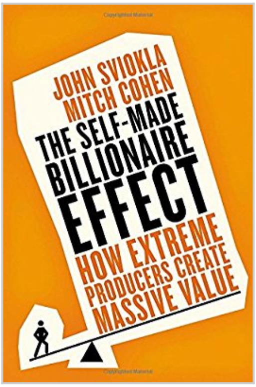

The Self-made Billionaire Effect: How Extreme Producers Create Massive Value

By John Sviokla, Mitch Cohen

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In honor of *The Self-Made Billionaire Effect* purchases, PricewaterhouseCoopers LLP is making a significant contribution to DonorsChoose.org, an online charity that connects public school teachers in need of classroom materials and experiences with individual donors who want to help. PwC's gift will support financial literacy projects around the country.

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Scores of top-tier entrepreneurs worked for established corporations before they struck out on their own and became self-made billionaires. People like Mark Cuban, John Paul DeJoria, Sara Blakely, and T. Boone Pickens all built businesses—in some cases, multiple businesses—that are among today’s most iconic brands. This fact raises two profound questions: Why couldn’t their former employers hang on to to these extraordinarily talented people? And why are most big companies unable to create as much new value as the world’s roughly 800 self-made billionaires?

John Sviokla and Mitch Cohen decided to look more closely at self-made billionaires because creating $1 billion or more in value is an incredible feat. Drawing on extensive research and interviews, the authors concluded that many of the myths perpetuated about billionaires are simply not true. These billionaires aren’t necessarily smarter, harder working, or luckier than their peers. They aren’t all prodigies, crossing the billionaire finish line in their twenties. Nor, most of the time, do they create something brand-new: More than 80 percent of the billionaires in the research sample earned their billions in highly competitive industries.

The key difference is what the authors call the “Producer” mind-set, in contrast with the far more pervasive “Performer” mind-set. Performers strive to excel in well-defined areas, and are important. But Producers are critical to any company looking to create massive value because they redefine what's possible, rather than simply meeting preexisting goals and standards. Combining sound judgment with imaginative vision, Producers think up entirely new products, services, strategies, and business models.

Big companies tend to reward Performers and discourage the unconventional ways of Producers. But it's the latter who integrate multiple ideas, perspectives, and actions, and who trust their insights enough to make game-changing bets.

This book breaks down the five critical habits of mind of massive value-creators, so you can learn how to identify, encourage, and retain such individuals—and maybe even become one yourself. *The Self-made Billionaire Effect* will forever change the way you think about talent and business value.

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Editorial Review

Review
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“The first billion is the hardest. I know from experience. If you are interested in giving it a shot, *The Self-made Billionaire Effect* is a good starting point. Great research. Great stories. Great opportunity.”

—**T. BOONE PICKENS**, Chairman, BP Capital Management

“A fabulous profile of value creation that all organizations need to ponder as they build talent for the future.”

—**THOMAS COLLIGAN**, former Vice Dean and Director, Aresty Institute of Executive Education, The Wharton School

“Fresh, provocative and insightful, *The Self-made Billionaire Effect* will challenge your thinking about how entrepreneurs succeed in creating mega-hit businesses. This is a racy read, where storytelling and personalities carry some important lessons to be considered and applied even for those working in stable and slower-growth businesses.”

—**DONALD J. GOGEL**, Chairman and CEO, Clayton, Dubilier & Rice, Inc.

“This well-researched, fun-to-read book provides top management with a set of insights vital for finding and keeping the talent needed to design and deliver breakthrough value.”

—**LINDA A. HILL**, Wallace Brett Donham Professor of Business Administration at Harvard Business School and coauthor of *Collective Genius*

“John Sviokla and Mitch Cohen have mined a rich vein—self–made billionaires—in an attempt to find common patterns. What I particularly admire is their nuanced insights: these men and women are not solitary, risk seeking, creative, overnight successes. They work in teams; they manage risks and rewards; they are as good at execution as they are at ideation; and they have been on roller coasters, not rocket ships. Their wisdom is invaluable for entrepreneurs and managers. I recommend it highly.”
—**WILLIAM A. SAHLMAN**, Professor of Business Administration, Harvard Business School and coauthor of *New Business Ventures and the Entrepreneur*

“Massive success does require luck. But it also requires unusual ways of approaching problems. This is one of the most thoughtful books I’ve seen on what the outliers do to make it more likely their attempts will change the world.”

—**ASTRO TELLER**, Captain of Moonshots, Google[x]

About the Author

JOHN SVIOKLA is head of Global Thought Leadership at PwC (PricewaterhouseCoopers LLP). He serves a variety of Fortune 500 clients on the topics of strategy and innovation and runs The Exchange, the firm's think tank. John has held various leadership roles at PwC as well as at other public and private companies. He was on the faculty of the Harvard Business School for twelve years. John has written for the *Harvard Business Review*, *The Wall Street Journal*, *Financial Times*, and *Sloan Management Review* and has appeared on CNBC and Fox News.

MITCH COHEN is vice chairman at PwC. During his thirty-three years at the firm, including more than twenty years as a partner, Cohen has held a variety of leadership roles and has served numerous Fortune 500 clients.

INTRODUCTION

Whenever you find yourself on the side of the majority, it is time to pause and reflect.

—MARK TWAIN

Imagine what Atari might have achieved in the early 1980s if Steve Jobs had worked *inside* to develop the first mass-market personal computer? What might Steve Case have done for PepsiCo if he had decided to stay rather than join the gaming start-up that would eventually become AOL? Would Redken have been the first hair care brand to explode the market for salon-quality hair products if John Paul Mitchell Systems cofounder John Paul DeJoria had not been fired for his unconventional sales leadership style? Would Miles Laboratories have succeeded if it had pursued the idea posed by Michael Jaharis, then a young lawyer in its ranks, to proactively brand and market acetaminophen years before Tylenol became a household name? What if Salomon Brothers had kept Michael Bloomberg, or Bear Stearns had exploited the inventive ideas of Stephen Ross?

Jobs, Case, DeJoria, Jaharis, Bloomberg, and Ross, as well as Broadcast.com founder Mark Cuban, Celtel founder Mo Ibrahim, oil-and-gas magnate T. Boone Pickens, and scores of other extreme entrepreneurs all worked for established corporations before they struck out on their own. Some fled corporate constraints. Others were pushed out. Each one became a self-made billionaire. They all built businesses—in some cases multiple businesses—that are among the most iconic brands today. The influence of these and the roughly eight hundred other living self-made billionaires is so widespread that few people anywhere in the world can go a day without using, seeing, or in some way encountering the products and services they have created.

But what might their former employers have become if these exceptional value creators had decided to pursue and produce their ideas inside the organizations? Put a different way, why aren't existing corporations able to create massive value the way these self-made billionaires have? In so many cases, large corporations had the literal talent necessary do so—the self-made billionaires worked for them.

That latter question is top of mind for today's business leaders—smart, experienced, successful managers who are seeing their organizations pushed to the limits by rapid change. In today's environment all the base assumptions of how to build and sustain value are constantly in flux: What makes for efficient scale? Who are our competitors? Who are our customers? What do they want? Who owns what? Where is the risk? In a recent CEO survey conducted by PwC, more than half of the respondents predicted they would need to change their strategy either incrementally or wholesale in the coming years. Nearly 70 percent of those same respondents said they were concerned about talent issues, and 25 percent did not pursue a clear opportunity in the past year because they *believed* they didn't have the talent to take advantage of it.1 The fact that so many self-made billionaires held managerial positions in midsize to large firms before striking out on their own suggests that the survey respondents just might be wrong about this issue. They have the talent but haven't taken the time to identify or nurture it.

Taken together, these responses make clear that business leaders are uncertain about how to tackle the particular challenge of continually creating value in today's environment. Throughout their careers these leaders have taken care to cultivate and promote managers with sound judgment—that celebrated ability to see the world as it is and to make smart, strategic decisions based on reality. Judgment works best when the rules of the game are well established, when the variables are known. But what do you do in a changing world where the variables keep shifting?

To answer that question we decided to look more closely at the leaders and the businesses that have thrived in our era of constant change. Despite the challenges of the day, despite the apparent mismatch between available skills and huge opportunities, there is a group of people creating value at an explosive pace and scale—*self-made* billionaires. We defined self-made billionaires as those individuals who create wealth of more than $1 billion through entrepreneurial activity; even those who inherited some financial resources or an existing business can qualify as self-made if they expand the value of that resource on the order of 100X or more.

In 2012, there were more than eight hundred self-made billionaires worldwide; they made up more than two thirds of the total billionaire population.2 Overall, billionaire wealth has grown faster than the world economy, more than tripling from 2 percent to 7 percent of GDP between 1987 and 2012.

Why did we focus on self-made billionaires? Because creating a billion dollars or more in value is an incredible feat. If you have discipline and you work hard, you can become a top-notch accountant or a lawyer. Years of dedication and a little luck might propel you to partner status at PwC or a law firm, or perhaps into the C-suite at a Fortune 500 firm. Do that and you will likely achieve multimillionaire status, but your chances of becoming a billionaire along that path are almost zero. There are clear paths to wealth, but there is no tried-and-true road to megawealth. Billionaires have to do something extraordinary to make it as far as they do. Good luck plays a role, but luck will only allow a million-dollar idea to bring in a million dollars' worth of value. Becoming a billionaire requires luck *and* a great deal more.

Self-made billionaires thrive in an environment of shifting variables. Take Dietrich Mateschitz, the founder of Red Bull, who has generated cultish devotion for a drink that even devoted fans agree tastes like cough syrup. Or Sara Blakely, a fax saleswoman/stand-up comic, who had the all-too-common problem of visible panty lines under her white pants. Spanx, the hosiery company she created to make the product she wanted, earned accolades from self-made billionaire tastemaker Oprah Winfrey and generated explosive growth in an era when hosiery stalwarts were seeing their revenues plummet. Or Joe Mansueto, the soft-spoken founder of Morningstar, who at the age of twenty-three was forced to sift through dozens of mutual fund prospectuses in order to manage his fledgling personal investment portfolio. Surrounded by piles of paper, he thought, "Gee, this could be a business." Mateschitz, Blakely, Mansueto, and hundreds of others—these are the people creating hugely profitable businesses in today's world.

When we looked more closely at self-made billionaires, we found that sound judgment was not in short supply. These are people who have dealt with the world as it is, made excruciating choices, and placed bets based on hard realities. But what truly makes them stand out is that their judgment is balanced by extraordinary imaginative vision.

Cultivating a balance of judgment and vision is a challenging task. Findings from neuroscience suggest that for most people, judgment and imagination sit on opposite ends of a mental spectrum. The more skilled one is at seeing things as they are (judgment) the harder it is to see things as they might be (imagination).3 But somehow, the population of self-made billionaires manages to defeat the binary mental spectrum that places judgment and imagination in opposition to each other.

The tactics and habits we identified that allow self-made billionaires to achieve that balance are the core of this book. They suggest practices that companies and individuals can adopt to enhance their value-creation capabilities.

So what is the source of the self-made billionaire effect? What allows them to create such massive value? How do they rise above the apparent trade-off between judgment and imagination? What other skills, habits, life experiences, or talents distinguish them from the pack? And most important, what can these insights teach us about the talent we as executives need to find and cultivate in order to thrive in challenging times?

We begin to answer these questions in Chapter 1, where we present our foundational findings on what makes self-made billionaires different from the average corporate executive. The findings not only surprised us, they also changed the way we think about executive talent and what we need to look for in the talent we bring into business and nurture.

1

EXPLODING MYTHS OF EXTREME ENTREPRENEURSHIP

The test of a first-rate intelligence is the ability to hold two opposed ideas in mind at the same time and still retain the ability to function.

—F. SCOTT FITZGERALD

In 1984, Dietrich Mateschitz was a bored, forty-year-old marketing executive at the German cosmetics company Blendax. He spent his days peddling toothpaste and cosmetics to retailers around the world. “All I could see was the same grey airplanes, the same grey suits, the same grey faces. All the hotel bars looked the same, and so did the women in them. I asked myself whether I wanted to spend the next decade as I’d spent the previous one.” 1 Then on a routine trip to Thailand—like dozens of others he had taken—Mateschitz had an insight that would change his career.

While reading the newspaper one morning at his hotel, Mateschitz learned that the Japanese manufacturer of a line of supersweet “health” drinks popular in Asia was the biggest taxpayer in Japan. Mateschitz knew the drinks and had taken them for the energy boost they gave as an antidote to jet lag. There was nothing like them in the West. That they were a huge moneymaker had never occurred to Mateschitz, and he decided right then to quit his job and start a company to manufacture and market the drinks in Europe.

Within a few years, Red Bull, the business Mateschitz founded with Thai business associate Chaleo Yoovidhya—a toothpaste manufacturer who also had a sideline in beverages—had launched its signature carbonated beverage in Mateschitz's native Austria and in Slovenia. Within a decade Red Bull was in the UK, Germany, and eventually in the enormous beverage market in the United States. In all of the markets it entered, Red Bull became an almost overnight sensation. Red Bull was the first in what became, during the 1990s and 2000s, a burgeoning market of "energy" drinks, a beverage category that is neither a sports drink like Gatorade nor an amped-up soda like Mountain Dew. Red Bull charged through as a supersweet, caffeine-infused carbonated beverage that merged the appeal of sweet sodas and extreme sports into something entirely new: a drink that "gives you wings." Mateschitz redesigned the beverage to be a carbonated, less concentrated version of the syrupy shots he was inspired by, and he redesigned the traditional soda can as an eight-ounce bullet shape that signaled to the buyer that this was not just another cola.

Today, Red Bull is far more than the drink that carries its name. It is a media company; a Formula 1 franchise; a Nascar franchise; a sponsor of mountain climbers and skiers and other extreme sportsmen; a "philosophy," as its founder has said, of life lived in a heightened state of adrenaline-fused activity—all bred from the modest foundations of a good idea.2

HOW ARE BILLIONAIRES DIFFERENT?

The story of how Dietrich Mateschitz built his brand empire reads on the surface like many examples of extreme entrepreneurial success—there is the serendipitous moment of revelation, the useful connections to the right people, the willingness to risk his career on an uncertain venture. Yet not every insight, every business connection, every risk taken results in a billion dollars of value. That success is not evenly distributed across the range of good ideas made us ask the question that lies at the root of this book: namely, what enables self-made billionaires to create such massive value?

There are plenty of available truisms that get touted by thought leaders in response to that question. Extreme entrepreneurs take bigger risks, for example, or they focus on new markets. We didn't know at the outset whether any of these ideas were true, but on their own they didn't seem to explain the scale of success that these people achieve. Many people take risks, but very few reap high returns. Many entrepreneurs launch into new growth markets, but few emerge with a blockbuster hit.

The answer, we decided, was more complex. To find it, we first decided to dig deeper into the business literature to find what business scholars have to say from studying self-made billionaires. We expected to find a strong base of academic research focused on identifying the behaviors, characteristics, and secrets of success of self-made billionaires. What we found surprised us—in fact, no one had done a systematic study of self-made billionaires. We found plenty of isolated stories and first-person narratives culled from magazine profiles and autobiographies. But there have been only a few attempts at systematic evaluation of entrepreneurial success at any scale, and those evaluations often come to contradictory conclusions.3

Quickly it became clear that if we wanted answers, we would need to look for them ourselves. Ultimately, that was a good thing—we didn't have to contend with prior research making strong conclusions that might influence our thinking.

We set up a research team in early 2012 at PwC, where Mitch is a vice chairman and John is the leader of Global Thought Leadership. To identify our research subjects, we took the 2012 *Forbes* list "The World's Billionaires" and eliminated people who had inherited their wealth from a parent, a spouse, or other family member. We also removed billionaires operating in markets that lack the regulatory transparency to ensure fair play—all billionaires take advantage of economic conditions, but we chose to focus on those operating in environments where reasonably transparent and competitive markets predominate.4

Left with roughly 600 people, we randomly selected 120, adjusted to mirror the geographic and industry distribution of the larger sample, and set out to learn as much as we could about them. We collected everything we could find that had been written about our subjects and captured biographical details (place of origin, age, marital status, family makeup) and the trajectory of their careers (When did they start their first business? What were some of the key inflection points in the growth of their primary business? At what point did they transition from modest entrepreneur to massive value creator?). Simultaneously, we invited a number of the people on our list to participate in interviews with us so we could learn more about them.

As we began collecting data and conducting interviews it became almost immediately clear that a lot of the truisms that get touted as the keys to successful entrepreneurship didn't stand up to the data we had. For instance:

Age

Our tech-dominated era—populated by savvy wunderkinder—has left the impression that most self-made billionaires cross that billion-dollar finish line early in their careers. While it is true that people like Bill Gates, Michael Dell, and Mark Zuckerberg made their first billion while still quite young—and with the first companies they formed—the majority of people in our sample are like Dietrich Mateschitz, who didn't hit the billion-dollar mark until well after his fortieth birthday. For more than 70 percent of the sample, the idea or transition that catapulted them to billion-dollar success happened after age thirty (see Figure 1-1).

Figure 1-1: Most Billionaires Are Already Mature Professionals When They Launch Their Blockbuster Idea

Industry

Technology dominance has also led many to believe that the main path for self-made entrepreneurs is the tech sector, which is so often held up as a bastion of new wealth and meritocracy, where anyone with a great idea and the willingness to code for long hours can rise to the top. In fact, less than 20 percent of our sample of self-made billionaires came from tech. The money management and the consumer products industries are not far behind tech in terms of the number of self-made billionaires. Overall, more than nineteen different industries were represented in our sample, including oil and gas, apparel, food and beverages, publishing, printing, real estate development, entertainment, and hotels, *as well as* technology and tech services, among others.

Greenfield Innovators

There is a general belief that self-made billionaires create "brand-new" things. To borrow a phrase from professors W. Chan Kim and Renée Mauborgne, of INSEAD, billionaires are believed to sail in "blue oceans." There's no question that exploring new market spaces has the potential to yield large profits, but it's not the route that most self-made billionaires chart. More than 80 percent of our sample of self-made billionaires earned their billions in red oceans—highly competitive, mature industries.

Dietrich Mateschitz again offers a case in point for this fact—he inserted Red Bull as a new product category (the "energy" drink) into an existing beverage market. He signaled its difference from existing drinks with both the skinny 8.4-ounce can and a premium price more than double that of a can of Coke. Such seemingly small tweaks may not seem as awesome as a new market innovation, but the value is still there.

Luck

When we conducted a simple survey asking friends and colleagues about perceptions of self-made billionaires, we heard plenty of comments about “one-hit wonders” and a strong belief that many of the self-made have earned as much as they have because of luck. We could believe in luck if the majority of our sample had only one successful venture. But our data convinced us that luck alone does not explain the success of self-made billionaires, given that more than 90 percent of them have launched multiple successful businesses.

Exploitative Practices

It’s difficult to find any successful organization that hasn’t been accused by someone, somewhere, of unsavory practices. Billionaires in particular are easy targets for such accusations. While we make no claims about their universal purity, as a group the businesses launched by the self-made billionaires in our sample lean toward the socially responsible end of the scale in their industries. Furthermore, a large number of self-made billionaires have signed the Giving Pledge, promising to give away more than half of their net worth; a significant portion are active in philanthropy or social projects.

Overnight Success

It may seem that certain individuals form companies and suddenly enter the public consciousness with a meteorically successful product, but the reality is that many self-made billionaires reach extreme success only after many years of professional investment and commitment to a particular market space. They often exhibit early entrepreneurial drive: more than 50 percent had a first job before age eighteen; nearly 30 percent had launched their first entrepreneurial venture before age twenty-two; and almost 75 percent before age thirty (see Figure 1-2). Note that while some billionaires had the kind of humble upbringing that necessitated an early entry to work, they are in the minority—more than 75 percent of self-made billionaires were raised in households with affluence levels in the middle class or above.

Figure 1-2: Billionaires Start Early

Talent, but Also Practice

The billionaires’ early ventures provided a great deal of practice in a couple of key areas, which improved any skills they already had. Seventy-five percent or more had direct sales experience; and almost 70 percent had ownership of a P&L before age thirty.

These are just a few of the counterintuitive findings that made it clear to us that there was a mismatch between what many claim to “know” about extreme success and what the data report.

PRODUCERS AND PERFORMERS

Left with a clean slate, we began searching for what is truly different about self-made billionaires. We looked at the data through the lens of our premise—that self-made billionaires approach the challenge of creating new value differently from most corporate managers and leaders. Somehow, self-made billionaires vault over the same obstacles to value creation that trip up the vast majority of executives.

We expected to find that self-made billionaires encountered a set of common *external* factors early in their lives—certain experiences or circumstances—that led them to act or behave in particularly driven ways. Maybe the majority had to contend with existential challenges early in life. Or they came from disadvantaged backgrounds. Or perhaps the opposite is true and most of them came from extraordinarily privileged homes. It became quickly apparent, however, that there were no trends in the data to suggest that a shared tenor of circumstances or experiences ran throughout the population. An equivalent number grew up extremely poor as grew up quite rich; an equal proportion failed to finish college as earned PhDs.

As we probed deeper, it became clear that the connection lay not in external circumstances but in what we have come to define as internal "habits of mind." Self-made billionaires are able to integrate ideas and actions that most individuals and organizations keep separate or even hold in direct tension to one another. We refer to this coexistence of forces as a duality. Self-made billionaires effectively operate in a world of dualities—they seamlessly hold on to multiple ideas, multiple perspectives, and multiple scales.5

These distinctive habits of mind that we observed in self-made billionaires play out in a variety of ways. We have already mentioned the ability to cultivate imagination—that ability to envision what could be—while maintaining judgment—the ability to see things as they are. Similar dualities apply to the way these billionaires approach managing their time, executing a business idea, handling risk, and balancing the talent pool in their own organizations. These dual habits of mind and action enable them to function as what we term *Producers:* they envision something new, bring together the people and the resources to create it, and sell it to customers who didn't know they needed it.

In contrast, the modern corporation has evolved to separate many of these dualities into different functions, which are then run by talented people who excel at optimizing within known systems. We call these leaders *Performers*. Performers are often very good at what they do. But they are celebrated and elevated precisely because they perform so well in one arena. That single-minded talent for reaching otherworldly heights within a defined environment—so necessary in many aspects of business—reinforces function-driven systems that discourage the integrated habits of mind and action necessary for Producers.

The science fiction writer Thomas Disch once wrote that "creativeness is the ability to see relationships where none exist." In fact, it is part of human nature to look for relationships, but creating something brand-new requires that a person not only be able to see relationships but also be able to separate the real relationships from the false ones. In other words, not all ideas are good ones. Recognizing when you have gold and when you just have rocks requires an integrative approach. It's about seeing relationships that matter to customers and from there unveiling a new empathetic insight.

Integration is counterintuitive in many organizations. Decades of focusing on optimization and efficiency have led many to specialize in breaking down problems and forming functions to manage the separate parts. They elevate Performers to optimize and excel in those separate functions. Producers, by contrast, revel in bringing clashing elements together.

Operating in a world of dualities is not the same as managing competing demands such as "deliver on time and under budget" or "satisfy the customer and keep costs down." Corporations are constantly putting objectives in tension, creating challenges, and establishing stretch goals. But in most places it is clear that two requirements that seem to be in tension really aren't. The official corporate mandate may be to "do both" but everyone knows which metrics matter. If you hit quantifiable, short-term goals, the organization will support you.

A BATTLE AGAINST NATURE

The habits of mind and action that allow some individuals to thrive in a world of dualities come naturally to Producers, but they are not natural for the majority of the population gravitating toward the Performer end of the spectrum. There are a limited number of ideas or issues that most executives can attend to simultaneously. People can attempt to increase their “working memory,” that system in the brain that allows us to hold on to multiple ideas or lines of thought, but it won’t necessarily lead us to embrace duality. According to decades of psychological research, human beings do not generally like integrating opposing ideas. In fact, when confronted with ideas that challenge our core beliefs, we tend to discount or ignore them.

Yet we can overrule our inherent nature. Many of the self-made billionaires we studied appeared to be natural-born Producers, but the points noted above about the importance of practice and the long-term commitments that many of them make to the markets in which they eventually thrive show that they also need to hone and cultivate the habits of mind and action necessary to become fully developed Producers. Yes, inborn skill and abilities matter. But everyone—from the natural-born Producer to the gifted Performer—can build and hone the habits of mind that will make him or her a better manager, a better executive, a better entrepreneur, a more imaginative thinker, and a bigger value creator. And all businesses can build the organizational structures that support nascent Producers.

Think about running a marathon. There are a few people in the world with the natural athletic prowess, endurance, and pain tolerance to run with the professionals in a prestigious race like Boston, New York, or London. But the vast majority of healthy adults can finish a single marathon if they are willing to put in the time and effort. And even those who might not be able to run a full 26.2 miles can still achieve significant physical and mental improvement from the training regimen.

It’s the same for the Producer’s habits of mind and action. Not everyone will have and be able to execute a billion-dollar idea. But all of us can take steps to enable us to produce more value in what we do. The first step is to understand the habits of mind and develop them in ourselves, our team, and our organization. The following chapters will show you how to build practically on those habits and take action.

As highlighted in the opening passage of this chapter, a large number of self-made billionaires worked inside established organizations before they left to pursue their own ideas. Some viewed these jobs as way stations, places to learn from before they set out on their own. Many were fired, pushed out, or quit in a wave of frustration because their way of thinking and ideas were not recognized or valued. In all cases, the firms that employed them were not environments that supported creating massive value. And so Stephen Ross, Phil Knight, Joe Mansueto, George Soros, and dozens like them created massive new value by setting out on their own.

It doesn’t have to be this way. Think about how many people have left your organization and gone on to create significant value elsewhere. What might have happened if they had stayed? Business leaders can learn to recognize emergent Producers, nurture their ideas, and create a space that allows them to develop and thrive *inside* the organization.

DUALITIES IN PRACTICE

Cultivating dual habits of mind starts with understanding the dualities that are most important. The five critical dualities we observed in the self-made billionaire population are:

Ideas—Empathetic Imagination

Producers see blockbuster potential where others see only change. Their billion-dollar ideas come through the marriage of extreme empathy for the customer's needs and wants, and an imaginative mind-set that allows him or her to come up with and explore new, untested ideas.

Perspective—Patient Urgency

Producers cannot predict the exact time to make an investment or bring a product to market, but they are willing to operate simultaneously at multiple speeds and time frames. They accept that timing is not under their control, and so they work fast, slow, super slow, or in all these modes at the same time. They urgently prepare to seize an opportunity but patiently wait for that opportunity to fully emerge.

Action—Inventive Execution

Typical business practice tends to separate creative functions from the operational departments that bring ideas to market. Producers, on the other hand, approach execution of their ideas with the same integrative, inventive mind-set they applied to come up with a billion-dollar idea in the first place. Inventive freedom allows them to design aspects of the customer experience that others consider fixed, thus unlocking new value.

Attitude—Taking a Relative View of Risk

Contrary to popular wisdom, self-made billionaires are not huge risk takers. But the risks they do worry about are much different from those most corporations focus on. They are not paralyzed by the absolute risk of losing an investment. Instead, their perceptions of risk are relative: they are far less concerned about losing what they have than of not being part of a bigger future. When they do experience setbacks—and many early Producer ventures produce only moderate results, or experience crippling setbacks—they have the resilience to try again.

Leading—Leadership Partnership

The archetype of the solo genius is so pervasive in the way people talk about and think about extraordinary success that it obscures the real story of how good ideas become great businesses. The reality is that Producers are overwhelmingly *not* alone. Creating billions in value requires both a master Producer, who can bring together divergent ideas and resources into a blockbuster product design, and a virtuoso Performer, who can apply his or her creative acumen to optimizing the potential of that design. Thus, the Producer's most important duality, in fact, may not be self-contained: it is the partnership built between individuals with complementary skills and mutual trust.

Let's take a deeper look at this last duality—Leadership Partnership—because it seems to be in tension with the idea we introduced earlier about Producers exhibiting both active imagination and sound judgment. While it is true that Producers maintain a duality of judgment and imagination, they rarely have outlier skills in *both*. Think of Lynda and Stewart Resnick, the Producer-Performer pair behind Teleflora, POM Wonderful, and FIJI Water, in addition to various California agribusinesses. Stewart is strong on judgment—as Lynda put it, "He's the one who makes sure the businesses are profitable."6 But converting the pomegranate from a West Coast health food store rarity into an expensive, mass-market drink required Lynda's imagination. She saw the long-term health-conscious antioxidant craze and she knew how to execute, attending to everything from the taste of the product to the shape of the bottle. Her genius not only moves millions of POM bottles a year but has also managed, within a matter of months, to rebrand a *fruit* and thus get millions of Americans to refer to clementines as "Cuties."

Many people with differing talents find themselves threatened by or in competition with one another, their opposing strengths creating a clash of worldviews. By contrast, the self-made billionaires we studied put a premium on the skills and perspectives of their complement. They have the confidence and insight to value the skills of the right partner who brings something necessary and distinct from what they have to offer.

HOW TO SHIFT THE BALANCE OF TALENT IN YOUR ORGANIZATION

Our research has opened our eyes to our own habits of mind and the myriad ways we inadvertently nudge ourselves and our colleagues to behave more like Performers. We have been pushing people to excel in one area (that is, perform) instead of helping them to bring resources together in new ways to create new value (that is, produce). We were convinced by listening to self-made billionaires reflect on the frustration they felt as employees trapped inside existing organizations that leaders and organizations can and must change to encourage and capture Producer value.

Throughout the book we go into detail on several different ways to change paths. First, organizations need to take actions that encourage all managers to develop Producer habits of mind. Right now the range of talent in your organization resides on a Performer-Producer continuum, the distribution of which resembles a bell curve tilted dramatically to the Performer side of the spectrum (see Figure 1-3).

Figure 1-3: The Standard Performer-Producer Distribution in Businesses

The steps we propose aim to shift the overall organizational profile incrementally from the Performer end toward the Producer end (see Figure 1-4). Not everyone can be a Producer—this is not a value judgment, it's an economic judgment. Performers play a critical and necessary role in the organization, but they are not the ones creating breakthrough value. Nonetheless, we believe that even the most diehard Performers can benefit from cultivating in themselves and those around them some of the Producer habits of mind. Doing so is critical to thriving in our changeable world.

Figure 1-4: Shifting the Producer-Performer Distribution

Producer talent and skill are nonetheless not evenly distributed and are not valuable or beneficial equally in every role in a corporation. While there are important and obvious benefits to having every manager practice a habit of mind like Empathetic Imagination, not everyone should be spending significant time engaged in Inventive Execution and attempting to change your business model. Even fewer should be adopting a full-on Producer mind-set that deals with risk.

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