

---

## **The Importance of Understanding the Free Enterprise System**

**W**hy do I write to teens about the free enterprise system? If you want to become successful in your employment, it's critical for you to understand our economic system. Business owners must have efficient employees to remain competitive in order to please their customers. When we find such employees, we pay them high wages and often promote them into leadership positions.

Let me share incidents about the world of work. As you read these stories, think of the main reasons for success. When I moved to Texas I wanted to continue to teach, but the pay for teaching was insufficient to support my family, so I went back to my trade as a tool and die maker. Then I applied for a job as a tool designer. After working there for six months, the president of this large tool and die stamping shop and a machining company told me he was looking for an operations manager. He described the benefits, and then pointed to me and said, "You're the man."

I received a substantial raise in salary and then managed the tool and die stamping company and another company that specialized in making pellitizer blades. Why within six months of my employment was I offered that lucrative job promotion?

### **Think Like an Owner**

I aim to live by the Golden Rule, "In everything, do to others what you would have them do to you." Now as a tool

designer, I wanted to apply Golden Rule thinking to help my new employer become profitable. One of the companies they owned was losing money and about to go bankrupt. I began designing tooling that would make the machining operations much more efficient. I gave the president many suggestions on how to make his company more profitable. He told me no employee ever offered him suggestions. After six months, I was promoted to operations manager because I thought like an owner. I aimed to make his company profitable. I simply looked at the company's existing way of doing things and tried to make the operations more efficient.

Zig Ziglar, a former successful salesman, author, and motivational speaker who has helped millions worldwide, has a motto, "You can have everything in life that you want if you will just help enough other people get what they want."<sup>1</sup>

What is Ziglar saying? The secret to getting ahead in life is to help others. If you're in sales, think of what you can sell that will benefit the customer. If you're an employee, think like an owner. I thought like an owner, and then I received a substantial pay raise and became operations manager of all the manufacturing operations. I reorganized the entire stamping shop, made operation sheets, and began to train the employees to do their own setups and to work efficiently. For the other company that was going under, I instituted many changes to make it more efficient. Twenty-five years later this company that was on the verge of going under is still in operation.

### **Innovation**

The free enterprise system encourages innovation. Think of all the changes that have taken place within the last hundred

## The Importance of Understanding the Free Enterprise System

years: television, computers, internet, space exploration, medicine, and many others. However, sometimes the greatest innovations are very simple. Take the metal shipping containers where goods are transported on large ships around the world. Imagine how labor-consuming it was to ship products before these shipping containers existed. Now a company loads a shipping container with its products. A truck transports this sealed container to a dock where it is loaded onto a ship with the aid of large cranes. The ship enters a port, and the container is unloaded and transported to its customer either by rail or by truck.

The idea started when Malcolm McLean drove his trailer truck loaded with cotton bales to be loaded onto a ship. As he waited, he watched men unload bales of cotton from the trucks and into slings to be loaded onto a ship. Then they had to unload these bales and put them in their proper place on the ship. This is what McLean said when he got the idea.

What a waste in time and money. Suddenly the thought came to me: Wouldn't it be great if my trailer could simply be lifted up and placed on the ship without its contents being touched? If you want to know that's when the seed was planted.<sup>2</sup>

A few years later he purchased a company and implemented his idea about containers. Shipping by means of containers revolutionized shipping by dramatically reducing the cost and time to load products. In ports around the world you will see ships loaded with containers. You may also observe these

containers on trucks on the highways delivering products to customers. That simple idea of shipping goods in containers so revolutionized shipping that the Maritime Association of the Port of New York and New Jersey named McLean as “The man of the Century,” and Forbes Magazine said, “One of the few men who changed the world.”<sup>3</sup>

## **Doing Your Best**

Zig Ziglar tells the story of a woman who got married after high school. The only job she could find was cleaning rooms at the Holiday Inn. To many people that would be a low-end-job not deserving their best efforts. But this girl determined to do her best at cleaning the rooms. Within six months she was the manager of the floor, a few months later of the entire housekeeping department. About a year later she received a promotion to the restaurant, first as an assistant manager, then as a manager. A couple of years later she became manager of the Holiday Inn in Zanesville, Ohio.<sup>4</sup>

If you want to be successful, you need to have a passion for excellence. Be the best secretary, best hamburger flipper, best homemaker, or best sweeper. Many times when employers see individuals giving their best, these are the ones they promote. Some may make fun of you for working so hard, but refuse to listen to them. Some objections may be:

“I’m not getting paid enough.”

“I’m not getting paid for that kind of work.”

“It’s someone else’s job.”

“If I work hard and fast, I won’t get overtime.”

Many people shift into another gear when the boss is

present. They are menpleasers and serve their bosses with eyeservice. But bosses have four eyes, two in front and two behind their heads. We're not stupid. Don't think you can always fool us. We're looking. Abraham Lincoln said, "You can fool some of the people some of the time; but not all of the people all of the time."

### **Thinking of Others**

If you want to advance in your job, you **MUST** begin to think of others. I was foreman of a tool and die shop when I decided to become a high school teacher. I passed the test and was hired as an industrial arts teacher at Newton High School in Queens. They assigned me five automotive classes. I'd gone to college, but I'd never taken any automotive classes. Besides, this was a class no other teacher wanted. It was a small classroom with only one car. How do you teach automotive?

Fortunately, being mechanically inclined, I had always repaired my cars. The first thing I did was seek advice from the previous teacher of this class. Then I applied the principle of edification: What can I teach these students that will benefit them. Notice my focus was on my students on how to help them, not on what *I* wanted to teach. I visualized myself sitting where the students sat and wondered, "What would I like to learn about cars if I were a student."

I want to stress this point, for it is critical to your becoming successful. My aim as a teacher was how could I help the students and make this class interesting and beneficial for them? I went on my own time to various stores and asked if they had any old lawn mowers. The school was in New York City, and

as you can well imagine the city doesn't have many lawns. However, I found some stores that were willing to donate their used and broken lawn mowers. I packed them into my station wagon. Then I had students in my classes disassemble them. I wanted every class to have five lawn mower engines so they could take them apart and learn how a four cycle engine works. I broke up the class into five divisions, and had the students rotated as foreman, assistant foreman, and workers.

Now you would think that having up to 25 students working on small engines and having all sorts of tools in use would be bedlam collecting these tools. I had a simple solution. I organized a cabinet where I could see where every tool belonged. When I said it was time to clean up, the class was to bring back all the tools and wash their hands. The foremen couldn't clean up until I gave the final word. The final word came when I saw every tool was returned.

I also taught the students how to do tune ups and various repair jobs on cars. At the end of the term, I'd ask the students how this class could be improved. I donated a car and removed the engine. I had a running engine on a stand for demonstrations. I connected the exhaust pipe to the outside. I gave tests and homework. If students didn't do the work, they failed. Did this turn students off? Not in the least. In fact, the automotive class became the most popular industrial arts class in the school. Our school had eleven automotive 1 classes and three automotive 2 classes. Here I was an inexperienced school teacher, and because I had a sincere interest in helping students, this automotive class became the most popular industrial arts class in the school.

## **How to Have Friends**

My success in teaching automotive was because I had a sincere interest in helping the students. It's the same with having friends. Here's a bit of advice that is critical to building friendships. You'll gain many friends if you can show a sincere interest in what the other person is saying, rather than concentrating on having the person listen to you. So if you want friends, Rule 1 is:

### **You must show a sincere interest in others.**

How many people want friends to listen to them, but they close their minds when you speak? The consequence? These closed-minded individuals have few friends. Remember: If you want friends, you must show yourself friendly. Encourage others to talk about themselves and be a sincere listener. You'll have plenty of friends if you follow that simple rule. This is also true in building a successful business. Show a sincere interest in your customers' problems. Listen to them intently and see if you can become part of the solution.

The same holds true when you want to convince someone of your cause. Abraham Lincoln, the 16<sup>th</sup> president of the United States, had this to say:

It is an old and true maxim "that a drop of honey catches more flies than a gallon of gall." So with men, if you would win a man to your cause, first convince him that you are his sincere friend. Therein is a drop of honey that catches

his heart; which, say what you will, is the great high road to his reason.<sup>5</sup>

## **How to Make People Like You**

George Eastman, the founder of Eastman Kodak Company and the inventor of the roll of film, was a very wealthy and successful businessman. Eastman was building the Eastman School of Music in Rochester, N.Y. The president of Superior Seating Company, James Adamson, wanted to sell theatre chairs to Eastman. He called and made an appointment through the architect. “I know you want to get this order,” he warned Adamson, “but I can tell you right now that you won’t stand a ghost of a show if you take more than five minutes of George Eastman’s time.”

When the architect and Adamson visited Eastman, he was bent over looking at a pile of papers on his desk. Eastman looked up, and the architect introduced Adamson. I want you to notice what Adamson did. It’s an important lesson in getting people to like you. Of course Adamson’s reason for being there was to sell Eastman theatre chairs, but instead of talking about selling chairs, he first showed a sincere interest in something that sparked Eastman’s interest.

This is what Adamson said, “While we have been waiting for you, Mr. Eastman, I have been admiring your office. I wouldn’t mind working myself if I had a room like this to work in. You know I am in the interior woodworking business myself, and I never saw a more beautiful office in all my life.”



## The Importance of Understanding the Free Enterprise System

“You remind me of something I had almost forgotten,” Eastman replied. “It is beautiful, isn’t it? I enjoyed it a great deal when it was first built. But I come down here now with a lot of other things on my mind and sometimes don’t even see the room for weeks at a time.”

Adamson walked over and rubbed his hand on the wall and spoke about the wood. Then Eastman walked around the room showing him other things. Eastman walked toward the window in his room and shared how he was trying to help humanity in some of the institutions he was supporting. Adamson complimented him for using his wealth to help the suffering.

Adamson asked him about his early struggles in getting started in business. Eastman shared about the poverty of his early childhood and his widowed mother, and how he wanted to help his mother not to work herself to death. Adamson was warned not to take over five minutes, but he had already spent over two hours speaking with Eastman.

Then Eastman told him about some chairs he had bought in Japan, and how the sun peeled off the paint. He painted the chairs himself, and then said, “Would you like to see what sort of a job I can do painting chairs? All right. Come up to my home and have lunch with me and I’ll show you.”

They went to the home and Eastman showed Adamson the chairs he had painted. Guess who got the order for the theatre chairs? That’s right, Adamson did because he showed a sincere interest in what interested Eastman. From that time on, they were close friends until Eastman’s death.<sup>6</sup>

## **Putting Yourself in the Other Person's Shoes**

A young advertising copywriter needed someone to clean his house. He thought it would be easy to find someone who needed some extra cash. He placed the ad, "WANTED: cleaning woman 1 day per week. Own transportation, exc. pay." He also included the telephone number and when to call. There was no response, even though the ad ran for one week. He was embarrassed and depressed, for he was supposed to know how to write an ad, being an advertising copywriter.

Then he said to himself, "Pretend you are the lady looking through the want ads. You're looking for a job, but you are no professional cleaner. What would make you want to call that number?"

Then he imagined he was that woman. This is the new ad he wrote: "WANTED: Housekeeper to take complete charge of house in the country 1 day a week. Be your own boss. Make your own decisions. Drive your own car," plus phone number and time.

He didn't even include anything about pay. Here are the results he reported: "That night the telephone began to ring at five to six, and before an hour was up I had NINE women who want to be interviewed for that job."

He hired one who was great, and she worked for him for years. Later that week his boss came into his office and said, "Your stuff is awfully good lately."

"Thanks," he said. "It turns out I can write better ads if I put myself in the other guy's shoes."

## The Importance of Understanding the Free Enterprise System

“Actually, it’s something you’ve heard before,” his boss said. “It’s quite an old piece of copy, as a matter of fact.”

The copy editor was puzzled, so he asked what he meant. “Putting yourself in the other guy’s shoes,” said the boss, “is another way of saying the Golden Rule.”<sup>7</sup>

### **Pleasing Customers**

Since in a free enterprise system the means of production aren’t centrally controlled but privately owned, customers determine whether to purchase the means of production. In reality, the customer is the ultimate boss. When companies quit focusing on pleasing customers, they’ll eventually be forced to shut their doors. The secret of building a successful company is applying the Golden Rule: “In everything, do to others what you would have them do to you.” In other words, think of how you can please others, especially your customers.

Successful companies aim to make their customers “Number One.” No business will ever succeed without pleasing or loving its customers. Speaking of love may sound mushy; nevertheless, love is life’s most important principle. Everyone craves it—children, friends, employees, customers, and when you get married, your mate. But many never find that elusive dream of love. The reason so many fail to find love is that they’re only focused on themselves. True love is found by giving. It’s not a egocentric love affair with oneself, but a love affair with others. By giving love, we discover true love. Master the concept of loving others, and you’ll discover life’s richest rewards. Be selfish and unloving, and you’ll suffer the consequences.

## **Starting a New Company**

At the age of 57, I took a risk and started my own company, Reliable EDM (Electrical Discharge Machining), with my two sons. I could have chosen the name, Sommer EDM. But I wanted to think big, so I choose the name Reliable EDM. I bought three used wire EDM machines. We bought two very old machines with a computer system at a very low price. We managed to get one of the old EDM machines running, but it was so slow that my son, a mechanical engineer, said we shouldn't bother using it.

So with one operating wire EDM machine, I began a study on what makes companies successful. The key I discovered was following the Golden Rule. I asked myself, "If I were a customer, how would I want to be treated?"

Since we deal mostly with machining companies, I reasoned that my customers would first want a quality product. Does the part we machine meet or exceed the specifications of the blueprint that the customer provided? Quality is always *Number One* in importance. Next was to provide good service. Can I deliver the product when the customer requires it? Delivering a quality product one or two weeks late was unsatisfactory. Finally, have a competitive price, or keep our prices low.

In a nutshell: Produce a quality product that customers want in a timely manner at a competitive price. I said if we could do that, customers would beat a path to our doors. With that as our guiding philosophy, we are today the largest wire EDM job shop west of the Mississippi River. Today we have over 50 EDMs, and we also have a plant in Broussard, Louisiana.

## The Importance of Understanding the Free Enterprise System

Before we opened our business, an employee who had managed the EDM shop where I was operations manager purchased a new EDM machine and started his own company. Shortly after starting his company, he went out of business. No doubt to him, Houston was a terrible market for an EDM company. Two and a half years later when we started our business, we discovered an excellent market for an EDM company. What made the difference?

I was operations manager when this employee started doing EDM work for our company. As operations manager, I tried to instruct this employee, but he was stubborn and wouldn't listen. He also lacked the skills for using the mathematical capabilities of the computer. Finally, I told the president of the company to replace him for his unteachable attitude. The president resisted for he had sent him to school to learn this equipment. Finally, after a year of low performance, the president reassigned him to the tool room. He soon quit and started his own business.

### **Secrets of Success**

What were the secrets of our success?

**1. Experience:** I had many years of experience in the machine shop and in the tool and die making trade; and my son, a mechanical engineer and a tool and die maker, had managed a wire EDM shop for two years.

**2. Educating the Customers:** I called machine shops and educated them about the advantages of EDM. My son and I have coauthored the book, *Wire*

*EDM Handbook*, and then we came out with a later edition, *The Complete EDM Handbook*.

**3. Applying the Golden Rule:** Above all, we aimed to follow the Golden Rule by being honest with our customers and aiming to please them. In essence, applying the Golden Rule is loving our customers. My attitude was, “I’m not the boss; my customers are the boss. The minute I stop pleasing or loving them, we’ll be out of business.” That’s the free enterprise system. It’s a customer-driven business philosophy.

When you live by the Golden Rule, you listen to correction. If you want to become a successful entrepreneur, you shouldn’t gather “Yes” individuals around you. “Yes” individuals are those who always agree with you. Instead, you should want employees and customers to always have the freedom to share ideas and problems with you. The other entrepreneur who opened an EDM company before us wasn’t a listener. He did things his way, and when he went into business he failed. The reason we have listening ears is we want to provide our customers with the best product, when they need it, at a competitive price. We know that’s what customers want.

When I was operations manager, we had one company which manufactured pellitizer blades for plastic extruders. The president of the company told me about two different pellitizer manufacturers. One plant used one set of blades every 12 hours; the other plant with the same machine used a set of blades every 22 days! What’s the difference?

## The Importance of Understanding the Free Enterprise System

The manager of the efficient plant has a room filled with scientific studies on how to run his equipment, even to the temperature of the water. He's performed many experiments to increase efficiency. These two plants are two different companies that are only 200 yards apart from each other.

When the president of our company introduced to the manager of the efficient plant newly acquired technology of coated pellitizer blades, he immediately tried them. The president told me how difficult it was in some plants to introduce change. In one meeting one manager said these famous words, "We've been doing it this way for twenty-five years and it worked." Yes his plant was working, but it was very inefficient. Successful individuals are always willing to listen to new ideas and implement them.

### **Loving Your Customers**

It may seem strange to you to speak about "loving your customer," but it's essential if you want to be successful. Joseph Boyett and Jimmie Boyett, in *The Guru Guide*, wrote about "The Best Ideas of the Top Management Thinkers." They compared those who were just managers and those who were leaders. They report:

Another way to distinguish between leaders and managers is to examine the language our gurus use in talking about leaders. When speaking of them, our gurus say things that most tradition-minded managers find strange, to say the least.

Leadership requires love.  
The best leaders are servants.  
You lead by giving to others.

As strange as it may seem to say that leadership requires love or that leaders must be servants and gift givers, such statements reflect the thinking of many of our gurus about what is required of today's leader.<sup>8</sup>

Tom Hopkins in *How to Master the Art of Selling* related one of his points for successful selling: "The top people we train get emotionally involved with the people they serve. Champions really care about their clients, and this true feeling comes through loud and clear to the people they're selling."<sup>9</sup>

If you want to be a success, show a sincere interest in others, be pleasant and polite, be a good listener, encourage others to speak about themselves, respect the opinions of others, and make the other person feel important.