

MAKING MONEY LEGALLY WITHOUT LOSING YOUR SANITY: SOME THOUGHTS ON MANAGING IN THE RACING INDUSTRY

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Dr. Sussman: I want to talk to you about how it is possible to make money legally in your association without losing your sanity, because they're not mutually exclusive. It is possible.

Everybody in this room wants employees who are loyal. You want commitment, you want sacrifice, you want caring and you want respect. That's the good news. The bad news is that you can't buy any of it. The only thing you can do with money in business legally is buy equipment, labor, materials, facilities and ads. You don't buy loyalty. You don't buy commitment. You don't buy sacrifice. You don't buy caring and you don't buy respect.

How do you get them? There are 10 truths for getting what you really want. For some perspective here, Mickey Mantle said, "During my 18 years, I came to bat almost 9,000 times. I struck out almost 1,700 times and walked maybe 1,800 times. You figure a ball player will average about 500 at-bats

a season. That means I played seven years in the major leagues without even hitting the ball.” The point of that is every time you are in front of people they’re making some decision about you as a manager and leader. If you believe that the only time you are leading is when you’re in a boardroom or the only time you’re acting as a professional manager is when you’re speaking to the press, you’re totally disregarding what Mantle was saying here. You’re doing all sorts of things the entire tenure of your career, many of which have nothing to do with objective success but all of which will define how successful you are.

Now we’ll talk about the truths.

The great management guru, Al Capone, said “ You get more done with a smile and a gun than with a smile alone.” What Capone is telling you is if your rules are fair and legal never apologize for imposing them. The other thing he’s telling you is the leaders and managers who do themselves in are the leaders and managers who would rather be liked than respected. It’s ok to smile. You should smile with your people, but there’s a lot to be said of the velvet hammer. There’s a lot to be said for firm policies. Never

apologize for your policies if they're legal and just, meaning that you apply them in a totally non-discriminatory way.

Truth number two, from Steven Covey, is one of my favorite truths. You can't talk yourself out of problems you behaved your way into. The only way you get out of problems you behaved your way into is to behave your way out of them. Yes, you can apologize. Yes, you can seek forgiveness. Yes, you can write all the letters of remorse that you want. You can engage in mea culpa all you want. You can do all sorts of things that you want with words but the truth of the matter is if you acted yourself into trouble, if you behaved your way into trouble, you've got to behave your way out of trouble.

Truth number three. I know you believe you think you understand what I said, but I'm not sure you realize what you heard is not what I meant. Always put it into writing. The more you communicate with everyone on your staff, the more you communicate with everyone at the backside, and I've been at the backside at Churchill Downs, it is the United Nations—we are talking multiple languages, multiple meetings, multiple values. If anything is important, you make sure it is in writing. This is not your legal

counsel talking right now, this is your management counsel talking to you. I know you believe you think you understand what I said, but I'm not sure you realize that what you heard is not what I meant. This is a powerful law. We are using words all the time to convey meaning. Never assume that the meaning you have for the message is the same as the meaning the other person has for the message. The more you understand that, the better manager and better leader you're going to be.

Truth number four is from a man who had a quadruple digit IQ. A man who could multiply four digit numbers by seven digit numbers and come up with the right answer. A guy who made John Nash of A Beautiful Mind look like a dullard. Albert Einstein said, interestingly enough, that imagination is more important than knowledge. The fact that you don't see something does not mean that it doesn't exist. Imagination is more important than knowledge. I was at a hotel in San Diego a couple of weeks ago and I was walking around the kids' pool. The sign at the kids' pool said, "Parents are welcome as long as they are accompanied by children." Look at all the signs you have around the track that tell people what to do, that tell people where to go and how to get there. How much imagination is in those signs? How user-friendly are those signs? Would anyone in this room have enough

creativity to put a sign by a kids' pool that says, "Parents are welcome as long as they are accompanied by children." I was at another hotel going under some construction. You've all seen the signs around construction sites that say, "Please excuse our dust." This one said, "Please pardon our progress." By the way, your construction is still going on. Do you want to pardon your dust or do you want to pardon your progress? Imagination is more important than knowledge.

Truth number five. Sam Walton said, "The key to success is to get into the store and listen to what the associates have to say. Our best ideas come from clerks and stock boys." I'll tell you a little story about this as I quote Paul Simon, "Words of the prophets are written on subway walls and tenement halls." Do you know where that comes from? The Sounds of Silence. If you were to hire me as a consultant to help you make money legally without losing your sanity, do you know what I would do? I would get together a focus group of your employees in a room. I'd make you buy them pizza for lunch. I would sit down with your people and I would say "This discussion is candid. It's anonymous. Nothing you say in this room will be associated with any individual speaker but what ideas do you have to improving this track. The way the track is managed. The people who work here." Then I

would tell you the answers, and you would pay me for that and believe me I charge more than \$8 an hour. You're paying me to find out the truth that you could find out if you talked to them. Isn't that interesting. The prophets in this case are on your payroll. The words of the prophets are written on subway walls and tenement halls.

I was talking to a vice-president of human resources at a bank and I asked, "How many people work here?" He said, "Half of them." Never assume the number of the people on your payroll equals the number of people working for you. If 80 percent of your people work for you 80 percent of the time you will make money legally without losing your sanity. I was talking to a maintenance man at this bank who had an idea on how to save the bank \$30,000 a year in maintenance fees but wasn't going to tell anyone because of how he was treated. He claimed the bank managers thought he was stupid. When I asked him why he thought that he said, "Because they keep referring to me with a three word job title and the first two words are 'just a'. Everyone says that I'm just a maintenance man." Go back to how you get caring, respect, loyalty and commitment. I believe you have people on your payroll right now who could save you money legally but aren't telling you. The reason I believe that is I've talked to enough employees.

Truth number six. We have moved from Tom, Dick and Harry to Juan, Chen and Mary. White, Anglo-Saxon, Protestant males are now the minority of the workforce. The backside of Churchill Downs is a United Nations. That is not typical of most companies. Most tracks are much more ethnically diverse in the workforce than most organizations. That's the good news. The bad news is that you have employees who do not pray to your God. The bad news is you have people who would never eat a Big Mac because they don't believe in meat. The implication of all of this is that we're becoming increasingly diverse.

Written in Latin on the dollar bill is "From many, one." Interesting enough, we all carry around in our currency a statement about cultural diversity. The point for you and your tracks is regardless how diverse your workforce is, and believe me it will become increasingly diverse, you have to convince them that regardless what they believe or don't believe—they can be an agnostic, they can wear question marks around their necks, it's entirely up to them—they're all on your workforce for one common cause. That is to make everyone there profitable. Regardless where they come from, there's a reason they're on your payroll.

Stop saying, “You can lead a horse to water but you can’t make it drink.” Start saying, “The trick is to make the horse thirsty.” The trick is to make people thirsty. Find reasons for turning a no into a yes. Find what motivates people. Find out what they really want. It isn’t always money. If your salaries are equitable in the external market place, typically the reason why people are happy or unhappy is not salaries—it’s going to be working conditions.

Truth number seven. How many people know who Phil Jackson is—former coach of the Chicago Bulls, current coach of the Los Angeles Lakers. Some interesting lessons on leading come from Phil Jackson. Lesson number one is “The power of the wolf is the wolf pack, the power of the wolf pack is the wolf.” You know the power of this organization—each person in it. You know your power—the power of this room. Your power comes from the people in this room; the power of the people in this room comes from you. Your individual power in HTA comes from everyone in this room. That’s how Phil Jackson got Michael Jordan to pass the ball. That’s how he gets Kobe Bryant and Shaquille O’Neal to play together. Understanding the power of the collective versus the power of the individual.

Understand the rhythm of the play, the game, the season and your career. You really do have to develop some longtime perspective. If you want to make money legally without losing your sanity, get some sense of the season. Remember Mickey Mantle played for 18 years, seven of them he didn't even hit the ball. Get some sense of the rhythm. I do believe that women make better managers than men do. They understand how to get commitment, caring and respect. Guys know how to get equipment, labor, material, facilities and ads.

Directly from Phil Jackson is "Me and We are not mutually exclusive." There's nothing wrong with people on your payroll wanting to do as well for themselves as they can. The problem is when wanting to do that affects your performance or when you want to do well for yourself impedes someone else's ability to do what they want.

Truth number eight. A computer will not make a good manager out of a bad manager. It makes a good manager better faster and makes a bad manager worse faster. We overlay microchips on basic functions, distorting what those basic functions are and it changes our perceptions on what is real. You

will put a potato in a microwave oven and go bonkers because it takes 180 seconds to bake a potato. Does that give you a message of what computers have done for us? Technology is nothing more than a tool that enables smart people to be smarter and, here's the kicker, it enables stupid people to be dumber. And it will speed up both processes.

People don't care how much you know until they know how much you care. We lived in Pittsburgh for five years and my wife and I went to dinner at the same restaurant every Sunday night. We saw our waitress Mary 250 times, once a week for five years. You have relatives you haven't seen 250 times in your life. The last night we were in town, Mary knew we were leaving and she gave us our check saying, "This one's on me." The waitress paid for our dinner. The point of that is that if you have people on your payroll who will do for your customers what Mary did for me, you have people on your payroll who will make you rich. People on your payroll who believe that you care for them will in turn care for other people.

Truth number nine. Don't worry about the employees you train who decide to leave, worry about the employees you don't train who decide to stay. There's the lecture on employee training. Don't worry about the ones you

train who are going to leave because you aren't running indentured servitude. They are citizens. They can leave you. And forget guilt, forget trying to make them feel that they ought to work for you because you gave them a job. There are a lot of people who will give them minimum wage that won't make them feel guilty.

Truth ten. Your most important assets are time, health, people and ideas. Isn't it interesting, money's not on that list. Money's not that important because it can always be replaced. If you can solve a problem with a check it is not an important problem. Perspective. The most important assets you have are time, money, people and ideas.

You're now ten years into your retirement. Looking back on your career what are you going to think about? You know what you're going to think about, you're going to think about the people you meet at these kinds of associations. You're going to think about the people on your payroll who made you a lot of money. You're going to think about the people who cared about you. You're going to think about the employees who went out of their way to ask about your health.

If you wander through a cemetery, the headstones you see talk about family relationships. They give date of birth and death but they never said anything like “The greatest harness track owner in America.” They never said “The greatest horse trainer in the world.” What is the message? The message is when you make money legally without losing your sanity it is really about leveraging what really is important. Periodically you need to hear that, and that’s what I wanted to do while you were with me today. Thank you