



## Start with Why-How great leaders inspire everyone to take action

Author: Simon Sinek

There are leaders and there are those who lead. 'Start With Why' is about a naturally occurring pattern, a way of thinking, acting and communicating that gives some leaders the ability to inspire those around them. The more organisations and people who learn to also start with WHY, the more people there will be who wake up feeling fulfilled by the work they do.

In early 1900s, two teams, unknown to each other, embarked upon the same quest- the quest to fly. Samuel Langley was a well known professor with powerful friends like Andrew Carnegie & Alexander Graham Bell. With a grant of \$50,000 and a team comprising some of the best brains of the time, Langley set off to fly. At the same time in Dayton, Ohio, the Wright Brothers put together a prototype in their humble bicycle shop, without any funding or any top notch team. On December 17th 1903, Wright Brothers became the first men to fly. Why did a well-funded and better qualified team fail in front of humble bicycle workshop owners? Do we know the real reason behind why some organisations succeed and some don't? Read on to find out.

### Manipulation & Inspiration

1. Human behaviour is influenced by either manipulation or inspiration. Manipulation is not as bad as it sounds. All of us have used manipulation to influence others' actions. Manipulations include *"I will be your best friend if you give me your comic book"* plea of a kid to an *"Inaugural discount-50% off"* message screaming from the retail store aisle. Manipulations are effective-in increasing short term transactions -but never help build loyalty. Some important manipulation tactics include:

- a. Price: Price manipulations are extremely effective but can soon get into a self-destruction spiral. Customers who are used to price discounts will often delay their purchase decisions and wait for discounts, which forces the company to offer further discounts leading to slimmer margins. The cycle repeats itself till the category is commoditised.
- b. Promotions: *"two for one"*, *"free gift inside"* are the kind of promotions that are so benign that we often don't even realise that we are being manipulated. Between 1990 & 2007, Toyota's share of the U.S. car market more than doubled. In response, GM offered cash back incentives to those who bought GM trucks and cars. GM's sales shot up but their profit margins went down. When GM declared that it was scaling back the cash back offer, sales tanked again.
- c. Fear: Because fear is wired into our survival instinct from the days of the caveman, it is the most powerful manipulation. The entire insurance industry does business selling the fear of *"before it's too late."*
- d. Aspiration: Aspiration is a popular marketing manipulation ranging from *"get rich in six weeks"* to *"lose weight in 7 days."* Aspiration rides on our inner weakness of trying to get a desired outcome with the least possible effort.



## Start with Why-How great leaders inspire everyone to take action

Author: Simon Sinek

- e. Peer pressure: Peer pressure manipulates us by making us believe that the majority (or the influential few) know better than we do. Celebrity endorsement is a marketing manipulation tool that leverages on both aspiration and peer pressure.
- f. Novelty (not Innovation): Novelty is adding features to a product to differentiate it from others. In 1970s, Colgate had two types of toothpaste. Today Colgate has 32 variants in the U.S. These variants were introduced in response to either competition or flattening sales. MotoRazr from Motorola was launched as an innovation and became wildly popular. Competition however soon caught up and MotoRazr sales dwindled. The category did not change much beyond phones becoming slimmer. Was MotoRazr an innovation or a novelty? Is iPhone an innovation or a novelty?

### 2. All manipulations have the following features in common:

- a. They are transaction oriented & cost money
- b. They are effective
- c. They deliver only in the short term

### Inspiration as the alternative to manipulation

3. The golden ratio is a simple mathematical ratio of 1.61. The golden ratio is found in nature in the symmetry of leaves and snowflakes. Architects have incorporated the golden ratio in many of their creations as well. The equivalent of golden ratio in human behaviour is Golden Circle. The Golden Circle helps us understand why we do what we do. The Golden Circle explains the ability of Apple to continuously innovate across diverse industries. The Golden Circle also shows how leaders like Dr Martin Luther King Jr were able to inspire action instead of manipulating people (to act). And it all begins with WHY.

### 4. The Golden Circle consists of three concentric circles:

- a. The outermost and largest circle is WHAT: Every individual or organisation is easily able to explain what their product or job is.
- b. The middle circle is HOW: HOW is not as obvious an answer as WHAT. But when organisations know HOW they do WHAT they do, they have clarity in their product or service's differentiating factor. This is also known as Unique Selling Proposition or "differentiating value proposition."
- c. The innermost and smallest circle is WHY: It is very difficult for organisations or people to explain WHY they do WHAT they do. The WHY needs to be answered in terms of purpose, cause or belief.

5. If manipulating people to buy products via price, promotions or fear is a short term tool, what is the "inspiration" equivalent of getting people to buy? The answer is in this statement "People don't buy WHAT you do, they buy WHY you do it." Apple's ability to command fierce loyalty for its truly innovative products goes



## Start with Why-How great leaders inspire everyone to take action

Author: Simon Sinek

beyond WHAT they do, into WHY they do it. iPod was not the first mp3 player in the market (Singapore based Creative Technologies was the pioneer). However, it soon became the category leader while earning heavy margins. Creative sold its mp3 players with “5GB capacity” (WHAT) while Apple sold its iPod with “100 songs in your pocket” (WHY). Apple integrated its iPod with iTunes and allowed users to download a single track instead of an entire album, thereby giving more “WHY” reasons to buy.

6. The WHAT & HOW also generates success, as we saw with MotoRazr. However, this success is usually short-lived and tends to move towards commoditisation. Answering the WHY clearly will generate sustainable success, built on innovation and flexibility. The Golden Circle of WHY-HOW-WHAT is not just a hypothesis, it is also based on biological sciences.

7. The 3 concentric circles of the Golden Circle actually correspond with the top view of the cross section of the human brain. Corresponding to the outer WHAT circle is the neocortex of our brain. The neocortex is responsible for rational and analytical thought and language. The zone corresponding to the HOW & WHY circles is the limbic brain area. The limbic brain is responsible for our feelings & decision making (therefore behaviour). But it has no capability of language, unlike the neocortex

8. Ever wonder why it is so difficult to put our feelings into words? It is so because the limbic brain controlling feelings and behaviour does not process language. Similarly, “gut decisions” that always feel right are difficult to explain because the explaining is done by the neocortex while the decision making has been done by the limbic brain. Neuroscientists explain that gut decisions are faster and higher quality decisions while rational decisions typically lead to overthinking, take longer time and can often be of relatively lower quality.

9. Brands that do not have a clear WHY make purchase decisions more difficult for consumers as the consumers are forced to rely only on the WHAT (rational facts). Organisations need to win hearts (WHY) before they win minds (WHAT). Let's take a simple category example, laundry detergents. Companies asked WHAT consumers want from detergents and the answer was whiter whites. So the detergent brands focussed on HOW to get whiter whites and added different additives and enhancers to differentiate their products. Till someone noticed that people smelled their clothes as they came out of the dryer. The answer to WHY consumers used detergents was in the need to feel clean (fresh smell) as much as the functional benefit of whiter whites. Products like the iPhone, with a clear WHY explained, help consumers express (by buying the product) who they are and what they stand for.

10. The Golden Circle needs to be in a particular order. When the order is followed and the following three principles adhered to, the Golden Circle is in balance-which means your product or service is authentic. These three principles are:

- a. Clarity of WHY will inspire people and move you beyond plain manipulation



## Start with Why-How great leaders inspire everyone to take action

Author: Simon Sinek

- b. Discipline of HOW is about identifying and sticking to what values and principles will you use as guardrails to bring the WHY to life
- c. Consistency of WHAT is the consistency of results from the actions defined in HOW.

**11.** We know that gut decisions are better than neocortex driven thinking decisions, but then gut decisions are individual decisions-you take a decision basis your gut, not others. So how do organisations, comprising thousands of employees take gut decisions? That's where clarity of WHY plays a big role. With a balanced Golden Circle a "I think it's right a decision" quickly moves to "I feel it's a right decision" and then due to the clarity of WHY becomes a "I know it's a right decision"- the reason for sustainable success.

**12.** WHY, unfortunately, does not get answered by market research or consumer surveys. Finding the WHY is a process of discovery rather than invention.

### Building Trust with Why

**13.** Trusting a person or product is an "I feel" decision and trust builds when one person feels that the other person or organisation is driven by something beyond its self-gain. When a group of people driven by this common "something beyond self-gain" get together, the seeds of culture are sown. Sharing common values and beliefs leads to trust. The caveman was not stronger or faster than other animals, but the caveman could form a group basis a common belief. This group would then stay together, hunt together and protect each other, building a culture of trust. This unique ability made Homo sapiens evolution to the modern man possible.

**14.** Building a culture requires hiring people (or being friends with) people who believe in the same belief or value, rather than same skillset. Starting with WHY during hiring ensures that the team is built with people who share the same values and culture, therefore, resonating the balanced Golden Circle.

**15.** Going back to our earlier Langley vs Wright Brothers example, Langley saw his first flight as a route to fame. He wanted to be the first man to fly. It was a WHAT for Langley-fame. Wright Brothers, however, did not worry about the WHAT, their HOW was about hacking together prototypes in a bicycle workshop. However, their WHY was clear. They believed that flying will change the world. Instead of their own benefit, they were focussed on the benefit to mankind if the flying machine took off. Once the Wright Brothers flew their machine, Langley quit within a few days. If he were motivated by WHY, he would have used his resources to further refine the Wrights' machine, but he was driven by WHAT-to be the first man to fly.

**16.** For any business, sales is the reason for existence. However, the business should not sell to anyone and instead find potential consumers who believe in your WHY. Selling to this set of consumers creates the tipping point which then helps the majority buy into the product, thereby creating mass acceptance. Geoffrey Moore's



## Start with Why-How great leaders inspire everyone to take action

Author: Simon Sinek

book Crossing the Chasm refers to this chasm between early adopters (believers in your WHY) and the early majority.

### Why needs How

**17.** The 3D model of the 3 concentric circles Golden Circle is a cone whose tip is the WHY, the middle is HOW and the broader base is the WHAT. This conical representation of the Golden Circle is the organisation- At the top is the CEO with his clarity on WHY, at the middle is the senior management with their HOW and at the base is the WHAT being done by the majority of the employees. The HOW is the connector for the WHY (CEO) and the WHAT (rest of the organisation). The leader needs to focus on his immediate layer-the HOW layer and ensure his HOW team believes in the WHY. The HOW team needs to understand the WHY and bring in systems and teams that bring the WHY to life.

**18.** Walt Disney was the WHY guy. Walt Disney scaled into the massive organisation it is today because there was a very strong HOW guy working with Walt, his brother Roy. Roy set up Buena Vista distribution, built the merchandise business and scaled Walt's vision into a sustained success. It is ironical that HOW type does not always need WHY type to succeed, but the WHY guy normally fails without a strong HOW guy with him. Steve Wozniak was the HOW guy for Steve Jobs when they began Apple in 1970s.

**19.** Ron Bruder, the acclaimed American entrepreneur, has an interesting story. He stood with his daughters at a crosswalk one day waiting for the light for walkers to change from red to green. The Red light had "Do not walk" written on it. He asked his daughters what it meant and they said, "It means we have to stand here." Bruder responded, "Are you sure? How do you know it's not telling you to run?" A clear sense of WHY changes the perspective completely.

**20.** The 3D cone of Golden Circle actually is a metaphor for a megaphone which the CEO needs to use to convey his WHY across the organisation. When the WHY is clear to the organisation, any employee can make a decision that will be as accurate as what the founder would have himself made. As organisations grow bigger, the megaphone also grows and the risk of dilution of WHY communication increases. Organisations should be able to pass the "School Bus test" - ie. if the founder were to be hit by a school bus, will the organisation continue to grow at the same pace with the same clarity of WHY?

**21.** When Sam Walton died, Walmart had transformed from a one store Bentonville address to a \$44 billion behemoth. With Walton no longer in picture, Walmart messed up its WHY (to serve people, as declared by Walton) with its HOW (offering lower prices). HOW became the philosophy of the organisation and Walmart, once known for its excellent service to both customers and employees, now has a reputation for unfair labour practices. Bill Gates, Michael Dell, Howard Schultz are all founders who had to come back and lead the organisation after their initial "handover" to next generation leaders. The WHY in their organisations, carefully



## Start with Why-How great leaders inspire everyone to take action

Author: Simon Sinek

built by them, had started diluting after they moved out. They were lucky, unlike Sam Walton, that the school bus had not run them over. So they came back.

**22.** In our business or careers, success is about pursuing our WHY (we do) by becoming better at HOW (we do) and measured by WHAT (we do). Like Walmart, when our HOW & WHAT lose their connection with WHY, we start feeling dissatisfied about what we do. Passion alone cannot compensate for the lack of a structured foundation based on the Golden Circle. Just like passion needs structure to survive, structure also needs passion to grow.

### Starting with Why

Soon after Roald Amundsen reached the South Pole in early 20th century, Ernest Shackleton set out to explore Antarctic. In 1914, Shackleton and his crew of 27 men set out for their expedition. Their ship Endurance sank in 1915 and the crew got stranded on a tiny island. Shackleton and part of his crew then embarked on an 800 mile hazardous journey in rough seas to find help. They were able to save all the crew. How did some of the crew survive 800 miles in rough seas and the others survived being stranded on a frozen island for ten months? The answer lies in the recruitment advertisement that Shackleton put up in the London Times, when he began planning the expedition. The ad read:

*“Men wanted for hazardous journey. Small wages, bitter cold, long months of complete darkness, constant danger, safe return doubtful. Honour and recognition in case of success.”*

Shackleton put up his WHY very clearly in the ad. The 27 men who finally joined him thought the ad was great and the job was tailor-made for them! They belonged to the expedition and when it failed, they had it in them to survive ten months of struggle to save their lives. Shackleton had started with WHY.

“You can read this and more than 100 life changing handcrafted book summaries on the bookbhook app. [bookbhook.com](https://bookbhook.com) is an initiative by two IIM-A alumni who are passionate about reading and learning, and are building solutions that reinvent reading. Please visit [bookbhook.com](https://bookbhook.com) to download the bookbhook app and to read the terms & conditions covering this book summary”