

Lessons from Kinko's: Some things ought to be copied

My mother thought that I was nuts.

"It's a copy shop, and it's called Kinko's? What is a Kinko?" she asked. So started my 20-year career as a Kinkoid.

I left the company in 2000, and Kinko's eventually was acquired by Federal Express. Kinko's founder, Paul Orfalea, has a book out that captures some of the magic that I encountered, but there are some very tangible business lessons that should be shared as the Kinko's blue signs turn to FedEx purple.

Lesson No. 1: You get what you deserve from your people. We did not talk about employees at Kinko's. Paul mused that the root word "employ" meant to bend (as in, to bend to the will of), and that it was archaic. Paul used to frequently say, "When you hire a pair of hands, you also get a brain." Translation: Treat people with respect and don't think that mahogany row produces all of the good ideas.

Lesson No. 2: If you want people to act like owners, make them owners. Until 1997, Kinko's was not one company, but rather more than 120 "partnerships" (most actually S-corporations). They were not structured like a typical franchise. Paul was literally your business partner and made money only if you did. He did not make money from franchise fees, avoiding much of the divisiveness that exists between the "ees" and "ors" of the franchise world. It was a very chaotic structure with little central

authority — though Paul could be a very persuasive partner.

Field managers were paid a percentage of the income they produced in their store or area every month. Many store managers made six-figure incomes. It is amazing what people can accomplish when you incent them to act like owners. Great ideas came from everywhere

and were shared by everyone. While some managers were better than others at making use of this environment, the good ones got their entire team pulling in the same direction and reaped the rewards.



GUEST OPINION

Todd Ordal

Lesson No. 3: Steal from the best. We spent millions of dollars in travel expense so that managers at all levels could learn from their peers. We had company conclaves attended by 1,000 people who would tour a city or region that was performing well so that everyone could steal their ideas. This had the added benefit of reinforcing the cultlike environment that existed. We had a company "picnic" (most would call it an annual meeting) that was all about sun 'n' fun, beer gardens, and I'll be darned if people didn't talk about business for the whole week and go back home with great ideas.

Lesson No. 4: As leaders, you must

Sometimes the very behavior that made you successful must change. This is a tough one for entrepreneurs to deal with.

so that people could be employed. They were bound thesis that furthered education. They were lost child posters so that families could be reunited.

Lesson No. 5: Sometimes the very behavior that made you successful must change. This is a tough one for entrepreneurs to deal with. While Kinko's ended up a multibillion-dollar enterprise, the structure that led us to that point started to cause problems. Some partners started to distribute out all of their earnings and were not reinvesting in their business. The digital age required much more investment spending, training and a change in products that was not happening. The business was heading toward irrelevancy, and we did not have the organization to deal with it. In addition, there was no exit vehicle for the partners.

In 1997 we "rolled-up" the partnerships into a corporate entity and took a large investment from a well-known equity group. While some bemoan the changes from the old days, I took with me many valuable lessons that have helped me run several other organizations.

In fact, my mother finally believes that it was a real job.

A former division president at Kinko's and chief executive of two Colorado companies, Todd Ordal is president of Applied Strategy, a Boulder-based consulting firm that addresses challenges of managing strategy and execution. He can be reached at todd@appliedstrategy.info.