

Book Recap for 2022

Welcome to the PV Chamber Book club recap for 2022. This year we looked at 5 business books that touched on various topics. The 7 Habits of Highly effective people looked at the 7 principles that effective people follow in their everyday lives. The five dysfunctions of a team analyzed the innerworkings of team dynamics and offered advice on managing teams more effectively. The Millionaire next door gave us a glimpse into the life of a typical Millionaire in America. What they buy, what they don't buy, and how they handle their personal finances. The book also provides a lot of guidance on how you can manager your personal finances to build wealth. Bargaining for advantage examined information-based-negotiation. The book laid out the six steps for effective negotiation and detailed the four stages of the negotiation process. Finally, StengthsFinder 2.0 introduced us to a testing method that focuses on your personal strengths and then offers guidance on how to build and further develop those strengths. Ultimately, we examined the topics of leadership, management, sales, negotiation, personal finance, and professional development.

Below is a quick run down of the main concepts for each book. In 2023, we will be examining similar topics of leadership, professional development, management, and personal finance. We will be adding emotional intelligence, which is a topic I have wanted to look at for some time. It is my sincere hope you are enjoying the business book club and getting some good information from it. I am looking forward to another great year in 2023 and our continuing great conversations around these great business topics.

Sincerely,

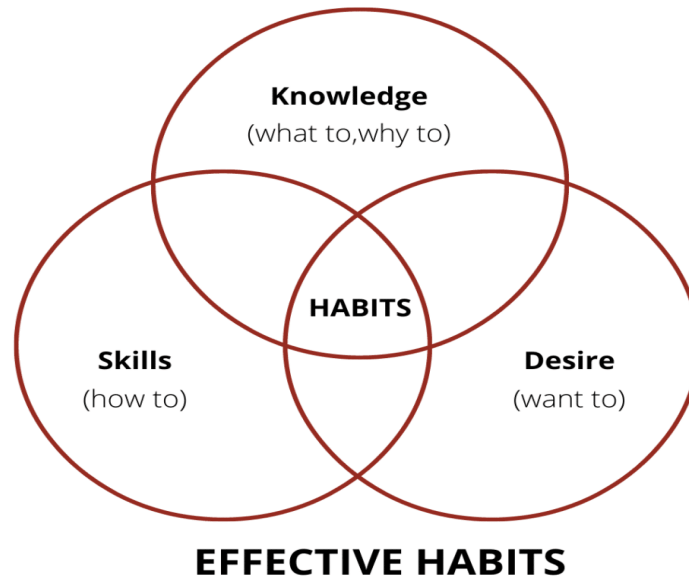
Joe Bergquist

Joe Bergquist, D.B.A.

The 7 Habits of Highly Effective People

Habits

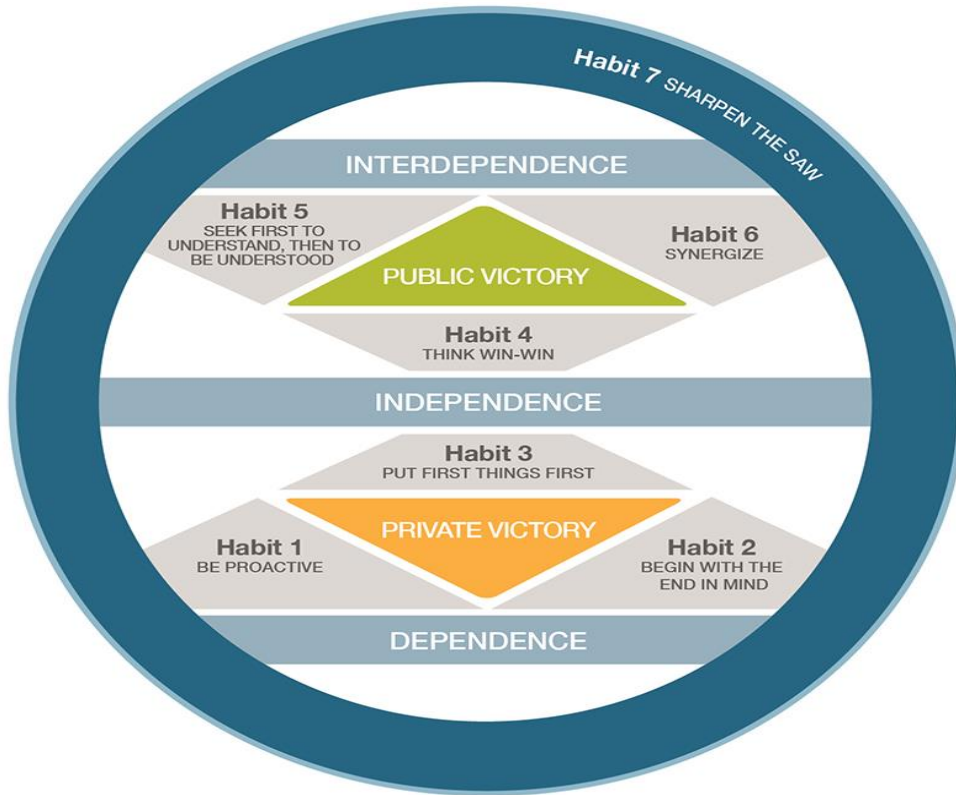
- A habit is the intersection of knowledge, skill, and desire.
- Knowledge is the theoretical paradigm, the what to do and the why.
- Skill is the how to do.
- Desire is the motivation, the want to do.
- In order to make something a habit in our lives, we have to have all three.



-Habits 1, 2, and 3 deal with self-mastery. They move a person from dependence to independence. They are the “private victories,” the essence of character growth. Private victories precede public victories.

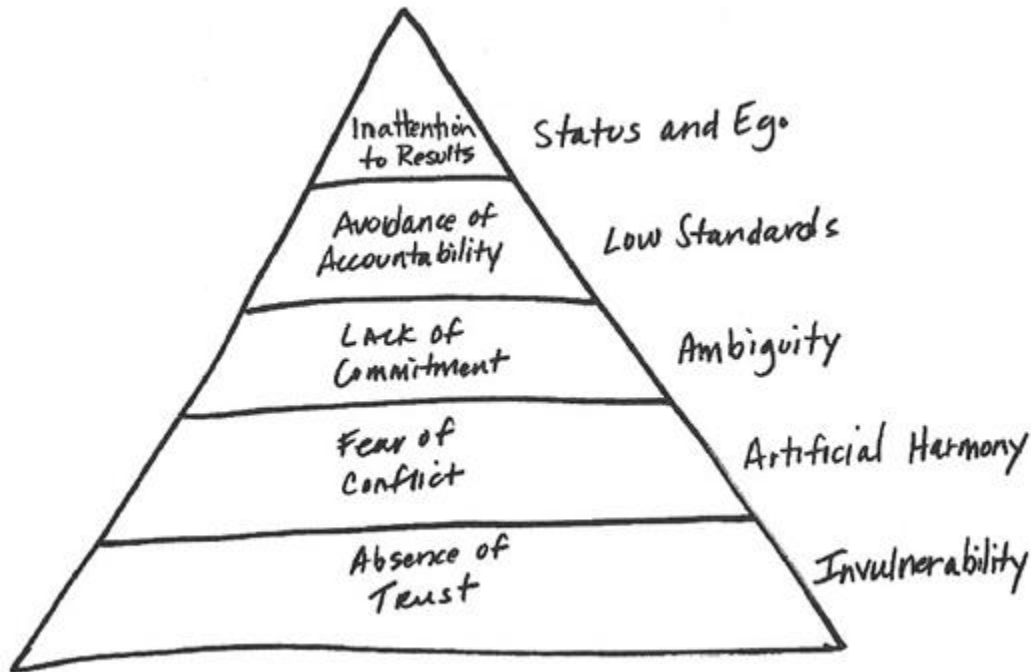
-As you become truly independent, you have the foundation from effective interdependence. You have the character base from which you can effectively work on the more personality-oriented “Public Victories” of teamwork, cooperation, and communication in Habits 4, 5, and 6.

-Habit 7 is a habit of renewal – a regular, balanced renewal of the four basic dimensions of life. It circles and embodies all the other habits. It is the habit of continuous improvement that creates the upward spiral of growth that lifts you to new levels of understanding and living each of the habits as you come around to them on a progressively higher plane.



- THE 7 HABITS OF —
HIGHLY EFFECTIVE PEOPLE
- 1** BE PROACTIVE
 - 2** BEGIN WITH THE END IN MIND
 - 3** FIRST THINGS FIRST
 - 4** THINK WIN-WIN
 - 5** SEEK FIRST TO UNDERSTAND, THEN TO BE UNDERSTOOD
 - 6** SYNERGIZE!
 - 7** SHARPEN THE SAW

The Five Dysfunctions of a Team



The only way to build trust is to overcome the need for invulnerability. – Dysfunction #1

Fear of conflict – Dysfunction #2 – artificial harmony.

Lack of commitment – Dysfunction #3 – ambiguity

Avoidance of accountability – Dysfunction #4 – low standards

Inattention to results – Dysfunction #5 – The tendency of team members to seek out individual recognition and attention at the expense of results. – Status and Ego.

The Model:

-The author goes into an overview of the 5 dysfunctions model.

- They trust one another
- They engage in unfiltered conflict around ideas
- They commit to decisions and plans of action
- They hold one another accountable for delivering against those plans
- They focus on the achievement of collective results

-Team assessment

-Understanding and overcoming the five dysfunctions – great suggestions for how to overcome each of the 5 dysfunctions and the role the leader needs to play in each.

-A note about time: Kathryn's methods

- Annual planning meeting and leadership development retreats (three days, off-site)
- Quarterly staff meetings (two days, off-site)
- Weekly staff meetings (two hours, on-site)
- Ad hoc topical meetings (two hours, on-site)

The Millionaire Next Door

Meet the Millionaire Next Door

-Many people who live in expensive homes and drive luxury cars do not actually have much wealth. Then, we discovered something even odder: Many people who have a great deal of wealth do not even live in upscale neighborhoods.

-Wealth is not the same as income. If you make a good income each year and spend it all, you are not getting wealthier. You are just living high. Wealth is what you accumulate, not what you spend.

-Wealth is more often the result of a lifestyle of hard work, perseverance, planning, and most of all, self-discipline.

The Seven Factors:

1. They live well below their means.
2. They allocate their time, energy, and money efficiently, in ways conducive to building wealth.
3. They believe that financial independence is more important than displaying high social status.
4. Their parents did not provide economic outpatient care.
5. Their adult children are economically self-sufficient.
6. They are proficient in targeting market opportunities.
7. They chose the right occupation.

-Self-employed people make up less than 20% of the workers in America but account for two-thirds of the millionaires.

-We are fastidious investors

-I am a tightwad – “I am my favorite charity.”

-Those people whom we define as being wealthy get much more pleasure from owning substantial amounts of appreciable assets than from displaying a high-consumption lifestyle.

Wealth equation:

Multiply your age times your realized pretax annual household income from all sources except inheritances. Divide by ten. This, less any inherited wealth, is what your net worth should be.

PAW – prodigious accumulator of wealth

UAW – under accumulator of wealth

AAW – Average accumulator of wealth

-To be well positioned in the PAW category, you should be worth twice the level of wealth expected.

-PAWs are builders of wealth – that is, they are the best at building net worth compared to others in their income/age category. PAWs typically have a minimum of four times the wealth accumulated by UAWs.

-UAWs have a higher propensity to spend than do the members of the PAW group. UAWs tend to live above their means; they emphasize consumption. And they tend to de-emphasize many of the key factors that underlie wealth building.

-They live well below their means

-A foundation for building wealth – frugal, frugal, frugal

-The lifestyle of the typical American millionaire:

- They do not buy expensive clothes and accessories
- They do not spend a lot on footwear

-Playing great defense

- Were your parents very frugal? – Yes
- Are you frugal? – Yes
- Is your spouse more frugal than you are? – Yes

-The last question is highly significant. Most people will never become wealthy in one generation if they are married to people who are wasteful.

-They became millionaires by budgeting and controlling expenses, and they maintain their affluent status the same way.

-Financially independent people are happier than those in their same income/age cohort who are not financially secure.

-Do you spend a lot of time planning your financial future? – yes (PAWs spend a lot of time planning and analyzing investments)

-To build wealth, minimize your realized (taxable) income and maximize your unrealized income (wealth/capital appreciation without a cash flow).

-It's easier to accumulate wealth if you don't live in a high-status neighborhood.

-If you're not yet wealthy but want to be someday, never purchase a home that requires a mortgage that is more than twice your household's total annual realized income.

-They allocate their time, energy, and money efficiently, in ways conducive to building wealth.

-PAWs allocate nearly twice the number of hours per month to planning their financial investments as UAWs do.

-Begin earning and investing early in your adult life. That will enable you to outpace the wealth accumulation levels of even the so-called gifted kids from your high school class. Remember, wealth is blind.

-Well-educated people tend to lag behind on the wealth scale because of the status ascribed to them by society. Doctors, as well as other with advanced degrees, are expected to play their parts.

-PAWs tend to believe money is a resource that should never be squandered. They know that planning, budgeting, and being frugal are essential parts of building wealth, even for very high-income producers. Even high-income producers must live below their means if they intend to become financially independent. And if you're not financially independent, you will spend an increasing amount of your time and energy worrying about your socioeconomic future.

-There is an inverse relationship between the time spent purchasing luxury items such as cars and clothes and the time spent planning one's financial future.

-What you are afraid of:

- Having adult children who think his wealth is their income
- Having to support his adult children financially
- His family/children will fight over his estate
- He will be accused of financially favoring one adult child over another

-Taxes, government, and government (these were 25 years ago!)

1. Paying increasingly high federal income taxes
2. Increased government spending and the federal deficit
3. A high rate of inflation
4. Increased government regulation of business and industry

Financial goals:

- To become wealthy by the time they retire
- To increase their wealth
- To become wealthy through capital appreciation
- To build their capital while conserving the value of their assets

Economic Outpatient Care

-Their parents did not provide economic outpatient care

-And in general, the more dollars adult children receive, the fewer they accumulate, while those who are given fewer dollars accumulate more.

-Whatever your income, always live below your means

-Teach your children to fish

- Their adult children are economically self-sufficient
- They are proficient in targeting market opportunities

Bargaining for Advantage

Information-based bargaining – focuses on solid planning and preparation before you start, careful listening so you can find out what the other side really wants, and thoughtful attention to the “signals” other send through their conduct once bargaining begins.

- Involves getting as much reliable knowledge about the situation and other party as possible
- It is a “skeptical school” of negotiation
- It treats each situation and person you face as unique
- It cautions against making overly confident assumptions about what might be motivating the other party
- It emphasizes situational strategies tailored to the facts of each case rather than a single, one-size-fits-all formula

Part I: The Six foundations of effective negotiation

- 1) Your Bargaining Styles
- 2) Your Goals and Expectations
- 3) Authoritative Standards and Norms
- 4) Relationships
- 5) The Other Party’s Interests
- 6) Leverage

Mastering these six factors will reliably prepare you for success in negotiation. Moreover, each of these six elements rests on deeper psychological foundations that are often invisible to the untrained eye. These motivational influences, summarized on Chart 7.1 (page 104), are what give negotiations their emotional drive.

Negotiation is, in short, a kind of universal dance with four stages or steps. And it works best when both parties are experienced dancers.

Part II: The Negotiation Process

Step 1: Preparing your strategy

Step 2: Exchanging information

Step 3: Opening and making concessions

Step 4: Closing and gaining commitment

Impasse: What to do when negotiations break down

First, an impasse is not necessarily a bad thing. Second, the process can run aground at any stage, not just at the end. When it does, always start by using the following tried and true three-step procedure:

1. Stop talking about the substantive issues
2. Start talking about the process itself
3. Ask the other side for suggestions on how to break the impasse

Problem 1: Conflict spirals? Take a break; then try one small step

Problem 2: Bad behavior? Apologize

Problem 3: Bad Personal Chemistry? Change negotiators

Problem 4: Impasse over principles? Probe for deeper, shared values and interests

Problem 5: Are you up against a bargaining bully? Stand your ground and work on your leverage

Ethics: Bargaining with the devil without losing your soul

Ethics come first, not last

Self-awareness and situation sense

Three schools of bargaining ethics:

- 1) It's a game – poker school
- 2) The “do the right thing even if it hurts” – idealist school
- 3) The “what goes around comes around” – pragmatist school

Bargaining with the Devil: the art of self-defense

- Be on guard in “competitive transactions,” especially when leverage is unbalanced
- Rely on relationships whenever possible
- Probe, probe, probe
- Be assertive and persistent
- Maintain your own standards – don't sink to the other party's
- Tell the truth – slowly

Ethics: Checklist

- Decide which school of bargaining ethics you belong to.
- Determine whether you can use your relationships to offset the dangers of unethical conduct by others involved in the transaction.
- Probe, probe, probe. Don't take what you hear at face value.
- Pause. Remember that you don't have to answer every question.
- Don't lie. Instead, tell the truth slowly and find ways to use the truth to your advantage.

Becoming an Effective Negotiator

Seven Tools for highly cooperative people

- 1) Avoid concentrating too much on your bottom line – spend extra time preparing your goals and developing high expectations
- 2) Develop a specific alternative as a fallback if the negotiation fails
- 3) Get an agent and delegate the negotiation task
- 4) Bargain on behalf of someone or something else, not yourself
- 5) Create an audience
- 6) Gently push back, at least for one round
- 7) Insist on commitment, not just agreements

Seven tools for highly competitive people

- 1) Think win-win, not just win
- 2) Ask more questions than you think you should
- 3) Rely on fair standards, especially ones the other side believes in
- 4) Hire a relationship manager
- 5) Be scrupulously reliable. Keep your word.
- 6) Don't haggle when you can negotiate
- 7) Always acknowledge the other party

Effective negotiation is, 10 percent technique and 90 percent attitude. To acquire the right attitude, you need all three of the elements mentioned above: realism, intelligence, and self-respect.

StrengthsFinder 2.0

Part I: Finding your strengths

“You can be anything you want to be, if you just try hard enough.” – A misguided maxim?

In every culture Gallup studied, the overwhelming majority of parents (77% in the U.S.) think that a student's *lowest* grades deserve the *most* time and attention. Parents and teachers reward excellence with apathy instead of investing more time in the areas where a child has the most potential for greatness.

You **cannot** be anything you want to be – but you **can** be a lot more of who you already are.

The Strengths Zone:

In this increasingly talent-driven society, we need to know and develop our strengths to figure out where we fit in. What happens when you are not in the strengths zone?

- Dread going to work
- Have more negative than positive interactions with your colleagues
- Treat your customers poorly
- Tell your friends what a miserable company you work for

- Achieve less on a daily basis
- Have fewer positive and creative moments

Most people are either unaware of, or unable to describe, their own strengths... or the strengths of the people around them.

Gallop discovered that the most successful people start with dominant talent – and then add skills, knowledge, and practice to the mix. When they do this, the raw talent actually serves as a *multiplier*.

Talent = a natural way of thinking, feeling or behaving

Investment = time spent practicing developing your skills and building your knowledge base

Strength = the ability to consistently provide near-perfect performance

Talent X Investment = Strength

A recipe for strength / Managing weakness / Blind spots:

- Theme language gives us a starting place for discovering our talents and learning even more about our potential for strength
- In many cases, simply being aware of your areas of lesser talent can help you avoid major roadblocks
- Is it necessary for you to operate in your area of lesser talent?
- Another strategy is to partner with someone who has more talent in the areas in which you are lacking
- It is also essential to try to become more conscious of any “blind spots” that are caused by your talents.
- While our talents primarily serve to keep us on track, they can at times derail our pursuits (victim of your own success or the same thing that led to your success, led to your downfall)
- The key is for you to be aware of your potential and your limitations

Parting Thoughts:

- Far too many people spend a lifetime headed in the wrong direction. They go from cradle, to cubicle, then to the casket, without uncovering their greatest talents and potential. This is why it’s essential not only to discover and develop your strengths as early as possible, but also to help the people around you build on their natural talents
- The purpose of the Clifton Strengths is not to anoint you with strengths – *it simply helps you find the areas where you have the greatest potential to develop strengths*

Comprehensive Strengths Development Guide:

- Your top five theme report
- 50 ideas for action (10 for each of your top five themes)
- Questions for you to answer to increase your awareness of your talents and how to apply them

Part II: Applying your strengths

-See results from your Strengths Insight Guide