

## **In Making Worker's Compensation Work, Phil Walker Creates a New Business Model**

**Interview by Deborah Lazaroff**

*Phil Walker is a Martindale-Hubbel AV-rated attorney, the highest rating possible among his professional peers. He received his law degree at Washington & Lee University in Lexington, Virginia, and has been in practice for nearly 30 years. One of the top Worker's Compensation attorneys worldwide, he is registered with the State Bars of California, New York and the District of Columbia. He has served as House Counsel for US Steel Corporation, Managing Attorney for Fireman's Fund Insurance Company and General Counsel of the largest real estate firm in New York City, Douglas-Elliman*

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*Phil is single and lives in San Francisco with his two pugs, Oscar and Otis. He is active in Alcoholics Anonymous, enjoys acting, had his own theatrical company for 15 years, has written twelve Broadway-style musicals, and appeared in the film Class Action with Gene Hackman. This year marks his ninth as a participant in The Burning Man Festival.*

***DL: What made you decide to go into the law?***

PW: I originally wanted to become a doctor because my father wanted me to. But after I had a little nervous breakdown from taking organic chemistry, my father said, "Well, why don't you take whatever courses you want?" So I took English and History, which I loved. Suddenly all my grades were A's and I was happy again. Now at my college, Vanderbilt, we were all pre-professionals and there were only two career paths: medicine and law. This was in 1977. Nobody went to business school.

***DL: Back then, if you were going into business, you studied liberal arts. There wasn't a specific discipline for business.***

PW: That's right. So ironically enough, I went into one of the most medical areas of the law, Worker's Comp, because it's all about medicine. The only area more medical is medical malpractice.

***DL: Right. But that's not as fun.***

PW: No. And doctors are not fun clients.

***DL: (laughs) I can imagine. Now I'm very interested in what you're doing about easing the Worker's Compensation process and transforming it. It sounds as though you're working to make the process easier and more effective for both the employer and the employee.***

PW: You hit the nail on the head. Our motto is, "We Make Worker's Comp Work." Although I come from the Defense side and tend to represent big companies, it may surprise you to know that no one is a greater advocate for Worker's Comp benefits than I. The reason is very simple. If I suffered an injury that made it impossible for me to practice law—which is what I like to do—I'd ask myself, "how would I want to be treated?" And quite simply, I would want money for the time that I was off work recovering from my injury; the best medical treatment available to help me recover; and if I had a permanent impairment, I'd want money to help me get through life. But, most important, I'd want to be re-trained.

***DL: Exactly.***

PW: I actually confronted this, because about three and a half years ago I had reached the end of my rope. I was a HUGE corporate attorney, making \$250,000 a year, I was a partner in the biggest law firm in California, I was running the Worker's Comp division for them, had built it up to 18 people, and in one year I brought in several new clients. But I was miserable, and to deal with my misery I would go home at night and drink, so I could pass out and get up to do it again the next morning. So I became a hideous alcoholic. I started going to AA and I was seriously considering giving up practicing law altogether because I thought it was the law that I hated. But I found it wasn't the law I hated, it was the lawyers with whom I was working.

***DL: What was it that you hated about them?***

PW: They were the biggest jerks on the face of the planet. I had all these fantastic business ideas and whenever I put them into practice, they always worked. But the law firm would fight me tooth and claw every step of the way. Let me give you a classic example. I had some market research done, and the market research revealed that what

people hated most about their lawyers was that they never knew how much the bill was going to cost them. It's the same as your phone bill—you never know how much it's going to cost you each month. So I went to the other partners and I said, "Look. People don't think of legal services as 'how many hours will it take Bob to write this contract?' They think, 'How much is that contract going to cost?' The reason we have problems with clients is that whenever they get a bill from a lawyer their hearts go into their throats because they never know how much to expect. So why don't we start billing in flat fees and fixed numbers?"

***DL: I imagine that idea would terrify any traditional lawyer.***

PW: That's right, because it turns the model on its head. The model of law is to keep more people billing. It's not efficiency, it's massive inefficiency.

So I had a lot of business creativity, but unfortunately that creativity threatened the standard model, so it had to be stamped out. And the more they stamped me out the unhappier I became, because all these great ideas were being stifled inside me. Finally, one day my sister called me and asked, "What happened to the brother I grew up with, the one that was always the life of the party, the most fun?" And I replied—these very words came out of my mouth— "He became a Worker's Comp lawyer."

Have you ever done that, blurted something out that you can't believe you're saying? The moment I said it I thought, oh, my God, that's the most pitiful thing I've ever heard. Then my sister said, "The reason I'm calling is because three people asked me about you, and told me about a place in Florida called The Hanley Center, which specializes in helping burned-out corporate executives who've become alcoholics or drug addicts. I think you ought to go."

So I flew to Florida. It was the scariest day of my life, because I was this big lawyer, Master of the Universe, and I was about to give up control for the first time. I was admitting I couldn't handle something to spend 28 days in residential rehab with who knows whom. Well, when I arrived, all the people were in tee shirts and shorts and I didn't know who they were. Later I found out that the week before me, the CEO of a major chemical corporation had been there. The wife of the founder of a major retail chain and a famous media personality were there. My roommate was the highest-ranking black executive of a major computer company, and the Number One bond trader on Wall Street was in our group—he had spent \$8 million on drugs over the course of his lifetime. He told me that 90% of the people on Wall Street are completely whacked out of their minds 24 hours a day on drugs or alcohol.

***DL: Gee, that explains a few things, doesn't it?***

PW: I know! Hello! Well, my first day there a woman said something that really resonated with me. She said, "Let me tell you what we're going to do for you. We're going to give you back your integrity. And what that means is we're going to make your

inside self and your outside self match.” And I realized I had a big problem. I was a lawyer. For my entire career I’d been trained to never let my inside self and my outside self match.

So I told her, “I’ve got a big problem. I’m a lawyer.” She looked at me and said, “You really do have a problem. Now if I knew the solution for you, I would tell you, but I don’t. What I can tell you is that you’re never going to be happy until you find that solution.” So for two weeks I thought about a solution. Then one day I woke up, and out of the blue, I thought, “what if I just told the truth about everything? *Everything*. About my alcoholism, my relationships, about being gay, about the lawyers I’m working with, everything.” But I was scared. Because for a lawyer to say, “I’m going to tell the truth about everything...” But in rehab that’s what they teach you to do, to be honest and tell the truth.

***DL: They make you confront yourself.***

PW: That’s right. So when I returned to California I was very scared. I was going back to the law firm, and I’d decided to just tell the truth. Well, the lawyers in the firm kept telling me how to run the business and I told them they were morons, they didn’t know what they were doing and I absolutely wasn’t going to do it their way. And they fired me so fast it made my head spin. They fired me by e-mail! I’d never been fired by *anyone* before.

So I came home, and I called my parents and told them I’d been fired, and naturally they asked, “What are you going to do now?” So I told them, “I’m starting my own law firm.” And I did. I got to apply all my business ideas and my law firm took off.

I had always been a good speaker, but more people started to invite me to speak because now I was speaking with more power than ever before. I would say, “I’m going to tell you the truth about what’s wrong with [the Worker’s Comp] system, and what we need to do to change it.” Suddenly I was attracting huge clients who wanted to do the same thing. My first client was the University of California, the biggest employer in the entire state. They asked me to do all their medical reports. Other companies who had the same value system started coming to me. And some who didn’t. I fired Wal-Mart. They contacted me and I met with them, and when it became apparent that they didn’t want the best for their employees, I fired them. They said, “We’re Wal-Mart,” and I said, “I’m Phil Walker.” I don’t think they’d ever been fired before. You see, I learned long ago that when people say things like, “we deal with you with honesty and integrity”—if that’s the first thing they tell you, they’re lying. People with integrity don’t advertise it because they don’t think about it.

***DL: That’s right. They don’t think about it, they just exemplify it.***

PW: Exactly. Anyway, I started speaking, and by the end of the first year, I had 100 clients and 11 people working full-time for me. And here’s where I put one of my

business ideas into practice. I made a conscious decision not to hire lawyers, because I didn't want to work with them. I hired non-lawyers without any bad habits and taught them everything they needed to know. It's only within the last three months that I started hiring lawyers, but I only hire lawyers straight out of law school who haven't picked up any bad habits.

***DL: They haven't been molded to fit the standard model of a lawyer.***

PW: That's right. Another idea I put into practice was to make all our finances completely transparent. Everybody is paid based on the work they do. There are no salaries. If you review a report and we bill \$300 for it, you get 50% of that. If an attorney bills an hour of time, he gets 50% of it. So everybody can tell exactly how much money everyone is making every day. I did this because I never minded working hard, what I did mind was working hard and not being paid for it.

***DL: As does anyone.***

PW: Exactly. So I get absolutely no complaints when people have to work hard, because they know they're going to be paid for it. Then I realized I needed some people to help me craft my message so I could more effectively talk to companies about what we had to offer. In sales, sometimes you have thirty minutes, and sometimes you have thirty seconds. I had to be able to explain exactly what I do under both circumstances. So I hired Joe Rodriguez and Jane Gardner of Harbour Strategic Consulting. What they do is they help you define your company's DNA. Six months into starting my firm, I took everybody to Cape Cod on retreat. We spent a week together with Joe & Jane, identifying our company values, and determining that the message-matching behaviors included transparency, complete honesty, no hierarchy, treating everyone with respect, putting people in the areas where they do their best, no preferences for seniority, ensuring all of our clients are our friends and that if we don't like them we don't accept them as clients—ALL these revolutionary ideas. Then I realized that I needed some very strong websites. So I found Stuart McFaul of Spiral Group. Not only do they produce websites for me—and they're all being revamped right now—they also handle Twitter, Facebook, blogging—all the social media. I don't have to understand any of it, all I have to understand is that it works.

***DL: That's why you look for the right people. So you don't have to do it yourself.***

PW: That's exactly right. I find people for whom that type of work is play because they enjoy it so much. For me it wouldn't be play, because there would be so much stress related to learning how to do it. I'm a big believer in hiring good people, telling them what I want to achieve and by when, removing all obstacles, and then getting out of their way and letting them do it.

***DL: Why do you believe so many organizations seem unable or unwilling to adopt this method? Why is so much controlled from the top and so much creativity from the bottom stifled?***

PW: It's historical. If you look at the 1890s through the 1920s, this was a period of phenomenal creativity in America. Then we had the Depression, and then World War II broke out, so we adopted the military command-and-control model. Who was in business? Men, and that's what men do. It won the war, so it ought to win everything else, right? So we have literally been using the military model for 70 years, even though we know this model doesn't at all encourage creativity, much less produce it.

***DL: No, it absolutely doesn't. But what's ironic is that many companies bring in tests to determine their workers' personalities. And the implied message is always that they want and welcome creative, out-of-the-box thinkers. But the truth is, they really don't. Because if you suggest new ideas for or better alternatives to the way things are currently done, you're stamped out.***

PW: You and I are definitely on the same choir. They will stamp you out, and they will organize every bit of strength they have to break your spirit. Because the military model exemplifies the Peter Principle: that people rise to the level of their incompetence. And creativity threatens people who are incompetent. That's why they have to squelch it. It took me three years to figure this out. I couldn't understand why the partners in my old law firm refused to do things that made better business sense. Then I realized that it wasn't a business, it was an entity I'd entered that had one purpose only—to preserve the lifestyle of the senior partner. Every decision in a law firm is made to support that purpose.

***DL: But that's true of any business. All the decisions are made in the interests of top management.***

PW: Deborah, if you get a chance, read this book—*Too Big To Fail*. It's about the financial crisis, but what you'll discover is that the companies described are no different than any company you've ever worked with. The whole business culture revolved around which CEO was going to have the biggest bonus and the biggest house. That's how every decision was made.

***DL: When I interview people who are middle management or below, I ask them, "What do you believe is your purpose in your company?" And without fail, they answer, "my purpose is to increase shareholder value." But they're not really doing so. They're protecting the interests of the CEO.***

PW: That's right. And you want to say, "Well, the fastest way for you to increase shareholder value would be to get rid of your senior management."

***DL: What it gets down to—despite all the personality tests that imply otherwise—is that people move up in corporations simply by keeping their noses clean, not by being creative or innovative. If you keep your nose clean, if you don't rock the boat, if you don't make waves, you will move up. Creative, innovative people don't move up; they're kicked out onto the street instead.***

PW: There's no question about it.

***DL: A major part of the problem is that everything happens so fast in business now due to electronic media and telecommunications, so people are afraid to let their workers take risks.***

PW: That's exactly right. And what they're really missing is the fact that the Asian economies are using a much more effective military-style model in their manufacturing. We're never going to be able to compete against them in that arena because they're always going to have more people that can be paid less. It's that simple.

***DL: Exactly.***

PW: Now where Americans have always truly excelled is innovation; thinking out of the box. All the people who are our real heroes—like Steve Jobs—are out-of-the-box thinkers. Every single one of them came to a point where they said, "I don't fit this model. I've got to find my own way." In finding my own way, I started doing Internet marketing. I didn't have an office. I worked out of my condo because I didn't know if my firm was going to grow, so I didn't want to sign a lease. And I discovered that I didn't need an office because I could do everything on my computer. Clients never come to an office any more anyway, because everything is done by phone and e-mail. So I built this huge Internet law firm.

I also realized I didn't need to have an office to have people work with me. I could have people working for me in Boston, Las Vegas, etc. So I have people working for me all over the country. I have no employees; they're all independent contractors. I don't have any employee paperwork, and they're happy because they're paid more money and can take vacations any time they want. They don't get vacation pay, but they're free to say they'll be gone for eight weeks and nobody cares as long as there's someone to cover their work while they're gone. And the people covering for them don't care because they're making more money! It works absolutely perfectly.

After my firm was set up using all the ideas that had been percolating in me for 20 years as well as others borne out of necessity—like starting the business out of my condo rather than renting an office—I discovered that it worked beautifully. But then came the key moment. I had attracted big clients—the University of California and others—but I had been speaking to insurance company claims professionals, the line people. And by then my company had a publishing division to produce my books, videos and training materials; a division to produce training sessions and conferences all over the country;

and another to schedule my speeches. Plus I had people helping me with trial work. Before I knew it, I had become a CEO. So I had to learn very quickly how to do a lot of business things, like strategic planning.

At the same time I realized there was something I needed that I didn't have. I figured why spend my time soliciting work from one Fireman's Fund office in San Francisco when I can talk to the CEO and get all their business internationally? But I didn't know how to talk to CEOs because I'd been a journeyman lawyer. I realized they spoke a different language, and I needed to learn how to speak their language I needed someone to teach me their language. Then Joe Rodriguez told me about a client of his named Bob Mobley.

***DL: The right man at the right time.***

PW: Exactly. Joe said to me, "I think the man is a real genius. He's one of the greatest communicators I've ever met, and he really understands communication." So I began learning about Bob. Now, the uniform response from people who have worked with Bob is, "if Bob tells you to do something, you do it." If he tells me to pick up the phone and call someone, I do it. No questions, and he doesn't have to explain.

I'm a professional speaker; that's how I make much of my living. But I can always improve. So I began to train under Bob, and he taught me how to speak in a very different way. Today I make every presentation in less than five minutes. I give my goals and expectations and present the concepts and benefits. I do all this in the first five minutes of the learning curve. I wasn't sure it would work, but then I began seeing dramatically improved results in the rushing to the stage, the new clients coming in and even in the number of juries ruling in my favor in multi-million dollar cases. So I decided I had to learn everything this man could teach me. I'm still working with Bob, and he has revolutionized my speaking style.

I explained to Bob that my goal is to revolutionize the delivery of legal services. I want to do for legal services what Amazon has done for retail. Now when you hire a lawyer, you hire a lawyer for a task or a result. Drafting a contract—a piece of paper, really—is a task. To win a trial is a result. People will be able to order these professional services in the same way they order items from Amazon. *Legal Zoom* is a website that follows this model in delivering contracts.

Now I've determined that there are eight stages in every Worker's Compensation case. One of the stages, for example, is having people evaluated by doctors and seeing if these evaluations are correct. Where I've made a great leap is charging a fixed price separately for each stage on an *a la carte* menu. My clients will ultimately be able to work with me on a Worker's Comp case by logging onto our website to choose what they need. For example, the deposition of the injured worker—that's \$500. Review of medical reports—\$600. First court appearance—\$700. They'll make their selections, then click and pay for them with a credit card, just like Amazon.com

Because I have no overhead—no offices, no employees—this gets two results. One is on the low end; the other is on the high end. On the low end, I can beat anyone on price, because my overhead is so much lower. But here’s what’s interesting. I don’t need to compete on price, because not only do I have such low overhead I also pay people based on what they do. So a client can make more money through me than with the biggest law firms. That’s what draws them in, and that’s the high end! And it’s all ongoing. Anyone who brings in a client gets 10¢ of every dollar that client pays, for as long as they’re with the firm. This includes the file room person. Everyone who works with me basically owns the company in that fashion.

***DL: Now when you have a business model based on independent contractors, how do you ensure they have basic health benefits? It seems to me that this is a very important step in creating this type of business model.***

PW: This is a very, very important issue. We’re working on it right now. Almost everyone who works for me came in with a spouse or partner through whom they are able to get healthcare benefits, but we’re in the process of creating a pool so they can purchase healthcare through us. I don’t know if you’re aware of this, but America is the only country in the world where medical benefits are tied to employment. There are no others. And the reason we have this system is because there were wage controls during World War II, and companies needed to find other ways to attract and motivate workers. One way of getting around the wage controls was by offering medical benefits. During World War II, medical benefits were offered in a different fashion. Companies had their own hospitals. My grandfather was the Chief Surgeon at the U.S. Steel Hospital in Birmingham, Alabama. If you worked for U.S. Steel, you and everyone in your family could go to the company hospital for free.

***DL: That’s how the Kaiser health plan got its start.***

PW: Exactly! The Kaiser system expanded from the Kaiser companies because the doctors said, “well, this works great for people who work for big companies that have their own hospitals, but what about smaller companies that don’t?” And that’s exactly how Kaiser’s health plan evolved beyond Kaiser employees.

***DL: And now Kaiser healthcare coverage is considered to be among the best healthcare plans in the country. I’ve had Kaiser, and have not let it go through different jobs since I first became a member in 1985. Because personally, I like having my medical decisions made by doctors—***

PW: —And not by claims adjusters.

***DL: Exactly. I believe this will be a major issue in the US, especially with such a huge battle against a national healthcare system similar to the rest of the Western world. If businesses want to move into a low overhead model with independent contractors rather than employees, there has to be a way for those workers to have access to***

***healthcare without going broke. Otherwise businesses stand to lose millions of dollars in loss of productivity due to illness.***

PW: That's exactly right. You hit the nail on the head. One of the biggest problems with national healthcare is determining who will make the decisions for what's provided, but you're absolutely right. I'll tell you the biggest problem we've had. We started the firm a couple of years ago, and one of the first things I wanted to do was get healthcare benefits. But we could not find one insurance company willing to write us a healthcare plan. Why? Because, and I quote, "you have no employees."

***DL: They're stuck in a particular model, too.***

PW: That's exactly it. I told them, "It doesn't matter! We're a pool! Turn us into a pool!" They couldn't think that way.

***DL: And yet that's the central purpose of insurance, to have a large enough pool to spread the risk so that everyone can be covered effectively. And this is why the argument that mandatory participation in a healthcare plan is unconstitutional is nonsense. Mandatory car insurance isn't considered unconstitutional because without it, the problems of liability and costs would be enormous, not just to the individuals involved but to society as a whole.***

PW: That's right. But insurance companies have always played two games. The first is to take in as much money in premiums as they can and pay out as little as possible. To take the entire pool and invest it rather than the spread the risk. That's how they make money. The second game is to cherry-pick their customers. To get the premiums from healthy people and not cover any sick people. That's what insurance companies are all about.

***DL: That's the problem with profit-based healthcare, and why it shouldn't be profit-based. We all pay much higher costs in premiums and services to ensure a profit to the insurance company.***

PW: That's absolutely right.

***DL: In actuality, the best and most effective healthcare systems for both costs and services are in Japan and Germany. Which is ironic when you consider the outcome of World War II. Their systems are a combination of government and private companies.***

PW: That's right. Germany has six major insurance groups. You carry your insurance with you through life, so you're taken care of. I can't tell you how many people I know here in the US who have had to make their employment decisions based on the healthcare needs of their children. People who have had to stay in horrible jobs they hate, because for medical reasons for themselves or family members they weren't in a position where they could leave.

***DL: And it shouldn't be that way.***

PW: Absolutely not.

***DL: What do you believe are some of the biggest issues facing leadership when it comes to dealing with change? What needs to be done on the upper levels?***

PW: There are several important steps that must be taken. The first step—and the first responsibility—of a leader is to tell the truth. This is something we are sorely missing everywhere today. I didn't grasp the power of telling the truth until I began doing it. And once I began doing it, I attracted all these big clients.

The second step that must be taken by every business is to articulate its values and then have every member exemplify those values every day. That said, I am so tired of going to companies and reading idiotic mission statements. I always thought it was the dumbest exercise because they'd go away for the weekend and only take senior management to come up with the mission statement, instead of the people who are actually doing the work!

***DL: It's the military model at work again. Instead of listening to and learning from the people who actually do the work, which always more accurately dictates how efficiently a company can be run, the decisions are made by people at the top who couldn't be farther removed from the daily realities of their companies.***

PW: That's exactly right. The third step that absolutely *must* be taken is total transparency. It's what we do in my company. Every penny earned and every penny spent is reported and can be viewed by every single person in the company. And I'll tell you why this matters: because it keeps you honest.

***DL: Right. If you know everyone's going to see where the money goes, you will stay honest.***

PW: That's right. Plus you're not going to do things like favor one person over another and so on. And then—this is a very interesting concept and it's one I think is extremely important—the fourth important step is to pay people in relation to what they do.

***DL: Exactly. Oh my goodness, talk about hitting the nail on the head!***

PW: Well, I can't tell you how many problems that has solved for me. I have no problems in terms of my people working hard. We don't have the concept of overtime in my company because you set your own schedule and you work when you want to. That has solved so many problems. Plus, if you're totally transparent and people know how much money they make as they work, they can see what they need to adjust to make more.

***DL: Right.***

PW: Now the fifth step really surprised me. I originally started hiring people to fill certain positions. They would come to work for me, but I didn't know their true talents. People aren't good at telling you where their real talents lie, particularly if they've been trained in a corporate environment. It's all catchphrases like, "I'm a team player." But we've developed a very good process, a variation of the classic work-your-way-up-from-the-mailroom model. Every new person we bring in—it doesn't matter if they're a lawyer or the Chief Operating Officer—starts at \$100 a day. I give them different types of projects to complete to find out where their talents lie and what they enjoy doing.

For example, I brought in a young man who had graduated *Summa Cum Laude* with an Economics Degree from The University of The Pacific, but hadn't been able to get a job. I started him off doing mailings and such at first. Then I asked him to help me create some databases. He told me, "I LOVE creating databases!!" And within three days I had the best set of databases I'd ever seen. So we made him the Database Manager. Then I brought in a woman whom I began training as my secretary. One day I told her I was having problems getting paid on a particular account. She said, "Can I handle it for you? I love doing collections!" And now she does all our Collections. Then when I started the training division I brought in a woman to assist me, and I told her I needed someone to call the people attending to let them know about the hotel and other arrangements. Well, she'd been in the hotel industry, and all of a sudden I was receiving e-mails from clients saying, "Your assistant is wonderful!" So she's now the head of our Training Division.

Now all of this happened inadvertently, but what we learned from it is the fifth important step—that it's much smarter to put people in jobs they enjoy rather than hiring them to fill positions. There's a book called *Free Agent Nation* that discusses this concept. You may remember when the general consensus was that everyone would have seven jobs in his or her lifetime. Well, it turns out that what's actually happening is that we each have our own businesses, which are ourselves, and we go from company to company with them. Now that's a scary concept, but once you get it to work, you're so much happier and more effective. And it's important to embrace this concept because, in my opinion, the concepts of employer/employee, seniority and length of service are being destroyed. And the reason they're being destroyed is because companies want loyalty from their workers but they don't want to show any in return.

***DL: Exactly. That was the most profound change that took place over the last thirty years: when the implied contract between employer and employee disappeared. The implied contract that if you came to work and did your job, you would not only have job security and good benefits, but you'd also be rewarded with regular increases in pay and opportunities for promotion, as well as a defined benefit pension plan when you retired. The implied contract and all that went with it no longer exists, and hasn't existed for some time. And with it went any sense of loyalty for both employees and employers.***

PW: Right. The sixth step that I believe is very important, but nobody wants to talk about, is a two-part step. The first part is that, without a values-based company, you won't have values-based people. Because you can't teach values to people. I tried, but they either have them or they don't by the time they get to you.

The second part is where we've made a great mistake, and you actually touched on it when you talked about the implied contract. The model from which all business comes is the family, and we have lost this concept of family. People talk about it, but the reality is—and I say this all the time—why work with people you don't like? I'd say the only place you really have to do that is in your family of birth, the people you're stuck with.

***DL: That's very true! Your personal family is the only situation in which you're stuck with people that normally you might move house to avoid.***

PW: (laughs) That's exactly right. So the first concern we have to address in any applicant is not whether they have the skills or experience, but whether we like them or not, and if they're good a fit in the company. When I entered the working world in the late 1970s, everyone used to go out and have drinks together after work and socialize. Coworkers were personal friends, and they were all tied up in each other's lives. They knew what was happening with the kids, and they'd bitch about the boss, but it was a genuine family atmosphere. That camaraderie has virtually disappeared. We have literally shifted from values into form and substance.

Bob recently sent out a speech given by the president of Whole Foods, and one of the things he talked about was the importance of making the company an association of friends. And I'm sure you've had the same experience I've had. When you're working with people who are your friends, it makes all the difference in the world. After all, we spend more time with the people at work than we do with our loved ones.

***DL: Right. And for that reason, we want to be around people we like and to do work we enjoy. We spend too much time at work not to. This was a major revelation for you when you went to that rehab clinic, wasn't it? Realizing it wasn't the work itself, but that you really couldn't stand the people you were working with.***

PW: Yes. That experience helped me see something I couldn't see at first, which was that it wasn't that I didn't like the law. Because fundamentally the law is about helping people. It's what I use to help people. You used to ask, "What is your purpose?" And my purpose is very simple. It is to help everyone with whom I come into contact. Period. That's it. So I realized that not only was I good at the law, but I also liked being able to use it as a tool to help others. I simply didn't like the people I was working with.

I'm a problem-solver. So when I was in a problem-plagued law firm, I thought, "I'll find a way to solve these problems. I'll just work harder to do so." But the psychiatrist in rehab told me, "Phil, you're a problem solver and an achiever. Now think about what it would do to drive a person like you crazy. What you'd do is give them a certain task, a

big task that they really want to accomplish, and promise them all the tools they'll need. But then, each day, take one tool away. Now if you took them all at once, the person would quit. But with one tool a day, the Achiever/Problem Solver would say, 'I'll double-down, I'll work harder, I'll make more happen with less.' You tried to achieve more, but what ended up happening is that it drove you crazy. It's the fastest way to drive anyone crazy. "Phil," she told me, "you're not crazy. The people you're working with are the ones who are crazy."

***DL: Exactly. What you said is very true. You're often led to believe you're going to be in this utopian work situation with everything you need, but then gradually, day by day, one by one, each of the tools that you need vanishes—or you realize they were never there to begin with. And that kills the spirit.***

PW: It destroys the soul. I can tell you've had this experience, too. Here's something that will give you a kick. When I went to rehab, I was a Worker's Comp lawyer. I could have sued the law firm. I could have said they made me crazy, and I would have won in a nanosecond. So why didn't I do it? For two reasons: One, I didn't want to get caught up in the Worker's Comp system. Two, I wanted to get well. And the Worker's Comp system is a system designed not to get people well but to perpetuate disability.

***DL: Isn't that crazy? It's the Catch-22.***

PW: Yes. As a communicator yourself, you can imagine how that connects with my audience. Here I am, the big Worker's Comp lawyer that could have sued my old law firm for all they were worth, but I didn't. Why? Because I didn't want to go into that system.

***DL: Now in working to improve that system, you've held a number of conferences. What issues are discussed at these conferences?***

PW: The conferences are called *Making Workers Comp Work*. I bring together the biggest doctors in America, the biggest lawyers, the heads of Workers Comp for the biggest corporations—and I ask them all what works to get people well, back to work, and productive. Then every person shares a story that others can use. The doctors teach what works medically. For example, there are a lot of back injuries treated through Worker's Comp, but do you know the most effective treatment for a back injury? Walking. The doctors will tell you that surgery and other treatments aren't nearly as effective.

Here's another example that is very powerful. I also bring in experts on addiction, the heads of major rehab clinics, to talk about how to do rehab. In Workers Comp, people often become drug addicts because their doctors give them so many pain meds. So I specialize in traveling all over the country to meet with Workers Comp claimants who have become drug addicts. I tell them my story, and I get them in rehab to get them well. It works because I can talk to them in a way that no one else can, because I've been there.

Just last week in Las Vegas a woman started crying when I was talking to her. She'd become a morphine addict. And she said, "Nobody understood what was happening!" And I said, "I do, and I'm getting you into rehab next week." And she's starting rehab next Monday. It's going to change her life.

I also bring in people healthcare organizations to discuss preventive care issues. South Florida's Baptist Hospital is one. They realized that one of the biggest health issues in America today is obesity. People who are obese and file Workers Compensation claims are usually off work seven times as long as non-obese people. They receive 13 times as much money in medical care as non-obese people, and they file two times as many claims than non-obese people. So Baptist hospital decided that if they could eliminate obesity, they would save a lot of money. So what did they do? This is brilliant. They brought in nutritionists and personal trainers for all of their employees. You didn't have to participate, it was voluntary, but if you did the nutritionists and personal trainers set weight goals, and you were paid \$10,000 for every three months you met them. And the person who did the best was paid \$25,000 for the quarter. And in one year, they cut their medical bills for their employees in half.

***DL: That's wonderful. But how do you convince a company that this is a worthwhile investment? Companies are so reluctant to invest in something that doesn't guarantee immediate results or directly contribute to company profits.***

PW: I'll tell you how you do it. You speak to one person: the CFO, and all you do is show him the numbers. I know that sounds crass, but the truth is that the CFOs get it faster than anyone else.

***DL: I don't think it sounds crass at all. It makes perfect sense. The CFOs are the ones who understand the numbers, and they're the ones that can communicate the importance of those numbers to the long-term financial health of a company.***

PW: *Bingo!* So what did Bob say to me after I explained this to him? He said, "perfect! Now we're changing your entire marketing program. You're only marketing to CFOs." And that's what we recently began. We hold free lunches with CFOs of the biggest companies. I've met with McKesson, Wells Fargo, The Gap, PG&E, Charles Schwab, Recology, VISA, Clorox—these are all just in San Francisco. We hold free lunches with the CFOs and in 20 minutes I explain the numbers. And I have a 100 percent conversion rate.

PW: Now there's a seventh and final step that corporations can take to change for the better. I believe we all need a leadership coach because we tend to enter this fictional universe—particularly the higher you are in an organization, the more removed you are from the rank and file, and the more yes men you have.

***DL: Right. The higher you get, the more you need an objective outsider like a Leadership Coach to point out the realities to you.***

PW: When I read books about big companies and their CEOs, like *Too Big To Fail*, I discovered that there was one thing they all had in common: none of them had a Leadership Coach. Because a good a Leadership Coach keeps you tied to the values. If you were to ask me what I thought was the number one thing missing in leadership today, it's that we don't consult an objective outsider because we think we have all the answers. Business is a spiritual practice; it is about fulfilling ourselves and the people with whom we work. There are no other spiritual practices in existence that do not require you to have a teacher or guide to help you. And that's what we all need most in business. Any CEO who doesn't have a Leadership Coach is an arrogant, egotistical fool.

***DL: But our culture has now moved into a direction where being informed, knowledgeable, or intellectual is considered negative. So people feel that when they've reached a certain age or career level, they no longer believe that learning has any meaning. There is this block against learning and change. But learning is an ongoing and necessary process.***

PW: That's exactly right. You understand this better than most people I've talked with. The biggest issues all of us in the USA will face over the next 25 years are learning and change. Because in our lifetime, you and I will see a completely global economy. We're already seeing the dismemberment of national borders. That's what the entire Middle Eastern upheaval is about. None of this could have happened without Twitter, Facebook and those methods of communication.

***DL: But people are so terribly afraid of change. What can we do to remove that fear? Is it possible to do so?***

PW: One thing I've learned is that there are two kinds of people in the world: Lifters and Leaners. The only difference between them is that Lifters recognize their fears and confront them, while Leaners recognize their fears and shy back from them. What I've learned from this is that people only overcome their fears when there's something they want so much they're willing to confront them. I'll give you the best example I can think of. My parents are 83 and 81. I gave them a computer about ten years ago. It sat there; they never used it. So I decided it was too complicated for them, and I gave them WebTV, which made it possible for them to use their TV to get e-mail. And suddenly, all my parents are talking about are the e-mails they're receiving from all their friends. But then my father complained that he couldn't read some of their e-mails because WebTV didn't have Adobe Acrobat, and my mother complained that she couldn't see *The Drudge Report* the way she wanted to see it.

Finally, one day I came home to my parents' house in Miami, and lo and behold, they've got a gigantic Apple computer with a HUGE screen. I asked, "What is this?" And Mom said, "well, we couldn't get *The Drudge Report*, so we had to get an Apple computer. It's the most wonderful thing—you go to The Apple Store and they have young people to

come and help old fools like us! They hook everything up for you and they show you how all the buttons work, and now I'm able to do Excel, and I'm learning PowerPoint..."

Now for 10 years I had encouraged them to use a computer, and they didn't. But once there was something they wanted—and for them it was keeping up with their friends—they were more than willing to learn what they needed to do to get it. So what I really learned—and this comes back to something Bob talks about—is to focus on the benefits. If you want to remove people's fears, you don't talk about those fears at all. Instead, you talk about the benefits. It makes people's expectations rise so high that they'll put aside their fears to go for it.

***DL: That's the heart of it. If you want buy-in from people, you have to show them the benefits to steer them away from their fears.***

PW: *Bingo*. What Bob is so brilliant about is that he understands something most marketing experts don't. The real motivating benefits in life are not material. They're belonging, feeling valued, being recognized and being praised for being unique. This is where I feel Bob has made the quantum leap. He teaches, for example, not simply to give the numbers but to go to the more significant benefits. To effectively move from the dollar savings to the personal savings, to your workforce savings, to what you'll contribute to your company, your community, and to the world.

***DL: Basically, marketing is not just about selling yourself, it's about connecting with people. Finding the benefits and bringing them to people.***

PW: That's it. That, Deborah, is what's missing in everything we do.

***DL: It's vital in business, in politics—everything. How do you connect with people? Because if you connect with people—if you find that common ground—you can achieve anything.***

PW: That's exactly right.