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EPIISODE
206

Todd Herman

Show Notes at: <http://www.aesnation.com/206>



Episode #206

John Bowen and Todd Herman

AESNATION.COM

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Best of success,



John Bowen
Co-founder, AES Nation

John Bowen: Have you ever struggled to achieve all that's important to you? Of course, you have. You're an entrepreneur. We all have struggled with that. Well, today I've got a very special guest. Phenomenal guest. He is a high-performance coach to, not only pro and Olympic athletes, but to executives and entrepreneurs like ourselves.

And I had the chance to meet him a couple times at different mastermind groups, and I got to tell you, I've been blown away with Todd Herman and what he's doing. You may know him as the creator of the 90 Day Year, but his background in leadership, advice to entrepreneurs ... Well, I always like, his tagline is, "I help ambitious people perform. Period."

The Boston Herald calls him a sports training superstar, and he is indeed. The Business Insider says he's a secret weapon to entrepreneurs and executives like yourself, and that's why I wanted to have Todd join us. And the ad giant Ogilvy called him the world's greatest salesman.

So, if you've ever wondered if you could be just a little bit more effective in achieving all that's important to you, stay tuned, you don't want to miss this. I'm John Bowen, and you are at AES Nation. It's all about accelerating your success. Stay tuned.

Todd Herman: We're going to be jumping into really talking, in a few seconds, stages of business, and why it's really relevant to the people. I know that you talk to really elite entrepreneurs, and the struggle that naturally happens, when you're scaling anything, is dealing with people, personal leadership stuff, getting out of your own ways, so your business can actually get to the next level. Which is probably one of the biggest issues that people have.

So, we're going to get to that stuff in a second, when we talk about some mental toughness stuff. Because that's the stuff that I've jammed on with pro athletes, Olympic athletes, and-

John Bowen: As entrepreneurs, we're all at different stages, and many of us have started many businesses along the way and have gone full cycle. Sometimes we have multiple businesses going on. Todd, you're one of the few guys that I think is really good at providing that leadership and the focus at every stage.

So, I want to take them through each stage of really building that scale to business, but I want everybody to know who you are. They haven't had the chance to hang out with you here like I have.

Todd Herman: No, I know. I live here in New York City with my young little family. I've got three little kids, Molly, Sophie, and Charlie, all under the age of five years of age, with my beautiful wife Valerie. Not from New York though. I grew up on a really large farming ranch in

Western Canada, in Alberta. That's where I got my work ethic from, which is feeding chickens at 5:56 in the morning for my dad.

I grew up on a farm, and then I was a really good athlete, played college football, was a nationally-ranked badminton player as well. And through that entire time, I was also a terribly uncoachable athlete. So, a good mentor and teacher of mine, at a young age, handed me a book on leadership and said, "You know what? You're definitely going to go places with your athletic skills, but no one likes coaching you, so you might want to get that fixed. And also, no one likes playing with you because you're just too overly competitive." I'm sure there's maybe a couple of people out there who can relate to that.

Anyways, this book on leadership, I got into it. It actually wasn't a very good book, but this author talked about, kind of, the mind. I was 14 or 15 at the time, and it sort of sent me down this rabbit hole of just learning about, "Well, what's this whole mindset stuff all about?" I ended up just consuming as much as I possibly could about how the mind works, how the brain works, and really getting into the zone.

That's what I really cared about, because that's what was relevant to me as an athlete. It was, "How can I get the absolute best out of myself as consistently as possible?" And I managed to, kind of, uncover this whole process for how you get into the zone and flow state. Which is where every single ounce of competency and skill that you have naturally flows out of you without any sort of thinking about doubt, or judgment of yourself, or criticism in the moment.

When I got done playing sport, I ended up working with younger athletes. I was volunteering at a high school coaching football. And these kids started getting great results, because I talked to them more about how their mind worked, and giving them some mental toughness skills, and that ended up turning into a business.

When I started that, I didn't know if it was a real business. People started asking me to coach and mentor their kids, and I was like, "Are they only asking me because they know me, and they like me? Or is this an actual real thing?" So, I ended up doing as many speeches as I could around the province of Alberta in 90 days. Ended up doing 68 speeches in 90 days, and that's what launched The Peak Athlete, my sports company. That was 21 years ago now.

Pretty quickly started working with pro athletes, and then Olympic athletes. And I've been doing that, and I won't stop, because that's my first love for sure. The nature of working with ... You know this. When people find out that you're working with pro athletes, or the guy who's on the highlight reel every night on ESPN, Type A personalities in business, or executives who will say, "Well, I got up, can you help me?" The principles are all the exact same, so the answer was yes.

I launched another consulting and training company working with business professionals and entrepreneurs, and that's been 16, 17 years, and hasn't stopped. I work with big companies, and I've worked with small entrepreneurs as well.

John Bowen: It's great. I've worked in sports as well, at a very high level. And, hell, we bought four sports agencies. So, this performance of really top people ... I was on the financial side though, and what happened was that, they're training like crazy to perform in a relatively short period. I mean, particularly the Olympic stars.

When you think of corporate, for the most part, there's not a lot of training going on, but they're performing all the time, and I've always thought that was a mismatch.

Todd Herman: Well, I mean, at the end of the day what we're working with athletes on is either the refinement of skill, especially at the pro level, the Olympic level, we're looking for a micro percentage point increase in performance. And the mistake, that whether it's executives or entrepreneurs make, is really ... The good thing about what sport does is, when you're playing football there is a defined set of rules. You know what the field of play is, you know what you're supposed to be doing in a specific role, and from that role you're able to then define out what you probably should be working on as a skill.

The problem that entrepreneurs and executives make is that, they don't develop what I think is actually one of the great superpowers that anyone could ever develop, which is self-awareness. They don't actually know, "What are your core strengths?" I call it your prodigy zone. What's the thing that when you're doing it you can make anyone else, who is even good at it, look bad?

For me, I'm a relationship guy. I'm an extrovert naturally. You put me in a room with people for eight hours teaching something, I'll leave with the same amount of energy that I walked in with. It doesn't drain me at all, and so that is a superpower of mine, that's a strength. If that's a strength, then the thing that I should be reinforcing over time is constantly developing my ability to communicate, so that I can be even more effective with whatever word choices I use when I'm working with people.

Entrepreneurs or executives don't spend enough time really looking at, "Okay. What is the field of play that I live in?" That could be your business model, that could be the role that you have inside of your company. And really take a look at, "Well, what are the one, two, or three skills that if I really consistently focused on them, it's going to give me an immeasurable impact on my likelihood of success?"

Just like you said, there is kind of no ... We got the Olympics for 2018 are happening, and maybe by the time this goes out there they just happened, or whatever. But there is no,

maybe, set date on people's event calendar for their business, or for their corporate world where they're really focused on building towards something.

We need to be more ... That's the purpose of being goal-oriented is, is because it actually creates friction, and it forces you to actually focus your attention and energy onto something. To add to your point, the whole idea of performance doesn't just exist in the world of sport, it totally works in the world of business, as well.

John Bowen: You wrote a great article on The Five Stages of Business.

Todd Herman: Yeah.

John Bowen: What I'd love to do is just ask you on each of these areas. Let's walk through it, because there's different challenges at each stage, and let's start with right from the foundation.

What accelerates that high performance you're talking about? We've got something that we're just dreaming it up, it's not really at how do we take advantage of this high-performance leadership that you've been talking about?

Todd Herman: Yeah. I mean, at the end of the day, high performance is going to come down to the ability to focusing on something. That's how you can really accelerate. When I started working with entrepreneurs and executives more, my brain ... I'm dyslexic, and so I think in pictures in my head. Even when you're talking to me, I'm automatically formulating your stuff into a picture in my head to try to formulate a picture of what someone's talking about.

When I started working in business, sort of naturally I went to, "Well, there seems to be stages to this whole thing." And at every stage there's one thing that really needs to be focused on in order to get to the next stage. Because when we're working with athletes, there's athletic development stages, where when you're just starting out, you're trying to build skills with people.

You had just alluded to it, at the very bottom, if you imagine if everyone's watching or listening ... I see you got the graphic up, too. So, you got these five stages. At the very bottom is this stage of dream up, which is, the business hasn't been launched yet. Most people are kind of caught up in a lot of fear, or trepidation, or concerned about whether the thing is going to work, but the most important activity that someone needs to focus on in that area, is validation.

Is this thing, that I have an idea for, truly going to work? The great thing is, most people aren't necessarily starting a brand-new industry business, they're not starting something from

scratch. There's probably other ways of validating. Is there already competition out there? But the key activity that matters in dream up is, you need to validate that idea.

Even if you are an existing business, this could even be equating it to if you're launching a new product. You got to validate the product, so you're not wasting a ton of time and energy on something that just isn't going to work in the market.

John Bowen: I really found that the great thing about today, if you have an existing business, and you're going to the same people, it's really easy to go out, and go to them, and do tests with a digital ... Particularly, if it's a digital product, then ... Also, like Kickstarter or Indiegogo. I mean, there's so many ways anymore of testing things.

Todd Herman: You've got there. Now you've got a dollar, and now you've just graduated to the next stage of business, which by the way, even though it's not illustrated on the actual image itself, there's a huge gap between the people who actually dream about starting a business, and who actually start a business.

John Bowen: Yeah, I know-

Todd Herman: ... How many friends have you been asked by whether you think their ideas is any good. And you're being a good friend, and you're listening to them, but you know fundamentally they're probably never going to go and actually start it.

I have. I've dumped a lot of money into different businesses. So now we've got the dollar, the next stage that people. Now you're in start-up. You've actually taken the dollar, and if you've crossed that chasm into being a start-up business owner, all of us can remember that it's completely overwhelming.

Grass was greener, actually we were like, "I'm going to be an entrepreneur." And then we go out, and we launch, and then we realize just how many hats you need to wear when you're made a solo entrepreneur, or when you're just starting out, and 90% of those hats that you're wearing don't fit. Because you got to be the chief, bottle washer, you got to be the financial bookkeeper, you got to actually ship the product, make the product, sell the product, market the product, all these types of things.

But the key thing in there is to not get so overwhelmed with trying to fix all of the kind of leaky parts of the business. It's natural. It's supposed to be that way.

I think of start up just like the freshman year of college, it's meant to wash people out. Freshman year of college, the way that they build it, is to wash out freshman, so that they don't actually make it to sophomore. Sounds like it's kind of survival of the fittest, it 100% is.

Start-up is the exact same way. It's to weed out the people who just don't have what it takes at that point in time to get to the next level.

But the main area of focus for people that are in start-up is to make sure that they reinforce and solidify one of the five big pillars of business. And one of those pillars is the marketing, sales, and product pillar. Because if you don't work on really solidifying a marketing system for lead generation in your business, or a conversion system in your business, or you don't work on really honing that product promise out in the marketplace so that it fits, then when you get to the next level, if you don't reinforce those things, you'll just slide back down.

It's like a classic case of snakes and ladders. You're just constantly playing this cycle. Start up and the next stage ramp up, is this often place that a lot of businesses just play in the cycle of.

You've got, what is it, 70% of all small business doesn't earn beyond half million dollars a year in business, or something like that, and that's because they just cycle through start up and ramp up. They get a bunch of money coming in, or a bunch of customers coming in, they got to deliver on those promises to those customers. And then, when they're not doing that, that means they're not also doing the activity of marketing their business. And then things dry up a little bit, so they have to go back down and get some more business, and then they can climb back up.

So, start-up is all about developing a marketing sale, or product system into business.

John Bowen: Move from dream up, to start up, and then you're going to get to ramp up now. And I know you do some private investing. I used to work in BC as a venture capital, assisting that area, and did a bunch of private deals. I'm always looking for that million dollar of revenue, focus on the top line and start up that proof of concept. If you can get that going ... You can have the rest of the business not working, but if can prove there's somebody out there that wants your stuff, then you can move up the ladder in the stages. I mean, is that aligned, Todd, on your thoughts too?

Todd Herman: You need to have operational systems, or people systems, in place to get you there. And that's actually where most entrepreneurs typically aren't that great. Most entrepreneurs are really good at either the marketing side, or the product side, even the service-focused side of the business. Most of them aren't very good at the operational side, where you systemize things, and you simplify things, so that you can actually scale something.

To get to that revenue marker point, I think most businesses really need to be focusing on reinforcing their marketing sales and product, or like you were just talking about, up to about

five million dollars. Until you get there ... of course finances are important, is not that finances aren't important, but they're the main focus. Because you can have great operations, but if you don't have revenue coming in, then what is it really matter, I guess, in the end?

John Bowen: Yeah. We've taken it through start up, and in ramp up we got this concept that's really working. We got the top one really working well, but then all of a sudden more people want our stuff, and things start breaking pretty quickly.

So, we got this huge opportunity, but there's a difference from ... There's so many talented entrepreneurs that can run hard. How do you breach that? Because, I mean, if we talk about the numbers, there's 28 million businesses, I don't have the number off the top of my head, but in scale up there is a pretty small group that make it there.

Todd Herman: Yeah. And so, goes from ramp up to scale up, it's funny because I'm always trying to find ... When I work with people, I obviously crawl inside people's heads for a living, and tinker around until I find whatever that kind of stop gap that's preventing someone to getting that performance to the level that they want.

When I started working with entrepreneurs, the word control came up over and over again with the reason why they've started their businesses. It's like, "I wanted more control over my life. I wanted to control the direction or control the amount wealth that I created." Just control came up, and yet that's the very things that is a red herring. It is, if you continuously cling to the idea of control, you will never get to the point where you can get from wrap up to scale up.

Because control by very nature is, you find those entrepreneurs who they micromanage their team, "I can do it the best. No one can do it better than me, so why even bother." Which is just completely delusional sense of self-worth and self-value. And that's okay. I mean, there's some statistics that show that the happiest entrepreneurs, that are out there, fall between \$300,000 and \$2.5 million a year in revenue. And it's because they don't have big teams, at that point in time. Because you can run a \$2.5-million-a-year business and not have a massive team.

And, just like you said, they have a good job. They can't walk away from it, but they can take a two-week vacation, and not that things are going to fall apart dramatically, but they've a pretty good lifestyle. The real challenge for people is that \$2.5 million to \$10 million mark. Because it feels like the exact same experience they had when they were just starting up, where there's a lot of overwhelm.

You're sort of beyond your sense of skills, because to go from \$2.5 million to \$10 million a year in revenue demands that you really get your operational systems, your financial systems

in place. Which means you got to bring in the head of operations, and you're starting to now divide up roles and skills.

And again, this gets back to the challenge of most entrepreneurs. They're typically really good at leading themselves, not the best, despite what most people like to think about themselves, entrepreneurs are typically not the best leaders of other people.

John Bowen: From ramp up, to scale, and then to leader up. Sometimes those CEOs are no longer...

Todd Herman: Yeah, to kind of really get people something prescriptive, so to go from ramp up to scale up, again, you got to really focus on that operational system, sort of really get your house in order. Because, I mean, you get to scale up, and in order for you to go from scale up to leader up, that's where it's all about people and leadership. And the key thing here is, when you're just starting out, you don't need a vision. This whole idea that, start with Y envision, that's all platitudes and philosophical stuff from someone who's never a business or worked with entrepreneurs.

I like Simon Sinek, I think he is a smart guy, but he's got it wrong. I'm a field-of-play guy. I have been out on the field sweating it out with my clients, standing on the side-lines watching my athletes either get beat up or lose medals at the last second. There's a lot of nuance that happens there. And so, when you're just starting a business, you only need the vision for yourself, you don't need to write it down and have a mission statement. That's a whole bunch of bull. You don't need it.

However, if you want to get from scale up and up, your vision better be far more inclusive and go beyond whatever your personal goals are. Because you need to get your team and your culture excited about the direction of where the business is going. And so that's where it really demands a new level of thinking and leadership from the entrepreneur. Or if off from the entrepreneur, the person that you've brought in to plan and to take over the CEO-type role in the business, and you might be the creative visionary of the business, or you just hand him the reigns, and you might go and start another business.

When I work with clients I don't ... not that I'm the boss of their life, but I tell people, "You are not allowed to start another business until you get your business into scale up. Because now you're just running on two treadmills. You're just hustling on two treadmills."

Because ramp up is all about what? You're the center of attention. You're the center cog in your business because you haven't operationally unattached yourself from it.

John Bowen: And I totally am for moving up from ramp up to scale up, or putting systems, or becoming operational aversion, as you're talking about. And if you're not at scale up, you don't have systems in place. So, if you walk away to start another business, if not fail, it's going to be very disappointing.

And focus, focus, focus is just high-performance energy. Not only you have a time constraint, we got an energy constraint, so we need to really be focused. But when we get scale up, lead up, we got to figure out what role we have-

Todd Herman: Mm-hmm (affirmative). Mm-hmm (affirmative). Yeah.

Just like we are along any process. When you do get up to scale up, that the one kind of pratfall, pitfall mistake that entrepreneurs make is, you've just gone through this process of finally getting things operationally, kind of, off of your plate. Because you've just done the one thing that most people are complaining about in ramp up, which is, you don't much time on your hands.

And so, because you've just gone through this long process of building and scaling up a business, and now you got time on your hands, you're habitually and behaviorally used to what? A frenetic pace. Now that you got time back, what do you do? You go and micromanage all of the operations that you just hired someone smarter than you at doing. Then you start throwing dust and sand into the kind of cogs and the machinery of your business, and then it just grinds it down.

So, the 90 Day Year came out of ... early on I was working with an athlete, and people know that the hockey season, or the baseball season, or the basketball season, is a really long season. And often times with athletes you'll get this performance dip, or this focus dip in the middle, or part of the season. So, I just sort of intuitively said, "Well, let's just split this thing up into two seasons." And it just so happens that it worked out to being 90 days.

So, we created this 90-day performance plan, and it really did create a high level of focus. Now, 20 years later, there's so much research around goals and projects, and they found that ... this is at University of California, Santa Barbara, Stanford's done this, University of Waterloo in Canada, have all done different studies, and lots of other places have as well, that 90 days is the horizon line to the motivational factor in the mind.

What that means is, anything that goes beyond 90 days, if it's a 180-day goal, or people talk about 1-year goals, anything that goes beyond 90 days, creates high level of avoided behavior and procrastination. And we all know that typically the MO of an entrepreneur is fairly ADD-esque. Lots of interests, lots of things that they want to work on, but 90 days after working

with hundreds and thousands, is a fantastic amount of time to get an entrepreneur to focus on something.

So, the 90 Day Year is all about promises. You can do it more than 90 days, and everyone else does in the year. And that's because the way that most people work is, they're working on so many projects and things all at once. So, I'm working a way at this project over here, and then I stop, and I start working on this one. But essentially, it's the equivalent of pushing a boulder up the hill, seeing the other boulder, and rushing over to push it up the hill, and then that one fell down the hill, and meanwhile you've got four other boulders that you're trying to push up the hill.

And it defies performance. That is not what high performance is at all. 90 Day Year is the high-performance system that we use with people. So, we pick one goal, that I our goal. I know and met Mark Zuckerberg years ago, and we were talking about sort of this secret sauce of success of Facebook, and he said that, not me I didn't, but he said, "It's because we have one goal. And we've gotten one goal now for six years." This is when they were six years into the business. And that is getting more users. They only just stopped having that as their main goal a year and a half ago. It's now onto something else because they don't need to get more users, because there's not many more users they can get.

So, we focus on one goal, and then we cascade that with projects. What are the projects that you can do in the next 90 days to help you hit that goal that you have for yourself? Because projects, in the context of business, are essentially the strategy we're using to hit our goals. Because what is strategy? Strategy is the direction of resources to accomplish something. Well, projects are what? How are we going to use resources to achieve a project for ourselves? And so that's what makes the 90 Day Year powerful.

We talked about focus before, 90 day a year is all about constraining focus down to one thing. One goal for that 90 days. Now, if you've a larger business, enough ... 90 Day Year's used inside of Shell, it's used inside Goldman Sachs, so if you have a larger business, you've got a main company goal, and then your divisions have their goal as well. That group or team of people.

So basically, it's like, if you have a team of people, they have one goal. But what we want to do is make sure there's alignment amongst those goals. So, their goal needs to at least reinforce whatever the big company-wide goal is. And that level of thinking and discipline is why it's really, really difficult to compete against a business that operates that way.

Because they're lean, they subtract constantly, they delete constantly, they eliminate it. You were talking of you love the word simple elegance, that's exactly what the 90 Day Year is trying to create. Most people are carrying these super heavy weighted backpacks while towing

16 boulders behind them, and they think that they're going to somehow achieve success. But it's because their ambition has heaped way too much onto their plate, and it's slowing them down, and eats away then, as well, at our level of confidence.

I mean, I know the mental game. I've played this stuff with people for a long time. I know the cascading effect of trying to do too much. And the results, typically it leaves very exhausted and depressed entrepreneurs. The 90 Day Year-

John Bowen: Yeah, I know. I pulled up your website, because I want to give some resources anything ... Todd, your website is great: toddherman.me. And one of the things I was really impressed was your about. I hadn't seen it before, and it might seal of the idea. I would encourage people to look at that. It's just a phenomenal, great way of casually telling people your background, in a way. Blog's fantastic, the contacts there. Also, I would encourage everybody to sign up for the 90 Day Year, will be relaunching it at www.90dayyear.com, and there's a wait-list and-

Todd Herman: There are workshops here in New York City for people to come in and spend a few days. About really knowing how to go and take 90 Day Year and implement inside their businesses, and kind of have a far more kind of mastermind-type session with high level entrepreneurs as well. So, we'll have more information on the website.

But yeah, I mean, I love jamming with people like you talk to as well, because it's those people that are at that high level, that have that ability to make a really big impact. And if you've gotten your business above a million dollars a year in business, which to some who've now got eight-figure businesses may not sound like an impressive number, but eight really is an impressive number. There are not many businesses that can get there constantly, and I know you've got those people in troves, so people I love to talk to.

John Bowen: Yeah, I know. Todd, and to just kind of key takeaway, let me pull up one more time the five stages of business, and it's just ... relisten to this, and look at the transcript, and the ideas that Todd shared on how you bridge each of these gaps from dream up, to start up, to ramp up, to scale up, to leader up.

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Founder and CEO
Financial Advisor Select