

CONNECTING BUSINESS & PEOPLE IN THE NEW NORTH

INSIGHT

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Employee Free Choice Act:

Will new union rules impact your business?

FACE TIME with
Charlie Schrock of Integry's

Manitowoc young professionals set SAIL

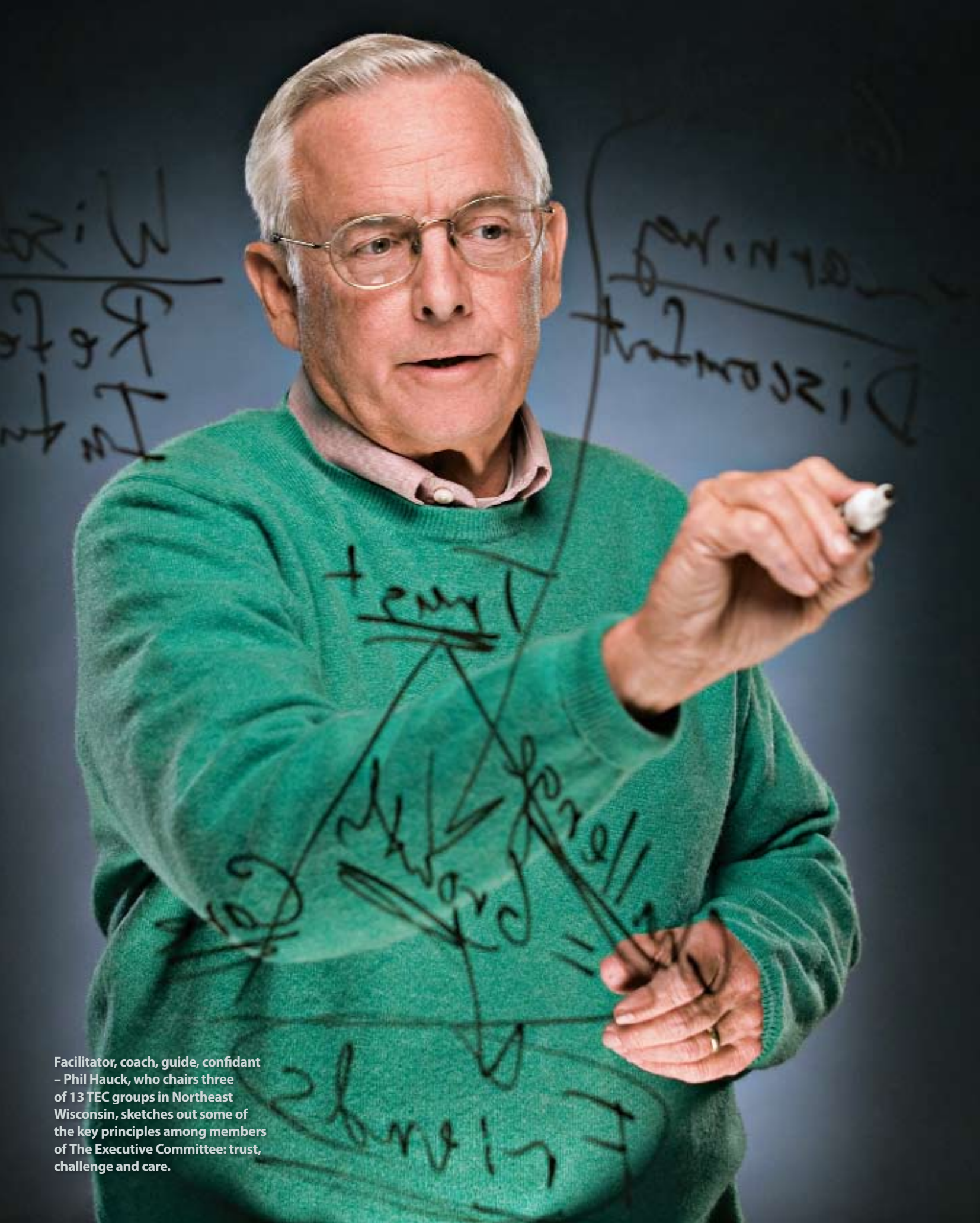
Chinese delegation returns to New North

+
CALUMET COUNTY
HEALTH CARE
BANKING

TEC cracks the code for success

When it's lonely at the top,
The Executive Committee offers
the ultimate sounding board

*Phil Hauck
runs 3
regional
TEC groups*



Facilitator, coach, guide, confidant
– Phil Hauck, who chairs three
of 13 TEC groups in Northeast
Wisconsin, sketches out some of
the key principles among members
of The Executive Committee: trust,
challenge and care.



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A dozen business executives gather around the table, joshing and joking as familiar friends do. The chatter dies down as Phil Hauck convenes the meeting.

“Today, we’re going to talk about your b-hag,” Hauck says. They all know that’s BHAG, short for Big Hairy Audacious Goal. Among them:

- » Be No. 2 in my industry in North America, positioned to become No. 1, by 2010.
- » Circumnavigate the Eastern

United States by water. Be a missionary.

- » To make my nonprofit agency the PREMIERE charitable organization in the area.
- » Achieve \$75 million in revenue in 2016!

“Now,” Hauck says, “you’re going to answer this question: ‘Why would anyone want to work for you?’”

He prompts them to fire off answers. The first responds: “Innovation. I pay well. Healthy dialogue. I treat you like a partner. ...”

Hauck begins writing them all on the white board in the front of the room but can’t keep up. He picks up a Koosh ball and tosses it at the member. “I only wanted one thing!” he playfully scolds. Laughter ensues.

Thus begins a typical meeting of TEC – an acronym for The Executive Committee and pronounced “tek” – a group that bills itself as “dedicated to increasing the effectiveness and enhancing the lives of CEOs.”

Call it group therapy for businesspeople, TEC offers a sounding board, a resource and a peer idea exchange for those who find it can be lonely at the top. In good times, members swear by TEC as key to their growth and success. In the face of a challenging economy, they cling to their involvement in TEC as a critical tool for thriving – and in some cases, for their very survival.

“In our group we’ve talked about how if somebody fails, we all fail,” says Dennis Reimer, CEO of Midwest Specialty

Hauck challenges the members of his three TEC groups and expects them to challenge each other. Tossing a Koosh ball helps keep the mood convivial when the conversation turns intense.



Products, Winneconne. “TEC energizes you and reminds you to stay focused, to keep that sense of urgency and keep your company moving forward in the right direction.”

“I would not be able to do this without the influence of this group,” says Mike Kiley, CEO of PAi, a plan administration and payroll firm based in De Pere.

Founded in Wisconsin in 1957, TEC has grown to 15,000 members worldwide but the state still boasts a high concentration of members.

How does it work? TEC members gather for full-day meetings nine times each year, rotating among members’ business locations, where the host enjoys the chance to share his or her story. Six of those meetings feature a half-day with a national speaker.

TEC for Small Companies (up to \$3 million in sales) annually meets for four full-day sessions, which include speakers, and five half-day sessions. Three TEC groups in Northeast Wisconsin cater to small companies.

Before each meeting, the TEC chairman spends a couple of hours individually with members to reflect on issues they might want to tackle in the group session.

In addition, members and their guests (generally employees) are invited to hear the speakers and to join members at regionwide special interest meetings, featuring speakers on topics such as e-commerce, health care or succession planning. Members become close confidants and often meet outside the group as well.

As an invited guest at several TEC 32 meetings the last six months, *Insight* discovered that meetings offer a place to vent and learn from peers and experts who’ve been there, done that.

A typical day with TEC

On a late August day, TEC 32 spends a morning at the Holiday Inn in Green Bay listening to national speaker Herb Meyer, a Seattle-based guru on global affairs who exemplifies the caliber

of speakers TEC recruits. Meyer, formerly vice chairman of the National Intelligence Council under the Reagan administration and a former associate editor of *Fortune*, keeps the group and their guests rapt for more than three hours. He describes what he calls the four major world transformations and their impact on international commerce: The war in Iraq, the emergence of China, the shifting demographics of Western Civilization and the restructuring of American business. On demographics:

“Fortunes will be made in companies that are clever, inexpensive and green. Over the next 40 to 50 years the challenge for the world is to bring all these people out of poverty without trashing the planet. China is getting old before it is getting rich. ... Spain is in a demographic death spiral. ... The birth rate in Russia is so low that on Sept. 12 workers are ordered to go home and procreate – they call it the Day of Marital Contact. ...”

As Meyer goes on, you can almost hear the gears humming in the minds of the TEC members as they ponder a future of possibilities. When he switches to the topic of restructuring American business, Meyer’s words really resonate. Successful businesses of the future will be based on “integrators and complementors,” he says – focused on what they do best while outsourcing or contracting with other companies to do everything else.

Later in the day and in subsequent meetings, TEC members frequently drop the name “Herb Meyer” as an inspiring force in the context of their own business initiatives.

‘Tough love’ feedback

After lunch the group reconvenes several blocks away at Arketype Inc., where host Jim Rivett greets them in his advertising agency’s conference room. They break into small groups for the executive session portion of the day, when they delve deeper into challenges that each member is facing.



Encouraged to let their hair down and share all their secrets, members pledge to keep all discussions strictly confidential. They are also encouraged to exercise “care-frontation,” recognizing that personal attacks are counterproductive.

Each draws a box on a sheet of paper and fills it with a problem that’s top of mind. Then each takes a turn to talk about it and ask for feedback. In the two minutes allowed, one member begins:

“Our largest customer is debundling services we provide to drive costs down.” His company’s strategic advantage, he says, is manufacturing a complete product with its own quality components. He fears that by accepting lower-cost components from other vendors that quality will suffer – along with profits.

Problem on the table, the member turns his chair around, and for four minutes, quietly looks at the wall while taking in feedback from the others, who offer advice more freely than they might looking their friend in the eye.

“I think you should focus on what you do best,” a fellow TEC member suggests.

“I agree,” adds another. “At some point, that model will come apart.”

When the time is up, he turns his chair around to reflect on what he just heard.

“I heard you guys say some things Herb said this morning about integrators and complementors,” he says. “I think we should figure out what we do best instead of trying to do everything. I could find them a lower cost part. Or, we need to find new clients that want a turnkey product.”

The next member takes his turn. He describes his problem: A business partner has strayed in a direction he and a third partner strongly disagree with.

“He’s not going to change. We’ve already gone down the road of buying him out, and that’s not happening. I’m at a crossroads. We can accept his ideas and try to make the best of it. But we would need to change the culture of our organization.”

He turns his chair and faces the wall. He can’t see the



“TEC energizes you and reminds you to stay focused, to keep that sense of urgency and keep your company moving forward in the right direction.”

Dennis Reimer, CEO of Midwest Specialty Products, Winneconne (pictured above, standing)



Mike Gavronski says TEC offers valuable feedback. "You don't have to worry about whether somebody's got a hidden agenda. It's the kind of feedback that's really difficult to get, particularly in the workplace, when you're the CEO. The talent in the room is amazing. If you had to go out and buy that talent, it would be very expensive."

Previous page: Dennis Reimer hosts a meeting of TEC 32. Clockwise from left are Lee Bouche, Employee Resource Center; TEC Chair Phil Hauck; Jim Rivett, Arktetype Inc.; Mike Gavronski, Chameleon Group; Gary Lofquist, MCL Industries; Kurt Voss, Amerilux International; Jeff French, Virchow Krause; and Tom Frawley, Paper Airplane, LLC.

others shake their heads and grimace as they begin four minutes of tough love:

- "You need to stand your ground."
- "Let the chips fall."
- "Find a better fit."

When his time is up, the member turns his chair around to face the others. He acknowledges it's up to him to make a difficult decision: to sever ties with the partner, who is a friend ... or risk that person taking the whole business down with him.

The value of trusted advice

TEC becomes attractive to executives "when they have figured out that they don't have all the answers," says Hauck, who has been a TEC chairman since 1990 and now runs three groups in Northeast Wisconsin. "When they keep doing the same things they used to and it's not working, they think, 'Maybe I need to be listening to someone else.'"

Set up as for-profit organizations, groups are numbered in sequence from the first one, established in Milwaukee by Robert Nourse. Sister organizations have been launched in 16 countries worldwide; the largest, based in San Diego, changed its name to Vistage International in 2006.

TEC Wisconsin and Michigan ("the mother organization"), owned by CEO Harry Dennis and based in Brookfield, boasts some 650 members in Wisconsin and 100 in Michigan. Run independently, TEC Wisconsin and Michigan keeps an affiliation with Vistage, which allows its members to tap resources on its website.

The typical member sticks with his or her TEC group for seven to eight years. The financial commitment: \$705 per month (\$450 for small companies).

"Is that a lot?" Hauck asks in the handout he shares with prospective TEC members. "What's the value of knowing how your peers would deal with challenges like yours? The tradeoff, obviously, is the potential value to your organization's bottom line from insights and ideas you can get from a board of peers and cutting edge resources.

Many members refer to TEC as their 'continuing MBA' program."

Indeed, Hauck adds, the annual growth rate of TEC companies has historically exceeded that of the S&P, Fortune 500 and Dow Jones Industrials combined.

Most members view TEC as directly related to their success, says Trisha Huizenga, who runs two TEC groups in the Fox Cities. When new members consider joining, she adds, they fear the time commitment more than the expense.

"By the end of the first year, they invariably say, 'I remember I was so concerned about the time commitment, but honestly, I made better decisions, I made them faster than I would have otherwise and it saved me in the long run.' I encourage them to view this as a selfish opportunity, to take one day to get away from their Blackberries or cell phones and think of themselves as leaders and how they can further develop themselves."

While the economy without question has impacted companies of TEC members, few have dropped out, says TEC Midwest membership director Michele Bernstein. "Right now we're flat; we haven't dipped below our target numbers," she says. "The whole point of TEC is we're here to help people. If long-term members have problems, we look out for them (and negotiate payment terms). We know they'll refer people and they'll come back."

Bernstein and others with TEC

CLOSER LOOK

The Executive Committee (TEC)

» www.TECMidwest.com

Organized in Wisconsin in 1957, TEC aims to increase the effectiveness and enhance the lives of chief executive officers. More than 750 members belong to TEC Wisconsin and Michigan. TEC Wisconsin and Michigan is an independent affiliate of Vistage International, which has some 15,000 members worldwide.



➔ **ONLINE:** Click to see a video of Phil Hauck discussing TEC.

often turn to Hauck for his depth of knowledge about how the organization works and how businesspeople can tap into it.

"Phil is the old master at this," says Huizenga.

"Phil is like the Godfather," Rivett says, only half joking.

Hauck also runs an independent Senior Marketers & Sales Executive group in Northeast Wisconsin and serves as board president of the Healthy Lifestyles Cooperative of Brown County. After earning an MBA from Columbia University, he worked as a reporter for the Wall Street Journal and later was employed for 15 years in retail distribution and operations. He published a business newsletter for a few years and in 2004 co-authored a book, "Recapturing the Growth Track: Correcting Leaders' Disempowering Behaviors."

The dynamic of every TEC group is as varied as its chair and its members. Hauck seeks individuals from throughout the region, for example, and keeps his groups at about a dozen members. Huizenga, a former vice president in commercial banking who now works as a consultant in business dispute mediation, became a TEC chair in 2005. She strives for 17 members per group, and prefers to include members from a tighter geographic region, with the idea that members might get together more often outside of the group.

"We've got so much flexibility as to how we structure our groups, and we've got a great diversity in terms of chairs and styles," Huizenga says. "We do a matchmaking process to get people in the group that's best for them."

Geared up for the long term

At the American Club in Kohler in January, Hauck opens the TEC 32 annual two-day retreat with a quote he found on CNNMoney.com that drives home the urgency of preparing for the end of the recession:

"It's hard to be upbeat in a recession, but it truly is an opportunity. Marathoners and Tour de France racers will tell you that a race's hardest parts – the uphill stages – are where the lead changes hands. That's where we are. When this recession ends, when the road levels off and the world seems full of promise once more, your position in the competitive pack will depend on how skillfully you manage right now."

"Think about where you want to be in 2012," Hauck challenges them, and be ready to discuss it after lunch. They break early to watch the Presidential Inauguration – an atypical sort of thing to do, but something everyone agrees is important.

That afternoon and throughout the two days, each shares his plan to weather the economy and thrive when the recession ends. Following each presentation the others do a blind vote and indicate, 1-10, what that member's chances will be for success. (By the end of the second day, one has scored an 8, another, a 7. Many score 3s or 4s. One who averaged a 3 later e-mails the others and asks them to contact him to discuss what his plan might be missing.)

More immediate problems are addressed in the Executive Session. Some members report that the problems they had in August have now been solved, including the member whose customer wanted to debundle his product.

"We've since come to an agreement that there will be some specific customers for which price will be more important," he says. "Those are the ones that we will have to debundle and allow to look outside for the best price. In other cases, where we are not forced to look for a different price, we won't change anything. It's not perfect, but it's a solution."

As for the member who faced asking a partner to leave? He says his fellow TEC members helped him see that he needed to meet the partner half way.

"I quit making it about the two of us," he says. "It's been a good journey since then. Our relationship has become stronger than it's ever been. We've been able to work through some of these things and see eye to eye and leverage what each of us has to offer, rather than finding each other at odds."

"TEC definitely helped me to come back to a point of being able to look at it from the outside, rather than internalizing the whole thing. They challenged me. It's a pretty good eye opener, when they stare at you from across the table and say, 'Hey, you're missing this piece.'"

He is so grateful for the role TEC played that he wonders if he's getting a lot more out of the group than he is able to give. He knows one thing for sure: He would not leave the group to save time and money.

"That would be the last thing that would come off my list," he says. "That would never even come to my mind." ①



"I would not be able to do this without the influence of this group."

Mike Kiley,
CEO of PAi,
De Pere

FROM THE EDITOR



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Purest advice comes from peers

THE KOOSH BALL FLEW AROUND

the table a few times during my first encounter with TEC. Phil Hauck was judicious about appropriate moments to fling the toy, principally at “ba-dum-bum” moments. One thing was clear: These people hold nothing back.

Even if you’re not a member of The Executive Committee, you’ve probably heard business associates or acquaintances say such things as “We heard a great speaker in TEC last month,” or “So-and-So is in my TEC group.” I was vaguely familiar with it, but I had to find out more.

TEC 32 members and their chair, Phil Hauck, were super gracious to invite me to their meetings several times over the past six months. Most of the time, I was a fly on the wall, gathering background for this month’s cover story. Once in awhile, they invited me to participate as a business owner, so that I might better understand the complete experience.

What an eye-opener. Let’s just say, there is probably no resource as valuable as your peers. When the buck stops with you, there are certain things you just can’t share with your employees, your spouse, your friends or even your business partners. Even if you can, who really wants to hear it?

Thirteen TEC chapters in Northeast Wisconsin offer a forum for CEOs, presidents and business owners to share their challenges and learn from each other, with the guidance of the facilitators (chairs) and the resource of expert speakers the group invites in. In recent meetings they’ve wrestled with issues related to the recession, such as how to finance new projects, how to handle clients who want to cut corners and how to position themselves to buy out competitors.

TEC members are already tackling how to position themselves when we come out of the recession. In one exercise, Hauck asked members to present their plans for how they will

weather this economy and ultimately, come out ahead. After each presentation the others rated what they saw as chances of that company succeeding.

The votes were something of a wake-up call for some. The good news? They are on top of it and working earnestly on their strategies – no doubt well ahead of their competitors.

Several times a year, each TEC chapter invites national speakers in to share their expertise. Brian Beaulieu of the Institute for Trend Research, who has spoken to many such groups in recent years, was the featured speaker at the recent Oshkosh Chamber’s annual Economic Outlook Breakfast. He said we should begin seeing some economic indicators of a recovery by the end of this summer. Other indicators will come to light by the end of 2009. It won’t be a picnic, he said, but it does no good to panic, either.

“This is a business cycle, folks. It is not the Depression,” Beaulieu insisted. He offered these tips for weathering the economic downturn in 2009:

- » Identify your competitive advantage. Quantify it. Use it to set yourself apart and market your company.
- » Look for opportunities to buy competitors.
- » Reduce your overhead.
- » Set budget reduction goals by department.
- » Thin your ranks if necessary, but do it once. Several rounds of job cuts damage morale and productivity.
- » Avoid long-term purchase commitments.
- » Negotiate long-term leases.
- » Reduce inventories.
- » Be selective with your advertising dollars.
- » Lead with optimism and a can-do attitude.

What’s your competitive advantage? Where will you be in 2012? I suggest you consult your peers. For a glimpse at how some business people do this, turn to our cover story on page 24. ❶

A handwritten signature in black ink that reads "Margaret LeBrun". The signature is fluid and cursive, with a long horizontal line extending from the end.