ALLIANCE OF CHIEF EXECUTIVES BRINGING LEADERS TOGETHER EXCHANGING STRATEGIC INSIGHTS TAPPING COLLECTIVE EXPERIENCE

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Spring 2014

Since 1996 the Alliance of Chief Executives has been helping CEOs solve their most profound, strategic challenges. As the premier organization for chief executives in Northern California, we gather leaders from virtually every industry and market sector to engage in confidential exchanges that typically wouldn't-or couldn't—take place anywhere else.

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The Lonely Job of Leadership

With pressures so unique, finding balance can be challenging

By Warren Lutz

Evan Bailyn (Group 271) of First Page Sage, an SEO and thought leadership content provider, spent the first five years out of college building several successful businesses. But his ambition came at a cost. When a friend remarked to Bailyn how much he had accomplished at such a young age, Bailyn fibbed. "I said I was happy, but I wasn't happy at all. I was emotionally absent all the time."

Fortunately, Bailyn did some self-inquiry and sought therapy, steps that he says had a "transformative impact" on his life and career in a positive way.

Today, he tries to create a boundary between his work and personal life "that is both physical and mental." He runs his business "1000% above board and in the

best interests of my employees and clients," which helps him sleep well. He also saves time for himself.

Bailyn also acknowledges the importance of the attitude he brings to his job. "Most people aren't as good at managing their emotions as they think they are, so if you come into work upset, others will feel it, even if they can't exactly perceive



Evan Bailyn First Page Sage

why," Bailyn says. "You will need to learn how to process those emotions responsibly so you can move past them."

Bailyn is not alone. While the job of CEO can be extremely rewarding, most CEOs face

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Being CEO of Your Own Destiny

Maynard Webb: We all have more inside us, and the best is yet to come



Maynard Webb "Rebooting Work"

By ACE Staff

According to Maynard Webb, creating a successful career has changed drastically in the age of entrepreneurship. But with a few tools, CEOs can control their own destiny.

Webb, the author of "Rebooting Work: Transform How You Work in the Age of Entrepreneurship," told Alliance members at a November 1st Regional Meeting that job satisfaction is at an all-time low—more than 50 percent of workers are unhappy at work, he said. But anyone—whether they are in

charge of an organization or work for themselves—can still find success.

Webb spoke about a framework of work in which the best position (among other positions such as "company man or woman," "disenchanted employee" and "aspiring entrepreneur") is "CEO of Your Own Destiny." The CEO of Your Own Destiny, he said, is someone who is highly successful, self-aware, loves freedom but opts to be "on the team" every day, works to build a network outside office walls,

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When Facing Goliaths, Think Like David

Even the largest competitors have weaknesses that can be exploited

All these investments

actually become

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customers.

Malcolm Gladwell, author of "The Tipping Point," "Blink" and "Outliers," has a knack for looking at the world in refreshing new ways. Break-through ideas are typically the



PAUL WITKAY FOUNDER

result of someone who was able to challenge conventional wisdom and think differently. Gladwell demonstrates this once again in his newest book, "David and Goliath."

David's victory over Goliath is widely accepted as a monumental victory for the underdog. To be sure, David was tiny compared to Goliath, and he was not a trained warrior, either. However, according to Gladwell's research, the outcome was entirely predictable. It seems that while Goliath was indeed

a massive, powerful warrior and David was a small shepherd boy, David was a "slinger." Gladwell learned that experienced slingers could hit targets with their lethal stones from up to 200 yards away. Goliath could only have won if the battle was fought in close quarters. David changed the "playing field" so that his "artillery" couldn't lose unless he got too close.

Most every industry has at least one if not several huge, powerful companies with massive resources to win most any customer they decide to target. Is it possible that, like Goliath, they all have weaknesses that can be exploited? I believe this to be the case. But how can a smaller, less trained competitor be like David and turn the tables?

Lesson 1: Change the field of battle.

For years, the major auto companies have had the ability to build new electric vehicles, but they never focused on them because they don't believe the market will be large enough. As a result,

they tried to modify their current vehicle platforms with hybrid or electric motors.

Yet in only a few short years, Tesla has created a huge brand image and a market valuation that is already half that of Ford—even though Tesla's current market share is less than 0.1%. The market currently values Tesla at \$1,000,000 per car, while GM is valued at just over \$7,000! Investors obviously see major growth potential for Tesla.

Similar to David, Tesla refused to compete on GM and Ford's terms and instead focused all of its efforts on building the absolute best electric cars available. Although sales are still small, Tesla has sold more electric cars than anyone else—even though the Tesla Model S costs more than twice

the price of the average gas-powered hatchback.

Lesson 2: Never underestimate the ability of large successful companies to ignore profitable new opportunities. Large companies regularly dismiss new products and markets because these opportunities aren't currently large enough to "move the needle," or they may threaten to "cannibalize' their very profitable current businesses.

A classic example is Kodak. In 1976, Kodak owned an 89 percent market share of the U.S. photographic film market and was one of the elite brands in the entire world. But it didn't pay attention to the introduction of the digital cameras—mostly because the early digital cameras weren't very good. Yet this would not always be the case.

Kodak decided to remain focused on its core film and camera business. In 2012, it declared bankruptcy and sold its valuable intellectual property.

Lesson 3: Leverage the larger competitor's assets against them.

As successful companies grow, they make significant investments into plants, stores, technology platforms and other tangible and intangible assets. All these investments actually become barriers to change, because they can tie a company's success to certain ways of doing business with certain sets of customers. Such companies choose not only what they do, but also what they will not do.

In 1992, Fidelity dominated the IRA market. Fidelity and other major industry firms all charged about \$22 per year to manage an IRA account. Charles Schwab was much smaller and decided to provide this service for free. Because Fidelity had so many more accounts, Schwab knew it would be very expensive for them to follow suit. As a result, Schwab was able to add \$2 billion in assets, and then made money on managing assets rather than by charging fees.

Blockbuster had invested heavily in 3,400 brick-and-mortar stores by the time Netflix launched its DVD-by-mail service at a fixed monthly price. Consumers no longer had to

leave their homes to rent movies, and Blockbuster couldn't create an alternative to Netflix without cannibalizing its own store sales. As Blockbuster was filing for Chapter 11 in 2010, Netflix was continuing to innovate by shifting its customers from DVDs-by-mail to streaming video.

When we think about the large competitors that we all face, it's difficult to not focus on all their size and strength. However, if we view them as David saw Goliath, who was slowed down by too much "armor," we can often find ways to topple them.

Paul Witkay is the founder and CEO of the Alliance of Chief Executives. He may be contacted at paulwitkay@allianceofceos.com. Spring 2014 Page 3

Nuggets from Behind Closed Doors

Alliance members allow selected insights to be captured and shared

Inside every private Alliance meeting, there are hundreds of years of experience. While keeping confidentiality of the member who turned to his group for help, we've captured (with permission) just a few of the insightful comments from a handful of members. Read what these two members had to say to get a glimpse of what it is like to be an Alliance member.



"To be successful, start with a product manager who knows how to define and go after different markets."

-Prem Uppaluru, Transera

Prem Uppaluru: Careful About Switching Business

The case at hand was brought to a recent Alliance meeting by an Alliance CEO whose consulting company was considering whether to create a successful new product or transform itself into a product company. Here's what Prem Uppaluru, CEO of Transera Communications, a provider of virtual contact center solutions, shared with the Alliance member.

"We have known each other for over two years and I know that you have deep expertise in your field. I also know that you are a very smart and pragmatic leader, and that the temptation to go into the product market is not personal. It feels like something your company can do. But I have to caution you, there is a big difference between selling services versus selling products.

"Service companies listen to their customers and try to help them with a customized package application. A product company, on the other hand, tries to fill a need that is underserved by an entire marketplace. It's about understanding markets, not individual customers.

"The problem is that service companies generally do not do marketing or product management. Yet these areas are critical for product companies. If I were in your shoes, I would hire an experienced product manager. 'My' product manager would identify the features and functions the market needs and how to deliver my products to each market segment. This will require different channels,

ecosystems, messaging and marketing programs, because these things are not the same for all market segments.

"Service companies have to watch the temptation to get into the product business. It can be done, and you certainly have the skills and expertise to make it happen. But you must be careful, and to be successful, you must start with a product manager who knows how to define markets and go after market pathways."

Israel Niv: Create A Fuller Solution

The case at hand was brought to a recent Alliance meeting by an Alliance CEO who believed his company's stock price was extremely undervalued because of past missteps by prior management. Here's what Israel Niv, CEO of DCG Systems, a leading supplier of semiconductor diagnostic, characterization and defect localization solutions, shared with the Alliance member.

"As I understand it, your company's technology is not considered to be in a particularly high growth area. In my opinion, this affects how

"I would reposition the company as a player in my most profitable sector by creating a fuller solution."

-Israel Niv, DCG Systems

your company is being perceived by investors and by the market. It is difficult to change this perception, but it can be done.

"For example, my semiconductor equipment company had struggled with the same challenge. Most of the multipliers in that business are not very high and there are a lot of ups and downs. We decided to go after the laboratory instrumentation business. The margins are just OK, but the profits are more stable and there is much more potential for growth. This changed how we were seen in the marketplace.

"If your company were my company, I would consider taking 'my' technology and creating a specific application that is considered to be a high growth area. Even if the new application I chose did not generate significant volume right away, my company would no longer be identified as doing just one thing. Also, when companies move into a new business area, different analysts will begin covering them, and they will start attracting more attention for having a broader set of business and potentially more multipliers to their business.

"If my industry is not favored by Wall Street, I would reposition the company as a player in my most profitable sector by creating a fuller solution. This may require an acquisition or two, but it would change the way my company is perceived—and as a result, its potential for future growth and profits."



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Going Public in a Big Way

Saunders: Led largest IPO in U.S. history at Visa

By ACE Staff

Joe Saunders, executive chairman and former chief executive officer of Visa Inc., joined us for our November 8th Regional Alliance Meeting in San Francisco.

Saunders discussed his career at Visa, where he led a global payments technology company that

connects consumers, businesses, banks and governments in more than 200 countries and territories. During his tenure, Saunders strengthened Visa's position as the world's leading payments technology company.



Joe Saunders Former CEO, Visa

Under his leadership, Visa transformed from a private association of banks into a public company that completed the largest initial public offering in U.S. history in 2008. As a result, Visa's stock price grew by more than 250 percent, despite an ongoing economic recession and federal regulations that

placed limits on how much Visa could earn on transactions.

Saunders also serves as chair of Teach for All, an organization working to expand educational opportunities worldwide.

Maynard Webb

Continued from page 1

and has great career options. "You can work for yourself or a corporation and still be the CEO of Your Own Destiny," Webb said. "This is the sweet spot for the future of work."

From his start as an entry-level employee at IBM, Webb has become one of tech industry's most respected veterans. He has held executive roles including COO at eBay and CEO at customer service technology firm LiveOps, where he remains chairman.

Members throughout the Alliance are welcome to attend any of our keynote breakfasts and meet other members. Look on the back page for a list of upcoming events, or go to the "Events" section of the Alliance of CEOs website.

Welcome New Alliance Members!

Member	Group	Company	Website	Industry
Edward Albini	T120	Sutro Biopharma	www.sutrobio.com	Biotherapeutics
Kevin Barber	T300	Synaptics	www.synaptics.com	Human Interface Solutions
Damian Bolton	110	ELECTROBOARD Solutions	www.electroboard.com	Visual Collaboration
Matt Brown	333	Waverley Software	www.waverleysoftware.com	Mobile Application Design
Todd Defren	272	SHIFT Communications	www.shiftcomm.com	Public Relations
Gini Deshpande	307	NuMedii	www.numedii.com	Big Data Technology for Life Sciences
Jake Gibson	T120	NerdWallet	www.nerdwallet.com	Web-based Financial Information
Joe Golemme	T110	Topica Pharmaceuticals	www.topicapharma.com	Topical Pharmaceuticals
Sanj Goyle	302	BancBox	www.bancbox.com	Financial Transaction Platform
Nathan Harding	275	EKSO Bionics	www.eksobionics.com	Robotic Exoskeletons
Gordon Heneweer	T300	CooperVision	www.coopercos.com	Contact Lenses
Yasmin Kaderali	212	MOM Enterprises	www.mommysbliss.com	Trusted Products for Families
Lilah Koski	272	Koski Research	www.koskiresearch.com	Marketing Research
Tom Madsen	T120	Jamba Juice	www.jambajuice.com	Retail Food & Restaurants
Kay Mandegarian	271	PurpleTie	www.purpletie.com	Dry Cleaning & Laundry Services
Mick McGee	275	EchoUser	www.echouser.com	Customer Research
Oliver Mellows	T205	MBH Architects	www.mbharch.com	Architecture
Pirkka Palomäki	T120	F-Secure	www.f-secure.com	Internet Security
Ninin Sood	302	Boreal Genomics	www.borealgenomics.com	Genomic Tumor Profiling
Manuel Terranova	307	Peaxy	www.peaxy.net	Data Storage

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Alliance Community Activities

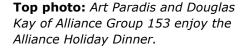
Leading Your Board

Boards are one of the most common sources of frustration for many CEOs. While a well-built, high-performing board can be a big asset for any CEO, many fall short of ideal. Regardless, CEOs are charged with leading the firm and the board, and getting what they and the business need from the board is paramount. At this November 12th Roundtable, Alliance Members discussed common challenges that CEOs face when dealing with their boards of directors.



Holiday Dinner

The Alliance hosts three All-Alliance Dinners each year to enable all members and their guests to meet other members from throughout the entire Alliance. Many Alliance members and their guests came from throughout Northern California to enjoy our 2013 Alliance Holiday Dinner at the Castlewood Country Club in Pleasanton on December 5th.



Bottom photo: Our Alliance members built the unique culture of the Alliance of CEOs and we were pleased to recognize that so many members who have been part of the Alliance community for over 5 years were able to attend our Holiday Dinner. Some of these folks have been part of the Alliance for 17 years!







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Balance between personal and professional life can help

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unique pressures that make the job itself a lonely one.

John Weber (Q400), who until recently led CooperVision, a provider of soft contact lenses, says there are



CooperVision

two phenomena that are unique to CEOs. The first is that the CEO balances more constituents than any other position in an organizationcustomers, shareholders, analysts, board members, employees, executives, communities, and more. "The competing and mutually exclusive require-

ments and desires of these constituents put unique pressure on the CEO," Weber says.

The second phenomena is timing. "The CEO has to make constant decisions about short, mid and long term initiatives that often compete with one another, but it is the long term decisions that place the CEO under the greatest pressure," Weber adds. "While it is logical and right, long-term investments simply do not satisfy the requirements and desires of the CEO's constituents. They only satisfy the requirements and desires of future constituents, many of which the CEO will never meet. '

"Most folks smile to themselves and think, 'C'mon, I would love that job!" he adds. "They are right, CEOs have great jobs. Yet there are very few resources available to CEOs to release



les Pedersen Webcor Builders

these pressures and share their feelings. They are public figures who are 'on' 24 hours a day. Everything we do and say is scrutinized by at least one of our constituents."

Jes Pedersen (Q200) of Webcor Builders, a large commercial contractor, believes anxiety

among CEOs is created by the quantity of tasks that must be done and the challenges of doing something new for the first time. "After doing something for the first time, it becomes a known process that's then easily repeatable. But things that are unique create a certain type of anxiety," Pedersen says. "When you're doing it for the first time, you're reaching out to staff and experts to gather information and facts to develop your own conclusions - which you hope, and here's where the anxiety kicks in, hit the mark and address the issue."

Stress also comes from dealing with constant decisions while trying not to show weakness to your board or to your team, Pedersen says. For this reason, optimism and the ability to self-regulate are such important traits in a leader. "If anyone gets to this position and allows themselves to get overwhelmed and pessimistic, they may not have the right temperament to be a CEO long-term," he says.

Ed Levine (Group 202) of Vine Solutions, a restaurant accounting and consulting provider, believes leaders can manage pressure by delegating some of their responsibilities downstream. But new pressures can come back quickly. "For example, in my business,

"I learned early on in my career not to think about work when I'm at home. It takes some discipline to do that, but you need to be able to walk away from the emotional side of the job."

we recently had a change in operational leadership with the loss of a 15-year veteran. I hold his responsibilities now, and I certainly feel it," he says.

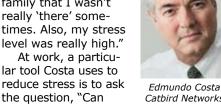
Levine believes it's critical for a CEO to have outlets. "I personally like to get outside a lot," he says. "I'll take my dog for a four mile hike, play disc golf with friends on the weekends, or go out to dinner with my wife. You've got to mix it up. If you're just focused on work, work, work, you're probably going to end up dead very quickly."

Edmundo Costa (Group 309), of Catbird Networks, a provider of security and compliance for virtualized, cloud and physical environments, agrees CEOslike everyone else-need to have a balance between their personal and professional lives. "One of the things I learned early on in my career is not to think about work when I'm at home," Costa said. "It takes some discipline to do that, but you need to be able to walk away

from the emotional side of the job."

Early in his career, however, Costa admits he struggled at creating balance. "I'd go home and think about work all the time. I'd think about work in my sleep." Then Costa sold his company and took a year off work.

"One of my goals was to stop thinking of work," he said. "I got feedback from my family that I wasn't really 'there' sometimes. Also, my stress level was really high."



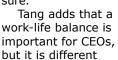
Catbird Networks

they or will they?" when asking someone to perform a task. "It's a very helpful way to think about things," he said. "When it's a 'can they?' problem, it's a training issue. When it's a 'will they?' problem, it's a motivational issue, which puts the conversation into a whole different context. It really takes the emotion

out of the equation."

Dean Tang (Group 307) of ABBYY USA, a provider of provider of document recognition, data capture, and linguistic technologies and services, says all CEOs face pressure, but focusing on "good pressure" as opposed to "bad pressure" is important. According to Tang, good pressure is striving for and achieving your business goals or landing big deals. Bad pressure is worrying about things a CEO cannot control, or worrying about not being able to pay salaries. "The pressure is constantly there, and it can

either build you up or tear you down, Tang says. "The first order is to remove the bad pressure by hitting the break-even point as fast as you can, so you can focus on the positive types of pressure."





Dean Tang ABBYY USA

for each person. "My recommendation is that when you're at work, give 100 percent, then at the end of the day, get up and leave—don't dwell on unfinished work, because you will always have unfinished work. When you go home, give your family and yourself 100 percent."

> Warren Lutz is Editor of the Alliance of Chief Executives newsletter. He may be contacted at wlutz@allianceofceos.com.

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Members In The News

Ekso Bionics Featured in People Magazine

January 13, 2014

People magazine reported how Ekso Bionics is helping paralyzed people, like Army veteran Gary Linfoot, walk again. Ekso is led by Alliance member Nathan Harding (Group 275).

Second Genome Featured in 2014 **Biotech Forecast**



January 3, 2014

The San Francisco Business Times recently included Alliance member Peter DiLaura (Group 310) and Second Genome in its 2014 economic forecast.

Paul Lipman Interviewed on MSNBC



December 22, 2013 Alliance member Paul Lipman

(Group 305) of Total Defense was interviewed on MSNBC regarding the recent credit/debit card breach at Target.

Sutro Biopharma Closes \$26 Million Financing

December 11, 2013

Sutro Biopharma has secured \$26 million in a Series D financing. The additional financing will fund the expansion of Sutro's proprietary immuno-oncology product pipeline. Alliance member Bill Newell (Group 307) is the CEO of Sutro.

Joy Chen Relaunches Yes To

November 1, 2013 Alliance member Joy Chen (Group 202) and Yes To were featured as the cover story for Smart Business magazine.

embedUR Recognized by Silicon India



November 1, 2013

embedUR, led by Alliance member Rajesh Subramaniam (Group 153), was selected by Silicon India as one of the top 25 engineering services companies run by Indians in the U.S.



Alliance Group 305 enjoys a last 49er's game at Candlestick Park. Back row, left to right: Hank Holzapfel, Rick Sutherland, Paul Lipman, Gold Rush Girl #1, Glen Shu, Gold Rush Girl #2, Craig Cohen, Gene Banman. Front row, left to right: Andy Coan, Karan Yaramada, Uwe Druckenmueller.

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Upcoming Alliance Events

For an updated list of all Alliance events, as to www.allianceofceos.com/events2

The core of the Alliance is our private groups which meet throughout Northern California. Because the collective experience within the Alliance is truly extraordinary, we enable our members to come together in a variety of ways to "cross-fertilize" their diverse knowledge and experiences and connect in meaningful ways. If you would like to be invited to any of the Alliance events below, please contact Laurel Madal at (925) 942-2400 ext. 201 or Imadal@allianceofceos.com.

Keynote: Matt May, EDIT Founder & Author; Friday, February 7 in Santa Clara

EDIT founder Matt May works with creative teams all over the world and is a close advisor to senior management of companies such as Toyota, ADP, Intuit, and Edmunds.com. He is the author of several books including, "The Laws Of Subtraction: 6 Simple Rules For Winning In The Age Of Excess Everything," and "The Shibumi Strategy: A Powerful Way To Create Meaningful Change." Event begins at 7:30 a.m. at the Santa Clara Convention Center.





Keynote: Adam Leipzig, CEO, Entertainment Media Partners; Friday, February 14 in San Francisco

As a former Senior VP with Walt Disney Pictures and President of National Geographic Films, Adam Leipzig oversaw some of the most financially successful and iconic films ever—including "March of the Penguins," "Dead Poets Society," "Good Morning Vietnam" and "Honey, I Shrunk the Kids." Now, as the CEO of Entertainment Media Partners, Leipzig provides informed guidance, deal making intelligence and relevant connections for corporations and prestige media companies to garner greater success in the marketplace. Event begins at 7:30 a.m. at The Bently Reserve in San Francisco.

Keynote: Alan Fine, Founder, InsideOut Development; Friday, February 21 in San Ramon

Considered the pioneer of the modern day coaching movement, Alan Fine, an author, international performance expert, keynote speaker, and co-creator of the widely recognized GROW Model, has worked with many of the world's most respected athletes and organizations such as IBM, NASA, Honeywell, Gap, and Coca-Cola. His thought leadership includes his recent New York Times Bestselling book, "You Already Know How to be Great." Event begins at 7:30 a.m. at the San Ramon Valley Conference Center.





Keynote: Tom Kippola, The Chasm Group; Friday, March 7 in Santa Clara

Tom Kippola, a Managing Director with The Chasm Group, will join us for this regional Alliance meeting. Kippola assisted in the early strategy development for several of the most successful tech companies of the last 15 years and also provided consulting and/or training for many well-known and established companies including Microsoft, Hewlett-Packard, IBM, Motorola, AT&T, America Online. Event begins at 7:30 a.m. at the Santa Clara Convention Center.

CEO Summit Dinner & Meeting: Alliance / European CEO-CF; Thursday, April 3 & Friday, April 4 in Santa Clara

Alliance members will have the opportunity to meet personally with members from our European partners, CEO Collaborative Forum (CEO-CF) at a "Welcome Dinner" on Thursday, April 3rd and at our South Bay Regional Meeting on Friday, April 4th at the Santa Clara Convention Center. We will also have joint Roundtable Discussions on the afternoon of Friday, April 4th. It's a great opportunity to make more connections with European CEOs.





Keynote: Robert Sutton, Co-author of "Scaling Up Excellence": Thursday, April 10 in Santa Clara

We are happy to welcome back Robert Sutton, Stanford Professor, organizational researcher and best-selling author of "The No Asshole Rule" and "Good Boss, Bad Boss." Sutton will be discussing his most recent work, "Scaling Up Excellence," the first major management book tackling this crucial and universal challenge. Event begins at 7:30 a.m. at the Santa Clara Convention Center.

Alliance Spring Dinner; Thursday, May 22 in San Jose

All Alliance members and their guests are invited to attend our Alliance Spring Dinner at the Silicon Valley Capital Club in San Jose. Our wine reception and dinner is free for Alliance members and their guests! We host three "All-Alliance" CEO Dinners throughout the Bay Area to enable our members to get to know their fellow Bay Area CEOs. Event begins at 6 p.m. Reserve your space early—this is be a popular event!





2185 N. California Blvd., Suite 590 Walnut Creek, CA 94596 (925) 942-2400 www.AllianceofCEOs.com

