

PEER-TO-PEER

By Patrick Galvin

CEOs Learn Best from Other CEOs

Organizations such as the Alliance of Chief Executives in Northern California are an important resource for today's business leaders



IN AN INCREASINGLY GLOBAL and competitive world, CEOs naturally seek out the most powerful ways to expand their knowledge and maximize their effectiveness. Yet only a small percentage has found one of the best-kept business secrets – the power of exchanging ideas with other CEOs.

According to Dun & Bradstreet, there are 1.24 million businesses in the United States with ten or more employees and revenues greater than \$1 million. But only 24,000 U.S. CEOs are currently members of peer groups—less than 2 percent of all CEOs. CEOs are very independent by nature and are used to solving other people's problems. They don't often look to others for help.

So it is even more remarkable that the Alliance of Chief Executives in Walnut Creek is celebrating its 10th anniversary of bringing CEOs together.

Paul Witkay, founder & CEO of the alliance, first experienced the power of CEO groups in 1994, when he was invited to join a group of health care CEOs while he was running VitalAire, a subsidiary of France's Air Liquide Healthcare/Sante International.

"When I came to my first meeting, there were eight very intelligent executives sitting around a boardroom table," says Witkay. "They began to openly discuss their most

sensitive strategic issues, and their willingness to pool their knowledge and create fresh approaches was incredibly powerful. I became fascinated with the concept of leaders coming together to work through their most challenging issues and opportunities. Within hours, I decided I wanted to do this every day. In 1996, we sold VitalAire and I started the Alliance of Chief Executives."

The first alliance group brought together CEOs running companies in industries as diverse as agriculture, chemicals, paper and steel manufacturing, biotechnology, real estate, semiconductors and software. These alliance members quickly developed deep relationships, both professionally and personally, that led to profound strategic discussions.

Fortunately, the high-profile CEOs in this first alliance group attracted other talented leaders. As a result, over the past decade the alliance has grown to over 250 CEOs, who run companies ranging in size

from small, private companies to \$3 billion global public enterprises. Members are men and women 25 to 70 years old who represent a wide range of ethnic origins and a diversity of experiences and knowledge. According to Witkay, creating a powerful group requires matching CEOs who bring a diverse range of experiences and perspectives, but will also trust and respect each other.

And he's not the only one singing the praises of joining a CEO organization.

"The old saying that it is lonely at the top is true," says Dave Dutton, CEO of Mattson Technology Inc., a public semiconductor equipment company in Fremont. "CEOs have few independent confidants and [groups such as the alliance] serve as an

Largest CEO Groups in Calif.

Alliance of Chief Executives
www.allianceofceos.com

Entrepreneurs' Organization
www.eonetwork.org

Vistage International
www.vistage.com

Young Presidents' Organization
www.ypo.org

unencumbered advice pool. The CEOs in any given group have no vested interest other than to apply their advice and experience to others' business issues."

And Tom Oliver, CEO of Game Ready Inc., a Berkeley-based injury treatment equipment company, adds further insight: "If you only talk to people in your own

in which CEOs can access the collective wisdom and experience of the [organization's] community. It works because, as one CEO once told me, CEOs love to learn but they hate to be taught."

Witkay and his staff take painstaking care to put together groups of about 12 chief executives who respect and trust one another, while bringing a wide range of experiences, skills, perceptions and ideas to the major strategic issues that each group addresses.

Cal Lai, CEO of Sitoa Corp., an e-tailing solutions provider in San Mateo, certainly finds those intimate group sessions to be invaluable. "The time and effort the alliance staff put into getting to know each CEO and then matching them with the right groups ensure that each member is a good fit," says Lai.

Most small groups meet monthly in half-day private sessions, while others meet for four full-day meetings during each year. Witkay says that the "key is not the structure, but bringing the right CEOs together and creating an environment where they can talk candidly about their most difficult issues and opportunities with other CEOs that bring fresh perspectives and ideas."

The alliance also gathers groups together in regional meetings where CEOs of different groups can exchange ideas with other CEOs over breakfast or lunch. Strategic alliances, acquisitions, financings and other major events have happened simply by bringing CEOs together. Alliance groups currently meet in Northern California sites including San Francisco, Santa Clara, Oakland, and Sacramento.

It is important to note that alliance meetings are not random conversations. Instead, the alliance has a team of experienced directors who facilitate each group. These directors have run companies themselves and bring a wealth of business experience. According to Witkay, the role of an alliance director "is much like conducting a talented group of musicians."

Group sessions are strictly confidential so members feel comfortable trading strategic ideas. In turn, they receive honest and unbiased feedback that is hard to get from their boards or from the people who work for them.

As the alliance celebrates its 10th anniversary, Witkay credits his members for the group's success.

"Frankly, I owe it all to the first members of the alliance who had faith in the concept," says Witkay. "These first CEOs established the culture which values deep, meaningful, strategic discussions with a spirit of openness and honesty that still permeates the organization. They didn't come looking to help only themselves. Instead, they came with an attitude of 'What can we learn from each other?'"

Clearly, no CEO has an "extra" half-day on their calendar. However, CEOs who have invested their time to develop deep relationships with other CEOs have experienced a high return on their investment. With the demands increasing on today's business leaders, the many advantages of CEO groups like the Alliance of Chief Executives will ensure that they become an increasingly popular tool for CEOs to sharpen their skills, expand their connections and grow their companies.

Patrick Galvin is an Oregon-based writer and communications professional.



industry, you get caught up in legacy thinking and miss out on the unique perspectives and different ways of doing business that come from CEOs in other markets."

Doing Things Differently

In contrast to other CEO organizations like Vistage International Inc. and the Young Presidents' Organization, which provide outside speakers and coaches, the alliance has discovered that the greatest value lies in the chief executives themselves. This is not to take anything away from what those other organizations bring to the table. But, according to Witkay, "Alliance members understand that every CEO has unique knowledge and expertise to share. We create and protect confidential environments

Alliance of Chief Executive Member Quoteables

"A recent alliance meeting inspired me to move away from traditional service and marketing strategies and to begin identifying cutting-edge ideas."

Cheryl Wilson,
CEO of Nspire Communications

"Being a CEO is an unusual and sometimes lonely job. Developing a network of people who face similar situations is important for rational decision-making."

Jo Major,
CEO of Avanex

"I am interested in how other companies pursue excellence. By talking to CEOs who are not in my industry, I get insights into what metrics they use to measure success."

Cecelia McCloy,
CEO of Integrated Science Solutions

"As a 10-year member, I can attest that Paul Witkay and his staff work hard to maintain the alliance's values, which are best characterized by the oft-heard phrase, 'How can I help?'"

Rob Sher,
CEO of Bentley Publishing Group