

"The Coming Jobs War"

Monday Call, October 31, 2011

New Mannatech Standardized Presentation – Check it out in the Resource Library
Tuesday Night Live – 7:30 PM CDT Kevin Robbins at Mannatech Corp Offices or
www.mannatechlive.com

Important Info: Mannatech will now be requiring CSC code for credit cards. See the article on
www.mannatech.com under “In the News”

Mannatech and Texas Woman’s University announce the development of a Nutrition and Personal Health Coaching Certification Program- More info can be found “In the News”

BP 12 started on Saturday: for existing associates, 2 more BP to find your 2 new associates so you can win your IPAD.

Book Review: “The Coming Jobs War” By: Jim Clifton

1. Introduction

- a. Upcoming war is an all-out global war on jobs
If countries fail to create "good" jobs, their societies will fail.
- b. Gallup poll: next 30 years not controlled by force and military might, instead economic force as a result of GDP and jobs.
 - 1) How the poll started and was made
 - 2) Found what the world wants has changed: no longer desire love, money, food, shelter, safety, peace...now just want a good job.
 - 3) This changes everything for leaders around the world.
 - 4) Wherever the most talented plan to take their talents will determine where next economic empires will arise.
 - 5) America holds a special place: as the most powerful beacon of free enterprise, it has a unique responsibility...and everyone benefits from its success.
- c. WWII: if we lost, would have changed the "free" world; current war is the same...or China will be in control.
- d. Relationship between GDP and job growth. They are like chicken and egg...they live together, one creates the other, and without one, the other dies.
 - 1) Currently 30 million Americans are fighting the war, and 18 million have lost hope...stopped looking, and dropped out of life. Joblessness breeds hopelessness.
 - 2) GNW (Gross National Wellbeing) is driven by hopefulness.
 - 3) Once lose job if fall into hopelessness, everything else falls apart as well.
 - 4) This recession will leave more lasting marks than any before; why...because "my job" defines "my identity" more than ever before.
 - 5) GDP is the sum of all production AND consumption in a country. In US, 70% of our GDP is just consumer spending.
See attached chart on relative country's GDP

When the GDP line crosses (China over ours) then America's reign as economic leader of the world ends.

6) America's only solution: expand the GDP, and through this experience job growth. Reducing money to consumers (higher taxes, lower jobs), reduces spending which reduces GDP. And entitlements must fall: takes 3 workers to pay for 1 retired person's Social Security.

7) Small and medium sized companies are responsible for most of the jobs in America. In 2007, there were 6 million companies in America, 99% of which had 500 or fewer employees.

2. China's Surge

- a. In the next 30 years, China's GDP will grow much faster than US. Why not India and Russia? They are starting too far back (see attached).
- b. He who has the gold rules, and the country with the greatest GDP has the gold and the good jobs. When China gets there, America loses, the world changes, everything changes.
- c. Detroit is a micro example of what might happen to us on a macro basis.
- d. Nobel Prize for Economics 1993 Robert Fogel predicted that by 2040, the Chinese economy will be at \$123 trillion, 40% of world econ. output, US will have 14%, and Euro Union be 5%.

UNLESS: We repeat what happened 1970-2000. Back in 1970, it was predicted that Japan and Germany would become the super powers. Why didn't it happen? Everyone was wrong...why? No one saw the technology boom, the entrepreneurial surge creating massive jobs, massive demand and thus consumption and finally as a result, huge GDP growth. We need to repeat this.

"The traditional or classical economic formulas didn't work because the blind spot of unpredictable human entrepreneurship overwhelmed and washed out all the rest of the variables in the calculations."

3. Classical Economics versus Behavioral

- a. Classical economics is the institution of data, recording all transactions of life. The problem is to use this data means based on facts of past. Today, the most powerful predictors of GDP are entrepreneurship and innovation...almost impossible to see no less forecast.
- b. Behavioral economic data mathematically track what man and woman were thinking before they did something, before they transacted something. "A state of mind, a frame of mind, an attitude, or a value is always in place before a transaction takes place."
- c. We make 20,000-30,000 moment to moment decisions each day, and these choices determine all of an American's transactions. The science of behavioral economics mathematically quantifies the role human nature plays in those moments of thought. And today our thoughts are so connected with others through LinkedIn, Facebook, Twitter, etc.
- d. The new secret weapon: Core energy predicts the conditions that prevail before an economic storm hits. "Simple states of mind, like confidence, optimism, determination, creativity, hope, and drive all exist before decisions that create the transactions of life. Those are the things that bring sudden GDP growth." America's strength is the fact that we are free...free flowing decisions and ideas that unleash the power of all moments of decision, even in tough economic times.

- e. Apply to what is happening now: people complain that banks are not lending...this is untrue; businesses are not borrowing because they are nervous about the economy and don't have the spirit to grow..."lacking confidence not lacking credit." Gallup research shows human decisions are 70% emotional and 30% rational...meaning they need to feel the conditions are right before taking action.
- f. Gallup Poll international...data shows US needs to have 5% GDP annual growth to maintain its leadership. And here is the key: "Individuals are the global economy."

4. Cities...meaning Local

- a. If you asked the author where the next breakthrough will come from he will say "from the combination of the forces within big cities, great universities, and powerful local leaders."
- b. Ultimately all solutions are local...local leaders to pull off doubling their entrepreneurial energy by aligning their local forces.
- c. The Plan: to focus on 4 things
 - 1) Recognize most important solutions are local.
 - 2) Have the entire city wage a war for jobs.
 - 3) Align efforts city wide.
 - 4) Don't allow city constituencies to look toward Washington.The government will never be able to ignite a sustainable economic boom.
- d. Tribal leaders are local people who are highly respected, successful people. They are not politicians.
- e. Super mentors: us, we are the ones!
We are both the entrepreneurs as well as the creators of confidence and action in other entrepreneurs.
These people are critical...best example he gave was Al Gore. He is the one who took the founder of the internet (Vinton Cerf) and convinced him to commercialize it, not just use for defense purposes. Results: saved millions of American jobs and created millions more.
- f. Universities are the origin of some of the most highly successful startups so have a great ecosystem for entrepreneurship and innovation.
"Whether the US stays a world leader or even solvent will be determined primarily by three kinds of people: entrepreneurs, inventors, and super mentors."

5. Entrepreneurship versus Innovation

- a. "Nothing in the world can take the place of persistence. Talent will not; nothing is more common than unsuccessful men with talent. Genius will not; unrewarded genius is almost a proverb. Education alone will not; the world is full of educated derelicts. Persistence and determination alone are omnipotent." Calvin Coolidge
Neither innovation nor creativity are rare in the US. What is wrong is a mass shortage of successful business models. "The scarcest, rarest, hardest energy and talent in the world to find is entrepreneurship."
- b. The business model is everything and we in Mannatech have it! "The precious connector between innovator and customer is the almighty entrepreneur: the person who envisions a value and a customer and then creates a business model and strategy that creates sales and profit."
- c. Intrapreneurs: those who create customers (so we in Mannatech are both entrepreneurs and intrapreneurs).

- d. Human development occurs when there is resistance. Mannatech???
- e. Entrepreneurship does not just supply, it builds demand. "True entrepreneurs...either (1) take a current product or service and make it available to those who are not served or who are underserved, or (2) they take a new idea and build enthusiasm, interest and desire for it -- a new demand."

We do both in Mannatech.

- f. Entrepreneurs are people of action and possess an unnatural overload of two characteristics: optimism and determination...they don't see barriers and they never quit. "Entrepreneurs are rare doers - and because of this, they are the most valuable people in the world, at least as far as the pursuit of economic development, GDP growth, and almighty job creation are concerned."

6. High-Energy Work Environments

- a. Miserable employees create miserable customers. Gallup has determined that 28% of the American workforce is "engaged," another 53% is "not engaged," and a staggering 19% is "actively disengaged."
- b. There are 12 survey items that neatly factor all workers into the three categories of engaged, not engaged, and actively disengaged...see attached. Rated on a measure of 1-5 scale for each response.
- c. Apply this to your Mannatech team members...know that these are criteria you should work on with your Team. We all need to raise the 12 frames of mind daily which will generate incredible job growth and increase in GDP.
- d. "What leadership activity or behavioral economic variable best predicts real sales increase? Customer engagement." What do we need to do with Mannatech to create this increase?
Results: Buy more frequently, increase purchases, pay higher margin.

7. Customer "Science" (Service)

- a. New global customers create new US jobs. The battle for global customers will be the defining element in the new war on jobs.
- b. US must listen better and then deliver what customers want at fairer prices.
- c. "What customers at any level really want is somebody who deeply understands their needs and becomes a trusted partner or advisor."
Relationships always trump price...they inspire customer engagement.
(Mannatech's new program coming out by next year)
- d. To measure customer engagement, 11 questions Gallup scientists found and are attached hereto. Answer on scale of 1-5, and work toward getting all customers to answer at 5.
- e. US must increase its exports by about \$1.5 trillion 20 times over next 30 years.

8. Where Entrepreneurs are Created

- a. Start in the schools...K-12. 30% of our kids drop out of school before finishing high school and 50% of all minorities are dropping out. This will kill our future job growth as well as our ability to compete.
Gallup finds that kids drop out when they lose hope of ever graduating.
- b. Bill Gates Foundation Project, Race to the Top, No Child Left Behind, all have failed.

- b. Need to
 - 1) Focus all local groups on student engagement or confidence to graduate.
 - 2) Use Gallup's Student Poll as the core behavioral economic metric. see attached
 - 3) Reduce by 1/2 the students who lose hope to graduate
 - 4) Involve all local social-based organizations
 - 5) Double student hope.
- c. There is a Gallup HOPE index.

9. Why Fix Health care or Kill Jobs

- a. If healthcare costs are not addressed, nothing else will matter since this alone will bankrupt America. It is not about insurance and who will pay, it is about prevention.
- b. Gallup Well-being Index which is the largest study on well being ever, concluded that obese and overweight people have less physical and psychological energy. This reduces workforce effectiveness, and puts a sever drain on our economy especially since we are the most obese nation in the world.
The significance of this issue far outweighs any other issue we have facing us as a nation.
"Unless drastically changed, healthcare costs will be the thing that wipes America out."
A classic economic approach is to find a better way to pay for it. "A behavioral economic view is that if America can get the masses to make different decisions about their lifestyles, then the country can solve this."
"The bottom line is that the big solutions lie within getting people to eat differently and changing their relationship to death."
- c. Making people make better choices is just about re-allocating the costs. Like the smoking project where they introduced the image problem to the younger generation and all of a sudden 50% less smokers teens, why not an image problem with fat and obesity. Also brought up the Texas example of stopping the run away litter costs by tapping into the pride of Texans: "Don't Mess with Texas" campaign saved millions.
- d. Behavioral Economics of Wellbeing
"The US can't create the best jobs until these five key behavioral economic indicators become the new demands of all leaders:
 - 1) Career well being
 - 2) Social well being
 - 3) Financial well being
 - 4) Physical well being
 - 5) Community well being
 "There are no solutions to the healthcare problem where American leaders are currently digging. Moving the money around isn't a solution. Solutions lie within changing behavior."

10. Global Well Being

- a. We live in an interconnected world. US needs to have its relations with countries be based on a business relationship.

b. Before a country can obtain almighty job creation and then job growth, it has to perform well on the 8 steps of wellbeing.

- 1) Law and Order
- 2) Food and Shelter
- 3) Key Institutions
- 4) Mobility and Communication
- 5) Youth Development
- 6) Job Climate
- 7) Job Enhancement

c. The US must attract the greatest talents around the world and keep them, or that talent will go elsewhere. Immigration issues must be overcome to keep the greatest talent we can.

d. US exports will increase when they tie the results of the exports to building the key 8 steps of well being.

Top 25 Nations Ranked by GDP:

1. United States	\$14.62 trillion
2. China	\$ 5.745 trillion
3. Japan	\$ 5.391 trillion
4. Germany	\$ 3.306 trillion
5. France	\$ 2.555 trillion
6. United Kingdom	\$ 2.259 trillion
7. Italy	\$ 2.037 trillion
8. Brazil	\$ 2.024 trillion
9. Canada	\$ 1.564 trillion
10. Russia	\$ 1.477 trillion
11. India	\$ 1.43 trillion
12. Spain	\$ 1.375 trillion
13. Australia	\$ 1.22 trillion
14. Mexico	\$ 1.004 trillion
15. South Korea	\$ 986.3 billion
16. Netherlands	\$ 770.3 billion
17. Turkey	\$ 729.1 billion
18. Indonesia	\$ 695.1 billion
19. Switzerland	\$ 522.4 billion
20. Poland	\$ 470 billion
21. Belgium	\$ 461.3 billion
22. Sweden	\$ 444.6 billion
23. Saudi Arabia	\$ 434.4 billion
24. Taiwan	\$ 427 billion
25. Norway	\$ 413.5 billion

Employee's responses to the 12 survey items neatly factor all workers into three categories of engaged, not engaged, and actively disengaged. These items are: (Scale 1-5)

- Q01. I know what is expected of me at work.
- Q02. I have the materials and equipment I need to do my work right.
- Q03. At work, I have the opportunity to do what I do best every day.
- Q04. In the last seven days, I have received recognition or praise for doing good work.
- Q05. My supervisor, or someone at work, seems to care about me as a person.
- Q06. There is someone at work who encourages my development.
- Q07. At work, my opinion seem to count.
- Q08. The mission or purpose of my organization makes me feel my job is important.
- Q09. My associates or fellow employees are committed to doing quality work.
- Q10. I have a best friend at work.
- Q11. In the last six months, someone at work has talked to me about my progress.
- Q12. This last year, I have had opportunities at work to learn and grow.

To measure customer engagement, these are the best 11 questions Gallup scientist have found to ask customers anywhere in the world: (Scale 1-5)

- CE1. Taking into account all the products and services you receive from them, how satisfied are you with (company) overall?
- CE2. How likely are you to continue to do business with (company)?
- CE3. How likely are you to recommend (company) to a friend or associate?
- CE4. (Company) is a name I can always trust.
- CE5. (Company) always delivers on what they promise.
- CE6. (Company) always treats me fairly.
- CE7. If a problem arises, I can always count on (company) to reach a fair and satisfactory resolution.
- CE8. I feel proud to be (a/an) (company) customer.
- CE9. (Company) always treats me with respect.
- CE10. (Company) is the perfect company/product for people like me.
- CE11. I can't imagine a world without (company).

Gallup Student Poll (Scale 1-5)

1. Please imagine a ladder with steps numbered from zero at the bottom to ten at the top. The top of the ladder represents the best possible life for you and the bottom represents the worst possible life for you. On which step of the ladder would you say you personally feel you stand at this time? On which step do you think you will stand about five years from now?
2. I know I will graduate from high school.
3. There is an adult in my life who cares about my future.
4. I can think of many ways to get good grades.
5. I energetically pursue my goals.
6. I can find lots of ways around any problem.
7. I know I will find a good job after I graduate.
8. I have a best friend at school.

9. I feel safe in this school.
10. My teachers make me feel my schoolwork is important.
11. At this school, I have the opportunity to do what I do best every day.
12. In the last seven days, I have received recognition or praise for doing good schoolwork.
13. My school is committed to building the strengths of each student.
14. In the last month, I volunteered my time to help others.
15. Were you treated with respect all day yesterday?
16. Did you smile or laugh a lot yesterday?
17. Did you learn or do something interesting yesterday?
18. Did you have enough energy to get things done yesterday?
19. Do you have health problems that keep you from doing any of the things other people your age normally can do?
20. If you are in trouble, do you have family or friends you can count on to help you whenever you need them?

Specifically, local leaders can use these key metrics to monitor 5th through 12th graders' potential for entrepreneurship and free enterprise:

1. I plan to start my own business.
2. I will invent something that changes the world.
3. My mind never stops.
4. I never give up.
5. I am not afraid to take risks even if I might fail.
6. I want to be my own boss.
7. The more education, the more money I will make.
8. My school teaches me about money and banking.
9. My school offers classes in how to start and run a business.
10. Do you have a bank or credit union account with money in it?
11. Are you currently interning with a local business?
12. Have either of your parents or guardians ever started a business?
13. Do you run your own business now?
14. How many hours did you work at any paying job last week?