

The

EVOLUTION

of an

ENTREPRENEUR



featuring

*50 of My Best Tips for
Surviving and Thriving in Business*

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THE NADEL METHOD

THE NADEL METHOD

SINCE THE BEGINNING of my career, I have been creating and refining what I call the “Nadel Method.” After nearly 70 years of business experience, I am confident this method can be used by all entrepreneurs.

STEP ONE: *Identify a Business Idea You Love*

A few years back, I was teaching a business course at the University of California, Santa Barbara. One of the first questions I was asked was, “What is the right business today for me to be in?” My answer to this question is always, “What is it that you really love to do?” This is the first question you must answer; then you find a way to turn what you love to do into a business. When you make this choice about your career, however, you must clearly understand your strengths and weaknesses. There is a difference between a wish and a goal. A wish might be to play point guard for the Lakers. An achievable goal might be to work with an NBA team in their marketing or sales department or to become a supplier to an NBA venue or retail outlet.

STEP TWO: *Ask the Right Questions as You Research*

Okay, you have pinpointed a new business. Understand that if it is a good idea, the odds are that someone has thought of it before you. This fact should not necessarily discourage you, but it is imperative that you research what they did, how they did it, and how you can do it *better*. Before you spend a dollar or many hours of your time, you must use logical thinking to get answers to some very precise questions. First, is your business idea a product or a service? If it is a product, what other products in the marketplace are the same or similar? If it is a service, who else is performing this service, and is it being done successfully? How big is the market?

How fortunate we are that much of what we want to know is accessible right on our computers or even on our mobile devices. I remember one budding entrepreneur who came to me for advice on how to make his newly created business really work. I asked him if anybody was already putting his idea to use or attempting to develop it. He replied, “Absolutely no one has done it...isn’t that amazing?” I immediately went to my computer; a number of different companies were doing everything he had talked about. Yet this person had spent a great deal of money on proposals and trying to raise capital. This is one of the first things you have to know. It is not easy to raise capital on an idea that you have not investigated thoroughly. Thousands of people come up with millions of ideas. But they have nothing until they have proven that an idea can work.

STEP THREE: *Plan a Deal and Focus on the Details*

At this point, you are ready for the first phase in structuring a deal and creating a business plan around it. (Note that the Nadel Method uses the term *business plan* to indicate the steps required to execute a particular deal. Also, the advice presented applies to any deal in the life of your business, not only to the first one.) Just as an athlete needs to condition his or her body to go into competition, you must likewise condition your mind to engage in business. The Nadel Method is based on the ability to think in terms of a particular situation and react to it in a specific time frame. An entrepreneur must learn to

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conceptualize in a highly focused way, with an emphasis on market demand and profit potential. Asking and answering questions is an ongoing part of this process. What tools are available to expedite your plan? How will you make the best use of them? How will you transition from proposing a deal to making a concrete business plan? Remember, the business plan has to tell you not only how to execute the deal, but how to do it profitably.

Visualize the steps you will have to go through to carry out the deal. I mean *really* go through them in your mind, step by step and meeting by meeting. Imagine that you are watching a video as you mentally go through the motions of completing a plan and making a deal happen. You write the script, and you are the star.

This process can take any amount of time. You should not put restrictions on it because it sets you on the right track and may save you from many mistakes. Take a totally optimistic view: Everything goes right, happening just as you had planned. In your mind, see the deal as it's made. Now sit back for a moment and ask yourself how you feel. Are you thrilled with the deal, or are you disappointed? I have gone through this visualization many times and occasionally felt at the end that I was really not happy with the results.

Remember, you went through this process as if everything transpired perfectly, which it never does. If you do not feel good about the deal, do not even start it. If you love where you are after the deal is completed successfully in your mind, you can go on to the next phase: putting your business plan on paper. Compare this process to a football team going up against a tough opponent (*the deal*). The coach must prepare a game plan that the team reviews many times before the opening kickoff (*the business plan*).

Now that the stage has been set mentally, you must be determined to start making good things happen. Every vocation requires a distinct mindset. A philosopher thinks in abstractions, while an engineer imagines the way things work. A comedian searches for humor in every situation, while an entrepreneur thinks in specifics with laser-like precision. Business details can be tiny, in the form of millimeters, pennies, or subtle shades of color. As an entrepreneur, you have to

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know that stress is guaranteed. You must have a genuine passion for success in order to manage the frustrations of the journey.

Here are examples of questions to keep in mind as you put together a deal and craft a business plan:

1. Have you determined your distribution channel?
2. How big an investment do you need in order to accomplish your goals? Will you require outside financing?
3. Is your time frame flexible enough to allow for unexpected delays?
4. Are you dealing with a patent or a brand name for your product, or are you just going to enter the marketplace and let the chips fall where they may?
5. What is it going to cost to make your product? What is the minimum you must produce and sell to ensure a profit?
6. What do you have to do to produce a superior product at a better price than your competitors?
7. Is your profit margin large enough to sustain steady growth?

STEP FOUR: *Fulfill Your Agreement and Then Some*

This is the all-important point where you execute the deal, and you must always be prepared to make course corrections along the way. It is almost impossible to anticipate all the problems and all the opportunities that will present themselves by virtue of your being in the marketplace. You must keep your ego out of it and make changes in accordance with the unanticipated conditions that present themselves. Never stop thinking of how you can improve your deal. In entering any new venture, always hope for the best but prepare for the worst.

Another rule of the Nadel Method is to document in writing every agreement or important conversation with suppliers and customers. You may think you have a deal, but the people with whom you

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are conducting business may not have the same understanding of what was said. You must get in the habit of confirming everything in writing. It's not that you expect problems or dishonesty, but you must protect yourself and your venture at all times by documenting your agreements.

STEP FIVE: *Review the Results for Next Time*

The final step of the Nadel Method is simple but vital. It involves reflection. As your business plan reaches its conclusion, it's time to take stock. Think about this entire experience, so that you can build on it to create your next deal. There are questions you need to consider. Have you achieved what you set out to do? Are you still excited about your role as an entrepreneur? Did you respond to unexpected modifications in a timely manner? How and where will you use this recent experience to structure an even bigger deal?

The Nadel Method stresses the importance of careful planning and great execution. The advantage of the veteran entrepreneur is that he or she is flexible enough to change course if necessary to make a business work. With the Nadel Method, you must *never* stop thinking creatively. Be prepared to add and subtract from your original plan. The more you evaluate through a critical lens, the more you will be able to spot the adjustments and corrections you need to make.

THE END OF WAR, THE BEGINNING OF AN IDEA

IT WAS 9:00 P.M. on August 14, 1945. The night was unusually dark, probably another reason for my feeling of doom. The first reason was that I knew I was going back into combat as I checked into Hickam Field in Honolulu. I had already flown 27 intense and increasingly more dangerous missions in a B-29 over Japan, and I was not feeling lucky. My crew and I had used up our 10 days of R&R (rest and recuperation) leave. We were scheduled to report to Air Transport Command at 10:00 p.m. to return to our base in Saipan and resume bombing Japan in advance of a planned massive invasion. I was the navigator and radar-bombardier of this 11-man crew, which had survived without a scratch against all odds...so far.

I had spent the previous two days enjoying the beauty of Oahu with wine, song, and plenty of company. Still, it wasn't enough to ease the fear that was twisting my insides. I was returning to combat and knew I had little chance of survival. Of those who had started the tour eight months earlier, 75 percent had been killed in action.

As I started to walk across an open field to pick up my gear, my head was filled with memories. I recalled the good times with all of

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my buddies who were lost, as well as the pain of their loss. In just one hour, I would be on a plane heading back to the grim reality of Japanese antiaircraft fire and suicidal fighters, and the long trips over open water back to Saipan.

Within the space of a second, the entire airfield lit up around me. It was ablaze with light. I stopped walking and stood in the deafening silence. Then the PA system came to life, and a loud voice blared over dozens of speakers: "Attention! Attention, all personnel! World War II has just ended...all orders are frozen! Everybody stay where you are, and you will receive new orders."

I was unable to move; all of the air seemed to leave my body in one giant whoosh. I felt my face getting wet; when I put my hands to my cheeks, I realized that tears were streaming down. I was going to live! The war was over, and I had come through it unharmed. At 22, I was going to have a rebirth, a renaissance.

The next morning shone bright and clear. It was 10:00 a.m., and four of us were enjoying a pot of steaming black coffee. Many times we had trusted our lives to each other. For the past year, we had shared so much and been totally dependent on each other. Whether we were defending ourselves against Japanese fighter planes that swarmed at us from out of the sun, guns blazing, or we were nursing a wounded B-29 back to the base, it was the same task. Always the same. Do we bail out of our injured Superfortress, or do we tough it out? We knew that if each man did not perform perfectly, we were all dead.

There was Herb, the pilot, who was born to fly. Tall, lean, stoic, and from Mid-America, he was the quintessential leader. Robbie, the copilot, was a burly guy from the town of Big Stone Gap, Virginia. He spoke in a lazy drawl and had a wit with a fatalistic undertone. When his wife asked him in a letter if he would be home for Christmas, his response was, "I don't think they are going to drag the Pacific Ocean to find me and send me home." Then there was Ritchie, our short but stalwart bombardier. He was from Cleveland and, at 5-foot-4, could drink any of us under the table.

Herb started our first serious conversation that had nothing to do with planning or executing a mission. "We should be going home

The Adventure Continues...

pretty soon, and I'll have to make a decision about being discharged or reenlisting. Flying is in my blood. I have to keep on flying. Maybe I can get a job with an airline, or do some crop-dusting. I don't know, but I'll talk it over with my wife, Betty Jo. I can't wait to see her," he added wistfully.

Robbie scratched his head and then said, in a slow drawl, "I reckon I'll be home long before Christmas, and nobody has to scrape the ocean for me. I need to see my wife and kids. I don't want to leave the Old Homestead. Maybe I can find a few more acres and settle in." There was a pause. "Hey, guys, we're way too sober to talk about such serious stuff."

"Cleveland is looking mighty good to me right now," Ritchie said with a laugh. He reached into his pocket and pulled out a flask, from which he took a long pull. "I'm feeling better already." He shot me a quizzical glance. "Are you ready for the Big City again?"

Staring at my crewmates, I said, "I'm ready to be a civilian right now! I can't even imagine how great the freedom to make my own decisions about what to eat, to wear...and what is off-limits is gonna be. I have a crazy desire to start my own business, make my own decisions, and be my own boss. There is a whole new world out there, and there is going to be a big demand for civilian merchandise. I am going to get into that arena, and work all over the world. What a great opportunity to see new places without being shot at." I mused, "I spent a weekend in Los Angeles before shipping out overseas. New York is fine, but I am ready to move to the West Coast, where everything is warm and fresh."

My throat tightened as I gazed at the guys with whom I had spent the last year. "We have been one hell of a team..without you, I could not have survived." There was a catch in my throat as I spoke. "I want to thank each of you for your friendship and for always being there. I think we should join Ritchie and toast each other."

Looking back, I realize it was at that very moment that I started my career as an entrepreneur.

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I have no idea why I survived combat against such overwhelming odds. I do know, though, that the situation was made tolerable by having a positive outlook. The power of the mind was never more succinctly proven in my life, because even under those adverse conditions, there were many laughs and good feelings. My natural inclination was to look on the bright side, even though the other side was a disaster. It was then that I learned to hope for the best and be prepared for the worst.

I was honorably discharged as Captain, U.S. Army Air Force, having flown 27 combat missions and served as a navigator and radar officer. I was decorated with the Distinguished Flying Cross and the Air Medal with three oak leaf clusters.

TIP 8

The three Rs of business success are Relationships, Results, and Rewards.

The three Rs in education are reading, writing, and arithmetic. Without these basic skills, learning becomes almost impossible. In a similar way, business starts with a relationship. You are then judged by the results. Rewards spring from the results.

FROM THE JACK NADEL ARCHIVES

When President Reagan asked me to join a trade mission to Japan, the objective was to help sell more American products overseas and correct an imbalance in trade. When we met with noted Japanese industrialists, it was clear that building relationships together was the first step in forming any deal. These meetings were highlighted by a luncheon where the president of Sony, Akio Morita, shared a powerful statement with me: "The problem we have with America is that you come over here and want to make a deal. We meet you and want to form a relationship from which we can make many deals." These meetings helped forge closer relationships with our Japanese counterparts, resulting in increased business and greater understanding. Results and rewards were the dividends of forming those relationships.

HOW DOES THIS TIP APPLY TODAY?

Luke Beatty knew he had a good idea: unleash the power of the Internet by letting thousands of “citizen journalists” report and analyze the news. He wasn’t so sure how to make it happen—at least until his old roommate urged him to turn his dream into a reality in 2005. His roommate? Tim Armstrong, chairman of AOL. According to Beatty, “When I was scratching out plans to create Associated Content, I also needed to convince myself to quit my job. He was the first person to endorse the idea.” You never know which relationship will turn out to be the critical one that leads to results and future rewards. Associated Content was sold to Yahoo! in 2010 for \$100 million.⁸

TIP 18

Don't let your ego get in the way.

There's nothing quite as exciting as a new idea—especially when you're convinced the idea is worth a million bucks (or more). But watch out! Great ideas are rarely born fully formed, and a new idea is like a two-year-old. It's loud, it's self-centered, and it's completely without perspective. Good business means stepping back and letting the ego naturally deflate out of your million-dollar idea until you can see it for what it really is, with its strengths *and* weaknesses. In fact, learn to watch out for ego in all its forms. Good business leaders are guided by reality and actual profit, not empty volume, slick campaigns, and their own brilliance. Bounce your idea off trusted advisors who will give you the straight story.

FROM THE JACK NADEL ARCHIVES

Before the advent of digital watches, we were presented with the Watch Band Calendar, an aluminum tab with a calendar of the month that wrapped around the wristband. I really didn't like the product but, because of my relationship with the person selling it, I sent it to my salespeople. I was shocked by the orders we received, and ultimately, this product, which I did not originally like, was one of the most profitable products we ever sold. Twenty-two million Watch Band Calendars later, I learned to love this super product!

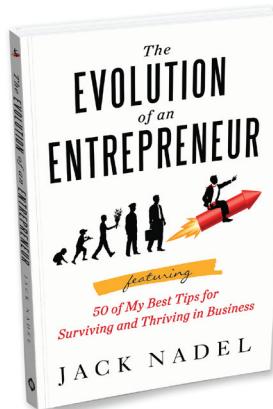
HOW DOES THIS TIP APPLY TODAY?

Michael J. Fox made the DeLorean famous in *Back to the Future*, but this sports car is famous among businesspeople for another reason. The DeLorean was created by John DeLorean, a renegade auto exec who reportedly walked away from a huge salary to create his signature automobile. It featured a stainless-steel body, Italian styling, and gull-wing doors. If the news reports are true, DeLorean made one very basic error: He fell in love with his idea at the expense of his

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business. Plagued by production problems and runaway expenses, he refused to change course (a classic ego-driven mistake). The DeLorean Motor Company crashed and burned, relegating the famous sports car to the could-have pile of great ideas that just didn't work.¹⁷

Click a button to buy the entire book with all 50 Tips and start evolving toward greater prosperity today!



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