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CEOs Turn to Each Other For Tough Calls

by Deborah L. Cohen



CHICAGO (Reuters.com) - On the 19th floor of a downtown Chicago office building, 13 small-business leaders gathered in a private meeting room of a local film production company for a regular monthly bull session.

The goal? To function as a makeshift board of directors, vetting a host of business problems brought in by individual participants. Those range from succession issues to changes in marketing strategy; these days the focus tends to be on coping with worsening sales, layoffs and the troubled economy.

An independent facilitator stood at the head of the table around which the CEOs, presidents and other top decision-makers -- men ranging in age from mid-30s to mid-50s -- were seated in a horseshoe, sipping coffee and finishing a working lunch of sandwiches and chips. The facilitator's job was to keep the afternoon session on track, eliciting comments, synthesizing conclusions and prompting the business leader attached to each problem to make some difficult decisions.

"So, what are you hearing?" asked the facilitator, putting the CEO of a fledgling software company in the hot seat after the group had given him feedback about a new partner hired to develop an East Coast market.

Gatherings such as this are not unusual or infrequent; in fact, they may be picking up steam as the recession worsens. Around the country, the heads of small to mid-sized firms are increasingly turning to each other for the support and confidence needed to keep a stiff upper lip as the mood at their companies darkens.

"Particularly now more than ever it's about getting people to figure out what to do and then do it," says Rafael Pastor, chairman of Vistage, a global paid membership organization that runs CEO groups, including the recent Chicago meeting. "Today there's one truism across the board in America, especially with Main Street businesses - people are faced with new circumstances and they need help to figure out what to do."

In 2008, San Diego-based Vistage booked a 6 percent increase in

worldwide membership over the year earlier, with some 1,800 new additions in the United States alone. The organization has some 15,000 members in 15 countries, including offices as far-flung as Malaysia and South Africa.

Members in Vistage's U.S. CEO program pay about \$13,000 a year to belong to a local chapter that offers monthly group meetings, guest speakers and one-on-one follow-up sessions with their facilitator, usually a former CEO or senior corporate executive. Vistage has also moved to keep up with online social networking trends, offering Web-based seminars and Internet access to its broader membership. It also offers similar programs for executives below the CEO level.

There are a host of rival peer-based groups offering similar services throughout the U.S. that cater to privately held companies of varying sizes. They include the Irving, Texas-based Young President's Organization, The Alternative Board, or TAB, out of Denver, Colorado and the Women

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President's Organization in New York. Models vary; some operate as non-profit groups.

"We think it's about accountability and getting you to take action on things that you already know how to do," says Jim Muehlhausen, president of CEO Focus, an Indianapolis-based peer-to-peer group with 500 members in 20 markets that operates as a franchise. "You cannot be objective with your business; it's subjective by nature."

Wage freezes and layoffs are particularly tough on the heads of small companies, says Muehlhausen, noting that these executives are often much closer to their employees and their families than those in top management posts at large corporations.

Back at the Chicago meeting, the software CEO was grappling with his dilemma. The new partner had

failed to meet expectations and had developed a reputation as a bully; meantime, the regional office and its employees were bleeding cash. The CEO was inclined to sever the relationship but wanted to wait until August to make a final decision.

Indeed, problems at peer-to-peer meetings such as these are frequently not resolved in one sitting, but broken out into a series of actionable steps to be taken over time. In Vistage, members tend to stay with their groups for an average of more than four and a half years. Often they leave if their company is sold or if there is a transition in management.

"We're not a quick fix," says Pastor. "Most people's issues and problems are ongoing. They go on week after week and month after month."

If this sounds more like group psychology than a meeting of business leaders, well, that's sort of

the point, according to participants. Sure, they'll tell you, they benefit from their group's collective industry knowledge and business acumen. But equally as important, they come away with confidence, knowing their plans will be supported by their peers.

"As a president and owner of a small company, you really don't have someone else you can go to for many of the issues you face," says Tim McGuire, a member of the Chicago group and CEO of Cutters, the film production firm whose offices had hosted the recent meeting.

"They hold you to those resolutions that you come away with and check back in with you," he says. "They're invested in you and your business."