



## 5 BIG Reasons Why Entrepreneurs Fail and What to Do About It

Steve Sanduski: Hello, everybody, and welcome back to On Your Mark, Get Set, Grow. This is the podcast of CEO Coaching International and I'm your host, Steve Sanduski. Joining me today is the founding partner of CEO Coaching International and the author of the bestselling book, Make Big Happen. Mark Moses, it's great to have you on the show.

Mark Moses: Steve, great to be back with you. Thank you.

Steve Sanduski: Mark, we just got back from spending a few days together out in beautiful Newport Beach, California and just completed the fourth annual CEO Coaching International Summit and man, I got to tell you, that was a fantastic event.

Mark Moses: I loved it. What an opportunity to connect with CEOs from all over the world. Amazing. Folks flew in from all over Europe and Australia, Canada and of course all over the U.S. It was a really exciting time for us to get to know everybody and also hear from some amazing speakers like Verne Harnish and Jack Daly, Scott Bornstein, John DiJulius and a number of our own clients that have made some pretty big things happen. It was really cool.

Steve Sanduski: Yeah. It certainly was. I know I've got all kinds of notes. Fortunately, I brought a digital recorder so I've got some of these sessions recorded and I can go back and listen to them. What was really, I think somewhat unique about this event is in addition to all the great speakers that you just mentioned, we also had, and you and I have talked about this, this rollercoaster of emotions. We had a couple of speakers that really had some powerful presentations and just really helped us zero in on the things that are most important in life.

I think that was a couple of presentations that really helped set this event apart from some of the other events that I've been to over the years, so kudos to you and the team for really putting together a great event, a great mix of hard-hitting business content and also some life related things because as hard

charging entrepreneurs, a lot of the folks that are listening to this, we also have to understand that in addition to building our businesses, we've got to take care of our bodies and we've got to take care of our relationships. We had a couple of speakers that really, really hit home with that. Then, of course, we had some fun too. We had a nice luau one evening and just a beautiful event there in a great town, Newport Beach, California.

Mark Moses: Yeah. It's really true. I do want to comment on Jennifer and Jessica Carroll speaking about their rock star husband and Jessica speaking about her father, Phil Carroll who is an amazing human being, leader, entrepreneur, YPO-er, EO-er. I had the opportunities to know Phil Carroll for over 20 years and just an amazing, amazing guy and to hear the stories that Jennifer and Jessica told about Phil was truly amazing. I know when you got a whole room of CEOs crying, it was really, really moving.

Steve Sanduski: Yeah, it certainly was. I never met Phil but I feel like I know him after listening to Jennifer and Jessica speak and showing some of the videos and yeah, it was a moving presentation and four great Phil-osophies, as Jennifer and Jessica call them, that they shared with us that were really hugely important. Yeah, we've got a lot of that captured on the website at [ceocoachinginternational.com](http://ceocoachinginternational.com). We've got a really nice summary blog post that has a lot of the highlights from the events, so I certainly encourage the listeners to go check that out as well.

Hey, Mark. Today, we are going to talk about some reasons why entrepreneurs fail to execute and you obviously have been an entrepreneur yourself. You are an entrepreneur to this day but you've built a couple of big companies in the past and you're on your third big company today with the coaching organization, so you spent a lot of time with entrepreneurs and you know what works and what doesn't work. Today, we're going to have a conversation today about five reasons why entrepreneurs fail to execute. Why don't you start us off with that?

Mark Moses: Let's start with number one. They don't know where they want to go. Shocking but true. If folks don't know where they want to go, for sure, they are not going to get there.

Steve Sanduski: What's the best way that you found for people to figure that out? Is it just, are there certain questions that you typically will ask that get people thinking about where they want to go or how do you go about unpacking that a little bit?

Mark Moses: Yeah. As simple as this is, I like the crystal ball. If three years from now, Steve, you and me are together, we're celebrating big because you achieved what? Get very clear on what it is that you want. That simple question three years from now, you and I, we're celebrating big. We're out in Hawaii, having a nice glass of red wine. We're celebrating because you achieved what, so getting clear on what that is.

Steve Sanduski: Now, give me an example. You've worked with hundreds of entrepreneurs around the world and they've taken this crystal ball exercise. What are some typical answers that you hear when you ask that question?

Mark Moses: Some good answers that I hear ... I hear a lot of bad answers but good answers are very clear, I'll start with the business side first, very clear on what they want for revenue. For example, I would like to be doing \$100 million in revenue and earn \$20 million in profit. That's a very clear measurable outcome. Then, on the personal side, it's I want to be healthy and fit by weighing 165 pounds with a body fat of 10%.

Steve Sanduski: You're saying some things here that are very specific and measurable, \$100 million in revenue, certain percentage of body fat. I'm assuming then that's going to be one of the keys here that it has to be something that's very specific that you can quantify and that you can say a year or two, three years from now that yes, I actually achieved that because I've measured it and here's the outcome.

Mark Moses: Yeah. If you're not clear on what is the outcome that you want, how do you know if you've hit it? Many people, some of the bad answers are, "Well, I'd like to grow my business and I'd like to grow it with little drama." Although that is a desirable growth and no drama, it's not very clear as to, did I grow by a dollar or did I grow by \$50 million? I'm just not certain if somebody would be happy with that outcome if they weren't clear on what that specific destination is. For example, I want to go on vacation, where do you want to go? "Well, I haven't really decided yet." I'm not sure you're going to get to wherever that is unless you decided I want to go cycle the hills in Tuscany and enjoy some good meals and good wine at the top of Montalcino. I think you got to get clear on what you want.

Steve Sanduski: Now, I think there's a little bit of disagreement out there in terms of when you're setting this objective, when you're identifying what it is that you want, so here, let's give this example of 100 million in revenues three years from now. Let's say that you're currently at 20 million, okay? To go from 20 million to 100 million in revenue in three years, that's a pretty big number. What is your philosophy when you're working with client in terms of how big of a goal do you set for them, how big of a stretch? Can you even quantify it as far as saying that the goal that you set, you should have a 50% probability of hitting it, a 20%, an 80%? Let me just throw that out and I want to get your thoughts on just how big of a goal you should set.

Mark Moses: Yeah. I've heard the debates on this. One of your pals and my pal, Ron Carson, is a great example of somebody that, hey, if you achieved 100% of your goal, you didn't strive high enough, so if you get 75 or 80%, he would tell you that it's probably just about right. I feel a little bit different than that. I'd like to ... which leads me to my second point to the five in having a specific plan on how to get there. I want to have a very high probability of achieving it and I'm going to

build my plan such that I do achieve it because I want to determine what the specific and measurable activities are that will lead me to the outcome that I want.

Steve Sanduski: I would imagine that there's also some psychological benefit there because we all like to be winners and if we're setting these goals ... Now, we don't want to set the bar too low, so that we can just step over it but as you're describing, we definitely want to set it out there. We want to have a specific plan to get there and if we can execute effectively, we can hit that, there's got to be some psychological benefit to hitting your goals or actually exceeding your goals and giving you some positive momentum there, I would imagine.

Mark Moses: Yeah, for sure. Look. Compensation programs and bonus structures for our leadership team and employees in the company are built on achieving goals, so it can be demoralizing and bad for culture if we may still grow at an incredible rate in a year but yet fall short of hitting the plan and then, what happens to all the bonuses and what happens to the culture of people not hitting them and especially if the CEO had structured the plan such that they were happy at 75 to 80% of target?

Steve Sanduski: Okay. The second one here, they don't have a specific plan on how to get there. When you're working with a new client and you've identified what it is that you want and then the second is what do you have to do to get there, those that fail, they obviously don't have that plan. Again, does this kind of get back to you're just asking them specific questions to try and drill down to what that actual action plan needs to be to hit the goals that you identified here in step one?

Mark Moses: Yeah, absolutely. You and I, on this program, have talked about this before. It's really drilling down to what are the specific and measurable items that will lead me to get what I want. For example, when Rich Balot over at A Wireless Verizon dealer set his goal, a 10-year-goal to do a billion dollars, people went, "Oh my God, that is so big," but the growth rate was around 23% per year. When they saw that, they went, "Oh, that really isn't that big." He ended up achieving that goal five years ahead of plan.

If you look at Grasshopper, they were very, very disciplined about their annual and quarterly planning sessions to really drill down on what it was that they wanted and what were the specific and measurable activities to get what they want along with their who, what, when. Who's going to do it? What are they going to do and when are they going to do it?

Steve Sanduski: In terms of identifying what it is that ... the specific plan to get there, is it a bit of an iterative process meaning that we think if we do A, B and C, that that's going to lead to the desired outcome and you kind of go down that path, then, if it's working, great, you do more of it, if it's not working, you adjust or do you find that most companies already have a pretty good idea of the specific activities that they need to do to lead to their desired outcome?

Mark Moses: When I ask people to fill out the crystal ball, every single person except one on the specific and measurable activities that I've ever seen gets an F on that second question, what are the specific and measurable activities that will lead me to the outcome that they want, because they're typically not specific or measurable. They're more themes or I don't really buy the activities that they've chosen will really drive them and get them to what they really want. They're choosing the wrong items.

It's really, as you have described as an iterative, going through the process to determine what will really bring us what we want. Some of it is doing more of what we're already doing today that is working and some of it may be we have some assumptions that we've laid out that we believe, if we follow these assumptions, it will lead us to what we want and we'll go through a period of testing our assumptions to do that. When you move it into more of a one-year plan, you'll likely know with a high probability. I do X, I get Y.

Steve Sanduski: Okay. All right. We've talked about two of the five reasons why entrepreneurs fail to execute. What's the third reason that you found?

Mark Moses: This one is ... This is probably the biggest one and that is they don't have the right people in the right jobs. If there isn't a day that goes by, whether I'm speaking in front of an audience or I'm talking to my clients, this item is ... People have been in organizations for, in some cases, for a long time, sometimes since the beginning and they aren't the people that will take the organization where it needs to go because they haven't walked in those shoes before. They might be comfortable running a 15 or \$20 million business but have never ran ... have never been the head of sales or chief operating officer of a \$100 million business. Because of that, they're not likely to be able to get there. We talked about Rich Balot a moment ago. When we replaced his best friend, who is the head of sales and brought in a top guy in the country to come in and do that, that propelled our growth in a very meaningful way by having that right person that could actually execute. Been there, done it, got it and they could execute that.

Steve Sanduski: In that scenario, how do you balance the idea of trying to grow from within meaning you have an employee who starts with the company and they continue to grow, they get promoted and as the company grows, they're able to grow for ... That's kind of good for culture, that people can see, "There's an upward path here as the company grows. If I work hard and do well, I can grow along with the company," versus those who maybe they're good role players and they're good at a specific function but they're never going to be a C suite executive. How do you strike that balance between they're good enough to keep versus you might have to let them go like this example you just gave of the head of sales?

Mark Moses: Yeah. That's a very good point, Steve. There is definitely a cultural impact, for example, if you have to move somebody on that had been with the company

since the beginning and they've been loyal and hardworking and have been a fantastic employee. It would, if you just fire them, will have a very negative impact on the culture and other people will think in the organization if that's the way you as the leader take care of them, how are you going to take care of me? Why should I continue to invest? It's very valid point.

On the other side of that is ... Let me give you an example. A good friend of mine has this great guy running marketing in the company today but the company has grown meaningfully and this person just doesn't have the skillset to run a company that's in excess of \$100 million but there are people that we could hire that are working for competitors that have the skillset, been there and done it that will help us achieve what we really want. If you really want to do what's best for the organization and what's best for the employee, because they're going to get an unbelievable masters. They're going to get an education here by riding side by side and learning from that person that brings a different skillset which will also bring them along. It depends on how it's positioned.

As an overarching theme, what I have learned from the companies that execute better than all the rest, they continue to upgrade the talent in their organization by bringing on people that have been there before and if executed successfully at other places to really take the company where it wants to go. I'd like folks to think about this. Figure out where you want to be 12 or 18 months from now and hire those people today so you wake up 12, 18 months from now and actually have achieved it rather than continuing to aspire to.

Steve Sanduski: We're talking here about getting the right people in the right jobs. Now, I know we could do a whole separate episode on this next question and that is how do you actually screen for these people? If you know you need to hire from the outside, do you have any quick tips on how entrepreneurs, CEOs, companies can increase their success rate in hiring other folks to the company?

Mark Moses: Yeah. We could do a whole episode on this one topic but the short answer, Steve, is go find a great search firm to put seven to 10 people that are world class in front of you and find the best person in terms of what they can bring to your firm and secondly, cultural fit.

Steve Sanduski: Okay. I know that cultural fit. We've had other episodes talking about that as well. That is such a key thing as well and that's going to start from the top of the organization in just making sure that you could have a good employee that performs well but if they're not a good cultural fit, they might drag down some of the people that they're working with so that could be an issue there.

Mark Moses: Steve, I have to say that one of the best that I've had the opportunity to work with are Bryce Maddock and Jaspar Weir at TaskUs. These guys, when I started working with them, were a \$5 million business. We went from five million to 15 million to 52 million to 80 million and this year, we'll do 120 million. We have continuously upgraded the talent in their organization. Today, they have a world

class team leading that business but we've had to upgrade the team in order to be able to go from five million to \$120 million business.

Steve Sanduski: I know we've had Bryce on a previous podcast as well, so I certainly encourage the listeners to go back to that but Bryce also spoke at the CEO Coaching Summit here recently. One of the things that he talked about was this idea of, I think he called it the employee net promoter score. I'm sure most listeners are familiar with the net promoter score but they did this with employees and had the employees rate the company. I think they got some great insights. He went through some of his math and some of the quantitative analysis they did on those results that really helped them enhance the culture and really identify what are the specific drivers of employee engagement and longevity with the firm and those sorts of things. I thought that was pretty fascinating what he went through there.

Mark Moses: Yeah. These guys are 30 years old, have over 8,000 employees and they really, really care about their employee satisfaction. We do measure the employee net promoter score and our, what we call ESAT, our employee satisfaction. These guys do a great job. Because they're paying attention to it and they know what it is that they want, they've built a plan to go out and do that and the proof's in the pudding. You can see it in the analytical metrics in terms of their employee net promoter score.

Steve Sanduski: Yeah. I think that leads us right into reason number four, why entrepreneurs fail to execute and that's about having poor accountability systems.

Mark Moses: Great point. It's true. We see it repeatedly. The firms that operate with accountability systems and have scoreboards and the scoreboards are posted or big computer screens when you walk in and everybody is clear on what it is that they're trying to achieve, there's accountability by department, by person, by quarter, by month, by week, by day, the firms that operate with that kind of accountability, far, far, far surpass the firms that do not. Many firms are guilty as charged on this topic. They don't have accountability systems or very poor accountability systems and they wonder why their competition crushes them.

Steve Sanduski: One of the things you mentioned there was the idea of having a scoreboard. You mentioned maybe you've got a big screen on the wall that is continuously updating some of these metrics that the company's measuring. Now, so I'm wondering though that if you have clients that are frequently coming into your office, is there any concern that some of these numbers that you have on your scoreboard are really more private information to the employees of the company and not necessarily something that you want customers to see as they're walking through your office? How do you handle that?

Mark Moses: They could be put in an area of ... If there are certain things that the firm wants to be private for employees only, then those can be placed in an area of the office where maybe customers don't happen to walk through. In my office, we

had this stuff posted and when people walk in, we embraced it and showed them ... This is back when I was running my mortgage company. Everything was very clearly visible with scoreboards. I didn't see any issue with customers coming in, our vendors, our bankers. Anybody would see it. It was fine.

Steve Sanduski: I have to edit that piece out. Mark, are you finding then that the companies that are really focused on this type of measurement or putting these scoreboards throughout the office, that that lets the team know as they walk by and they can see every single day whether we're essentially red, yellow, green, let's say? Green is, hey, we're on plan or above plan and yellow is we're a little bit below plan and red is, hey, we're way behind plan. Just that cue, being able to see that on a daily basis, people can tell whether they're falling behind or not and that's a good motivator for them?

Mark Moses: Absolutely. Sheldon Wolitski from The Select Group who's been on our show before, they do a great job with that. These are guys that over the last six years have gone from 18 million in revenue to 140 million. They're very, very clear, very clear. They've done a great job on determining what the activities are that will lead to the outcome and have a great measurement system in place. It's very visible for all to see.

Steve Sanduski: All right. We've gone through four. What would be the fifth one?

Mark Moses: The fifth one is they have ... I'm sure this won't surprise anybody listening, is they have poor focus and discipline. I think that's pretty obvious. Put together a plan. Follow it with tremendous focus and discipline and you'll hit it. There are many entrepreneurs and leaders that get sidetracked and a new shiny object comes into play and they want to try it out. They want to chase that rabbit. There's a time to do that but it's not a strength in execution.

If we're talking about innovation and we're throwing a bunch of stuff at the wall and trying to think what we might try and experiment on, that's different but in terms of executing the plan that we've already put together, we've already determined what it is that we want and we've determined how it is, we're going to make that happen through a specific plan. We got the right people in place. We have accountability systems. Now, it's time to follow it. The leader of the firm needs to get the team to buy into that process and execute and follow it with discipline.

Steve Sanduski: Now, how do we actually get that focus and discipline because lots of entrepreneurs, as you talked about, they like that shiny object, they like the next new thing and they come up with one idea and they're like, "Oh, you know, this is great," and then boom, they move onto the next one before they've finished the first one? How do you help instill this focus and discipline in entrepreneurs and CEOs?



Mark Moses: It's the rhythm that they operate under. I like the annual planning session with the management team, typically two, two and a half day offsite meeting with the leadership team of the company, follow that up with a quarterly planning session a day, a day and a half with the leadership team, drill down on what we need to achieve that quarter that's aligned with what we want to achieve with the annual plan, have monthly communication systems to the company on how we're doing, a weekly leadership team meeting focused on the goals and activities, the who, what, when we discuss at the quarterly planning meetings. I mentioned Grasshopper earlier. I've never seen anybody better than those guys under Don Schiavone's leadership in terms of executing that discipline in terms of who, what, when and holding people accountable to what they said they would do.

Steve Sanduski: Let me ask you this. You know Don really well and I would imagine he has done the DISC assessment and I think probably a lot of people listening to this know what the DISC assessment is. Is there a particular DISC profile that you could look at and say, "Okay, this is a person who's really going to be disciplined and focused and they're someone who could help hold the organization accountable"? Is there a certain profile that would match that?

Mark Moses: There is. There's two pieces to that. Funny you mentioned Don. I like to tease Don about his profile because Don is a very dominant leader but he's also highly analytical. He has what I like to call the 'go, woah' profile. "Go, I want to get it done. Woah, I need to analyze it 47 more times before I make a decision." I tease Don about that and Don is great at execution, yet, he has the discipline to follow through and that's the higher C. The low C, and I could tease my wife about her low C score at five out of 100 which rules are meant for others, not for her. Now, many might say that about their own spouses but in this case, five out 100 is a pretty low score. On the other hand, Don operates at about 90, so highly anal-retentive guy that if it's on the to-do list, it's going to get done. It's going to get done with discipline, a system in process and it's going to be right.

Steve Sanduski: My DISC score as well, so I think I'm pretty close to Don.

Mark Moses: I think I just described you both.

Steve Sanduski: Yep. All right. Okay. We've gone through five reasons why entrepreneurs fail to execute. The first one is that they do not know where they want to go. The second is they have no specific plan on how to get to where if they don't know where they want to go. Number three is they do not put the right people in the right jobs. Number four is they have poor accountability systems and number five is they have a lack of focus and discipline. I want to wrap up here with just a few rapid-fire questions but before I throw those at you-

Mark Moses: Hey, Steve.

Steve Sanduski: Yeah?

Mark Moses: I was just going to say before you go through that, when I opened up the summit last week here in Newport Beach, I shared with the group 16 things we, as a firm, have learned coaching top performers, the 16 things that they do in order to achieve the success that they've had. Maybe we could just attach a link to those 16 things so anybody that wants to see what the top performers are doing could link up to that and see where their strengths are and where they might have room for improvement.

Steve Sanduski: Yeah, definitely. We'll get that added to the show notes page at [ceocoachinginternational.com](http://ceocoachinginternational.com). All right. Mark, are you ready to ... put you on a hot seat here?

Mark Moses: I look forward to it. It's always my favorite part.

Steve Sanduski: Okay, all right. Let's start with, what is a favorite question you like to ask when you meet someone new?

Mark Moses: You and I are together a year from now and we're celebrating big because you achieved what?

Steve Sanduski: That sounds like from the crystal ball exercise.

Mark Moses: I love the question, tells me a lot about the person I'm meeting.

Steve Sanduski: Yeah, excellent. Okay. How about ... You have worked with a lot of people over your career. You've met a lot of really talented folks. Who would you say is the ... Who has had the greatest impact on you as a leader?

Mark Moses: That will be Jack Daly. I had the opportunity to work side by side with Jack Daly for seven years. He was my business partner at my mortgage company and he's truly a pro. Having the opportunity to work next to him for that period of time was awesome. Learned a great deal.

Steve Sanduski: Great. Speaking of learning, I know you read a lot of books, what is a book that you're reading right now?

Mark Moses: As you know, I'm a listener to books. I love doing them on Audible. I just finished one yesterday but let me share this. My favorite business books, I'll give you two that I've read over the last year, is Marshall Goldsmith's book, What Got You Here Won't Get You There. I think it's a great leadership book. I love his top 20 that he's got in there. It's awesome, and Salim Ismail's book, Exponential Organizations. I just finished yesterday a great book by Thomas Friedman, Thank You for Being Late. The title doesn't really tell you what the book's about but the book is really about the speed that the world is changing. The growth is moving so, so quickly and society's inability to keep up with that speed of growth. Fascinating read.

Steve Sanduski: Yeah. No, I had checked that book out, that Thomas Friedman book out. I checked it out from the library but I had several others at the same time so I had to turn it back in but that ... based on your recommendation, I'm going to have to pull that baby back and read that. Friedman, he's a great writer, written a lot of great stuff over the years, so thanks for sharing that one. Let me ask you one final question here and that is, what is your strangest daily habit that you're able to share in front of thousands of people on the podcast?

Mark Moses: I don't know how strange it is but I get up at 5 a.m. every day. That's my alarm set but I usually wake up 10 minutes early at 4:50 so I can get the party started, my Bulletproof coffee with a little coconut oil and some grass-fed butter and do a little work on my computer before I head off to the gym.

Steve Sanduski: Okay. Now, the only thing you need to add to that, Mark, though based on what we heard from Cyrus Sigari is you need to take a cold shower.

Mark Moses: We did do that. You know what, I've added that into my routine but I usually do my shower after the gym, so I've been doing the cold shower every day as well and Cyrus is right. You wake up or you get out of that shower feeling alive.

Steve Sanduski: Yeah. For the past few months, even before I heard Cyrus talk about it, I have been finishing my showers with about 45 seconds or so of just cold. That definitely is a nice blast and a good way to get you out of the shower quickly and get the blood circulating.

Mark Moses: You could step that up to five minutes, pal. After 45 seconds, you're used to it, five minutes, you come out. Try it out. You will feel alive. Listen, pal. Life is to be lived, so might as well live it.

Steve Sanduski: That's right. All right. You've set the challenge out there. Now, I got to go for it. Hey, Mark. This is great. It's always fun to catch up with you and thanks for taking some time here to be on the podcast. You shared some great ideas and we'll look forward to getting you back on the show again down the road.

Mark Moses: Thank you, Steve.

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