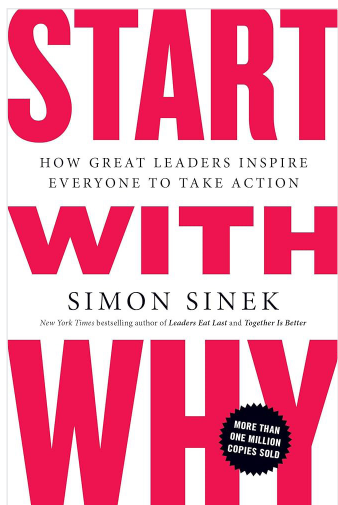


# EXECUTIVE BOOK SUMMARIES

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## Start With Why

### THE SUMMARY

Portfolio 2011

This book is about a naturally occurring pattern, a way of thinking, acting, and communicating that gives some leaders the ability to inspire those around them. Although these “natural-born-leaders” may have come into the world with a predisposition to inspire, the ability is not reserved for them exclusively. We can all learn this pattern. With a little discipline, any leader or organization can inspire others, both inside and outside their organization, to help advance their ideas and their vision. We can all learn to lead.”

## ABOUT THE AUTHOR

### Simon Sinek

*Simon Sinek teaches leaders and organizations how to inspire people. Sinek is quoted frequently by national publications and teaches at the Strategic Communications Program at Columbia University.*

### Assume You Know

Our behavior is affected by our assumptions. We make decisions all the time based on what we think we know. When people believed the world was flat, they chose not to explore, being afraid they would fall off the edge. Unfortunately, flawed assumptions can lead to bad decisions, sometimes with significant consequences. Even when we make right decisions, if they are based on wrong assumptions, the odds are we won't be able to repeat them. Decisions based on a perception of the world that may not be completely accurate are not very secure. Even when we have plenty of data or information—we've read the books, attended the conferences, talked to the experts—it's still possible to have things not turn out right. More data, based on wrong assumptions, does not guarantee a good result.

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## Carrots and Sticks

If you ask most businesses why their customers are their customers, most will tell you it's because of superior quality, features, price, or service. In other words, most companies have no clue why their customers are their customers. Odds are good that they don't know why their employees are their employees either.

If most businesses don't really know why their customers are their customers or why their employees are their employees, then how do they know how to attract more employees and encourage loyalty among those they already have? Most businesses today are making decisions based on a set of incomplete, or worse, flawed assumptions about what's driving their business.

There are only two ways to influence human behavior: you can manipulate it or you can inspire it. By manipulate, I don't necessarily mean something negative; it's a pretty common tactic. Typical manipulations in the business world include: dropping the price; running a promotion; using fear, peer pressure or aspirational messages, etc. When companies or organizations do not have a clear sense of why their customers are their customers, they tend to rely on a disproportionate number of manipulations to get what they need. And for good reason—they work!

Take "dropping the price," one of the most common manipulations. Companies do this because they know it is effective. However, playing the price game can come at a tremendous cost and can create a significant dilemma for the company. For the seller, selling based on price is like heroin. The short-term gain is fantastic, but the more you do it, the harder it becomes to kick the habit. Once buyers get used to paying a lower-than-average price for a product or service, it is very hard to get them to pay more. And sellers, facing overwhelming pressure to push prices lower and lower in order to compete, find their margins cut slimmer and slimmer. This only drives the need to sell more to compensate. And the quickest way to do that is price again.

Manipulations work; all of them can help influence behavior and can help a company become quite successful. But there are trade-offs; none of them breeds loyalty, for example. Over time they cost more and more—the gains are only short-term.

There is a big difference between repeat business and loyalty. Repeat business is when people do business with you multiple times. Loyalty is when people are willing to turn down a better product or price to continue doing business with you. Loyal customers often don't even bother to research the competition. Loyalty is not easily won. Repeat business, however, is. All it takes is more manipulations.

The danger of manipulations is that they work. And because they work, they have become the norm, practiced by most companies regardless of size or industry. But there is another option.

## The Golden Circle

There are a few leaders who choose to inspire rather than manipulate in order to motivate people. Every single one of these inspiring leaders thinks, acts, and communicates exactly the same way. And it's the complete opposite of the rest of us. Consciously or not, they do it by following a naturally occurring pattern that I call the Golden Circle.

The Golden Circle shows how leaders are able to inspire action instead of manipulate people. It also explains loyalty and how to create enough momentum to turn an idea into a social movement. And it all starts from the inside out. It all starts with WHY.

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Before going on, let's define our terms. WHAT is easy. Every company knows WHAT they do; anyone can identify the products or services a company sells. Some companies know HOW they do WHAT they do. You might call a HOW a "unique selling proposition." HOWs are often given to explain how something is different or better.

Very few people or companies can clearly articulate WHY they do WHAT they do. When I say WHY, I don't mean to make money—that's a result. By WHY I mean what is your purpose, cause, or belief? WHY does your company exist?

Most companies or organizations think, act, or communicate from the outside in, from WHAT to WHY. And for good reason—they go from the clearest thing to the fuzziest thing. We say WHAT we do, we sometimes say HOW we do it, but we rarely say WHY we do WHAT we do. It's the opposite for those who inspire us. They go from the inside out.

Apple, Inc. is an example I will use a lot in this book, because they are well-known and what they do is easy to compare with others. Apple doesn't simply reverse the order of information; their message starts with WHY, a purpose, cause, or belief that has nothing to do with WHAT they do. Their products are tangible proof of their cause (which is why Apple is not seen as just a computer company).

## **People don't buy WHAT you do; they buy WHY you do it.**

Apple, unlike its competitors, has defined itself by WHY it does things, not WHAT it does. It is not a computer company, but a company that challenges the status quo and offers individuals simpler alternatives. They even changed their name in 2007 from Apple Computer to Apple, Inc. to reflect the fact that they were more than just a computer company. Apple's entry into other markets and creation of other products is consistent with WHY they exist.

Some will argue that what distinguishes Apple is the quality of their products alone. Obviously, good quality products are important. No matter how clear your WHY, if your WHAT doesn't work, the whole thing falls flat. However, many would argue about which product is better. The people who share Apple's WHY will always believe Apple's products are better. And they are—for them. A PC might be right for someone else, who has a different WHY inside. Good quality and features matter, but alone they don't create loyalty; people aren't inspired by them.

## **Clarity, Discipline, and Consistency**

Starting with WHY is just the beginning. For the Golden Circle to work, each of the pieces must be in balance and in the right order.

It all starts with clarity. You have to know WHY you do WHAT you do. If people don't buy WHAT you do, they buy WHY you do it, it follows that if you don't know WHY you do WHAT you do, how will anyone else?

Once you know WHY you do what you do, the question is HOW will you do it? HOWs are your values or principles that guide HOW you bring your cause to life. They manifest in the systems and processes within an organization and the culture. The hardest part of the whole process is making yourself accountable to your HOWs. Too often we write our HOWs as nouns—Integrity. Honesty. Innovation. But nouns are not actionable. You can't hold people accountable to a noun. For values to be truly effective they have to be verbs. It's not "integrity" it's "always do the right thing." It's not "innovation" it's "look at the problem from a different angle." Those things we can be accountable for.

A WHY is a belief. HOWs are the actions you take to realize that belief. And WHATs are the results of those actions—

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everything you say and do: your products, services, marketing, PR, culture, who you hire, etc. These all need to be consistent. When they are, you will be seen as authentic. Authenticity means that your Golden Circle is in balance. It means that everything you say and do you actually believe.

Apple believed that its original Apple computer challenged the dominant IBM platforms. Apple believes its iPod and iTunes products are challenging the status quo in the music industry. Since we all know WHY Apple does what it does, we see those products as authentic. Dell introduced mp3 players and PDAs in an attempt to enter the small electronics business. Since we don't know what Dell's WHY is, we have no idea WHY it produced those products beyond self-gain. It isn't that Dell can't do that, and do it successfully; but without a clear understanding of WHY it's harder and more expensive.

After you have clarity of WHY, are disciplined and accountable to your own values and guiding principles, and are consistent in what you say and do, the final step is to keep it all in the right order. That's easier said than done. It requires continually going back and reviewing and recommitting to the original WHY, and resisting the temptation to manipulate people regarding the WHAT.

## The Emergence of Trust

Trust doesn't emerge simply because a seller makes a rational case why the customer should buy a product or service, or because an executive promises change. Trust is not a checklist. Trust is a feeling, not a rational experience. We trust some people and companies even when things go wrong, and we don't trust others even though everything might have gone exactly as it should have. A completed checklist does not guarantee trust. Trust begins to emerge when we have a sense that another person or organization is driven by things other than their own self-gain.

Historically, trust has played a bigger role in advancing companies and societies than skill set alone. If there were no trust, no one would take risks. No risks would mean no exploration, no experimentation, and no advancement of the society as a whole. That's a remarkable concept: only when individuals can trust the culture or organization will they take personal risks in order to advance that culture or organization as a whole.

For those within a community or organization, they must trust that their leaders provide a net—practical or emotional. With that feeling of support, those in the organization are more likely to put in extra effort that ultimately benefits the group as a whole.

Companies with a strong sense of WHY are able to inspire their employees. They are also able to engender trust. Those employees who feel inspired and safe are more productive and innovative, and the feeling they bring to work attracts other people eager to work there as well. It's not such a stretch to see why the companies that we love to do business with are also the best employers. When people inside the company know WHY they come to work, people outside the company are vastly more likely to understand WHY the company is special.

## How a Tipping Point Tips

In 2000, Malcolm Gladwell wrote *The Tipping Point*, in which he described some of the dynamics involved in the development of social movements. He identified groups he calls connectors and influencers and their role in causing an idea, product, or cause to "tip." Marketers are now always trying to influence the influencers, but few really know how. The question remains: Why should an influencer tell anyone about you?

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To understand that, you need to also understand Geoffrey Moore's "Law of Diffusion of Innovations." His law breaks the population into five segments that fall across a bell curve: innovators, early adopters, early majority, late majority, and laggards.

Innovators are roughly 2.5% of the population, and early adopters are 13.5%. Innovators pursue new things aggressively; being first is a central part of their lives. Early Adopters are similar, but not as aggressive. They appreciate new ideas and technologies, but don't have to be first. Both groups rely heavily on intuition. They trust their gut.

The early and late majorities are both 34%. They are practical minded; what matters are rational factors, like does it work and what will I gain from it. The early majority is slightly more comfortable with new things, while the late majority is less so. Finally are the laggards, with 16%. These are the ones who buy touchtone phones only because they don't make rotary phones anymore.

Most people with something to sell hope to achieve some level of mass market success or acceptance. To do that the most common approach is to aim for the center of the bell curve, the early and late majority, and utilize various manipulations to persuade them to buy. The problem with that is the early majority won't usually try something new until someone else has tried it first.

A different approach is to not simply sell to anyone, but find the people who believe what you believe on the left side of the bell curve—Innovators and Early adopters. If you have the discipline to focus there, the majority will come along eventually. But it must start with WHY. Trying to focus on

so-called influencers is not enough. The challenge is, which influencers? Everyone is an influencer at some point. You don't want just any influencer, but you want someone who believes what you believe. Only then will they talk about you without any prompts or incentives.

Remember TiVo? In 1997 they were racing to market with a remarkable new device. Clearly it was the highest quality product in its category, and launched with a huge amount of "buzz." Yet they never succeeded. Why? They attempted to convince people to buy by focusing on features and benefits. They basically said to the mass market:

We've got a new product. It pauses live TV, skips commercials, rewinds live TV, and memorizes your viewing habits and records shows on your behalf.

People don't buy WHAT you do, they buy WHY you do it, but Tivo attempted to convince consumers to buy by telling them what the product did. The practical-minded, technophobic mass market didn't respond.

What they should have done is explain the WHY:

If you're the kind of person who likes to have control of your life, boy do we have a product for you! It pauses live TV, skips commercials, rewinds live TV, and memorizes your viewing habits and records shows on your behalf.

In this version, the features and benefits serve as proof of the WHY, not just the reason to buy, per se. Confirming that, one Tivo spokesman once said, "Until people get their hands on it, they don't understand why they need it." That pointed out a failure on TiVo's part to communicate their WHY.

When you start with WHY, those who believe what you believe are drawn to you for very personal reasons. It is those

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who share your values and beliefs, not the quality of your products, that will cause the system to tip. Your role in the process is to be crystal clear about what purpose, cause, or belief you exist to champion, and to show how your products and services advance that cause.

## **Start With WHY, But Know HOW**

“The pessimists are usually right,” to paraphrase Thomas Friedman, “but it’s the optimists who change the world.” Bill Gates imagined a world in which the computer could help us all reach our greatest potential, and it happened. Now he imagines a world in which malaria doesn’t exist. And it will happen. The Wright brothers imagined a world in which we’d all take to the skies as easily as we catch the bus. And it happened. WHY-types have the power to change the world...if only they knew HOW.

WHY-types are visionaries, and tend to be optimists who believe that what they imagine can really happen. HOW-types live more in the here-and-now. They are the realists and have a clearer sense of all things practical. They focus on processes and getting things done. Neither type is better than the other; they are just different (and necessary). Bill Gates, Steve Jobs, the Wright brothers—they are all WHY-types. They need HOW-types to make things happen.

In nearly every case of a person or an organization that has gone on to inspire people and do great things, there exists a partnership between WHY and HOW. Bill Gates had the vision, but Paul Allen built the company. Steve Jobs is the rebel’s evangelist, but Steve Wozniak is the engineer who made Apple work. It’s the partnership of a vision for the future and the talent to get it done that makes an organization great.

This relationship starts to clarify the difference between a vision statement and a mission statement in an organization. The vision is the public statement of the founder’s intent, WHY the company exists. It is literally the vision of a future that does not yet exist. The mission statement is a description of the route, the guiding principles—HOW the company intends to create that future. When both of these things are stated clearly, the WHY-type and the HOW-type are both certain about their roles in the partnership. Both are working together with clarity of purpose and a plan to get there.

A clear sense of WHY also sets expectations. When we don’t know an organization’s WHY, we don’t know what to expect, so we expect the minimum—price, quality, service, features—the commodity stuff. But when we do have a sense for the WHY, we expect more. For those not comfortable being held to a higher standard, I strongly advise against trying to learn your WHY or keeping your Golden Circle in balance. Higher standards are hard to maintain! But for those willing to put in the effort, there are great advantages.

## **Know Why. Know How. Then What?**

On January 22, 1984, Apple launched their Macintosh computer with their now-famous commercial depicting an Orwellian scene of a totalitarian regime holding control over a population. In it a lone blonde woman wearing bright red shorts and a crisp white T-shirt runs down the tunnel with a sledgehammer and launches it at the talking head on the huge scene. The commercial ends with the promise that “1984 won’t be like 1984.” This ad wasn’t about features and benefits; it was more like a manifesto, proclaiming what Apple was about.

The commercial is one of the many things the company has done or said over the years to show or tell the outside world what they believe. All Apple’s advertising and communications, their products, partnerships, their packaging,

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their store design, are all WHATs to Apple's WHY, proof that they actively challenge status quo thinking to empower the individual. Ever notice that their advertising never shows groups enjoying their products? Always individuals. Their Think Different campaign depicted individuals who thought differently, never groups. Always individuals. Empowering the individual spirit is WHY Apple exists. Apple knows their WHY and so do we. Agree with them or not, we know what they believe because they tell us.

In an organization, it's the leader's job to make sure the WHY is clear, and then that there are people on the team who know HOW to build it. The HOW-types are responsible for understanding WHY and must come to work every day to develop the systems and hire the people who will bring the WHY to life. The end result will be developing WHAT's that are consistent with the WHY's.

## When WHY Goes Fuzzy

When Sam Walton started Wal-Mart, he had a deep belief or cause that drove him. More than anything else, Walton believed in people. He believed that if he looked after people, people would look after him. The more Wal-Mart could give to employees, customers, and the community, the more each of them would give back to Wal-Mart. Sam's passion was to serve his fellow human beings. That is WHY Wal-Mart was started.

Unfortunately, in the post-Sam era, Wal-Mart slowly started to confuse WHY it existed—to serve people—with HOW it did business—by offering low prices. They traded the inspiring cause of serving people for manipulation. The company, once renowned for how it treated employees and customers, has been scandal-ridden for nearly a decade, and almost every scandal has centered on how poorly they treat their customers and employees.

For Wal-Mart, WHAT they do and HOW they are doing it hasn't changed. And it has nothing to do with Wal-Mart being a "corporation"; they were one of those before the love started to decline. What has changed is that their WHY went fuzzy. And we all know it.

Part of the challenge for any business or entrepreneur is what to do when success comes. For some, there is an irony to success. Many people who achieve great success don't always feel it. Some who achieve fame talk about the loneliness that goes with it. That's because success and achievement are not the same thing, yet people often mistake one for the other. Achievement is something you reach or attain, like a goal. It is something tangible, clearly defined, and measurable. Success, in contrast, is a feeling or state of being. In my vernacular, achievement comes when you pursue and attain WHAT you want. Success comes when you are clear in pursuit of WHY you want it. Success comes when we wake up every day in that never-ending pursuit of WHY we do WHAT we do.

In the course of building a business or a career, we become more confident in WHAT we do. We become greater experts in HOW to do it. With each achievement, the tangible measurements of success and the feeling of progress increase. Life is good. However, for most of us, somewhere in the journey we forget WHY we set out on the journey in the first place. Somewhere in the course of all those achievements an insidious split happens. This is true for individuals and organizations alike.

Those with the ability to never lose sight of WHY, no matter how little or how much they achieve, can inspire us. Those who never lose sight of WHY and also achieve the milestones that keep everyone focused in the right direction are the great leaders. Their Golden Circle is in balance. Unfortunately, most of us reach a place where WHAT we are doing and WHY we are doing it fall out of balance. It is the separation of the tangible and intangible that marks the split.

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## Split Happens

Wal-Mart, Microsoft, Apple—they all started small. So did almost every other company that made it big. They all start the same way: with an idea. At the beginning, ideas are fueled by passion—that very compelling emotion that causes us to do quite irrational things. That passion drives many people to make sacrifices so that a cause bigger than themselves can be brought to life. However, the reason so many small businesses fail is because passion alone can't cut it. For passion to survive, it needs structure. A WHY without the HOW, passion without structure, has a very high probability of failure.

The single greatest challenge any organization will face is success. When the company is small, the founder will rely on his gut to make all the major decisions. From marketing to product, strategy to tactics, the decisions the founder makes will, if he trusts his gut, feel right. But as the organization grows and becomes more successful, it becomes physically impossible for one person to make every major decision. Not only must others be trusted and relied upon to make big decisions, but those people will also start to make hiring choices. And slowly but surely, the WHY starts to dilute.

In the beginning, when organizations are small, it is easier to keep the WHY clear. Often the source of the passion is near, physically coming to work every day. But what happens if the founder or leader gets hit by a school bus? I call that the "School Bus Test." To pass this test, for an organization to continue to inspire and lead beyond the lifetime of its founder, the founder's WHY must be integrated into the very culture of the company.

One way to build the Why into the culture is to develop ways to measure it. Most organizations today use very clear metrics to track the progress and growth of WHAT they do—usually it's money. Unfortunately, we have very poor measurements to ensure that a WHY stays clear.

Dwayne Honore has, for the past ten years, run his own construction company in Baton Rouge, Louisiana. A leader with a deep sense of purpose, he devised a brilliant system to ensure that his values are reinforced in his company's culture. He figured out how to measure something most people can only pay lip-service to: work-life balance. He believes that people should not spend all their time at work, but rather they should work to spend more time with their families. Every employee at Honore Construction is required to clock in in the morning and clock out in the evening. But there's a catch. They must clock in between 8:00-8:30 and clock out by 5:00-5:30. Stay any later and they are taken out of a bonus pool. Because employees know they have to leave at a certain time, wasted time has dropped to a minimum. Productivity is high and turnover is low. Because he figured out how to measure a value he holds dear, that value is embraced. And others can see clearly what he believes. His WHY is clear.

## The Origins of a WHY

Before it can gain any power or achieve any impact, an arrow must be pulled backward, 180 degrees away from the target. And that's also where a WHY derives its power. The WHY does not come from looking ahead at what you want to achieve and figuring out an appropriate strategy to get there. It comes from looking in the completely opposite direction from where you are now. Finding WHY is a process of discovery, not invention.

Learning the WHY of a company or an organization or understanding the WHY of any social movement always starts with one thing: you.



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In my case, I had begun a company and after four years was doing OK. We weren't a runaway success, but we made a living. However, after four years the novelty and excitement of starting something new had worn off. And no matter how hard I worked, it never seemed to be enough. As I wrestled with what to do and how to move forward, I made an important discovery.

I realized that I had lost perspective. I knew what I was doing, but I had forgotten WHY. I had passion and energy, but I lacked focus and direction. I needed to remember what inspired my passion. As I reconnected with that, mostly by looking back at my life and the things that always motivated me, I was propelled forward. For me, my WHY is to inspire people to do the things that inspire them, so that together, we can change the world. That's the path to which my life and work is now completely devoted.

Finding your WHY will happen the same way. As you look back over your life, you will find that there is something you believe deeply, something that has always motivated you, something that you find great joy and impact in. That is your WHY. Living it out may look differently over time, but your WHY will be the compass that sets your direction and the glue that holds it all together. So start with WHY.