

An Innovative Method for
PRESENTING, PERSUADING,
AND WINNING THE DEAL

PITCH ANYTHING

O R E N K L A F F

PITCH ANYTHING



New York Chicago San Francisco Lisbon London
Madrid Mexico City Milan New Delhi San Juan
Seoul Singapore Sydney Toronto

PITCH ANYTHING

An Innovative Method for

PRESENTING, PERSUADING,

AND WINNING THE DEAL

OREN KLAFF

The McGraw-Hill Companies

Openmirrors.com

Copyright © 2011 by Oren Klaff. All rights reserved. Printed in the United States of America. Except as permitted under the United States Copyright Act of 1976, no part of this publication may be reproduced or distributed in any form or by any means, or stored in a database or retrieval system, without the prior written permission of the publisher.

ISBN: 978-0-07-175976-2

MHID: 0-07-175976-X

The material in this eBook also appears in the print version of this title: ISBN: 978-0-07-175285-5, MHID: 0-07-175285-4.

All trademarks are trademarks of their respective owners. Rather than put a trademark symbol after every occurrence of a trademarked name, we use names in an editorial fashion only, and to the benefit of the trademark owner, with no intention of infringement of the trademark. Where such designations appear in this book, they have been printed with initial caps.

McGraw-Hill eBooks are available at special quantity discounts to use as premiums and sales promotions, or for use in corporate training programs. To contact a representative please e-mail us at bulksales@mcgraw-hill.com.

This publication is designed to provide accurate and authoritative information in regard to the subject matter covered. It is sold with the understanding that neither the author nor the publisher is engaged in rendering legal, accounting, or other professional service. If legal advice or other expert assistance is required, the services of a competent professional person should be sought.

— *From a Declaration of Principles Jointly Adopted by a Committee of the American Bar Association and a Committee of Publishers and Associations*

TERMS OF USE

This is a copyrighted work and The McGraw-Hill Companies, Inc. (“McGraw-Hill”) and its licensors reserve all rights in and to the work. Use of this work is subject to these terms. Except as permitted under the Copyright Act of 1976 and the right to store and retrieve one copy of the work, you may not decompile, disassemble, reverse engineer, reproduce, modify, create derivative works based upon, transmit, distribute, disseminate, sell, publish or sublicense the work or any part of it without McGraw-Hill’s prior consent. You may use the work for your own noncommercial and personal use; any other use of the work is strictly prohibited. Your right to use the work may be terminated if you fail to comply with these terms.

THE WORK IS PROVIDED “AS IS.” MCGRAW-HILL AND ITS LICENSORS MAKE NO GUARANTEES OR WARRANTIES AS TO THE

ACCURACY, ADEQUACY OR COMPLETENESS OF OR RESULTS TO BE OBTAINED FROM USING THE WORK, INCLUDING ANY

INFORMATION THAT CAN BE ACCESSED THROUGH THE WORK VIA HYPERLINK OR OTHERWISE, AND EXPRESSLY DISCLAIM ANY

WARRANTY, EXPRESS OR IMPLIED, INCLUDING BUT NOT LIMITED TO IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR

A PARTICULAR PURPOSE. McGraw-Hill and its licensors do not warrant or guarantee that the functions contained in the work will meet your requirements or that its operation will be uninterrupted or error free. Neither McGraw-Hill nor its licensors shall be liable to you or anyone else for any inaccuracy, error or omission, regardless of cause, in the work or for any damages resulting there from. McGraw-Hill has no responsibility for the content of any information accessed through the work. Under no circumstances shall McGraw-Hill and/or its licensors be liable for any indirect, incidental, special, punitive, consequential or similar damages that result from the use of or inability to use the work, even if any of them has been advised of the possibility of such damages. This limitation of liability shall apply to any claim or cause whatsoever whether such claim or cause arises in contract, tort or otherwise.

For Dad, true north

Contents

Chapter 1 The Method

Chapter 2 Frame Control

Chapter 3 Status

Chapter 4 Pitching Your Big Idea

Chapter 5 Frame Stacking and Hot Cognitions

Chapter 6 Eradicating Neediness

Chapter 7 Case Study: The Airport Deal

Chapter 8 Get in the Game

Index

PITCH ANYTHING

Chapter 1

The Method

Here's the "big idea" in 76 words: There is a fundamental disconnect between the way we pitch anything and the way it is received by our audience.

As a result, at the crucial moment, when it is most important to be convincing, nine out of ten times we are not. Our most important messages have a surprisingly low chance of getting through.

You need to understand why this disconnect occurs in order to overcome it, succeed, and profit. This book tells you how.

I Am Not a Natural

I pitch deals for a living. My job is to raise capital for businesses looking to expand rapidly or go public. I am good at it. When companies need money, I get it for them. I have raised millions for deals involving Marriott, Hershey's, Citigroup, and many other household names—and I continue to do so at a rate of about \$2 million per week. From the outside, the reasons for my success seem simple: I offer wealthy investors profitable deals that involve Wall Street banks. But others do that, too. Yet I raise a lot more money than they do. They compete in the same market. Do the same types of deals. Pitch the same kinds of facts and figures. But the numbers show I am consistently one of the best. The difference isn't luck. It is not a special gift. And I have no background in sales. What I do have is a good method.

As it turns out, pitching is one of those business skills that depends heavily on the method you use and not how hard you try. Better method, more money. Much better method, much more money. It's no different for you. The better you are at advocating your position, the more successful you will be. Maybe you want to sell an idea to investors, convince a client to choose you over the other guy, or even explain to your boss why you should be paid more. I can help you get better at it using the five methods in this book.

Pitching a Master of the Universe

Over the years, I've pitched to—and closed deals with—some of the iconic businesspeople of our time, including founding members of Yahoo!, Google, and Qualcomm. But the story of what I can offer you cannot really be told without my explaining the day I went to pitch one of the guys Tom Wolfe would describe as a "master of the universe."

"Jonathan" (never Johnny or even John) is an investment banker who controls vast sums of capital. He gets between 600 and 800 pitches a year; that's three to four every

business day. He often makes multimillion-dollar investment decisions based on no more information than a few e-mails on his BlackBerry.

As a dealmaker, this guy—and I have absolutely no intention of giving you his name; he sues everyone and anyone at a moment's notice—is the real deal.

There are three things you must know about Jonathan. First, he's a math phenom who can calculate yield curves in his head. He doesn't need spreadsheets. He can instantly analyze what you are pitching him. Second, he's seen more than 10,000 deals and can detect any kind of flaw or BS no matter how well hidden. Third, he's tough talking and, at the same time, witty and charismatic. The upshot: When he's pitching you, *his* chances are good. When you're pitching him, *yours* aren't. Yet, if you want to be taken seriously in venture capital, you need to have done a deal with this guy. And so, some years ago, when I was working to raise money for a software company, I arranged to pitch Jonathan and his investment team. Given their reputation, I knew if I got them on board, it would be a lot easier to raise money from other investors who were still undecided.

They'd say, "Hey, if Jonathan signed off on this, then I'm in too." But Jonathan knew the power of his endorsement—and he wasn't going to give me an easy win.

As my pitch got underway, he made things difficult. Maybe it was for sport. Maybe he was having a bad day. But it was clear he wanted to take—

and keep—control of the whole presentation. I didn't realize this at the start, however, so, I began, as I always do, by *framing* (frames create context and relevance; as we will see, the person who owns the frame owns the conversation). I explained exactly what I would—and would not—be talking about, and Jonathan immediately started giving me a type of resistance called *deframing*, which is exactly like it sounds.

For example, when I said, "We expect revenues to be \$10 million next year," he cut me off and changed the frame with, "Who cares about your made-up revenue projections. Tell me what your *expenses* are going to be."

A minute later, I was explaining, "Our secret sauce is such-and-such advanced technology."

And he said, "No, that's not a secret sauce. That's just ketchup."

I knew not to react to these comments. I pressed on.

"We have a Fortune 50 company as our largest customer."

He interrupted with, "Look, I'm done here in nine minutes, so can you get to the point?"

He was really making it difficult. You can imagine how hard it was to use all the right

techniques: *setting the frame, telling the story, revealing the intrigue, offering the prize, nailing the hookpoint, and getting the decision.*

Collectively, I call these the *STRONG method* (you will learn about these soon).

Some 12 minutes after I began, what I had hoped was going to be my best pitch ever instead showed all the signs of being my one of my worst.

Put yourself in my situation. After just 12 minutes of your presentation, you've been told that your secret sauce is ketchup. Told that your projections are made-up numbers. And that you have nine minutes left to actually make a point.

I was faced with the *presenter's problem*: You can have incredible knowledge about your subject. You can make your most important points clearly, even with passion, and you can be very well organized. You can do all those things as well as they can be done—and still not be convincing.

That's because a great pitch is not about procedure. It's about getting and keeping attention. And that means you have to own the room with *frame control*, drive emotions with *intrigue pings*, and get to a *hookpoint* fairly quickly. (Details on those last two in a second.) I reminded myself of these steps in the face of Jonathan's interruptions. Then I swallowed hard and hoped my nervousness wasn't showing. I went back to my pitch, concentrating on my three objectives. I was determined. When he deframed, I reframed. When he looked disinterested, I delivered an *intrigue ping* (this is a short but provocative piece of information that arouses curiosity): "By the way, an NFL quarterback is also an investor."

And finally, I got him to the *hookpoint*, the place in the presentation where your listeners become emotionally engaged. Instead of you giving them information, they are asking you for more on their own. At the hookpoint, they go beyond interested to being involved and then committed.

At the end of the 21 minutes, my pitch was complete. I knew Jonathan was *in*. He leaned forward and whispered, "Forget the deal for a moment.

What in the hell was that? Nobody pitches like that but *me*."

I tried to show no emotion as I told him, "*That*, in general terms, is called *neurofinance*, an idea that combines neuroscience—how the brain works—with economics. I have taken it a step further and have broken it down into five parts" (the method we talked about above).

Now, even though Jonathan has MENSA-level intelligence, he doesn't have much interest in concepts like neuroscience. He—maybe like you—

had always believed that the ability to pitch was a natural talent. But given what he had just seen me do in 21 minutes—it changed his mind. It was clear my pitching was

a learned skill and not naked, natural talent like his.

“You can do that all the time?” he asked.

“Yes,” I said. “It’s based on research about how the brain receives new ideas. And I’m raising a lot of money with it.”

Jonathan hears a lot of big claims. When you listen to three or four pitches a day, your “BS detector” becomes finely tuned. So he asked, “How many hours do you have working on this neuro-whatever-it’s-called?”

He was sure my answer was going to be 20 hours. Maybe 50.

I shocked him when I said, “Over 10,000 hours.”

He looked at me with a wry half-smile. Giving up all pretense of being disinterested, he said, “I need you on my team. Come do this for my deals, and you’ll make a lot of money.”

I had never been more flattered. Not only had Jonathan, a guy who had been on magazine covers, offered me a partnership, he had given me an even higher compliment—validation that my method worked in high-stakes situations.

I turned him down. He had a reputation for being difficult to work for, and no amount of money is worth that. But his reaction persuaded me to try my approach as part of an investment company. I joined Geysers Holdings in Beverly Hills, the most profitable venture firm you have never heard of.

Even as the economy cooled down (and then frosted over), I helped take Geysers from \$100 million to \$400 million in about four years. How I did that can serve as your blueprint for success. As you will see, it’s possible to use the PITCH method in any presentation where you need to be truly convincing. What worked for me will work for you—no matter what you do for a living.

The Need for a New Method

If ever there is a time to learn to pitch effectively, it is now. Funding is tight. Competition is more aggressive. On a good day, your customers are distracted by text messages, e-mails, and phone calls, and on a bad day, they are impossible to reach. If you’ve been in business for more than 10

minutes, you have figured this much out: The better you are at keeping someone’s attention, the more likely that person will be to go for your idea.

But what kind of advice is this really? Telling someone, “Keep the audience’s attention” is like telling someone learning to play tennis to “hit the ball with topspin when it comes.” *They know that!* What they don’t know is how to do it. But it’s worth figuring out. If you have to sell anything as part of your job—a product, a service, an

idea, and we all do at some point—you know how the right pitch can make a project go forward and the wrong pitch can kill it. You also understand how difficult it can be to pitch to a skeptical audience that is paying attention to you one minute and distracted by a phone call the next. But we all have to go through this because we all have to pitch if we need something. And though most of us spend less than 1 percent of our time doing it, pitching may be the most important thing we do. When we have to raise money, or sell a complicated idea, or get a promotion, we have to do it. And yet we do it incredibly badly.

One reason is that we are our own worst coach. We know way too much about our own subject to be able to understand how another person will experience it in our pitch, so we tend to overwhelm that person. (We will deal with this in Chapter 4.) But the biggest reason we fail is not our fault.

As you will see in the pages that follow, we don't pitch well because there is an evolutionary flaw in our brain—a wiring kluge in our hardware—that we must understand and learn to deal with if we are ever going to pitch successfully.

Dealing with the Crocodile Brain

A brief history of how the brain developed will show

1. How the kluge got there.
2. Why pitching is so much more complicated than we first thought.
3. Why, as with any high-order skill, such as physics, mathematics, or medicine, pitching must be learned.

The three basic parts of the brain are shown in Figure 1.1.

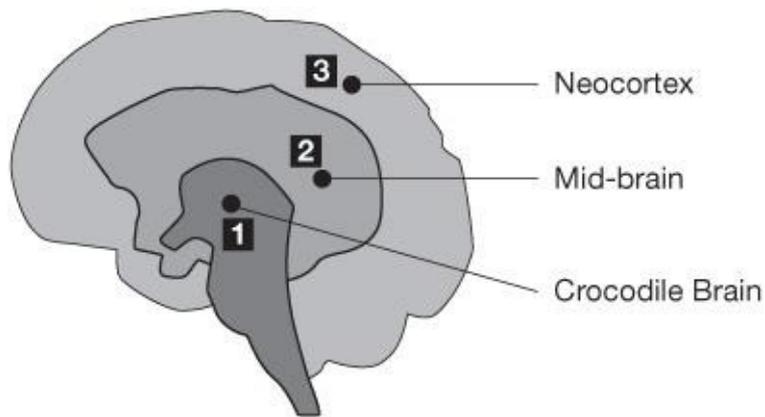
First, the history. Recent breakthroughs in neuroscience show that our brain developed in three separate stages. First came the old brain, or

“crocodile brain”—we'll call it the “croc brain” for short. It's responsible for the initial filtering of all incoming messages, it generates most survival fight-or-flight responses, and it produces strong, basic emotions, too. But when it comes to decision making, the croc brain's reasoning power is . . .

. . . well, primitive. It simply doesn't have a lot of capacity, and most of what it does have is devoted primarily to the things it takes to keep us alive.

When I am referring to the croc brain, I am referring to this level.

The midbrain, which came next, determines the meaning of things and social situations. And finally, the neocortex evolved with a problem-solving ability and is able to think about complex issues and produce answers using reason.



Openmirrors.com

Figure 1.1 Three parts of the brain.

The Disconnect Between Message and Receiver

I learned from molecular biologist Craig Smucker that when we pitch something—an idea, product, deal, or whatever—the highest level of our brain, the neocortex, is doing the work. It’s the neocortex that is forming ideas, putting them into language, and presenting them. This is fairly intuitive.

Three Brains Working Independently and Together

You can actually sense how the three parts of your brain work separately from each other.

When you are walking to your car and are surprised by someone shouting, you will first act reflexively with some fear. (This is the old crocodile/survival brain at work.)

Then, you will try to make meaning from the situation by identifying the person doing the yelling and placing him or her in a social context.

This is your midbrain trying to determine if it is a friendly coworker, an angry parking attendant, or something worse.

Finally, you will process the situation in the neocortex, the problem-solving brain (which figures it out: “It’s okay. It’s just some guy yelling out to his buddy across the street.”)

Our thought process exactly matches our evolution: First, survival. Then, social relationships. Finally, problem solving.

Pitching anything means explaining abstract concepts—so it didn’t surprise me that ideas would be formed by the most modern, problem-solving part of the brain.

But this is exactly where my thinking—and probably yours—went off track. I assumed

that if my idea-making abilities were located in the neocortex (as they are), then that's where the people listening to my pitch were processing what I had to say.

It's not.

Messages that are composed and sent by your young neocortex are received and processed by the other person's old crocodile brain.

You may be where I was about 10 years ago. Back then, I subscribed to "the brain is like a computer" metaphor. With a computer, if I send you an Excel spreadsheet file, you open it and read it in Excel. This is how I thought the brain worked. If I created a message in *my* smart neocortex and

"sent" it over to you (by telling you about it), I figured that you'd be opening that message in *your* neocortex.

But no pitch or message is going to get to the logic center of the other person's brain without passing through the survival filters of the crocodile brain system first. And because of the way we evolved, those filters make pitching anything extremely difficult.

So instead of communicating with people, my best ideas were bouncing off their croc brains and crashing back into my face in the form of objections, disruptive behaviors, and lack of interest.

Ultimately, if they are successful, your pitches *do* work their way up to their neocortex eventually. And certainly by the time the other person is ready to say "Yes, we have a deal," he is dealing with the information at the highest logic center of his brain. But that is not where the other person initially hears what you have to say.

Let me explain further. Because we are a soft, weak, slow species compared with just about everything else out there, we survived for millions of years by viewing everything in the universe as potentially dangerous. And because very few situations we faced back then were safe, we learned to err on the side of extreme caution. And that continues (unconsciously) to this day every time we encounter something new. It happens whenever we encounter a pitch from someone who wants us to do something.

We are hardwired to be bad at pitching. It is caused by the way our brains have evolved.

The fact that you are pitching your idea from the neocortex but it is being received by the other person's croc brain is a serious problem.

It's the kluge we talked about earlier. The gap between the lower and upper brain is not measured in the two inches that separate them physically. It must be measured in millions of years (the five million years or so that it took for the neocortex to evolve, to be more precise). Why?

Because while you are talking about “profit potential,” “project synergy,” “return on investment,” and “why we should move forward now”—concepts your upper brain is comfortable with—the brain of the person on the other side of the desk isn’t reacting to any of those highly evolved, relatively complicated ideas. It is reacting exactly as it should. It is trying to determine whether the information coming in is a threat to the person’s immediate survival and, if it isn’t, whether it can be ignored without consequence.

The Croc Brain at Work

As you are pitching your idea, the croc brain of the person sitting across from you isn’t “listening” and thinking, “Hmmm, is this a good deal or not?” Its reaction to your pitch basically goes like this: “Since this is not an emergency, how can I ignore this or spend the least amount of time possible on it?”

This filtering system of the crocodile brain has a very short-sighted view of the world. Anything that is not a crisis it tries to mark as “spam.”

If you got a chance to look at the croc brain’s filtering instructions, it would look something like this: 1. If it’s not dangerous, ignore it.

2. If it’s not new and exciting, ignore it.

3. If it is new, summarize it as quickly as possible—and forget about the details.

And finally there is this specific instruction:

4. *Do not* send anything up to the neocortex for problem solving unless you have a situation that is really unexpected and out of the ordinary.

These are the basic operating policies and procedures of our brains. No wonder pitching is so difficult.

Sure, after initial filtering, parts of your message move quickly through the midbrain and on to the neocortex—business meetings would be very odd otherwise—but the damage to your message and your pitch has already been done.

First, given the limited focus and capacity of the croc brain, up to 90 percent of your message is discarded before it’s passed on up to the midbrain and then on to the neocortex. The crocodile brain just doesn’t process details well, and it only passes along big, obvious chunks of concrete data.

Second, unless your message is presented in such a way that the crocodile brain views it to be new and exciting—*it is going to be ignored*.

Third, if your pitch is complicated—if it contains abstract language and lacks visual cues—then it is perceived as a threat. Not a threat in the sense that the person listening to your pitch fears he is going to be attacked, but a threat because without cues and

context, the croc brain concludes that your pitch has the potential to absorb massive amounts of brain power to comprehend. And that is a major threat because there just isn't enough brain power to handle survival needs, the problems of day-to-day life, and existing work problems plus whatever unclear thing you are asking it to do. Presented with this kind of situation, a circuit breaker in your brain is tripped. The result? A neurotoxin gets attached to the potentially threatening message (your pitch). This is like a FedEx tracking number, which, in turn, routes your message to the amygdala for processing—and destruction.

Now, if there is one place in the brain you do not want your pitch to end up, it is the amygdala. This is the fear circuitry of the brain. The amygdala turns messages into physical sensations like a faster heart rate, sweating, increased breathing, and increased anxiety. And it produces a feeling that makes the person want to escape from the presentation.

Pitches are sent from the modern—and smart—part of the brain: the neocortex. But they are received by a part of the brain that is 5 million years older (and not as bright.)

This is a serious problem if you are trying to pitch anything.

Again, this is part of the hardwiring that has allowed us to survive. A lion is chasing you, and without needing to kick it up to your highly evolved neocortex (which would spend a lot of time trying to solve the problem), the *danger* switch in the amygdala is flipped *on*, and it sends the alarm to the rest of the brain to start spitting out chemical and electrical messages that get you to *Run!* before you even have a chance to think. And while we don't live in the wild any longer, our brains are still wired to work this way.

Everything in the recent research points to the same conclusion: Nine out of 10 messages that enter the crocodile brain—and remember, every single pitch starts by going through the crocodile brain—end up being coded.

Boring: Ignore it.

Dangerous: Fight/run.

Complicated: Radically summarize (invariably causing a lot to be lost in the process) and pass it in severely truncated form.

We've been thinking about this all wrong for years. Clearly, we need a new way of pitching.

Rules of Engagement

There are the two questions we always ask ourselves after we have made a presentation or pitch: 1. Did I get through?

2. Was my message well received?

We assume that our audience will do what we want them to do if our idea is good, if we didn't stumble through the pitch, and if we showed a winning personality. Turns out, it doesn't work that way. What is vitally important is making sure your message fulfills two objectives: First, you don't want your message to trigger fear alarms. And second, you want to make sure it gets recognized as something positive, unexpected, and out of the ordinary—a pleasant novelty.

Bypassing those fear alarm sensors can be extremely difficult. Creating novelty in the message can be tricky, too. But it is the only way our pitch stands any chance whatsoever because the crocodile brain wants information a certain way—simple, clear, nonthreatening, and above all, intriguing and novel. You need to communicate in these ways, or you are never going to capture people's attention.

The croc brain is picky and a cognitive miser whose primary interest is survival. It doesn't like to do a lot of work and is high maintenance when it is forced to perform. It requires concrete evidence—presented simply in black and white—to make a decision. Minor points of differentiation don't interest it. And this is the brain to which you are pitching.

As the principal gateway to the mind, the croc brain doesn't have a lot of time to devote to new projects. It's overseeing a big, complex operation (taking care of survival) and can't get bogged down in nuance and details. It likes facts clearly explained. It wants to choose between just two clearly explained options. And it needs you to get to the point fast. It goes to sleep during PowerPoint presentations, and it needs strong summarizing points to keep its attention.

If it gets really excited about some new project you have presented, then it approves it. Otherwise, it gives up on it, doesn't give it another thought, and goes on to the next issue.

The harsh but true reality is that the croc brain—the source of your target's first reaction to your pitch—is going to ignore you if possible.

Only focused on the big picture (and needs high-contrast and well-differentiated options to choose between).

Emotional, in the sense it will respond emotionally to what it sees and hears, but most of the time that emotional response is fear.

Focused on the here and now with a short attention span that craves novelty.

In need of concrete facts—it looks for verified evidence and doesn't like abstract concepts.

When I learned these rules of engagement for dealing with the crocodile brain, I had

my big “Aha” moment. I understood two very important things: First, I finally *got* the fundamental problem you and I have when we pitch something: We have our highly evolved neocortex, which is full of details and abstract concepts, trying to persuade the crocodile brain, which is afraid of almost everything and needs very simple, clear, direct, and nonthreatening ideas to decide in our favor. Second, I realized that when my pitches had gone well, I had inadvertently adhered to the five rules of engagement contained in the bullet points above. I had made the crocodile brain feel safe; I was feeding it short vignettes of clear, visual, and novel information; and I wasn’t making it do much work. (I also understood that when I didn’t stick to those rules of engagement, I usually failed.) Why do these rules of engagement matter for pitching? Sometimes they don’t. If you’re pitching the Google Android phone, 3D television, or a Ferrari coupe, the brain becomes so flooded with dopamine—a chemical in your brain that sends messages about pleasure and rewards—that any old pitch will work. But short of having a product that’s so sexy it’s irresistible—you have to observe the rules about how the brain works. How to do this makes up the heart of this book.

What Comes Next

What became clear to me after my big “Aha” moment was that I needed to bridge the gap between the way the neocortex and crocodile brain see the world. More specifically, if I wanted my pitch to get through, I needed to be able to translate all the complex ideas coming out of my neocortex and present them in a way that the crocodile brain of the person I was pitching could easily accept and pay attention to.

It took me countless efforts to come up with a formula that worked. Now you are going to learn that formula.

As you will see, it begins by *setting the frame* for your pitch, putting your big idea into an easily understood context. And then, once the frame is established, you must seize *high social status* so that you have a solid platform from which to pitch. Then you must create messages that are full of *intrigue* and *novelty*.

To make this process easier to remember, I use the acronym *STRONG*:

*S*etting the frame

*T*elling the story

*R*evealing the intrigue

*O*ffering the prize

*G*etting a decision

Over the years, I’ve used this formula—which we will be exploring in detail—in deal after deal with executives from Bear Stearns, Boeing, Disney, Honda, LinkedIn, Texas Instruments, and Yamaha. Each time I pitched, I learned more about the behaviors of

the croc brain, and I eventually came to the understanding that there are five separate places where you can stumble in a pitch. Each step in the process represents one of these points where missteps can be fatal. When the other person's croc brain becomes either bored, confused, or threatened, your pitch is in trouble.

In the pages ahead I will discuss how to avoid those problems and create the perfect pitch, one that gains the full endorsement of the croc brain and increases your chances of success dramatically.

Chapter 2

Frame Control

It was July 2001, and I stood in front of a towering office in the heart of Beverly Hills. This was a corridor of power, both in Hollywood and the financial world, a place where careers were made, a place where deals got done.

And here I was, headed to the office of a guy who controlled close to \$1 billion in assets. It's not every day you pitch someone with this level of influence. If you think I was nervous, think again. For once, I wasn't pitching. Instead, a colleague, Tom Davis, would be pitching to this icon of corporate finance, Bil Belzberg, one of the three billionaire Belzberg brothers.

You might have heard of the Belzbergs if you follow the business press. They rose to prominence as corporate raiders in the 1980s. Merely observing one of them in the boardroom was a master class in finance, so I was looking forward to what would materialize in the next hour.

Tom was 31, charismatic, a likeable CEO type. He had a nice company in place, but he lacked the money to grow. To get that money, he was willing to try the impossible—impress Belzberg.

I smiled to myself. This was going to be interesting. I'd watched Tom rehearse his presentation, and he had good instincts.

"My pitch is totally bulletproof, I have nerves of steel, and I'm bringing my A-game," he had said while we were waiting in Belzberg's lobby. His confidence was inspiring.

"We'll see," I said. "Just relax."

Soon after that, we were moved to the conference room. After more than 30 minutes of waiting, we watched as the double doors swung open. Bil Belzberg strode through as if entering a saloon. At 69 years old, he was tall and lanky. He waved his arm at Tom, motioning him to get started. Tom looked at me, and I nodded the go-ahead. Belzberg remained standing and almost immediately cut Tom off, "Look, I only want to know two things from you. What are monthly expenses, and how much are you paying yourself?"

Not what Tom wanted to hear. He had a different pitch planned, and now he was looking foolish, searching his bag to find expense charts. Where were the confidence and nerves of hardened titanium? He dropped his papers and stuttered a bit. He was lost.

Belzberg had said only 20 words. As you will see, it's possible for a 20-word disruption

to control the fate of any deal. Why is that? An analogy, like the one below, might help explain all this.

Imagine for a moment that there is some kind of powerful energy field that surrounds all of us, silently transmitting from the depths of our subconscious. This invisible defense shield is genetically designed to protect our conscious minds from sudden intrusion by ideas and perspectives that are not our own.

When that energy field is overwhelmed, however, it collapses. Our mental defenses fail, and we become subject to another person's ideas, desires, and commands. That person can impose his will.

No one really knows whether there are human energy fields or not, but perhaps this is the best way to think about the mental structures that shape the way we see the world, which I call *frames*. And in a moment, you will begin to understand what happened when Tom's frame came into contact with—and collapsed under—Bill Belzberg's power frame.

Imagine looking at the world through a window frame that you hold in your hands. As you move the frame around, the sounds and images you encounter are interpreted by your brain in ways that are consistent with your intelligence, values, and ethics. This is your *point of view*.

Another person can look at the same thing through his own frame, and what he hears and sees may differ—by a little or a lot.

The common label given to this is *perspective*. I might perceive and interpret things differently than you do—which is a good thing. Another perspective is often what we need as we nurture our ideas and values.

Yet, as we interpret the world through our frames, something else happens. Our brains process what our senses tell us and quickly react with a series of questions: Is it dangerous? Should I eat it or mate with it? This is the croc brain at work, doing what it does best—detecting frames, protecting us from threats, and using dominance and aggression to deflect attacking ideas and information.

There are millions of people in the business world, and each brings a frame to his or her social encounters. Whenever two or more people come together to communicate in a business setting, their frames square off and then come into contact, but not in a cooperative or friendly manner.

Frames are extremely competitive—remember, they are rooted in our survival instincts—and they seek to sustain dominance.

When frames come together, the first thing they do is collide. And this isn't a friendly competition—it's a *death match*. Frames don't merge. They don't blend. And they don't intermingle. *They collide, and the stronger frame absorbs the weaker.*

Only one frame will dominate after the exchange, and the other frames will be subordinate to the winner. *This is what happens below the surface of every business meeting you attend, every sales call you make, and every person-to-person business communication you have.*

The moment your frame makes contact with the frame of the person you are calling on, they clash, battle, and grapple for dominance. If your frame wins, you will enjoy *frame control*, where your ideas are accepted (and followed) by the others. But if your frame loses, though, you will be at the mercy of your customer, and your success will depend on that customer's charity.

Understanding how to harness and apply the power of frames is the most important thing you will ever learn.

Frame-Based Business

One of the many benefits of using a frame-based approach to doing business is that it does not require a lot of technique, tactics, or smooth talk. In fact, as you will soon see, the less you say, the more effective you will be.

Sales techniques were created for people who have already lost the frame collision and are struggling to do business from a subordinated or low-status position. The sad fact is, these methods are typically ineffective and usually end up offending people instead of promoting pleasant, mutually beneficial business.

For decades, there have been many books and seminars—there are more than 35,000 on Amazon—promoting methods to persuade, influence, cajole, and browbeat customers into making rapid purchase decisions. Many years ago, when the promoters of these programs realized how inefficient their methods were, they explained it away with the *law of large numbers*. Their typical promise is “Make 100 sales calls using our sales technique, and you will land two sales.” In other words, work much, much harder than everyone else, and you will get a 2 percent success rate. But really, *what kind of success is that?*

What these sales gurus are missing is this: When you fail to control the *social frame*, you probably have already lost. All you can do then is fight for survival by fast talking, spin selling, trial closing, and a myriad of equally ineffective and annoying tactics that signal to the customer that you are needy and desperate—and defeated.

By preaching the law of large numbers, the purveyors of sales techniques are asking you to work longer and harder, with no real competitive advantage. They are forcing you to compensate for your weak position with a Herculean effort to win new business, claiming that *it's just a numbers game*. It's rather rude of them to give away so much of your life this way, isn't it?

Frame-based business takes the opposite approach. It promotes the use of social dynamics, stacking things in your favor before the game even begins.

When we think back about why this pitch or that pitch failed, we usually arrive at the fact that the terms of the deal weren't right for the buyer. Or we had a bad day and didn't position things correctly. Or the potential buyer found something he or she liked better. The reality is, however, that a pitch will fail for reasons that are far less obvious. And that's because frame control is won or lost even before the pitch starts.

When you own the frame, you are positioned to reach an agreement with your buyer. And you are also in a position to decide which deals, orders, or projects you want to work on instead of taking what you can get.

Think it's not possible? I do it every day and for the simple reason that I want to serve my buyers well. I can't do that if I'm continuously engaged in a frantic chase for new business.

Instead of flogging yourself to the point of exhaustion by making dozens of mind-numbingly unproductive sales calls and presentations, I'm going to show you how to get, and keep, frame control. And you are more likely to find yourself pitching five deals, tossing out the two deals you don't like, and keeping the three that interest you. How do you like my law of large numbers? This is what I do and what I have been doing for years.

Own the Frame, Win the Game

Let's do a quick review: A frame is the instrument you use to package your power, authority, strength, information, and status.

1. Everyone uses frames whether they realize it or not.
2. Every social encounter brings different frames together.
3. Frames do not coexist in the same time and place for long. They crash into each other, and one or the other gains control.
4. Only one frame survives. The others break and are absorbed. Stronger frames always absorb weaker frames.
5. The winning frame governs the social interaction. It is said to have frame control.

The Cop Frame: An Introduction to How Frames Work

So that you can become familiar with the terminology of frames and the basic function of frames in social encounters, here is an example of a dominant frame that you already know about—an almost textbook example of frame control.

Imagine you are driving along California's Highway 101 north of Santa Cruz. The weather and the scenery are intoxicating, as is the rush of speed you feel as you take the fast lane at 80 mph in your pursuit of the setting sun. The moment is perfect—until you see those flashing lights in your rearview mirror. It's a police interceptor. The