

# The Jam-Packed Success Profile Summary Of John D. Rockefeller's Life

## Creator Of Standard Oil & Still The Worlds Richest Man (\$663.4 Billion According to Wikipedia)

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Expect Typos :-) I wrote this for myself, and I am sharing it after encouragement from friends to do so.

You are welcome to share this report with your children, loved ones, friends, and anyone you think whom could benefit from learning about the life of John D Rockefeller.

**November 15th, 2010 - From a tiny island somewhere in Thailand.**

Right now I'm on a 90 day trip around the world. It's been amazing, but it's also been very long, and I can't wait to be home to work again. About 1 month into my journey and I couldn't take it. I had to create. It's in my blood. So here's what I did. I studied the mind of John D. Rockefeller and condensed his life into a bite sized version, based on the massive 832 page biography I read.

**What I'd like in return for giving this away completely free**

Just a simple thank you. Those mean a lot to me.

Drop by <http://www.facebook.com/danemaxwell> and drop a word of thanks on my wall.

**Now please, turn the page and enjoy!**

## **Let's Start From The Top!**

What do Exxon, Mobil, Amoco, Chevron, Sun, Conoco, and Shell all have in common?

Answer: They were all owned by Rockefeller before the government broke them up.

He dominated the industry, and it's remarkable how he pulled it off. Before we get into the meat...

### **John D's Sales Script To Get Business**

When John started his first business in the commodities industry (before oil refining), he was a master salesman. Here's how he got the business.

Instead of brashly trying to poach clients from rivals, he modestly outlined his firm's services. Here's how he puts it. "I would go into an office and present my card and say to the man that I supposed his business connections were satisfactory, and that I did not wish to intrude upon him, but that I had a proposition that I myself believed in and believed it would be to his advantage, that I did not expect him to decide off hand but asked him to think it over and I would see him again about it."

Orders to handle commodity trades poured in almost faster than he could handle them. John commented, "I found that old men had confidence in me right away."

### **A Few Things To Remember Before You Get Into The Gold.**

Disclaimer: I may not be 100% accurate on the numbers, such as exact ages and exact revenue numbers, but I do my best to be painfully accurate in discussing the important items, such as the principles and habits of this remarkable man.

Proper credit must go to the source for this information. Everything I am sharing with you is from the biography "Titan" by Ron Chernow. I want to express my complete and sincere gratitude for the back-breaking hours Ron put into John D's biography. Go and buy the book now. It deserves a place on the bookshelf (or kindle) to any serious student of success.

This report was created from Titan, an 832 page book. It was bloody painful to read and finish. You are getting the gold from my quest through 832 pages.

My goal with this report is to share many things with you, including John D's:

- Specific personality traits
- Habits
- His inner beliefs and what drove him
- His dark side, and finally...

- Mistakes I believe he made

John D had the skills of a Billionaire. And if you want, you can take these skills and apply just 1% of them to your life and likely come out at least millionaire.

### **What did Standard Oil actually sell?**

John was in the oil refinery business.

Kerosene and naphtha (a flammable oil). Then branched out into petroleum by-products, selling paraffin wax for chewing gum and residual oil tar and asphalt for road building. Soon enough they were manufacturing lubricants for railroads and machine shops, as well as candles, dyes, paints, and industrial acids.

John was rare in that he had two qualities that are almost never found in 1 person. He was the entrepreneurial salesman who started a company, and also the technical numbers type manager to grow and extend it. A very rare combination. If you'd want to have 2 qualities, these would be the ones to pick.

John started with nothing. It were his personality traits, mindset, skills, habits, and a few external circumstances that contributed to his status as a billionaire. Had his timing and circumstances not been as fortunate, I think (maybe) he would have just been a millionaire.

### **External circumstances that had an impact:**

While I like to focus on learning the skills within your control, I think it's important to highlight the external circumstances that aided Rockefeller as well.

- The specific location where oil was found happened to be in his state Pennsylvania, and was contained to this area for many many years. If it had been found at the same time all over America, Rockefeller would have had a very difficult time monopolizing the industry.
- The start and infancy of the industrial revolution, no rules were yet created to govern the superpowers like Rockefeller.

Side note: many folks make a killing at the beginning of an industry before government can step in to tighten the screws. I had lunch with a very smart marketer who owned PressReleases.com and on the side "bought and sold email addresses like a whore" (as he put it) for an extra \$500k per year in the early days. After government stepped in and created regulation with Can SPAM, it was not possible to do anymore.

Another example: Andrew Carnegie made a fortune flipping and middle manning bonds globally until the government stepped in to regulate that industry.

- Incredibly low taxes, no federal income tax, and near zero government regulation.

Towards the end of Rockefeller's life the first Federal Income tax was created, and made it difficult for those after him to amass the wealth he had. When this tax was created John was upset, saying "Government has no right to dip their hands in the pockets of a mans hard earned money." Boy, I bet John would be straight up pissed today.

- Thomas Edison's light bulb was created, but took 15 years to catch on. People were very hesitant to adapt the new technology. (Both Edison and Rockefeller took great pains to publicly plant doubt into the people about each others product. Rockefeller would say lights can harm you and Edison, that kerosene can burn your house down. A little childish eh?)
- But as the light bulb caught on, fate dealt John his biggest blessing...
- The automobile is what cemented Johns position as the worlds richest man. All of Johns life work put him in the best position to profit from the automobile industry.

While John D's circumstances supplemented him, they weren't the reason for his success. While Oil is the industry John made his fortune in, it wasn't the reason for his success. John could have applied his skills to any industry and done very well. Before getting into oil he started and ran a successful commodity business.

Before we start, a little rant, but helpful to digest:

Often I will hear people say things like "Oh yeah well if I had discovered oil or been around at that time I would be rich too." Or the more general: "If I had thought of that idea I would be rich too."

So, you need a great idea to be rich then? Sadly this is what many people think.

Not only is this completely incorrect, it's misguided thinking. And worse, it's damaging to think because it doesn't allow you any room for growth or improvement. It doesn't allow you to become a better person. By scoffing off the notion that you need an idea to be successful, you leave the real science of success out of your control. And you deceive yourself when you think this way. Think about how many hundreds and thousands of men got into oil. John beat all of them. They all had the same idea, but it was John D's personality traits, skills, and habits that he used wiped the floor with his competition.

By understanding John D Rockefeller, you will have a first hand look into the reality of running a successful business and obtaining massive wealth. Not theory, not opinions, not fiction, but facts.

**To understand where John fit in with his mindset as a Billionaire, lets contrast him with the other levels of wealth mindset as well.**

Understanding the mindsets of the poor, middle class, millionaires, and billionaires.

Note: These groups are neither bad or good, and no one group is better than the other. Every person is of equal worth and value and special in their own unique way. I am not

passing judgement on any group, these are only my observations.

Also note that I said mindset, not the amount of money each group has in the bank. Many millionaires or billionaires are broke more than 1x, but that doesn't make them poor or middle class.

I'm talking about mindset. Wealth is within the mind.

Here are my personal observations on each mindset group:

The Poor believe in being dependent and taken care of by a 3rd party. Welfare for example. Children can sometimes never break this mindset and are dependent on parents for life. Poor believe that getting wealthy is a matter of luck, and often play the lottery as a result.

The Middle class believe in working and being self sufficient. They believe in financial security. The majority believe in exchanging time for money. And to make money without spending time is a foreign concept. Typically they believe their job is the sole source of prosperity and usually have 1 source of income. Maximizing the amount of money made per hour is usually the goal of the middle-class. You see massage therapists or dental assistants as a good example here, being lured in by the higher average dollars per hour. Many of the Middle Class tend to think of purchases in terms of monthly payments. Each new raise is an opportunity to expand their spending, and get that more expensive car (on a monthly payment).

You won't find the typical middle class person keeping a balance sheet or financial statement, or measuring net worth or cash flow growth each year. In response to hearing this, you might hear a middle class say "Life isn't about money, why would I place such importance on money and keep track of these things?" When in reality, their entire lifestyle is controlled by their lack of control with money. They typically don't believe in outsourcing, and like to do things like remodeling or yard work themselves.

Many self employed entrepreneurs such as Realtors, Mortgage Brokers, Therapists, or Doctors are usually in the middle class mindset, because they only make money if they spend their time. You'll also hear Middle Class people say things like "Of course he's rich, he's a doctor." Which further cements the belief that a job is the sole source of income. If a middle class wants to gain more income, they will often go and get a second job, exchanging more time for money. (Further cementing their belief that you must spend time to earn money).

To some of the middle class, becoming wealthy can seem to be a matter of circumstance, and at times you'll find middle class folks buying lottery tickets too.

Millionaires believe in being self sufficient as well but the key difference is that millionaires believe in having multiple streams of income, not 1. While the middle class believes in financial security, millionaires believe in financial freedom. Millionaires believe that getting wealthy is a matter of science and predictability. They will typically focus on being

incredible in one area, and outsourcing every other area. A millionaire will sometimes have yard maintenance, laundry, and grocery shopping outsourced, and the middle class will often look amused or confused at this act. But because a millionaire's time has been made valuable by his skills, his time is best invested in his core areas. A small business, a real estate rental, or investments in other businesses are common items you'll find on a millionaire's balance sheet. Millionaires have strict investment, savings, and spending habits. Millionaires make money to invest first, spend second. Millionaires do not seek to maximize their own time per hour, but to maximize passive income, and aim to make money without spending time. Or if they do spend time to earn money, it's because they do what they love, and they do it by choice, not because they have to. All while focusing on having multiple streams of income in addition to what they do. Millionaires typically own a small business.

Billionaires typically believe in having multiple streams of revenue in one focused industry. Whereas a millionaire will have multiple streams of income in different industries, billionaires will usually focus their streams of revenue in one. Think Bill Gates with Microsoft Office (1 stream) and Windows (another stream). Or McDonald's with adding a new high selling item to their menu, another stream of revenue. Or Google, starting with search based advertising (1 stream) and expanding into content ads (another stream). Billionaires often have armies of smart people who do the heavy lifting. Billionaires believe in leveraging the efforts of talented people to an incredible degree. Whereas the middle class will spend their life trying to be the smartest and most credentialed they can be, the billionaire focuses on building a team of people much smarter than themselves. Billionaires train themselves in understanding and leading people. And you'll rarely find a billionaire who's a genius, they usually hire them instead. You'll likely not find a billionaire doing manual labor, but rather using their mind or army of workers for heavy lifting.

Everything that I've just described about a Billionaire fits Rockefeller to the detail.

### **Let's get into John D's personality traits, mindset, skills, and habits.**

Depending on business or home, John had different aspects of his personality. After 80 hours of studying his biography, 10's of hours just thinking about it, and about 20 writing this report, here is the list I came up with.

This list is not in any order.

#### **Personality Trait - Punctual**

"A man has no right to occupy another man's time unnecessarily." - John D

Rockefeller rarely granted appointments to strangers and preferred to be approached in writing. Paranoid about spies, he never wanted people to know more than was required.

John D adhered to a fixed schedule, moving through the day in a calm, smooth metronome like way. He never wasted time on things of little value or significance.

If billionaires have to be protective of one thing more than any other, it would be time. John was no exception. John's executive team communicated via written letters, not the telephone. He didn't allow interruptions to his schedule. You communicated on his time or not at all. This was an excellent discipline. John D restricted access to himself. He would adhere to a strict schedule and never deviate from this schedule.

### **Personality Trait - Focus & Concentration**

"Do not many of us who fail to achieve big things . . . fail because we lack concentration - the art of concentrating the mind on the thing to be done at the proper time and to the exclusion of everything else?" - John D

This is one of those quotes that deserves to be on a wall in my house. And I believe it will once I find the best place for it.

Even in 1870 John understood that multi-tasking was crippling. What a stud.

John D had super human focus and concentration. One of his employees commented "I don't think a man comes around like John but one time every 600 years." This is incredibly true. While digesting the book I found that he had 2 incredibly rare CEO personalities. You hardly ever find these 2 traits present in a single CEO. The first; he was the scrappy do anything it takes to get started and pull through entrepreneur, and two, he was the methodical measurement CEO type to plan, analyze, implement, systematize, and carry the business on. Anyone who's been in the business of business for a while will be nodding their head at the fact that these 2 traits are incredibly rare to find in one person.

Where did John direct his focus? Primarily on monitoring the numbers of his vast empire, among a few other things which you'll learn about later.

### **Personality Trait - Extremely Confident**

At age 26, John operated the largest refinery in Pennsylvania. He was in the beginning years of his oil empire. When the 70 year old Vanderbilt sent a letter to John asking him to come to New York to negotiate railroad terms, John refused and told Vanderbilt that if he wanted to do business with him, he'd have to come to Pennsylvania.

This takes some serious balls. And to do this to one of the most respected and richest men in the world? John was supremely self confident. But he didn't do this out of spite or ego, he knew he held the power with his large consistent oil shipments (irresistible bait for a railroad owner), and kept that as leverage over Vanderbilt. Vanderbilt indeed came to John. The entire community was in shock. John's status was already respected, but this carried him even further up the ranks of society.

His confidence got the better of him one time and his pure ego came out during a conversation with a competitor, when John told the man straight up:

"I have ways of making money you know nothing about."

Why could John be so confident? I gave this some thought. I believe it's because he understood his business financials and numbers like a toddler knows their ABC's. If you argued with a toddler and said that the letter "C" is not in the alphabet, they could confidently argue against you. They know it's there! If you argued with a business owner about his numbers, and the business owner knew them Rockefeller style, he would have the confidence to dispute you. Many entrepreneurs who have insecurities about their business usually don't have a good handle on their numbers. Numbers give you power. I think his confidence came from this skill. Many folks from all walks of life and income have low confidence with their money, and it's because they don't understand their numbers. Want confidence in your finances? Become Rockefeller-like with your numbers. Here's an easy first step: Open up your online bank account each morning and look at the past days expenses, the log out. Keep your first step simple.

### **Personality Trait - Perseverance**

John dropped out of high school at age 15 and went to a 2 year business college. At this college he learned the skill of double entry accounting. After graduation John began looking for his first job. He had little interest in thinking small. He made a list of the biggest businesses in Pennsylvania and started going door to door.

He'd walk into the business and up to the receptionist and get straight to the point. "I'd like to speak with whomever is in charge." The receptionist would usually say they were busy. "I'll get straight to the point, and I'd like to offer my services to you as a book keeper and inquire about a job."

He was met with NO many times. In fact after 6 weeks of soliciting every single business said NO to him. So what did he do? He started at the beginning of the list again. He worked at finding a job like you would actually work at a job. Wake up, start prospecting at 8AM, and work until 5PM searching for work.

If you think businesses might be annoyed by this, you're partially correct. But John's approach was low key and businesses grew a great respect for his perseverance.

How many people do you know personally who approach finding a job with this kind of zeal? Not many for me, the ones I know will look online for a couple hours and call it quits.

John D has perseverance that is sobering. He went 6 weeks doing the same thing over and over again every day until he found his first job.

This same specific skill of perseverance is transferable to his success in the Oil business. Who saw many weaker minds drop out while John D persevered.

At his first job, John D approached his work with the passion you'd expect as if he owned the business. He'd examine every bill down to the penny. The business owners were in their

40's or 50's, and John D was disgusted that they would hand him a bill from a plumber and tell him to pay it, when just 1 day earlier John found and told the owners that the plumber charged them extra.

John couldn't work for such careless men long, and he raised money to go into the commodities business for himself with 1 partner.

### **Personality Trait - Self Reliant**

Being abandoned by his Father for stretches at a time, John D set out to never wait or rely on another human again. By only relying on himself, he could be in control. John D approached charity with the same mindset. He would avoid giving to charities if they could not sustain on their own, although at times he'd get sucked into handing money over to charities after they started because he didn't want to see them fail.

### **Personality Trait - Spiritual/Religious**

Religion was #1 in John's life, then came business. If colleagues wrote to him when they should have been in church, they would avoid putting the real dates on their letters.

Religion was part of their daily routine. For example, each meal would start with a bible verse. If the family ever wanted to sing songs, they'd only sing bible hymns. They were very, very religious.

Introduced to Religion by his mother, John D was a devout faithful Christian. He missed 2 Sunday church sessions over his entire life. Religion was the primary driver for John D's life. He firmly believed that oil was God's creation, and thought it his job to do the Lord's work. Whatever your opinion might be of this belief, the important fact is that he had a belief that was rock solid.

A belief that drove him.

The spark for John's ferocious desire to be wealthy came from a conversation he had with a priest who told him, "John, it is your worldly responsibility to make as much money as possible, and then give away as much of it as you can."

John D went on to make more than any man in history, and also to give the most away.

### **Personality Trait - Disciplined**

I've yet to hear of a more disciplined man than John D. He never smoke, never drank, and never gambled (because of his religious beliefs).

Every single move John made was a disciplined one. He followed a daily schedule down to the minute, and never deviated. (Yes, never).

Every morning at 9:15 sharp, John D arrived to work, dressed immaculately, with the letter R neatly incised on his black cuff links. He carried an umbrella and his gloves, and wore a high silk hat. He stressed the importance of polished shoes. He dressed the part of a successful executive for the time period.

He had a barber shave him every morning at the same hour.

Even his daily breaks were disciplined and on time. The mid morning snack of crackers and milk and the after lunch nap were designed to conserve energy and help him balance mental and physical power.

John would walk the office covering the same distance in the exact same time. He had soundless movements and the steady voice of an undertaker. He'd startle people by randomly appearing at a desk and calmly asking to inspect their work.

Even in his retired years he'd follow a disciplined schedule down to the minute. In his 90's you could expect John on the golf course at exactly 12:12 every day. Major businessman like Henry Ford would go there and wait to meet him.

His schedule while retired before the age of 90:

Whether in business, prayer, or recreation, he still had the craving to use ever hour profitably.

Rising at 6AM, he read the newspaper for an hour, then strolled through house and garden from 7 to 8, giving a dime to each new employee and a nickel to each veteran. He then breakfasted at 8, followed at 8:45 by a game of numerica (a puzzle game), which gave him time to digest his food properly (he was strict about relaxing after eating to let his food digest). From 9:15 to 10:15 he worked on his correspondence, mostly devoted to his philanthropy and investments. (As many as 2,000 letters arrived daily at his home, most of them solicitations for money.) From 10:15 to 12 he golfed, from 12:15 to 1PM he bathed and then rested. Then came lunch and another round of numerica from 1 to 2:30. From 2:30 to 3 he reclined on the sofa and had mail read to him; from 3:15 to 5:15 he motored, from 5:30 to 6:30 he again rested, while 7 to 9 was given over to a formal dinner, followed by more rounds of numerica. From 9 to 10 he listened to music and chatted with guests, then slept from 10:30 PM to 6 AM - and then the whole merry-go-round started up again. He did not deviate from this routine by one iota, regardless of the weather. One friend who observed this rhythm at close range found "something bordering on the superhuman, perhaps the inhuman-in this unbroken, mathematically perfect schedule. It was uncanny."

### **Personality Trait - Rigid**

I believe John was a rigid guy. Everything followed a specific process, and nothing was done by accident. He was rigid to a fault, and I think his children suffered by having to follow things perfectly without error. This nervous energy about "Am I doing the right thing?" during his kids childhood flooded into adulthood.

### **Personality Trait - Optimistic**

One time on a horse trip to the oil derricks, John and his partner Henry had to stop and cross over a fallen tree that acted as bridge resting over a muddy oil mix below. John told Henry he did not want to cross for he feared he would fall. Henry encouraged him to cross. Sure enough, when John crossed, he slipped and fell waist deep into the oily mud, he was covered. (It was an hour ride further to the derricks, and 2 hours back, no showers, and he would be muddy the whole time). When he looked up at Henry, his partner was expecting to get chewed out by John. But John looked up and smiled to him and said, "Well Henry, you've got me head and shoulders into the oil industry!"

### **Personality Trait - Calm, Quiet & Curious**

"His long silences, so that even we could not locate his objections, were sometimes baffling." - A Standard Oil employee

Rockefeller equated silence with strength: Weak men had loose tongues and blabbed to reporters, while prudent businessmen kept their own counsel. Two of his most cherished maxims were "Success comes from keeping the ears open and the mouth closed," and "A man of words and not of deeds is like a garden full of weeds."

When angry, he'd grow eerily quiet.

One time a contractor stormed into his office on a tirade screaming this and that for a couple minutes. Rockefeller didn't look up or acknowledge the man until he had stopped screaming. After the man finished John swiveled around in his chair to look up at the man and say "I didn't catch what you were saying, Would you mind repeating that?"

From what I gathered, John listened 80% of the time or more, and spoke about 20%. John would use his silence as power. He had a "quiet stare" to make men very uncomfortable.

John would sit silently at meetings, hardly ever talking. He let his team do the talkng. John would jump in to lead the topic briefly, but then sit back and let the team formulate action steps.

In his early twenties, just getting started in the refinery business he would visit the drilling derricks and ask questions of the working men, digesting as much as he could and hardly ever talking. The more he talked, the less he could learn about the oil drilling business. (His expertise was in oil refining).

John had a strict rule about talking business at church. It was not to be done. Here's how John handled people who disobeyed this rule.

For example, John attended the same church his entire life. When many folks became wealthy they would upgrade to the "rich church" while John stayed true to his roots and

attended the same humble church. This was an attraction and many folks would attend this church in droves to see John. Because he was such a secretive mysterious figure, people had to see who this man was. At one Sunday session afterwards out on the hill, one man told John he had bought oil barrels at a great price of 44 cents a barrel, and he asked "John, what do you think I should sell them for?"

John turned to the man and stared at him silently, leaned forward, crossed his legs, put his elbow on his knee and his hand under his chin, and continued to stare for a few more seconds. (The man grew very nervous and restless). Then John sat back and un-crossed his legs, and looked away to continue his prior conversation.

The man who asked the question started squirming and became uncomfortable (obviously), and had the gall to ask again, "John, so what would you do?"

John was very well known for having sharp, piercing eyes.

John turned slowly and calmly replied, "I would do what I thought best."

That was the last time anyone ever tried to talk business with John at Church on Sundays.

Talk about total power. John was well known for being silent and yielding ultimate influence in situations like this. He was the exact opposite of the loud talker seeking to be the center of attention. John liked to stay in the background, always observing. I think you can learn a lot about John by how he responded in this situation. This kind of treatment was torture for people who displeased him.

### **Personality Trait - Reserved & Calm**

Even though John was even-tempered by nature, he had purposefully honed his skill into a perfect instrument.

"You could do or say the most outrageous thing at this moment and I would not show the least sign of excitement." - John D

One employee said "He never lost his temper, raised his voice, uttered a profane or slang word, or acted discourteously."

That's a pretty remarkable thing to be able to say about someone.

How is this possible? Maybe John didn't have normal emotions like the rest of us? Nonsense. He had the full range of emotions any human has. Where most people fail to channel their emotions into calm energy, through practice, John had ultimate control over his.

John trained his face to be a stony mask so that when workers brought him telegrams, they couldn't tell from his expression whether the news was favorable or not. He was impossible to excite. The only times I ever found him with excitement were in the early years just

getting started, when he'd land a big sale or contract. He'd skip into the office, jump in the air, celebrate, and click his feet together.

As situations would begin to heat up, John would calm down and instantly command the power in situations. I remember reading a situation where Rockefeller was with his partner John Archbold, and Archbold was talking enthusiastically to a competitor about why he should sell to Standard Oil. As the room heated up and things got tense, Rockefeller leaned forward, put his hand on the mans knee and said in calm confident voice, "Don't you think it would be best to sell to the Standard Oil, so that we aren't forced to run you out of business?"

John lived his life by numbers. He proudly boasted having a pulse of 52. He always carried himself as calm and reserved. I believe he had 2 outbreaks in the entire biography that I studied. Here is one of them.

In his later years, when John's personal biographer read out loud the attacks that Ida Tarbell had written about his father, it probed some seriously buried pain. John erupted with fury. "What a wretched utterance from one calling herself a historian. So she turned to this miserable fabrication, with all the sneers, all the malice, all the sly hintings and perversions of which she is master, and with more bitterness than ever attacked my father." Rockefeller couldn't regain his self-control and his famous granite composure had utterly broken down. Sputtering with rage, he continued "the poison tongue of this poison women who seeks to poison the public with every endeavor . . . to cast suspicion on everything good, bad, or indifferent appertaining to a name which has thus far not been ruined by her shafts." Finally aware that he had uncharacteristically let his guard down, John soon checked himself and restored to the old pose of philosophic calm, reassuring his biographer in soothing tones, "After all, though, I am grateful that I do not cherish bitterness even against this historian, but pity." John made sure he never slipped up again.

My personal favorite story about Johns calm control in tense situations was when the courts issued their first win on Standard Oil. They fined him the maximum amount of money possible for his highly unethical railroad rebates (which you'll read about later). It was in the millions of dollars.

John was playing golf at the time with a group of men, when a messenger rushed to down to John and handed him a telegram. The messenger knew what it said and was very emotional as he handed the letter to John. John looked at the letter, read it, did not show one sign of emotion, handed the letter back to his messenger, looked over to his golf party and said, "Shall we continue?" . . . The golfers all knew what was going on because this court case was public. The golfers knew it was terrible news because of the messengers emotion, but were shocked at how John calmly read the letter. John went on to crush one of his longest and straightest drives from the Tee seconds after, not even phased by the news. As time went on one of the golfers had the chutzpa to ask what the damage was on the verdict. And a little emotion slipped out from John, "It was the maximum amount possible, but I'll be in hell before they ever get that money." In the end, Standard Oil appealed the case and got the verdict reversed.

## **Personality Trait - Calculated**

"I charted my course by figures, nothing but figures." - John D

Read that quote a couple times. Think about it. Let it really sink in. Consider what he didn't say. He didn't say he went with his gut, or that he relied on intuition as so many of us do. He said he used nothing but figures to chart his course.

Indeed, Standard Oil would not have existed long under the rule of an undisciplined man who rushed or glazed over the numbers.

Given the primitive communications and record keeping of the late nineteenth century, Rockefeller had to be disciplined to masterfully coordinate the endless array of data within his decentralized empire.

Numbers gave John an objective yardstick to compare his many operations, enabling him to cut through the puffery and false claims of subordinates. It was the primary method he extended rationality (instead of irrationality) from the top down to the lowest rung: Every cost in the Standard Oil universe was computed to several decimal places.

How could it be humanly possible to monitor the hundreds of refineries Rockefeller owned and controlled? By sticking to the numbers. After lots of thought on the matter, it's stunning how much time you can save by charting your course with numbers.

John's ledger book enabled him to play the puppeteer and manipulate his empire by invisible strings. By deciding to master numbers, he reduced the most varied systems to a common standard, and he accepted their harsh verdicts without hesitation.

That last line gives a major insight into Rockefeller's massive success, "He accepted their harsh verdicts without hesitation."

To drive this point home, consider this example: At one point in his early years John had 6 refineries. Drillers couldn't find more patches of oil at the time and oil was at a high price because of the low supply. Because John kept double entry accounting ledgers, John calculated the numbers for each refinery, and temporarily shut down 4 of his 6 plants, and the 2 that were profitable remained open.

Sounds simple right? If you "chart your course by the figures" ... then yes, it is.

Many of the competing refineries kept on operating at a loss because they kept poor ledgers. They didn't know they were losing money until their bank accounts disappeared.

And imagine the emotional trauma of having 4 out of 6 refineries shut down. Emotionally it sounds terrible, "I've got all of these refineries, we've got to use them!" Indeed it was a harsh thing to shut down 4 of them. But because John charted his course by the figures, he

could make these decisions without sweating them.

Calculations are what drove every major decision for Rockefeller. While I don't think he consciously knew about "opportunity cost" as an economic term, I think he practiced it painfully well.

Much of his time at Standard Oil was spent locked away in his modest office. Where he had oil prices chalked on a blackboard. He paced this spartan office, hands laced behind his back. Periodically he'd emerge from his lair, mount a high stool and study ledgers, scribbling calculations on pad and paper.

John was calculated with every penny (yes, penny) that came into Standard Oil. He made sure that every penny was making the maximum interest on loans or investments in the business. You wouldn't find many idle pennies not doing their share of the hard work under his direction.

One time when John gave 1 million in charity to an institution, he inquired 3 months later as to how things were going. When he found out the money was sitting idle in an account, he was appalled and asked for the money back immediately to have it earning interest until they were ready to actually use it.

When leaving the office one day, Rockefeller fished in his pockets and realized that he had forgotten his change purse. When he asked to borrow a nickel from Rogers, his assistant volunteered to make a gift of it, but Rockefeller protested. "No, Rogers, don't forget this transaction. This is a whole year's interest on a dollar."

John thought of his money in terms of interest he could collect. Amazing. When you look at a \$5.00 bill what do you see? John saw 1 years interest on \$100. So cool.

John was calculated with the way he paid his company dividends. Where most business men of his time liked to have the fattest dividend possible, John would pay a fair dividend, but leave more left over to invest back into the business. And nothing irked John more than directors who preferred fatter dividends to earnings plowed back into the company.

John made sure to be cash heavy, and it helped him to be aggressive with expansion. Had he been greedy about fatter dividends, who knows how limited in size his operation could have been.

### **Personality Trait - Strategic**

While John was responsible for policy questions and formulated the foundation for the corporate trust, he did not introduce many technical innovations at Standard Oil. He played the role of executive, and practiced an unerring monitor for the stream of proposals channeled to him daily. He had an extraordinary reactive ability, a first-rate power of judgement when presented with options.

One of my favorite skills John practiced was his approach for making decisions. He would perform a written pro con analysis for every major decision, listing out every positive and negative so he could see the facts and make his decision without emotion. But even sweeter, he taught his employees to perform a pro con analysis on each proposal that was sent to him in writing (and for themselves).

John D was strategically a genius. He'd control the major choke points of his industry (railroads and pipelines) to bend his competitors into shipping at a loss, so he could buy them out.

He built his first refinery out in the boonies of Pennsylvania, 10 months before the rail road station was planned to be built. He had searched (on purpose) before the purchase and discovered that the location would soon be next to a railroad station, so he bought it.

Ca-ching.

Applying this today, I'll see big real estate investors buy up \$10 million worth of land outside a city, then petition the city to build exit ramps where they bought the land, and in 10 years that land is worth \$50 million. Clever. The principles done 100's of years ago are still done today.

Every single thing John D did seemed to be peppered with strategy.

When starting his competitor refinery buyouts, he would go after the biggest refineries first, knowing the smaller ones would follow suit. Which they did.

He'd hire the best talent to do his bidding. He'd form relationships with every single banker within buggie distance so he had unlimited access to capital to perform the buyouts.

Through his strategy and approach, he lowered the cost of producing one barrel of oil from ~ \$4.50 down to \$1.20 cents in his lifetime. An amazing feat. No one could compete with him.

Rockefeller's strategic approach created the standard for the future industrial entrepreneurs. He perfected monopolies (bad John, bad), economies of scale, perfected the incorporation trust, and set the model for many after him to follow. Which many did.

John made sure he had the best men at his disposal. His strategy was to find the best talent and put it to good use. He hired a mastermind attorney to create the web of trusts that created and protected the Standard Oil Monopoly for around 30 years.

When a new patch of oil was found in Ohio, it was deemed not usable, so business men were hesitant to buy up the land. John took a blind leap of faith, convinced this oil could be turned into a usable kerosene. His executive board denied the approval to use Standard Oil money to buy the land, so John said "Fine, I will use my own money, and when it proves profitable, the Standard will reimburse me, if it does not work out, I will take the loss

personally.”

John was a clever negotiator, and had a knack for working out terms to get what he wanted.

John found and hired the best scientist in the world to work on finding a solution in Ohio, and paid the scientists for over 10 months before he found a working solution. This gamble was all part of John's strategy, and he owned the entire newly found oil region because others were scared it would not produce usable oil. John applied the same business process here as he did everywhere else, find the best talent, let them find a solution, and collect the profit. In the early days when John needed the best talent and didn't have money to pay them, he'd give them equity or stock ownership. Not having money never limited Rockefeller's progress like it does for so many others.

Even after many attempts of the government to break the trust apart, Standard Oil would find a loophole to keep the trust together. All in all they had some 25+ trusts in different states all funneling dividends to one master trust and then to the board.

John's strategy carries over into his Charitable work as well. John only wanted to fund institutions that could correct poverty, and improve humanity. Instead of giving to homeless, he would build universities and scientific medical research facilities. In fact Rockefeller was the first man in the USA to establish a medical scientific research facility, and gave millions to have it done.

### **Personality Trait - Precise**

You would never see John do something sloppy. Never, ever. If he did something, it was 100% and completely precise. John placed special importance on communication, and would craft letters as many as 5 times before sending them out.

### **Personality Trait - Humble**

Believe it or not, John was humble. He resented outrageous displays of money. He despised the Vanderbilt's for their over the top displays of wealth. Would not be friends with them, or hang out with them. He declined many party invites where the wealthy would hang out.

He looked down upon JP Morgan and his mansions and yachts. (John never owned a yacht, and was one of the few if not only men at his level of wealth without one.)

John made it a strict point to understate his wealth.

At first I thought that this was cool, because I thought "John doesn't need to impress people with his money." And I still think that's a true statement.

I think the real reason stems from his religious views, and much more importantly, not to let people know how much profit he was making, as the unwanted attention could attract

competition.

His humility carried over into charity. When he had schools, universities, and medical centers built he did not want his name on them. He did not want to show off, or have the institution be about him. He wanted the institution to be it's own.

I know what your thinking, "What about the Rockefeller center?" ... That was John Jr, not his father. (Rockefeller Center was John Jr's revenge on some shady investors who sold him the land and then left him with it, not fulfilling their end of the bargain, so Jr decided to show em up and make the grandest thing NY had ever seen.)

There's a lot to learn about Johns humility. Humility in people is so incredible attractive at the core level of influence. After all, if you like someone, then you are more influenced by them. And John had hypnotizing influence over his employees.

### **Personality Trait - Discreet & Subtle**

John maintained an image like a rogue in his business. And to the public he was near invisible. Had it not been for the press and his nemesis journalist Ida Tarbell, he might have not been so well known to the world. I think Ida made him world famous.

While employees never saw John that much, his presence was always felt. Kinda erie. He was a "master puppeteer" who was behind the scenes, but controlling the strings. One employee told how they never saw John come or leave the building, but would occasionally see him come out of his private room and walk around the office, saying hello to each employee. He had an impressive memory and would remember each employees name before the company later exploded beyond 3,000 employees.

By being subtle and discreet, John understood what I think is one of the best ways to be influential. His persuasive power was not forceful. John caught on at an early age how to be persuasive, and it helped him harness the minds of an army of men to do his bidding.

Interesting story: A Professor who wanted to get millions in funding to build what is now the University of Chicago courted Rockefeller for 2 years and was subtle and discreet in his approach, and used Rockefeller's best traits to get that money.

But years before this smart professor started to court Rockefeller, another doctor was very over the top in his approach to get Rockefeller's money. John not only declined him, but banned him from ever seeing him again.

Now the University of Chicago is in existence, 1 because of Rockefeller's money, but more so because of the persuasive power of this professor, and being understated, discreet, and subtle in his approach.

An explanation on influence of being direct vs subtle: Being subtle and discreet is more about asking questions to get someone on your side, and being over the top is more like

commanding the person. The smart university professor would ask questions of John like "What do you think your highest calling on this world is? Don't you think one of the greatest gifts man can give to the world is higher education?" John could not resist this kind of persuasion. I think it's powerful because it lets the person you're talking with come to their own conclusion, so they own the idea more. As opposed to you trying to plant the idea into someone, they "come up with it" on their own. Very powerful. Heck, it worked against a billionaire.

### **Personality Trait - Intense**

John D's intensity was scary. When he was getting started, he would never stop thinking about (what would become) Standard Oil, except for a few hours with family at dinner, but when he was off to bed, he would lay awake for hours thinking about the business.

Everything he approached was with the intensity you'd expect from an Olympic athlete. You won't meet any Olympic athletes who'd say "Oh I thought it would be fun to be an Olympian, I think I might try it out."

You hear them say "I am an Olympian." And that belief colors every action they take. They are committed to the bone. Olympians don't say "It's raining outside today, I can't train." They train no matter what.

This is a really major point. People who don't lose the weight they want, start the business they want, go on the vacations they want, or get the relationship they want. It's because they don't have the almost uncomfortable intensity to do it.

Personally, the last thing I'd ever want to be is an Olympic athlete. Screwwww that. Not enjoyable for me. But I do commit my heart 100% to creating the life I want, and that's the point here.

Never to do something with half the effort, once John set out to do something he gave it his entire heart.

Here's the big take away: John didn't become the worlds richest man or create the worlds biggest company by accident. He had personality traits, skills, and habits that built his empire. I hope this information can continue to shed some light inside the real truth about how he made it possible, through his personality, skills, and habits.

### **Personality Trait - Determined**

Going along with intensity, determination (and persistence) is what got John through the tough times with oil. When floods of oil were found, many of the gold chasers flocked. When it dried up, they would leave. John stuck around, determined to build this business.

I think his determination stemmed from his religious beliefs. he believed that oil was Gods gift to the world, and John saw it as his duty to do the Lords work. And that's the key,

because John couldn't give up on this, or he'd be giving up on God (in his mind).

### **Personality Trait - Thoughtful**

As a fitness buff, Rockefeller placed a wood-and-rubber machine in the accounting department that he pushed and pulled for exercise. When he showed up one morning for exercise, a junior accountant didn't recognize him, called the gadget a damned nuisance, and demanded that it be carted off. "All right," said John and had the machine removed. Later to his horror, the young accountant realized that he had berated the chief executive, yet he never endured one harsh word from John.

How many executives do you know that are this thoughtful? My guess is it's less than it should be. This one story is so powerful to read, and you can see how thoughtful John D was in all situations. He kept his cool, showed no emotional reaction, and removed the device. It sounds so simple, but man, think about the many different ways John could have responded, and the one he chose. If John were a man driven by ego, he could have...

A) Said "Oh you don't like it?" ... "Well why don't we move your desk to the janitors closet."

or...

B) Said "You are asking me to sacrifice my health, and that is disrespectful, you are fired."

But instead, he acted with serene calm. I believe this story is a model for any executive to read. Especially when you consider how rigid John was about his schedule. He did the same thing everyday at the same time. Removing this device would change his schedule, his most important and closely guarded thing, but he did it anyway.

One refinery worker recalled, "He always had a nod and a kind word for everybody. He never forgot anyone. We had some trying times in the business in those early years, but I've never seen Mr. Rockefeller when he was not friendly and kind and unruffled. Nothing excited him."

John was very thoughtful of his wife and children. Away from work he would let his full range of emotions show. He would play with his children, sing (religious) songs with them, and show ample love to his wife. He also frowned upon divorce and adultery, and was a faithful man to his wife until years and years after her death. He never remarried.

### **Personality Trait - Articulate**

John had a way with words that would turn your head if you heard him. I believe he developed this personality trait into a skill through his meticulous letter writing.

Leave it to a billionaire to be clear and to the point. When running an empire every single word you use in giving instruction is important. For example, "can you work on this for me?" vs "can you finish this task by Friday?" will give you a completely different outcome, and

John was keen to this.

He has many famous and memorable quotes such as...

"I'd rather have 1% of 100 people's efforts than 100% of my own." (My personal favorite)

"I do not think that there is any other quality so essential to success of any kind as the quality of perseverance. It overcomes almost everything, even nature."

"The way to make money is to buy when blood is running in the streets." (Yet this is when most people are afraid to buy anything)

### **Personality Trait - Perfectionist and Meticulous**

John inspired subordinates with his fanatical perfectionism. He never did anything haphazardly and wrote hundreds of thousands of business letters that were models of concision and balanced phrasing, the products of painstaking revision. Dictating letters to his secretary, he went through five or six drafts until he had eliminated every superfluous word and produced precisely the impression desired before affixing his signature with the best penmanship at his command.

One top employee recalled: "I have seen him sign his name to hundreds of papers at a sitting. He did each signature carefully as if this particular one was to be the only one by which he was to be remembered for all time. Each signature became in his mind a work of art."

This passion for excellence originated from Rockefeller and radiated throughout the organization.

Think about the time people take to write one email. On some days (OK, many days) I won't even re-read my email 1 time before sending (guilty I know). It would suit me well to make sure my communication is always short but clear, and to the point. Why don't I do it now? I can't say because it's hard, as it's effortless to erase and re-write an email. I must shift my mindset to be a more clear communicator at ALL TIMES. I can't believe how meticulous and disciplined John was here. If you do this now, kudos to you.

As a former bookkeeper, Rockefeller devoted special attention to ledgers. One accountant recalled him stopping by his desk and saying courteously, "Permit me," then flipping quickly through his books. "Very well kept, very, indeed." Then his eye leaped to a tiny error. "A little error here; will you correct it?" The accountant was flabbergasted by the speed with which Rockefeller had scanned so many dense columns of figures.

John transformed his natural ability with numbers into an extraordinary skill for reading financial statements through disciplined practice over the years. In the book *Outliers* Malcolm Gladwell talks about how practicing a skill for 10,000 hours marks the critical point of excellence in a given field. From age 11 John was keeping financial statements for his

own expenses. That little childhood habit aided to him being one of the worlds richest men.

### **Personality Trait - Shrewd**

John was always looking to lower his costs. John made a profit every single year in his lifetime of running Standard Oil, and that is impressive. (Actually, it's bloody remarkable). How many businesses can claim that they've always operated at a profit? In the ups and downs of the oil industry, not a single competitor could claim this feat.

Was it circumstance? Was it because John's business was just blessed and different than everyone else's?

Give me a break... if John ran your business you'd always have a profit too.

Why? Here's my favorite example.

Walking around a factory one day he asked a worker, "How many drops of steel do you use to seal that oil can?"

"40 drops sir."

"Really? can you try it with 38 drops and let me know?"

It turned out that 38 drops caused the cans to leak, but the worker tried 39, and it worked. That 1 drop of steel saved Standard Oil \$2500 the first year, and hundreds of thousands over the years.

This story is embedded with 2 learning's about John. 1 - He had a systematic method of improving his company when his competitors didn't. 2 - He not only watched every single penny, but also every single drop of steel.

John's not the only Billionaire with this obsessive nature over costs. Warren Buffet was looking at a company to buy (as he always does). While researching, he learned that the business owner of this company counted each individual sheet on his toilet paper orders to make sure he wasn't getting shorted. When Warren found out about his relentless attention to reducing costs, he bought the company. Oh, and it turns out the guy was getting shorted toilet paper. (Pretty funny.)

One other quick side story: When I was working as an intern at Ernst & Young (I know, murder me now... it sucked), we had a team who would audit Warren Buffets company. If any of the auditors bought a meal over \$25 per person Warren would not pay it. Other companies wouldn't comb over our meal expenses, and we could buy \$50 lobster dinners no problem.

### **Personality Trait - Peaceful**

John was a very peaceful man (if you weren't a competitor). He built a private estate with a very nice house (but not nearly as nice as he could have afforded). This was his escape, and it was completely shut off from the world. John placed a greater emphasis on his landscape than his house. He had many acres and beautiful landscaping and loved to spend his days outdoors in his self-created serene setting.

While John was cost conscious, he didn't limit spending when it came to the grounds of his personal estate. When the Government put a railroad through the middle of his vast property, he hated it. Over time soot from the railroad would darken his trees and grass, and many free roamers would sleep around the railroad in between his property, and John couldn't do anything about it.

What did John do? What any billionaire would. He paid \$3 million (or \$30 million today) to move the railroad around his property. Yes, I finally found one place where John was irrational and emotional about his spending. His privacy. His kingdom.

### **Personality Trait - Charitable**

John is generally remembered for 2 things. Monopolizing oil, and generously giving to Charity.

John would not give to a charitable cause if it caused dependence. He believed in giving only to institutions that could become self sustaining.

He believed in giving to institutions that would better the human race.

I really learned the impact that charity can have if done strategically. I learned that Standard Oil money helped the country tremendously. Here are my 2 favorite institutions he created.

1. The University of Chicago
2. The first ever Scientific Medical Research Center in America which employed over 16 Nobel Prize winners and found amazing cures.

The medical research center was a game changer. They saved the lives of thousands of people with their work. They created a hospital section to treat patients as well. I was incredibly humbled at the life changing effect of this medical research center. It was the first ever, spawning so many more good in the world. John was literally light years ahead of his time.

One executive at Standard Oil used his money to help save Mark Twain (aka Samuel Clemens) failed publishing business that was going to bankrupt him. This act could be one of the major reasons Mark was able to go on and become world famous with his books. Crazy to think that we may not have ever known of Mark Twain if it weren't partly for Standard Oil money.

What I think is most inspiring is where John's heart was with his giving. He wasn't giving to brand his name like many of the rich do now, he was giving out of service to the world (and more importantly because he thought it a religious duty).

When John's fame spread as one of the worlds richest men, letters came pouring into his home with people asking for money. John approached this task with the same intensity in the oil business, he worked long hours and read every single letter until it caused him to collapse in stress. He would receive 2,000 letters a week. Imagine reading over 250 letters per day. Sounds impossible. And it would have been without an unbending belief.

John did something revolutionary in how he setup his charitable giving. He setup one of the first Charity Trusts in history to manage the disbursement of his wealth. His income exploded over the years and he was making more than he could give away. He needed to expand his giving speed. Yes he could have just given the money away quickly to keep up, but he did not want his money to be wasted, not even with charity. And so he only gave to causes he believed would further the human race.

What did he do? The same thing he did at Standard Oil when he wanted to expand. He hired amazing talent that he trusted to run it.

John hired a man named Frederick T. Gates to manage the mountain of incoming letters and to help give away John's staggering wealth.

Personally, I think this is one of the most fantastic skills John D had, masterful delegation. He realized that other people could do the work for him, and do a better job. Rockefeller was the elusive picture perfect icon so many entrepreneurs aspire to be (yet never attain). The business owner who has a business that runs and grows without him.

John monitored & controlled his Charitable Trust in a similar way that he managed Standard Oil. From a distance. Frederick communicated to John with letters, updating him on any causes worthy of charity, and after John's approval the money would get sent.

I think John was one of the first businessmen to establish the most effective business ownership practice for massive companies. Hire talent, give them a clear task, monitor their progress by having them send daily or weekly written reports, and step in if necessary.

### **Personality Trait - Charismatic**

Employees revered Rockefeller and vied to please him. As one said, "I have never heard of his equal in getting together a lot of the very best men in one team and inspiring each man to do his best for the enterprise . . . He was so big, so broad, so patient; I don't believe a man like him comes to this world oftener than once in five or six hundred years."

John posed an uncanny ability to attract the respect of his men. He had a magnetic power over them. When John would enter the room of his executive team, you could see them immediately shift and change in posture. To say they revered him wouldn't even do this

explanation justice. They adored him. It would be pretty amazing to see a room full of the richest men in America, running the most powerful company in America, turn into school children when their father came into the room.

### **Personality Trait - Forgiving**

I don't recall John making any poor decisions because of his ego like many of his family, friends, and employees did.

John was almost always forgiving.

He would loan money to a resentful brother, the brother would use the money to start a competing oil refinery (like an idiot), get crushed by John, come back and apologize and ask for more money, and John would loan out more.

My favorite story was about how a Standard Oil executive robbed himself of \$900 million dollars, all because of ego.

At the time this executive had a stock valued at \$1 million, and he and Rockefeller were in an argument, and the man tried to manipulate John by threatening to sell his shares.

John shocked him when he calmly asked "You want to sell your shares? Name your price."

"I want 1 million dollars."

"I'll have the check for you in the morning."

Something strategic to note: John asked the man to name the price, even though John knew the price, he wanted the words to come out of his frustrated executives mouth. I've noticed that police officers do this really well too, and I'm pretty sure they are trained to do it. If you get pulled over the cop won't tell you that you were speeding, they will let you accuse yourself.

"Do you know why I pulled you over?"

"Speeding"

Cops are clever like a Rockefeller!

Sure enough, John had the check for his executive, and then after buying the shares John turned around and sold them for a \$300,000 profit to a Vanderbilt. When the executive found out about this he stormed into John's office calling John a fraud who sold his shares to make a profit and sell them at a higher price.

John calmly replied, "If you would like to have your shares back I will cancel the order with Vanderbilt and they are yours."

The man declined. This pivotal decision completely changed the rest of the executives life. Had he thought calmly and clearly like John D had mastered, it could have been different. But he let his ego get in the way. He let emotion rule his decision, as many of us do.

Had he held his stock it would have been worth \$900 million in 1930, and he would have become one of the top 10 richest men in the world, but his ego got in the way.

Meanwhile John was calm, and forgiving, as he almost always was. (Unless you were his competition).

### **Personality Trait - Carefree & Outgoing (at home and 80 years old)**

It was very odd, but John actually grew younger from about 80 years old on. From age 11 John had to play the role of Father because his dad was always gone. He didn't get to have the fun playful childhood most of us luckily get to have.

John oddly started to grow up backwards and live out his childhood in his 90's. For example, he would go on afternoon car rides with older women, sit in the backseat, and pop a feel or two under the blankets (his wife had died 15 years earlier at this point). The women usually enjoyed being harmlessly felt up by a billionaire, but one women shrieked and got out of the car telling a man behind them "Watch out for frisky-risky John!"

He was so incredibly free and present it was refreshing to read.

Finally... the inner boy that was repressed in childhood came out.

### **Mistakes - Ignoring the press**

John thought the press too lowly to even merit a response. And he thought it a waste of time to entertain their accusations. Standard Oil was always silent throughout the attacks towards them. John trained his employees well, for there was never a single journalist to penetrate into the Standard Oil fortress. Except for Ida Tarbell, who found a couple resentful men (1 including the guy who sold his stock out of ego) eager to spill the beans on Rockefeller.

Finally, in his later years (I think around) 70 and on, he embraced the press, and it really brought him to life. You could tell how much he had to suppress by ignoring them. When he embraced the press he applied his same magnetic personality to the world as he did to his Standard Oil employees who loved him.

As a result, the world began to fall in love with John D as they got to know the real man behind all of the mystery. His charitable contributions and humble lifestyle really won the people over.

Had he just embraced the press, I think he would have saved himself a lot of stress and

headaches.

### **Mistakes - Being overly strict with his children**

John did a lot of things right with his children. In fact, I'll be modeling some of what he did. Specifically I will pay my children to do chores like John did. Each fly they caught was worth 1 penny, each time they swept the floor they got a nickel, and then from the earliest age possible, he taught them to save 10%, invest 10%, and give 10% to charity.

He taught his children to keep little notebooks and track their expenses.

John had 1 condition for giving an allowance beyond chores income. He would only give allowance money if they kept notebooks to track their spending.

He was smart about teaching his children the value of money through hard work. After all if there's one thing John's a master at, it's the accumulation, management, investing, and disbursing of money.

But...

I think John made a few mistakes raising his children. Now I'm not a parent (yet) so I'll keep this short. 1 - he was incredible strict with them 2 - he sheltered them from the outside world.

### **Skill - Delegation**

"I never felt the need of scientific knowledge, have never felt it. A young man who wants to succeed in business does not require chemistry or physics. He can always hire scientists."  
- John D

"Often the best way to develop workers - when you are sure they have character and think they have ability - is to take them to a deep place, throw them in and make them sink or swim." - John D

John would work by subtle hints, doling out praise sparingly to employees and nudging them along. At first, he tested them exhaustively, yet once he trusted them, he granted enormous power upon them and didn't intrude unless something went radically wrong.

John would even teach his own employees to delegate themselves. One day when he was talking to a recruit, he said "Has anyone given you the law of these offices? No? It is this: nobody does anything if he can get anybody else to do it . . . As soon as you can, get someone whom you can rely on, train them in the work, sit down, cock up your heels, and think out some way for the Standard Oil to make some money."

Rockefeller practiced what he preached, and tried to remove himself from the intricate vacuum of administrative details to dedicate more of his time to broad policy decisions.

As time went on, John had little physical contact with the actual refining, transportation, or marketing of oil. He stayed tucked away in the executive quarters, concentrating on finance, personnel, broad administration, and general policy matters. He downplayed the importance of technical knowledge in business and thought it not necessary for success. (This last sentence is amazingly insightful, read it again.)

This mindset of not being a skilled technician and focusing on the business worked well for him. So how did it work? Here's an example. Oil drilled from the ground was not usable as kerosene for lamps unless it was refined. John had no technical knowledge of how to get this done. So he hired Sam Andrews who discovered the technique for cleansing crude oil with sulfuric acid.

For the Michael Gerber fans (author of the E-Myth), John was a master at working "on" his business, and not "in" it.

### **Skill - Recruiting**

"The ability to deal with people is as purchasable a commodity as sugar or coffee, and I pay more for that ability than any other under the sun." - John D

Rockefeller placed such extreme value on personnel that during the first years of Standard Oil he personally attended to routine hiring matters. (After conquering the other refining centers, the payroll ballooned to 3,000 people, and this became impossible).

John didn't excel in school, but he did have a knack for working with numbers. With discipline, practice, and patience he honed this skill into a devastating weapon. When he hired his young secretary, he drew forth a watch to see how fast the recruit could total up a sheet of figures. At the end, John said, "Well, you completed it in the required time," and then promptly hired the young man, who served him well for many years.

Even In 1870 John understood that the standard interview process usually lead to poor hiring mistakes, so he tested them on the spot. Much like Google does now when they hire programmers.

Here's a critical point about how he hired: "Taking for granted the growth of his empire, he hired talented people as found, not needed."

This seems a bit backwards to the way we think about hiring. We hire someone when we have a need. John hired when he found the talent.

John D prized executives with social skills.

Because John had detailed double entry book keeping down to the decimal, he could run a solid profitable business. He was always flush with profits, and could pay above the industry average.

### **Skill - The Pro Con Analysis Thought Process**

This is so simple yet extremely powerful. Write out the question you are currently considering, then draw a line down the middle of the paper. On the left side list out every pro of making the decision, and on the right side list out every con of making the decision.

If you want to take it to the level of Rockefeller, have your staff do the pro con analysis for a decision you are considering. Then review it.

### **Skill - Relentless constant improvement of processes**

In the first years of Standard Oil, John regularly toured his facilities and was extremely inquisitive and observant, soaking up information and quizzing plant superintendents. In his pocket he'd carry a little red notebook to jot suggestions for improvements, and he always follow up on them.

Rockefeller could study an operation, break it down into component parts, and devise ways to improve it. He thought of each plant as infinitely perfectible, and created an atmosphere of ceaseless improvement.

### **John D's Approach To Money And Investing**

His belief was to make as much money as humanly possible, and then to give away as much of it as possible.

From the age of 11 he tracked every expense in a notebook called Ledger A

They never specifically said this, but I think he...

Saved at least 10%

Invested at least 10%

Gave away at least 10%

And I'm fairly sure he did much more for all categories. He saved money incredible well and put every single dollar to the best use possible.

He made his first loan to a Potato Farmer at age 13 for \$100 at 7% interest.

How did he have \$100 at age 13? He worked for the same Potato Farmer and saved every penny earned for a year.

### **How John D Invested In Stocks:**

Every day a messenger would deliver a yellow piece of paper (at the same time, everyday

without fail) with a list of stocks. John would buy as he watched stocks go down 1/8th of a point, and he would sell as stocks went up 1/8th of a point beyond the purchase price.

His general advice was to "Avoid Wall Street, it's corrupt" ... Interesting for a Billionaire to say this, and to say this around 1890, it really shows not much has changed about Wall Street.

My thought is that John liked predictable income with the feeling of control, thus he...

Had large stocks in dozens of different private businesses. Held many loans out to people, including government bonds. After giving nearly all of his money to charity and to his son John Jr, he had 26 million left. When the great depression hit, he went down to 8 million. So his investing strategy is not financially bullet proof. But, he did get back at 26 million by the time he died at 98. (Yes, he lived to 98, and often told the public he would reach 100!)

While at 8 million, he looked to have been at his psychological panic number because he asked his son for some money back, for no real reason other than to have it. Interesting floor to have for discomfort, 8 million, or 80 million today.

### **Habit - Meticulous Book Keeping**

I believe the most important habit John D had was meticulous accounting. Meticulous is an understatement. From the age of 11 he kept every single transaction down to the penny recorded in his notebook dubbed "Ledger A."

His first business deal was at childhood, when he would buy candy in bulk and re-sell it to his siblings for a tidy profit, recording each transaction in his Ledger A book.

His second business deal was raising chickens and selling them. Recording every financial number down to the penny in his Ledger A book.

His first real job around 11 I believe was working in a Potato farm for a Gardner for 80 cents a day. He saved almost every penny he ever earned. And at age ~13 he made his first loan to a farmer for \$100 at 7% interest. Earning \$3.50 in passive interest income. Even at a later age he gloated about this first transaction.

My personal observation on this: How in the world did he ever think to loan money at interest at such a young age? I didn't even know this sort of thing existed at that age. I was thinking about building forts, riding bikes, and playing in the dirt.

### **Habit - Meticulous Book Keeping Turned Double Entry Accounting**

When John started his first Oil Refinery, he personally recorded every expense and source of income in one notebook. Then once finished, he'd do it again in another notebook, comparing the two. Down to the penny.

This practice is the sole skill responsible for John D's success and foundation in business. Yes he could lead men, was a master salesmen, could delegate incredibly well. But he would never have gotten into that position without keeping accurate accounting records.

He was a numbers man.

### **The Mindset Behind Meticulous Book Keeping**

John made all business decisions based on numbers. His approach to business was all about the figures. His life was driven by numbers. He even quantified the number of times he would chew his food before swallowing (it was 10 times exactly).

He prided himself on his low pulse of 52. And it was a reflection of his calm, quite strength. Always composed, I read 1 instance of him losing his temper in his entire lifespan.

Even to the day he died, living by numbers never left him.

His grandson was talking passionately about a new business concept and all of the exciting things about it. John listened intently for a long while as he usually does, and when he finally spoke it made me chuckle as I read it.

Grandson "So what do you think about this idea Grandpa?"

John "It sounds interesting, but remember it's the figures that matter."

**A little background on John D's parents:** His mother was disciplined to an extreme. Mom was also wicked religious. John D's discipline and religious lifestyle came from his mother. His father was a womanizing cheater, a traveler selling potions as a "doctor" as cure all ails. His father was gone for months and months, returning for a short time, and disappearing again.

### **John D's Approach To Business - Why He Was Successful**

John picked the refinery business instead of the oil drilling business. This single decision is critical. Picking your business is like picking a marriage partner, and it deserves as much careful thought. Refining was more predictable than drilling for oil.

If you owed John D a penny, he was ruthless about getting it. If John owed you a penny, he was ruthless about making sure you got it.

### **If I were to sum John's business approach up to a paragraph it would be.**

Ran his business and made (unemotional) decisions by the numbers, period. Controlled the critical choke points of the industry (transportation channels). Constantly improved systems. Manipulated his competition into surrender. Relentlessly created new sources of profit from within the same business.

Let me break down sentence and explain specifics.

### **Ran his business and made (unemotional) decisions by the numbers, period.**

The oil industry attracted many "get rich quick" folk. Ex-barbers, army men, doctors, teachers, engineers, etc... Few if any of the majority knew how to run a business. John wiped the floor with them by being numbers based.

John was quoted as saying "Many of my competitors kept their books in such a way that they never knew if they had a profit" ... While John D always tracked profit to the penny. He would shut down unprofitable plants, and turn them back on if they could be profitable.

The oil business was also victim to extreme high and low prices because of the lottery finding style of new oil patches. During the gluts of low prices many refineries couldn't operate, while John continued to operate and profit.

Here's a perfect example of John D's discipline to numbers: At the time he had 6 refineries. Only 2 of them were operating, and 4 of them were shut down. Now just picture the average business man emotionally thinking, "my god we have 4 plants not operating, we've gotta get them operating." John D didn't think that way.

**Amazing Fact:** John D made a profit every single month of his life in the Oil business. EVERY SINGLE MONTH. That's mind numbing to think about. It happened because he was number decision driven.

### **Controlled the critical choke points of the industry (transportation channels)**

If you control the critical choke point you have the power to bend other competitors into submission. That's exactly what John did.

John set out to control the railroads. He even built his first refinery at a spot where a railroad station was planned within the next year. It was out in the middle of no-where and many were laughing at this location calling him foolish to buy out in the "boonies." John had the last laugh here.

Railroads were just coming around at this time, and it was difficult for railroads to make consistent profits. This was because no one could drive consistent volume. But John D could. Like any business owner, the railroads were lured by the promise of consistent income.

John met Henry Flagler (who became a new partner). Henry ended up being the mastermind behind what became the most corrupt business practice created at the time. Railroad rebates. John approached every major railroad and guaranteed to ship 50,000 barrels with them if he could get a more advantageous price. Thus the rebate was born. He'd paid the full price, and then the railroad would send him a "rebate" for the volume.

This was eventually made illegal.

Later Rockefeller got into steel and kicked Carnegie's bum by controlling the seaport (choke point) at a new steel finding.

### **How John created his monopoly and instilled fear into his competitors**

If you could not ship oil at a fair price, you couldn't profit, and you'd fail. Transportation is the critical difference between profit or loss.

John and his partner Henry went on to negotiate with the major railroads to create a new trust called the "South Improvement Company." Long story short, John would not only get a rebate on every barrel of oil he shipped, he would get rebates on every single barrel of oil his competitors shipped.

Yes, you read that right. And yes, once announced the oil industry went into chaos. John D could approach his biggest refinery competitors and buy them out.

Here's the interesting thing: During the first few months of this announcement, John D started his march for domination, and purchased 26 competing refineries. And the "South Improvement Company" ended up being shut down. Note: through a back door John continued to receive these rebates. Holy profit moley batman! So while it never got fully enforced right away, it still created enough fear for John D to pounce on the fears of the men who operated competing refiners.

When buying out his competitors, he approached competitors to buy them strategically. He did 2 things worth nothing.

1. He went for the biggest first, because he thought by getting the biggest the others would follow. This is obviously smart, and could be applied to many industries.

For recruiting agents: Go after the big dogs in the competing company.

For getting affiliates: Go after the big dogs in the industry.

2. Not many competing refineries liked John personally. So he would use the partner or employee who had the best relationship with the competitor to try and buy them. Another amazing tip to be applied to an industry.

For agent recruiting, have one of your in house agents who's a friend invite the 3 of you to lunch.

For affiliate marketing, ask your current affiliates to introduce you to the best ones they know personally

The basic pitch to buy his competition was ruthless:

"As you know it will be difficult for you to operate at a profit, but if you operate under

Standard Oil and sell the operation to us, you will continue to prosper.”

If the owners said no, John would say “If that is the case, we will undersell your price just enough so you can’t sell any, and you will surely go bankrupt.”

Under these circumstances the owners sold. To his credit, he bought many of the refineries for a fair price, and he would offer them the option to own stock or take cash. Most foolishly took cash, which ended up helping John become the worlds richest man, because he got to keep more stock. John always owned at least 1/3rd of the Standard Oil stock.

### **Why Did John Want To Have A Monopoly?**

Because oil prices were either high or low, John wanted to control the drilling and production to set the price. Originally they tried to have groups organize the price, but greedy men would keep drilling when they were not supposed to. John thought that the only way to do this right was to own the industry. So he could set the production.

I think it was because of this circumstance that John chose control.

An observation: John D was always rising to the challenge and solved the problem by whatever means necessary. There was only 1 other man who could have potentially been as good as John, a very smart man, who held his similiar vision and intelligence to accomplish this task, but John D beat him by shutting down any possible areas for transportation. And the possible biggest threat ended up selling to John.

Many of the big competitors asked to see Standard Oil’s books before the sold. When every single competitor saw the books they were blown away at the profits, and ended up selling just by seeing how much John was making.

### **John D’s Sources Of Income:**

I don’t think anyone really knows every single source of revenue John had (he was a master at multiple sources), but here’s what I was able to find out.

- Refining and selling oil at a profit
- Massive million dollar loans to the government (bonds)
- Other various oil related products
- Railroad rebates
- Bought railroad cars, leased by the mile to railroad companies
- Every single refinery purchased paid profits to John
- Sold excess waste of chemicals used to refine the oil, like meat makers do with hot dogs
- Owned railroad grease company used to lubricate railroad car wheels (if railroads ever tried to go against him, he’d shutdown their access to grease and they’d have to halt operations and come back with their tail between the legs

### **Exercise - Think about this sentence for your industry:**

If you could not ship oil at a fair price, you couldn't profit, and you'd fail. Transportation is the critical difference between profit or loss.

If you could not do \_\_\_\_\_, then you couldn't profit, and you'd fail.

OR...

If you could not do \_\_\_\_\_, then you'd fail.

Question for your business industry: "If you could not get X or you'd fail, what would that X factor be?"

Asked differently, "what could you take away from your business, to guarantee failure?"

In the case of the Internet the choke points are usually traffic or information, Google controls a choke point. Facebook controls a choke point. In real estate the choke points used to be real estate listing data through the MLS's. Now that listings are generally public information, it has forced Realtors to re-invent where their value is.

Think about this topic of controlling your choke point, finding the answer right away is not critical, but being aware of the question and always thinking about it is a worthwhile exercise.

One last comment on this topic. Think of the choke point terms of a skill or practice you could master or do. This would be a skill that your competition doesn't really want to do, or doesn't do well.

### **One Helpful Thing I've Implemented Into My Life From Rockefeller**

Double entry accounting: I started to pay for and use two accounting platforms: [www.indinero.com](http://www.indinero.com) and [www.quickbooks.com](http://www.quickbooks.com) - I review the P&L's from each every month, believe it or not they are not the same and it helps me find errors that need to be fixed.