



Race Track Industry Program

**36th ANNUAL
SYMPOSIUM ON RACING & GAMING
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**The Gifted Boss: To Think Like a Hero
And Work Like an Artist**

Facilitator:

Dale Dauten, Lumina Corporation

Ms. Wendy Davis: Excellent. You're in a great panel session. We're glad you're here.

First of all, I need to thank our session sponsor and that's *The Blood Horse*. Also, our refreshment sponsor, you see on the big screen, equine.com. I'd also like to remind everybody that we are coming to the end of this symposium. We are leaving the very best for last and that's this session and the session that follows this is the commercial break, so don't forget about that. It will follow in the room next door right after we are done. If that's not enough to get you over there, there's beer, wine and popcorn. Get all your friends and neighbors and don't forget the event next door.

As you can see the panel session you're in is "A Gifted Boss: To Think Like a Hero and Work Like An Artist". We are really, really fortunate to have Dale Dauten here today. When the author of *Swim with the Sharks*, Harvey MacKay, devoted one of his newspaper columns to Dale Dauten's work, he wrote, "Dauten will challenge every preconceived notion you have about making your career take off."

As for Dale's career, he worked in corporate America in market research then opened his own consulting company whose clients included 3M, AT&T, P&G and dozens of others. He writes two columns syndicated by King Features for which he's interviewed Andy Grove, Dave Thomas, Tom Peters, John Wooden, John McCain and hundreds of other provocative thinkers. You can find him in over a hundred newspapers.

Please help me welcome the man Jack Canfield, of the *Chicken Soup* books, describes as the next Tom Peters, the man Steve Chandler calls the Obi-Wan Kenobi of consultants and the man who describes himself as not nearly as dull as he looks. Please help me welcome Dale Dauten.

Thank you so much.

Mr. Dale Dauten: Thank you, I appreciate it.

Ms. Davis: Thank you.

Mr. Dauten: Thank you.

“What I had not foreseen was the gradual day, weakening the will, leaking the brightness away”. Isn’t that marvelous? That’s a stanza of a long poem by Stephen Spender written almost 100 years ago, but describes beautifully what you’ll face when you return to the office tomorrow or Monday, whenever you’re going back.

“What I had not foreseen was the gradual day, weakening the will, leaking the brightness away”. Beautiful, huh? Except, when you put it into organizational terms, corporate terms, here’s what happens. When you get back to the office there’s a good chance the building will still be there. It hasn’t burned down. There probably won’t be yellow crime scene tape across your door to your office.

Yet, you’ll face something as devastating, the “gradual day”. You’ll face all those emails you didn’t get around to responding to while you were here, the voicemails you put off until you’re back in the office, the memos waiting to be read and, of course, the line of people waiting to see you again so they can bring you their problems. That is the gradual day. You get back — you come to a conference like this. You go back with these wonderful intentions, full of ideas, excitement, and energy and then the gradual day leaks the brightness away.

What I’d like to do is to prepare you for that to help you get to the point where you have to innovate. Innovation is slippery business. It snips down the to-do list. It snips into the future. In fact, when you get back to your office and you encounter the gradual day, you decide, well, some of these experiments I’ll wait until after the first of the year. Then after the first of the year I’m catching up from the holidays, we’re behind, awe, geez, the spring season’s coming up on us, I’ve got to work on that. I’ll wait until after the spring season. Then it’s the summer vacations, the fall season. Suddenly, you’re back here and never got around to trying those experiments.

Worse yet, there’s an industry wide gradual day going on. I don’t know if you remember, but the folks here at U of A were kind enough to send out a little questionnaire on my behalf, a little question what do you like best about your job, what do you like least about your job and then have you tried anything cool you might like to have us pass along. This is something I started doing two or three years ago now.

Whenever I'm going to speak, I ask that those questions go out cause I get information back, not from the people who planned the event telling me what everybody ought to know, I get information direct from the people who are going to be in attendance, hot, fresh, information about what's right and what's wrong about their work. That way I can try to be most useful.

I mentioned that not to talk about my process, but to let you know that I've done this a number of times. In reading the responses from this group, never have I seen any so bleak, so disheartening, so depressing as the ones from this group. I couldn't read them all at once. I waited to read a bunch at once and then I had to stop and spread it out, kind of like when they give you that gallon of stuff to drink the night before a colonoscopy. You can't do it all at once. You've got to spread it out.

Let me tell you exactly what I mean. Let me read you some of this. See if this sounds familiar, some of this is from people here, I'm sure. Let's start with a positive, what people like best about their jobs. "Helping others fixing problems". "Working with different types of people". All of those are what you might expect. Then there were some that talked about horses and competition, being around the horses, being around the competition. That's nice stuff. Things like "the job is different every day", "new challenges".

Then I got to things like this. Now, we're still in the best category, I've got to remind you of this. Here's what somebody wrote that they liked best about their work: "We really come together in these declining and depressed times. Our people are willing to work harder for less, longer rather than shorter". This is the kind of response I would expect if I were going to speak to a group of prison wardens or something or maybe people who had been stranded on an island somewhere. The one thing about misery, it really brings the team together.

I look at this and I'm getting a little discouraged. One of the things I do, I write a career column. In fact, it's in 50 some newspapers. It's called, *JT and Dale Talk Jobs*. You may have seen it. As I'm reading this, I think, well, maybe instead of talking about leadership and innovation, I ought to be talking about career stuff. I ought to be talking about interviews and resumes. Then it hit me. I said, "Well, wait a minute." This is gloomy. It seem — people talking about the inevitable part. I haven't even gotten to the worst yet.

Let me read just a couple of these: "Management meetings where no consideration is given to customers or product". Next one, "industry lacks creativity, basically, the same product as 20 years ago". "There seems to be little to no future. I hate to be part of a sinking ship and feel helpless". That's the sort of stuff that was getting me disheartened. I thought, well, wait a minute, there's an example of an industry quite similar to this one which was in a similar state of steady decline.

I learned this morning that horse racing was the number one spectator sport as recently as '72. Been in decline ever since apparently. In the 80s, there was a related industry that had similar problems. You probably know what I'm going to talk about. Our friends over at NASCAR, certainly, bounced back from their decline.

I'm thinking, well, why would it be that people who work in this industry, and I know you all don't do horses, but apparently that's the primary thing, why would people who work in this beautiful sport be in decline while people who work in this loud, obnoxious and almost inhuman sport. You can't even see the driver. That could be driven by a robot, who would know, right? Yet, NASCAR thrives and racing declines.

I got a little hopeful thinking about NASCAR. I'm sure you've thought about NASCAR and you probably have opinions much better than mine about why NASCAR has thrived and horse racing hasn't. One of the things — I'm a visual kind of person, so to try to help me understand this, I went to — You know how you Google things? There's Google Images, if you don't use it, where you can ask for visual representations of things. I started asking about horse racing and NASCAR to see the differences in the imagery. When you ask about NASCAR fans, one of the first pictures you see is this. Then when you ask about horse racing fans, one of the first pictures you see is this. I got to thinking; it's been a great run.

Horse racing has this thing going, "the sport of kings", the royalty, the funny hats thing. That's been great, but it's been a lot of decades. It's been a lot more decades of working pretty well than the longest running TV shows or some of the other cultural icons. Perhaps, it's time to get the queen to unclench her teeth a little. I wonder if she's ever opened her mouth quite that wide. Maybe it's time to figure out why it is that this is thriving and this isn't.

I'll tell you there's only one conclusion to reach after talking to some of your folks and doing a little research of my own. There's only one reason NASCAR is thriving and horse racing isn't, failure in leadership. You can say horse racing's had these special circumstances. We used to have this virtual monopoly on legal gambling and now we don't. NASCAR never had a monopoly on legal gambling and they're doing okay.

You might say it isn't so much a failure in leadership; it's a failure to innovate. It's failure of imagination. That's a failure of leadership. What's a leader's job? The leader is the one who's supposed to be up on top of the mountain with the binoculars seeing where to go. The rest is management. It's the leader who's supposed to make sure you're innovating in a way that's going to keep the industry and your organization fresh and alive. Everything else is management. Day to day track operations, management. Seeing the future innovation, imagination, that's leadership.

Now, I've spent a couple of decades studying great leaders.

I wrote a book called, *The Gifted Boss*. I've also spent an equal amount of time studying high achievers and innovators in every field. I wrote a book called *The Laughing Warriors* about them. I have all day seminars I do on each of those topics. I'm going to try to give you the essence of both of those things here in about a little over an hour.

Let's jump in and talk about leadership and about innovation. I'd like to start out on the tennis courts. I play a little tennis and for years my sons and I — I have two sons. Once a week, we take a lesson. Most of the time, it was from the same guy, a guy named Eric Mitchell. I was out playing at the public courts there outside of Phoenix where I live. I see Eric Mitchell. I stop to say hello and I fall into watching him. Together, we're watching this little kid play.

This kid was amazing you. Any of you who had any involvement with youth sports know how you occasionally run across one of these little phenoms, right? This kid was amazing. The most amazing I'd ever seen. So much so that I finally turned to Eric and say, "Is this the one?" Meaning is this the prodigy every coach dreams of finding? He amazed me. He shrugs. He says, "Well, Dale, it's not how good they are at any given age. It's where they stop improving." Oh. That's one of those sentences that got in amongst me. I asked you to, not just in terms of youth sports and understanding that principle in youth sports and it's amazing how you see that happen. Even athletes who make it into the professionals, where do they stop improving?

I started asking about myself. This is a really good time of year to ask this question. What do you do better now than you did January 1st of this year? That's a hard question for most people. Then you start asking it of the people you work with. I started asking that question and observing it in myself.

I started thinking about learning curves. Learning curves in a text book are always a beautifully elongated S-shape. You start with no knowledge and you have that beautiful, exhilarating period of fast learning. Then you slow down as you approach this upper line of perfection or mastery.

In corporate life, in organizational life, I don't think it stops there. People rise up, boink; they bounce off of that upper level. They work at a level below their own best expertise. Not because there's something wrong with them, not because they're lazy, but because their bosses, perhaps, people in this room say to them things like, "I know it's short notice. It doesn't have to be anything special".

Those are some of the dreariest words in the English language. A little sparrow falls from a tree every time you say, "It doesn't have to be anything special." Your great employees, the ones you yearn to attract, are repelled by that kind of thinking. They want to scream, "Well, when you got something that needs to be special, call me. I do special. If it doesn't need to be anything special, get somebody else."

We tell people, no, it doesn't have to be anything special. We say, "Oh, just get that report we did last year and dust it off, change the names and it's good enough." Good enough. Now, there's the problem. Let me add one more line to this graph I'm drawing in the air here, this learning curve. You rise up, bounce off that upper level, and settle down. Let me add a dashed line that is the good enough line. That's minimum acceptable behavior.

If you aren't careful you will spend your life on that dashed line. You will live a life of good enough, just enough. Oh, it's not bad. It's acceptable. In fact, when I mentally saw this graph, I realized I was looking at the difference between the ordinary bosses, good bosses, but ordinary bosses and these gifted bosses that I've been meeting with. I was searching the country for the best bosses in America. The difference is right there in the graph.

The ordinary boss spends a whole lot of time at that dashed line. They're defenders of acceptable, defenders of the good enough. They make sure things are not falling behind schedule. They make sure nobody's starting to screw up. They spend their time as a kind of border patrol agent, checking up, making sure things are okay. It's a kind of police function.

Then you look at these gifted bosses and they have to do a little of that, everybody does. They spend most of their time going around saying things like, "How could we do this better than it's ever been done before?" Now, there's a question. How could we do it better than it's ever been done before?

If you succeed in doing that, you take that upper level of mastery or perfection and you raise it. You're literally raising the bar on that graph. That's where the great bosses spend their time experimenting, trying things new, asking for innovations, asking hard questions. Ordinary bosses spend a lot of time with a line outside their door of people waiting to ask them questions, waiting to drop off problems. Great bosses spend a lot of time seeking people out and saying, "You know, I was thinking. There's got to be a better way to do this."

Now, when I tell this to people who are normal, competent bosses, the good bosses, they often say, "Well, that sounds great. I'd like to be one of those people. I'd like to be just thinking about innovations and experiments, but, hey, I don't have time. I can barely get my job done. Good enough, yeah, that's a struggle in our organization. Come to my place, Dale. See what you think. Good enough is a victory around my place."

Well, one thing I've learned in watching these great bosses is that they have learned how to free up their time. They have learned how to create time that allows for innovation. One of the things they do differently than the average boss is how they use language. I want to spend a little time because I'm convinced that language is the lever of leadership. That's what gives you your real power. They say lead by example. Well, yeah, great, but you can't be everywhere all the time, but your ideas can. Your memorable sentences can. Your stories can.

Let's look at how that works. There's a word I've fallen in love with, "touchstones", for these things that people say over and over again. What these touchstones are really is a kind of encapsulated wisdom. That's what makes it so powerful. You have this wisdom that you can pass along easily to other people. In fact, I'm going to ask you in a minute at your tables to talk about touchstones and I'm hoping each of you will come up with some cool sentence that helped shape your operation.

Let me give you an example of the power of these touchstones. First off, let me tell you why I fell in love with that word. "Touchstone" derives from the time when there were traveling merchants. They were going to be paid in gold, before currency exchange rates and all that. They needed some way to assess the value of the gold they were going to be paid in. Before they left, they'd take a piece of slate, make them mark 12 karat gold, 18 karat gold and so on. Now, you're out in the field. Somebody's going to give you gold, you touch it to the stone, you instantly assess its worth. This touchstone becomes something that is this assessment tool that changes how you evaluate things.

Okay. Example. I got to interview a guy named Allen Rosenshine. He's the — Hi there. He's the head of BBDO, big ad agency. They do Pepsi, GE, FedEx, all of these giant accounts. One thing I know that they do at BBDO is whenever they're going to start a new ad campaign they present three new campaigns to their clients and then the client picks their favorite. Well, I'm talking to this Allen Rosenshine and I say, "That must be horrible when the client picks the wrong ad. You do something really cool and edgy and the client picks the boring, safe campaign. It must drive you crazy."

He looks perplexed and says, "Well, no, not a problem." It's not? He said, "Well, no. For one thing, we always tell ourselves, 'Never show the client anything you aren't thrilled to run.' As my old boss used to say, 'Life's a negotiation.'" Those are two of Allen Rosenshine's touchstones. They help guide BBDO. One of them noticed he got from his boss as his old boss used to say, so his old boss is still helping run BBDO and he didn't even work there.

Now, picture this with me, will you? You're running a department in an ad agency. You have a young, creative director, say it's somebody who you've

recently hired and you think she's going to be terrific. One day she comes to you. Now, this is the ordinary good boss, has this young employee come to him and say, "Excuse me, can I just vent a minute? I just got out of the meeting with a client and we had this great campaign and they picked the other one and I'm so disheartened."

Now, if you're a good boss, what are you going to do? Well, this is an important moment, a teachable moment. You may have even had a class in active listening. Here's your chance to employ that active listening. You say, "Yes, sit down, sit down. Here let me get — you pull your chair up right with the person. You lean in. You show interest. You show compassion. You let them get it all out. You eventually get to the point where you can refocus what they are talking about; get them to see it really isn't that bad.

Forty-five minutes later, the young woman walks out of your office. If you're a really good, good boss, she walks out back to where she was before she went into that client meeting. You've negated a negative. Now, same situation, except it's Alan Rosenshine. Young woman walks in. "Oh, Alan, can we talk? I'm just bummed out." What does Alan Rosenshine say, "Well, you know, we really shouldn't show the client anything we aren't delighted to run." I picture him actually having this on a stone and sliding it over the desk. I know it's just words, but in my mind these touchstones are actually stones. Then he says, "You know, life's a negotiation." He slides another one over.

Now, what happens? This young woman says, "Oh, man, I wish I were a better negotiator. Is there anybody here who I could learn from?" That's when the boss, the gifted boss, says, "Oh, Doug Reed, you've got to go watch him present. That guy's amazing. He could sell a cat to mice. Go watch him work. He's terrific." Now, that woman gets up to go pursue learning, elevating her game, meeting with somebody who is an expert on what she needs to advance herself. Forty-five minutes to negate a negative. Three minutes to send someone off to be a better employee. That's the power of these touchstones. Most gifted bosses make use of these things. Like I said, I'm going to ask if there's anything you all say to each other around the office.

First, while you think about that, I want to tell you a story, mostly because it's my favorite story to tell of how I developed one of my touchstones. I've run into all sorts of them. I was just with the folks from Roche Pharmaceuticals. I was asking this same question because I hope to write a book on this subject, so I'm collecting these things. They told me, "Oh, yeah. We have something that transformed the culture here: put the fish on the table." Has anybody ever heard that? I'd never heard it.

They get a new CEO of this division of Roche. He realizes right away that nobody is willing to confront the problems facing the organization. People are too nice. Everybody's trying to be positive. He starts saying, "We got to

get the facts out. We need the facts on the table.” Yeah, good idea, good idea. Nothing changes. Then he says — he says he heard this somewhere. He doesn’t know where. He says, “We got to put the fish on the table and let people smell it.” That caught on within Roche.

It’s now high praise to introduce someone, as one of the VPs introduced me a top salesman, and says, “Oh, now, here’s a guy who puts the fish on the table.” That’s high praise at Roche, but it changed the organization in part because it’s memorable. The facts on the table, boring, nobody’s going to repeat that. Fish on the table, smell it, now, you’ve got something memorable.

I’ve been finding these touchstones all over the place. I’m also discovering that there are things in my life that make for great touchstones that have that same effect that encapsulated wisdom effect. I want to tell you about one of them. I got interested in energy flows in organizations. How you walk into a store or maybe into somebody’s office and even before anybody says anything you just feel lifted. You just feel that energy of the place.

Others, it’s the exact opposite. You walk in and you feel the life force being sucked out of your body. Well, there’s something there. There’s something real there. Part of it — I started studying these energy flows. Part of it’s the lights. Florescent lights really drain energy by the way. These are not bad. Colors, noises, on and on. You want people to relax, you know what you play? Sounds of birds chirping. Deep in our psyche we know that if the birds are singing, it’s safe. You want to relax people, birdsongradio.com. Play birdsongs all day long.

Anyway, I’m learning all this about sounds, about lighting and so on. There’s even a guy at Stanford, an engineering prof, who’s trying to measure the energy left behind when no one’s in the room. When you come into a room — you know how they do those Kirlian photography, those colors? When you leave, some of that energy stays behind. This guy is measuring it. Not only do you get the energy of the people there, but you get the energy of the people who’ve been there recently.

Now, that’s kind of freaky stuff, new age stuff. So new age that to learn about it, I had to go to Santé Fe, New Mexico. I went to a conference there. One of the things that they had at this conference — all new agey kind of folks — in one of the breakout sessions in the afternoon was Brazilian drummers. Now, it turns out they use the drums, the big conga drums, to get in touch with, what we would call the shockers, the energy system in the body.

Well, I’m there. What do the Brazilians know I don’t? Except I show up in this mid-afternoon in this big ballroom, fluorescent lit ballroom, and something’s weird. For one thing, there’s no tables, no chairs, a big empty

room. Even though the conference is a pretty good balance, it's got like 100 women and 3 guys. I'm confused why these things would be true.

Then I find out that you don't just listen to the conga drums, you dance to the Brazilian drums. Well, I don't know about you. If I'm at a dance, I like some dim lights and a couple of beers, but, okay, I'm going to give it a try. I'll dance there under the fluorescent lights. Then it got truly awful. We were instructed to divide into two groups, make a big circle one group. Other group forms an outer circle. I am now paired up. Everybody is paired up with somebody. I'm paired up with a young woman who tells me she's a dance major in college. Me, economics, you see me dance, you'd go, "Eh, economics."

Here I am paired up with this woman, we are to lock eyes. Here was our assignment to lock eyes, do not break eye contact. This woman is instructed to sit on the floor if I didn't say that. She's going to sit on the carpet. We're going to lock eyes. The drums are going to start and every time the rhythm changes; I am to dance a different emotion. Some of you might be thinking, what fun. Me, I'm wondering if there's any way to get really new age and just dematerialize and reassemble in another room. I can't think of a way out of it, so the drums start. I try to dance these emotions. It was horrible. Did I learn anything? Absolutely not. Just humiliation, that's all I learned.

I can't wait to leave. I'm glad it's over. I'm ready to forget about it. Then I'm talking to one of these great bosses who mentions a touchstone to me. I realize that that has touchstone experience, those Brazilian drummers. They have become my touchstone for embarrassment. I am now almost impossible to embarrass because — you know how you're asked to be in a skit or speak impromptu.

Sometimes I'm asked to do interviews. It used to bother me if someone would say, "Dale, we'd like you to do this radio interview. It's a national audience." I'd get butterflies. Not anymore. I simply pull out my touchstone of the Brazilian drummers; say "What is the potential for humiliation of this interview compared to that?" I'm happy to do those interviews now. That's the power — any experience, anything you say that has some kind of emotional power has the potential to be encapsulated and become a touchstone.

Here's what I'd like to do in the interest of time. I'm hoping that you will chat at your tables about sentences that have meant something in your organization. Then I'm going to ask each table to pick a good one. We'll just run quickly around and see. I know this is hard because a lot of people use these and don't even know they're using them. Give it a shot for a couple minutes, will you? Part of my goal here is also to get you all to talk and meet some people you might otherwise meet. Give it a shot. See if anybody has a sentence that matters.

In the interest of time, I need to press ahead here. We won't do every table, but anybody hear anything good that they particularly liked. Yes, ma'am. Yes, please. Stand up. Tell us who you are would you. We'll see if we can hear you. If not, we'll get you to a microphone here.

Ms. Elizabeth Rogers: I am Elizabeth Rogers and I am a student —

Mr. Dauten: Okay. Elizabeth, come up here. Come over here to this — here you go. Here try that mic. Thank you. Good.

Ms. Rogers: I'm Elizabeth Rogers. I'm a student in the RTIP program. One thing I learned from a trainer who shows jumping horses is that if you can't get a horse to do something at the walk, don't ask for it at the trot. I think it's something that tells you don't try to put yourself in over your head, don't advance quicker than what you're ready for.

Mr. Dauten: Very nice. Thank you, Elizabeth. Very nice. Okay. Yes. A hand for Elizabeth. Somebody else. Nobody has a sentence they use. Yes, ma'am. Yeah, come on over here. Come on over here. We can call stare at you and tell us who you are, where you're from.

Male Voice: This will be a good one.

Mr. Dauten: Oh, you have fans.

Ms. Aleta Walther: Thank you. My name's Aleta Walther and I have a small marketing agency called Walther Stewart and Associates. I do have about 15 years in horse racing. I use a lot of the parallels from horse racing and my marketing in my business today. We actually had two, which we couldn't decide which one to go with. Can we go with both?

Mr. Dauten: Sure, you bet.

Ms. Walther: Okay. The first one was, "do not confuse activity with accomplishments '.

Mr. Dauten: Very nice.

Ms. Walther: We all run around, but do we get things done? The second one is where we equate bringing people to the race track, sort of as like bringing them to the campfire. To get the campfire going, you have to gather, ignite and stoke for results.

Mr. Dauten: Oh, very nice, very nice. Thank you. Okay. That was good. That was deep. Anybody over here. Yes, ma'am. Tell us who you are would you.

Ms. Jeanne Wasserman: My name is Jeanne Wasserman and I manage the satellite wagering facility and live racing at the Alameda County Fair in Pleasanton. Our thing is customer service. My sentence is "customer service is an attitude not a department".

Mr. Dauten: Very nice. Thank you. Thank you for that. Okay. I'm counting three women and no guys, but here comes one.

Mr. Scott Wells: I was just going to take care of that in defense of the male species. I used to work for Wayne Lukas, the famous — my name is Scott Wells. I'm present general manager of Remington Park. I used to work for D. Wayne Lukas, the great horse trainer. He said, "We do the ordinary things extraordinarily well."

Mr. Dauten: That's nice, very nice. Thank you for that. You mentioned famous trainer. That's one way you get famous is to have things that people can repeat. Yes, sir.

Mr. Larry Swartzlander: My name is Larry Swartzlander. I'm from the Northern California Fairs. My office is the race track. One of the great opportunities is when I have interns come out. I need one next year by the way, so students I'm looking for one. I develop ten commandments. One of the two things that I — the two sentences that I try to have interns leave with is number one, "we never have problems, we have challenges". Number two, "when you think you're listening, you're not". Thank you.

Mr. Dauten: Thank you. You looking for summer interns, what are you looking for?

Mr. Swartzlander: Pardon?

Mr. Dauten: What kind of interns you looking for, summer, all year, what kind? No.

Mr. Swartzlander: Oh, interns.

Mr. Dauten: Yeah, what kind of interns. Interns?

Mr. Swartzlander: We do everything. I do everything. Whatever you want to do.

Mr. Dauten: Three months, six months.

Mr. Swartzlander: Response was inaudible.

Mr. Dauten: Lifetime in servitude. Okay, good. Very nice. The hallmark of someone you want to work for is someone who has those things they say because they understand the importance of encapsulating that wisdom, the

lever it provides. Anybody else before we move on? That was good. Thank you for that.

I picked some specifically about innovation I want to talk to you about because I sense that, certainly, the racing side could use some innovation. I also got some ideas sent to me in that questionnaire I was talking about earlier, so let's run through those quickly. One of my favorite examples of a gifted boss is Sam Walton. I never got to interview him, but I got to interview some people who worked with him day in and day out.

One of the things he did in the way of innovation — by the way, I don't think Sam Walton ever had a creative thought, but, yet, he built one of the most creative organizations in the country. They really are creative and they're a discounter. They're incredibly creative. Why? Because Sam Walton demanded creativity. I've come to understand after years of studying innovation I can tell you how much innovation you're going to have in 2010 in your organization, tell you exactly how much you're going to have, as much as the leader demands or maybe an employee or two can sneak into the organization.

There's this talk about an idea whose time has come. That makes it sound like, oh, I ought to just present my idea and if it's the right time it's going to blossom. Good ideas don't just blossom when their times come. They are dragged, pushed, demanded, sneaked into the future. Anyway, Sam Walton insisted on ideas from his staff. Weekly staff meeting with his regional managers and then they'd fly off to the regions.

In the meeting, every week, ya'll come back with one idea good enough to pay for your trip. Imagine the pressure that puts on you. Yeah, good idea every week. How are you going to have a good idea every week? You're going to find one. You're going to ask your managers in your region to try new things. They made Wal-Mart an engine of experimentation. Everybody was trying new things.

When Sam Walton would go to the store, the first question he'd ask the manager? What have you tried? Meaning what new things. That's how you impress Sam Walton. You know what? I've been in companies all over this country. The best of them have a different conversation going on. You walk down the hall at 3M, and you run into somebody you haven't seen in a while. You don't say how's the wife, how's the kids, how's your husband, how's your vacation. It's what have you tried, what are you working on; meaning what are you experimenting with. The conversation is the culture. I used to hate that word culture because I thought a lot of business professors trying to sound like anthropologists. I realized that the conversation, what people talk about, is the culture. If they're talking about innovation, then you have the culture of organization.

Here's a guy — you might say, "Well, Sam Walton, entrepreneur, he could do whatever he wanted." How about this guy, Pete Ron? He ran the highway department for New Mexico, now runs it in Missouri, took New Mexico from worst to best. How did he do it? This is the only sign in his office. Can you read that? "Dreams minus action equals squat". That's the sign in his office.

He took over in New Mexico. They had a monthly meeting. All the department people from all over the state would gather together. He would say, "Okay. Tell me what you've tried. What's new? What have you experimented with?" People would start to say, "Well, we're thinking about — stop right there. I don't want to hear what you're thinking about. I want to hear what you've tried.

Then he went and he got one of those boat horns, those little aerosol cans with the horn on it. If somebody would say, "Well, we're thinking about, we're planning to, we're considering," honk, he'd blow the boat horn. This is a meeting of state employees, can you imagine? It got to where the boat horn became so much a part of their meetings that if he missed somebody saying, "Well, we're planning to," people would chant, "Horn, horn. Where's the boat horn?" It was like — you remember the old — some of you may be old enough to remember the old *Gong Show* where people would start to yell, "Get the gong. Get the gong." That's the way it is in Pete Ron's department, from worst to first in highway departments.

I did hear from a guy — I really liked this guy. We ended up chatting a couple of times. Maybe some of you know him, Mike Newlin. He runs track in Lincoln, Nebraska. I don't know — it didn't come through very well. He sent me this. It says, "Do something different". That's their ad campaign. Does that show up at all? Do something different is across the blue horses there. He also made it an internal mantra, a touchstone, if you will. That they would try something different. He redefined what it is at his race track.

He said — he had a touchstone for the track. He said, "I want it to feel like a party in my backyard. I want people to feel that much at home, that welcome." He kept trying to come up with new things. He sent me some here, just in case some of these are new to you guys and you haven't tried them. They installed the high-end playground that was nice. Then they instead of a regular happy hour, they have an ice cream happy hour for the family days. I thought that was kind of cool.

Then he did — he said the most important thing he did, and this surprised me because I know nothing about your industry, he said — you know everybody has dollar beer nights. They'd hit all these college kids who'd come. Now, these are the very people that they want to convert. He said, "The only way you're really going to understand and get involved in racing is if you have a program." He said, "The programs were \$2.00." Well, if it's dollar beer night, your choice is program, two beers. What college kid is going to pick the program?

He started giving away the programs. They raised the admission price 50 cents. The programs cost him 65 cents to print he tells me. They almost broke even on that deal. Now, they have a shot. They're now trying to educate people, get them enthused about racing. He thinks that made the biggest difference of everything he's tried. There's a list here of all the autograph sessions and different kinds of music, etcetera.

Two years he's been there; attendance up 24 percent, handle up 18 percent, not bad, his thanks. Somebody is now taking over his track and he's out of a job at the end of the year. Anybody need an innovator to come in, Mike's available. He's not here today because today, this very day, is the due date for his wife to give birth and he's out of a job the end of the month, how's that? Anyway, innovative guy available.

Speaking of being here, I hope Jean Hallahan is here. Oh, there you are. Jean, hi there. Would you step over to the microphone and tell us about the program you were telling me about? I'm eager for everybody to hear this.

Ms. Jean Hallahan: I'm Jean Hallahan from Mystique Casino in Dubuque, also Dubuque Greyhound Park. We ran a promotion called the Second Chance Promotion. With this promotion, we had all of our players put in whatever losing tickets into a barrel during the week. Then for the Sundays during September we had a drawing of five winners at \$100 each. Well, they were given the option of using it on the slot machines where they can play their points off, so they got \$100 or in reward dollars or they could take it in \$100 in pari-mutuel play.

One of the things we thought about was how do we do this so they really will take the play on the pari-mutuel play. We decided that \$10 was approximately what the majority of your spenders might — players might play on a race, so we gave them ten \$10 coupons for the pari-mutuel play. All but about three of these winners took the pari-mutuel play and spent it back on the races. During that month of September, we had an increase of handle, I believe 40 percent.

Mr. Dauten: Whoa, now, there's a hand. Thank you, Jean. Very nice. What I like about that — I'm talking about how these touchstones redefine things like you were talking about it's not a problem it's an opportunity. There's a touchstone I came across I really like, every project looks like a failure in the middle, redefines giving up. This redefines what a losing ticket is. Instead of the old classic tear it in half and throw it in the air, a losing ticket now has value. You've made it valuable. It's a kind of lottery ticket. You've redefined what that ticket is and made it valuable, so brava. That's a great idea.

Male Voice: It saves on janitorial costs

Mr. Dauten: Saves on janitorial costs, that's right. Anybody else have something they've tried that they'd like to talk about. I'd love to hear anybody else experimenting with something. I have one more I've got to get back up here. There's visual support. I heard from Tammy Knox at Hoosier Park. She was telling me at a program that their marketing person Jahnae Erpenbach, if anybody knows Tammy or Jahnae. Budget cuts, they're not here, sorry. She did send me pictures.

What they decided was that they wanted to personalize the racing more. The horses come and go, but they have a pretty steady group of jockeys. They picked five they called the "Fab Five." Ones that they thought would have the most connection with the people who go there. Hoosier Park's harness, so they call them drivers. These are their Fab Five. The year before they had eight guys. They got it down to five this year.

They gave each one of these guys a nickname, a logo, a theme song, a signature move if they win a race in the winner's circle and then they got them to make appearances. They're part of a casino, so they would show up. They have big concerts at this casino Beach Boys and the like. They would throw out these shirts about the Fab Five. They would attempt then to build loyalty to these drivers.

It had results, not as good as Jean's, but about the same as Mike Newland's. They had, where'd it go here, 24 percent increase in attendance over the last two years, a 17 percent increase in handle. They think it's just because of this. They do a lot with it. They have on the big screens these guys come up and they say different things. The redhead on the left is actually from Ireland and then they tried to make the guy at the bottom and one of the others as sex symbols for the racetrack and so on. They're doing a lot with it. Basically, it's all internal, yet they've managed to come up with that increase, 17 percent increase in handle, not bad.

Say you want to come up with some cool ideas, say you really do want to try something different here in the next few weeks or months. Let me talk a little about the creative process. It's something I've gotten to study. I've studied a lot of professional creative's and how they work. I picked one example because I think it summarizes how creativity works if you decide to be creative. A lot of good ideas are just flukes, but if you make a decision, "I want to come up with good ideas", how do you do it.

We can learn from the pros that come up with ideas for a living. One of them, a guy named Don Chadwick, who was hired by Herman Miller Furniture to create a new kind of what were then called task chairs. Anybody have one of these, Aeron chairs? Oh yeah, I bet you love it. I love mine. When I first saw one I thought it was the ugliest chair I'd ever seen. Then I sat in one and it is now the most beautiful chair I've ever seen.

I've had one maybe ten years. I paid \$1,000 for it. Something I couldn't imagine doing. Even now seems kind of crazy to me, but I'm not the only one. They've sold millions of them. How do you come up with an idea that radical? Oh, I can smell that popcorn. That smells good. Did you bring enough for everybody? Where was I? Just one smell of popcorn and I've lost everything I was going to say. I think it's time for the party and the commercials.

Let me finish this first though. We've got a little time left. Aeron chair. Here's how it worked. They hired on Chadwick. They say, "We want a revolutionary new chair." Don Chadwick, first thing he does, he hires a team. He has them assemble chairs from all over the world. Every task chair as these are called, computer chairs, whatever you call them. They get 120 chairs in a warehouse in Denver. Don Chadwick brings his team into this room in Denver and says, "Okay. When we bring our new chair in, it will stand alone. If you put our chair in a room with every other chair, every eye goes to our chair. That's our assignment, to build a chair that different."

It turns out that the will to be different is the starting point. In fact, it may be the most important. It's like Sam Walton. He didn't have a good idea. He just had a will to be different, the will to be better and wonderful things happened. In the case of the Aeron chair, the wonderful thing that happened — well, now you got the will to be different. Second thing you need to do is know more about your customers than anybody else. How do you do that?

Well, a lot of organizations now — one of the — it's a declining organization but one of the things that's kept it alive the folks at Blockbuster Video, they hired people to stand in the stores and take notes. Don't do anything. Don't say anything, just make observations. They assembled what they called; I think it was the 768 observations. They just watched their customers and employees. Pretty soon, they knew more about how people shop for video than anybody in the world.

In this case, in trying to know more than anybody in the world, they came across a study. Texas Tech, maybe, some school had done a study of truck drivers. Why do truck drivers fidget? Everybody assumed it was pressure. Truck drivers fidget because of heat, not pressure, according to this study, hence the revolutionary chair. The problem was not pressure. All the chairs — if you were trying to build a better desk chair, you kept making it thicker, more fluffy, more padding, softer leather that only made it worse. It was only holding in more heat. You were building in more insulation.

They started studying patio furniture. What they said was — they changed the metaphor. New metaphor: what we want is a wrought iron desk chair that's soft and comfortable. Now, you have something to work with, impossible, but, hey, that's where revolutions happen. They're working on this and they come up with the guitar back, they call it and all the other — it

doesn't just tilt back, it kneels back, etc. They still have this problem of what they're going to make it out of, this soft wrought iron.

They give the assignment to this kid who's supposed to build models. They build little model chairs along the way. This kid doesn't know how to do this, but he's out to dinner with his wife, this is on his mind and she is wearing a pair of black patterned pantyhose. He has his idea there, out at dinner. They go home. He steals her pantyhose and cuts them into little pieces. He uses that material to make the chairs.

Now, they're passing around the little models. People are going, "Oh, that feels nice. What is that?" Then they were able to go to their suppliers and say, "We want pantyhose material that will last for 50 years." If you look at it, you can see the stripes there it kind of looks like patterned hose. Will to be different, know more than anybody else, lucky breaks happen. That's how you get lucky. Know more than anybody else want to be different and breaks happen.

Once your good at generating ideas — I'm going to tell you in a couple of minutes about an idea generation tool. You'll have lots of ideas. Then the matter is how to find the right kind. Here's the right kind. Ones that have what I call, "WOMP," word of mouth potential, word of mouth power. Let me go quickly through a couple of examples of WOMP here. These I picked just because they're visually interesting and they make a point about WOMP.

This is the work of a wedding photographer named Steven Gross, isn't that great? Steven Gross works out of Chicago. That'll give you a chill if you've bought a wedding dress. He's booked up over a year in advanced, has — I don't know what he gets now \$10,000 or \$12,000 to turn up at your wedding that's before the pictures, pictures are extra. He has a dozen people working in his style. Why? He has a style. He's not out there putting leaflets — he's not putting flyers on auto windshields. Anybody who looks at a photo album of his work is going to say, "Who took these photographs?" That's the magic of WOMP. Who took these photographs?

We want to capture that where was this, what track was that. We want to insert you into conversations where you would not ordinarily be. That's the magic. It's too expensive to advertise, to build business that way. You have to do something cool enough that people talk about. By the way, hold on, that's my second example. I don't want to leave this. Just in case anybody is planning a wedding I have a tip for you, a wedding tip.

Steven Gross tells me — this is actually a postcard that I scanned in, which is why it's a little blurry. He tells me this is the thing now in weddings. They're so big, so expensive, planned so far in advance you send a postcard saying, "Save the date." Then you send out the formal announcement later. I particularly like this one. A big wedding is so much expense, so much

trouble; something goes wrong between the bride and groom, get a new groom, no problem.

Okay. Second example, this is a pre-gear company in Chicago. This is the ad campaign they were running. The third generation gear maker John Winzeler was frustrated. He said, "I'm sick of being the low cost bidder. That's the only way we get jobs. Low cost bidder. Boring, boring, boring. I want to be the Tiffany's of gear makers." That is an earring made out of a gear. This is a ring made out of a gear. This is the entrance to a gear factory. Suddenly, everything they're doing, they're having fun with including hiring designers to make gear dresses. This one designed by a woman whose name is, no kidding, Cat Chow.

I asked John Winzeler, I said, "Okay. Well, you changed your metaphor. You said, 'I'm going to be the Tiffany's of gear makers.' You have these cute ads that's nice, but what did it really change?" He said, "Well, it changed how we think of ourselves, but also it changed how we do everything. When we expanded our factory, we added an atrium art gallery." This is a gear factory near O'Hare Airport. He said, "When we did that, we started inviting people to hold meetings there. Our clients started using it." It was by O'Hare. People could fly in and have their meetings there. He said, "Now, we are there when products are being designed. We're no longer the low-cost guy at the end. We're there when it happens."

Okay. This one's a little closer to home. Pair of llamas — Elmdale Hills Golf Course in Minnesota added a pair of llamas as caddies. It doubled their business the following year. Now, here's the question. Why would a pair of llamas as caddies double their business? Well, because you've got to talk about the stupid llamas. You play golf at Elmdale Hills. Somebody says, "Oh how was golf today?" "It was nice. The weather was good. They had llamas." Really, where's this? That's the magic of word of mouth. Really, where's this?

The organization I have called Innovators Lab, we even use this now. We say, "Where's the llama?" Meaning is the idea crazy enough that people are going to talk about it. Here's what interesting about these dumb llamas. I call them dumb because are they better caddies? A llama is not going to tell you what club to use. If a llama picks up your ball, it's probably going to swallow it. They substituted a worse service and it doubled their business. That's the power of word of mouth.

When someone comes to you with some bizarre idea for some kind of offbeat racing, whatever it is, you're going to have naked streakers racing or flying pigs or whatever somebody proposes to you. Think of it in terms of llamas; think of it in terms of what does this have in terms of word of mouth power. Will somebody say, "Where was this?" The answer is, "Your track." This is really good stuff we're going to skip here. Oh, don't you wish you could learn

about that? Too late. We're jumping through all this because we're getting almost out of time here.

Let me talk a little about this guy. Gary Loveman, the CEO of Harrah's, Harrah's hired him away from Harvard Business School. Has anybody heard him speak? He's really a wonderful speaker. A couple of you. Yeah, Doug.

Mr. Reed: He's been here.

Mr. Dauten: Has he? I was going to say, "You should get him here." You're way ahead of me. He has two touchstones that I think are relevant. One is he loves to talk about branding. He has a motto, "I could brand dirt." He's the one who revolutionized the casino industry with these loyalty programs, the member's cards and all of that. This is the one I really like, a brand is an emotion.

The point of all those things I skipped over was to build up to this point which is that it isn't just how your track looks, it isn't just what happens there. It's how it feels that we are emotional beings pretending to be rational. The decision to go to your track is an emotional one. That's why it's so important to redefine the motions of it. This Mike Newlin I'm talking about, it's going to be like a party in my backyard. Well, what does that do to you? If you really believe that, if you really try to make it feel that way, what happens? One, he's out trying to meet everybody at the races. Can't be done, but he tries every race. He spends the whole race meeting people. His employees see that. Know that anything wrong he's going to hear about ups their game.

He has another touchstone. If the employees are having fun, the customers are having fun. He hires fun loving people, tries to create this fun loving atmosphere and it leads them to. He starts — that's how he comes up with an idea like this happy hour — ice cream happy hour. He comes up with it because he sees kids bored and hey this is a party in my backyard. They're bored, what can I do? There's the will to be different. There's somebody who understands his customers better than anybody else because he spends all of his time amongst them.

Okay. I'm going to tell you briefly how you can generate an infinite number of ideas. I have developed a technique in my innovation work that I have, without blushing, called the Dauten Method of We're All Retailers. There's a big movement to think of everything as a brand. Tom Peters started it over a decade ago now. It's not very useful in creative terms to think about brands. If you say I want to be the Coca-Cola of race tracks, what does that mean? Well, really popular.

The other huge brand in American history is Budweiser. I want to be the Budweiser of race tracks. What does that mean? Those are creative dry holes. They don't get you very far. However, if you use retailers, suddenly,

it becomes a wonderful creativity tool. If I were to say to you that I want to be the Home Depot of race tracks, that would give you some really outlandish ideas, maybe not very useful, but they would be some wild creative ideas.

What I ask people to do, a fun exercise, you can do it with your team, is to figure out where you love to visit and why and then maybe go shopping. Go to the mall and just look at why people go into stores and what it is that brings them in and why are they lovable and then try to translate it. You'll end up watching people go into these kinds of stores and then you have a creative engine. I hope you'll try this and I hope you'll let me know how it goes for you.

Say, I don't know, Build-A-Bear, what does Build-A-Bear have to do with race tracks? Well, maybe you go to the Build-A-Bear people and say, "Listen, would you like to do Build-A-Bear things at our afternoon sessions? People can bring their kids. We'll give you a space. You can do a Build-A-Bear thing right there at the track. What do you say? You'll promote it at your store. We'll work together. It'll be a new little profit center for you." Not bad. If I'm Build-A-Bear, I'm excited. Maybe you go to somebody else and say, "Listen, how would you like to start Create-A-Horse and do something like Build-A-Bear inside of our facility, give kids something to do? Would you like to do that? On and on, you keep going farther and farther with the idea from the building of the horse to so on.

Then you — the idea is to extend beyond just what you see there. These become taking off points. Say you go to Nordstrom's; Nordstrom's famous for its piano. You think, well, we could have a pianist at the race track. That would be nice. Well, okay, but that's Nordstrom's idea, that's boring. How could you make it more interesting? Well, maybe you saw that cool video of street musicians all over the world playing the same song. Maybe we should invite street musicians to the track and from the parking lot all the way in, there were all these street musicians playing. Would that be cool? Would people talk about that? Well, maybe.

Then you'd say, "What else has Nordstrom's got?" Well, they're famous for their sales people calling you to tell you when there's a sale or new merchandise you like is in. Well, how can we do the same? Could we maybe — if we're going to try to personalize our drivers or jockeys, could they maybe record some message and you sign up and every week they're going to be on a horse, you get a phone call from them and there's a recording, hey, I'm riding this weekend. I hope you'll be there to see me. Thanks. I don't know. These are literally the top of the head, but as soon as you start asking yourself, "Why are these things loveable? What can I take from that?" You start to have endless ideas.

I have explained this technique in an article. I'd be happy to email to you. I also have — twice a month, I send — once a month, I send out the best of

my columns. If you'd like that just leave me a business card. It says to write yes on the back, that's a technique I learned from the country's leading social psychologist. If somebody won't commit to something as simple as that, they aren't going to read the email anyway, so don't bother, he tells me. Anyway — if you're out of cards, you can email me. That goes straight to me or that phone number goes to a woman who assists me.

Okay. I'm nearly out of time. Anybody have anything they want to talk about, ask about, comments, questions? I know, I know. I can smell the popcorn too. I'm ready to go see the funny ads.

I used to do this — I still do the Innovators Lab. We used to have a group that met five times a year. My commitment to the group was I would invent a new creativity technique every time we met. I had to come up with five new techniques a year. I did that for several years. This is the one that works best. This truly is. Breakthrough ideas, just like that, anybody can do it, you don't need a lot of training. My favorite though is one I call the fly on the wall of doom, which is where you envision the end of your business. Then try to save it.

Okay. Last thing, then we'll go. I mentioned this one book I wrote about creativity. It was called *The Laughing Warriors: How to Enjoy Killing the Status Quo*. I called it that because I was trying to come up with some expression that captured the spirit of high achievers. I came up with Laughing Warriors because there's a real duality in their personalities. Intensely competitive, that's the warrior part, but not ambitious and greedy for personal gain. They're intensely competitive for the team, intensely competitive to do better things for the customers and so on.

It's this kind of bright pure energy and because they're so competitive and they're always trying something new they laugh a lot because creativity and experimentation are fun. They are the most fun part of the job, so they're the laughing warriors. I mentioned that because that got me studying warrior cultures. The most beautiful of the warrior cultures is the samurai tradition.

One of the things I learned about samurai is that before a battle a samurai warrior would strike a pose in front of the enemy. He would call out his name and his accomplishments, not out of braggadocio, but in the hopes that the enemy would send out a worthy opponent. I got fascinated with that notion. In organizational life, corporate life, what is a worthy opponent? How many of us get to fight over the opponent?

This takes me back to where I began with the gradual day. Most of us spend our days doing battle with little problems. We don't get to fight the giant. We fight pygmies all day long, armed and dangerous pygmies. Little guys that rush at your shins all day long. You fight those pygmies all day and at the end of the day you get a pile of dead pygmies.

You go home exhausted and you say to — your spouse says, “How was your day, Hon?” You say, “Same old, same old.” Maybe one day your spouse presses you, “No, really. Tell me, I’m curious. What did you do today?” You have to think a minute. You think, “Well, what did we do today? Well, we had the preplanning session for the new task force on better committees.” What can your spouse say to that? “Let’s get pizza”. What can you say?

If you call out the giant — your job is designed to be dull. Your job is designed to give you things you know how to do or you’ve done before. You probably could say, “Oh, I could do this job in my sleep.” That’s how jobs are created. You don’t create jobs for people who you are not even sure they can do them. You create a box on an art chart and then hire someone who has done that job and knows it well. That’s what I mean when I say it’s meant to be boring.

If you were going to have the real experience, the warrior spirit, this chance to fight the worthy opponent, you have to call that opponent out. You have to call for that fight. The best opponent of all is the status quo. Then when you go home, you don’t go home exhausted. You go home energized when you fight the status quo. Your spouse says, “How was your day, Hon?” One fine day you can say, “Oh, today was great. Today, I fought the worthy opponent. Today, we changed the nature of this industry. You watch.” Thank you so much for your attention. Thank you. Thank you.

Male Voice: That was great.

Mr. Dauten: Thank you. I appreciate it. Okay. Thanks.

Male Voice: Nice talk.

Mr. Dauten: Oh, great. Thank you. I’ll send that off to you. Jean, thank you so much. I appreciate your help.