

Disrupt Yourself Podcast

EPISODE 192: RYAN WESTWOOD

Welcome to the Disrupt Yourself podcast, a podcast where we discuss strategies and advice for how to climb the S curve of Learning™ in your professional and personal life. Disrupting who you are now to slingshot into who you want to be.

I'm your host, Whitney Johnson.

Today we are joined by serial entrepreneur and therefore, serial disruptor, Ryan Westwood, CEO and founder of Simplus, a sales force consulting partner. Ryan started Simplus six years ago, growing it to 600 employees on four continents. Simplus was recently acquired by Infosys. Ryan, thanks for joining us.

Ryan Westwood: Thanks for having me, Whitney.

Whitney Johnson: You have built and sold two companies and you are still in your 30s. When did you decide that you wanted to become an entrepreneur?

Ryan Westwood: When I was 11 years old, I had a English report on entrepreneurship. I actually just got it and framed it. It was two and a half pages on why I wanted to be an entrepreneur. But what came in unison with that is I loved baseball and basketball cards and collected them. And I went to a place in Provo called Russ Coin, and I asked the owner if I could rent a kiosk inside of his shop. And I put price tags and cases on all my cards. And I left halfway through school one day and went to sell cards there. My dad found me four hours later. He was not super happy and he told me that I needed to go back to school. He now jokes that he should have just let me start then, but that's how early I knew. I, It's just something that I feel like I came to Earth needing to do.

Whitney Johnson: At 11 years old?

Ryan Westwood: Yes.

Whitney Johnson: How much money did you make that day?

Ryan Westwood: It was around ten dollars. And to me it felt like magic at that point.

Whitney Johnson: That's pretty gutsy. An 11 year old goes to a store proprietor and asks them for a kiosk inside of their store. Where did that come from? That kind of moxie?

Ryan Westwood: I think that it came from my parents. My parents, they invited me to ask questions and challenge things when I was really young and they treated me like an adult even when I was a kid. They would allow my voice to be heard. So I really have to give them credit. It was transformative to my life. I remember, you know, being five,

six years old and in the store, my dad would say, "Hey, ask them where this is." He would send me to go find somebody so that I felt like I was a peer with the adults at a much younger age.

Whitney Johnson: In 2011, you coauthored a book, *The Five Characteristics of a Successful Entrepreneur*. Why did you write this book and what were some of your key findings?

Ryan Westwood: Ok, so to be totally honest, at that point we were running PC Care Support and we were struggling and I had this like infatuation with how entrepreneurs were successful and how they made it.

So our office was an attic at this point. And we, we had like 50 people in this attic of this actual building in Provo. And I remember walking into a conference room thinking, "We have 50 people. We're breakeven. We're not making money. This is really, really hard. I don't exactly know how we're going to take the next step."

And so, I kind of went on a personal journey of saying, "I got to figure out how we're going to do this." And so, I purchased a list from Dun and Bradstreet of one hundred thousand names. And then we started to email and try to sort through and get responses to our survey questions. About 2,600 responded.

And then we took that, and we created a book on the characteristics that we received. And by the way, I should say the requirement from Dun and Bradstreet is that the company had more than a million in revenue.

So, we were looking for entrepreneurs that had had some degree of success and could speak to the traits that led them there.

Whitney Johnson: So, you're working as an entrepreneur, you've started PC Care Support. Was this your first sort of major company that you had started?

Ryan Westwood: Yeah, absolutely. I was trying to convince my wife that entrepreneurship would make sense. And so, I was an executive for a software company at the time, was called At Task. It's now called Workfront. And what we did is we bought vending machines and we were an early married couple and we rode around after work and filled our vending machines and ran a profit and loss statement in quick books and our own little business. We registered it and went through it. And when we sold it, that was the moment when my wife was like, "All right, you can do this." And that was how I convinced her to let me quit my job for total instability and start a company and not have a paycheck for those first two years.

Whitney Johnson: All right. So, you've now persuaded her because you've got this proof point that you could be successful as an entrepreneur. Although she had to know, right? You told her that story about being 11 years old.

So, she, you know, kind of what she was getting into. But you're now in PC Care Support. You're building this business. You're two years in and you're like, "Oh, we're... there's something that's not working here." So, you said you're going to reach out to all these companies. What kind of questions did you ask them? And then again, what are some things that you learned?

Ryan Westwood: So I, I genuinely felt like it was it was harder than I thought it would be, and I didn't feel like I was ready for the moment I was in. We were 50 employees and I didn't know how to get us past that level.

And so that's why I went into this phase of exploring and I asked entrepreneurs what were the traits that led them to their success. So we, we were really just looking for the characteristics that were going to get them there. And then the follow up... what was fun is we had this other category where we said, "What other advice would you give another entrepreneur?"

And that ended up being a delight for me because I started coming through and then I would email some of these entrepreneurs and say, "What did you mean by this?" And the one thing that came through and this was alarming. A high, high percentage of them talked about creative vision.

The difference between a successful or unsuccessful entrepreneur was the ability to articulate with clarity their vision and then have everybody... and reverse engineer it and help everybody follow it. What I took from that is I needed to trust my instincts and I needed to trust that the vision I had, if I communicated it, that they would follow.

Whitney Johnson: So you've done this questionnaire... At the time that you got that information back, did you have a vision at PC Care Support and you just weren't articulating it or did you have to go back and come up with a vision?

I had a partial vision, but what it led me to believe is that I needed to very clearly know it, and then I needed to do a good job of reinforcing it. And one of the big things I learned from the book and the survey that was, that still today is extremely helpful to me. I used to tell our employees something once. I'd pat myself on the back, go back to my office and say, "Well done, congratulations." And the problem with that is it's a lot like raising your children. You typically need to say it six or seven times. And so, I started learning not only to clearly understand my vision, but to articulate it and reinforce it far more than I thought that I needed to.

Whitney Johnson: So, what's one way that you articulate and reinforce your vision now as a consequence of knowing that? What does that look like?

Ryan Westwood: So, running the day to day operations for Simplus, we have a newsletter every month that goes out. I send an email to our employees. I also send a Slack message to our employees and we have a meeting that is a town hall where they put in questions and they get voted up or down and I answer them. And then we have a company meeting and then we have a locker room meeting where we share all numbers. So, I make sure there are six to seven points where all employees in the company hear me reinforce the same message every month.

Whitney Johnson: So, you learned the lesson and as a consequence, you got that questionnaire back, you learned about creative vision. Did you start articulating the vision and did the tides change for PC Care Support?

Ryan Westwood: It did. I learned there was a second act where I learned some other lessons that I'll share. I always appreciate when other entrepreneurs are vulnerable and share the journey as it really is. So, we created these partnerships and the partnerships we created were with Internet service providers. And what we found is if we're going to compete with someone like Geek Squad, we're not going to out advertise them. Our brand is not going to stand tall against Geek Squad. So, the way we went to market is we realized that Internet service providers, someone calls in and their issue is in a router or the Internet, they can refer them to us. Oftentimes they had customers that maybe had a problem with their router or a computer from Costco with viruses that's three years old and they were blaming the Internet company. So, when the Internet company understood that it was an issue with their hardware, they forwarded them to us. And we formed twenty-seven of these partnerships and our company just took off and we, we grew to about 150 people from that point and a recurring revenue grew by over 300 percent. And we were on the five hundred. And it was because we found a creative way to go to market through a partnership and not out advertise on Google or with billboards like a Geek Squad would do.

Whitney Johnson: Did that idea come to you as a consequence of that survey or was that separate from?

Ryan Westwood: No, it was actually. After that, I spent some time reverse engineering and thinking, "How are we going to get to that next level? It's up to me to figure this out." And it was with me and consulting a couple partners that I had this aha moment. It was actually talking to another Internet company and a friend, and he was describing to me the issue. And I was like, "Wait a minute, we are the solution to that problem."

And that was where it all came together.

Whitney Johnson: Let's talk about focus. I am intrigued by that word focus. So, tell us what you learned and what you did when you discovered that particular characteristic.

Ryan Westwood: Ok, so this was a major epiphany and I felt like it was a turning point in my career. I was interviewing a gentleman named Eric Morgan and Eric Morgan at the time was the CEO of Workfront.

And by the way, after I did those interviews in that book, I found that I learned so much. The second act for me was I started writing for Forbes and a little bit for Wall Street Journal. And the intent was to repeat again what I had learned before. And it was the second big growth area for me personally. And Eric Morgan and I were having this discussion and I was asking him how Workfront had such tremendous success. I mean, he'd grown the business from 20 to one hundred million in recurring revenue. And the thing that was so fascinating about what he did that I was really interested in is they went from being a project management software for everything to a 20 million. At 100, they were only project management, work management software for agencies, marketing agencies. So, it was so counterintuitive to me in the interview, I'm like, "I have to learn more about this." How do you go from this broad software company that serves everyone to this narrow little niche focused in on this small market and you're five times the size?

And so, I started asking them, like, "What did you do here?" And he said, "You know, we found our differentiator and we focused, and we said no." And he started saying no ruthlessly to other opportunities. So, if other industries and other opportunities came, they said no. And they quickly built an amazing reputation where they were focused.

It's Simplus. If you look at what we did, we went from being this broad salesforce implementor to saying we only implement one Salesforce technology. We said no to everything else, which takes incredible discipline and is counterintuitive to an entrepreneur. And then we became really great at that and we landed contracts with the biggest companies in the world by focusing and differentiating. Then I started to apply that personally. What I realized is that as an entrepreneur, most of us see so many opportunities and we get so excited.

You know, there's, someone will present an investment opportunity or another, another opportunity to grow a company. And oftentimes I can see how you could make it happen. Oftentimes I could see the opportunity and I get excited about it. And so, I had to say to myself, "Ryan, do you have to stop and think about how you're spreading your energy and your time."

And so, I started only pursuing anything related to Simplus. I said no, anything related to the book, anything related to a podcast, anything related to anything that did not promote Simplus. I said no to it. And one of the things I learned is that my leaders and my executives followed my lead. They had, they had spread out their efforts too.

And when I said no to everything, I then put a big sign in my office behind me that said Simplus. And I kept pointing at it and every meeting saying the main thing is the main thing. And it was like, no matter what you do as a leader, if you say one thing and do another, it will never work out. I finally decided that I would cut all ties. I was on a bunch of community boards. I was involved in all kinds of different things, investor in things.

I cut ties with everything that wasn't related to Simplus and the multiplier effect from my focus and the inertia we gained is what led us in five years to that two hundred and fifty-million-dollar exit.

Whitney Johnson: Was that hard, though, was it hard to say no?

Ryan Westwood: So hard.

It's not my personality either. And I also, I also love the craft of entrepreneurship, so it's hard for me to not want to help other entrepreneurs. It's hard for me not to want to get involved and share everything I've learned and kind of grow the community and help economically outside of myself a portfolio of companies which eventually I think I will do.

And what I realized by me focusing when we did exit and you saw all these lives of these families totally transformed and the investors and everybody that was involved, the moment when I knew it had all happened and it was public and it hit the wire. I sat down in my office. It was... It was incredible. It was it was an emotional moment because I realized that all we had done, and all these people's sacrifices had come together for something that was great. And then now hearing stories about people. And I still every day, one of the things that makes me smile the most is when some employee says, "You know, we just moved into this new home and these are the things that changed. Our kids are now at this other school." And it's like I pinch myself when I think that we were able to create that value in those people's lives.

Whitney Johnson: So, for everybody who's listening, who struggles to say no, what have you found has been an effective no in the sense that you're able to say no to someone or something without them feeling bad?

Ryan Westwood: So, this is a fantastic question because I think that the delivery is so important and there was actually a couple of entrepreneurs, I reached out to early in my career that ignored me. And I kind of used that as like a rogue psychology of like, "Oh, you're going to you're going to ignore me. I'm going to show you." Right? So that was actually helpful in some ways to me that they ignored me. A lot of times when people reach out, other entrepreneurs, I just explain to them what it is I'm doing just to show deference and respect. "I'm engaged in this. I'm raising a funding round or I'm working on this partnership. I'm heavily involved and please reach out in the future."

And, and so I just let people know it's not that I'm ignoring them. It's not that I don't like them, because I think some people think, "Well, they don't like me." And I think it's as simple as telling them that you're involved in something that you're heavily focused on and just showing them that they're heard.

That's how I've always handled it. And having a fantastic executive assistant is also I cannot, I could I could spend another hour on the benefits of doing that properly.

Whitney Johnson: Let's talk about partnerships. You, you build your first business PC Care Support by looking for potential partners and allies that you talked about with the ISPs and you've done something similar at Simplus as a partner to Salesforce.

Like you said, you focused, focus, focused. What makes a good partner?

Ryan Westwood: Simplus has been built on a partnership with Salesforce. It's been a remarkable partnership where it's been a win win for both sides. One thing that I've always done is just leave a little bit on the table for my partners.

And I hear entrepreneurs sometimes that are infatuated with maybe the valuation that they got.

And so, for example, the companies say companies doing five million in revenue, a software company, and they got a valuation of one hundred million in their first round. Let me tell you why I think sometimes that short sighted in a partnership. Because you then have just put the goalpost out there. This investor now, who you have to think about their side as your partner and they need to get returned to. And so, let's say their investors are expecting a three or four X return where you just raised money in one hundred million on a five-million-dollar company and they now to meet their expectations, you need to sell the company for three to four hundred million. And you're only at five, so the gap between where you are and where you need to go to be a good partner is a really big gap. And sometimes entrepreneurs are fixated... and the reason they're fixated on the valuation is because that's less dilution. That means they own more. But I think there's one other factor, which is how do I create a great and strong partnership? So instead of one hundred, why don't you leave a little bit on the table that says to your partner, you know what, I'm going to make sure this happens for you. And what happens is, is what I have found is my investors, they come in round after round, company after company, and it is a truly remarkable partnership.

And what I found as an entrepreneur, one of my greatest assets is that if I have an idea, there is a line of people willing and ready to fund it because they know we'll deliver returns and I will be a fair partner. And sometimes if you want to be a one-time entrepreneur and show up and have a big event and disappear, that's how you do it. Another area that I think to concentrate partnerships on is what I call your entrepreneurial family or the people that work closest to you. Those are your partners, too. And I know some people see it as an employer-employee relationship, and I've never seen it that way. Those are your partners? I have an employee named Chris Gardner. Chris Gardner started our company as a graphic designer and worked his way up to become one of our greatest architects. And it got to a point where he said, "I want to be a leader." And we were a very, at that point, we're established company with some excellent leaders. And I had no opportunities.

So, I emailed Brandon Rodman, who, you know at Weave, the CEO of Weave, and I told him, "I have an extraordinary talent. I have somebody who has a lot of upside. I want them back in the future, but I want you to give

him some opportunity." And he is over at Weave now leading a sales force or and business unit, and I set it up for him.

I think a lot of people would say, "Why in the world would you do that?" But I have seen the boomerang effect over and over again in my career, which is you set up your partners right and when the time comes, you call them, they will be there for you.

And so, it's counterintuitive, but that's one of the things as a good partner, I highly recommend thinking bigger.

It's not linear. It's not, "Okay, I go from director to senior director." What if they want to go to entirely different department or different company? Will you still enable them and play the long game with your partners?

And so, I think it's a different way of looking at career paths altogether.

Whitney Johnson: Well, you are just singing my, my song. You know, if you think about the S curve and you had this fellow, Chris Gardner, who gets to the top of the S curve, and a lot of people would say, "I want you to stay on this S curve forever." And then, of course, they're going to leave anyway or be completely disincentivized and do nothing.

And you said, "No, no, no. Well, since he needs to leave, there's nothing for him to do. I will pave the way for him to go do something interesting." And then, like you said, it sounds like you've had a number of people boomerang back into working with you as a consequence.

Ryan Westwood: I had an executive assistant ten years ago that was working for me and she started to learn Salesforce. And, uh, it was really exciting to watch her just jump up in her career. And I helped her. And it was at the time I really needed her help in a big way. But I could see that she was growing in such an incredible way and that she had a gift for understanding the technology. And so, we moved her into an operations role. Five years later, when we started Simplus, I called her, and she was instrumental in the growth of the company. In the early days, she really made a big difference. We wouldn't have become what we did without her, but it was five years before the stage was set.

Whitney Johnson: Can you say her name?

Ryan Westwood: Yes. Her name is Caroline Adams.

Whitney Johnson: OK, because we got to give her a shout out. You gave Chris Gardner a shout out. You got to give Caroline Adams a shout out.

Ryan Westwood: Caroline Adams.

Whitney Johnson: So, failure... And I think you started to talk about this earlier. So, I want to circle back to it. There was a moment when you were two hours away from missing payroll, seeing one of your company's fold. What happened? And more importantly, what did you learn from that moment that has informed how you comport yourself today?

Ryan Westwood: Good question. So, going back to PC Care Support, I talked about the exciting partnerships we created, and you would think, "That's where the story ends. It's so exciting and it's a storybook ending." But what happened is I learned a hard lesson about cash flow. And I had a few entrepreneurs say to me, "Ryan, it's not always good to be growing really, really fast." And it never made sense to me. I was always like, "Why? Why wouldn't anybody want to grow as fast as you can grow?" And the principle that I learned is that even when you're growing really, really fast, you have to... and, and you could be profitable. And many times, companies are profitable, growing fast and go out of business. And it happens all the time. And what happened to us is we had a customer purchase a group, a cluster of servers, and then they charged back the credit card and kept them. And so, what happened is, is we sold it at a profitable rate, except we didn't have the money and I learned the principle, when you're growing really, really fast, it usually takes cash. You have to have controlled growth and you have to make sure

you're collecting money quicker than you're spending it. If you look at something as an entrepreneur and you say we're growing at 100 percent year over year and we're buying something for eight dollars and we're selling it for 10. That's not all the story. The other side is how quickly you collect it and how fast you're spending the eight. So that to me was a moment where they, they charge back these servers and it was right before payroll and it was a large amount of cash. I did not have the reserves because I was using so much cash to grow. I was investing every dollar back into the company. So, because I didn't have the reserve and because they charged it back, I wasn't going to make payroll.

Whitney Johnson: So, so let me just pause for a second. When you say charge back, meaning they told the credit card company, "I'm not paying for these." That's a polite way of saying they defrauded you.

Ryan Westwood: Correct.

Whitney Johnson: OK, or they stole them from you. OK, let's just...

Ryan Westwood: Correct.

Whitney Johnson: Just for everybody who's not a non, who's a nonnative English speaker, chargeback means they stole them from him. OK, let us continue.

Ryan Westwood: Yes. So, they have these servers, but they are not willing to pay and exactly what you said happened. And so, we don't have the cash, but they have the product. And so, I'm in a situation that is... I'm upside down on cash flow. We're growing fast. We're on the Inc500, but I have no cash in the bank and I am not going to make a payroll.

And so, I my brother who's co-founded these companies with me, him and I are sitting there and we're actually listing on a whiteboard all the things that we can do. He actually gave me a picture of me sitting at the whiteboard with the list at Christmas years later. But we are sitting there brainstorming and one of the ideas we came up with was we have one larger customer. And that larger customer had to make a purchase of hardware and I thought if I could go down there and visit the customer and convince them to pay up front, I may be able to generate the cash I needed from a customer. I found the owner of this company at a construction site and a truck and convinced him to write a check on the back of the truck and explained to him my situation and told him that we would take care of his networking gear. And he wrote the check. I ran it to the bank at like four o'clock. The payroll happened the next day and no one knew.

Whitney Johnson: When you went to that customer, you told him the whole story, or at least a lot of the story?

Ryan Westwood: I did. Yeah, I, he was an entrepreneur and he was expanding his locations of his business.

And so, I thought maybe this this person would understand and maybe he'd be willing to help me and trust me. And to his great credit, he did.

Whitney Johnson: That's a great story. You sold Simplus to Infosys for 250 million dollars earlier this year. You have people working for you on four continents and it has been a challenging year.

Do you have a moment where you've looked at your team and you just felt insanely proud of people on your team?

Ryan Westwood: Oh, yeah. One of the finest moments for me was we stepped back during the middle of kind of the disarray from the pandemic in April, and we looked at our core values and we were in a situation where we knew we were going to have to lay off about a hundred people if it was to continue at the rate it was going. And we had been preaching for six years our number one core value, which is stewardship and caring. And it's hard to, to, to show caring in a layoff.

And so, what we did is we came up with a plan where if we reduced everyone's salary by five percent and we all came in together, showed our stewardship and caring for each other, that we would avoid a layoff.

And we came together and decided that that's what we would do.

And so, I announced to the company that we did not want to have a layoff, and then if we did it, it would save approximately 12 million dollars. So, we went ahead and did it, and we have not had to have any layoffs in COVID, and we are now restoring salaries and we fought through it like champs together and we didn't have anybody fall among us. And it was a major accomplishment where we lived our values in the heart of a pandemic. And I'm so proud of our team.

Whitney Johnson: You're making me cry. Beautiful.

I love how you, when you didn't know what to do, you went back to your core principles, your core values, and that really informed what your next step was and that allowed people to rise to the good within them and say, "We'll, all, all sacrifice."

Ryan Westwood: It was incredible how our team welcomed that, and it was like it was almost like it was it was just their first instinct, like, yeah, "That's this is who we are and we've been.."

And so, it wasn't a stretch because we'd been living it for the six years prior.

Whitney Johnson: Ryan, this has been such a treat. Do you have any final thoughts as we wrap up?

I think there's three major things that I learned as a leader and as an entrepreneur. One is, differentiate what you do and say no to everything else, have the discipline to say no. The second is to focus and the third is it's uncomfortable for most leaders to focus the majority of their time on the soft things like culture. It's a lot easier to go to business school and learn about strategy, marketing, business development and spreadsheets and hide behind those things, but if you focus on people and culture, that's when the magic happens and that's when you can create transformational organizations.

Whitney Johnson: Ryan, thanks for being with us.

Ryan Westwood: Thanks for having me.

I find Ryan's vulnerability so powerful, being just two hours shy of not making payroll. Must have been terrifying, but he stepped into the moment he resolved to find a solution. He was humble and he turned his constraint into a tool of creation. This ability to think creatively, to partner, to find solutions has become an operational trademark for Ryan. I love his adage of be sure to leave something on the table for my partners. So simple, yet so few people practice it.

I also appreciate Ryan's commitment to his people. And their S curve journey. Healthy environments, healthy workplaces are going to produce people that grow. This growth may lead them to new and different S curves. As leaders, our knee jerk reaction maybe to feel entitled to keep people with us that we've helped develop to hold on tighter. But this is flawed logic.

Rarely does that approach ever work out, because when your people aren't learning, their head may be on that Zoom call, but their heart is somewhere else. Ryan knows this. Ryan gets this. So rather than hold on tight, he freely let's go even helps people jump.

He trusts the wisdom of the S curve and because of that he will continue to be a boss. People want to work for a boss the people love.

Thank you to Ryan Westwood for being our guest. Thank you to our team, Jennifer Brotherson, Sarah Duran, Whitney Jobe, Steve Ludwick, Melissa Rutty and Nancy Wilson.

I'm Whitney Johnson and this is Disrupt Yourself.