

*"You must have this book and follow this plan.
It will save you ten years of hard work."*

Brian Tracy *New York Times best selling author*

**SAMPLE
CHAPTER**

THE
**thought
leaders**
PRACTICE

**Do work you love
with people you like
the way you want**

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1.

Practice vs Business

*Deciding what not to do is as important
as deciding what to do.*

— STEVE JOBS

Mostly we think of two ways to earn an income — get a job or run a business. Of course when you get a job you are usually working in someone else's organization.

There is a third option that is often overlooked — a practice. This book is all about how to build a very specific type of practice — an 'infopreneurial' or thought leaders practice. We believe that for clever people who like to teach and share advice this is a very compelling model. But we're getting ahead of ourselves. Let's unpack the distinctions between a business and a practice.

WHAT'S A PRACTICE?

A practice is based on the expertise of the principal. Taking, for example, the case of brain surgery, the practice is based on the expertise of the surgeon. Whilst there are other people in the practice supporting her, the surgeon is the one who does all the delivery (in this case, the brain surgery). If she is sick, the receptionist isn't going to fill in for her. Without the brain surgeon, the practice isn't worth anything.

If you are a brain surgeon, you make money by performing surgery. You can't create a procedure manual for brain surgery and train an apprentice to take over while you sit on a beach somewhere. The whole practice is built around the expert — the brain surgeon. Everyone from the receptionist to the nurse is there to help the brain surgeon do her job, and to bring in the money.

The structure is a very hierarchical kind of a triangle. A practice runs top down — everything gets created and deployed from the principal's mind. A great team in the triangle is, of course, essential. The players in these practices are very much interdependent.

In the case of an infopreneurial practice, everything is built around the subject-matter expertise — or the ideas — of the principal. The expert is typically a consultant, speaker, author, trainer, mentor, facilitator or coach (and as we will see shortly, is ideally a combination of these).

Practices, compared with businesses, generally have low start-up costs and are then funded from the cash flow created in the practice. For example, you get a website when you can afford one. Businesses, on the other hand, have an initial investment focus (which may be a low-budget start-up) with later raising of funds or capital investment to get them to the next level. A practice needs to operate with low running costs and high margins. Because you can't sell a practice at the end, you need to be making good money along the way.

Unlike businesses, where owners seek to create systems and replace themselves, the practice owner never gets replaced. From day one, the job of the thought leader within the practice is to think, sell and deliver. Eventually there will be support staff to help do all the other things, but the principal will still be doing the thinking, selling and delivering. Consequently, to run a thought leader's practice you have to be prepared to work hard (especially at the start), and you have to love what you do.

WHAT'S A BUSINESS?

There are all sorts of businesses, from the Ford Motor Company down to your neighborhood restaurant or milk bar (for Gen Y readers — a milk bar is like a convenience store from the olden days that closes at night and doesn't sell frozen slushies).

A successful business can operate separately from its founder or owner and, if it's set up right, can be sold. It is essentially about leveraging something other than the owner to make money. It might be leveraging other people's time (staff) or it could be leveraging a technology or a piece of machinery. To be a business, you have to go from doing the work to getting the work done.

An unsuccessful business is one where the owner has bought themselves a job — and typically a low-paid job with long hours working for a lunatic (themselves). In his bestselling book *The E-Myth*, Michael Gerber explores what he calls the 'entrepreneurial seizure'. This is the moment when people decide to start their own business. He uses the seizure analogy because he believes many have that initial entrepreneurial spark, only to revert to working for a wage, but this time with the responsibility of paying all the bills as well.

Gerber's suggestion is that you should obsess about systems and procedures, and as a result leverage process to gain freedom for the owner. He suggests that you run every business like a turnkey franchise: systematize whatever you can so that the 'lowest common denominator' staff can operate with the highest level of efficiency.

Systems can definitely set you free. They don't only apply to businesses — they also apply to practices. However, there is an important distinction around the primary focus of the game of business versus the game of practice. It's about whether the focus is on *freedom* and money, or *fulfillment* and money.

Many great entrepreneurs play a game of trading off fulfillment quite often in the short-term so that they can achieve freedom in the long term. Like exercise, there is a certain delayed gratification to the

entrepreneur game. True entrepreneurs love the game of business and often don't get excited by the actual business they are in. Instead, it's the *game* of business that drives them. Often, it's the multiples they can derive from the nature of the business. Insurance and call centers are examples of businesses that have great multiples but for many are not that stimulating in their own right.

The infopreneur who builds a practice and is a practitioner is playing a different game. The primary pursuit is not freedom; it is fulfillment. Using the concepts in this book, freedom is attainable — but whereas entrepreneurs are working to get themselves out of a business, practitioners are putting themselves into their practice. This idea is quite simplistic in nature, but fundamental to the thought leader's practice game plan.

These two games, the practice one and the business one, are not mutually exclusive concepts, but they are quite different games. They may look the same at first glance, but they definitely are not. There are principles that apply in one that do not apply in the other, and the outcomes of each are quite different.

PRACTICE	BUSINESS
Small team	Large team
Low start-up cost	High start-up cost
Based around expert	Based on systems
Has no value outside founder	Has value outside founder
Can't be sold	Can be sold
High profit margin	Low profit margin
Low overheads	High overheads
Can be cash-flow funded	Requires start-up funding
Highly agile & responsive to market	Less agile and less responsive

We are not making a case for one or the other — rather, a case to be clear which game you are playing. All three authors of this book have successfully run both practices and businesses. They are very different games with different rules and different strategies.

KNOW WHICH GAME YOU ARE PLAYING

If you play two games, you end up not playing either very well. Know the game you want to play and understand its rules. If you're playing the practice game, you need to understand how it differs from the common small business model. Then, if you get advice from a business expert, you know to take it with a grain of salt.

For example, media exposure is often great for a business. It drives awareness of who you are and what you do and can often lead to an increase in enquiries and, as a result, more business. In a practice, though, it's all about leveraging positioning. Some media channels, even if good press, will create the wrong kind of interest and perhaps tarnish your professional image. In a practice it's more about being professionally famous than it is about being known. This is a subtle example, but it helps to illustrate the different mindset needed to run a practice versus a business.

We come across many people running practices who are getting well-meaning but bad advice from people who know the game of business. Indeed, it's one of the big pitfalls of running a practice.

You have probably heard an accountant or business advisor say, "You have to stop trading your time for money". If you haven't heard that yet, you soon will. That's great advice for a business owner, and terrible advice for those of us running practices. We *are* in the game of trading our time for money — we just want to make sure the price of time is higher enough to keep us moving up the belts.

Likewise, you'll be told that you have to take your name off the door. Again, good advice for a business. Much harder to sell a

business if it's based around the founder's name and brand. However, in a practice it *is* all about you, your brand, and your name. Your practice should literally be built around www.yourname.com.

How you conceptualize, plan, fund, market, sell, manage, document, grow and exit a practice is very different from how you do these things in a business.

In your practice, the primary focus is to *think, sell and deliver*. In the early stages you will probably be doing many other things too, from booking flights to sending invoices, but as the thought leader in your practice those are your main three functions. You need to do the thinking — create the intellectual property and turn it into activities that will make a contribution to people. It is then up to you to sell these services or products, to get in front of your target market, and to invite them to participate in one of your offerings. Finally, you deliver your services and/or products, whether it's a keynote speech or a coaching program, facilitating a process or developing workbooks.

WHEN TO RUN A PRACTICE AND A BUSINESS

There are people who successfully have both a business and a practice.

Richard Branson is the most obvious example. He runs a highly leveraged practice alongside his entrepreneurial ventures. He probably speaks around 50 times a year at, say, \$75,000 an appearance; he sells his books through a major publisher; and he runs retreats to his island for entrepreneurs at around \$25,000 a head for a weekend. Some rough numbers based on this create a picture of a practice turning over just shy of \$9,000,000 a year — and doing so with less than 65 days a year of face time.

It's easy to review entrepreneurial models like Richard Branson to see the power that a star entrepreneur's personal brand can have on the business. People follow people, and a business led by a convincing and recognisable individual has a much greater chance of cutting through the clutter of modern marketing and reaching the hearts and minds of its customers.

Closer to home, Pete's accountant (and Thought Leaders graduate) Jason Cunningham uses his practice to feed his accounting business. He runs a full service accounting firm with over 50 staff, and at the time of writing is turning over just shy of \$10M. He also has the Jason Cunningham Practice — Jase has written two books, has a weekly radio slot talking about money, is a regular on a couple of TV shows, speaks at conferences around Australia, and mentors about business and wealth strategies. His practice is at blue belt, but more importantly it is the primary source of new business for his accounting firm. Lots of people who hear Jase on the radio, see him speak, or read his books end up as clients of his firm, even if they never end up paying Jase personally for his advice.

If you want to run a thought leadership practice concurrently with a business, preparation is critical. When your business is established and systematized enough to run mostly without you, then you can take enough time away from the daily operations to focus on your practice.