

Relationship-based Business: Your Key to Success and Limited Industry Regulation

Over a 70-year period my Grandfather sang at some 2,000 funerals. Now that he is gone, others of us in our family are frequently called upon to comfort survivors in their grief, through music. I learn much from these experiences, but one thing stands out in my mind above all else: at the end of a person's life, loved ones don't care about how successful Dad was in business, or how many service clubs Mom joined. They tearfully remember the simple things: fishing trips, baseball or basketball in the yard, family vacations, late night talks, a handmade quilt, a special meal, a kind word or an unusually keen sense of humor. Those who are left behind talk about the important lessons of life they learned from these simple gestures. When all is said and done, we humans value our relationships and those things which enhance our relationships above all else.

By contrast, the business world where so many of us spend our lives can be a treacherous environment. Slogans such as "Buyer beware," "Every man for himself," and "May the best man win" are typical of this brutal battlefield. In general, business people have been led to believe the means justify the ends. If a given action is legal—although less than moral—the unspoken rule has been to do whatever one could get away with. Such practices have led to a rash of consumer abuses and widespread violation of our environment. People have developed an inherent distrust for each other and have become especially suspicious of "big business."

Ralph Nader led the charge for consumer protection and lawmakers passed reams of legislation meant to protect "poor, helpless citizens" from all-powerful corporations. During the '60's, '70's and '80's the regulation pendulum swung too far in the opposite direction. In some fields, it became almost impossible for small operators to compete and survive. Such regulations altered the futures of many industries.

The lending industry now stands at the same fork in the road where other industries have stood in the past. Where will public regulation take it?

I do not intend to imply that all consumer protection is bad. Certainly we are better off because of heightened environmental awareness and the passage of "green" laws. While I support legislation to curtail corrupt business practices, I don't think government regulation is the long-term answer.

The only sustainable system requires that people be self-governing. Only when each individual is fully aware of the consequences of his actions, and when he is willing to be accountable for these consequences, will he be able to consistently act without harming others.

It may not be evident at first glance, but public regulation involves huge costs to the individual. Not only is it expensive for taxpayers to fund legislative government and enforcement, but an even higher cost is passed on to the business owner who must comply with the new regulations. The extra costs of hiring more people, buying extra

supplies, spending more time, or utilizing special equipment to comply with consumer protection codes must be built into the price of a product or service. This is perhaps the greatest irony of consumer protection. The consumer pays more for a product or service in the end. Even citizens who never use a particular product help pay the tab in the form of increased taxes.

This raises some searching questions: How much protection is enough? How much is too much? How big is too big when it comes to government? Given access to pertinent information, am I not able to protect myself better than any regulatory body can?

As Americans, we take pride in upholding a government “of the people, by the people, and for the people,” but aren’t **we** the people? I believe we have been numbed by a deadly disease of the spirit, manifest in attitudes such as “they” owe us something, “they” will take care of us, “they will protect us,” or “they” will tell us what we need to know. The recent decline of communism throughout the world should teach us how poorly excess government control ensures the peace and prosperity of the people.

Relationship-based Business. If **we** are the people, then from whom do **I** need to be protected? If I seek protection from you, and you desire protection from me, aren’t we looking to be protected from ourselves? Isn’t there an easier, better, cheaper, more fulfilling way to accomplish the same purpose?

What if I were to view a business transaction with you as the nurturing of a lifelong relationship, not just a momentary economic event? If I were to regard our initial transaction as the establishment of an enduring friendship, wouldn’t I approach it differently than an isolated encounter? For example, suppose a “sharp” businessman sees a chance to gouge his customer for a quick profit. How will his choice be different if he regards his relationship with his customer as permanent? If we see our customers as trusting friends we are more likely to strive for mutual benefit from each transaction. Customers who are treated with respect are more likely to do business with us again as well as referring their friends. Seeds planted in our business gardens in this way bear fruit forever. Think about it: would you rather pick an apple from a stranger’s tree or plant a fruitful orchard?

The universe we live in demands balance. The invisible balance between the planets keeps them on course in their orbits and makes their movements predictable. The law of gravity dictates that what goes up must come down. Universal law assure us what goes around will surely come around again. Spiritual masters have sought to teach this principle to people for centuries. The Gospel of Luke in the New Testament (Chap. 6, vs. 38) teaches:

Give, and it shall be given unto you; good measure, pressed down, and shaken together, and running over, shall men give into your bosom. For with the same measure that ye mete withal it shall be measured to you again.

Surprisingly, this truth seems difficult to grasp. For some reason, many people still believe in a free lunch, no matter how many times they are told they cannot reap where they have not sown. Must we suffer the whips of regulators before we listen and learn?

Clearly, we can choose to regulate ourselves or invite the regulation of big government. This choice has been a hot topic in the industry for at least five years. Industry trade associations have formed to invite communication on the subject. The publication you are reading is one of the notable results of such efforts. Proposed guidelines, bylaws and ethical standards are on several drawing boards, coast to coast, even as you read this article. I salute all of these efforts and support them as good and necessary. As I stated above, however, regulation is not something that someone else can do for us. Regulation by an industry trade group is not self-regulation in its purest form. Something more is required if these efforts are to succeed. That something is individual accountability, the *ability* to make an *accounting*. A wise person is quoted as saying:

The day you take complete responsibility for yourself, the day you stop making any excuses, that's the day you start to the top.

-Anonymous

Only when I structure each transaction as though it will ultimately come into full public view will I approach this standard of excellence. Only when I conduct myself as though everyone else already sees exactly what I am doing will I have a practice beyond the reproach of the regulators.

Here are some of the key elements of this standard of excellence:

1. Absolute honesty. My great-grandfather used to say, "A man is either completely honest or he isn't honest at all." Tolerating a little bit of dishonesty is like tolerating just a little poison in our drinking water. Either the water is pure, or it isn't. If you know there is poison in your drinking water, you will not likely pretend it is pure and continue drinking it, or allow a loved one to drink it. If we apply the same level of circumspection to the purity of our lives, we won't tolerate even a little dishonesty.

I clearly remember a day in my early real estate career when a customer asked me, point blank, if I had followed through on my commitment to make a phone call. I said I had "tried" to contact the person, but had not been able to reach them. My customer accepted my excuse, but I became acutely aware that I had just told an outright lie. In truth, I hadn't even attempted to make the call. As I hung up the phone, I was shocked and ashamed of myself. I thought of Grandpa Walt's words of wisdom and committed myself then and there to complete honesty in all aspects of my life.

The results have been miraculous. I have learned that human beings have a sixth sense, as it were, about honesty. When someone is being dishonest with you, you know it, at some level. It may not be conscious, but there is a nagging at your instincts; an inaudible whispering that you cannot trust this person. By the same token, a person who lives a life

of integrity is easily—almost automatically—trusted, even by strangers.

Over the last 20+ years there have been a few times when being totally honest has been more difficult than I ever imagined it would be. You may know the feeling, your ego screaming for protection “no.....don’t tell the truth, where will I hide?”. Each time I experience this, I marvel at how much better I feel after telling my ego to die and speaking the truth. (I know, Dad, you told me so!) I have also learned that my fears (How will I look to others? Will I lose their business and their respect?) were totally unfounded. Each time I have spoken the truth, no matter how difficult, those with whom I have been so candid have recognized the courage this requires. They are always willing to give me a second chance. My reputation and credibility have actually increased by being absolutely honest. Most people understand we live in an imperfect world where there are circumstances beyond our control; they only want to know they can trust us to do what we say we will do and to be truthful with them.

Prefer a loss to a dishonest gain; the one brings pain at the moment,
the other for all time.

-Chilon

I now make commitments with a do or die determination to do what I say I will do. There are those who try to leverage this honor against me by placing me in a moral bind; I have noticed certain people try to manipulate me into a stating my commitment in a way that might allow them to gain an advantage. I strive to be fully conscious of what I commit to. It is important to have the courage to insist on clear communication, which may mean telling someone “no, that is not what I am saying I will do, I am saying I will do ABC.” Be fully aware of commitments you make, as they are made, then keep them as though your life depends on it. This does not mean that promises cannot be re-negotiated; if you find there is something beyond your control which precludes you from keeping your word, immediately call the person to whom you made the commitment and re-negotiate your promise. Another one of my great-grandfather’s truisms: “don’t make excuses, make good.”

2. Win/Win, or no deal. During the past century, too much emphasis has been placed on carving out individual business success. We idolize Billionaires, no matter how they got there. Remember, universal law dictates we receive according to what we give. This is the happy irony: we can never “take” enough to provide for our individual wealth and happiness. The only way to true and lasting success is to make sure others succeed.

A corollary of this principle is that you cannot give to anyone else—making sure they win—without automatically winning yourself. Usually the prize comes from an entirely different transaction or a person other than the one you made the investment in, but *it always comes*. “Win/Win” takes all of the fight out of the “You vs. Me” battle. It eliminates the rat race. If, in our business transaction, I work as hard to meet your needs as I do my own, I have guaranteed my own success. As long as I am willing to give more than I take, there is no end to the abundance in my life. It is a little difficult to prove scientifically, but it is about the same as priming a pump before expecting a drink of

water, or putting wood in a stove before expecting it to provide heat.

Creating a Win/Win can sometimes be tricky. Again, there are certain people who will seek to take advantage of what looks like your generosity. They will try to maneuver and complain until they beat you into a Win/Lose situation, where they win and you lose. Please do not overlook this point: if you lose, it is absolutely not a Win/Win! By definition, a situation cannot be a Win/Win if *anyone* comes out on the short end of the stick. This makes it extremely important to continue communication in each relationship until you reach a mutually acceptable Win/Win. If you are unable to come to such an agreement, respectfully refrain from the transaction, rather than see anyone lose.

Win/Win or no deal is a critical component of personal accountability in business and in personal relationships.

3. Excellence. One way to give more than we take is to strive for excellence in all we do. Surely you can think of dozens of ways to do your job or run your business with a bit more class, beauty, service, artistry, competence, professionalism, order, cleanliness or integrity. If you take a close look and are a bit creative, I am sure you will agree the possibilities are endless. Opportunities of this kind lie dormant in virtually every business on the planet. Tom Peters (*In Search of Excellence*), Michael Gerber (*The E-Myth*), Robert Townsend (*Up the Organization*), and many other authors speak eloquently and in detail concerning these hidden profits. One (or all) of their books can help you begin to see your business with new eyes.

Go the extra mile for your customers and you will begin to receive referrals from them. Referral business is the surest, least costly form of business there is. By giving referrals, your customers cast a vote in favor of your business relationship with them.

4. Financial Integrity. Very simply: pay your bills on time. In our office, I like to pay our bills early, generally once each week. When an invoice comes in, we pay it with the next round of payables, even if it isn't due yet. I believe I stop the flow of abundance through my life when I try to hold onto the money, even for a few days, as a dam on a river holds back the flow of water. By paying a bill as soon as it comes in, I tell my investors, suppliers, vendors and creditors how much I appreciate their services. They feel this gratitude. It increases the trust they have in me and my company. When I ask a favor of them, their response is almost always positive. I see these people as partners, or potential partners, and the way I deal with them shows them that I sincerely value our relationship. Try this experiment and watch the flow of money and good will in your business increase. Lifetime abundance flows from balanced, respectful, happy, harmonious relationships.

5. Love Your Competition. To most business people, "competition" is a dirty word; at best, it is a necessary evil. Most people play Win/Lose with their competitors and exude feelings of distrust for them. Many business people, if given a chance, will speak disparagingly of their competition. Sometimes a seemingly harmless comment can cause significant damage to another enterprise. If making an errant, nasty comment causes a financial loss for a competitor, is that not the same as taking money out of his wallet?

Abraham Lincoln said: “Am I not destroying my enemies when I make friends of them?”

I have worked hard to befriend my competitors. I see them as my partners in this industry. In the Cash Flow business, hardly anyone has all the money they need, all the time, to fund all the notes they find. I have been paid some handsome fees from closings funded by one of my competitors or from closings where I arranged funding for one of them. I enjoy my relationships with these people. We share thoughts and ideas concerning local trends and challenges we face in the industry. When one of my competitors calls to ask a favor, I pull out all stops to accommodate them. If at all possible, I do not charge them for these favors. Likewise, when I call them for assistance, they respond with the same urgency. They seem eager to help wherever they can. I never say anything negative about a competitor, and I trust this goodwill to pay off in kind.

What are the results of this practice? My company enjoys widespread recognition as one of the major players in the note business in the western U.S. (a very competitive market). My competition frequently refers business to me that they cannot fund for one reason or another. This means that every dollar they spend on marketing is working to build my business as well as theirs. The relationships I have nurtured within the industry are the key to our company’s lucrative market position.

6. Care for your customer. At National Note, relationship building starts with the first phone call. From the first time the phone rings, we build a relationship with that caller, beginning with listening. We make a point of listening actively and intently to what our customers have to say. What are they really saying? What underlying need they are seeking to meet by selling their note? How well do they understand what they are doing? What knowledge do we have that may be of benefit to them? Do we have the solution to their challenge, or would we serve them best by referring them to someone else?

Trust is the foundation stone of any healthy relationship. We begin immediately to build trust with our customers by sharing what we know about our industry. Sometimes we even share information that might be considered trade secrets, but which they deserve to know in order to protect themselves from the few unscrupulous operators in our industry. Customers see that we care about them, and they will often call us back to discuss the offers they have received. We are happy to suggest they go elsewhere if it is truly in their best interest. If we are willing to meet or beat a price, they almost always deal with us, because of the level of trust we have established. Again, you cannot fake genuine concern; people know the truth deep inside. When people feel comfortable, they trust, and they do business with those they trust.

The invitation to develop a relationship-based business is an invitation to take the high road. The initial climb is uphill, but the upward path leads out of the swamps of cutthroat business. Soon you enjoy clear vistas, fresh air, and abundant meadows of success. I hope you will answer the call to a higher road with a determination to take care of your business relationships. As you do, good things will inevitably happen. You will enjoy more abundant relationships. You will have less stress and struggle along the way,

leaving the alligators to the battle of the big business swamps.

Your customers will not run to regulators with complaints of abusive practices. If you ever encounter a chronic moaner who seeks unfair advantage by reaching for a legislative hammer, you will have a rich group of friends who will defend your reputation.

Most of all you will enjoy peace, prosperity, and abundance. At the end of life, it is how we conducted our day-to-day dealings in business and with our loved ones that will be remembered and eulogized. Each of us can arrive at our final destination surrounded by those who love and appreciate us for the difference we made by being hikers of the high road.

###

I would love to hear your comments on this article, which originally appeared in the Continuing Education column of The American Cash Flow Journal. You can find my most current contact information on my website, www.waynepalmer.com. Please take a minute to let me know what you think!

Sincerely,



Wayne