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By Paul Witkay

THE CEO'S SECRET WEAPON

Collaboration
with your peers
can be a very
valuable
resource, one
that often
is not tapped

Thomas Friedman, Pulitzer Prize-winning author and columnist for *The New York Times*, describes a new world economy in which only the most nimble will survive in his latest bestseller, *The World Is Flat*.

According to Friedman, exponential advances in technology in conjunction with lower trade and political barriers have created a "triple convergence" in which it is possible to do business anywhere on the planet. Three hundred billion people in China, India, Russia, and Eastern Europe have been liberated to compete in the world economy and are willing to do almost any job—including yours.

Companies began outsourcing manufacturing work to developing countries in the 1990s as a means of cutting the cost of wages. In contrast, today's corporations are no longer outsourcing simply to save money but rather due to a dearth of talent in critical fields such as science and engineering. Case in point: The United States graduates fewer than 60,000 new engineers a year, while Asia produces eight times that number, and by 2010 the European Union is expected to grant twice as many science and engineering Ph.D.s as the United States.

Education Is Key

It is clear that American companies need to work with educators to upgrade the skills of the national workforce if we are to compete in the 21st century. But how do CEOs acquire the new credentials required to lead in an increasingly competitive and connected global environment? And how can they afford to take time out when every second counts?

A CEO must be constantly vigilant. He or she must scan the universe for opportunities to expand a business using new technologies, products, distribution channels or geographic markets. A CEO must be alert to threats from current competitors and new entrants, at the same time developing innovative ways of doing business and motivating the rest of the organization. Clearly, running an organization takes an inordinate amount of time. CEOs are by nature lifelong learners, but few can afford to take time off to go back to school.

In 1995, I found a solution to this dilemma. As leader of a national health-care organization, I was invited to join a group of industry CEOs. The landscape of health care was undergoing a dramatic change through consolidation and the evolution of managed care. My first meeting with this CEO group was eye-opening. I found it incredibly stim-

ulating to be in a room with talented executives who were openly sharing their personal knowledge while debating their most difficult strategic issues. During the course of my membership, I was able to solicit input and advice on issues ranging from marketing strategies to employee retention to the company's eventual strategic acquisition. Having access to the insights and experience of my fellow CEOs throughout that time was indispensable.

As a result of my personal experience, I created the Alliance of Chief Executives in 1996 to bring together CEOs with a diverse range of experiences. Members come from virtually every industry and market, supported by recent research suggesting that a CEO's ability to solve problems and improve organizational performance is enhanced through access to a social network outside his or her own industry and immediate set of friends and colleagues.

An Alliance member once told me that "CEOs love to learn, but they hate to be taught." For that reason, most peer-to-peer exchanges involving CEOs are a collaborative effort. Sessions are extremely confidential, with members trading ideas and giving the honest feedback that they rarely receive within their own companies or from their board of directors. Very often, meetings resemble a business school debate on the merits of a challenging Harvard Business School case study. The difference, of course, is that participants are discussing real-time, real-world cases with far-reaching global implications.

No CEO is expected to have deep experience in every discipline, in every type of industry, and in every geographic market in the world. By belonging to a group of CEOs with skills in areas that they lack, whether marketing, sales, finance, operations, technology or the law, they are able leverage their knowledge to an extraordinary level.

The global economy will continually challenge every business executive to create more efficient and effective ways to satisfy customers and shareholders, and the margins for error have become exceedingly thin. Friedman describes a hyper-competitive world in which "lions" will be pitted against "gazelles," and it is clear that CEOs need to be prepared for the changes ahead.

Paul Witkay is founder and CEO of the Alliance of Chief Executives (www.allianceofceos.com).