



Episode 36



Tom Matzen

Tom Matzen, is an entrepreneur, international speaker, strategic thinker, best-selling author and Co-Founder of Get It Together Masterminds and the Strategic Alliance Summit.

Voiceover This is Business Reimagined. Every week we talk with thought leaders and revolutionaries who are bringing innovation to their industries, like today's guest Tom Matzen.

Tom *I believe business has messed up the planet, and I believe it's business' job to fix that mess. It's not government's job, it's not job, it's not the UN's job, it's our job as entrepreneurs.*

Voiceover This is Business Reimagined with Danny Iny.

Danny *Today's episode is a special one, packed with so much meaningful content that not even a technical problem could prevent us from sharing it with you. During the interview, my recording software failed, but today's guest, Tom Matzen, had a backup recording going the whole time. While my sound quality isn't what you're used to hearing, I was so impressed with Tom's message of meaningful entrepreneurship, and the practical presentation of it, that we're going to air it anyway.*



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You see, Tom is an entrepreneur, international speaker, strategic thinker, best-selling author, and co-founder of Get It Together. He's made his millions, and now he spends his time helping small business owners across the globe scale their business ethically and successfully. He's got the experience to do it. This serial entrepreneur started his first business at age 16.

Tom

It was a DJ service, and I fact, I used to carry the business card around with me. I had it put in a little frame. Every time I thought I was the marketing genius, I would look at this card just to keep me grounded. It was called After 8 Music Services, and the slogan though is the reason I kept it, you know, the positioning statement, the USP, the UVP, right, we're all taught to have this great positioning statement. The idea is to differentiate yourself from the marketplace, right? What makes you special verses every other option out there? I laugh every time I even think about it. Our slogan was, "We play for anyone." The marketing genius, Tom, started not so genius-like.

Danny

Tom learned about entrepreneurship early in life, and it was something he pursued from then on. There was a huge turning point for him when he learned the difference between owning a business and being an entrepreneur.

Tom

One of the distinctions that I learned from working with Michael Gerber of E-Myth fame is that when you're working in your business all the time, you're a small business owner, and when you're working on your business, you shift to becoming an entrepreneur. I love that definition. I love that. For me entrepreneur is a sexy name, and my coaching business for years was entrepreneur-coach, entrepreneurcoach.com, and so I loved the term, but the reality is, at least in my experience, most business owners are not entrepreneurs. They're practitioners. They're crafts people, you know. Online marketers, Danny, your field of expertise, you know, most people are busy doing it, doing it, doing it. They're not working



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on their business. They're not creating systems. They're not creating teams. They're not creating strategy to scale. They're in their business selling their stuff or creating another program to sell or delivering on the program they sold last time. They're in their business.

For me the shift in mindset, not only was it instrumental in massively increasing my income and impact, but it also just changed the game that I was playing. It allowed me to play at a much higher level, and as a result I made a lot more, and I had a lot more impact, but it was also just a much more fun game. Whenever I talk to entrepreneurs or small business owners, I make sure that I share that distinction with them because it was a powerful one for me. I'd never even heard about working on my business. People talk about it all the time now, but there's still a lot of people that don't really do that. Right? You meet them all the time. They're busy being tactical.

Danny *How did you make the leap because as important as it is, it's also until you get ... It's the kind of thing when somebody kind of talks you through it, you're like, "Oh my god, how did I not see this before?" Until that happens you're kind of blind to it. How did you go from being the proprietor of After 8 Music Services to what you are doing now? Trace that arc for me.*

Tom *There are 2 parts to that. There's how I made the leap from in the business on the business, and there's the path and journey of entrepreneurship, so I'll give you a quick version of the path first, and then the shift.*

The path for me started with, I was 16 years old, I had that business at the time, and I was in ... I started university, I was a fast study in school, so I was starting first year of university at 16. I was approached by this lady, her name was Joy, and she had heard that I was interested in improving myself. She was selling called the Dale Carnegie Course. I'd never



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heard of Dale Carnegie. I'd never read "How to Win Friends and Influence People." I never knew anything about it, and I certainly didn't know anything about that course. She sat down and did what you would call today a strategy session, with me, where she explored my goals, and my vision, and I knew even at 16, I wanted to be a millionaire. I didn't know why, but I knew I wanted to be one.

She said, "Well, what are you doing about it?" I'm like, "Well, I'm doing this and this." "Well what are you doing about improving yourself?" I'm like, "What do you mean improving myself?" It was literally, I'd just been a student, right? You just take the classes you were given and the choices, and you know university, you got to pick your classes, ooh, that was exciting, but it was still the path was in front of me. I wasn't being proactive. This was the first proactive conversation of my entire life. It changed my life because I decided then and there that I would sign up for this course. I didn't have enough money for the course, so I gave her my rent money, half down. I didn't have a way to pay rent that month, and figured I'd figure out how to do that and everything else that came from it.

It changed my life. It started me down a path of investing in myself, investing in my dreams, and my belief systems, and my personal development, and I'm now paid for more than a million dollars' worth of programs and services and training, and taken and consumed several million dollars' worth because you know how it works, you take one, you get a bonus of a gift of another thing, and you get this. It completely changed the entire destiny for me. I ended up working for Dale Carnegie for a number of years. I helped instruct. I sold. In the process of doing that I would have a lot of people seek me out for advice. They were taking one of our classes, and they looked up to because I was a person of influence in their little world of the course, and they would ask me for advice, and often it



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was business advice. I had no clue, I mean no clue, but I had an opinion because I was, you know, 22, 23 years old.

I would give them my thoughts and then later ... very quickly I realized this is pretty silly. I'm giving advice, but I don't have any experience in the areas I'm giving advice in. I started talking business marketing courses, and I took everything I could get my hands on. Every possible program that existed, I took it, and I started to actually get very, very good at it. In particular, I developed this skill for applying something from a different industry into another industry, something that my mentor in that area, Jay Abraham does as breathing, as simple as breathing. I studied under Jay, did a little work with Jay, and I became very, very good at that, and so that led me into coaching and helping businesses grow and expand and guaranteeing results, doing a bunch of things from there. That was the journey. It was a conversation with Joy That was the path that led me down to what become my destiny, my calling.

The shift though, from working in business on it came from a phenomenally negative experience for a client of mine. She was a retailer in a clothing business, and she wanted to increase her sales. She hired me because of her husband's recommendation. We started working together. We put together a plan. Back then I would guarantee a 30% increase in sales. My goal was always to double sales, but that was too far out of the mind of a typical retailer to believe it was possible. That's what I did, we would go in, and we would double sales, and it would take 30, 60, 90 days. My fee structure was such that I would get half upfront and half when I hit the target. We would guarantee 30% because they could believe that. Okay?

We worked for this clothing store. We crushed it. We put in a couple of redundant strategies, and we actually hit double sales in 30 days with this retailer. It was awesome. I'm sitting



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down with my debrief call, and I'm going through, "Okay, What about this? What about this? What about this?" One of my questions was, how would you rate working me on a scale of 1 to 10. I'm thinking, I could be a 12 for this project. Right? I'm waiting, and she goes, "Hm, I'd say about a 7, 7.2." I was furious. I was like, dumbfounded. I'm like, "I doubled sales in 30 days, and she's giving me like a 7.2.?" I was so frustrated. I tried to be as polite as I could. I finished the meeting as fast as I could, and then I started doing what I try to do all the time which is reflect on that and go, "Why did she give me a 7.2?"

I realized that in doubling her sales, I had exposed a weakness in her model, and that was most of her staff she needed to fire. We put a contest in place, Danny, where did a contest and drove a bunch of traffic in, and that's why we got the increase so quick. She realized in running the contest that her 2 biggest, most important staff, she had to fire them, and she had no system to replace them, and she was a new mom that didn't want to be spending 60 hours a week in retail anymore, and showed the anguish that was coming up subconsciously because consciously that wasn't how she was feeling, but subconsciously, clearly, that was part of the problem.

I went on this journey to figure out, how do I prevent that from happening. I realized when I looked back at the last several years, at least half of my clients were nowhere near as happy as they should have been with that increase in sales, and it was because they didn't have a system to handle the increase in sales. They didn't have systems in place to handle double, triple, quadruple. I had one client, we 5-folded their business in 90 days. They didn't have the system to handle it. I cause chaos for them. It wasn't until that incident where I was looking back, and that put me on this journey, and I ended up finding Michael Gerber, and I became certified E-Myth mastery coach, and flew down to Santa Rosa and got



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all the training about working on your business instead of in your business. It totally transformed it, and I realized one of the worst things I could do for people was doubling their sales. One of the worst things. If they didn't have the systems to handle it, I was a fool.

Those are the 2 elements that sort of brought together my training. No one's asked me that in a long time. Thank you for asking that. That's a good question.

Danny *That's a really cool answer. I really appreciate your sharing. In our previous conversation prior to this call, you brought up this idea of a concept you called strategic philanthropy. I wanted to dig into that on this conversation. First of all, what is strategic philanthropy?*

Tom *Strategic philanthropy is when you combine doing good and making good, or now as they say, doing good and making money at the same time. It's a phrase I coined when I was having a difficult time describing this to a group of entrepreneurs. I'd been speaking from the front of the room for years, not selling from the stage until the last few years, but speaking for decades, my Dale Carnegie training working through.*

I would talk to entrepreneurs all the time, and I would talk about how if you combine these things, not only can you leave a legacy on the planet, but you can make more money. I would give examples, and I created an acronym called PROFIT, P-R-O-F-I-T, that describes the 6 key elements of picking a great cause. My experience is if you pick a great cause, and you partner your marketing with that cause, you make more money, you have way more fun, your team is more inspired, and the public becomes part of your fan club, your raving fan club, if you will. Literally the public, whether a local business or an online global enterprise or a movement, depending on how big you're scaling, people become raving fans and want to support you on this journey.



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I now realize, in fact, since we talked Danny, we have now created the foundation for something called the Strategic Philanthropy Global Summit. It will be an online event where we have a number of speakers that are going to share their wisdom and perspective, both very successful 9-figure entrepreneur and start-ups that are using this approach, their version of it, in their business. We're launching an entire live event and online global community around it because I realize now that the actual game I'm playing isn't about more money. You need more money. Don't get me wrong. I'm not saying you shouldn't have money. I'm pro-money. Money is a measurement of value and contribution in our society. If you're contributing well, you're going to make a lot of money, and if you're not contributing well, you're not necessarily going to make any money. If you don't have enough money in your checking account, you definitely need to look at your value-contribution equation.

However, I also think there's another element to that value-contribution equation, and that goes right back to why corporations were formed. Have you ever heard the story of why corporations were first created?

Danny *I know a little bit about the history, but not necessarily all of it, and not necessarily the part that you're going to talk about.*

Tom *It's fascinating.*

Danny *Tell the whole story.*

Tom *It's fascinating. Corporations started, it's either 1100, 1200 AD in Britain. Before that there was no such thing. It literally started from the King of England recognizing that some of the businesses in his kingdom not only were a business, but they really made a contribution to*



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the local people in their community, and so he created a seal from the King that said, "You're not just a business, you're an awesome business. Here's my seal. Tell everyone, I believe in you, I support you. You're doing great." Now think about that today. Why do you incorporate today? You incorporate today because a lawyer says, "Cover your butt. Deny all responsibility. Incorporate." I mean, they use different words, but that's what they mean. They mean use legal corporate structure to protect you from accountability. We've gone completely 180 degrees from the concept of corporations.

I believe business has messed up the planet, and I believe it's business' job to fix that mess. It's not government's job, it's not the NGO's job, it's not the UN's job, it's our job as entrepreneurs. We're the creative forces. We're the forces for good on the planet, right? We can inspire massive change in a generation. Heck, we can inspire massive change in less than a generation. Look at the billion dollar corporations, you know, as we record this interview, Google has passed Apple as the largest net-worth company in the world, and both of them are basically start-ups. Right? They're transforming their worlds. They're creating movements. That's really what it's all about. Strategic philanthropy at its core is about creating a movement where you make money and do good all at the same time.

Danny *That sounds wonderful in theory. I can hear the skeptics listening to this say, "Yeah, but. Yeah, but." Give us an example to help us understand what does this look like.*

Tom *Sure. I'll give you 2, 2 quick ones. One really simple. The first time I really understood this, I was building coffee bars at the time. I ended up building 187 coffee bars, and I've sold over*



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120,000 books on how to start coffee bars. I was a world-class expert, and when we started doing this, I didn't realize it as a strategy then. We just decided that every time we were building what are called Roaster Retailers, so you roasted coffee fresh in your store, and then you sold it to your customers and you wholesaled it and you brewed it in your coffee and so on. We decided to give 50 cents from every pound of coffee we sold or sampled of gave away to something called Coffee Kids. Coffee Kids was the forerunner of micro-lending on the planet. They would do micro loans in coffee villages to women to get them off their economic dependence on picking coffee beans. A really inspiring story. In the mid-80's I was investing in micro-loans before they were even a popular concept. Always a brilliant idea.

We grew this chain really rapidly. We had opened up 23 locations in 24 months, and we were literally the fastest growing coffee chain in North America at the time, coffee franchise in North America. Starbucks is not a franchise, but at the time, Second Cup and Gloria Jean were the 2 biggest brands. We outgrew either one of those in total numbers as a start-up. In that period of time, we had 23 news articles come out, 22 talked about Coffee Kids. One talked about this in-store roaster where you come in, and on the spot in 8 minutes you take fresh, hot coffee out of the roaster, never been done anywhere in the world, take it home fresh. It was our business. We were transforming the way coffee was done by making it fresh out of the oven. One article mentioned it, Danny, 22 mentioned Coffee Kids as the lead story.

When I looked back at that I went, "Wow, why is that?" We were changing the world of coffee. They didn't care. We were changing the world, they cared, and so did our customers, and so did the other media, and so did franchise buyers. We did millions of dollars because



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of our contribution to Coffee Kids. It was phenomenal. It started with just 50 cents a pound of coffee in our local little first store. There's one example.

Next one is something that your listeners may have heard of which is Tom's Shoes. Tom's Shoes which doesn't stand for Tom like me, stands for tomorrow, I learned. Tomorrow's Shoe ... A shoe company for tomorrow is what it was really all about, and if you buy one pair of Tom's Shoes, what do they do, Danny? Do you know?

Danny *Yeah of course. They donate a pair to people who need shoes.*

Tom *Yeah. The cool part is, just about every entrepreneur I've ever asked knew that. Just about everyone I've ever asked knew that. They didn't exist 5 years ago, but they did 300 million in sales in the first 3 years as a start-up with a shoe. Admittedly a commodity. They'll probably say their shoes are better or more comfortable or more durable or whatever their positioning is, but really what put them on the map was this campaign. Do you know anything else about their shoes? I don't.*

Danny *I don't. I know they also make sunglasses because my wife has a pair.*

Tom *There you go, and they probably do the same thing with sunglasses I bet now too. Buy one pair, give one away?*

Danny *I have no idea.*

Tom *Yeah, I don't know either, but I've never met anyone who knows anything about their shoes, but they all know the deal, buy one, give one away. Give one away. They're 2 examples to me that demonstrate this. There are a lot of big companies that are doing this now, that are using it as a strategy, but for an entrepreneur, for a start-up, for an early*



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stage business, it's a percentage of gross model. It's a percentage of gross model as opposed to a percentage of net. It's a clearly demonstrated, clearly transparent model. If you're selling a course, it could be, you know \$20 from every enrollment goes to cause number 4, whatever it happens to be. It could be a dollar from every, we did this in our indoor golf training centers, a dollar from every paid lesson went to an organization called Right to Play, which teaches kids in developing countries to play games, sport, instead of shoot each other. It literally stops child soldiers from killing each other. There's a mission, holy cow. There are some really cool causes out there, but those are the examples.

For the cynics out there, what I challenge them to do is look at the return on investment of strategic-philanthropy driven organizations and compare it to those who don't. You will be stunned. You can take public companies and do this, and you can take private companies and do this. You will be stunned at the difference today. It wasn't the case 10 years ago. It wasn't the case 15 years ago. In the last 10 years, this has become an actual, a global movement. Now, I think, within about 10, 15 years, it'll be the norm, and so there's this window. We've got this window, guys, gals, of 5, 10 years, maybe a bit longer, maybe not, where if you take the lead and if you step out front, you will get massive marketing advantage by doing so. If you wait and react, you'll be forced to do it anyhow, you just won't get the marketing advantage down the road.

Danny *Again, I love that. It's an inspiring set of examples. It's an inspiring vision, and I'm going to play devil's advocate. I'm thinking about a couple scenarios. I'm thinking about a scenario where Tom's Shoes famously gives away a second pair of shoes to people who need shoes whenever you buy a pair of their shoes. Another shoe company can't do that. It's not going to generate the press, it's just going to be, "Oh, they're trying to knock off what Tom's Shoes does." You reach a point where there can be a saturation of cause marketing. You know, everyone's doing some cause, and it's like, "Oh yeah, whatever." It's the hot story now and it*



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starts losing its sheen. Finally, there's choosing a cause where, in all cases, all the examples you gave, there's a strong alignment.

Tom Yes.

Danny *Like between what you're doing and between the causes being supported. I can see scenario where people are like, "Oh yeah, I should have a cause." Whatever comes easy they tack it on. There's a lot that goes into doing it right. There's the selection of the cause, there's the working of it into the messaging, just giving away X percent of your gross doesn't increase your sales all by itself. Talk to me about some of those concerns that a cynic might have.*

Tom *Yeah, there's 3 parts that come up from that and really good cynical questions. Thank you. The first one the me-too sort of thing. What I've seen happen now is there are companies in other industries modeling what Tom's has done. If you're in the shoe business, I completely agree, that is not the model you want to take because they've done that. They got that spot in the marketplace. You can match them be and also brand, but that's never a good market strategy. There is a toothbrush company that launched recently that you buy one toothbrush and they send one to a developing country. There's a book company that does that. There's an eyeglass company, prescription eyeglass company that does that. If you're in a physical product business, you can actually be inspired by Tom's, give them credit, and get massive results.*

That actually relates to my second point. Stanford University does detailed consumer research. Every 2 years they survey 10,000 consumers. It's the most exhaustive study of consumer buying habits in the world, and they've been doing it for decades, Stanford University. What they've found, and this hasn't changed now for about 12 years, is that all things being equal, and this is an important fine print, all things being equal, if 2



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companies are competing for that person's business, if one is perceived to be environmentally or socially responsible, 64% of consumers will not only pick them, but will willingly pay more. Let me say that again, willingly pay more, if they are perceived to be environmentally or socially responsible, which means, by the way, you can fake it and still make more money. I am not advocating that, for the record, because the media will eat you alive, and so will I if I find out. I don't want another body shop cosmetics story where you're just spinning green marketing and your lying to your clients. That's not what I'm talking about. Just the perception of it, Danny, 64% of consumers will willingly pay more.

I think business is a tool to save the world, and so, if you can make more money and give some of that away and attract more clients because you're doing that, you should do it even if it doesn't boost your sales, and it will. You should do it even if it doesn't distinguish you among your competition, and it will. You should do it because it's actually making the planet better and your kid's legacy better, and their kid's legacy better. Right now it happens to be also a strategy that makes you a lot more money

The last piece you talked about was the alignment side, and I completely agree. The acronym I teach, which spells PROFIT, P-R-O-F-I-T, R is related. It's got to be ... To be a great cause, it needs to be related, not self-serving because that doesn't work, but related for sure, for sure. That's an important part of picking a great cause, it's got to make sense. It's got to something where your prospects, and hear me out people, your prospects align with your choice. If your prospects align with it, they'll become clients. If your clients align with it, they become raving fans.

My twitter handle is ravingfans4life, and all I hear there are stories of companies that create raving fans. Part of the reason I got so into strategic philanthropy is story after story I would share were about companies that were doing stuff like this, and they created rabid,



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raving fans. Raving fans are more loyal when you mess up. I mess up all the time, so more loyal when you mess up is a good thing for me. Number 2 is they'll willingly spend more, and number 3 they'll willingly refer and unsolicited to you. Willingly refer unsolicited to you. Translate that in the online world, they'll market your stuff when they don't have room in their calendar. Why? Because they love you. They love and adore the work that you're doing, the mission, the contribution, what's happening, the impact you make in the world. To me, Danny, it's one of these games that the more you play it genuinely, the more results you get, and the more you attract people that want to support you doing what you're doing. To me it's the ultimate triple win.

Danny *At one point is this something that an entrepreneur or business person should be thinking about because again, playing devil's advocate, there's the whole correlation doesn't equal causation, and all in the successful companies of the ones who are doing this, one could argue that they are able to do this because they were already successful. At what point do you say, "All right, I've figured out my product-market fit. I've figured out how to get to my customers, and I've figured out the nuts and bolts of providing service. Now I can turn my attention to aligning with a cause", versus - is that what comes first?*

Tom *I love that question. I love that question. That all depends on one thing: If you are lazy. You see, at heart, I'm lazy. If I can find a way to do one activity and get 10 units of result, I'm all over it. If I can find a way to optimize that and get 15 units of result, bring it on. I am inherently lazy. I am smart lazy, I call it. If I can find a way to leverage things, I will do it. The answer to that question is, if you're lazy, do it before you even consider your product strategy. Build it in from the very beginning because especially in our social media crazed world, there is a virality that happens when people willingly want to share what you're doing. The sooner you build it in, the sooner you get that leverage working for you.*



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Now, the only caveat I would throw in there is, if you're genuine, don't fake it. You definitely have to be a massive percentage of gross. It doesn't have to be earth-shattering numbers. That all depends on your definition of sharing and modeling and giving back to the world. The best quote I heard on that was from Katie Sharfin, an entrepreneur out of Austin, Texas, and she said, "For those who think money doesn't buy happiness, they just haven't given enough away." I'm like, "Oh. Dang. That's profound. That's profound." You actually, the more you give away, the more you're going to make, but that's another discussion for another day.

In terms of the business though, the start-up needs it even more because the start-up doesn't have the resources. They don't have a bunch of cash to buy unlimited Facebook ads or YouTube traffic or hire the consultant that can drive all this traffic for them. They don't have that. They got the seat of their pants and their wits and likely, a lot of them, have a job. They're doing it part-time in the beginning. Well, why not make it easy to leverage. My advice is right from the beginning. It's the topic that I share every time I get a chance, everywhere I can, all the time because it is like a secret weapon for a start-up. You got to embrace it, and you definitely got to make it part of your whole culture, not just dabble with it. When you do that though, your prospects reward you, and your clients reward you, and this is another cool part that I haven't realized until just the last couple years, you attract all sorts of strategic partners that you never would have attracted before. The types of deals you can do; the types of structures you can do that you never would have attracted before.

I had the chance to meet Mark Willis last week when I was in Austin. Mark is the former CEO of a real estate company called Keller Williams. Americans listening to this will know Keller Williams because they're the largest real estate company in the world, and they have 117,000 realtors. This is the CEO, and I meet him on the tarmac at the private jet airstrip,



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Danny, when his jet lands and 12 people come off. Okay. This is the no longer CEO. He's retired. He took early retirement, and he took early retirement because he wants to help entrepreneurs build legacy driven, movement driven businesses.

I introduced him. My team was there. We all said hi. We shared a couple of pictures, and I say, "Mark, would you be interested in sharing your vision around strategic philanthropy to our group in this summit?" He goes, "Sure, great. Tell me when." In 5 minutes, I book a guy that's worth several hundred million to come and share his message to our entrepreneurs effortlessly and easily. If I had said, "Come and do my show to teach us how to make money", he probably would have said yes, but maybe not. To share that vision of making money and doing good at the same time, boom, he was in. That's how powerful this is in transforming a start-up. I'm telling you.

Danny *I've got 2 last questions. The first is around, kind of business modeling and operationalization. At Tom's I'm sure they've crunched the numbers and figured out what it costs them to give away a 2nd pair of shoes whenever they sell a pair of shoes, and they kind of made sure that the math works. How does an entrepreneur go about doing that math and seeing what can they afford to give away and what can't they? How much do they give away that it's not so much that it's going to damage their business, but it's not so little that people look at it. If Tom's Shoes said that, "For every 1000 pairs of shoes we sell, we're going to give one away," people would be like, "Yeah, big deal."*

Tom *Yeah. Woohoo. That's that. Good question. It's a simple formula that I use. Calculate what 10% of your net profit is on the sale of a commodity. Let's say you were linking it to a program you're selling online. A lot of online marketers listen to this podcast, and so you're selling a program online and most of your sale is net after your affiliates. You know, it*



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might be a \$500 product, 250 goes to affiliate, 250 is to you, and you've got about \$10 fulfillment, let's say, and 240 is your margin, 10% of that is \$24. You with me so far?

Danny Mm-hmm (affirmative).

Tom Then what I do is I go back to gross, and I look at what that means as it relates to gross. On a program it could be really simple. I've got \$24 budget when I sell a \$500 program, right? Simple math. Then I round down to the nearest even number. I do that so there's an extra comfort level for the entrepreneur, they're not going to kill themselves. Effectively, you're giving away slightly less than 10% of your net profit when you do this. Given that 64% of consumers willingly spend more, and they tell more people, and they share it, you actually make way more than your cost. I could have started the answer to this question by saying it's not relevant, Danny, but I wanted to give you a direct answer because that's how I do the calculation. I do it that way.

In this example, 24 is not a round number, \$20 is. This person could say for every course you buy of my XYZ program for \$500, \$20 is contributed to a micro-loan program at Kiva. Now, as a sidebar, if you were doing that, \$25 happens to be their minimum loan, and it's a full loan. I would talk that person into using 25 because you can do an entire independent loan for 25 bucks with Kiva. Sometimes your cause will have a number where it just makes sense to do that. You can round down. We had coffee bars that didn't have a roaster, and they did a nickel a cup of coffee. Here was the cool part. Every time we introduced this, Danny, we had them raise their prices by a dime, and they introduced a nickel to the cause when they did it. There was never push back. In fact, it was the opposite. Every time they did it, and we're talking dozens and dozens and dozens of coffee bars to try this strategy, every time they did it, they're customers thanked them. When's the last time you raised your



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prices and your customers thanked you? that's the difference with strategic philanthropy, guys. There was a second question you said. One last second one.

Danny *Yeah. That's really great. I really appreciate both the insight and the specificity. That's going to really help a lot of people understand how to operationalize this. My last question is about time frame. You mentioned this was not the case 10 or 20 years ago. This is the case now. This is like the big emerging opportunity. How much longer? At what point does this become just part of how business is done. It helps because it's a meaningful differentiator, and it says that you stand for something that matters. Of course it has to be authentic, but how long do you see this window being open where this is a way for people to stand out before it kind of becomes just what you have to do?*

Tom *Yeah, I don't know, and I hope it's a lot shorter than I think. However, because the world's going to be better off, however, human beings have a great capacity for avoiding things that are good for them. Part of me, the optimist possibility person thinks it's 5 years, 10 years max. Then the logical left brain realist part of me goes, it could be decades, Danny. It could be decades. I mean, you see Richard Branson, who's embraced this for decades and got a phenomenal impact on the planet as a result. All the power to him. He's inspired a generation of us to do things like this, and yet, many of the industries he's competing in, nobody else is touching this yet. There's also reason for hope, and I'll give you one last example for this, and that is Starbucks.*

In the independent coffee shop world, the big enemy, and I've shared the stage at international coffee shows with executives from Starbucks, and in their first 20 years of operation, maybe even 30, they would toy with this topic and play with it and green wash, and then a guy called Mann became their VP of sustainability, and he went into the board room, and he had the veritas to convince the rest of the team to really buy in to doing well



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while making money as a company, and not just pretend to. In their early days they made \$100,000 donation to a cause and spent 4.7 million on the ads telling us about the donation. They were terrible in the beginning, terrible. Now, they've embraced this.

I was in a shop in Austin, Texas recently, a Starbucks, and it was the first time I'd seen this, "For every bag of coffee purchased, we'll plant one tree." I thought, they get it. They get it. Now I know what it costs to "plant a tree." It's 2-and-a-half cents. It's 2-and-a-half cents. A bag of coffee at a Starbucks, 20 bucks. That's not even close to that model I told you early, Danny, right? Not even close. You know what, they're going to plant more trees than just about anyone on planet earth if they stick to that because they sell a lot of bags of coffee. They sell a lot of bags of coffee. I don't know if that was a local test program or a regional test program. I'd never seen it before. I don't go into Starbucks all the time, so maybe they're doing it everywhere. I'd never seen it before, but I saw it there, and I was so excited.

What I would say to really answer your question is, I don't know how long the time frame is, but I do know this, those that jump on that bandwagon, genuinely, early, will get massive advantages. Those that wait will lose market share to the rest of us. You might as well get on board and have some fun with it, and play with it, and get your team involved, get your suppliers involved, get your vendors involved. If you're a solo entrepreneur, get your clients involved. Get them involved in this journey, and they'll love you to death. They'll love you to death, and the worst that happens is your kids and their kids are better off, and you made a few extra bucks along the way. The worst that happens. You really get focused, you'll create a movement, and it'll be a movement around your company. One entrepreneur recently told me, "We're all creating movements. Some of us are just better at it than others."

Danny *That was Tom Matzen reimagining business through his vision of strategic philanthropy that as he says it, directly marries doing good with making good, or doing good and making*



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money at the same time. It's an opportunity that won't be around forever, but it will for a good long time, and the world will be better for all of the entrepreneurs who jump on it using Tom's profit frame work. How will you apply strategic philanthropy in your business? This is just the very beginning of what Tom has to share with you. Visit his website at TomMatzen.com that's T-O-M-M-A-T-Z-E-N.com or his company website GetItTogether.com.

Voiceover This has been Business Reimagined with Danny Iny. Join us next time as we talk with Stever Robbins.

Stever *I was riding the subway in San Francisco a couple years ago, and I was listening to 2 people behind me talking, and their whole conversation was, "Oh, I'm going for this job interview, and I hope they pick me, and here's what I've done on my resume." What was striking to me is we're going into these job interviews very much with the attitude of, "Oh, please, take me. Please, take me. Please bestow your wonderfulness on me", as opposed to going in with an attitude of, "Hey, I'm here making a life, and I'm capable of contributing great and awesome things to the world and to your company, and you have jobs that need doing, and you have money and status and clear paths of things, let's get together and find out if we can work with each other."*

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