

**Resist Complements – Demand Constructive Criticism and the Miami Art Basel Fair
What Happens Next – 12.5.2021**

Larry Bernstein:

Fantastic, Steve. My first question is about Tom Cruise's character in the movie, *Magnolia*. Cruise plays a motivational speaker that uses extraordinary energy levels to inspire people. Is that too extreme a version of what you are recommending?

Steven Herz:

The way I look at energy, it's not an outward thing. It's a dynamic thing. Say it's half time of the biggest football game that you've ever coached in your life and you're down seven to nothing. That's when it calls for that crazy, high energy, Al Pacino speech, to really just get somebody so fired up. And maybe the Tom Cruise Magnolia thing is what you need in that moment. This dynamic requires a level of understanding of the audience that you're dealing with.

And sometimes you might have that very rah-rah, high-energy type of outward communication, followed by a very intense listening where you're not saying anything. That low energy, that total attention you're giving to them, that's going to fire up the other person in a very different kind of way, but achieve the same energetic result that you want. And remember, what the football coach is trying to do, is he's trying to get the best result, not for himself, but for his team. And that's the kind of thing you have to be thinking about when you're communicating with someone else. It's not about you. It's about what result do you want, that you know they want.

Larry Bernstein:

As a talent agent, you coach clients to be their best. You use an example in your book of a local broadcaster who desperately wants to break onto the national stage, but he is just missing something. I'm interested in how to access constructive criticism to get better.

Steven Herz:

Well, ego is a problem and it's certainly a problem for people that work in a high-profile field or someone who's making a lot of money. My book is called, *Don't Take Yes for an Answer*, and the most important word is "Take." It's your job, as the person who wants to improve, not to take that Kool-Aid and not to take all the positive feedback in. You have to have a mindset that you could always do better at anything you're doing tomorrow than you did today, regardless of the level of success you have, is what propels the good to the great, and the great to stay there. And that's rare.

It's not to allow yourself to say, "I'm the biggest anchor in Columbus. I want to get to NBC, CBS, CNN, whatever." It's going to require me to know that I'm not at that place yet, and I know I can do better in what I'm doing. And unless the person first has that mindset shift, it's very hard for anyone to coach them, and to open that window to have that improvement happen.

We both agree on Michael Jordan being the best ever. He came to the table as a five-time MVP, continually wanting to get better. He didn't think his game was as good as it could be. Think about that. If that mindset existed in everybody around the world, think of what we could achieve.

Larry Bernstein:

I loved the 10-part ESPN series on Michael Jordan called, *The Last Dance*, that was released at the beginning of COVID. The show had a big effect on me. And in the most emotional impactful scene of the

entire series, Michael mentioned that he was really tough on his teammates and that there was no love. His colleagues viewed him as mean-spirited and aggressive. And the moderator asked Jordan what was the personal cost of his belligerent behavior. And Jordan became so emotional that he had to stop the tape.

Steven Herz:

Yes.

Larry Bernstein:

Was that a failure on Jordan's part in building comradery and team skill building? How can management bring out the best in its people without eating yourself alive like in Jordan's case?

Steven Herz:

Well, it's interesting. Sports is unique because there's a scoreboard at the end of every game. When you go home from work, whether you're a lawyer, doctor or you're a teacher, it's not like you say, "Oh, I won that game today."

That's why in sports it's easier to cut someone than to go into a company and just say, "Hey, you know what? You didn't make the team. You're going to junior varsity."

Larry Bernstein:

I want to go back to broadcasting. Barbara Walters was one of the greatest journalists in television. You mentioned in your opening remarks key soft skill attributes like voice, body language and warmth. Barbara had some of these characteristics, but she also had a speech impediment. I'm wondering how she compensated for her speech impediment with her other skills?

Steven Herz:

Well, I think Barbara was hardworking and incredibly competitive. She was probably the closest thing that journalism has had in the last 50 years to Michael Jordan, and her desire to win. And she did have her own scoreboard, the ratings for her show and how famously competitive internally at ABC with Diane Sawyer for the biggest gets. And, she worked very hard on soft skills, of cultivating those relationships off the air with agents, managers, lawyers. She's famous for having these big dinner parties and inviting all kinds of different people who maybe weren't necessarily the people she wanted to interview, but they were the people that would help her get there. And so, she did use her warmth, authority and energy to cultivate all these off-air qualities that benefited her in her on air career.

Larry Bernstein:

Your book *Don't Take Yes for an Answer* reminded me of Dale Carnegie's work, *How to Win Friends and Influence People*. How would you compare and contrast what you recommend relative to what he recommended about 85 years ago?

Steven Herz:

I think the difference is that Dale Carnegie was writing a very general book with little nuggets of wisdom, which is a great book. I loved it. This book is trying to get more granular. Think about authority, warmth and energy. And apply that in a subatomic way. And if you can do that, and you can improve those three things, you can have great results, relative to your already great hard skills.

Larry Bernstein:

My wife took the Dale Carnegie class and she felt it was incredibly informative, and it compared favorably with her undergraduate experience at Wharton and her NYU MBA. She learned to improve her public speaking for her equity research recommendations on the morning broker calls. The second thing she realized was at corporate events, everyone was too scared to sit next to the CEO, and you should take that seat. And she also learned that a person's name is very important, and you have to get it right, because if you get it wrong, you're a fool. Steve, how do you incorporate Dale Carnegie's ideas.

Steven Herz:

Dale Carnegie's entire lesson is the same thing that I learned in improv training, which is "yes, and." Right? There's a lot of power in acknowledgement. And I think that's what Dale Carnegie is saying. If you know my name, you're acknowledging me. You're showing me that I care in this world, that I matter, think about the opportunity that exists to grow that relationship. Conversely, if you don't show me right away that you matter to me, then there's very little room to go. And I think that's the brilliance of Dale Carnegie.

Warren Buffett studied under the great Benjamin Graham, value investor at Columbia University Business School. And if you go to his office in Omaha, Nebraska, he doesn't have his diploma on the wall from Columbia University. He doesn't have his degree from University of Nebraska. He has one diploma on the wall and that was the \$100 Dale Carnegie class he took in the 1950s. "Yes, I learned the 15% from Benjamin Graham. And that was really good. But the more important thing I learned was the 85% from Dale Carnegie. Full stop."

Larry Bernstein:

Yeah. In your opening remarks, you mentioned that you need constructive criticism. How should you get that as a practical matter?

Steven Herz:

Find people you trust, and find people that are really invested in your growth, because, maybe this was Jordan's problem with his Bull's teammates, is that, I believe very strongly in this whole concept of "tough love," right? But I think maybe they should have called it, "love tough," instead of, "tough love", because truly the foundation of tough love has to be love. If you don't have the love first... And the way I define love is, I want to see you really succeed in this world and reach your potential. If you have that foundational love, then you can build the tough.

And if you're listening to this, and it strikes you as something that makes sense to you, you can open the door for that kind of relationship. But if someone else is initiating it, and you haven't opened the door to that, it just changes the whole dynamic in the relationship. Now, if, for example, Toni Kukoc had gone to Michael Jordan and said, "Listen, Michael, I'm frustrated because I keep picking up all these fouls early in the game. I don't know what's going on here." And Jordan could then say to him, "Well, Toni, the reason why is because you're just not moving on defense the way you need to be moving. Look at the way I do it. And you're not as fast as I am, or as quick as I am, but you can replicate a lot of the same skills that I have cultivated, and you can be a better version of yourself." And then, Kukoc really wants to improve, and then, in practice, Kukoc picks up an early foul against Bill Cartwright or whoever. Then Jordan can say, "Toni, you're not doing what we talked about. You got to slide your feet this way." Now, it's a very constructive conversation. It might be just as harsh as it was, but with that foundational underpinning, it's a very different dynamic. So that's what I think you should be looking for.

Larry Bernstein:

This is a risky question. I run a podcast. I'm looking for constructive criticism. How can I improve What Happens Next?

Steven Herz:

You have a great show, and I think the ancillary marketing around it, and some of the targeting of the audience is something that could be improved. The other thing I would say to you is, people want a point of view. They want you to inject your opinion. If I say something and you just disagree with it, challenge me, because you're smart enough to take on anybody you're talking to, and that's rare. I feel like you're wasting that capital.

Larry Bernstein:

You're right. I do not express an opinion on the show, because I don't think my opinion is what's important. As a journalist, I ask you questions with the hope of further clarifying your ideas for the audience. You're the expert on today's program. I am not a specialist in the area of authority, warmth or energy. I view my job is to probe, and then let my audience make their own decisions based upon the quality of Steve's arguments. You mentioned that journalism has moved towards highly opinionated commentary. Why do you think that's good? I recognize that it sells. Is it enough that it sells?

Steven Herz:

No.

Larry Bernstein:

Because journalism was supposed to be impartial, and that's changed in the last 10 to 20 years.

Steven Herz:

The way that you frame things is an opinion. And so, it can be very subtle. Sometimes I think it's better for the audience if they actually see what's really being done rather than being obfuscated from them. Now, I'm not suggesting, by the way, that every journalist, or even you, for that matter, needs to be Stephen A. Smith or Skip Bayless or highly opinionated, in the way that they go about their job. What I'm suggesting is a healthy, constructive dialogue. I'm not suggesting you should be poking the bear, just for the sake of it.

Larry Bernstein:

Humbleness was a theme of your opening remarks, and I think what you meant by humble is to be open to criticism, recognize that you're not perfect, embrace it. How should we do that? How do we embrace our humility?

Steven Herz:

Maybe the most important life lesson I've gotten in the last 15 to 20 was from my wife. She has taught me that you're not the center of the universe and that you're mortal. And, I think that existential humility, is a very healthy way to go through life. Even if you make a billion dollars or you become the king of the world, you're still mortal.

Part of that existential humility comes a gift that you got to be here on this earth and to use that gift for the best good you can provide others. And if you have that outward mindset, you're going to see yourself as a useful tool for others. And that's where I think it really ties into this idea of servant leadership. And I think it's very ennobling and freeing.

Larry Bernstein:

I want to go back to Michael Jordan because I think Jordan combines both external feedback with internal observations on his weaknesses. I remember Jordan spent an off-season working on improving his defense, and he set himself a goal to be the best defensive man in the league, so he could be both the best offensive and defensive player. It was a remarkable goal, and it also reflected his desire to be better. Your framework seems to be built around external feedback and external teaching. How should we think about internal observations to make yourself better? And then how do you build those skills once you recognize that you lack them?

Steven Herz:

Well, my framework, it's both external and internal. I think sometimes, you can't get the self-awareness unless someone else points it out to you. I play golf, I play tennis, and I get frustrated in both sports, and often, either a coach or someone I'm playing with will say, "The reason why you're doing this is because you may not even be aware of this, but you have this habit, and I had no idea I had that habit."

I don't live my life in front of a mirror. None of us do. So, you really don't know. And the same is true of our communication. For example, I had this bad habit. My wife said to me, " You keep your arms folded all the time when you talk to people and it gives you a very bad aura." And I said, "Wow, I never knew I did that."

I started to look around the room, and notice who had their arms folded. And it became this magical thing. Now, whenever I see somebody with their arms folded, a red light goes off in my head. I cannot sit with my arms folded for more than three seconds without unfolding them, because I'm so aware of that now. And I've done similar things with other bad habits, and I think that any bad habit you have, whatever it might be, if you start noticing in other people, once it's pointed out about yourself, you're going to change, almost magically.

Larry Bernstein:

How do you solicit constructive criticism in a way to maximize its value?

Many corporations now have 360-degree review, what do you think of it? It's annual, it's systematic. Does it work? Is it effective? Is it a waste of corporate resources? Should we be doing something else that's more productive, more in the moment, versus something that is regimented and run out of HR?

Steven Herz:

I think 360-degree reviews are, by large, a waste of time. I think they're perfunctory, I don't think they achieve much, and I think they come at it from a point of view of a top down mentality even though it says 360 degrees. What I'm trying to achieve here is to shift a mindset, right? The only person that matters in the world is you. It's your life, you have one life to live. It has to start with you. The company's not going to do it for you. But if it starts with you, you're not going to be satisfied with getting all A's on your report card professionally, dig deeper and say, "Wait a minute, I don't deserve an A in this category." And a lot of companies don't want to give you harsh feedback or any feedback because, frankly, they don't want to get sued and that ability to be great and want to be great has to start from the individual otherwise it's not going to work.

Larry Bernstein:

In your opening remarks, you said the best and most important virtues is building trust and being liked and that Dale Carnegie book said you have to win friends. How do you do that? How do you be perceived as someone who's trustworthy? How do you build friendships? How do you be loved?

Steven Herz:

Love, be a friend, do things for other people and don't keep score. That's the number one thing I would say to people. I've done hundreds of favors for people, and many of them have never done favors for me. I don't care. And then there are other people in my life I probably haven't done very many favors for, if any, and they collectively have done hundreds of favors for me over the years, and I think they don't care because I have been a giving person in many respects, and I've taken a lot in many respects. I've never kept score with the takers or the givers and I think, in the aggregate, people perceive you a certain way and I think that's a big part of why I've had some success.

You have two types of relationships. There are transactional relationships versus real relationships and I'm not interested in transactional relationships. I never have been. I don't want to live like that. And maybe some would argue that in the short run, or even in the long run, I could've been a lot more successful but I think you'll find a lot more joy in your life if your relationships are not transactional.

Larry Bernstein:

I think that's wonderful. At the end of every show, I end in a note of optimism. Steve, what are you optimistic about?

Steven Herz:

We have all these people that are drinking their own Kool-Aid and I think there's a lot of people out there that are sick of just being told what they want to hear and the more that mindset takes root and the more people become their own contrarians in every aspect of their life, we're going to be better and we've gotten to the point where I think we're due for a real contrarian turnaround and I think that's going to have tremendous results for America and for the world. And I'm really looking forward to it.