

VISTAGE®

Issue 2 | Spring 2018

Perspectives

How the
Berkleys
Became

Leaders of the Pack

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Doubling Down on Social Impact

Each December, **Endangered Species** Chocolate employees gather in a conference room, barely able to contain their excitement. It's time for the big reveal.

A hush falls over the employees. CEO **Curt Vander Meer**, a Vistage member since 2015, calls two conservation nonprofits to let them know how much the chocolate company will be donating that year. Endangered Species Chocolate promises 10 percent of its net profits to conservation efforts. Rapt employees listen for the reaction. Often, they only hear stunned silence. "The nonprofits are shocked," Vander Meer says. "They just don't know what to say."

As Endangered Species Chocolate's profits grow—they've hit double digits each year since 2010, he says—the donations grow in kind, totaling \$1.4 million over the past three years.

Last year, for example, the company wrapped up a relationship with the Xerces Society, which works to protect invertebrates (think butterflies and bumblebees). The first year's donation was four times bigger than Xerces expected; the last donation "changed our organization for a lifetime," Xerces' executive director told Vander Meer.

The newest nonprofit partnerships, Wildlife Conservation Network and Rainforest Trust, will focus on protecting elephants and rainforests, says Tod Dalberg, director of brand and marketing at Endangered Species Chocolate. He says market research shows the donation, in addition to a great-tasting product, is part of why consumers buy their candy. "It becomes a differentiator for us in the marketplace," he says.

Another differentiator: how the organization sources its cocoa. Vander Meer works with farmers and cooperatives through a partnership with Fairtrade International and Cargill. Fairtrade certification guarantees no slave labor, sets a floor price for the farmer's product, and allows farm communities to choose how to spend their earnings.

Vander Meer traveled to West Africa in 2016 and 2018 to meet the farmers and see the impact, which includes clean drinking water and schools. It's a powerful proposition for both him and his customers, Vander Meer says. "We can connect with our consumers and say, 'By purchasing this delicious Fairtrade-certified product, you are effecting change throughout the world.'" 🍫



Dear Vistage Member,

This issue of *Vistage Perspectives* focuses on

turning points. We're highlighting stories of Vistage members who arrived at a crossroads—some by choice and some by circumstance—and had to make the tough decisions.

They knew their choices would impact more than just their bottom lines. They considered their employees, their families, and, in many cases, their communities. They took no shortcuts. They called upon all the resources at their disposal, including their peer groups as sounding boards and their Chairs as guides.

This rigor and integrity is a hallmark of Vistage members and a point of pride for our community. Please read on to see how these members navigated their turning points and what happened when they came out on the other side.

Thank you for your membership,

Sam Reese
CEO, Vistage Worldwide

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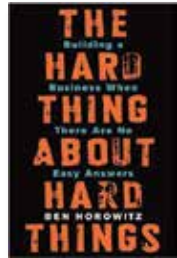
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Leadership Book Picks from Your Peers



In **The Hard Thing about Hard Things**, Ben Horowitz describes the real issues and emotions of his experience as an entrepreneur and CEO of Loudcloud. In a collection of stories, he honestly

describes how difficult it is to lead a business through the inevitable rises and falls from startup to great success. Being the current occupant of the corner office is a roller coaster you ride alone, unless you're plugged into Vistage or something similar. The book doesn't teach techniques or buzzwords; it coaches, validates, and confirms.

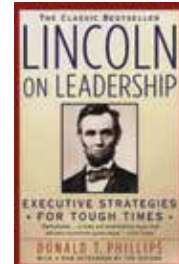
Robert Isherwood, CEO, AMBAC International
Vistage member
Elgin, SC



The 5 Second Rule by Mel Robbins gives great practical advice for breaking habits that are slowing you down and creating new ones that will propel you forward. I host a monthly meeting

with our key leadership team where we use many of the same principles that our Vistage group utilizes. I find it extremely effective and rejuvenating to connect with our team at that level on a consistent basis. We overcome obstacles as a group, and we've had many breakthrough moments in these sessions.

Jason Markowicz, Founder & CEO, Fitness Premier 24/7 Clubs
Vistage member
Manteno, IL



Lincoln on Leadership by Donald Phillips: No leader faced the degree of challenge Lincoln had. Half the country seceded; the other half didn't like him. And his own

cabinet members were rebellious. This book addresses those challenges and, in the process, teaches Lincoln's methods for hiring, delegation, accountability, management, tactics, and strategy. It's fast-moving and entertaining as well.

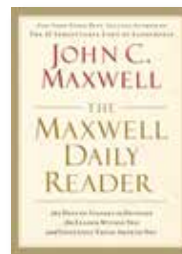
Joe Liss
Vistage Chair
New Orleans, LA



Fierce Conversations by Susan Scott was given to everyone in my Vistage group by our Chair. In the past, I often avoided an important conversation with a client or coworker, and after some time

it escalated into something even more crucial. My main takeaway from this book is that business conversations that focus on integrity can solve real problems. Sometimes they are uncomfortable, but the end result can be very positive.

Jacqueline Sinex, Managing Director, WEBii
Vistage member
Austin, TX



The Maxwell Daily Reader: 365 Days of Insight to Develop the Leader Within You and Influence Those Around You. John

Maxwell has a lot of other books on leadership that are good, but this daily reader (which you can read a month at a time) offers quick, thoughtful leadership tips that you can pick up and use that day.

John LaBrecht
CEO, Covenant Classical Schools
Vistage member
Birmingham, AL

How Do You Create a Culture of Innovation?

Building a culture of innovation means more than sticky notes and Ping-Pong tables. Leaders must bake this new approach of fresh thinking and driving change into the company's mission. Vistage spoke with Chair **Lonnie Martin** and member **Cathy Choi** about the challenges of building such a culture.

Based in Sacramento, Martin helps facilitate Vistage's Executive Leadership Program in collaboration with Stanford Graduate School of Business. Choi, a member since 2009, is president of Bulbrite, a lighting company. A shift in energy regulations forced her to revamp her product line.

Q1 When it comes to creating a culture of innovation, what is the role of the CEO?

Martin: The CEO has to think it's important and has to be behind it. But it's overall an organizational thing. The CEO needs to be the orchestra conductor.

Choi: The CEO must be aware that a culture shift needs to happen and be willing to go through the painful process, because it definitely has not been an easy one.

Q2 What is the best way to engage and motivate your employees toward creating this kind of culture?

Martin: Communication. Leaders need to articulate the direction of the company,

what the organization is trying to be good at, who they're serving, and the desire to get new ideas bubbling up. Innovation isn't just new products. It could be new ways of conducting your business, so that you develop a competitive advantage or do something more efficiently.

Choi: One was reminding them of our purpose—why we're here. We have a very defined purpose: "To create beautiful light and help people turn life on." That hasn't changed. But the second piece is educating the team that the world has changed. The acronym VUCA (volatility, uncertainty, complexity, and ambiguity) best describes our situation. VUCA is the new norm. To survive, we have to shift the way we think and behave.

Q3 How can customers and other outside influencers help develop innovation?

Martin: You can never know enough about your customer. Dig around and observe what's going on. You'll get some new ideas about how customers use your products and the adjacent pains or issues that you can solve.

Choi: We created an internal war room. This came from a Vistage speaker I heard last year who asked us, "Do you know every move that takes place in your market?" Now we post trends that people are seeing from the market. It keeps you fresh, wanting to innovate. 🙌

Martin has more than 30 years of executive experience within the venture capital, telecommunications, and information technology industries. He's a facilitator in the Vistage Executive Leadership Program in collaboration with Stanford, which focuses on innovation.



LONNIE MARTIN
Vistage Chair since 2010



CATHY CHOI
President of Bulbrite
Vistage member since 2009

Choi is president of Bulbrite, a family business in New Jersey that manufactures and supplies energy-efficient lighting solutions. She's served as a judge for Enactus, a Vistage partner that works with university students to generate sustainable change through entrepreneurial action.

LEADERS of the Pack

How the Berkleys formed an award-winning business and a new family dynamic

Jeff Berkley sold his packaging business in 2000 to spend more time with his family. Little did he know he would exit retirement and return to business 12 years later to again spend more time with his family.

During his senior year of college, Jeff's son Eric persuaded him to start an eco-friendly packaging business, Berkley International. "We hashed through a plan over coffee, and then off we went cold-calling for new customers," says **Eric Berkley**, president of Berkley International.

The Berkleys—Jeff (dad), Heidi (mom), twin sons Eric and Sean, and youngest son Brett—live close-knit lives in Southern California. An entrepreneurial inclination runs in the family, so it came naturally for them to partner in a family business.

Berkley International started in 2012 with nothing—no customers, no vendors, no facilities. Fast-forward five years, and Eric's brothers, Sean and Brett, have joined the company to help manage its runaway success. Revenue has grown from \$0 to \$20 million, and is on track for \$25 million this year. There are now three plants in California (Carson, Napa, and Santa Fe Springs) and another in Arkansas. Berkley Interna-

tional earned a spot in the 2016 Inc. 5000 list as the No.1 fastest-growing manufacturer and No. 17 overall.

"If someone would have said in 2012, 'You'll be doing \$20 million [in 2017];' I would have said, you're crazy," says **Jeff Berkley**, CEO of Berkley International.

'WE START BY LISTENING'

The key to their success is plastered on the walls, but more than that, they live it: "We start by listening." It's really a 360-degree approach to listening, starting with the customer. "Customers are at the top of our org chart," says Jeff. A sign on the wall asserts, "If we treat our customers well, our own success follows."

"Everything we do is focused around our customers, understanding our customer needs, and delivering the highest value," says Eric. Among their customers are Burt's Bees, Honest Company, and numerous wineries.

The Berkleys place equal value on their employees' voices. Together with their staff, they codified the company values, known as "The Berkley Way." The values are reflected in their culture and their results. In addition to a customer-first approach, employees embrace:

Think big—not just on the opportunity at hand.

Be resourceful, and never take "no" for an answer.

Have no limits—set high goals, encourage competition, and then keep score. There is always room for improvement.

Jeff prizes transparency. "It's easy to figure out who we are," he says, "and where we are tracking to our goals. It's just part of the culture."



FASTER, BETTER PROBLEM-SOLVING

When the Berkleys want new perspectives from outside their business, they listen to their peers. Jeff, Eric, and his twin brother, Sean, are each in Vistage groups. For Jeff, who had been a member when he owned his first business, it was a return to Vistage.

"My dad walked over to my desk," Eric recalls, and said, "You need to join

Vistage. It will make you a better businessperson."

"I wanted Eric to have a different perspective than just mine," says Jeff. He gave Sean the same advice.

"Among our three groups, we have three separate pools of feedback from some of the most successful and smartest minds in the area," says **Sean Berkley**, VP at Berkley International. "It keeps us from getting single tracked," he adds, "and has really

"Customers are at the top of our org chart."

— Jeff Berkley

sped up our problem-solving." The Berkleys' Vistage groups provide them with perspectives and ideas and allow them to process complex issues concerning the business and family dynamics.

GIVING EACH FAMILY MEMBER A VOICE

For Jeff, the group has served as an invaluable source of information on how to run a family business, a big change from his first business. "My biggest concern was that the family never suffers," Jeff says. "We have a close family, and I didn't want that destroyed."

Important to the family's harmony in life and business is listening to each other. "That's key as we try to build something together as a family and as a team," Jeff says.

This means having monthly family meetings with a Vistage Chair, Sean says. "We include the whole family because it's a family business, and it's all of our livelihoods."

"A big part of the mission is for everybody to find their voice and then blend their voices," says Chair **Larry Cassidy**, who runs those family meetings. "I give Jeff a lot of credit for creating an environment in which he steps back just enough to allow each son to have a voice in the organization. Not easy."

If it's more family time that Jeff wanted in starting this business, he got it. The Berkleys have a new closeness and spend more time together. Amid Berkley International's hectic growth, the family carves out time to grab lunch with each other every day. This experience has shifted the dynamic of Jeff's relationship with his boys: "I see my role changing to become more of a mentor to my sons—to step back and let them make decisions together." 🙌

The Vistage Innovation FRAMEWORK

Understanding the risks and rewards of an innovation strategy

Disruptors, the titans of innovation, are everywhere these days. Pick up a copy of *Forbes*, and Elon Musk is gracing the cover. Turn on CNBC, and Marc Benioff is the guest of the day. Scroll through Twitter, and Richard Branson is being retweeted a million times.

There is, of course, good reason for all the attention. They are upending the status quo and doing so at a more frequent clip. Years ago, this phenomenon seemed more contained, as Blockbuster got Netflixed, the Blackberry got iPhone'd, taxis got Ubered, and brick-and-mortar retailers got Amazoned. Today, disruption is more ferocious and widespread. And in this new reality, there are two main truths:

1. **Companies that hold on to the status quo for too long will pay for it.**
2. **Disruption can happen to any business at any time. As a result, companies need to change how they think about disruption and how they approach innovation.**

WHY CONTINUAL INNOVATION IS NECESSARY

The phrase “Innovate or die” might be cliché, but it’s valid. To compete with disruptors like Amazon or Apple, companies have to consistently innovate.

This is true for all companies, even the ones that seem unstoppable. In his bestseller *Good to Great*, Jim Collins profiles a series of companies that outperformed the market by a significant multiplier (on average, 6.9 times) over the course of 15 years. One of those companies was Circuit City, which from 1982 to 1997 had a stock performance that was 18.5 times better than the overall market. Try finding a Circuit City today.

Yes, continual innovation is a challenge, especially when

you have other competing demands. As a CEO, you’ve got people to lead, customers to engage, and operations to run. But the innovations in the way you do business don’t have to alter the course of civilization. Innovation falls on a continuum, and it has different degrees of value in different contexts. What matters most is that your company develops an intentional approach to innovation, and that you’re aware of the risks and rewards associated with the strategy that you choose.

A FRAMEWORK FOR INNOVATION

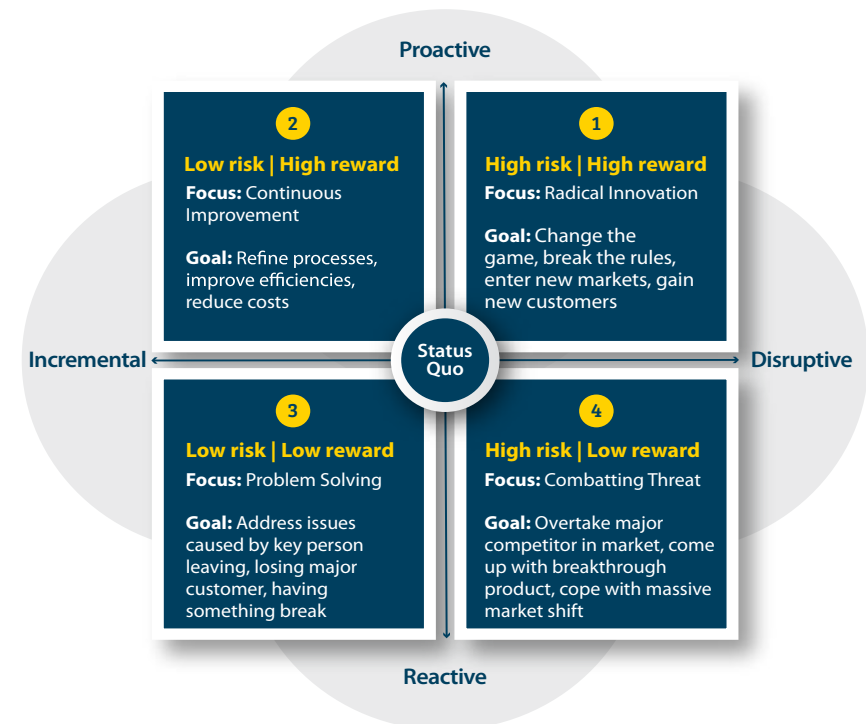
Innovation is not just about doing something different. It’s about doing something better, whether that’s improving internal workflow to increase profitability or serving a customer need in a new way that increases market share.

When deciding on an innovation strategy, companies should consider two categories of opposing forces:

Incremental vs. disruptive: Incremental innovation consists of small improvements to your company’s existing products, services, or processes for the sake of efficiency or productivity. Disruptive innovation unseats established businesses by creating a product or service that leapfrogs the status quo or is accessible to a new population of customers—usually because it’s offered at a lower cost or is a new solution to your customers’ challenges.

Proactive vs. reactive: Proactive innovation is intentional and planned, and it typically requires a commitment of people, time, money, and resources. Reactive innovation occurs on the fly and is triggered by an event, such as when a large client cancels a major contract. At the center is the Status Quo zone. This is mediocrity perpetuated. Companies that fall into this area believe that what made them successful will keep them successful. The closer you are to this area, the greater your chance for disruption. Let’s explore the risk-reward ratio of each quadrant:

The Vistage Innovation Framework shows the four ways you can combine these types of innovation to establish a focus and goals.



Quadrant 1: Proactive/Disruptive Risk/reward ratio: High risk, high reward

Company profile: These companies identify and reach an untapped customer segment by delivering an offering that’s more affordable/accessible than anything else on the market. Salesforce, for example, took down Siebel—and an entire category of enterprise software—with its revolutionary cloud-computing applications.

Potential risks: This approach typically requires a major investment up front without a guarantee of return. Innovations have the potential to fail miserably (remember the “new Coke” of 1985?), harming both revenues and reputation.

Potential rewards: As the Salesforce example suggests, the rewards can be tremendous. You can become a category-defining company and a recognized leader in your market.

Quadrant 2: Proactive/Incremental Risk/reward ratio: Low risk, high reward

Company profile: These companies are motivated to continuously improve everything they do. They have a strong culture of innovation and typically have teams and leaders that are specifically dedicated to innovation.

Potential risks: This approach requires a commitment of time, resources, and talent. However, timelines tend to be shorter and investments tend to be fewer in comparison to the Proactive/Disruptive strategy.

Potential rewards: This approach can lead to a high-performance organization, where quality and efficiency permeate all aspects of the business.

Quadrant 3: Reactive/Incremental Risk/reward ratio: Low risk, low reward

Company profile: These companies tend to operate without innovation leadership or a formal innovation team. Innovation projects may be present, but they don’t progress—because either daily work gets in the way, resources are reallocated, timelines fall behind, or there’s no accountability.

Potential risks: Competitors that are adept at innovation are well positioned to steal market share—and your customers.

Potential rewards: Upfront costs are lower because you don’t have a dedicated team in place.

Quadrant 4: Reactive/Disruptive Risk/reward ratio: High risk, low reward

Company profile: These companies wait until something bad happens to try to come up with an innovative idea. For example, if a national player moves into their best market, they try to come up with a game-changing innovation on the fly.

Potential risks: It’s very difficult to develop disruptive innovations in a moment of crisis. You’re likely to weaken your customer base and lose revenue at the same time.

Potential rewards: If you get lucky, you can come up with an innovation that keeps your company in the game. And if you’re even luckier, the innovation can potentially redefine your company.

The Vistage Four Principles of Innovation

To push your company into a high-reward quadrant, follow these four guiding principles to improve your innovation strategy:

1. CREATE A CULTURE THAT VALUES, SUPPORTS, AND EXPECTS INNOVATION.

This has to start at the top of the organization. Rally your teams around the goals of improving processes, tightening workflows, and clarifying communications. Fight the status quo, and work in relentless pursuit of performance.

2. REMEMBER THAT INNOVATION DOESN'T HAVE TO BE MASSIVE—OR DISRUPTIVE—TO MATTER.

Innovation is about breaking through perceived limitations. It can take the form of introducing robotics on the factory floor, deploying cloud-based supply chain tools, developing a new product capability, or simply refining a message to the market. Incremental changes can reap big rewards.

3. WHEN SOMETHING GOES WRONG, DON'T PANIC; PIVOT. HOW YOU REACT TO A PROBLEM IS MORE IMPORTANT THAN THE PROBLEM ITSELF.

High-performance organizations react to a problem by assessing it quickly and creating consensus around a solution. Companies in the Status Quo zone, by contrast, assign blame and wait for others to fix the problem. The result is mediocrity, or worse.

4. PREPARE FOR THREATS BEYOND "GETTING AMAZONED."

While it's possible that Amazon could enter your market tomorrow, there are other worst-case scenarios that are more likely to happen. For example, a competitor might launch a product in your best region or recruit those employees who are most critical to your business as innovators and leaders. A natural disaster might destroy your most valuable infrastructure. To prepare for these events, work with your leadership team to figure out how you would respond to them.

And finally, take calculated risks. To become a business success story, sometimes you have to leap into the unknown and take a chance on innovation. 📌



"What matters most is that your company develops an intentional approach to innovation, and that you're aware of the risks and rewards associated with the strategy that you choose."

— Joe Galvin, Vistage chief research officer

Turning Points

Changing course to forge new paths to success



Looking back over the timeline of one's career, it is easy to spot the turning points—the critical junctures at which decisive changes took place. But deep in the fog of circumstances and choices, it's harder to recognize a turning point for what it really is—an opportunity to change course and come out on the other side better, stronger, and equipped for a new path.

The Vistage members profiled here may clearly identify their turning points from the distance of time. But each of them arrived at their crossroads faced with uncertainty about their own future and the futures of their employees, businesses, and families. Each was also armed with good instincts, flanked by a solid support network, and inspired by the bold desire for change.

These members demonstrated true leadership and integrity, acting with a deep awareness of their responsibility to their teams and their families. They saved businesses, created positive workplaces, navigated personal crises, and achieved landmark profits. The successful outcomes are a testament to the power of an opportunity to transform lives and to inspire courage, confidence, and growth.

Backbone of the Company

To keep his company local, he handed the keys to his employees.



"We are employee-oriented and very flat-structured, so I felt real comfortable giving the company over to the employees." – Foss Miller

FOSS MILLER NOT ONLY FELT responsible for the company he founded in 1975, he felt responsible for an entire island.

His company, Sawbones, one of the country's largest manufacturers of artificial bones, was also the largest employer on Vashon Island, a quiet, wooded island just west of Seattle with only 10,000 residents. Sawbones employs 160 people, a workforce Miller describes as "one big happy family."

When he decided to retire, Miller knew that his decision would impact his employees. It was highly likely that a new buyer would move the company off Vashon Island, something Miller felt he couldn't allow.

"It immediately became apparent that we weren't going to be able to sell

the company to an outside buyer," Miller says. "We had no intention of moving off the island."

Miller did his due diligence but couldn't come up with an option that would leave the business and its employees uncompromised.

BLAZING A NEW TRAIL THAT LED BACK HOME

It was time to blaze his own path, much like he did when he graduated with an advanced engineering degree in 1972 and found a job market gripped by recession and hiring freezes. Miller abandoned his dream of working at a major Seattle-based engineering company and moved to Vashon Island, where he landed a job at ski products company K2. He has resided

on Vashon Island ever since.

Before long, Miller translated the knowledge about plastics he'd gained engineering skis to start Sawbones. He carved out a niche for his company by engineering artificial bone that could be cut and manipulated for medical procedures. Miller partnered with longtime friend Denzil Miller, and the company took off. It grew steadily and organically over time, buoyed by a loyal workforce of Vashon Island residents.

With retirement looming, Miller needed to call upon his ingenuity once again. He consulted his Vistage CEO peer group. Miller had been a Vistage member since 1989. The group helped develop a plan that would allow him to retire without stranding his employees: The new owners of Sawbones wouldn't move the company off Vashon Island if the new owners were already Vashon Island residents.

EMPLOYEE-ORIENTED TO EMPLOYEE-OWNED

Miller researched an employee stock ownership plan (ESOP), a unique, government-sponsored program that allowed him to transfer Sawbones to the employees who helped build it.

"The more I looked into it, the more I liked it," says Miller. "We are employee-oriented and very flat-structured, so I felt real comfortable giving the company over to the employees."

His employees—now Sawbones' owners—met the decision with cheers.

Seven years later, Sawbones' employees now own the company. Miller remains as the fiduciary to the ESOP trust and CEO for now. While he has transitioned out of the day-to-day duties of running the business, like a doting father, he is always there for his family.

"I like my work so much," he says. "It's hard to leave."

Planting a New Way Forward

This CEO didn't expect to have to save her husband's company after surviving his loss.

RANDY HANSEN JOTTED DOWN SOME notes before he died. Bank account information. Contact numbers. Vague directions for his company, AgVenture Feed & Seed Inc. The notes were "just in case." Randy, who was newly wed, was going to beat leukemia with a bone marrow transplant and return to work.

THAT WAS THE PLAN

A few days after her husband's funeral, Randy's widow, Sandy Hansen-Wolff, 45, discovered that the Minnesota-based agriculture company was insolvent. AgVenture provided animal feed and crop seeds for farms. Hansen-Wolff sold insurance. She was in debt and out of her depth, having inherited a failing business in a male-dominated industry in which she had no experience.

"At first I wanted everyone to leave me alone. I felt as though the whole community was watching me. 'What's that lady doing? She's never going to figure it out,'" says Hansen-Wolff. She spent her early days running AgVenture convinced she was headed for financial ruin.

SO, SHE MADE A NEW PLAN

"The tipping point for me was realizing that people were trying to tell me the answers I needed, and that I wasn't listening to them," she says. "A lot of times, the answers are being spoken to you, but you don't want to hear them."

A conversation with her accountant helped Hansen-Wolff to see that she could use her inexperience as a resource, as her outsider's perspective allowed her to question industry practices. That realization changed everything.

She spoke with vendors, standing her ground when they sensed vulnerability. She spoke with her



"There are many days that I wish my story wasn't my story, but it's also led me to the beautiful life I have today."

– Sandy Hansen-Wolff

Vistage peer advisory group, whose insights had informed her business practices since she joined in 2013. She spoke with industry nutritionists.

Most important, she spoke with the competition.

Traditionally, agricultural companies ground their own proprietary mixes of seeds and feed, guided by in-house nutritionists. This practice kept AgVenture's infrastructure costs high and profits slim. So, Hansen-Wolff formed partnerships with her competition with an intriguing offer: She would use their facilities and nutritionists, and in return, AgVenture would do the on-the-ground service work at farms that her competition didn't have the capacity to offer.

TRANSFORMING A FAILING COMPANY INTO A PROFITABLE ONE

Focusing on service reduced AgVenture's overhead, created an opportunity for scalability, and changed the trajectory of the business. Nowadays, this approach is common, but 15 years ago, it was unthinkable.

By having the courage to build a larger vision, asking questions, and listening for the answers, Hansen-Wolff was able to forge a path to success from a personal tragedy.

"There are many days that I wish my story wasn't my story, but it's also led me to the beautiful life I have today," she says. "I've learned that people will tell you a lot and expedite your success if you just ask and just listen."

The Counterintuitive Approach

A shortened workday increased productivity and changed lives.



"I could see how we were pulling our focus away from productivity and instead putting the focus on the number of hours you're sitting in your seat every day." – Gunther Williams

LAYOFFS USED TO BE A REGULAR PART of business for Idaho Sewing for Sports, Inc.

CEO Gunther Williams explains that his ski resort padding products company would routinely lay off employees during slow periods, only to hire them back during grueling heavy-production times.

It's the way many small to midsize manufacturing facilities operate—the way business had always been done—but it never sat well with Williams.

Williams began working at the company, which his parents founded, when he was still in eighth grade. Some of his employees have been part of his work family for just as long. Regularly firing people he's known all his life bothered him deeply.

"The bottom line is this: I love these people," says Williams. "When they walk in my door on day one, they are family."

RETHINKING THE IDEA OF PRODUCTIVITY

One year, during a particularly long layoff period, an employee confessed, "I wish we could get back to work because I'm just sitting around at home all day doing nothing."

"How is that good, to allow my employees to be on government assistance and doing nothing?" Williams says. "If you're physically able to contribute and put in the hours to support yourself, we should be letting them do it."

Around this time in 2016, Williams joined Vistage. His group's Chair recommended he read *The Five-Hour Workday* by Stephan Aarstol. Williams listened to the audiobook during one of his four-hour drives to his monthly Vistage meetings.

"I started to realize that our production issues were actually being created by my own policies," Williams says. "I could see

how we were pulling our focus away from productivity and instead putting the focus on the number of hours you're sitting in your seat every day."

Williams realized that he could get more productivity in less time if he pivoted how he valued work. He instituted a policy of paying a week's pay for a week's worth of production—no matter how long it took an employee to produce it.

His Vistage peers were curious about the implementation of the plan, giving him advice about how to gauge success with such a radical program. Importantly, they cautioned him to watch for increases in mistake levels.

MORE PRODUCTIVITY, FEWER MISTAKES

Within the first three months, productivity increased by 26 percent over a six-year average, while mistakes decreased. When Williams brought his status update to his peer group, they were ecstatic.

In addition, Williams has been able to be the kind of boss he always wanted to be. He is close to his goal of employing his staff year-round. No more sacrificing his own values for the bottom line. Williams does anticipate the possibility of working fewer days in the next few months; however, he also anticipates orders and production increasing to meet the company's goals, which would mean no layoffs.

Instead, Williams has grown his business and increased wages while nurturing a culture that celebrates employee skills and contributions.

"Because they're driven to get the work done, and get it done well, they're implementing their own efficiencies," Williams says. "So, this not only benefits my employees, it makes Idaho Sewing for Sports, Inc., a better company."

Taking Ownership

She let go of limiting beliefs to realize endless possibilities.



AFTER 25 YEARS OF WORKING HER way to the top of office interior design firm SideMark, Sandi Jacobs was named president of the company. It should have been the most exciting moment of her life. But self-doubt set in. "It's very challenging to be in charge and run a company that belongs to someone else, executing someone else's vision," Jacobs says.

She was a natural choice to succeed retiring owner and CEO Randy Horton. After all, she had risen through the ranks, working closely with Horton to turn the \$1 million Santa Clara-based business into a \$50 million juggernaut.

Thanks to a tight-knit culture, which she was instrumental in building, SideMark enjoyed tremendous success, with a team of 50 dedicated employees and a roster of big-name clients such as DC Comics, Campari, and TMZ.

But Jacobs' rise came with a vexing, seemingly unanswerable question: How

"Part of my personal challenge is that I did not go into business thinking that I'm going to own a company someday. I didn't know how I'd come up with the money to buy the company, so I convinced myself that it was never going to work" – Sandi Jacobs

would Horton exit the company in a way that would benefit both of them? For two years, Horton and Jacobs discussed and discarded various exit strategies before arriving at the realization that the best move for the company—and for Jacobs—would be for the new president to buy SideMark.

There was only one problem: For all her expertise envisioning workspaces for others, Jacobs couldn't envision how to take on the financial responsibility of owning a midsize business.

FROM CORNER OFFICE TO COMPANY OWNER

"I really had a limiting belief about that,"

says Jacobs. "Part of my personal challenge is that I did not go into business thinking that I'm going to own a company someday. I didn't know how I'd come up with the money to buy the company, so I convinced myself that it was never going to work."

Jacobs credits her Vistage group for helping her get past her trepidation. As she listened to her fellow Vistage members push back on all the reasons she felt she couldn't buy the company, something clicked, and she was finally able to envision herself taking ownership.

"I went from limiting belief to endless possibilities," Jacobs says.

Jacobs admits that there were a lot of sleepless nights leading up to the actual deal closing, but she persevered. And in the nearly four years since she became owner, Jacobs has translated her story into a company culture of employee empowerment.

CREATING A NEW COMPANY CULTURE

She rolled out profit sharing and went open-book with the finances. Jacobs' changes brought everyone together to work for the same goal. Just as she has learned to "get out of my own way," she's cultivated a culture that allows her employees to shine.

SideMark's purpose to "make work feel good" translates directly to its employees, Jacobs says.

"If we can make work feel good as we're doing it, both for our clients and ourselves, we're going to have more fulfilling lives."

As a result, there is a strong camaraderie among employees. Turnover is low. Dedication is high.

"When you're CEO, you have this power that you can wield unintentionally," Jacobs says. "But I've learned how to make it more about them and not me in order to get to the best solution." 🐾

As the country's economy recovers, Vistage Argentina members prepare for a new wave of foreign investment and competition.

ARGENTINA

Is Open for Business

It's a pivotal time for many Argentine businesses. They are gearing up to enter the international market, as the country recovers from a closed economy and years of crippling inflation.

One company actively pursuing growth outside Argentina is Conexia, which provides IT solutions to health insurance providers. Sebastián Letemendia is a partner and COO at Conexia. At the time he joined Vistage in 2010, Conexia only operated in Argentina. Since then, it has expanded into Colombia and the United States and grown from 100 to 250 employees. And with Argentina's economy on more solid footing these days, Conexia plans to further grow its Texas-based U.S. operations, Letemendia says.

"The long-term vision from the government is fundamental for both a company and a country," Letemendia says. "In recent years, the economic environment has allowed us to have a long-term vision."

He's not the only Vistage Argentina member eyeing more opportunities in the rest of the world, thanks to a newly open economy.

OPENING THE DOOR TO INVESTMENT AND OPTIMISM

Vistage Argentina released its Entrepreneur Confidence Index, a quarterly survey the organization has conducted since 2006, to Argentine business leaders.

Results reflect optimism:

► **56 percent** say the country's economic scenario has improved compared to the same period last year.

► **71 percent** expect further improvement over the next 12 months.

► **52 percent** plan on increasing investment in fixed assets over the next 12 months.

► **80 percent** predict sales will increase over the next 12 months.

"Results show that Argentine business leaders continue to have high expectations for the development of their businesses during the year," says Marco Bellotti, general manager of Vistage Argentina.

Those heightened spirits come following President Mauricio Macri's reopening of the Argentine economy to foreign companies for the first time in decades. Since winning a runoff election in 2015, Macri, a center-right politician and former two-time mayor of Buenos Aires, has made bringing foreign investment to the cash-strapped country a priority.

So far, foreign companies have announced investments of more than \$33 billion in Argentina since Macri took over, with most coming from companies based in the United States, Germany, Canada, Spain, and Brazil. And Argentina has identified more than \$220 billion in additional investment opportunities for foreign companies, according to a January 2018 report from the Argentina Investment & Trade Promotions Agency.

'COMPANIES NEED TO REINVENT THEMSELVES'

With foreign investment returning, what may seem like a challenge to others is more of an opportunity for businesses to switch models and restructure their organizations, says Vistage Argentina President Alejo Canton.

"Companies need to reinvent themselves," he says. "When you have inflation of 20 percent to 40 percent a year, you can grow complacent, and you don't have to be very efficient. As soon as

inflation starts coming down—and competition starts coming in from the rest of the world—you need to be more efficient." This has been the case for Vistage Argentina member Dalia Grinbaum, vice president of Startex SA, a company that manufactures workwear and safety footwear for companies. Her business has been reactive to the country's economic cycles and invested in the best technology to differentiate itself.

In order to enter a highly competitive market, Grinbaum decided to invest in Desma, the first German injection machine to enter Argentina for safety footwear. This allowed Startex to compete with better tools, reduce the margin of error during the learning curve, and increase sales levels.

Grinbaum, who's been a member since 2008, credits her Vistage group with helping her set priorities. "I'm convinced the group discussions help a lot. No matter how old you are, to be No. 1, you have to continue training."

CREATING A VISION

Canton first experienced the Vistage approach to ongoing development while pursuing his MBA at UCLA. He was part of an on-campus Vistage program. "I learned more from that than from most of the classes," he said.

It made such an impact that Canton launched Vistage Argentina in 2000 when he was 29. He recognized an unmet need among business leaders. So far, the organization has averaged 15 percent growth every year for more than a decade, Canton says, building a community of more than 1,200 members and 60 Chairs.

The latest expansion in programing includes the inaugural Vistage Executive Leadership Program, which combines thought leadership from Stanford Graduate School of Business with real application through the Vistage peer group experience. The focus is on innovation.

"I expect to learn a state-of-the-art framework for defining my company's strategy, with a very special focus on innovation, which we all need nowadays," says Mariano Camdessus, director of Aguas SRL and a member since 2013. "As a Vistage member, I also expect to be able to work on the application of such strategy, so this Stanford-Vistage approach is very compelling to me."

"There's a profound desire to figure out how best to adapt to this new economic climate," says Canton, "and we give our members a competitive advantage." ▼



Chairs and participants of the inaugural Vistage-Stanford program



In Search of Character

Vistage speaker Jay Rifkenbary shares a blueprint for accountability.

Vistage Speaker of the Year 2017 Jay Rifkenbary tasks his workshop participants with answering some tough questions about their character. “The purpose of my program is to guide them toward a set of core values, for themselves and their organizations, and to be accountable to those values.” He shares that values can act as a compass for guiding decision-making in a business landscape complicated by rapid innovation and shifting cultural norms.

Though the busy executives he coaches may initially dismiss values as catchphrases relegated to the employee handbook, he emphasizes that they’re living, breathing things that should inform every leader’s most important decisions. “Just recently I worked with a new CEO who’d had some concerns about two members of his leadership team. Through my program, he came to understand that they were not aligned with his organization’s values—his values—and this cemented his decision to let them go.” One of Rifkenbary’s biggest asks is that participants confront

the degree to which they are being personally honest in their decision-making. “We can become driven by our fears and ego. If their pull grows too strong, we make decisions that violate our values.”

The importance of accountability in Rifkenbary’s teaching can be traced back in part to his time as a West Point cadet, Airborne Ranger, and Army officer. Drawing on his military

experience, he wrote *No Excuse!*, the best-selling guide to accountability in leadership, a nod to one of the only four responses accepted by his superiors. “I learned some of the key principles of leadership from the military: self-discipline, performance under pressure, and the value of an honor code.”

Rifkenbary holds himself to a military standard of accountability, despite his busy road schedule and emotionally demanding workshops. “Being named Speaker of the Year meant a lot to me because I was working through significant personal hardship in 2017,” he explains. “However, I was able to draw on my personal challenges in my teaching. Sharing some of my pain opened a dialogue that helped my audience perform the deep-dive into their personal character.”

The unflinching self-analysis through which Rifkenbary guides participants can bring about epiphanies. “Participants will go places they weren’t expecting. For example, I will ask members, ‘Have you ever sat down at the dinner table and asked your children what they think the values of your family might be?’” he says. “Why do we discuss the core values pertaining to our organization, but not the core values of our families? More than anything, I

want participants to leave thinking, ‘I didn’t expect that.’”

Rifkenbary encourages Vistage members to begin scouting their core values by carving out some quiet space for introspection, as well as some time with their leadership teams to apply their values to their organizations. “Without values,” he concludes, “you can’t hold your people accountable, or yourself.”

“We can become driven by our fears and ego. If their pull grows too strong, we make decisions that violate our values.”

— Jay Rifkenbary

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During Mark Milan’s eight years with Vistage, Healthnetwork has been a lifesaver on more than one occasion.

“Early on, Healthnetwork identified five qualified surgeons for my knee replacement. They cut through all the red tape.”

But the revelation for Milan was the access to care Healthnetwork provided his granddaughter when she was diagnosed with autism. “They arranged an appointment with Bruce Cohen, one of the top autism specialists in the world. There’s usually a one-year waiting period, but they got her in in three weeks,” he explains. “She’s been under his care ever since.”

Most recently, Healthnetwork fast-tracked treatment for his wife’s shattered ankle while they were on vacation. “They found her a fracture specialist back in Cleveland, who she could see in only a few days—unheard of.” But her troubles didn’t end there. “Over the weekend, she managed

to slip on her crutches and broke her wrist. During the surgery, the surgeon reset her wrist and gave her matching casts to boot.” Milan adds, “It’s now a funny story we like to tell.”

Unfettered access to the world’s top health specialists and the VIP treatment received by Milan and his family have inspired him to become a GOLD Supporter. He feels good about giving back to Healthnetwork, who, in addition to providing executive care, supports more than 100 revolutionary medical researchers whose work is making medicine better for all.

“When you’re healthy,” Milan says, “Healthnetwork might not seem important. But when you find a little pain and it turns out to be something serious, there’s no better help you can get.”

Vistage Executive Summits

Words that motivate from speakers who inspire

The greatest obstacle to our success as businesspeople is our comfort zone.

– Brian Tracy, chairman and CEO, Brian Tracy International

The strength of your brand is measured by how well your customers can tell their network who you are and what you do.

– Kindra Hall, national champion storyteller

Everybody has a different definition of difficulty. When you change your definition, you can change your ability.

– Antarctic Mike Pierce, adventure athlete

Earn the reputation of being a career launchpad, not a career parking lot.

– Ben Casnocha, award-winning entrepreneur, author, and executive

I've had every kind of failure you can imagine. That's what led me to being more successful—I learned from them.

– Peter Guber, chairman and CEO, Mandalay Entertainment Group

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The Chief Listener

For the award-winning founder of Vistage Malaysia, the ear is king.



Richard Wong receives the 2017 Cope Award from Vistage CEO Sam Reese. The award symbolizes service, selflessness, and commitment.



Vistage Chair Richard Wong has found that the inability to listen is a universal problem. “Working in finance, and in my first three years of Chairing, I discovered that many CEOs were terrible listeners,” he says. “They hire experts and don’t listen to them.”

“Some of my fellow Chairs have asked me, ‘Richard, what are the best questions to ask a struggling member?’ I tell them that is a bad question.” If you start a meeting armed with questions, Wong explains, you won’t listen and will miss the context of the issue. “Listen fully, and you’ll know what to ask.”

He uses a typical example to illustrate his point. “A Chair plans a one-to-one with a member about his strategic plan for the coming session. But right away, he notices the member is tense.” Wong posits that this member has just lost two major contracts. “As his Chair, you don’t want to

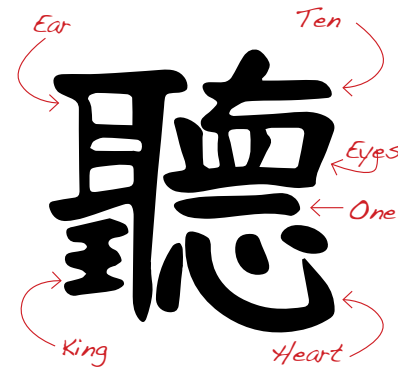
engage him on his strategic plan as you intended. You want to ask questions relating to his current state of being—how he feels about the lost contracts and what serious impact, if any, it will have on the business.”

Wong believes that effective listening begins with self-awareness. To listen, he explains, you must be present, which can’t happen if you aren’t physically and energetically grounded.

Omitted from his impressive résumé, which includes reinventing Malaysia’s struggling Nylex Group into a publicly traded and highly profitable company, is his eighth-degree black belt in combat pukulan, a system of self-defense that has its roots in the Malay archipelago. He is also a longtime qigong practitioner. Before each group meeting, he draws on this expertise to conduct energy-alignment exercises with his members. “CEOs often have too much yang—aggressive energy. This interferes with listening.”

Wong also believes physical fitness is a condition of effective leadership, and that health is too often neglected by business leaders. He asks all of his members to maintain a fitness regime. “Every year they must do a checkup. They share the results on the screen.” He laughs. “They love to make fun of each other for missing health goals. But this is how they hold each other accountable for their most valuable personal asset.”

As of late, Wong’s members are in the



best shape of their lives. This is important—the group has agreed to climb 17,000 feet to Mount Everest base camp in March 2018. “All of my 16 members are committed to doing this. If they are overweight or have high blood pressure, they have all gone to their doctors to ask what they need to do to get in shape. Already some of their doctors can’t believe how they’ve turned their health around.”

When asked about a time he most helped a member, he turns serious. “Probably my most significant accomplishment as a mentor was saving a member’s marriage.” Wong explains that he did not tell the member why he should stay married. Instead, he asked him to rate his spouse and himself on the various criteria of a good marriage. “The member gave himself a lower score in every category! On his own, he was able to discover why he valued his partner and acknowledge that perhaps his behavior was the problem.”

Though Chairs are often figured as coaches, it would be more apt to call Wong a guide: He guides his members on a journey of self-discovery and improvement. In this way, he can observe and help the whole person. He doesn’t have to guess at what they’re going through; he tries to really listen.

Wong points out that his philosophy of listening is rooted in the Chinese written language. “The character for ‘listen’ can be broken down into three parts: the ear is king, with all eyes and one heart.” He adds, “Notice that in Chinese, listening has nothing to do with the mind.”

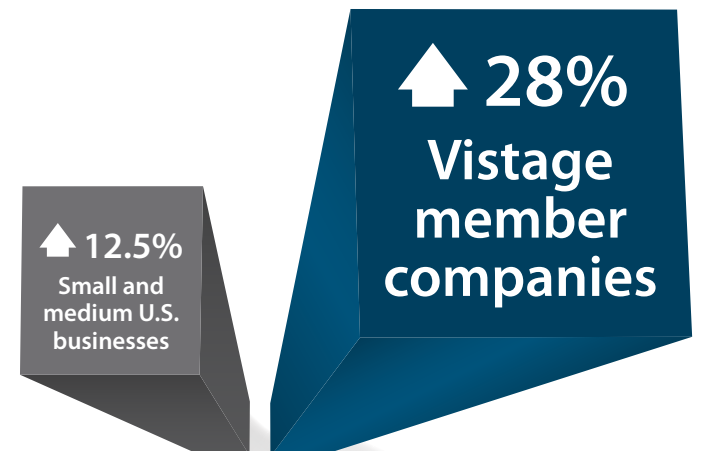
VISTAGE



Companies who joined Vistage over the past five years **grew 2.2x** faster than average small and medium-sized U.S. businesses, according to a 2017 analysis.

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Average compounded annual growth rate for company revenues (CAGR)

*Analysis performed on Dun & Bradstreet data for U.S. companies with \$5M to \$1B in annual revenue. CAGR for Vistage member companies (sample size: 788) calculated for companies still active as of April 2017; calculated from year of joining the Chief Executive program (between 2011–2015) through 2016. CAGR for average U.S. small and medium-sized businesses (sample size: 918) based on 2011–2016 revenues.