



Arlin Sorensen is the CEO and Founder of Heartlands Companies and Heartlands Technology Solutions (HTS) in Iowa, USA. He's been involved in the IT sector for over 30 years and has overseen 10 business mergers and acquisitions. He's also the founder of Heartlands Technology Group (HTG), a peer mentoring group for IT companies, with more than 500 members worldwide.

**RT:** First of all, can we talk about your journey? Your background is in agriculture and you own a farm, so how did you go from farmer to computing to CEO?

**AS:** I graduated from Iowa State University with a degree in farm operations and it was my intention all along to go back to the family farm, which was how things started in 1977. In 1982 I bought an Apple 2+ computer to do my farm accounting, and I really got excited by it.

I fell in love in technology, and for the next few years I helped other farmers to choose a computer for themselves, set it up and teach them how to use the software. We had to take a trip to Omaha, as that was the nearest place to buy a computer, and I was going every month.

After a few years, it was obvious to me that I could have a side business, so in 1985 my brother and I decided to start a technology company to serve agriculture. The business continued to grow and there was increased interest, but when Windows 95 came out it exploded.

We went from five people to 13 in one year, and the technology got simple enough for people to use it. We moved into the business market from there, and the rest is history.

**RT:** How big is HTS today?

**AS:** I think there are around 40 people there now, so smaller when it was acquired - when we sold it, it had grown to just over 100 employees. The new owners have had a different perspective on the markets, as my focus was on small, rural businesses, which was not always profitable.

It's been fun to build the company and watch it grow, and a lot of the staff I had there have now come back to work with me at HTG, which makes me feel good about the folks we selected at the time for the organisation.

**RT:** I talk to a lot of MSPs (managed service providers) who say they find it hard to do business in their local area because people 'don't get computers'. How did you find working in IT in the farmlands of America?

**AS:** I always tell people that when I get in the morning, the only people within a few miles of my farm (and the base for my business since the beginning) are all relatives of mine.

There's no shortage of business wherever you are. Most of the public drive past more people on the way to their office than I see in a 40-mile radius of mine. It's not about having enough opportunity, it's about what you do with that opportunity.

Customer service is number one, and for us early on, that was about teaching people how to use the technology to make a business impact, and it still is today. People don't buy technology just to invest in the latest stuff, they do it to do a job.

In the MSP world, these VCIO (Virtual Chief Information Officer) conversations have to move from explaining what we've done to take care of someone's network to what the impact can and will be if they use the technology right. MSPs need to make a transition into making business impact recommendations and ideas for the investment of the dollars that people are putting into their business.

**RT:** HTS went through 10 mergers and acquisitions (M&A). Many business owners I speak to find M&As as an attractive idea in theory but few work out in reality. What's the secret to a successful merger or acquisition?

**AS:** I'd say that four of those were successful, three were not successful and the other three were ok. Even with all our experience, the last acquisition was probably one of the least successful we had, so it's not a science to do M&A.

I do believe it's a valuable tool to help grow, because organic growth is hard work and getting harder all the time. Using it is helpful, but people need to understand upfront that it's not as easy as the math on paper would make it seem.

One plus one does not equal three, certainly in the first couple of years, and people assume that they'll do an acquisition, bring revenue in, cross-sell and bring in more than they expected, but that's not reality.

You have to go into it with an honest vision of the future. The biggest challenges are not around customers, particularly if you've done your work ahead of time and know that the price deltas are not too high, it's around culture, people and their willingness to change.

Nobody likes to change, especially employees, and that's the battleground and challenge. Most people underestimate how difficult it's going to be, no matter how close you think the cultures are to one another. When you bring them together, it's never quite the way you imagine.

It's a difficult process, and we got pretty good at doing the due diligence, but even so, with every M&A we did there was some aspect that we hadn't expected and accounted for. You have to keep all of that in perspective.

It's a great tool when it's done for the right reasons, such as expanding the geographical area you're serving, adding vertical expertise or getting specific kinds of talent on your team. But it's not as simple as adding the P&Ls (profit and loss), and you need the balance sheet to support it.

**RT:** Let's talk about HTG and the peer groups. I consider it the premier league peer group of IT companies worldwide, and was a founder member of HTG 11 in the UK, and got lots of benefit from it both for my MSP business and personally. How would you describe HTG to people unfamiliar with it?

**AS:** HTG today is a framework where we provide the opportunity for folks who are motivated to grow, improve and change their business and their life to get together on a regular, disciplined basis and follow a set of tools and principles to help one another to grow their businesses.

There's nothing magic about what HTG does. We select partners from all kinds of markets and put them into groups of 10 to 12 companies, in non-competing fields, so there can be honesty in the room.

We have facilitators to look at the groups every 90 days, and within them they set goals, have financial benchmarks that we ask people to fill out, and there are two days per quarter

where we have honest conversations about the challenges that people are facing in business and at home.

A lot of times, it's the problems at home that are bigger than the challenges in the business. We try to holistically address all those things and provide an environment of trust and safety.

Business owners live in an isolated world a lot of the time, and can't talk to their team or customers about what's going on, so this provides a safe environment to share what's happening and get advice and perspective.

It's easy to get tunnel vision about what we think is happening without realising what others in the industry are seeing. It's a powerful tool, and we see a significant impact on people's lives and in their businesses, both financially and personally.

**RT:** A lot of IT companies are a closed book – they don't share with others and think the whole thing is a competition, and I can understand where that mindset comes from. Where did the idea for HTG come from, and where did the mindset that you've got, around being open and honest and sharing successes and failures, come from?

**AS:** Like my computer technology business, which just sort of happened, HTG just happened too. I talk a lot about planning, but I can't say that I'm the greatest example of how that works for starting up businesses.

In 2000, we were coming through what was supposedly the biggest opportunity to ever hit the technology industry – Y2K – I bought into that. In 1999, I hired a lot of staff, assuming we'd have all kinds of work in 2000, and by April of that year I had 10 more people than I had work for.

We would have management team meetings and talk about the opportunities that nobody could find, and finally somebody suggested calling other dealers in Iowa to see if we'd all missed the Y2K thing.

It seemed crazy at the time, but three other dealers came and spent the day with us, and we found that they had the same problems. That was really helpful, because we thought we'd done something wrong and were missing an opportunity, but in fact nobody did.

That's where HTG started – from our own need for information and understanding. We didn't just learn about Y2K, but we found out about all kinds of things which were really useful to us, so the group decided to continue to meet. HTG was only intended to be a group that served our needs as a small, isolated community in rural Iowa.

We had one group with 12 companies for the first five years, but when I attended events people would constantly ask to join the group as they'd heard good things about it. I kept telling them that we were full, because the lightbulb hadn't gone on yet.

In 2006, I started a waiting list, and there were so many companies on the list that we decided to start a business. We went from three groups to 10, and that was the beginnings of what we have today.

**RT:** What sort of IT companies join HTG?

**AS:** Today, we have a vast programme with various opportunities. Our traditional face to face groups are primarily companies with 10 or more employees, and they meet for two days every quarter. We have an online version which serves smaller companies, and they have facilitated meetings for 90 minutes a month, and do the same things as the bigger businesses.

We recently rolled out a new programme which is a mix of content delivery and round table discussion. Newer companies have told us that they don't want to come to HTG for the networking, which was the draw early on, but they really want a roadmap for success. The programme gives them content they can work through at home, and every 90 days they get some more.

The biggest thing which has taken off is our role-based groups – we have a dozen service peer group execs today targeting service professionals within companies. Previously, we focused on the principals in an organisation, but now we're moving down a layer, and we're going to continue to serve that second layer so that companies can scale and grow.

We've got over 70 groups meeting across all these programmes and 500 companies participating, and there's a lot more to come. We'd like to have four groups in the UK, and want to grow more in the US and Australia.

**RT:** Why is planning something that you teach to members of HTG?

**AS:** We watch companies across the industry and benchmark them quarterly, and we see their financial situations: which are succeeding and which are failing. The companies that are succeeding know where they're going and have a strategy for how they'll get there. Those that get stuck typically don't have a defined plan or haven't taken time and invested their energy to lay out a plan.

More importantly, we only get one chance to go through life, and if we don't make the most of it we'll have a lot of regrets when we get to the end of it. We teach our members that legacy is what's important. What are we trying to accomplish as we go through our life and business? We start with the end in mind, as Stephen Covey talks about, and work backwards to figure out what we need to do each year to achieve those goals.

We've put a lot of focus in the last 12 months on the financial side of legacy, because a lot of people have been in this industry for a long time and are at a point where they're exiting the business or preparing for it, and the most frustrating calls I get come from folks who want to sell but haven't created the value they need to provide the lifestyle they want for the rest of their life.

They made the wrong assumption that hard work would equal value, and I can tell you that people don't buy hard work, they buy value, which means profitable companies. It's all about being able to consistently deliver profitability in your organisation, because that's what somebody will pay for.

Some of legacy is the financial component. We need to establish what we need to accomplish from a personal wealth perspective to live the lifestyle we want after we no longer get a paycheque. For most small businesses that money will come from the company, so we have to lay out a plan for how we create business value which will feed into our personal wealth.

There are all kinds of other things to take into consideration too, and we've been discussing in our meetings just how broad legacy really is. There are legal components, insurance, partnership agreements and other factors too.

The way I like to get people to think about it is: you define legacy from a long-term perspective and as you think how you're going to live, you write your life plan for 12 months – it's a one-year slice of your personal legacy plan.

Your leadership plan includes how you'll lead people and how you'll grow yourself and your staff, and your business plan includes what you're going to accomplish; both of these are a slice of your business legacy plan.

Putting all of those things together over time and doing them well means we should hit our legacy plans personally and as a business, and that's what we should think about. What are the slices we need every year to achieve the long-term goals we've set?

It all ties together and it's all built on the same platform. We train people to look at this on a strategic perspective and analyse the things they have to do today to move towards the end goal, and not wait too long to get started. You can't fix business value in the last year you run your company, or make personal wealth by snapping your fingers.

Working hard is not the answer – it's about working smarter, having a plan and executing that plan day to day. You need to communicate with your team about what you're trying to accomplish and let them know how they fit into the picture.

It's what businesses are designed for and they're all about – achieving a set of objectives, both financial and from an impact perspective. It doesn't do any good to hit the financial objectives if you didn't make the impacts you want to make in the lives of people you touch along the journey, or have the spiritual impact.

It's a big thing to think about and people get overwhelmed, but it's like eating an elephant – you've got to do it one bite at a time. You take the next step, and it's a lifelong journey. You can do it and you can win in the end.

**RT:** In your experience, what is the one thing that gets people started with the process?

**AS:** They allow the overwhelming aspects of the process to make them feel like they can't figure it out. We've tried to break it down into bite-size chunks and created forms for personal and business legacies so people can fill in the boxes and think through the different areas, as well as a checklist of things they need to think about.

That gives them an overview of the situation, but because it's in small chunks they can do one at a time, usually starting with the most important aspects, such as the legal parts. You never know what will happen, so you need to be ready.

I'm on a campaign to get people to write their wills, because it's part of the legacy planning. One of the barriers people have is that they don't want to think about it, because it's morbid. Another barrier is when couples can't agree on what should happen to their children, but failing to make a decision is putting your kids at risk. Agree to disagree and change it if you want to later on. Writing it down doesn't mean setting it in stone.

**RT:** How do you want to be remembered?

**AS:** I want to be remembered as a guy who made a difference in people's lives. My personal life mission is to be a difference. I've developed that mindset over a period of time, because initially I said I wanted to *make* a difference. As I thought about that, I realised that you can make a difference in a lot of ways and you don't necessarily have to be there to make it happen.

You can spend money or send other people on your behalf to make a difference in the world, but I got convinced that I'm on the planet to *be* a difference. When I wake up in the morning, I think: "What am I going to do, based on the people I'm going to interact with today, to be a difference?"

At the end of each day, I want to be able to say: "I was a difference for at least one person I interacted with today." If I can write my tombstone, I want it to say: "He made a difference."

**RT:** MSP and IT business owners often find that challenges at home get in the way of professional success. Can you talk a little more about some of the experiences you've had working with business owners who've found during the planning process that things aren't as good in all aspects of the life?

**AS:** One of the things that separates HTG from other peer groups in the industry is our willingness to tackle some of the more challenging areas of life – family, relationships and the fact that people are messy. If we don't address that, we run the risk of helping people succeed in business and fail in life.

We've taken the stance from the beginning that we'll help people succeed all the way around. We want a holistic success in people's lives, so we have to be honest about what's

going on at home and in relationships as well as the workplace. We tackle this in a few ways.

We have score cards which we ask people to fill out every quarter, and use four different cards. One is for members to fill in about themselves and their own personal situation. Failing to address how an individual feels, or their emotional state, is potentially a real issue, and there are 10 questions we look at.

We have one for spouse and family too, with 15 questions to talk about the relationship at home, how things are going in the marriage and so on, and it gives us an insight on the spouse's perspective on how things are. That provides a lot of conversation.

Thirdly, we have one for leadership, and we ask the managers to score the principal on how they're doing as a leader. Finally, there's a card for legacy, and how they're doing in hitting the key components of their legacy plan.

Those four scorecards are part of our Member Performance Dashboard, and we use them every quarter in our meetings. We can see trends over time, and can monitor what's happening. The scores themselves aren't important, it's what's going on around them that matters.

The idea is that when you get your spouse score, if there are low numbers you need to have a conversation about how you can improve. What can you do that's expected but isn't happening? Likewise, if there are low scores from colleagues, what can you do within your team?

The group can then interact and discuss the results, to help people understand why they got marked down and what they can do to develop and improve. People don't like to admit it, but it's true. When I see spouse scores go down, I worry that there are issues coming up. With the life plan, we try to emphasise that you don't write this yourself – you involve your family. And with a business plan, you sit down with the key people in your team and write it together. All these things are broader than us, so the planning framework we recommend encourages members to include a wide circle of stakeholders to give input and help plan.

Once it's done, everybody is on the same page. That was one of the big things we found when we introduced legacy planning; a lot of people hadn't talked to their spouses about their legacy, even though they're part of it. With business planning, co-directors weren't sitting down to talk about it together.

This is when you uncover challenges, such as two directors who aren't in sync and are going in different directions with different ideas of what success looks like. In a smaller organisation that may not bubble up straight away, but as companies grow, directors with separate ideas brings challenges. Staff don't know which way to go and pick sides, which creates a divide.

**RT:** I've found that although I haven't looked at my personal plan much in the last 12 months, because I've had so much going on, but when I reviewed it I've actually been moving subconsciously towards those things I had on my list.

**AS:** It makes a big difference if you take the time to write it down. When we communicate about it, that just adds another layer to the likelihood that we'll achieve it. It's about living with intention, because all of us have the same 168 hours every week. There's no difference in the amount of time we have, only in what we choose to do with it.

We can choose to use that time intentionally and on the things that matter to us, or it'll just piddle away and we'll look back at the end of the week and wonder what happened to it. Unfortunately, some people will get to the end of their careers and look back 40 years and wonder what happened, and we don't get to go back and do it over.

Just because you didn't get it right the first time doesn't mean there's a second chance. It's important to slow down a little bit, have the right conversations and write the stuff down. That's critical, because just saying you have the plan in your head means all you've got are some ideas, which might change tomorrow.

However, writing it down doesn't mean you can't change it. Your plan is the best guess you have today, but if your life circumstances change then the plan can too. You need a direction to shoot for and a plan to guide it, that's all.

**RT:** What would your wife Nancy say about HTG?

**AS:** Good question. We'd have to ask her.

**NS:** Well, I wasn't prepared to be asked that! I've learned so much through HTG, not just about business but about life. You've been talking about having a life plan and using your time, and HTG has been an all-round good thing to belong to for people. It's helped them not just in their businesses but in their lives, and I've been really happy to be part of watching it grow.

**RT:** It's not easy being the other half of an IT business owner, is it? What impact have you seen HTG and peer groups have not just on your relationship, but on the other relationships for business owners within HTG? How has it been a positive force for them?

**NS:** These guys are maturing age-wise, but I've watched them mature business and life-wise too, and that's been a lot of fun. They've started to look at things from a different viewpoint and care more about their employees. That's something I've enjoyed – watching members grow and change, and turn around and help the next guy too.

**RT:** What does success mean to you?

**AS:** It all aligns with the legacy planning. We've set things in place in different domains of our life, such as our family. We've got plans for our grandchildren, and made a target to set aside money for them to go through college and not finish with student debt.

It's a big problem in the US, because kids go through college and graduate with a big debt, and it takes them 10 to 15 years to try to get out of that. Our legacy plan includes an education fund for each grandkid so they can go through school without incurring too much debt.

One of the misconceptions about a legacy plan is that there's a big, overarching plan you're never going to achieve, so why bother writing it down? There are components which might feel like that, but a lot of it are specific things that we can be intentional about.

We want to spend as much time as we can with our grandkids, so whenever we're home we have one of them over on a Sunday morning to make breakfast with us. They fight over who gets to come, so we have a schedule. By making that part of the legacy plan, it's intentionally done rather than something that might happen.

This is the key, because success is about identifying the things we want to make sure we do, and live them out every day. Jim Collins says that: "The differentiator between companies that are truly successful and those who are not is fanatical discipline in executing the things that are important."

I've taken that attitude toward some things that in my life. I write a daily blog, and every morning, six days a week, I get up and write it. I can tell you, every morning I get up and don't feel like doing that, but it's part of my legacy and I've committed to it.

I haven't missed a day since 2008, and people look at me as if I'm from outer space when I tell them that. It's not the words that matter, though, it's the discipline. I start my day by thinking about the things that are important, and putting it first on my calendar allows me to start every day with some purpose.

This is what success is all about: when we execute our purpose, mission, vision and values on a daily basis to achieve those things that make up the legacy we want to leave behind. It's not about money and stuff, it's about people and impacting them in a way that's going to make a difference.

**RT:** On a practical level, you talk about blogging every day, which is essentially a type of journal. The whole idea of journaling seems to be a common thread that runs through with lots of people I speak to who I consider successful. It's clear that it's all about the discipline.

**AS:** It is. Sometimes I look back at things I wrote and think: "Where was my head that day?" but blogging is just one of the tools you can use to help create discipline in your life, and I love the history that it leaves and the perspective it provides when you look back.

(Jim) Collins talks about creating a smack recipe or a 20-mile march, and we need to identify those things we want to make part of our daily routine and part of the habit we're going to build, because those are things that will drive us towards success.

If we get up in the morning and wonder what we're going to do, we won't be as successful as if we wake up with a list of things which will we need to do to get us where we want to go.

**RT:** Is there anyone who springs to mind who you would consider to be highly successful?

**AS:** There are a lot of folks around HTG who I'd consider highly successful. But the people that I look up to and read a lot from are people like Michael Hyatt, both as a blogger and a believer in planning. The folks at The Paterson Centre – Tom Paterson, Pete Richardson and David Mitchell – and the people who've done the StratOp and Life Plan work, using the tools we've put together to help them.

There are a lot of people in the world who I think are doing things that matter and are successful as a result. It's not about the money they might accumulate, it's about the impact that they're able to have, with purpose.

**RT:** Are there any books you've read recently that have made a really big impression on you?

**AS:** There are a lot of books that have made an impression, and I'm rereading more than I am starting new books. If I was going to pick my three favourite authors that I read the most, they would be:

Simon Sinek. I reread 'Start with Why' because I believe it's a key learning for us both personally and in our companies. We need clarity around our purpose and our mission, because that's foundational to our ability to have success.

Jim Collins is one of my favourite authors, and 'Great by Choice' is the book by him that I really enjoy. Finally, Patrick Lencioni - the things he talks about in 'The Advantage' and are really important. He pounds continually on the idea of clarity and communicating that, and has a 'Four Quadrant Advantage Circle' he talks about in the book.

We have to communicate, and most of us are not very good at that, whether that's in the workplace, at home or anywhere. We assume people will figure out what we're thinking, because magically we crossed paths and it moved them. That doesn't happen, and we have to communicate clearly, in different ways, because people receive it in different ways.

**RT:** Is there a book you find yourself continually gifting to other people?

**AS:** 'The Go-Giver' is the book we give to everyone who gets involved with HTG, by Bob Burg and John David Mann. It talks about the five principles to live by that can impact people, so that's definitely one.

We also give everybody a copy of 'Make a Difference', by Dr. Larry Little. It's about personality profiles, and he gives us a common language we use in HTG and with our staff about how to understand people.

The other is Michael Gerber's 'The E-Myth', which talks about the accidental entrepreneurial journey that all of us are on. That's been the biggest area of communication we've focused on – we see the entrepreneurial journey through four different lenses.

We start out, ignite a spark and found a business, and run it based it on muscle and feel. Entrepreneurs just find a way to get it done, even if it's not efficient or the best way, and they'll fight through it and make it happen. Then they hire people who are like them, which works for a little while.

As they mature, they figure out what good looks like and realise they aren't necessarily doing good, so they want to make changes around that. That's when they get in touch with HTG, to find out how to do those things, because that's where a lot of people get stuck.

They realise that they could do better, but they don't know what to do with that. What happens is that the next step is moving from entrepreneurial-led, muscle and feel into professionally managed. We have to move to a point where other people will have responsibility, which is hard for an entrepreneur as they have to let go.

It's hard to do the work of building leaders and investing in people in a way to make them successful, and that's where people get stuck, which is often the problem for many of our members in HTG.

They're trying to move from something they've started which is doing well but stalling, and needs to be handed off to other people who can step up and take it to the next level. That doesn't mean the founder's no longer important, it just means that they can't do everything any more.

We do a lot of work around leadership and development before people move into the fourth stage of the journey, which is about achieving legacy. That's the end game, the ultimate, and is critical for leaders to be able to see where they're taking the company and how they'll do it.

That's the entrepreneurial journey we see, and 'The E-Myth' talks a lot about the first stage. We're working to get people through the leadership stage so they can truly be successful and hit their legacy.

**RT:** You're a man of deep faith. How do you find that influences your attitude towards business?

**AS:** It influences it a lot. There was a period in my life where I bought into the lie that society gives us that faith and work have to be totally separate. I had the attitude that when I went to the office I would mentally check my faith at the door, go do my day job and I'd pick it up on the way out.

What happened was that I quit picking it back up, and that was a bad thing. It created problems in my relationships, in the business and every area. You can't separate your faith

from who you are, and that's what I finally found, 10 years later. After a lot of heartbreak, I realised that it's intertwined and part of us, and to think we can separate it and still have success isn't accurate.

It's what helps define my legacy, it's part of the success formula in my life, and I embrace it. I don't try to dominate with it or force it on others, but I'm also not going to apologise for living it out in a transparent way.

It's a guiding part of my core values, my purpose, vision and mission and I'm honest and open about it and willing to talk about it with anyone. It's part of who I am and always will be, and I'm absolutely convinced that it needs to continue to be there.

**RT:** What's next for Arlin Sorensen and HTG?

**AS:** We're making the transition from entrepreneurial founder-led to professionally-managed at HTG. The biggest challenge of the last two years, and what has helped us to grow so much recently, is that as the founder, I got out of the way.

I led HTG by muscle and feel for a long time, but I've got a very talented team around me today who can take it to a whole different level than I would have ever been able to do. Stepping back and letting them run the company is the best thing possible.

I'll still facilitate and do life plans for people and anything else where I can be a difference, but running HTG is not my highest and best use. I do have some other things that I'm hoping to do in my lifetime, and you may see another organisation from me in the next two years as I slow down on the HTG side.

My focus will be more on legacy, and I believe a lot of owners will exit their day to day activities in their companies but they've still got a lot of life left and there's a lot of impact they can have. I want to be part of the shift from success to significance, and challenge people to think about how they can take their success and pay it forward.

I'm working on some things around that and hopefully in the next couple of years we'll bring it to market. We want to challenge people to not 'retire' retire but to change their day to day, and focus not on the success stuff but the significance stuff.

**RT:** I think that's something that will become more important, especially as we've got an aging population.

**AS:** Entrepreneurs just can't sit still – if they do, they'll die. We've got to find ways to stay relevant, and there's no better way to do that than by being significant.