essential when a problem or issue crops up where a certain kind of knowledge is necessary for a solution—the kind of problem or issue that reflects some sort of change. With the right kind of balance, there is already someone in place to make a good decision.

Balance is vital when confronting change. Change brings opportunity, but it can also bring uncertainty, instability, and even chaos. Having the right people in positions that make the best use of their skills can be the difference between taking your business to the next level as a result of the change or struggling because change overwhelmed you.

Think back to the story I shared about banks closing left and right throughout Texas in the 1980s. As someone with significant financial commitments with many of those institutions, it would have been possible for my business to go under as quickly as many of those banks.

But it didn't happen. That's because I reacted to that sweeping change with the goal of using it to my advantage rather than suffering and struggling like so many others. The change was occurring, whether I liked it or not. As it turned out, I was able to like it! Further, change that brought disaster to so many others proved a valuable education for me. I learned not only the essential value of always having cash on hand but also the need to look past the chaos of change to identify opportunities others were too freaked out to notice.

The ability to lead and the obstacles that change brings go hand in hand. I like to say that you could have the greatest product or the greatest anything, but it all comes down to the people who are working with that product. No product or service is so unique or so amazing that it can be successful in and of itself. It takes people to make that happen.

You have great companies today that have failed because of the people who were running them. You also have companies that are extremely successful because of the people who are running them. And if you switched the people around, the business that used to be successful might be out of business. Meanwhile, the ones who struggled may be doing great. It all comes down to putting the right people in place, one of the greatest challenges that any leader faces.

There are many ways to evaluate people to help you select the right people for the right jobs. I've found that no matter the specifics of the situation, there's a rule of thumb you can't go wrong with: hire people who are stronger than you, and don't be intimidated by them.

This touches on a business issue that leaders have been wrestling with forever. Every business leader wants to hire the most talented people available. Even though that may look like an obvious thing to do, it can also mean hiring someone who, over time, is so damn talented that they end up taking your job from you. That can be threatening.

“One of the things about being a good leader is hiring people who are stronger than you, and if you hire people who are stronger than you, they'll never take your job. They'll help you keep your job.”

My advice: relax and choose the best people you possibly can. They'll help you keep your job by performing to the best of their abilities in their own jobs. They may require less hands-on guidance, freeing you up to pay attention to other things. Thinking on their feet and making quick decisions may come naturally to them.

Great leaders are comfortable with the very best people around them because they know that the most talented people are those best equipped to

anticipate and make the most of the change that's constantly occurring.

But don't make hiring smarter people a crutch, a situation where you can leave them to do all the heavy lifting, so you can look good. It's critical to maintain your work ethic—otherwise that smarter person might, in fact, take your job. And, if that happens, you have no one to blame but yourself.

Be sure to rely on your experience when taking steps to hire the most talented people possible. That's because someone, however smart or skilled, may not have the same level of experience as you. Not only can that valuable experience help keep you secure in your job, the combination of your hands-on savvy with another's great potential can make for a powerful team.

It's also essential to differentiate between meaningful change and fads. Fads tend to stick out as the short-term craze that they are—they have little in the way of genuine usefulness. For instance, *Angry Birds* may have been all the rage for a while, but that fad migrated as quickly as it came. Gluten-free food, on the other hand, has scientific reason behind it. People feel better eating that way. That's no fad.

Another misstep I see among business leaders, particularly younger entrepreneurs, is a tendency to overreact. I've been around long enough to know that the best decision is sometimes no decision at all. Always work toward having all the information you need to make the right decision, but if you don't have that kind of information, no decision is the best kind of decision—or, by the same token, the issue at hand is simply going to go away on its own.

Let me give you an example. Recently, Texas passed a law that anybody can carry a gun. Without getting into the politics of it, many businesses were struggling with how they should react to the new law. If they didn't agree with the new regulations, should they put up signs in all of their businesses saying that customers can't bring guns into their establishments? How could they communicate with customers if they agreed with the new law? What if they were somewhere in the middle, neither entirely in support or opposition?

In this instance, it was far better for us to do nothing. We reasoned it was much smarter to see how hot this topic remained and to let it play itself out. Why alienate any of our customers—no matter their politics—when the issue would likely cool down and resolve itself?

Which is exactly what it did.

Things have a way of working out on their own, and it's valuable for business owners and entrepreneurs to recognize that and give the situation ample time to develop.

It boils down to a simple rule about leadership and change: don't overthink things. That's not to say you shouldn't know your numbers inside and out, or that you shouldn't do the most complete due diligence you can. But don't go overboard. Don't make an issue needlessly complicated by overthinking it.

Call it the 95:5 rule, call it the good old KISS principle (Keep It Simple, Stupid), but don't needlessly waste your energy on issues that don't warrant it. And that can include change—the one certainty about business that we can accept with the same level of certainty.

TILMAN'S TARGETS

- Change, change, change.
- A great leader accepts change.
- Don't be afraid to hire people who are smarter or more talented than you.
- Sometimes the best decision is no decision at all.
- Don't overthink. Allow things to play out.

CONCLUSION

Don't Choose to Quit—Choose to Keep Punching

When you strip away everything else related to running a successful business—great product, great customer service, terrific marketing—one additional factor can separate a business with growth potential from one that dies.

Persistence—the ability to keep going, no matter how challenging the circumstances or what others might be saying.

Reading this, you might be tempted to say that it's easy for me to talk about the value of hanging in there. But remember, it wasn't always like this for me—far from it. Back when I was getting started, I scrambled constantly. Finding the money to fuel my business growth was an enormous challenge unto itself.

I also believe that there are few successful business owners who don't have similar stories to share—entrepreneurs who kept plugging away when others might have long before thrown in the towel.

That's why I want to wrap up this book with a breakout strategy that may be simple to understand but challenging to live by: never, ever give up. That's the reason this topic is at the end of the book. The ability to keep going and never give up is that important. Long after you finish reading, I want you to remember this strategy, even if you don't recall everything else I've told you.

And who knows? One day you may be able to look back and tell some young entrepreneur about the struggles you went through before you hit it big!

A number of episodes of *Billion Dollar Buyer* feature small businesses with a common issue: they're struggling to succeed.

The reasons for those struggles can vary. Some businesses are victims of themselves—young entrepreneurs who want too much, too fast. Others suffer because they don't understand the numbers that relate to their business—a flaw I repeatedly point out.

Then there are those businesses that have hit some tough breaks, such as the Houston-based granite company that was teetering on the edge of failure because of Hurricane Harvey, which I discuss later.

Although the circumstances differ, I inevitably come back to a central message.

LISTEN!

Keep going. No matter what. You never know—the other guy might go down before you do.

My own story about the Texas banking situation in the 1980s is a great example of why it pays to keep punching. In my case, as you'll remember, I was able to fly under the radar and keep growing my businesses, while regulators dealt with the bigger issue of a rash of lenders who were shutting their doors.

In the end, I survived. Most of them didn't.

That's a valuable lesson. Keep punching because the other guy might get knocked out first. In my case, the "other guy" was a bunch of banks. In your case, it might be a competitor, or a creditor, or an internal production issue. So long as you stay alive, you've got a chance to outlast that other guy or solve a lingering problem.

Throughout this book, I've talked about a variety of skills that you need to be a successful entrepreneur and, ultimately, grow your business. I consider persistence—the willingness to keep punching—as important a skill as any other you may have.

Some people are naturally more persistent than others. But I truly believe that persistence is a skill and an attribute that business leaders can learn.

Ignore the naysayers! No matter who or where you are, you're going to encounter people who are all too quick to point out all that you're fighting against and encourage you to throw in the towel. Some may be motivated out of genuine concern, while others may have different reasons for urging you to quit.

You want to hang in there and keep punching and keep reminding yourself what you're good at. Work to build that strength even further. And it may even help you pinpoint why your business is misfiring. I remember when my business was struggling, and I told my managers we need to get back to the basics: hot food hot and cold food cold. That became our theme. From that point on, our customers knew what they were going to get, and we were going to do it well.

Another strategy to keep you in the fight is to never let any current struggles cloud past success. For example, maybe your product or service received a great response when you first started your business. It stands to reason that customers saw something in that product that they valued—that should boost your confidence and commitment. There's something there worth fighting for.

Focusing on early success can also be a helpful guidepost to pinpoint why you may be floundering now. Ask yourself: "What's changed from the time when things were going really, really well?" Are you doing something differently that's turned success into struggle?

Staying in the fight also requires that you be the bull—another strategy I covered. This means you're the source of strength for the business, a leader whose best features and attributes come out when everything around you seems to be going straight to hell. This is when leaders pull themselves up by their bootstraps. Leaders stand tall in tough times. Be the bull who helps keep others upbeat and makes them feel genuinely vested in the business's survival and growth.

And one other thing about bulls—they rarely throw in the towel and, if they do, it's never too early.

When I see businesses of all sorts close up shop, it's often not so much a matter of being outpunched by someone else. Instead, it's submitting, throwing up your hands and declaring it's all over way too early.

As I said, you can be outpunched in business. Maybe you've run completely out of cash, or your lenders will no longer extend you credit.

In my experience, rather than choosing to keep fighting through whatever obstacles they may be facing, some businesses choose instead to close up shop.

The reality is that many of them don't have to do that, as I witnessed firsthand not too long ago. And I'm glad I was able to convince this business to stay in the game.

The final episode of season three of *Billion Dollar Buyer* featured K & N Custom Granite, a Houston-based supplier of granite and remodeling materials for both home and commercial use.

And they nearly went under—both literally and figuratively.

A genuine mom-and-pop operation—a husband and wife team, Gus and Jessica Trevino—K & N was devastated by Hurricane Harvey, which slammed the Houston area and other parts of the Gulf Coast in 2017. The damage lingered for weeks—with roads impassably flooded, the Trevinos were stranded in their home for fourteen days, unable to get to their shop. When they did finally manage to get to their business, they counted themselves fortunate that no water had gotten into the facility.

But the damage was done in other ways. Having struggled even before the storm struck, jobs that had been lined up prior to the storm's arrival couldn't be completed. They lost their largest account. Consequently, the business was forced to shut down for almost three weeks, costing them anywhere from \$75,000 to \$100,000—no small amount when sales for the prior year totaled less than \$700,000.

Even worse, since they were such a small operation, catching up was almost impossible. No plan B was in place, just a desperate scramble to keep going from one day to the next.

Things were so bad that when I first met Jessica and Gus, they told me they were seriously thinking about filing [Chapter 11](#) and closing up shop.

My reaction was: What are you talking about?

Their door was still open, I told them. I see a bunch of stone outside. There's nothing preventing customers from walking in and placing orders.

I said you're not out of business until you don't have the last dollar to go out and buy product—until somebody comes and padlocks this door, or you can't make payroll. That's it. And if you can't make payroll, you have to do it all—be the salesman, the manufacturer, everything. But you are in business!

I also told them not to waste their money on an attorney. I was confident that Jessica and Gus could pick themselves up off the turf and do what amounted to an in-house restructuring.

I also threw down a challenge to let them see for themselves what they could do, even under enormous financial pressures. I asked them to design a bar countertop with a bullnose cut. They delivered.

The bar showed off terrific craftsmanship and color. It was just what I was looking for and, in return, I proposed that they become the priority stone vendor for one of my casinos and for three restaurants—a deal worth \$200,000.

They accepted.

Gus and Jessica's story illustrates a key strategy behind a determination to keep going when giving up might seem the obvious answer. In their case, they didn't go out of business, and I am happy that I had a role in that decision.

When faced with adversity, is a business closing its doors because conditions dictate it, or are the owners shutting down because they no longer have the fight?

“You're not out of business until you don't have the last dollar to go out and buy product to make, until somebody comes and padlocks your door, or you can't make payroll.”

This is similar to an earlier discussion we had about customer service. When you or someone else in your business tells a customer no, is saying no a choice or something that's completely beyond control? As we've covered, it's often the case of someone choosing to say no rather than having to.

It's the same in dealing with challenges that seem to threaten the life of your business. Are you deciding to close because you have to or because you choose to?

Giving up is easy, particularly when compared to the effort and sacrifice that it can take to keep a business alive. Many business owners

reason—or convince themselves—that they’ve done all they can. Why fight against something that seems unbeatable?

But as I often remind entrepreneurs, you’d be surprised to see how long it takes to actually go out of business. By that, I don’t mean choosing to lock the doors one day and letting it go at that. Instead, what I mean is that it can take an awfully long time before it becomes impossible to keep a business open. You may struggle to pay your rent, you may have to forgo paying yourself, and you may have to take on jobs and responsibilities that you never in a million years saw yourself doing.

It comes back to making good decisions and thinking outside the box.

Here’s an out-of-the-box strategy I successfully used, called an “in the drawer judgment.”

Let’s say you owe a manufacturer \$30,000. You need to obtain more product from that manufacturer but don’t have the \$30,000 you owe him. If you’re thinking outside the box, you might approach the manufacturer and say, “I can’t pay you the \$30,000 I owe you right now, but I’m going to agree to an in the drawer judgment, so if I ever miss a payment again, you can collect on the judgment.

“But you’ve got to sell me product. If you don’t, I’m out of business. If you do, I’m going to pay you \$2,500 a month for the next twelve months, and you’re going to get your money. But if you don’t do this for me, you’re never going to get paid.”

That’s thinking outside the box. One of the keys to making good decisions is bearing in mind how the other person stands to benefit. It’s a simple scenario—either you both win, or you both lose.

Say the manufacturer agrees to your proposal. Next, you’ve got to deal with a landlord to whom you owe three months’ back rent. Again, work the deal so you both stand to benefit. Ask if she can give you a 50 percent rent cut for the next three months. Tell her she can apply it on the back end to what you owe her, if she gives you a year to catch up. And—here’s the kicker—if you don’t perform for even one month, tell her you’re happy to sign an agreement giving her the right to kick you out. No need to padlock the door or get a sheriff’s deputy—you’re out, and that’s that.

Is all that risky? Of course. Creative thinking and making solid decisions are two of your biggest weapons if you’re persistent.

The conclusion: remind yourself that the way to the top is almost never by way of a straight, unbroken line.

Did you really, truly expect to rocket right out of the gate with no bumps and bruises along the way? Granted, things now may seem darker than you ever anticipated, but bear in mind that everyone has to struggle occasionally.

Looking to others for support and advice can also be critical at this juncture. That's what I did with the Trevinos. Talk with other entrepreneurs. Get feedback from people who can provide an objective viewpoint, which can also be helpful in making the right decision for your business.

However helpful outside advice can be, bulls recognize that they are their own best-trusted advisors.

Don't quit, unless there's absolutely no other choice. Keep punching.

I promise you'll be surprised. You've got a lot more breaths in you than you might think.

And always remember, the best asset you have is your own instinct.

TILMAN'S TARGETS

- Leaders stand tall in tough times.
- Persistence is a valuable skill—keep punching.
- Always think outside the box.
- When things are hard, remember the basics.
- Always be the bull.

AFTERWORD

“Now That You’ve Listened . . .”

Now that we’re at the end of this book, I have a confession to make.

When we were trying to decide on a title, first we did all the usual research and legwork to try to identify a phrase that captured several important things.

Second, we wanted to have a title that sounded like me. I think we got that covered!

But a third component was something I feel strongly about. And that, for better or worse, is frustration.

I cannot tell you how frustrating it is for me to try to share all that I’ve learned with entrepreneurs and others who are looking to take their businesses to the next level—to try to share what I can with them, only to have them refuse in one way or another to take my advice to heart.

That’s frustrating as hell to me. I didn’t make the Forbes list because my name is Rockefeller. I am self-made and started out just like you. And, like the title of this book says, it makes me want to scream, “Shut up and listen!”

That’s not vanity. That’s not being self-indulgent. My ideas and strategies have worked for me and can work for you.

I’ve shared successful ideas and strategies that I’ve experienced in over thirty-five years in business. My job with this book is to help you grow your business and spare you from making costly mistakes.

And avoiding costly mistakes can boil down to remembering what my friends refer to as “Tilmanisms”—phrases and ideas that I say over and over:

“You might think you know what you’re doing, but I’m going to show you what you don’t know.”

“Be plappy.”

“Build a few hours or days into your schedule for the what-ifs. If I tell somebody I’m going to deliver something on this day, I’m damn well going to deliver it. I’m going to make that customer feel special.”

“Why is it so easy to say no when you can say yes?”

“There are no spare customers.”

“The biggest issue that small businesses face involves working capital, because they have to pay for everything up front.”

“When things are bad, eat the weak and grow your business.”

“Never put your lifestyle ahead of the growth of your business.”

“Know your numbers. Numbers don’t lie.”

“I can look at a business and its numbers and within a few minutes know if that business has the stuff to become really successful. It’s what I’m good at, and I know this.”

“Never become partners with someone who has the same skill set as you.”

“You’re trying to run a marathon, and you haven’t even shown me you can crawl.”

“No matter the circumstances, be the bull.”

“Consultants can consult you straight out of business.”

“Don’t show a head in the bed if it’s not there.”

“People who ask questions are often the smartest in the room because they have the humility to ask about what they don’t know.”

“Don’t ever think that your position is too high to teach others. Because I still teach every single day. And, just as important, I learn as much as I teach others.”

“By anticipating change, you don’t just change with the times—you change the times themselves.”

“One of the things about being a good leader is hiring people who are stronger than you, and if you hire people who are stronger than you, they’ll never take your job. They’ll help you keep your job.”

“You’re not out of business until you don’t have the last dollar to go out and buy product to make, until somebody comes and padlocks your door, or you can’t make payroll.”

And, of course, “Shut up and listen!”

Now that you've reached the end of all my preaching, it's obvious that you also saw the value of shutting up and listening—a maxim we can all stand to use in both our businesses and our lives in general.

So, since you did shut up and listen, I now can shut up too.

And say thank you for letting me share what I know will be of value to you and your business—today, tomorrow, and in the years ahead.

THE TILMAN I KNOW

Mike Milken

Michael Milken is a name you probably know well. He revolutionized the bond business in the 1980s and is currently building the Center for the American Dream in Washington, DC. Mike is a dear friend of mine, who embraces the value of selling to the masses.

“Tilman understands what the business is but also understands the consumer. A lot of people offer products that the consumer might not want, but they think consumers want. Tilman has the ability to see the world through other people’s eyes. A lot of people only see the world through their own eyes, and as a result, they don’t always get an accurate picture of the world.

“When Tilman acquired the Golden Nugget in Las Vegas, he knew he had to define a broader customer, a broader market. What was in place was too targeted. He did the same thing in Atlantic City and Biloxi, Mississippi—defining the market for what it is, not what it was. And since Tilman bought those, they’ve never looked back. It’s a matter of understanding what the customer wants.

“You also see it on his *Billion Dollar Buyer* show. He’s very blunt. He just tells the people the truth, that certain ideas just won’t work. Viewers might think he’s just bursting other people’s bubbles, but one of the most important things you can ever do is to let a person know up front that what they’re trying to do is going to be very, very, very difficult. Don’t risk losing your family savings on an idea that just won’t work.

“What Tilman provides on the show is honesty, insightfulness, and a world of wisdom—not just for the person who wants to be in that business and sell to him but for the person who’s thinking about going into business. He’s very symbolic of the American Dream.”

Scott Kelly

Scott Kelly is a retired astronaut and author of the bestselling book *Endurance: My Year in Space, a Lifetime of Discovery*, which details a year he spent in outer space. (Talk about knowing about the 5 percent that makes things amazing!) He was with me one time when I identified the 5 percent in a particular business:

“Tilman and I were having a drink. The bartender—a very professional bartender who obviously took his work very seriously—hand poured the vodka into our glasses without bothering to measure with a shot glass. He gave us our drinks, and we both took a sip.

“‘How much vodka is in that?’ Tilman asked suspiciously. The bartender replied that it was exactly two ounces. At Tilman’s request, he poured some vodka into a glass without measuring it.

“‘Get a shot glass,’ Tilman suggested. The bartender did so and poured the vodka into the shot glass. It was just a bit short of a full shot—the two ounces the bartender was so confident he had been serving.

“How Tilman knew that the bartender wasn’t pouring a full shot, I have no idea, but that’s one of the reasons for his success. Literally no detail is too small for him.”

Rich Handler

My friend Rich Handler, CEO of the Wall Street-based Jefferies Group, knows the value of friendship. Rich and I first met during a time when capital was exceedingly difficult to come by. It helped cement a friendship that has lasted to this day.

“We met in the depth of a financial crisis—there was basically no functional capital environment. We figured a way to backstop a deal. But, we also developed a very personal bond. With Tilman, business and life are very much intertwined. Since we were able to help him, he’s repaid us with extreme loyalty.”

Rich adds that people who see business as wholly separate from personal relationships can miss out on an exceedingly powerful business tool:

“People who are transactional in nature can’t see that. If you’re Tilman’s friend—in business or in life—you’ll find that he’s an incredibly loyal person. That works out for him, and it works out for the friend.”

Dave Jacquin

Dave Jacquin is the founder of North Point Advisors. North Point is one of the leading consumer mergers and acquisitions firms in the United States. I’ve worked with them extensively over the years. When it comes to hunger, Dave is often at a loss to explain why I keep going the way I go.

“To me, Tilman is like Michael Jordan. If I were him and I had his money, I can’t tell you how done I would be. But he’s never done. He always bets on himself and delivers. He creates value across the board. And he makes it pay off.”

But Dave also recognizes the example a hungry leader sets for those around him. He sees a simple but powerful formula: be hungry and make sure those around you are hungry as well.

“Tilman is the hardest-working guy I know. He really leads by example. You can’t be on his team if you can’t keep up.”

But some things are far more important than a rigorous work regimen, Dave adds:

“I had open heart surgery about a year ago. I wake up, and there’s Tilman sitting at the end of my bed.”

Al Lewis

A bull is also eager to find common ground with everyone, understanding that positive relationships with others are a critical component of success, now and in the future. In fact, some of the most valuable friendships are built with people who at one time were anything but friendly.

Some fifteen years back, I acquired the financially strapped Denver Aquarium. At that same time, I had some disagreements with the city regarding taxes on the property, and one day, while doing an earnings conference call when Landry’s was a public company, I threatened to

bulldoze the building if the city didn't lower the property taxes. I said it for drama, just to make a point.

That's when Al Lewis entered my world—with both elbows flying.

A business columnist for the *Denver Post*, he let me have it with both barrels. He labeled me a “big carp” and a mercenary “seafood cowboy.” He urged me, in words probably watered down by the time they reached the pages of the newspaper, to go home to Texas and stay there.

A year later, The Aquarium reopened, the beneficiary of a \$20 million infusion to improve the facility and add other attractive features, such as a full-service restaurant.

And, never one to hold a grudge, I invited the saber-keyboarded Mr. Lewis to join us at the opening—which, to his credit, he attended.

Things can certainly change in a year. Calling me the man who he believed “saved” The Aquarium, he wrote a follow-up column. Having spent some time with me at the opening, Lewis wrote, “We got along so well that I wanted to give him a pucker little fish kiss.”

What happened? I recognized that he had a job to do and, for his part, he knew I had to do mine.

“You're not mad I called you a carp?” he asked at one point in the evening.

“You get paid to write interesting things,” I replied, confessing that I knew full well the kind of “drama” my spat with the taxing authorities would kick up. “I knew I would get drama out of it when I said it, and you knew you would get drama out of it when you wrote it. You and I are a lot alike.”

Some years later, Al and I met again; this time he was working as the business editor for the *Houston Chronicle*. That was followed by another column in which he wrote the following: “If someone is poking fun at you or challenging you, they obviously care. Who knows, they may turn out to be helpful in the end.”

And by this time Al had changed from calling me “carp” and “shark” to “angelfish.”

You may not have much in common with many of the people with whom you have to deal, but it's always a good idea to find as much common ground as possible. Try to walk around in their shoes a bit. That's

because friends can be one of the most valuable advantages to building a successful business. An enemy rarely is.

Abraham Lincoln himself knew that. Once admonished for being too kind to his enemies, he supposedly said he would “destroy” them.

By making them his friends.

Mark Kelly

Several years back, you might recall that Arizona congresswoman Gabrielle (Gabby) Giffords was shot in an attempted assassination. Gabby is married to my good friend, astronaut Mark Kelly (Scott’s brother). I immediately went to work making arrangements to get Mark and his family to Arizona.

While the plane was in the air, I was watching CNN. All of a sudden it was reported that Gabby had died. Mark had said that Gabby was stable and in surgery with a head injury. Since none of her other vital organs were impacted by the shooting, it made no sense to me that she could have died. Since I knew Mark would be watching the news story from the plane, I immediately contacted him and told him I was 100 percent sure she was still alive.

But, just as important, my gut told me that all those news reports were wrong. And Mark appreciated my ability to see that.

“Tilman said he knew Gabby was still alive, and he was right. You see that same sort of decisiveness and intuition in other parts of his life. He also has an uncanny ability to see the world through the eyes of others, understanding and anticipating what people want.”

Renu Khator

Change has been the name of the game at the University of Houston under the leadership of Chancellor Renu Khator. During her tenure, UH has experienced record-breaking research funding, enrollment, and academic excellence. And I’ve been fortunate to be involved as chairman of the university’s board of regents for the past five years. Chancellor Khator and I both are firm believers in the power of change for the better.

“With Tilman’s last five years as chairman of the board of regents, we have seen a difference in the university that we have never seen before. Tilman is the ideal leader for a public institution. He asks very precise questions, and he always gives you direction. His vision is so big, so powerful, so bold. He offers up ideas that none of us ever thought of.”

One example is the university’s decision to break ground in 2018 for a satellite campus in Katy, Texas, despite the fact that the community had no existing higher education facilities.

“Tilman said, ‘I know where people are going to be living ten and twenty years from now.’ He knows how essential it is to bring the product to the people.”

I felt it was essential to expand the scope of the university’s programs to address locations that are going to experience significant population growth—again, the idea of serving the masses.

Likewise with the university’s football program, long viewed as a stepping-stone for jobs at bigger, more visible programs. Working with Chancellor Khator, we’ve implemented a new buyout program designed to build mutual loyalty between the university and promising new hires.

“Tilman said, ‘Let’s change the business model, so there’s a real commitment between the university and coaches.’

“He’s increased the efficiency of everything that we do, including board of regents meetings. People come prepared for those meetings now, which is not always the case in a public institution.

“If I have to define one quality about Tilman, it’s his compassion. Once we had a student who tried to commit suicide. Tilman texted me every four hours asking how the student was doing. His heart really connects with the students because he knows people are not just numbers.

“The way Tilman thinks from a business standpoint has put the University of Houston on a completely different trajectory.”

ABOUT THE AUTHOR

Tilman Fertitta, a Houston native, is an accomplished businessman and recognized as a world leader in the dining, hospitality, entertainment, and gaming industries. *Forbes* referred to him as “the richest restaurateur in the world.” Fertitta is the star of his own reality TV show on CNBC, *Billion Dollar Buyer*, and is also the sole owner of Fertitta Entertainment, which owns the restaurant giant Landry’s, the Golden Nugget Casinos and Hotels, and the NBA’s Houston Rockets.