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It All Starts with the First Leap

Leap and the net will appear.

—John Burroughs, naturalist and essayist

My Story

One morning 20 years ago, I woke up feeling buried by my business. No matter how hard I worked, I could not relieve what felt like a 1,000-pound weight on my shoulders: constant work, unrelenting chores, never-ending bills, and round-the-clock parental responsibilities raising my 2-year-old daughter, Gabriella, by myself. I was running on empty with no time or energy to do the activities I liked or be with the people who brought me joy. In fact, I had lost the motivation to seek out joy because all I could think about was the oppressive stress that was running my life – wondering how I was going to get everything done before collapsing after midnight, only to start the cycle all over again the next day. To top it off, I was constantly wracked with the guilty feeling that I was a horrible parent. Ironically, I had started this business to become the master of my fate – to live a life of freedom and creativity and build a wonderful life for my daughter.

At the time, I was running my company, The Barali Group, a full-service advertising and public relations firm in San Diego, California. Business was good – no, it was better than good, it was shooting through the roof. I was being slammed with business from Fortune 100 companies such as Ben & Jerry's, Supercuts, Allstate, and Charlotte Russe. The cash was flooding in. I should have been counting my blessings, right? My ship had come in. Unfortunately, this was not at all the case. I had no time to breathe, much less any free time to spend all of the money I was earning.

What was going on? Was I just being ungrateful for my good fortune?

I tried to sort out the problem, as something was dreadfully wrong. While the front end of my business was booming, the back end – the glue that held everything together – was nonexistent.

For one thing, I had a small, talented team, but needed to face the fact that I was naïve and ill-prepared to lead them. Rather than delegate tasks to my staff to free myself up and live my life, I continued to be involved in every aspect of – well, *everything*! I performed an honest self-diagnosis and came to the conclusion that I was a total control freak. (As I later discovered, this is a universal trait among people who start their own businesses from scratch.)

Meanwhile, I was a control freak who didn't have anything resembling a blueprint for growth and, of course, no plan in place to scale and adapt to all of the changes occurring in my business. Although I was a whiz at bringing in clients and had a knack for building successful ad campaigns, I was sorely lacking the ability to manage anything beyond that and unable to concede enough authority to empower anyone on my staff to rise to the occasion and fill in the gaps. We haphazardly bounced from one project to the next. My team and I suffered many all-nighters loaded up on coffee in order to meet crazy deadlines. We were all breathing our own exhaust.

My Big Wake-up Call

Most of us can look back on our lives and recognize the wake-up call that set the course for our future. The moment when our lives took a drastic turn and the universe tossed us out on our derrieres, forcing us to make a change – whether we were ready for it or not. In most instances, we were not.

When you are under constant stress, one of the side effects is that you are never living in the moment. You are constantly trying to figure out what you need to do next, rather than paying attention to the brilliant opportunities for joy and prosperity right in front of you. You fail to see or feel the vision, as you are focusing so much on your day-to-day workload, your frustrations, and your own *stuckness*. (Yes, I admit I just made up

that word, since that is the best way to describe the sensations involved.)

My wake-up call occurred on the day when I managed to run over myself with my own car. Yes, you read that correctly: *I ran over myself with my own car*. This feat was clearly the biggest faux pas of my life.

It happened when I was picking Gabriella up at daycare. I was in a rush from another long workday – running late, as always – and parked my Ford Taurus in haste. I began my leap out of the vehicle in a panic, feeling the shame of being tardy to pick up my child and exhaustion from hours of toiling nonstop at the office. I'm sure you can guess what happened as I exited the car.

Surprise! I realized too late that I had failed to use the parking brake. As the car began to move with me in its grip, halfway out of the driver's seat, it dawned on me that my frenetic pace was doing me in.

The car rolled back, dragging me underneath the front tire and out into the middle of the street. If having a 4,000-pound car running over you does not cause you to drastically reexamine everything about your life, nothing will. Once the car stopped rolling, I realized that it was only by some incredible miracle that I had survived in one piece (except for the tire tracks on my legs, which lasted for a year). I knew my life had to change.

The following question popped into my head loud and clear: *Do you want to be in the same place a year from now, and 10 years from now?*

The thought of living like this for another year – much less another day – lit a raging fire under my feet. I made a drastic decision and walked away from everything. I essentially handed my half of the business to my partner, left my failing marriage, and rebooted. I went back out into the world as a single mom with no money, no revenue, no prospects, and no idea what I was going to do with my life.

The result? I was happier than I had been in years.

From that point onward, I made a decision that I must be 100% passionate about everything I did – or else I would drop it. The choice was either “Hell yes!” or “No way!” There wasn’t anything in between. I loved the idea of business and making money, but I arrived at the conclusion that there had to be a better way than riding myself so hard that I ended up literally running over myself.

My Business Blueprints Are Born

I spent the entire following year rebuilding my life. I made a list of all the parts of my company that worked well and separated out which ones were broken, faulty, or missing altogether. Next I dove into each individual aspect to figure out why some things worked while others didn’t. I also studied my clients who ran successful companies, examining the systems and processes that had turned them into well-oiled machines functioning with fluid perfection and garnering sustainable results over both the short and long term.

“Every successful business owner has that pivotal moment in their lives and careers. I call mine “the moment of impact.”

Mine happened to occur during a “wonderful thing” called the Recession. It was a terrible time for everyone. All of my eggs were in one basket with retailers. But I was afraid to go to them and continue to do business. Buyers I had worked with for years had lost their jobs, and I was worried. Stores were shuttering. Companies had filed for bankruptcy.

I had spent so much time and energy pleasing my buyers, doing things like sending them cupcakes. But my company wasn’t going to survive this way. The Recession taught me that I no longer needed to worry about my buyers. I needed to worry about my customers.

My focus completely changed. My business started going direct to consumer. We weren't going to worry about our wholesalers and retail partners anymore. Of course, we still did business with them when there were opportunities – but mostly I redirected everything to customers.

I had only seven employees at the time. I maxed out my credit card and line of credit. I pulled out of the rep groups and opened my own showrooms. I built a direct-to-consumer website. I created the “color bar” where the customer could design her own jewelry; she'd pick the colors she wanted and choose her own metals.

We did the unthinkable and opened our first retail store. It was a calculated risk during the Recession. But retailers were shuttering, so space was cheap and I was able to negotiate my own great lease.

Everyone thought I was out of my mind. While everyone else was pulling out, I was trying to do something disruptive, innovative, and creative.

I wasn't going to allow anyone to speak for me again. I was going to build my own relationships with customers to find out for myself what they loved and hated. And that's when the magic started.

Years later: I now have a \$1 billion business and 2,000 employees – all due to that moment of impact.”

—*Excerpt from my interview with Kendra Scott, chairman, CEO, and lead designer of Kendra Scott, LLC. To watch my full interview with Kendra Scott, go to:*
www.ScaleorFail.com/bonus.

From all of this, I developed two strategic blueprints: one to *grow* a business and the other to *scale* a business. I diagrammed these blueprints like an architect renders drawings for the construction of a new building. I subsequently adhered to them step-by-step as I built nine more companies – four of which of I've sold – that have generated tens of millions of dollars.

Most important, I had a blast along the way. I finally *enjoyed* what I was doing, while at the same time accomplishing my goals and making lots of money. No longer was I breathing my own exhaust fumes. I created businesses that improved my quality of life, allowing me to spend time with my family and friends and even savor my two passions: travel and flying on the trapeze.

Over these past three decades, I have carried wisdom from one business to the next and from one client to the next. I have since refined both blueprints so that the principles can be replicated and adapted, regardless of the industry or business model. Whether you run a brick-and-mortar storefront or an online business, the SCALEit Method® enables you to scale while working on your personal growth and development as a true CEO, instead of being a worker bee running every detail of an organization that is actually spinning you around in circles. The SCALEit Method is adaptable to any type of business – manufacturing, consumer goods, a brick-and-mortar store, a digital service, a wholesaler, a consulting service, and everything in between.

I share my story and use it to illustrate my philosophy of scaling because I discovered through working with my clients that what I had experienced as a small business owner was not unique. The clients I work with all have their own versions of feeling trapped inside their businesses. They are lost in their own self-created mazes of never-ending tasks, responsibilities, options, decisions, and ups and downs – and they have no clue how to extricate themselves from the day-to-day minutiae and focus on the bigger picture.

I see this prevailing issue festering in start-ups, \$20 million businesses, and even companies nearing or exceeding \$100 million: the leaders fear that their businesses will fall apart if they quit being the worker bees and stop overseeing and approving every single detail. Some of them secretly worry they don't know anything other than what they are doing and hold on tight to performing the work activities they have done well for years rather

than confront the unknown and fail. As a result, they run around in their company's maze, often ending up right back where they started. Each day is a painful repeat of the day before with no end in sight, and the company remains lodged in second gear. It's time to cue up the classic film about déjà vu, *Groundhog Day*, and its daily repeat of Sonny and Cher's "I Got You Babe" on the radio! With the right direction, blueprint, and courage to implement, you can achieve the success you desire and finally move on to February 3 (the day after Groundhog Day). Fear not: I will show you how.

The Power of Failure

In most cases, failure does not come from taking the leap. It comes from giving up before you've given yourself a chance to step up the ladder to the platform and soar. You look up and panic before you even arrive there.

Your mind races to the negative possibilities: *What if I fail and fall? What if I get into debt and can't pay my bills?* You hear all of the naysaying voices in your head: your spouse, your mother, your father, your best friends, your cousins, your former colleagues, and even acquaintances who know little about you. They even gave you the added bonus of telling you each and every business horror story and failure they ever heard. Sometimes they just innocently ask, "Are you sure you are ready for this?"

Even if they have the best of intentions, it's as if they are all hoping you'll fail – just to be able to say those fatal words: *I told you so.*

I love this statement, often attributed to motivational speaker T. Harv Eker: "Every master was once a disaster." Sometimes you must crash into the wall, hit rock bottom, or, like me, run over yourself to realize you must find another direction.

Fortunately, my personal disaster was not the end of my story. It actually marked the beginning.

I became hell-bent on discovering an alternate way to build a successful business and create a meaningful life that would bring happiness to the ones I loved as well as to myself. Failure gifted me with a breakthrough like no other life experience.

Failure gives you the insight to look at your experiences in a new light. Yes, these moments can be excruciatingly painful, and we obviously don't go looking for failure. But that is exactly where the growth happens. When everything is copacetic and operating smoothly, there is nothing compelling you to look within and examine the deeper questions that provide you with opportunities to make the biggest shifts in your life.

Without these crucial phases, business owners may stay stuck in second gear – the state in which you are floating in a static mode, where there's no electric charge or potential for any new energy or movement. You're idling in mid-air or in a black hole, feeling stuck, trapped, frustrated, and confused about what action or direction to take to propel yourself forward. Then, *boom*, you hit the proverbial wall and are ready for your wake-up call.

Failure is a teacher who gives lessons that you will never forget. It's what you do with this education that counts. This one changed my life for the better, and I am forever grateful.

What's the Meaning Behind the Money?

In tearing my ad agency apart bit by bit, I was able to identify where the gaps were, what parts of the foundation were weak, and why I could not seem to get ahead – no matter how hard I tried. The biggest hole was loss of passion. I had thought the most important part of growing a business was making lots of money. I was wrong.

Don't misunderstand me: It goes without saying that you need to create revenue and profits to scale your company. Money has the power to transform lives, and I want to help you create great wealth in your business – inside and out. Money is essential

to invest in your growth, and it helps you support those you care about. There is also your team and their families to consider. Their financial survival and success depends entirely on yours.

If it's only about the money, you are going to give up. Having a "cool idea" and "making lots of money" are not good enough. You have to have something inside you, a calling, a purpose. That will fuel you at 3:00 a.m. when other people are giving up.

—*Excerpt from a recent interview with Peter Diamandis, founder of the X Prize Foundation. To watch the full interview, go to: www.ScaleorFail.com/bonus.*

The challenge comes when money is your *sole motivator*. That was the problem I experienced with my advertising agency. The bank account was filling up with cash, but my heart remained empty. In fact, it was bleeding out. I had believed that money was the answer yet, at the end of the day, it's not what is most fulfilling or what drives you on the path toward achieving wealth. It's the work, the people, and the experiences along the way that give purpose and meaning to what you are doing.

I longed for more meaningful relationships with my clients and a sense of purpose. I wanted to know that my team and I were making a difference. I wanted my company to have a lasting and positive impact on others. I felt we were only as good as our last campaign and not being uplifted by the experience. By applying this newfound outlook as I built each new company, I was able to truly enjoy our clients. In fact, I have now worked with many clients for a long time and count them among my friends.

Trust me when I stress that at best money is only half the equation (albeit a critical half). It powers your business engine to rotate the flywheel. Money can make it go faster and faster. But without one essential ingredient, your flywheel will spin out of control and become irreparably broken.

Passion Brings the Cash In

In order for an activity or goal to sustain itself long enough to be successful through life's inevitable ups and downs, there must be meaning and passion behind it. It is imperative that you love what you do. Passion is what enables you to cherish your wins and lifts you right back on your feet when you face setbacks and losses. Without passion, business becomes a grind, a job. When an activity or goal has meaning for you, you're more likely to give your heart and soul to this cause, making sure that you stay focused, labor over every detail, and absorb yourself in every moment. When you spend time on efforts that really matter to you, it's far more likely that you'll make the commitment that's necessary in order to build an entity capable of sustaining, thriving, and scaling.

Passion is energy. Feel the power that comes from focusing on what excites you.

—Oprah Winfrey

In having studied many successful companies and interviewed founders who continue to thrive in their companies, I have found that they all have this in common: *They love their business*. They love what it stands for, the people in it, and the impact they are making. They rise above the chaos, they grow through the ups and downs, and they revel in the wins. They are in total alignment with the company vision and everything the company stands for. Their passion is contagious and translates outward to their employees, customers, and partners. People seek to work for these companies because they want to experience this passion firsthand.

Ask yourself the following questions:

1. Do you love your business?
2. Is your passion visible to your team?

3. Do your team members seem passionate about what they do?
4. Does the shared passion provide staff members with the opportunity to shine?
5. Do you have core company values?
6. Are your company values shared with the team?

Now that you have taken that first scary leap, have accepted that it's okay to fail, have identified your passion, and have welcomed your team along to share in your vision, it's time to begin strategizing.

Chapter Summary: You've Got This!

- DON'T wait for your wake-up call to start converting your business into an enterprise.
- DON'T let yourself get trapped inside your own business.
- DON'T be afraid of failure. It's okay to fail!
- DON'T let money be your sole purpose.
- DO be passionate about what you do.
- DO transmit the passion and energy to your team.
- DO take your first leap to scale!

