

Dr. Stephen Covey Interview

Featuring Jay Abraham

May 10, 2005

OPERATOR: Welcome, ladies and gentlemen, to today's conference call with Dr. Stephen Covey. Now, here to interview him is business growth expert Jay Abraham.

JAY ABRAHAM: Thank you, Tiffany. Welcome all of you. This is going to be fast paced, no-nonsense, and I think extremely enriching. I'm very, very honored to have Dr. Stephen Covey on the line with us for 90 minutes. I'm even more honored by the fact that he has agreed to allow me to probingly challenge him to take some of his very, very brilliant and inspired business theories and principles, and allow us to translate them to very actionable and specific elements that people owning, running a business, a professional practice, a startup... and people in larger corporations with P&L responsibility can really take to heart and do something with immediately.

Before we begin (and I'm purposely speaking rapidly because I've got a lot of ground to cover) those of you who aren't just vividly familiar... Stephen is probably one of the most influential thinkers in the entire business community. His first book, *Seven Habits of Highly Effective People*, sold 15 million copies. His new book, *The 8th Habit*, is groundbreaking. That's all I can say. I don't want to give away the store until we get into it about halfway through the call. But it's transcending the limitations of merely being effective, and it's taught people how to be great and achieve greatness for themselves, their organization, certainly in a business, and also in their lives.

But he's influenced more people on a worldwide basis, I think, than almost anyone I know, and his book has been recognized by Chief Executive Magazine as one of the most influential books of the 20th Century. He's been recognized in *Time* magazine as being one of the most influential people. He's been given more awards... I've got a litany of awards here, Stephen. If you'll respectfully allow me to just say it is so impressive and daunting that I could read it for an hour. Only because I've got so much ground to cover...

He's a remarkable man who's got one of the most powerful, agile, halogen-bright minds, and today we're going to tap into it in ways I hope and think he's never allowed to be really harnessed before.

So with that stated... Stephen? Hello?

DR. STEPHEN COVEY: Hello. My mother also likes me!

JAY: [LAUGHS] This is going to be very fun. And there's a disclaimer I want to start with. Stephen teaches that you should be diagnostic first, and not prescriptive. And I have asked him to basically do what I'll call a "Pareto Principle" for us today, knowing that it's going to be not absolutely the most accurate for all of you. He's going to do his

very best at my direction and assistance and prevailing to give you some of the most universally actionable and primary activities you might consider, and he can disclaim it as much as he can.

So what we're going to do today, Stephen, is we're going to go through a lot of ground fast. You've agreed to let me challenge you, make parenthetical comments, and comment continuously. We're going to go through specific actionable ideas, recommended strategies that business owners, entrepreneurs, professionals, startups and P&L-oriented managers alike can use to take a needed action.

So with that stated, are you ready?

DR. COVEY: Sounds good -- thanks.

JAY: OK. And he's given me permission to insinuate my bad self occasionally, clarify and maybe step on him, because I'm your advocate and I'm your champion, those of you listening.

So Stephen, would you start with a clear definition of what you define and think greatness means as it applies to a business versus a large organization? And I would love any implications -- what it means to a leader, what it means to the team, what it means to the relationships. But you're really at a breakthrough area when you talk about greatness. But what do you define it as?

DR. COVEY: Well, I would say that a great organization would be one that has sustainable impact on all of its stakeholders for good. That includes the whole supply chain, obviously the customers... And the culture would be extremely empowered to use a lot of initiative in making great things happen.

And also, I think another characteristic would be that the people are constantly growing and improving their skills, their knowledge base, and their capacities to become even greater in the future. I think one of the biggest problems is sustainability -- that many people are like cotton candy. It tastes good, and then within a short period of time it just is worthless, essentially, and nothing happens. But to make it sustainable, to me, is one of the great keys.

JAY: We had offline, prior to the beginning to this, some discussion. And I said that I've done much of my work with entrepreneurs, with small/medium businesses, professionals, even a number of startups. And their mindset, even their ideology is different. And I think that what you're saying to them is, "Hey, you've got to have a meaningful, sustaining impact on everybody at a higher level than anyone else, and it's got to be a lifelong commitment. You've got to want to see everybody grow, because if they don't, you don't. If they don't, your marketplace doesn't. If they don't, your clients or customers don't." I'm going to try to interpret you. Is that correct?

DR. COVEY: That's right, because it's an interdependent reality, and most entrepreneurs have a tendency toward independence. They're running away from dependence, obviously, but they kind of like to do things on their own. But I go to these Entrepreneur of the Year meetings every year, and if you see those who win, consistently, over all these years, it's always those that win as a team. And every person's strength gets to be made productive, and their weaknesses made irrelevant through the strength of another person on the team.

JAY: Stephen, I'm going to interrupt for a minute, because -- and we're getting ahead. But later in this interview (time allowing) we're going to talk about creative, you call it "cooperation." I'll call it "collaboration." But I think that what you have probably recognized, uncovered and really beat over people's heads almost incessantly is that you can't do it yourself. You need the leverage through other people's efforts, other people's perspectives, other people's paradigms, other people's intellectual capital. And I think more than ever before it's critical. And for little, medium-sized entrepreneurs and business owners, I think it's vital, don't you?

DR. COVEY: I think that the expression you made "more than ever before" is so true, because in a knowledge economy, which we're in now, 70- to 80% of the value added to goods and services comes from knowledge work. In the industrial age economy it was only about 30% that came from knowledge work. The rest came from manual work and from machinery, and that's why the industrial age model of top down control, on strong independence at the top, and driving things, and using accounting which makes people an expense, rather than an investment, and then putting the responsibility on the so-called "leader" to become the external motivator is an absolutely flawed paradigm.

If you study the great organizations, small and large, that are making the breakthroughs, you'll find that it involves a high level of interdependency, empowerment, team building... all the way along. It's a different world today, and this is only taken place in 20 years.

JAY: That's powerful. And what I want to challenge you to keep doing as we get deeper, because we're going to "put our toe in the entrepreneur water" a little deeper, and maybe get up to our knees. But I want you to keep challenging the business owner, the small or medium entrepreneur, the professional, to relate.

Because you've got the good fortune of seeing corporations that at least have the capability and the mindset of investing forward, building a recurring compound growth asset. A lot of entrepreneurs, (in my humble opinion) a lot of business owners are very tactical. (We'll get into this later.) They are more interested in lifestyle, or more episodic. And I'd like, and my hope is that you will inspire and haunt them favorably forever with some commentary that you'll make parenthetically as we go.

So let me get to the next question. I look at tens of thousands of businesses and entrepreneurial enterprises every year. In my humble opinion, few of those are really on a meaningful, sustainable growth path. Even fewer are solidly strategic in their thinking,

their actions, and their transactions. What instant or immediate, then mid-range or long term changes or shifts would you recommend any leader -- and keep in mind, we've got them all on here. We have a lot of entrepreneurs and business owners. What changes or shifts would you recommend they make to convert their enterprise from tactical, reactive, episodic, to strategic, enduring, and basically a geometric growth machine?

DR. COVEY: I would say a couple of things. One would be I would make sure that I surround myself with people who are different than me -- who think differently, who challenge -- so that you can get the spirit of synergy in producing a strategic plan that everyone gets emotionally connected to. And I would try to get them very involved in this development of this strategic plan so that they really have a clear sense of what the most important goals are, and also what the values are. Because if you have commonality on the values which never change, then you apply those values in getting synergy and developing strategic goals and plans to achieve those goals. Then you've tapped into as much wisdom as possible.

My experience with most entrepreneurs is that they're very strong people that are kind of independent. They want to be interdependent, but their strength kind of causes a "kiss up" culture to surround them, where people tell them what they like to hear -- and what they need to hear often gets neglected.

JAY: And Stephen, just so we can translate it to the more entrepreneurial amongst our listeners... When you say "synergy," you're talking about this collaborative creativity, this collaborative cooperation, this melding of perspectives, of skills sets in an integrated form. Am I right?

DR. COVEY: That's right. But it creates a third alternative that is higher than the other two positions. It's not a compromise position. And it comes when people get very vulnerable and authentic, and they overlap their vulnerabilities. And all of a sudden, you see this magical thing where they start building on each other's ideas. They get excited, and kind of a natural, spontaneous enthusiasm starts to form. And that gets people emotionally connected.

I remember one time when I was setting up my own business, I developed this beautiful mission statement, perfectly phrased and everything. We went on an off site, and I was basically going to present it to the team. It was a very small team of about six people. And a couple started to push back a little, and I could feel my ego kind of being sucked into it a little, but I did start to listen. The more I listened, the more I could see a different perspective, and the wisdom that resulted was amazing to me. And within two days we had an altogether different mission statement than the one I had proposed. And I'm telling you, it created a sustainable culture that lasted for years and years, that was truly exciting.

JAY: They were more invested. It was part of... Basically they'd all given birth to it together.

DR. COVEY: Exactly.

JAY: That's great. Stephen, a simple -- well, not a simple question, but on my list it's a simple sentence. It's a fractional sentence. How do you feel a smaller enterprise can best and most effectively, and greatest, compete today? What one or two factors, actions, shifts, more than any other, can a small entrepreneur -- and "small" can be \$1 million to \$50 million. I don't really care, however you want to define it. But it's a very brutal, competitive world. What can they do more than anything else right away to make them competitive.

DR. COVEY: I would say there so much slip between cup and lip that you have to be very careful to get good data and research on your value proposition to make sure that you really have a product or a service that has tremendous appeal to people, and that you're not seduced by your own autobiography, and by a few friends that have told you you've got the greatest thing in the world.

I would also say get synergy on your team so that you make sure that if you're not strong in finance, someone is. If you're not strong in marketing, someone is, so that there isn't so much slip between cup and lip. Because as you know, most of the new startups don't last two years. They're gone, and yet they all started with excitement and enthusiasm and "We've got the greatest thing going." But it's not sustainable over time, because they didn't do the research and the competitive landscape research, looking at the bold realities of life. And then they didn't get synergy in compensating for their own weaknesses.

JAY: That's good, that's good. This is a very interesting one. I'm going to give you a little of my own belief system prior, and I'm going to let you challenge, confirm, or springboard. I want you to compare the differences, pro and con, between entrepreneurs and a corporate mindset. And because I've done so much work with entrepreneurs and private business owners, my take on them is this (and I want to see if you confirm or if you refute it.)

I think number one, many of them are far more passionate because it's their progeny. Number two, many of them are more lifestyle oriented. They're not really trying to build an asset that will keep compounding, growing, surviving, thriving... Number three, most of them up to \$50 million that I've seen, are tactical. Number four, they don't really appreciate the relevance of marketing's key role, and they don't do the equivalent of research and development, and they themselves obsolete before their competitors do. Number five, they don't reinvest in themselves in training, and reinvest in their team.

Now that's just my take. That's a quick Jay Abraham. What do you think the differences are?

DR. COVEY: Well, my experience is along the same lines, because I find that there is more a sense of ownership on the part of the entrepreneurs, and real commitment. I find a lot of them, though, get into very distorted lifestyles. They get so consumed by it that

oftentimes they neglect their family, and their health, and sometimes their integrity. That also happens in large organizations, particularly if they get seduced by a “kiss up culture.”

And I also agree with your comments regarding the tendency to get tactical, and not to think strategically, and to do the necessary investment in people, and in R&D to make sure that they really are on a wise, sustainable path for the long haul.

I think that sometimes they are benefited by not being so political. They're a little more creative, and they get passionate, attach into their passion. I find a lot of that is just drummed right out of big organizations, and there's such profound disempowerment that most people find their satisfactions off the job, and then it creates kind of a dispirited culture, where often you'll find a wise entrepreneur will create a very enthusiastic, fired up culture of people who kind of buy into the same, particularly if they're psychologically and financially involved as well. They buy into the same sense of which way north is.

JAY: That's great. I was thinking about the entrepreneur between proactive and impetuous. There's this very gossamer-thin line of demarcation.

DR. COVEY: Yeah.

JAY: The next question - you talk a lot about the difference between proactivity and reactivity. Can you share...? I don't care what number -- one, three, five, ten critical proactive things that great leaders do continuously, predictably, that average, ordinary business owners don't seem to understand? And then maybe translate what the lesson in each of these is for the people listening to learn and embrace.

DR. COVEY: Well, I would say one proactive thing is that they decide what their mission is, and what their values are in the context of a larger vision. And I think that most reactive people tend to just kind of live out old programs that have been given to them by other people and by other models that they've had.

I think another thing is that they start investing in people and in the building of high-trust relationships, where the reactive people kind of hope that trust will result. They don't proactively nourish the relationship.

Another one is they really get invested in the growth and development of people -- for instance, the very thing we're doing here. If they're learning things from this, they would want to immediately share this with the people around them that might have an interest so that they create a kind of a learning ethic -- not just a hard work ethic, but a learning ethic -- so that people say, “Boy, he's really interested in my growth and development, and in my career.”

I think another one is they strive for a lifestyle that has some balance in it so that they don't neglect the thing that they're going to talk about on their death bed, which is their loved ones. They take time for it.

I think another one is they set up empowerment agreements with people so that they don't have to hover over, check up, follow through, and kind of micro-manage people according to the way they normally would clone someone. But they realize that every personality is different, will often take a different tack. But as long as there is a common agreement on the overall strategic purpose and goals, that's the important thing. And therefore, you allow other people to express themselves.

Reactive people tend to be firefighters that are impulsively running to and fro and trying to solve problems. They almost get addicted to urgency, rather than being addicted to focusing on that which is important, the Pareto Principle, where 80% of the results come from the 20% of the key activities that produce those results. And I think that what I call "Quadrant Two" -- that which is important but not urgent -- is the basic thrust of proactive people.

JAY: That's where they live.

DR. COVEY: Yeah. They live more there, and the data shows from research that's where they live. Even the Deming data, those who won the Deming prize (and this is both public and private organizations) against two criteria: economic performance over time, and high marks from all of the stakeholders.

And these people are living in Quadrant Two -- that which is important, but not urgent -- where most people are drowned by the urgent, and the important often gets neglected because the urgent acts on you. It's right in front of you. It's pressing. It's like a ringing phone. And they get so addicted to it they almost feel guilty if they focus on long term, strategic thinking and listening in depth to other people because they're frantic. They're just driven by action and by constantly wanting to make things happen. They don't take time to reflect, and to gain a deeper understanding of what the real needs are, and to also deeply understand another person and to find out what their voice is... what is unique about that person...that they have certain talents and passion. They don't do that. They talk more than they listen. They should realize they have two ears and one mouth, and use them accordingly.

JAY: That's great. You remind me of two things -- one I'm not going to talk about now, but remind me. Deming was a client of mine, and I learned a powerful way to take Deming Process Improvement and translate it to the revenue generating, selling, marketing side. And this is really interesting, and we'll talk about that sometime.

But I was thinking about -- remember I shared with you that document called the Strategy of Preeminence? I was very intrigued with the leaders who fell in love, not with their company, but with their clients, with their team, with the impact they were having on growing them, on nourishing and nurturing them. They were able to transactionally see

themselves enriching and improving their circumstance in life. Those people seem to so remarkably outperform others. I think it's a really interesting mindset.

DR. COVEY: It is, and if you study Jim Collins' book, *Good To Great*, he shows that in every case without an exception of organizations that were good, but then became sustainably great, over a long period of time the number one quality was humility -- the absence of ego -- combined with professional will. They had tremendous, fierce will. But it wasn't about them and their career and their reputation. It was about the people, the cause, the work, and it became obvious to other people. They weren't necessarily charismatic people, either. They're often quiet, sometimes even introverted, but genuinely caring. They're sincere, and they're caring about other people and about the cause, and not looking for recognition and attention and so forth.

It was a very interesting finding, and I've always believed that humility is the greatest of all virtues, because I think through the humble person can come all other virtues.

JAY: Can I embellish, and say humility connected with humanity, because I think that transcends it and gives you this real impact.

DR. COVEY: Right. I think that the essence of humility is humanity -- that is, profound respect and reverence for people and for their potential.

JAY: I agree. And how much more they can be, do, and the impact.

DR. COVEY: And particularly if you invest in them, and don't see them as an expense. Because the psychology behind our accounting system is stupid. It's that people are an expense. Things are an investment, and assets are essentially machinery and other things. And that psychology drives external motivation. It drives the "Sandwich Technique" of performance appraisal, where if you say a few nice words, slip in the knife -- areas for improvement -- a few nice words on the other end.

Most people are buried in this kind of thinking, this paradigm. It is becoming, little by little, obsolete. People who want to get at the vanguard, at the cutting edge, better wake up and smell the coffee about the movement toward a knowledge economy.

JAY: That's great. I've got so many provocative questions.

One of my most, certainly favorite, but I think most impactful of all your beliefs is beginning with the end in mind. I think it's a very powerful realization. To me it's probably the most powerful single element you teach, and it parallels a lot of the things that I teach. But how many different, specific ways, areas, have you found it applies that most people don't think about?

And I'll start you off with, when I'm trying to teach people how to grow, not just to great, but the optimal business or enterprise for them, I say, "Well, let's figure out what it's got to look like." Because if you continue the way you're going... And you know that I

teach “Three Ways To Grow A Business.” If you don’t make people more profitable and get them coming back more, you might want to have to grow it very, very, very much harder and longer than other alternatives. And I try to engineer backwards what it’s supposed to look like... what has to happen if they’re going to get people buying ten times, three times... and get them to challenge.

What are all the different ways you have found that people can translate this end of the mind? Because it goes to structure, size, culture, impact, markets, optimal buyers, clients... Give me a couple of the distinctions that you’ve seen, and that many people listening may never have thought about.

DR. COVEY: Well, I totally agree that all things are created twice. Even the house that you’re in was created in every detail before the earth was touched. The building that you’re in... everything was created. And that’s what it means to begin with the end in mind, is that you take charge of the first creation. Then, the second creation is governed by that first creation. Every decision that you make tells you what to do and what not to do. It keeps you from getting distracted by things that will consume your energies and your time away from it.

For instance, I was in a meeting the other day, and I said to a group that was kind of torn apart with different political issues and so forth, “Why don’t we begin with the end in mind of ending up with a decision that we all feel is best... better than what anyone has brought? And that also, the other end in mind is that we are bonded more closely together. The trust goes up.”

Well I’m telling you, as soon as they emotionally bought into those two things, the whole meeting changed. Every interaction was more respectful and civil, more empathic, until eventually the negative, defensive energy was replaced by creative energy. They came up with solutions that were better. They literally were bonded. They were enthusiastic about what they came up with. And that’s because at the beginning of the meeting we agreed on two ends that we wanted to end up with, and that guided everything else.

I think you can do the same thing in your every day, and in your interaction with your loved ones, or with every person. You just see an end in your mind where it comes out better, with a better relationship than the way it is now, not that your ego’s satisfied, because you got your way or because you had all the say, or something like that. But rather, where you actually produced a result that was beautiful and sustainable.

I think literally, Jay, that you can apply it in every aspect of your life and your --

JAY: I’m going to take that, but I’m going to challenge, not you -- I’m going to use you as a reflective beam to challenge the business owners, the entrepreneurs, the professionals here. You really do get out of your life, you get out of your business, you get out of your career, you get out of your psychic or your financial investment pretty much what you want it to produce for you. And that starts with, what do you want it to look like? And then what has to happen backwards in reverse-engineered steps to achieve it?

I think that there's so much opportunity here that many people don't... I think it's a very profound and a very powerful area, but I don't think most people avail themselves of it in as many ways and applications -- personally, business, self -- as they really could, don't you agree?

DR. COVEY: Yeah. I think that you have to be proactive to do it. In other words, you have to make it happen. It won't happen to you. And this is also the way that you can get free of victimism in your life, so that you don't let yesterday's bad experiences hold tomorrow hostage. You literally can reinvent yourself through the power of your mind and imagination to see a different future.

I was presenting the other day in Aurora, the second largest city in Illinois, and this was to a group of young people. The president of the university who sponsored this thing, this large group of young people (mostly high school kids) started interviewing them. "What is it that you're most impressed with that you learned tonight?" And the basic answer was, "I can become the leader of my family." And most of their families were dysfunctional. They were broken. And these kids began to get the sense that they could begin with the end in mind of developing the kind of moral authority that they could literally become the leader in their own dysfunctional families.

I find the same thing when I work with organizations, that if you can just get anyone at any level... They don't have to have position. Leadership is not position. Leadership is a choice, and it's based on moral authority. When people envision themselves serving other people's needs, and increasing their own circle of influence through solving problems -- even if it's not in their own job, but it's inside their circle of influence -- little by little people honor those people. They have a reputation. They produce results, and results gives you so much more freedom with people. They know that you're interested in them and in their progress, not just in you and what you're saying. Little by little, that person can become what I call a "trim tabber" - the small rudder that turns the big rudder that turns the whole ship. So you're no longer a function of some bad boss, or some bad systems, or a bad economy. It's not a function of the environment at all. It's a function of your own decisions based on a lot of wisdom that is not ego-centric, but which really tries to add value to others.

JAY: Stephen, I'm going to pounce on something, because again, I'm the advocate/champion of everybody here. And there are people representing huge corporations, but there are a lot of them here from medium and small and entrepreneurial type sorts. And I want to challenge you to challenge them.

You talk constantly and impressively about being a great leader. But I want to know why must a business owner, large or small, professionals alike, entrepreneurs, startups, even one-person businesses... be leaders too? And what does that level of leadership look like? Give me an example. Give me absolutely -- absolutely -- a picture. Because I want to try to help people not have to extrapolate... not have to conjure up... not have to try to

grasp and grapple with an image. What's it look like? (And if you can talk a little louder... I've been told that you're a little soft on a couple of the people's phones.)

DR. COVEY: OK, I appreciate that feedback. I'll try to speak a little louder.

JAY: Thank you very much.

DR. COVEY: Now, first of all, leadership is the enabling power to everything else that takes place. For instance, if you have bad leadership and you're in a school, you're going to get bad education. If you have bad leadership and you're in a health care organization, you'll get bad health care.

It is the enabling profession to all other professions. It is the highest art of all -- literally. Even artists need leadership... need some kind of vision... some kind of strategic directioning... some system of accountability, of nurturance, of a servant leader. And that's what leadership provides.

And the essence of it is that these people don't necessarily have a position. Like Gandhi - he was never elected, never appointed. He brought England to its knees, liberated 300 million Indians. It's the second largest country in the world today -- one billion people -- and the largest democracy. And he was the founder of it, and never held a position.

The industrial age model makes leadership a position. The knowledge economy - leadership is a choice. I mean, look what GE did in distributing leadership throughout all of their different areas. They became number one or number two in every category that they entered into because they focused primarily on the process of developing and distributing leadership all throughout their entire culture.

Look at Southwest Airlines. Look what they've done to nurture leadership in every area, and the modeling done even by the top people of being willing to be servant leaders... to assist other people... to empower them so that that one organization is worth more, probably, than all of the other airlines put together. It's the most successful of any airline we've ever seen, and it's because of the kind of leadership. It isn't the kind of rah-rah, charismatic leadership of someone up in front leading the charge up the mountain at all. It's the one that confirms to everyone, "You matter. You make a difference. I want to listen to you. I believe in you. Find your voice, and then align your voice with the voice of your department or your team so that there's harmony there, and let's put forth the best low-cost airline in the history of the world." And that's what they've done.

JAY: And Stephen, I'm interrupting -- apologies. But entrepreneurs, small business owners, medium business owners, startups, professionals... they feel sometimes so competitively marginalize, so commoditized, so beleaguered. How/why must they -- and can they -- transform themselves into leaders within their community, their group, their business, their industry?

DR. COVEY: Well, I think they first of all should realize that it is an inside-out process. They've got to literally work on themselves... take more initiative to bring the people together to come up with a strategic direction, with values, and with a vision that people can emotionally connect to. And that is almost the first activity that such people do.

Once they get that going, then their spirit is kind of a servant leader, to "How can I remove obstacles for you? What can I do to help you further what you're trying to do?" Rather than in a sense, taking over and continuing to provide all of the direction. That way it starts to distribute the spirit of moral authority, or living by principles, throughout a culture.

And so these are very practical things that an entrepreneur or startup person can do. Even if there's only two or three people, get together with those people and say, "What is it that's really important to us, and how are we going to execute on that? And who will do what role to make that execution?" And that way I think it causes a feeling that everyone is important... that no one is any more important than anyone else... that everyone is special because of the quality of humility and the quality of respect that is shown by this owner/manager toward everyone.

JAY: I think you'll agree... You may not, but I think that when you transform yourself into a true leader it animates your spirit. It stretches your sense of possibility, and it really renews your passion and purpose for what you're doing, don't you think?

DR. COVEY: It does feed on itself. It's also a magnetic in the impact it has on others. By the way, am I speaking loud enough?

JAY: You are, and I think I was too. So I hope everyone can hear. Tiffany, not to be rude and breach the integrity of our interview, but I want to make sure everyone listening can hear clearly. Are we fine now?

OPERATOR: Yes, sir.

JAY: OK, thank you. There we are, Stephen. We're good.

DR. COVEY: OK, good.

JAY: Let's see. I'm going to move rapidly along here.

You talked in I think both of your books about the difference between doing things right and doing the right things. And again, I challenge you so that while there's no true prescriptive be-all and do-all, help me help the people on this call, particularly the ones that aren't running trillion-dollar corporations -- the ones that are struggling with a \$5 million, \$10 million, a startup... help them see what are the real categories they've got to deal with right away, and why, and what's the flaw in their current thinking?

DR. COVEY: I would say the two big categories are strategic and relationship.

JAY: Can you describe strategic? Because I'm always...

DR. COVEY: The strategic means that you're focusing upon what are the over-arching purposes you're trying to serve? And what is your basic value proposition, or your basic good or service that can serve that in the markets that you're going after? So that you have to think through what those big goals are, and the main plans to accomplish those goals.

Most people don't think strategically. They think more tactically in terms of "What am I going to do today to put out this fire, or to build that one relationship" or something of that nature. But you need a context in which to operate in which everyone can operate. People should be on the same page about that strategic context.

The second thing is they focus on relationships. I remember one organization I worked with, I said, "If you were to do one thing that you know would have the greatest impact on your store, your operation, what would that be?" They thought about it, and to a person (they were all department heads) they said, "Spend more time with our big customers, the ones that we sell the most to, and really get to know them, to understand them, and to serve them so that their loyalty is so strong toward us they think no one else."

I said, "What percent of the time are you spending on doing that?" They concluded no more than 5- to 10% of their time. Why? Because they were buried by firefighting, by reports, by meetings, by little minutiae, with oftentimes the 80% of the customers that really were consuming their energies and their best time.

So they came up with an agreement. They were going to spend one half their time with the big customers. That really involved a lot of proactive, courageous action on their part. Within about six months they'd got up to about a third. You cannot believe the impact that had on results -- and on their spirit, like you say, Jay. The moment you get this momentum going, and this enthusiasm going, it becomes contagious and it fires them up to not only know what they should do, but also to have a "not-to-do" list that they stay away from that consumes them, that if you neglect would make no difference at all anyway.

I find that's a very useful question to ask people, Jay, and that is -- Because usually people kind of inwardly know what is the one thing that if they attend to it can make a huge difference. They usually know what it is, but they're just so reactive that oftentimes all of the other things drill away their energy.

JAY: And you know this -- I've done lots of very fascinating and powerful research and experimentation. We've found with certain kinds of businesses where the leader can, on some frequency, interact with the best clients -- or even prospects -- businesses have grown 40-50%. It's like an instantaneous exponential leverage.

DR. COVEY: Wow.

JAY: But they don't think about that, because you're right. They're so immersed and beleaguered in the day-to-day and the alligators. Let me continue, because I've got so many questions, and I know you've got to go to a plane when we're done.

Let's see... this is good. You talk a lot about problem minded versus opportunity minded. I talked about ethical opportunistic mindset. Let's reconcile and define the differences, not necessarily in mine, but your two differences. Illustrate them with some very specific reference examples so there's no question in the minds of our listener what the two look like, and where they're diametrically different, and what the different impacts and outcomes can be. Then re-examine a few of them -- maybe great opportunity-minded leaders, thinkers, or organizations you've seen, worked with, or admired. And maybe (time allowing) give us a lesson or two we can each take from that, or any part thereof, OK?

DR. COVEY: OK. I worked with one the other day that is a fantastic organization because they focus on opportunities, and they kind of relegate their problems to their mentee. They all have a "mentee" -- someone that they're trying to train to kind of take over part of their business. It gives the mentee opportunities to also make opportunities out of some of those kinds of small problems. But they essentially just push them off to these mentees, these people that they're trying to train to get into the business, and to learn the business. They literally are focusing almost all of their energy where the new opportunities are coming -- the new technologies that are coming, or the new changes in the competitive landscape where a competitor is using a strong relationship-building approach.

And so they not only go into the relationship thing, but they also go into it synergistically so that they don't just have a good relationship. They actually become very open to the customer and very aware of the new forces that are operating on that customer to where they know what the customer's customers are thinking about. They begin to see what these trends are like, and so they organize themselves to focus on these trends.

You can't believe the impact to this organization. It's now a \$6 billion organization, but it's made up of small operations of no more than two or three people -- well, sometimes it may be up to six or ten people at the most -- in different offices. They have 10,000 offices, and their goal is to make 25,000 in the next few years.

But this is their approach that they use, and that is that top people of each office attend to the opportunities, the changes that are taking place in the marketplace, where the big customers are, and what's happening to those customers' customers, their businesses, and so forth. Then the rest of it they're delegating to these trainees. They're helping them to learn the business, and to get involved. It's one of the best models I've ever seen.

JAY: That's great, that's great. I know we could tape you for two hours on any subject, so respectfully, if I move on, know that it's not --

DR. COVEY: No, that's fine.

JAY: Good. Then this is -- time management is obviously important to everybody, and your corporation's very deeply ensconced in it. But I did a program years ago called "The eX! Factor" and I culled the minds of experts in every distinction. And I wanted them to give me in five minutes or less the most highly leveraged single transactional approach that somebody could use to master one big impact point that even if they executed marginally, it would have a profound difference.

That stated, because no one has more than 24 hours in a day, or seven days in a week... What, if your life depended on it, and you had, in three, or four, or five minutes, to give a system for making each and every one listening at least 10, 20, maybe more percent more productive, effective, impactful in either time management or productivity, what's the one thing you would tell them above everything else?

DR. COVEY: Well, I would say first of all, write a personal mission statement that embraces the totality of your life. Second, I would say, think through each of the important roles of your life, such as your business roles, your family role, your community service role, your personal welfare, and health, and growth role, and your church role -- whatever.

Then, never think in terms of a day. The smallest unit would be a week, and that is in the larger context of long term thinking over several years, or maybe a year, or a quarter, or something like that. But always think in terms of a week as the smallest unit. You can still be flexible and adapt spontaneously to changing circumstances, but that way you can attach key goals -- like one or two -- to every role and schedule it. You're still not hung up on the schedule. It's more your conscience that drives it. But you will find that about 80% of the goals that you've established under those key roles will be achieved.

At the end of the week you look at what you've not accomplished and then plan the next week so that you don't neglect anything that is truly important. Otherwise, what I find, Jay, is that people truly do climb ladders of success, get to the top rung, look around, and realize it's leaning against the wrong wall because they have neglected some key roles in their life. "Of all of the words tongue and pen, the saddest of these: 'It might have been.'"

This can often happen to entrepreneurs particularly because the nature of the work can be so consuming, not just time-wise, but in terms of their attention and orientation, that they can often neglect the more important things that they know in their heart are more important. And they neglect it not only through this constant pounding of the surf out there, but also because they don't empower other people to compensate for their weaknesses. They don't know how to empower them, so that they're too dependent upon their own individual action, and they end up neglecting the most important things.

So I would say mission statement, then roles, then goals, and keep the smallest unit on a weekly basis. Those people who plan on a daily basis, I'm telling you, they are buried in the thick of thin things, and they're going to spend their time putting out fires until they develop a problem orientation, not an opportunity orientation.

JAY: I had a person at one of my seminars who was very, very interesting. He worked with CEOs in Silicon Valley, and we asked him a similar question, and I want to throw this out to you because his answer is going to be a real softball for you to hit out of the park, I think.

He said, "Pick out the three most important functions you do for your company, even if you're a one-person business. Break them down to the six or seven most relevant processes. Judge your relative proficiency at it." And this is going to be very interesting to you, and I'm going to put some funny words in it. He had a different criteria, but he said, "Going from imbecilic to terrible is pretty linear. Going from good to great, or spectacular, or extraordinary is geometric. Do what you've got the greatest leverage in, and don't do what you don't." Now, I don't know if you agree with that or not.

DR. COVEY: No, no. I think that these are what I call "The Four Disciplines of Execution." The first one is to decide what those two or three superbly important goals are. Like, to a flight controller, is to make sure that that plane lands safely, otherwise you close the airport down. To a surgeon, that guy lives. You should have two or three, and that's all. You still will have other things, but those are your, what I call "WIGs" -- Wildly Important Goals.

Then, by involving people not only in developing the WIGs, but also the scoreboard that reflects that so that everyone knows how that would be measured.

Third, you then have opportunity for everyone to be creative in coming up with new and better behavior in accomplishing those things against the scoreboard.

Fourth, that you have open accountability, so that everyone has awareness of exactly what's happening -- it's published, it's open to everyone -- against the scoreboard.

I was working with the Governor down in Georgia, and we set up a control group of five departments and a training group of five departments, and applied these four disciplines of execution in the five departments. In a matter of six to eight months the results were so astounding that the Governor adopted it for the entire state. He said, "We're going to be the best-managed state in this country." I said, "Your goal is too small. You have to be the mentoring model for the other 49 states."

But these people did this on their own. It's not something we did to them. They came up with the WIGs. They came up with the scoreboard. They held everyone accountable. Do you know what they had before? 20 or 30 goals... the distraction... no one on the same page about what really is terribly important. They didn't have the scoreboard that

they developed. It was more handed to them by someone else, and their whole culture was in a sense disparate and split apart.

The same thing with the small operation -- to decide the two or three truly significant things, and the scoreboard, and then hold everyone accountable to come up with new and better ways to accomplish that.

JAY: I'm going to pick up on that, and I've just had to shuffle some notes, so bear with me.

I did a lot of research in the highest-performing companies in 300 to 400 fields, and I was fascinated. They, to me (and this is my interpretation) were the companies that engineered the maximum quality, consistency, and significant breakthroughs in the area of strategy, marketing, innovation and management -- those four things.

You talk about the four primary management practices -- strategy, execution, culture... what's the fourth one? Is it people?

DR. COVEY: Yeah. No, that would be culture. I guess the other one is modeling -- your own example.

JAY: And you want to talk about any one of them? I'm trying to give leverage that's actionable. I want no one on this call not to be able to hang up and say, "I'm going to do that starting today," and they know what "that" means -- at least as a starting point. It may not be, as you said, prescriptively the ultimate, but it's better than groping for what to grab.

DR. COVEY: I would say four things. One, be sure you're a good example yourself of what you are trying to illustrate in your principles... that you yourself have this integrity, and this trustworthiness, and this openness to being influenced by others, and humility as well as tremendous willpower.

Second, I would say get people on the same page about this vision and these overall goals and the value system.

Third, I would, once you have a buy-in to those strategic criteria like vision, and strategy, and values, then look at your structures, systems and processes to make sure that they are in harmony. Because usually they're not in harmony. They're obstructing. It's what I call the "aligning role," and that is one tough activity.

And then fourth, empower people to be creative, to have autonomy within the context of the agreed-upon criteria.

Those, to me, are the four roles of leadership, and the people on this call could say, "I'm going to be a better model starting with myself. I'm going to involve others in coming up with the strategic criteria. Third, I'm going to use those criteria to look at every structure,

system and process to make sure that they are nurturing and in alignment. And fourth, all of this is done so I can help people find their voice and really use their own unique talent and passion in coming up with better, more creative ways of accomplishing these wildly important goals.”

Now, those are four very practical things to do.

JAY: Great, those are great. And again, I’m very respectful of your time. I’m going to get to the 8th *Habit* book, and then we’re going to talk about voice in about three minutes.

I have one other really important question, because I think it transcends the bridge between effective and greatness, and most people in small- or medium-sized businesses and professionals don’t get this at all.

I’d like you to give us a three-minute short course primer, complete, if you can, with at least one reference example on empathic listening, hearing, and acknowledgment, and why it’s so relevant.

A few years ago I was training Indian chiefs that run Indian nations in North America. At the end of three days of training they gave to me a gift. It was called the Indian Talking Stick, and they even had my name on the back side, “Bald Eagle.”

Well, the Indian Talking Stick is the greatest single communication tool I have ever learned. They taught this to the founding fathers of our country -- the Iroquois Federation did. It basically is this: Whoever has the Talking Stick alone can speak. No one else can speak. All they can do is try to understand, and to reflect their understanding of the other person’s point.

That requires empathic listening -- that is, you listen within the frame of reference of the other person. Very few people have been trained how to do it, and that’s the power of the Talking Stick. It is a physical discipline that if people will exercise it, it will literally train them how to listen empathically.

Unless you listen empathically -- that means within the other person’s frame of reference -- you never really understand why your customers don’t buy your products and services. They just tell you what’s safe, but not what really is driving their buying behavior.

You’ll never really understand what the unique talent and passion of your own people are, because if you have formal authority, they’ll kiss up and tell you what you like to hear. And then, you’ll read your autobiography, and you’ll prepare your reply. You’ll be patient in preparing that reply and call it listening, but it’s not. You’re still in your own autobiography, your own frame of reference.

You’ll never really understand how to build your supply team like Dell does, or like Toyota does. That’s why they’re eating Detroit’s lunch, because they have put their suppliers on the same basis as their own employees. They’re all part of the team, and

they give so much knowledge about the industry, about the competitive landscape, about the company... But anyone can close down that line, and so they're all committed to the quality you're thinking about -- and also to being innovative.

But this comes from this deep, empathic listening, which is a skill that very few people have had more than two weeks of training in. I asked a group today (there were 500 there) how many have had two weeks of training in empathic listening. There were twelve people that raised their hands. And yet, we're spending I would say 2/3 of our waking hours in some form of communication -- reading, writing, speaking and listening. Research tells us that 40% of that time is spent listening. But most people are pretending to listen. They're preparing their reply, and they don't really use the Indian talking stick like they could use it.

And I'm telling you, once you start, the whole nature of the relationship is altered. People start getting more creative, less defensive, less protective. You don't agree with them. You don't disagree with them. You don't read your autobiography.

You don't even ask them questions, because the moment you ask them questions, you control the visit -- your questions do. Well, what if these people have tender feelings inside they'd like to get out, and then someone else intellectually directs them by asking them questions when in fact, the thing that's controlling their behavior is something they're hesitant to speak about unless someone else basically can read with their eyes and with their heart. "There is something going on inside that customer, or inside that employee, or inside that supplier that I'm not in touch with. I want to listen." They communicate the desire to listen, and they do listen and reflect accurately.

It's just amazing, Jay, how open people can become, and how authentic they become. When that happens, bonding takes place. When bonding takes place, people don't bad mouth each other behind each other's back. They're very authentic and genuine, and integrity begins to take the place of duplicity, and pretending to listen, and playing pseudo-democratic games, and calling it involvement.

JAY: That's great. I'm trying to remember -- one of the really profound Eastern philosophers (and I'm going to paraphrase it) said that the key to everything was your ability to not necessarily agree, but to respect, understand, empathize, acknowledge, embrace, and really understand. And you talk really profoundly about this. But I think most people don't recognize how important it is to hear and acknowledge the other side's point of view or perspective.

DR. COVEY: It's the equivalent of air to a body.

JAY: And it's probably the greatest power tool you've got, and it feels so good to slow down and hear what people say, don't you think?

DR. COVEY: Particularly if you do it genuinely and sincerely so that you are influenced. As they sense that you understand -- not necessarily agree, but that you

understand, and that you've been impacted, they become extremely open to your influence.

JAY: And just so we're clear, that's not abstract rhetoric here. It translates totally to your ability to communicate, in your selling communications, in your management communications, in your buying/negotiating communications... It's really the secret weapon, don't you think?

DR. COVEY: I do. I was with a person the other day in Chicago, and we had them report on their experiences in practicing this. And this man said, "I've been selling to this one customer to where I had no other customers. All my eggs were in this one basket, and we were reaching the point where it looked as if she was going in another direction. I just inwardly panicked, and said to myself, 'You know, maybe I should just try what Stephen has been teaching me today.' Because it looks like all the ways I've tried to pull this thing out of the fire are not working."

So he said to her, "You know, let me see if I can understand, really, what your concerns are." And he did the best he could to restate her concerns. He did this for just a few minutes. She interacted a little, and he continued to restate it. And then she said, "Excuse me a minute." She went over, picked up the phone, talked to her husband, turned and said, "You've got the deal."

And he said to me, "I couldn't believe what happened." I said, "Do you know what the dynamic behind that is? As soon as she felt that you'd paid the price of showing that depth of respect and understanding, she became open to the fact that you have been spending all these months working on her case, and that other things being relatively equal, it was going to go in your direction. But if you had not -- if you had just kept coming forth with your logic, and your persuasion, then you would be on the same footing as anyone else. And if the other person seems to be a little better in some technical aspect, it's going to go in their direction."

JAY: That's great. And a case in point, just in my role as advocate, you're doing that exactly. You're hearing very precisely what I'm saying. You're being very sensitive to the needs of the listener, and you're acknowledging them through your response, and it's very resonating.

I'm going to move, because I feel like a kid in a candy store. I've got pages of questions that if I had more time I'd like to ask. But I've got 15 or 18 minutes, and I've got to be very selective, so I'm going to move to your newest strata of thinking and direction. I want to talk about *The 8th Habit* a bit. And before we talk deeply about it, I want to ask you just a straightforward question: Why an eighth habit?

DR. COVEY: Well, it wasn't until I became aware of the movement from the industrial to the information/knowledge worker age that I even had the idea of *The 8th Habit*. I had a leadership book pretty well already developed. But as soon as I discovered how dynamic this movement was... It's as dynamic as the movement from the agricultural

age. The impact is so tremendous... And I think that most people do not have any clue of the impact of this information/knowledge worker age... how it will literally improve productivity, not just ten times, but 50 or 100 times. In software development it is 10,000 times.

As soon as I got hold of the idea of the importance of intellectual property and of intellectual and social assets -- and "social" means the quality of the trust between people. As soon as I got hold of that, I had to rewrite the whole book. And then it was "The 8th Habit," because it's like the third dimension to the other seven.

I sometimes ask audiences to close one eye and look, and you see, in a sense, one dimension of life. As soon as you open the other eye you get three dimensions. And that's what it is.

The 8th Habit is a personalization of general truths. It's kind of like coming to your own personal truth. It happened to me.

When I was a young man I was going to go into a family business. I was geared that way. My dad put me through the Harvard Business School to do it. But someone got me involved in teaching and training leaders, and I found a level of satisfaction that gave me the rest of my life. And I remember saying to my dad, who had always, I could remember, said, "If you can do it, you do it. If you can't do it, you teach it." And I always said within myself, "I don't know how my dad's going to respond to this."

Anyway, I told him after the Harvard Business School, I wanted to become a teacher. And he said to me, "You know, I never found my voice in business either. I found my voice in developing visitor's centers in my basement, and I had to develop a Renaissance mind to do that."

I find that most people have a deep hunger for greatness in their life. They really do. They want to make a truly significant impact for good. They want to optimize their talents for good. They want to be more than just being effective.

I find that's a deep hunger, and that most people -- I can ask any group, "How many agree the vast majority of the work force have a lot more intelligence and capability than their jobs even allow them to use?" They'll all raise their hands. They've lost their voice.

The knowledge worker age requires people to use their voice if they're going to succeed. The industrial age drowns out their voices and disempowers them, because it's based on a control model. It's not based on an unleashing of human talent.

That's how I got into all this material, and since I've gotten into it, I've had so much affirmation from so many sources, Jay, as to the power of it... of people who have said, "Yeah, it was this teacher, or this boss, or someone that believed in me when I didn't believe in myself. That's what made all of the difference in my life."

JAY: Now I'm going to try to do justice to the real impact that I think the book has made, and is making. But if I don't ask the question with clarity, you amend it for me.

So the first thing -- and you've gotten into it, but specifically, let's talk about what people's different personal significance can be. Because I think that particularly with the entrepreneur, with the professional, you've got a very beleaguered group of people in our society. They go out and they slug it out, and they're feeling beleaguered instead of feeling great. They're feeling passionless instead of passionate. They're feeling somewhat purposeless, and they're tactical, and they're...

And I think that you have the genesis there of what will transform more people to not just greatness in their performance, but greatness in their fulfillment, don't you?

DR. COVEY: I think if you ask four questions of yourself... What is it I really am good at? What is it I really love to do? What need can I serve? And what is life asking of me, where a person listens to their conscience. That is, you've tapped into your mind, your talent -- that is, what am I good at? Your heart, your passion -- what do I love doing? The physical side is the economic need that you're serving in society that can drive your economic engine. And the spiritual side has to do with, what does your conscience tell you to do in this circumstance, or this situation?

If you can overlap those four things, I think a person can find their voice. My experience is with most entrepreneurs that they have found their voice in that way. Sometimes they haven't. Sometimes they're beleaguered and beat up. But I think that my experience is that they are so turned on...

The problem is they don't often surround themselves with people who think differently, and who can compensate for their weakness to where they appreciate their voice, so that you create kind of a harmonious chorus, as it were, of people that really know how to work together in the use of their voices.

JAY: Now, I want to amend what I said. I agree with you, but I also want to clarify. I think that entrepreneurs start out, by and large, with a great vision.

DR. COVEY: Yeah.

JAY: It's abstract. I think that because they don't understand how to harness what I'll call the "jet stream," (and I'll use your principles as a vehicular vessel to do it) that their lack of validation, sometimes... their lack of control... their lack of impact... their lack of fulfillment -- hardens or jades them of the extraordinary might of that passionate... that lava that's waiting to explode below. And I think letting it out, if it can be channeled, is incredible.

DR. COVEY: Yeah, and that's been my experience as well. And it is, and you don't have to motivate these people, because you tap into something. Sometimes people get seduced by their present skills, and their skills may not be where their real native talent is.

I believe that when we were born, that our work was born with us...

JAY: That's interesting.

DR. COVEY: ... And that a big part of that work will take place -- probably the most important part -- in the four walls of our own home. That's why I give such emphasis to making sure that you have a lifestyle where people are empowered around you so that you have life balance, and you keep your foot on solid ground in the key areas of your life, and that you don't just lose something because of the sheer pressure of firefighting in another area. That's why you need to have a complementary team.

By the way, in every one of the 16 chapters in this 8th *Habit* book there is a video. It's on a DVD in the back. A lot of people are visual learners today, and if they will watch the video, the essence of it, and also their emotional connection to the material often takes place even more than the content of the particular chapter.

It's taken us many years to produce those videos, and I had quite an uphill fight with the product department, because these are their training films that they often sell. Plus, we had a problem with Simon Schuster, the publisher. They didn't see the vision, necessarily, of this. They can't see readers doing a DVD as well, but that's...

JAY: It's very impressive.

DR. COVEY: But it's happening, and some of these are really outstanding films that illustrate what's happening.

JAY: You're right. Each one denominates a different chapter.

I've got to reconcile an implied, not a problem, but an issue in those four points you made earlier. So conventional management and business growth wisdom says you basically, nose to the grindstone, go forward with vim, vigor and alacrity. Is doing those four functions going to potentially reveal that you're in the wrong business, or is it going to liberate even more and multiply even more productively and intensely all that power and energy that resides within you?

DR. COVEY: I think you could go either direction. If you have really a complementary team, where people will speak up and do research, you may find you're in the wrong business. If you find out that you are in the right business, and you create a complementary team, so that you have people's strengths being utilized, and their weaknesses made irrelevant, I think you've got a real leverage factor there that can make your business tremendously successful. They should be tied in. They should have a

sense of ownership, psychologically and financially, so that they're really part of this thing.

JAY: It's interesting, and I've got to point this out. I do (and you know this) programs all over the world training business owners how to be greater in performance and profitability and dominance. But they all come to me with a business they want to grow. They don't come to me and say, "Should I stay in this business?" And it's a real interesting dilemma, because you see people with different skill sets, with different challenges, who have not set themselves up necessarily with a business that can be maximized either in its asset value...

It's very interesting, and people think there's shame in reevaluating the direction of the rest of their lives. I think it's probably one of the most strategic things you could do. What do you think about that?

DR. COVEY: I know. I totally agree. Why is it that over 90% don't make it to the second year? A lot of that is operations, but I'd say most of it is they got seduced by their own enthusiasm. I can tell whether a book will work right off the bat -- whether that book is written for the reader, or written just to have the writer get across convictions. You can tell almost instantly whether it'll work or not.

JAY: Yeah, and I think there's a real interesting relevance there. Let me - I've got about five more, and I know you've got to go.

DR. COVEY: Oh, that's fine. I'm happy to visit.

JAY: You're very gracious, you really are. I want some specifics so that there's some reference examples, even if it's just modeling, or poster boys or girls for us to see. Give me a couple of examples -- very quickly, because I've got about seven more questions I'd love to ask before you have to leave -- about where you've seen others make the biggest difference. And if you could use an actual little case study, a scenario, an illustrative example... I'm looking for highly specific examples that the listeners, whether they are the manager of a billion-dollar company, division... whether they are an ophthalmologist... whether they are a \$20 million distributor of products, services... whether they are a software company... Just some examples that they can use to vector or calibrate their sense of what greatness might be like for them. It can be either companies, individuals, team members.

DR. COVEY: Right. Well, I had an interaction with the Human Resource Director the other day with Ritz Carlton, and she had been pretty much beat up in her growing up years. But she got into a very empowered culture. And I asked her what impact this has had. She said, "Not only has it changed my professional life -- it's changed my personal and family life. I have learned how to have the attitude, 'It's my pleasure.' It's a pleasure to serve another person. That spirit has so influenced my opportunity that I can literally get an audience in the throne room anytime I want with the top decision makers."

Another one was a person that accidentally killed someone and was found guilty of manslaughter, but got this proactive muscle going, and in a matter of about six months -- in jail -- changed the jail, and the culture inside that jail.

Another one -- this was a person that was setting up a new business in the field of insurance. They just started building a team of three people who had totally different strengths. This was contrary to what his natural tendency was, but he knew he needed to have a complementary team. So he found that by the two or three of them going to their clients to show the team power of selling to these clients, that they developed a huge business based on team selling that he otherwise never would have done.

Another one -- I went to a service station (because it became a fast foods store.) So I went to another service station and said to the guy, "How would you like a special deal? You take care of all my cars, and I'll give you all my business." And he said, "Mr. Covey, I'll take care of your cars as if they were my own." And he does. Then he decided to go to his neighborhood, and he got 20 other families to do the same, exact thing. He has to compete against the majors, and he can't do it when there's price wars because the margin is so small on gas. But he makes so much in services, and on the back end.

I just find that anyone who's proactive, and who's creative and innovative, if they will just learn to empathize with the market and with the people, they can, in a short period of time have a much, much larger circle of influence, and have a very profitable operation.

JAY: That's great. Now, let me ask you, just so I'm respectful... how much more time do you have, respectfully? Because I've got about seven more questions.

DR. COVEY: Let's just go at 'em.

JAY: OK, you're gracious. You talk a lot about universal, immutable principles in both your books.

DR. COVEY: Right.

JAY: And I spend a lot of time looking at events, results, outcomes, good or bad, and I always know that there's a principle at work driving it. I'd like to know if you could give me a list of your top two, three, five, ten -- whatever -- universal principles that we must all learn to understand, respect, honor, harness, and use constantly, or not abuse, and just some examples. Because I think they're principles that apply... I don't want to be prescriptive, but they are principles that are immutable for all of us. What would they be?

DR. COVEY: OK, I'll give you an illustration. There's four parts to our nature: our body, mind, heart and spirit. So there's a principle associated with each one. For the body, the principle is fairness. For the heart, the principle is kindness and respect. For

the mind, the principle is developing and using talent. For the spirit, the principle is meaning and also integrity.

The other day I did a satellite to China. I know we're going to do one on June 15th around this country to 30 different markets. Well, they said to me, "Dr. Covey, how does all this stuff pertain to Confucius country?" And I just said, "Do you believe in the importance of fairness?" "Yeah, uh huh." "What about treating people with kindness?" "Oh yes, certainly." "What about the development and use of their talent?" "Absolutely." "What about having need for work, where you add real value?" "Yeah." "What about integrity?" "Oh, that's central to Confucius."

I said, "Those are the principles. Same thing in the Koran. Same thing in the Bhagavad Gita. These are timeless, universal principles."

So what does it mean for a person setting up a job? "Pay me fairly, treat me kindly, involve me creatively in doing meaningful work in principled ways." Those are the principles.

JAY: Those are great, those are great. I've got so many good ones. This is a very interesting one. You talk in the new book -- I believe it's the new book. If I'm wrong, apologies. There's a whole section on the speed of trust, and it's a very powerful, and a very, very subtle, but important recognition factor that we can all really harness and capitalize on. Rather than spending a lot of time, can you give us the bottom line of the impact, the relevance, and what it really means?

DR. COVEY: Well, you think about it. Trust is the glue of life, and if there is low trust because of past duplicity, or a lack of being authentic and transparent, you're going to end up affecting the decisions, the relationships, and all of the taxes that you pay won't even begin to equal the cost of that low-trust culture.

You get a high-trust culture, where you live by principles and people know it, you can make mistakes, and they'll forget the mistake. It makes no difference. It's faster than the Internet.

In an Internet, you can't make a mistake without the thing suffering. With a person, you make a mistake -- "I know what you mean. Don't worry about it, Stephen. I know you. I know what you're like. I know what your motive is." This kind of trust has very practical, hard-edged economic consequences.

I have a son, Stephen -- M.R. -- who is really drawing down on this subject, and is coming up with amazing information -- hard-edge information -- on the speed and cost of high or low trust.

JAY: It's very powerful. I think you've gone a long way today to denominate the upside leverage -- and the down -- in a lot of very intangible elements that we don't really think

about very carefully, and certainly don't capitalize or really embrace, and that's a great one.

Another one -- in *The 8th Habit* you talked about path finding. I love that word. It conjures up very exciting, moving thought, but it is abstract. Can you give me a tangible, illustrative example that clearly defines not just what it means, but what it can and has looked like for some others? Because I love path finding.

DR. COVEY: It basically means, what is your purpose, and what are your goals and plans to achieve those goals? So based on your profession or your business, you'd say, "My purpose, or my value proposition (like in this call today) would be to try to communicate some basic elements of moving toward true greatness. OK?

And then what are some of the main goals? Well, the goal of covering the subject of trust, like we just did very briefly... the goal of how you set up a complementary team... the goal of how you empathically listen to somebody else...

So essentially, that's what path finding means. In fact, in Germany, do you know that path finding means leadership?

JAY: No, really?

DR. COVEY: Yeah. I didn't realize that.

JAY: I think it's a profoundly good mental reference frame for people to sort of indelibly embed and deepen their mind and use as a reference.

DR. COVEY: Yeah.

JAY: I've got three more, and I think you're going to like them. OK? They're different. The first one is, who/what has influenced you the most in your work, specifically, and what was or were the biggest single insight, revelation, realization... that you got from it or them, and what might be a lesson that we all can take from that?

DR. COVEY: I would say one of them was Abraham Maslow. He taught, "He that is good with a hammer tends to think everything is a nail." In other words, you have to ask the question, "Is this an independent or an interdependent issue?" If it's an independent issue, think independently. If it's interdependent, think interdependently.

In other words, you have to learn to be bilingual. You cannot just take one success formula and apply it across the board. You have to first understand and diagnose what the situation is, then come up with the best answer.

I think another powerful influencer was Peter Drucker. He's the one that got me into this whole difference between effectiveness and efficiency... between opportunism and problem solving... between yesterday and today. He has a very powerful influence.

Another one is that man that got me into teaching and training leaders, to where I decided to become a teacher and eventually set up a business dealing with empowerment of teachers. Now we have over 50,000 trained teachers inside organizations teaching what I'm talking about today -- 50,000 all around this world, and it's because we got them to teach, and to be certified as teachers inside their own organizations. And they're turned on by teaching, and the best way to learn something is to teach it.

JAY: That's wonderful. Next, and the second to the final question: What books, other than your own, do you urge everyone -- And by the way, these books are so invaluable, and so central, and so vital, I commend everyone to read them many times, if you haven't, including *The 8th Habit*, which is going to really springboard you to such a loftier level of thought and action. But what other books would you urge everyone here to read, why, and what's the biggest single message they'll get out of them?

DR. COVEY: I would say *Man's Search For Meaning*, by Viktor Frankl.

JAY: Great book.

DR. COVEY: Profoundly influential book. Another one is *A Guide For The Perplexed* by Schumacher. It teaches you about the four levels of being, and how the human being has unique gifts and talents that can enable us to reinvent our life.

I'd say another one would be the Scriptures. I prayerfully ponder the Scriptures every morning and every night. I can't tell you the impact that has. Other people will study the literature that inspires them, or they'll get alone and meditate. Everyone does it differently, but to me, it helps me to get centered on that which seems to be infinite, and seems to have the source of eternal wisdom.

I also enjoy reading a lot of these new books. I enjoy your books, Jay, immensely. I think you're one of the great business and marketing minds I've ever known, and I've enjoyed that time that we had together in Vegas.

JAY: You're very gracious. Thank you.

DR. COVEY: So I'm a constant reader, and I'm sent all kinds of books for endorsement purposes. And I can tell right off the bat whether they'll work, as I mentioned earlier -- whether they're written for the reader, or just to let the writer get convictions out.

JAY: That's great. Thank you very much. The last, and probably in many ways, the most significant: You've invested very graciously. You had a time schedule you subordinated your own needs for the betterment of these people. We're very appreciative. But now that you've invested ninety-some minutes in us, and in hopefully impacting, challenging and transforming our lives, what's the biggest single implication, realization, or recognition you want us to take away from the time you've invested in our lives today that we can take home and act upon? And what's the most important single

step you'd like to see each and every one of us take immediately? And finally, why? And that's it.

DR. COVEY: I would say educate and obey your conscience. Your conscience gives you a kind of peace different than peace of mind. Peace of mind means you've paid your mortgage off. Peace of conscience means you're true to your promises, to your vows. You're honest in all your business dealings. And I find that people that strive for peace of conscience have an internal source of courage, and great strength.

I would also say this: As I mentioned earlier, the most important work we'll ever do is in the four walls of our own home. So don't neglect your children and your grandchildren. Have special personal relationships with every one of them so that you can leave a legacy that is sustainable. Even Maslow himself on his deathbed renounced his Need Hierarchy Theory, and most people don't know that because they haven't read the material that has come since his passing. He basically said that self transcendence is much greater than self actualization... that you're focused on higher purposes and higher goals that benefit other people, not just the enhancement of yourself.

So to me, that is a very practical take home thing: Develop transcendent mission statements, and have one for your family that focuses upon serving other families. We would strike the death blow to 90% of the social problems in our society if every functional family would adopt psychologically one dysfunctional one, or one kid that has been abused and neglected. My wife has adopted so many of these, and I admire her enormously for what she has done in blessing their lives.

JAY: Stephen, will you allow me to ask one more?

DR. COVEY: You bet.

JAY: OK. This is truly it. What one question did I not ask, should I have asked you, wish I would have asked, and that needs to be asked and answered before you're done with us?

DR. COVEY: Oh, I'd say you're pretty comprehensive, Jay! And I'm trying to think of one question right now...

JAY: Is there anything that you --

DR. COVEY: If I would ask one question about what I would put at the center of your life, my answer would be God.

JAY: OK.

DR. COVEY: So that's my personal belief. But I want to say thanks to you, Jay, and also to the listeners for your enduring this hour and a half, and hope someday that our

paths will cross. And I wish all of you all of the best, for you, and for your families, and for your organizations. I really have enjoyed this immensely.

JAY: You're gracious. You've certainly made my day, and you've impacted me in ways you'll never know. Thank you very much. You're a remarkable man.

DR. COVEY: Well, thank you Jay, very much. And thanks to everyone.

JAY: Goodbye.

DR. COVEY: Bye.

JAY: Thank you, everybody. We're done. I hope that this has challenged your thinking, stretched your sense of possibility, animated your spirit, given you some renewed and expansive direction. We will be giving to everybody a summary review of the questions, the answers. I am very impressed with the mind and the thinking of Dr. Covey. He's a very remarkable man, and I hope this will have a profound and a tangible impact of the highest magnitude on each and every one of your business lives, your personal lives, and will impact and transcend back to all the reaches.

Thank you all. It has been my great honor and pleasure to hopefully draw a bit more of the greatness out of a very great man and translate it.

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