

**Welcome to The Boomer Business Owner. My guest today is Bob Caspe. Bob is a Baby Boomer and a serial entrepreneur, having started and served as CEO and Chairman of three high technology companies over 30 years. His companies were in the medical imaging, newspaper imaging, and consumer electronics industries. Bob also taught entrepreneurship and marketing at Babson College's MBA program for several years.**

**Hey, Bob. Welcome to the show.**

Thank you. It's nice to be here

**You've done a lot of things entrepreneurial over the last 30 years. What specifically are you doing these days?**

I started something called the IEC, the International Entrepreneurship Center with five co-workers; some cases former employees, former business partners in other businesses. We've joined together to try to have an impact on entrepreneurship. That's the current business.

**My gut tells me that when you talk about entrepreneurship, as a generalization, you're talking more about brick and mortar companies versus a strict online company. Correct?**

Nope, nope. No. To me, the whole concept of entrepreneurship is: how do you bring value in a marketplace? If you can do that by making cookies and selling them in a brick and mortar environment, that's fine. If you can do it online, if you can do it as a consultant—much of what I do is still educational and consulting—fine as well. The key is you have to deliver value to someone and get them to pay you money in exchange for the value. That's the key, that's what business is all about.

**My sense is a lot of our listeners are of the Baby Boomer age and perhaps looking to do something different than they're doing. My assumption is the majority of our listeners are currently working for someone else and maybe just wanting to stick their toe in the water, if you will, of entrepreneurship or business ownership. On your website, you had a page that says: "Call me Bob. Let me help you start your business."**

**If I come to you and I say: "Hey, Bob. Help me start my business," what kind of conversation are we having? What is the beginning conversation we've having?**

My first statement to you is: "This is not going to be about you. This is going to be about you identifying and finding a customer that has need that you can fulfill in exchange for getting paid." All of the things you've heard about you should be passionate about your business, you should have a business that sells fortune cookies because you like fortune cookies – all of that is bologna. The way that you will increase your likelihood of success...

What I teach is mostly about probability, it's about how one increases their likelihood of success. The way you can do that is by starting with a rich customer in need and a need that you can satisfy. What's interesting about that is it also says that if you look at the root of the word, "entrepreneur," in the French, it's between business, between activities.

The role of the entrepreneur isn't to write code and design products. The role of the entrepreneur is to make business, and to bring together solution and a customer need, and in the process of creating that transaction and delivering value to get paid for it and build a business. That's what I tell you, so start with a customer.

Most of the kids that I deal with and have dealt with in Babson and other places, their biggest problem in life is they never worked for a living so they have very little experience and very little network.

If a Baby Boomer came to me and said: "I'm working currently in Blah-Blah Corporation and I've been doing it for 30 years of my life and I'm tired of sitting in the cubicle. I want to go off and start my own business." I would have two conversations with them.

One was about the lifestyle of an entrepreneur and what it means to take the risk of working for yourself and the advantage of working for yourself. The other would be you have a tremendous advantage over these kids that want to be entrepreneurs because you've actually seen the way business works on the inside.

It may be a gas station that you've seen working, or it may that you work in hospital and you work in the administration, but you've seen enough of the inside of a real company and the real workings of a real industry to understand where there are problems in that industry that can be solved. Now the next step for you is to confirm your beliefs by finding someone who would actually pay you to actually make those problems go away.

**I heard other people talk about validating the concept. I work for a gas station, I come up with a problem that I think I can solve. I talk to my friends and my family, they say: "My gosh, Charlie, that's a great idea. Yeah, yeah, go ahead and do that."**

Those are the last people you want to talk to, friends and family about it because your grandmother will tell you you're genius regardless of what the idea is and regardless of whether she'd even buy it or not. She would buy chicken from you and she was

a vegetarian because you're her grandson and she loves you. The last thing you need is validation from people who love you. What you need is validation from people who will buy the product.

What I tell entrepreneurs is, quite literally, you want to start by selling air. You want to go out and create a transaction that you offer to customer in absence of having the product, or a prototype, or any of the other things that you think you need but are wrong about. You want to make the offer to a customer and engage with a customer as the very first step of trying to start a business. Not as the second or third step; the very first step, that's the key.

**Are you familiar with a guy, his name is Dane Maxwell at The Foundation?**

Nope.

**Okay. If I understand correctly, he purports the same thing. He focuses on software as a service and basically says: "If you want to go to tanning salons, call 100 tanning salons and ask them about pain points. If and when you think you can design some solution for that, ask them to pre-pay the first few months so you then have not only validation, but initial capital to get your business off the ground."**

Absolutely. I started my third business using my customer's capital. They lent me 3.5 million dollars to design and create a product and a company that I would deliver to them and in the process of getting paid from them, earn enough profit to pay back the 3.5 million dollar loan. You'd look at that and you'd say: "Why would a company do that?" The answer is because they really, really needed the product.

What an entrepreneur wants is an opportunity that is so clearly defined by the customer as being needed that the entrepreneur's job is only to resolve the need, and everything else, let the customer worry about it; providing capital. Everything else, let the customer worry about.

I'll recommend a book to your listeners, it's called *The Challenger Sale*. It's written by Matthew Dixon and some other guy. It talks about in B2B selling how the sales process has changed, it has evolved over the last 15 years to one where the seller has now become a professor whose responsibility is to first learn the business model of the customer. Then innovate on that business model and offer the customer an improvement to the business model that creates for them value, makes them more money, or makes them more competitive, or saves them money in their process so that it is not simply about asking the customer what their pain point is, but quite different to that.

Learning enough about the customer's business model to observe the pain points from this external perspective that the entrepreneur can have, and then teaching the customer that value and then offering a solution to that.

**Thinking back to your days of professorship at Babson and putting the entrepreneurial hat on that you're teaching these people about entrepreneurship, what, if anything, did you learn in that process about people's mindset of entrepreneurship that could result in a business venture?**

The first thing that I observed was the silliness of most of the business ideas that were being created. Most of my undergraduate students would have an idea for a new alcoholic beverage, that was 90% of the new ideas and then 10% were a new way to get sober more quickly so your parents wouldn't understand that you drank. I'm being quite literal. Most of the

business models were based on the self-reference criteria of the undergraduate students. As you moved up to the graduate students, it got only mildly better.

We live in a world where we observe these oddball events like Facebook buying WhatsApp for 19 billion dollars. One of my challenges was to try to help entrepreneurs understand that observing WhatsApp's success in selling their company is no different than observing a winning lottery ticket holder, which doesn't speak to the question of how many loser tickets there are, what is the likelihood of success, and likewise, doesn't deal with the question of how many losing business models that there are and what is the likelihood of success.

The challenge for an entrepreneur... Typically, as I was teaching class, I'd walk up to some kid and I'd say: "How old are you?" The kid would say: "I'm 22." I'd say: "My experience is that it's going to take you roughly 7 to 10 years to launch and resolve a business model as being worthwhile or not worthwhile to spend your life on. That's 7 to 10 years, that's a third of your life before the time you finished it. Are you prepared to invest a third of your life of an idea you thought of sitting on the can yesterday? Is that really what you want to do? Or do you want to create some sort of rational, objective process for the purpose of figuring out whether a business is worthwhile or not?"

"To me, the only rational, objective process is to put the decision into the hands of the customer and not in your hands, and to press them hard, hard enough that it's painful for them to buy from you." As the person that you referred to said: "Get the customer to give you an advance." What you're doing is you're getting the customer to vote with their money and tell you: "This is important enough for me that I really need it enough that I'm willing to lend you the money to go ahead and build this product."

When you have that situation, you've made the customer tell you that this is a good idea and that's a hell of a lot different than getting your mom or your wife to tell you it's a good idea.

**Going back to the idea generation phase, I work in the healthcare business, I've worked there for 25 years and I hated every minute of it. When we were talking about coming up with an idea, you alluded to earlier: "Let's look at what you've been doing, see what opportunities there are there."**

**I come to you, I'm this person, I say: "Bob, let's not even go there. I don't want to go there." What's the next step in the idea generation phase for me to come up with some problem or source some problem?**

As an adult, as a Baby Boomer, one of the assets that you have that a lot of kids have is you have a network. That network consists of friends and relatives, and friends of relatives, and relatives of friends who all have businesses; they have ways that they make a living every day. Those businesses are the opportunity for you to bring value.

If you're utterly sick and tired of the healthcare industry, and that would be a shame because healthcare business is a good business and I'm sure you could innovate and bring value into it. Let's say you're just so utterly sick of it that you just don't want to do it anymore. Fine, so what does your brother-in-law do? What does your sister-in-law do? Where do they work? What kinds of companies are they?

What I suggest that entrepreneurs do who are truly interested in discovering opportunities, I suggest that they interview managers of companies and learn their business models. In the process of learning their business models, listen carefully for where

problems lie. Think about it within the context of technology because, quite frankly, it's always technology that seems to impact businesses and make business models move to different ways of resolving and offering opportunities for companies to grow and survive. Think of how you could apply the things you've seen in other businesses and technologies you've seen to impact that business. I've done this over and over again with students from all over the world and I've seen it be successful.

**Maybe I'm getting a little too granular here, but if I say: "Geez, I like spas. I like going to a spa and getting treatment in a spa." Is it cool for me to propose something to a spa owner?**

**In one scenario, as I understand it, you and I are talking and we're talking about spas. The conversation could be something like: "Charlie, go interview 100 spa owners and find out what some of their pain points are." Is it cool for me to say: "Geez, I've been to a lot of spas before and they never have current magazines at their front door, I'd like to start a business rectifying that"? Is it cool for me to go to spas and instead of asking them, telling them: "Hey, this is an idea I have." What do you think about that?**

Both are the worst possible things you could do. In fact, you made three critical errors in your thinking. The first was...

**Are you going to give me an "F" for this interview?**

You got an "F-", Charlie. The first mistake you made was you like spas. Who cares what you like, Charlie, it's not about you; it's about the customer. If I said to you that I had an opportunity for you to interview the owner of a spa or the owner of 400 gas stations, which one are you going to choose? Are you going to choose a spa because you like going to the spa or are you going

to choose the owner of 400 gas stations because he has more money, more power, and more opportunity to pay you?

### **And more pain.**

The first thing you have to get out of your mind is it's about you and it's about your desire to help the spa industry.

The second error you made is that you went there and you didn't ask him: "Tell me about your business. How do you make money? How is it that you make money? What makes you crazy as you're making money?" The guy might say to you—and I'm just making this stuff up because I don't use a spa or a tanning salon—but the guy might say to you: "What makes me crazy is I have a guy signed up for 3 o'clock in the afternoon and he doesn't show up, and I wind up with an hour slot and I don't make any money off of it. He's a customer, so I can't just bill him for the time he doesn't show."

If you said to him: "Technology, we should be able to find people that live within 10 minutes of here and send them a coupon that if they run right over and use it quickly, use the tanning booth quickly, we'll give them a 25% discount, we might be able to create some sort of... Using technology, using their smart phones, using the fact that they're mobile and using the fact that we can find out where they are through their app in their phone, their GPS, we can find out if they're close to the spa. We can create a modification to your business model that improves the utilization of your assets and increases your likelihood for making money." That's what I want you to do.

If you go into the guy and you say to him: "Tell me about your problems," and he says to you: "My secretary is a moron," that's not necessarily something that is either relevant to his business model that it's not necessarily can be replicated and sold to other

businesses, it's not the basis on which you can build a business; it's just his latest gripe. He happened to hire the wrong person, too bad.

You have to change your whole frame of reference to one where your goal is to truly understand what makes businesses work and what technological changes around can influence the business model in a way that improves their revenue, their profitability, their competitive nature, or reduces their cost structures. That's what you have to try to do, to change your frame of reference to how you approach business.

**You are probably uniquely qualified to answer this question which is just about decisions that you have made. I think that we learn from other people's successful decisions and probably other people's not so successful decisions. Can you think in your career of a better decision, not so good decision that you have made that you would like to share with us?**

I've made lots of really crappy decisions.

**Just one, just one.**

Only one, huh? I would say my worst decisions were all rooted in products that I believed were going to be successful, that I had passion for, that I pushed forward in spite of indicators to the contrary. Often what was really interesting about these is they were actually good product ideas, they eventually became successful businesses for other companies, and I was unfortunately ahead of my time being a technology geek, I was ahead of my time but time is an essential component to a lot of businesses.

The iPad, a lot of things had to be in place in terms of both available technologies like display technologies, and batteries, and processors that ran at particular speeds at particular power levels. The right combination of inventions had to precede an invention to make that invention competitive and possible. As well, the customers had to be in a frame of reference and a point that also made them open to it.

The worst decisions I made were pushing products before their time or pushing products that basically were just bad ideas; they were too hard to sell.

The best decision I ever made was to sell my second company and not to take it public.

### **Excellent.**

We were two weeks from a public offering. We were approached by a large multinational that came to acquire us. I and my partners had interesting soul searching set of decisions to make concerning the question: when is enough, enough? Would it be better to take one's chips off the table and think about diversifying their bets so-to-speak or was it better to continue doubling down? I think we made an excellent decision for each of us, which was to take our chips off the table, to diversify our holdings and to say enough was enough at that point.

**I'm very appreciative of all of the great information that we've talked about today. Can you distil that for us in one or two pieces of actionable advice that somebody who is listening to this can take, and run with, and hopefully maybe get started in looking in entrepreneurship?**

I think the first piece of advice would be something I haven't even said before and that is: entrepreneurship is a lifestyle. It's

not a job description. It's a decision to give yourself the permission to fail. I think that's a really important understanding. You exchange a certain level of freedom and excitement in your life for the down side of experiencing failure.

What's essential is to learn and understand that failure is really nothing to be afraid of; it's just another part of life. I have been quite literally fired from every job I ever took, and I've had a lot of jobs because I was CEOs of a lot of companies, and I sold the companies and eventually got fired for those jobs because I don't work well in large companies. I failed at lots of things in my life; I've made crappy products, I've made crappy decisions.

The failures that most upset me, looking back, are not the ones where I lost money, but rather the ones where I've hurt people's feelings or said something that was inappropriate and left a mess behind me as a result of it. I think that, especially for people that have been working for many years and have had the stability of many years of income—for Baby Boomers, sometimes that means that they've accumulated enough wealth to buy themselves some freedom—I think that the first issue for entrepreneurs is to get used to the fact that what you do may not prosper you, may not make millions of dollars and it doesn't matter, it really doesn't matter.

It's really about doing what you want to do, meeting all sorts of new and interesting people, and in some cases travelling to interesting places, and challenging yourself with new ideas and new thoughts. If it works, it works and you have some good stories to tell about; and if it doesn't work, it doesn't work and you still have some good stories to tell. To me, that's what entrepreneurship is all about.

The next piece of advice is once you've made that decision that you want to give yourself the permission to fail, then the next

thing is start with a customer and start with an attractive customer; a customer that has money, that has power, that's in a growing marketplace and who truly has needs that you can identify and help the customer solve their problem, and in exchange, expect them to reward you with the opportunity to build a business while you're building them value – that's it. It isn't any more complicated than that.

**Bob, again, this has been very, very informative and I really appreciate your time. For people who want to reach out to you and get in touch with you, what's the best way for them to do that?**

They can do it on my website at [www.CaspeGroup.com](http://www.CaspeGroup.com). They can also do it through the International Entrepreneurship Center whose website is [www.IECPartners.com](http://www.IECPartners.com), either place. If they want to see some of my artwork, then they go to my personal site, I have my oil paintings, water colors, carvings, and stone carvings there as well.

**Nice, nice. All the fantastic resources that Bob mentioned today will be available on the show notes page at [www.TheBoomerBusinessOwner.com](http://www.TheBoomerBusinessOwner.com).**

**Bob, thanks so much, on behalf of all our listeners; we really, really appreciate your help.**

My pleasure, Charlie. Any time.