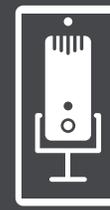


Episode: 37

# Cody Rich



THE  
**MOBILE  
WORKFORCE**  
PODCAST

## Mike Merrill:

Hello and welcome to The Mobile Workforce Podcast. I am your host, Mike Merrill. And today we are joined by the wonderful Cody Rich. Cody is a serial entrepreneur and the founder of Backcountry Fuel Box, and also the host of The Rich Outdoors Podcast. One of my favorite podcasts to listen to in my spare time.

With two successful companies under his belt, Cody knows a thing or two about implementing and improving business processes and structure. One of the biggest challenges that we'll talk about today are the unintentional roadblocks that sometimes owners can place or create for themselves. So Cody's going to share what he feels are three common struggles that owners are facing. And if you own a construction business or want to someday, I think you'll really enjoy this episode. So hello, Cody. Thanks for joining us today.

## Cody Rich:

Hey, how's it going, Mike? Glad to be on.

## Mike Merrill:

Doing Great. Thank you. Really appreciate you joining us. So I mentioned in the intro that you're a serial entrepreneur. So can you share a little bit about your background and why you love to tinker with new ideas so much and really focus in on solving problems?

## Cody Rich:

For sure. So I guess my most current background and most people know me as a hunting podcast host, but like you said, I eat, sleep and live businesses and startups and those things. I got into that world and went deep. And so I run Bozeman entrepreneurs. I deal, I consult with multiple entrepreneurs. And that's been my world, but for you guys as listeners, I'm just a dumb farm kid who grew up with Seventh Generation Grassroot farmer. And so I come from a really, really, really small town. And all of my friends are farmers or

contractors. My brother-in-law owns a big excavation company. And so I know that world at least enough to be dangerous.

And it's interesting to me because I guess my last 10 years are very much in startup land and these businesses and how to structure businesses. And one of my goals personally is how do I help entrepreneurs get through the struggles that I had early on? I had this idea that I was going to create a business and go hunting all the time. And it turns out that's way, way harder than it sounds. And so I like to help entrepreneurs get to there.

And yeah, this is pretty applicable podcast because I was on a hunt with my brother-in-law and this is the conversations we were having is, how do you scale a business in the construction space to get to the point where you can hunt at least more often, maybe not as much as you want, but at least more often? And so I think a lot of these problems that I try to solve for all kinds of entrepreneurs are perfectly applicable to a lot of the construction industries. And I have a lot of those conversations even on my podcast from general contractors, to builders, to custom home builders to excavation guys, all these things. So I'm stoked to be on. Stoked to talk about some of the philosophies and mindsets, or I guess frameworks that I put into a lot of businesses to help entrepreneurs get the most out of their business. And also that whole work-life balance thing, which is a joke, but we're going to do that as well.

## Mike Merrill:

Yeah, I love that. Yeah, you're definitely a great fit for our listeners. I think again, your entrepreneurial background is certainly long-lasting and a little bit more broad than what a lot of us do. A lot of us get stuck in one direction that we're focused on and not necessarily stuck, maybe it's a path we choose, but you probably have a diverse background. So that's really cool.

**Cody Rich:**

Yeah, and I hate the term successful because I don't even look at myself as successful the same way with my podcast or with businesses. I'm on a step. There's been a lot of lessons learned and it's almost scary to think that I've been doing this for 10 or 12 years, but there's people I learned from and I try to be a sponge. So I don't want to come on the podcast and say I'm an expert, which I don't think anyone assumed, but just for clarification. It's tough because there's still multiple things within our businesses that I'm struggling with or working on. And so it's an ever-moving target. But that's the fun thing about business. It is an ever-moving target. And I think that one of the things I'd like to get to and we're going to talk about is, what got me here, won't get me there. And it's this ever-evolving mindset that have to keep shifting as you grow your business because as your business grows, you scale into more problems, different problems and those things.

**Mike Merrill:**

Yeah, man, I love that term. What got you here, won't get you there. Tell me a little more about that?

**Cody Rich:**

Yeah, there's a great book called What Got You Here Won't Get You There, and it really shifted my mindset on a lot of things. But once you have that framework of all these things, when you start out a business, you're just trying to keep the doors open. You're trying to get paid. And let's let's say you're just trying to keep employees fed, employees happy employees from leaving, all these things and you're dealing with that and you're just trying to make enough jobs to get it to work. And then pretty soon you're trying to buy back time. You're like, "Man, I'm working 80 hours a week. I got to figure something out." And so then you're trying to do that and it's just a different scaling problem. It's about changing things. It's about changing cultures, getting employees be happily do what they want to do. And how do you work yourself out of your own company and those things? I don't know if we're on takeoff on the first one of being the bottlenecks and those things, or how do you want to go about it, Mike?

**Mike Merrill:**

Yeah, let's talk about bottlenecks. What are some examples of bottlenecks that companies experience that maybe they put in the way of themselves?

**Cody Rich:**

So I think we're all guilty of this and especially me. I've been guilty of this and it's one of those things that I have to come back and remind myself of constantly, but we are our own bottlenecks. So when you start a company and you're in the mud, you're in the trenches, so to speak, you're just working, working, working. And I think we all go through this where it's tough to hire someone because I can do it faster and I don't have time to explain it to someone, but I think as you mature and you realize that I just can't possibly do everything, that's a bottleneck. And that's usually the first one that you come to is hiring people. It takes up time, I don't have time, but you realize that you can't possibly keep going at that rate. So that's a bottleneck.

So that's how you the owner becomes a bottleneck. And I think this goes throughout a business life cycle. And this problem just grows as you grow. So I really want to push on entrepreneurs or business owners. And even, we were talking about this, even superintendents, how are you becoming the bottleneck? We put so much reliance on ourself that we are the thing, we are the reason this business is successful and that's great. But at the end of the day, how are you being the bottleneck?

And that's one of the most important questions I think anybody can ask themselves is, how am I becoming the bottleneck? And it's one of those things where we try to have value. We try to be important. We want to think that yeah, we're the reason. And I don't care if this is the business, the owner down to the superintendents. You're basically trying to make yourself valuable to some extent. And at the end of the day, how are you becoming the bottleneck? And it's a balance of not being the bottleneck, working yourself out of the system.

So for me, a lot of what I teach is how to basically be able to go and do the things you want to do. I don't really care if that's going hunting, if that spending time with your kids, or that's being able to go get more jobs. You still need to work yourself out. And I think for me,

the goal is always how do I take myself out of it and not make myself a bottleneck? And so from the top to the bottom, I don't care what you want to do. It's a matter of how do I create systems and empower people to do the things that I can do or teach them how to do the things I can do? And that's a really tough step for a lot of business owners.

### **Mike Merrill:**

Yeah, what are a couple of examples of, let's say somebody in a construction business they specialize in something and they feel like they're the only one that can do that thing. And I've been in that boat as an owner many times where, oh, I got to be there. It has to be me. I've got to be involved. And I think that's exactly what you're talking about, but what are some ways that people can work through that?

### **Cody Rich:**

Well, some of the... Let's just take excavation as an example. Usually you start out, you're an owner operator. And then you can run a whole faster than anyone. And you hire a guy and he can't do it quite as fast or quite as good. So you might as well just do it your damn self. And this becomes so common, but you can't scale, you can't go get new business. You can't work on relationships if you are the one running the machine all the time. And so this is super common. And then finally, you hire an operator and yeah, he does 80% of the job you do, but then you're always working and managing them. So now you've got, let's say a crew of three and you seem to just be bounce around being a firefighter.

I always joke that I went to school to be a firefighter, and then I became an entrepreneur, which is ironic because that's exactly what you are, is just a firefighter. And as an entrepreneur, the next bottleneck usually becomes the firefighter. And that's where you get to this point where you're like, "Okay, I got five guys. Now I need a super who can manage these people," because you always have to look at yourself is, what is the next thing? What does moving forward look like for our business or our company? Is that new, or is that expanding lines? Sometimes, let's just say you specialize in doing a particular thing like solar. And so your job is it to go get more solar to build a bigger crew and specialize in that niche thing, or is it how do

we expand? How do I grow to the next things? But that always needs to be looked at as what is your job? What do you want your job to be? And how do you get there?

### **Mike Merrill:**

So one of the things that I know you've talked about in the past is team building and that being a component of working through these bottlenecks, how would that relate or improve the situation?

### **Cody Rich:**

It goes back to hey, this is our biggest problem is, I can do everything. And I always say you have to give your managers and/or your team, it doesn't matter. I always say a line of credit. So a line of credit is, you have to trust them. For me, I just hired a new gal and I'm like, "Hey, any decision under \$100 need to be your decision." And that usually grows. For this one that was by \$500 by Monday. We don't have time for those. So I have to empower those people to be able to make decisions. And the metric can change. You could change like, "Hey, whatever, it's \$10,000 or \$100,000 decision. I don't really care." But by empowering those employees, you give them more to work for than just a paycheck.

And I think that's another big piece of it. A lot of people want to say like, "Oh, how do you keep good employees?" Man, that's the end all be all question. And I think it boils down, for me, to be more than just dollars. I think it's important to pay your people well. And it's important that you know the benefits and all of these things, but at the end of the day, is that really what's keeping employees. And in my experience, I don't think it is. And I think it boils down to purpose and meaning and being trusted. Take it your kids, for example. If you give them an allowance, it doesn't mean they're going to work harder, but if they feel special, then they're going to work harder, or they know they're appreciated, or they get to think for themselves, that tends to work better.

Employees are no different, not to demean employees. But people, humans want to be valued and appreciated. And so how do we instead give them the power to make decisions? And this is by and large, you're going to fix your own bottleneck problem. So if you're an owner, you need to let your superintendents run their own line of credit. And this grows. And so you

don't just give them free will to make decisions, but you come up with a metric, whether it's a dollar number, that seems to be a good baseline and you say, "Okay. Hey, anything under a \$5,000 decision, I trust you to make that decision." And what that's going to do, that's going to create more trust, more value.

And there's always holes in the strategy and there's going to be people that don't pan out. But if you create that expectation, it should trickle down the line. So if you're a superintendent, the same thing. I think there's a lot of supers that want to feel like they want everything or they're doing the right thing. Like it's won or lost on their shoulders and their team is just these peons that do their work for them and that set a bad mindset. And I think you need to create that culture that trickles down and like, hey, you trust the super to make the right decisions. Anything under \$5,000, that's his the decision. He needs to make it, which is only going to free up your plate. But at the same time, I think even the most grunt ditch digger needs to be able to make his own decisions clear.

So you can't have like supers that are just micromanaging everything. And it's just a trickle down building that culture. And this comes from top down. And we hear this all the time. Corporate comes top down. Well, you as the owner need to be creating this culture within that goes top down. And you need to push it a little bit because not every super want to empower every book sticker or every operator. And so those have to trickle down, and that's why culture really to me, is so important. And it can be tough though. And don't get me wrong. I know people are like, "Hey, well, it's easy in your industry, but in mine, it's totally different." But I don't know, I disagree with that.

### **Mike Merrill:**

Yeah, I think you're right. I think you're onto something there. It's just people. We're all just people and have similar thoughts, feelings, emotions, wants, needs.

### **Cody Rich:**

Yeah, in the fire industry, it's like you have this trickle-down ladder and I think that's really applicable, but you have to be able to trust the lowest level of firefighter to be able to do everything he's going to do. And that firefighter has got to feel like he know he can make

decisions. He's got to feel like he knows what he's doing. Sometimes the captain is going to slap you upside the head and say, "No, we're going to do it this way." And there's going to be a butting of heads. But man, culture is so important. And I think if you want to get... As an owner, we see one of the bigger problems is, how do I work myself out of this? I can't work myself out of this. My guys expect me to be there.

I don't know those two are necessarily perfectly in sync. As an owner, I've seen this a lot of times where owners have a struggle to leave because their guys are like, "Well, the owner is just effing off all the time. Why don't I get just effing off all the time." To me, that's like a sign of toxic culture. You have to embed that from the beginning. And sometimes that can be really hard as that transition. As you go from owner operator and you have a couple of guys and you guys are all working tight knit together, all of a sudden the owner wants to go do whatever he wants to do. Say he wants to go on a 10-day hunt, those things are sometimes it can be really hard. But again, going back to what got you here, won't get you there. If your goal is to do \$10 million a year, then you working inside the company is not going to get you there. You're going to be stuck at that middle ground for a long time.

### **Mike Merrill:**

Yeah, you talked about culture and confidence, and I think that's a good term building a culture of confidence that your employees know that they can be trusted and that they are trusted. And the firefighter example, I just keep thinking that literally is a life and death situation in many scenarios. If you're out there fighting a fire, you can't say, "Hey captain, what should I do?" You have to be a power to make those decisions or you may be risking your life.

### **Cody Rich:**

Right. And in most construction and most businesses, that's probably not the case, but at the same time, that's why it's easy to let those things slide is, if you're an officer and you got a bunch of firefighters, they know they have to be able to make decisions, whereas in a business it's easy for me say, I'm the owner and I'm just telling everyone what to do. And every time someone comes to ask me, I give them the answer. But instead, maybe try to say, "Hey, what would you

do?" It's so simple. Like, "I don't know, tell me what you do." And it's like corrections. I can do this all the time. Like, "Well, what's your thought?" And people taking it back. "Well, I don't know." "Well, what would you do?" And boiled down to that fourth question. And then, even if it's wrong, sometimes I'll let them go. I'll say, "Okay, let's try it." And then we'll come back to it. Because at the end of the day, sometimes I don't have all the answers. I know that just because this is the way I would do it may not be the perfect way.

And I think in construction is more black and white. Here's how it's done. It's almost easier to say, "Well, what would you do?" And then tweak that. "Okay. Here's how we could do it better." But make that decision. And sometimes this is very true, the employees getting habits. It's easier to go ask for a decision than it is for me to make a decision. And so you almost have to force those like, "Hey, stop asking me. You know what to do. That's why you get paid what you do." Let's do this. And maybe it's a tough love thing. And that seems to work sometimes and then blow up and others. But at the end of the day, it's like you have to force those people to start thinking for themselves.

You've seen employees where they've been at companies where every decision is made for them. They're just basically doing this thing. And so that can be a big shift in just the type of culture that they've been into to the culture you're trying to create. And that's why culture is so important within a business. I don't care what kind of business, whether it's construction, whether it's e-commerce, whether it's a media company, all these things, they become important because at the end of the day, that's what's driving you to get to the next level and just having clear, concise goals on what that looks like.

### **Mike Merrill:**

Yeah, you mentioned culture. And before we hit record, you said something that struck me. You said even as your company was growing, even with 14 employees, or even under 20, sometimes people don't necessarily really know each other even. So what can you do to help them have more camaraderie as a unit instead of just 14 individuals?

### **Cody Rich:**

Yeah, and you see this happen a lot. In my space, I'll talk about it because I know it better than some others. But what happens is, and everyone's seen this where it's three to five employees is a team and it's pretty tight knit. And then all of a sudden, when you have multiple job sites or you have 20 employees, and you just switch is usually between like 10 and 15 employees, it becomes us versus them. And that's an interesting thing to watch is when it becomes, the employees become a team. And then all of a sudden it's management is this other team. You have to be cognizant of that and work towards it. And whether that's cracking beers or bringing pizza to the job sites and things like that and just creating that comradery of this is... Or being transparent with what you do.

So, a lot of resentment comes when you have an owner that is just mysteriously gone. And it is like, "Oh, he's must be off drinking [inaudible 00:19:59] at the beach or whatever." But when you have a clear, concise company structure like, "Hey, here's what I'm doing." And as much as it doesn't seem like the entire company needs to know what you're working on. And sometimes that helps create or get away from that division of us versus when it comes to management and every other employee. So when you build that culture, it should so different, it goes back to what got us here, won't get us there is, you have to understand that culture is very different at five employees than at 15 employees.

And there's just different struggles. As long as you have that concept, I think every company is slightly different. Every company has got its own problem. Some is going to be us versus them. Some is just going to be bickering within employees, or people who don't get along. So you got the best operator in world, but he doesn't get along with anyone, that can really crush a company. And I think it's important to build companies that mesh together well. I would take an operator that is 80% as good as another operator, but fits well with the team because the team is going to operate as a whole better.

### **Mike Merrill:**

Yeah, that's a great point. So is there a mentality that the owner needs to have? Is there some advice you would give as a approach to making these kinds of adjustments within their business?

**Cody Rich:**

And so the simplest thing is taking an interest. And there's definitely a mentality of not getting too close to employees, which there's a fine balance, but it goes back to what got you here, won't get you there. And when you have three employees that has to be different than at 50 employees. But I think it's important for company culture to have a relationship with those employees. And I don't care if you got 50 employees, at least knowing them, maybe not knowing everything about them, but knowing them so they know you. And I think that face-to-face it can go a really long ways.

**Mike Merrill:**

Yeah, so you're saying have a relationship with-

**Cody Rich:**

Have a relationship. Have a basic of that, right?

**Mike Merrill:**

Yeah, and it's interesting as you're talking. The last few days I've been doing some interviews. We're hiring a marketing position. And so one of the questions that I've been asking is, what are your goals with this position? Well, what do you hope happens? And all of them said, "Well, we want to grow the company."

**Cody Rich:**

Yeah.

**Mike Merrill:**

And so then I dig in further and say, "What does that mean?" And with five different people, the answer was different with all of them. It all had a money component, but one of them actually said, "No, grow as individuals. I hope we all grow together." And that's what pushes the growth of the company. And ultimately the revenue is going to come because of that internal personal growth as a team, which was really interesting.

**Cody Rich:**

Oh, absolutely. And I think it's getting really clear about your goals and your struggles. So when it comes to hiring, we tend to hire what we think the company needs, or what's the biggest thing that we don't want to do. That's a really common one like, "Man, I hate bidding jobs. So I'm going to hire someone to bid the jobs." But looking at it is like, okay, if we look at where do we want to be, and what's our five-year ten-year goals, and who's the best person for that? This goes back to being the bottleneck. So if you're the bottleneck and say yeah, you hate bidding jobs, but you're probably the best person for it, then maybe that's where you need to be. And maybe you set out a goal to say, "Okay, in three years, I'm not going to be that person."

This is 100% where I'm at. There's jobs I hate doing. But every time I hire for them, it slows the company growth because no one's going to do it well. And it's my lack of desire for that particular job is the bottleneck. So it may not be... It's my personal bottleneck, but that's not the company's... It's the company's bottleneck. So there's just a different. So, you know what I mean? It's like if I don't want to do it and it sucks, but it's going to help the company get where it is until I can find someone that can do as well as I can. And for me, a lot of what that means is that I need to create a better system.

So I look at all my comraderies is building systems. So I build systems to test things to get myself out. That's how I solve bottlenecks. So in this particular case. So there's a job I really hate doing, but I can't seem to hire people to do it as well as I can, which just means that I don't have a good enough system. And so I evaluate a lot of things on systems before the podcast and we've talked about this before. One of my goals, frameworks, I should say is that every September I leave [inaudible 00:25:32] County and that's a hard fast rule for me. And what that does is, it's a litmus test for how well my companies are doing. So I should be able to leave in September and take three weeks off. And if there's a problem, that means that I didn't build good enough systems.

For me, that's the ultimate litmus test is can I leave? And what would it look like? So, the very first time this happened, it was like, I read this book called The 4-Hour Workweek and it was like, okay, what if you

were diagnosed with cancer and you couldn't work for four months or whatever? What would that look like? And you really start to think about these things. And to me, it's a great litmus test for, okay, are my systems operating correctly? And I think it's easy to get wrapped up in the day-to-day and getting jobs and doing jobs. But at the end of the day, we have to look at our company as systems. And I want to take myself out of that. That's my goal.

So every year on September 1, it's like, okay, can I leave? And granted. Man, the first year that it fell apart completely. And every year [inaudible 00:26:37] and it's been going on for 10 years. And I get much better. And there's good years and bad years where I leave. but this goes back to building that line of credit with my employees so they know they can handle these things and I should be able to leave. That's the culture I wanted. So that's the culture I created. And from the first hire and every hire after I'm like, "That's my goal." My goal is to leave in September and be able to do so with everything running smoothly. And then how do I get there? And so my job for 11 months out of the year is to build systems.

### **Mike Merrill:**

I love it. Even for my position here, and I think back to my construction days, and I remember that first trip to Disneyland where my kids were four and two and a homeowner freaking out that I was leaving. And so I hadn't even trained my customers to realize that hey, I have a life too. So your point is very well taken by me directly. So I hope the listeners are realizing you've got to make yourself replaceable in terms of your role and the things that you do day-to-day so that you could live life. I love that advice, Cody.

### **Cody Rich:**

You have to be very intentional about your goals or they won't happen. And one of my good friends, Brian Barney. He's a builder. And he leaves. That dude hunts more than I do I think. And him and I have talked about it on my podcast, how do you design your...? He's like, "You just have to be intentional. And you go into these things." Yeah, he was saying, and I think this is very true, a lot of contractors will try to hide the fact that they're going to be gone like, "Oh, I got this other thing." You don't want to tell your clients. But it turns out that

if you're just really open and honest with your clients and you have a good team, they're not really going to care. Their only worry is that things go well. At the end of the day, they want the job done. They want to at the right price and they want it done well.

So if you're gone or not gone, I think it's better to be transparent about those things and say, "Okay. Hey listen, I'm going to be gone, but here's my guy that's going to be your point of contact from this point on." You make the introductions and this is how it works. And you'd be surprised when you go out a problem like, "Well, this is how we do it and this is how it's done," most people aren't going to have a problem with that. There's always going to be this like, "Oh, I hired you and blah, blah, blah, blah, blah." Well, make note of that. And that's not the kind of customer who we want from now on. At the end of the day, it's about being very intentional of what your goal is. For me, that goal is to leave every September and working very diligently to build the team and the culture around that that happening and making it happen. I have to move towards that. And for me, leaving is a litmus test of how well I built my systems.

### **Mike Merrill:**

Yeah, I think that's brilliant. And as I think back to, it's the same thing. It could be just golfing. That's a really common one. I remember my subs like, "Well, actually I'm golfing." And it's like, "Oh, you failed the inspection. We got to get this fixed today." And now I'm ruining his golf game and he's... So again, if my plumber would have had a system where I'm not calling him the owner directly, I'm calling his guy who's not golfing, then I wouldn't have messed up his golf game and he wouldn't have to worry about it.

### **Cody Rich:**

That's the bottleneck. Right?

### **Mike Merrill:**

Right.

### **Cody Rich:**

And these things happen and that's a litmus test like, "His crew failed inspection and we got to be back

there." Up didn't get a good golfing today. But instead of being like, "God, dang it. Why don't you fix this? Shoot darn." It's like, okay, how do we make sure this doesn't happen again? What processes can I build so I don't have this problem? And that's it. Just keep building processes until you solve all the problems, your biggest headaches. We sit here and be like, "Man, I go back to this firefighter analogy." I'm constantly the firefighter in my own company. And half the problem is that those problems are always changing and they're always growing.

And so I'll solve one problem and up pops two more. But that's life. It's like as soon as you cut off the head of one snake, I'll pop another. But that's the game to me is, how do we build these systems and solve these problems? And then when you get really good at this, it's like, okay, how do I empower my people to solve the problems so I don't have to? How do I get the people to be cutting off the snakes heads so I'm not doing it for them?

### **Mike Merrill:**

Yeah, and I think most people, they just like, in those interviews that I was conducting, they have a goal for their business. They have a goal for their family, for their life. They've got hobbies and pursuits like I said, whether it's hunting or golfing or camping or traveling or whatever it is, there's somewhere else they would like to be on occasion and probably should be for a healthy balance. And everything you're talking about about building a culture where there's trust, where people, they're not afraid to make decisions because they've done it before. Right?

### **Cody Rich:**

Another thing I constantly harp on for a lot of entrepreneurs is, when we first start out, we all just trying to make money. That's the goal number one of how do I work for myself, make money? And then you get money and you realize, "I really actually just want time." So we have to restructure our companies so that we can actually have money and time. And then we get to money and time and then we're like, "Okay, what am I really doing here?" And so purpose is the third wheel of that. And so then we have to restructure our entire company or pivot in a way that we can actually have money, time and purpose.

And I think it's really important to stop and sit down and think, how do I work towards at least time? Purpose isn't for everyone, but at least time because that's inevitably. If you look at every business owner before you, and a lot of my mentors, they all made money and then they were trying to figure out how to have money and with time. And that's the ultimate thing. And so think about as you build your systems and you build your culture and all these things, even if you don't want it now, time is what you'll be after once you get there.

Look at all the business owners before you. They all built money and then they built these empires and they're like, "I wish I had time." So they want to build time. And I think in order to get to time, you have to have a great team. You have to focus on team. So, as you're sitting there today and you're like, "Man, I'm just trying to get more contracts, more money, more money, more money," also, I think it's important to think about how do you build a culture and a build a team because a team is what's going to get you to having money and time?

### **Mike Merrill:**

Yeah, you use a term earlier that I really liked. You said "buy back time."

### **Cody Rich:**

Yes.

### **Mike Merrill:**

You're still fighting for the time, even though you've been fighting for money the whole time. And now all the money you earned, you got to spend it to go buy that freedom back because now like you said, whether it's now or later, you're going to want to have some time. Right?

### **Cody Rich:**

Right. And it's the classic conversation is the one I was having. I was on spring bear hunt with my brother-in-law and he's like... He went through that 2008 recession. And I think it started looming, man. They were just scraping by. And so after that happened, it was just be super conservative, pay off everything

and just work, work, work, work, work, take every contract you have. And I think you're seeing a lot right now. Construction's booming and everyone's taking in money while they can because they don't know how long it's going to last.

But don't get in the rat race of just money and jobs and trying to hoard that and pay off equipment. Because at the end of the day when things go bad, you got to have good systems or you're just saving money. And I think the system, system, system is what I try to teach entrepreneurs. And I get it because I get stuck in the rat race of just trying to keep the lights on, trying to pay the bills. And that is a rat race in its own. But that's its own bottleneck, You have to be able to build systems to build a great company on top of that.

### **Mike Merrill:**

Well, and the thing that I was rolling around in my brain as I'm thinking of this analogy with our children and how we build trust with them and how we allow them to grow. And eventually they are going to be making their own decisions, whether we like it or not and they're not always going to be what we want. But hopefully is-

### **Cody Rich:**

Yeah, in retirement homes, they tell you not to do things for people that they can do themselves. And I think this is true with kids. If you dress your kid and do everything for him every day, is he going to learn to do it on his own? And no. And so the same with elderly or anybody managing a lot of injury, they'd say the same thing is don't do things for them that they can do themselves. And I think this isn't true with employees. Sometimes it's easier just do it for them, but they're never going to learn and they're just going to be more reliant on you. So the more you can let them struggle and fail, the better. And also it's like your kids. If you just give them the answer, they're not going to learn as well as if they have to struggle to figure it out. Right?

### **Mike Merrill:**

Yeah, if you end up being there Google.

### **Cody Rich:**

Right. You become the easy button and you become the staples button and that can be as toxic to a culture. I don't want to harp on that whole thing, but it's like, "Man, you have to let them struggle to figure it out." And I think this is as much... I think most owners get pretty good at this. I think it's a mid-level problem. I think there's a lot of superintendents because they don't have the necessarily freedom to walk away. Superintendent's usually trying to hold onto his job and he try to add value to the company. And he sees that value in his ability to make decisions and do things. But and it's different because the owner is trying to work himself out of a company where the super's just trying to justify his payment.

I think there's multiple ways to go about that. If you're a superintendent, you can also be very, very valuable by building a great tea. That is powerful. I will gladly pay you \$120,000, \$150,000 a year for a team that runs perfectly smoothly. And I have zero problems with it. I have zero fires to put out. That's efficiency. And so building those things. And so when you look at that mid-level, you have to... The reason you have owners and you have, let's say employees that are high-level employees, one has job security and one has risk. So the owner takes the risk of time or the risk of losing everything for the benefit of time.

And I think it's easy as owners to look and assume that that supers or any high-level employee is going to be the same, but their big benefit is they get to go home and leave the problems at the door. You don't. But the trade off is, they have security. And so, maybe they get a pickup and a \$120,000 a year job. That's really handy. They leave all the problems at the door when they clock out. And so that's what they want out of life. And maybe they don't want to go spend a month off doing everything, but at the same time have risks 24/7.

So I think every position has trade offs and it's easy for owners to put their own desires on all of their employees, which I don't think is always true. So this goes back to understanding your employees. You got a high level manager and he's like, "Oh man, hey, what's your goal?" "Man, I just want to make good money, hanging out with my kids, be able to offer them a life I didn't." That's probably a really common answer. So how do you provide that, they're great. My goal is X, Y, Z. And I think you can help facilitate a lot of those goals.

But we as owners tend to put our hopes, desires, wishes on our employees as if they're the same. But not everyone has a risk tolerance. Not everyone's an entrepreneur, not everyone's a risk taker. So us as owners tend to be like, "Oh man, they probably want to start their own company," or these things. I don't think that's necessarily true. And I think if you can offer them the ability to have money, time, security, which is probably what they're wanting, then they'll probably be great employee for forever.

**Mike Merrill:**

Yeah, I've heard it said many times by lots of entrepreneurs, coaches, and inspirational leaders and people out there. I'm sure you've heard the same phrase. And it's basically, if you want to get what you want, you've got to help other people get what they want.

**Cody Rich:**

100%. 100% agree with that.

**Mike Merrill:**

So we got to start by asking. We got to ask them, what do you want?

**Cody Rich:**

What do you want?

**Mike Merrill:**

What's your goal? What does that mean to you? And then drill down till you get to the finite answer.

**Cody Rich:**

What do you think too because when ask people that, they think you're like scheming. I just hired one of my new hires and I'm like, "Hey, where do you want to... And I think she was trying to give the textbook answer. I'm like, "No, really?" And you sometimes have to work through that. You can't just go to an interview like, "Hey, what do you want?" They're going to give you the textbook answer. They're going to be like, "Oh, what's he want to hear? And I'm just trying to get the job. Today, that's what I want. Today, I want a job."

But I think if you look at like, I don't know, what the human wants. So they want to feel appreciated. They want to have... They want to be tested. I think that's a big piece of it. When I was working for another company, I think more than my pay, what kept me there was that people trusted me to do my job and they trusted me and make big decisions. And how simple is that? That's actually what the owner wants. He's like, "With your pay, doesn't matter. It's more about the decisions you make or being able to solve problems." It's pretty underrated. It's pretty cheap thing to give to people.

**Mike Merrill:**

Well, the difference is, you're talking about more personal interior fulfillment than cash. You feel like now you're so important. Right?

**Cody Rich:**

Yeah, and I think we all have that, even if you want to work at a job. You're already got a job. You want to get paid 120K a year with a truck. That's your money problem is fairly solved. And now you have security, job security is in the thing. But then once you have those things, you want to be tested. We're humans. We all want to be pushed. We all want to grow. And I think those are pretty natural things across most people.

**Mike Merrill:**

So Cody, we've talked a lot about putting and processes in place. Let's say somebody already has those things in place. They've improved. They're in a better place. I know that you seem to really have a mentality of how else can I improve and streamline and embrace innovation? What can you tell us about that?

**Cody Rich:**

Yeah. So innovating is the name of the game. If you're not growing, you're dying. And that can be at odds with what we were talking about about being a bottleneck. So I think it's important to always be innovating and pushing like questioning. I always say question why you'll be out of business in five years and then work to not make that happen. Or the same could be said for, in what capacity, what would put me out of business? And so, always be thinking about what would happen

to put this whole system at a play and then how do I work towards that or work towards making that not happen? That's a really important thing because it's easy going back to, hey, we're getting in the day-to-day the rat race, the hamster wheel, so to speak, and we're just focusing on the little things, but all of a sudden there's an iceberg ahead and it can sink the ship.

And so, as you innovate, I think it's important not to be rescued, but not risk everything. And so you see people they're like, "Man, the next greatest thing." All this money's going towards this thing and they'll push. And then that thing falls on its face. And so I think it's important to have really, really good systems that are in place to keep the wheels turning and that keep the flywheel turning, but then be always looking in dabbling. But keep that at a percentage. You say, "Hey, 20% of new business is going to be XYZ because we think this industry is where it's going, but never enough to sink the ship," because going back to thinking about what could possibly sink the ship like, "Hey, if we pivot because there's all this money and x, y, z, then if that falls on his face is it going to crush the ship and crush the culture?" So I always look at innovation is, how do we innovate to stay alive, but not completely pivot to sink the ship?

### **Mike Merrill:**

Oh, I love that. Yeah, so I guess to summarize the conversation, which it's been fantastic. What's the one takeaway that you would hope the listeners would have from our conversation today?

### **Cody Rich:**

I think the one takeaway that I always preach is, you have to be intentional about where you're going or you won't get there. And build systems with goals in mind. Simple as that.

### **Mike Merrill:**

Yeah, powerful. Love it. Well, thank you so much, Cody, for joining us today. I had such a great time catching up and also learning from you. I've appreciated your innovative spirit and of course, our friendship. And look forward to maybe doing this again down the road.

### **Cody Rich:**

Absolutely, Mike. Thank you for having me.

### **Mike Merrill:**

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