

EPISODE 75: JOHN HEWITT – LEADERSHIP & EXCELLENCE

Ken White

From the College of William & Mary in Williamsburg, Virginia. This is Leadership & Business. The weekly podcast that brings you the latest and best thinking from today's business leaders from across the world. We share the strategies, tactics, and information that can make you a more effective leader, communicator, and professional. I'm your host Ken White. Thanks for listening. John Hewitt is one of the most successful leaders in the tax profession. He's a veteran of forty-seven tax seasons. He founded three top tax preparation firms, including Jackson Hewitt and, more recently, Liberty Tax. The company many know for its costumed dancers and sign wavers well years ago after leaving H&R Block, where he was a regional director. Hewitt pioneered the development of Decision Tree tax preparation software that revolutionized the tax business. Since then, he's been named one of the accounting profession's Top 100 Most Influential People eleven times by accounting today. He's an International Franchise Association Entrepreneur of the Year as Liberty Tax continues to grow to well over 4000 offices in North America. Hewitt continues to pursue excellence and share his experience. He joins us on the podcast today to discuss his new book, I Compete, and to share the advice found in the book on leadership, building culture, and exceeding customers' expectations. Here's our conversation with John Hewitt, CEO of Liberty Tax.

Ken White

John, thank you for taking the time you just spoke to our students, and so welcome to William & Mary, and thanks for sitting down with us for a little bit.

John Hewitt

Thanks, Ken. It's my pleasure.

Ken White

Why the book? What made you made you write that?

John Hewitt

Well, at this stage of my career, I'm interested in and driven by changing people's lives. And while I can do that with the thousands of franchisees, I brought in at Liberty and the thousands of employees. I wanted to get to reach a grander scale and people.

Ken White

When you look back on your career, how do you identify it when someone says what have you done professionally with your life? What do you tell them?

John Hewitt

Well, I've created several great companies, and in that process, I've changed thousands of people's lives in the book. I remind people that I've created eight hundred millionaires. Just making someone, a millionaire is that's only a small change. That's a small sample of the all the changes have been made right. You don't make everyone a millionaire, but you change people's lives for the better, making the world a better place.

Ken White

Is that how you identify leadership?

John Hewitt

No, that's not how I identify leadership.

Ken White

How do you?

John Hewitt

I think leadership is you have a vision, and the vision has to be fairly accurate. And then you get people to buy into that vision, and whether it's your employees or your constituents or your vendors or customers you get or investors, you get people to buy into your vision, so first, you have to have a vision, and there has to be a reasonable, rational vision. And then you have to get buy-in from everyone involved.

Ken White

You were talking to the students a lot about culture and how critical that is. How do you approach that and build a positive culture where people really just love to come into work?

John Hewitt

Well, first of all, you got to think about it, and you have to focus on that then. I'm a voracious reader and I read a fiction book, and then nonfiction fiction and nonfiction, and I'm a student of lifetime. Student of business, and Thomas Watson said something very insightful he said give me. He's the founder of IBM Thomas Watson Senior, and he said give me 100 great engineers or give me a hundred people with great attitudes. He said I'll take the great attitudes every day because engineering is something you can teach. Attitude is not. And he said that you can teach people with a great attitude

engineering you can't teach engineers great attitude. So we learned a long time ago that to hire for attitude above competency.

Ken White

What are some of the things you do once you have the right people on board to build that culture? What are the things you're doing today?

John Hewitt

Yeah, we have a team from many different departments. About a dozen that are members of the culture task force, and they meet at least weekly, and they design programs and events to give accolades and parties and innovative ways to. We have chili cook-offs, and we have ice cream sundaes, and we have a just we have a Halloween costume party and et cetera et cetera. They're always thinking of ways to make it a better working place working environment for our staff because it's anymore it's not about how much money you make it's about it's about enjoying where you work, and we spend Americans spend most of their time in the workplace or thinking about work more than in their personal lives and so you have to make it fun for people. Life's too short. You have to enjoy the journey.

Ken White

No doubt. So nice to wake up in the morning can't wait to go to work. Right.

John Hewitt

Exactly. You know it's TGIF is the catchphrase but with me is TGIM. Thank God it's Monday.

Ken White

I talked to a number of people, students, faculty, colleagues, and mentioned that I was going to be joining you today, and so many of them said please ask about the guys out front in the costumes waving the signs, and you call them wavers. How did you get to that?

John Hewitt

Wavers is inaccurate. We changed it, and I just haven't. I've gotten, so custom to calling them wavers that they're really supposed to be costume dancers, right? They're really supposed to be dancing, and when we started it, we invented it when we first started Liberty. I had read a book, and I think it was the 22 immutable laws of marketing, where it says that the number one object that was a trademarked object was that little green Coke bottle, so you could see that 100 hundred yards away and in your mind it said it said to yourself coke or Coca-Cola. So I was always wondering when I was at my previous company Jackson Hewitt I was always wondering what could be look like a

Jackson Hewitt was certainly wouldn't want a picture of me, and no one would recognize it anyway. I said it was so easy once we got the name Liberty right. It was so easy to get to to get people's attention and to get them to remember Liberty Tax. I don't talk about this often, but the only fear that I had when I named the company Liberty because I loved the name Liberty Tax. My name is Hewitt, and I love it 100 times better than Jackson Hewitt. It's just a great name, and the fear that I had was there's so many other liberties, there's Liberty travel's a huge company, Liberty mutual liberty. There's just so many liberties out there. Are we going to have attention? Well, with the dancer, we had the intention of all the liberties right. If you think Liberty Travel or Liberty Mutual or Liberty, all the liberties come to resonate with us because we have the dancer. They just have TV ads or newspaper ads, or magazine ads. We have the dancer in everyone's face. And while other companies have done this, McDonald's and Burger King and Wendy's and Chick Fillet et cetera et cetera Pizza Hut. They all tried different versions. We're the only ones that do it so extensively today we'll have over 3000 wavers out there.

Ken White

And it makes a difference in terms of business.

John Hewitt

It catches attention and people. The average person drives by hundreds of businesses every day, and most of them, if you said name all those businesses, you'll get 15 or 20, but if you saw Liberty dancer every day from January 1st to April 15th, that'd be one of the first that comes to mind you know where that Liberty is someone says where's Liberty Tax. That Liberty comes to mind.

Ken White

And you may even beep and wave and interact with them as well.

John Hewitt

Exactly. You know, one of the things we do is we have them put on a costume when they're training their first coming in, and I've asked hundreds and hundreds of people do you notice a difference when you're wearing the costume versus not. And they say yes, people smile and honk, and it's just you're treated differently if you have a Liberty costume on.

Ken White

Yeah, no doubt in the book, one of the things you mention is a huge myth in business, and that is meeting the expectations of your customers. Why is that a myth?

John Hewitt

Stan Phelps, a great author, and friend of Liberty, has written a number of goldfish books, and I think it was in the purple goldfish where he said he was teaching about customer service and customer expectations, and he started by saying if there is an event that starts at 6:00 pm almost no one arrives exactly at 6:00 pm. Most are either early or late. And he said in the same way with customers. Very few customers do you meet their expectations exactly. You either fail to meet them or you exceed their expectations. And our job is great companies. The greatest companies have a excellent record of exceeding customers' expectations. And if you don't, you're going to fail if you don't exceed customers' expectations because it's either you fail to meet them or you exceed them. Very few people meet them exactly.

Ken White

Why do you think so many professionals focus on meeting the expectations when it's actually, as you mentioned, pretty tough to do?

John Hewitt

Yeah, I think that in America and certainly in my lifetime, I've seen a erosion of customer service and erosion of desire to exceed customers' expectations. And I've seen too many people try to monetize their customer experience and to make it a generic situation. I remember when I was a kid, there was a hotdog stand, and it was 10 miles away and before I could even drive. And we used to ride our bikes down there and go to this fantastic hotdog stand because they had these hot dogs out in this charcoal outdoor charcoal and they had huge handmade onion rings, and they had when you ordered ice cream cone it was huge overflowing. It was Jim Scott dogs. Jim in Hamburg, New York, and it just open during the summer near the lake, and then it was bought by a national big national company, and they raised the prices. They'd you got less ice cream, you got a cheaper brand. And it was out of business in two years, so that they had lost the entrepreneurial zeal and spirit of the owner that was exceeding customers' expectations. It stopped when you brought in the cookie-cutter national company that thought that they could take it and make more money by charging more and offering less and that never works.

Ken White

We'll continue our conversation with John Hewitt in just a minute. Our podcast is brought to you by the Center for Corporate Education at the College of William & Mary's Raymond A. Mason School of Business. If you are looking to expand your business leadership skills, the Center for Corporate Education has a terrific program for you. The certificate in business management is a five-day program that runs from April 10th through the 14th at William & Mary. Each eight-hour day will be dedicated to an important facet of business, including communication, managerial accounting, business strategy, operational effectiveness, and executive leadership. The program helps you

broaden your professional skills and helps you think and lead strategically and successfully. For more information, visit wmleadership.com. Now back to our conversation with John Hewitt, CEO of Liberty Tax.

Ken White

So in terms of customers in your situation, are the franchise owners a customer? Is someone coming in who needs their tax prepared? Who do you identify as your customers?

John Hewitt

The ultimate customer is the person that files his tax return through us. The franchisees have a different relationship and their partners. When you're a partner, both of you are customers of each other, right? You have to show mutual respect and help each other, and so there, well, the poorest franchise wants to be a customer just wants to receive and not participate. It's a partnership, and so they're not an ultimate customer. The ultimate customer is the person that files his tax return.

Ken White

How do you lead? How do you approach leadership with the franchisee? With that owner.

John Hewitt

The key is finding what each person wants, and people have different desires. They want to invest different amount of dollars. They want to invest a different amount of time, and they want a different result. So I've run in 5000 franchisees in my 48-year career, and they've all wanted different things and with different resources. So what you have to do is help them plan. Use our menu, our cookie-cutter system of doing business. And if you want to make fifty thousand, you have one franchise. You want to make a hundred thousand. You get two. If you want to make hundred fifty, you get three and then helping them get to realize their dreams because we're only going to be successful. Our motto is happy, successful franchisees and happy, successful employees. If we don't have that, then you know Herb Kelleher in the book nuts says you know we were raised customers number one customer is number one, but that's not true. If you don't treat your staff, your employees as number one. Your customers aren't going to be treated as number one. So we focus on our franchisees and our employees.

Ken White

And you talk about give loyalty, get loyalty. Can you describe explain that?

John Hewitt

Yeah, that's that's key. Loyalty things like loyalty and trust are not given and respect. Loyalty, trust, respect you wish you know I'm a CEO of a public company. I've done it twice. I've been in business 48 years. Well, you would sort of wish that you would just automatically be given it just because of all the things you've accomplished. But that's not how life works. You have to earn it. Then you have to earn trust. You have to earn respect. You have to earn loyalty. And the way that I get loyalty, and I have a huge loyal staff is you got to give it first if you expect it. You can't just say give me loyalty. Be loyal to me. You have to be giving it. And I've learned a long time ago that you can't outgive you. The more you give, the more you receive. So whether it's loyalty or money or just whatever you give it, it comes back to you ten, not tenfold but certainly more than you've given.

Ken White

Right. There are different areas and themes throughout the book, and one of them is you talk about improve each day. And under that, you say communication, communication, communication. In what setting? How do you mean for those who have read the book?

John Hewitt

Yeah, those are two different things. And let me talk about communication first and say this. That communication in relationships is so so difficult. And it never gets out. You can only get better at it, and there's so much misunderstanding, and it's sort of like have you played the game where you go around the room, and you start with a story, and then you tell the next person the story. By the time you get to 10 people, the story comes out totally different. Human beings just are not good at communication. And so we try to teach people that it's a work in progress. And I've found that people are communication stoppers. Everyone thinks I want to know everything I want to be in the know, but no one wants to give up their information. Information is power. And so while they want to be in the know, they're not in the saying the communicating part of it. They're not in the in participating. They're only part of the way they want to participate is to receive, not to share. And so it's very difficult, and that's why that principle one of our top 10 principles is communication, communication, communication because it's more than one communication because you just gotta work at it forever. And every relationship in all the relationships that I've seen, spouse or business that have deteriorated and collapsed, it's always been communication. I mean, you start out in a relationship with a husband or wife or spouse, and it's, and you just don't communicate, and it falls apart. So it's in a business setting a personal setting. It's child and parent. It's all comes down to communication. You know, as far as improve each day that, you know, everyone tells me that, yeah, I want to improve. I want to improve. I mean, how many people if we went and did a survey and asked 100 people do you want improve? How many would say no?

Ken White

Right.

John Hewitt

But what they do say what they do think to themselves is as long as they don't have to do anything different. Right. I mean, I'll be happy to improve. I want to improve, but just don't ask me to do anything different, and if you do, one of my favorite sayings is if you do what you always did, you get what you always got. Right. You can't. You must change, you know, in order to improve, and people resist the pain of change. They don't resist change itself. It's painful to change if that means getting up five minutes earlier, eating better, or exercising more, or reading a business book, or whatever it is. You know we had that mission statement. It is part of that's part of our mission statement is to improve each day. And I went to my executives. I had an epiphany about ten years ago. I went to my executives, who have been living this dream for seven years, and I said okay in each of their year-end evaluations. I said how have you improved this year. You know what not a not one had anything. Oh, I read a book. I read a book on how to succeed Dale Carnegie book right, and I said no, no, that's an improvement. It's very tough to get people to improve, and it's because they resist the change.

Ken White

That's a great question. We can ask ourselves that every Friday at the end of every month. How have I improved? And what a great way to keep yourself on track and try to improve. Right. To actually get the results.

John Hewitt

Exactly. And if we're not going to do it ourselves, we're certainly not going to get anyone else to do it.

Ken White

Isn't that a fact? For younger folks who are starting out want to be leaders, admire what you do and see what you do. What kind of advice do you have for them in the earlier part of their careers?

John Hewitt

For your students, for example for, students of William & Mary and college students and high school students. My general life advice is find something you like to do, work hard, and persevere. And there was a study done, I think it was Yale or Princeton in the 50s, and they took all the graduates in and they analyzed their lives, and 25 years later and 20 percent of them had gone out and just went to Europe for a year or they went in and were a lifeguard or just did fool around and 80 percent got a job and they found that 25 years later most of the 20 percent that have gone and done something had found something they like to do and turned it into a business and their wealth accumulated

wealth of the 20 percent who had found something they'd like to do was higher than the 80 percent who had gone and gotten the job. You know you're gonna have a job for a long, long time. You're going to work for a long, long time if you're a student in college today. I mean, unless you become very wealthy and a few percent will, you're going to work for 50 or 60 years. Right. So why not take the time to find out what you want to do? And so, find something you like to do, work hard, persevere. And I've interviewed thousands of people in my career, and one of my favorite questions is what do you want to be when you grow up. And I've got to tell you that 98 percent don't know if they're 50 years old or 30 or 20 98 percent people don't know what they want to be when they grow up. They just say I don't know. And so find your passion you got a long time to for the journey enjoy the journey. Most of your time is going to be spent working or at work or thinking about work more than your personal time in your lifetime. Find something to do. Life's too short.

Ken White

That's our conversation with John Hewitt. And that's our podcast for this week. Leadership & Business is brought to you by the Center for Corporate Education at the College of William & Mary's Raymond A. Mason School of Business. The Center for Corporate Education can help you, and your organization get to the next level with business and leadership development programs that specifically fit your needs and get results. If you're interested in learning more about the opportunities at the Center for Corporate Education for you or your organization. Visit our website at wmleadership.com. Also, we'd love to hear from you regarding our podcast. Please share your comments, thoughts, or suggestions with us. Email us at podcast@wm.edu. That's podcast@wm.edu. Thanks to our guest this week, John Hewitt, and thanks to you for joining us. I'm Ken White. Until next time have a safe, happy, and productive week.