

My Life's Journey

as a

CEO and Mentor

My Undeniable Passion



Raymond V. Sozzi, Sr

MY LIFE'S JOURNEY AS A CEO AND MENTOR



This was my undeniable passion

Raymond V. Sozzi, Sr.



*Dedicated to my wife, children, and
grandchildren
and the many fond memories and friends
from Summit Partners*

Table of Contents

FOREWORD	1
WHY I WROTE THIS BOOK	5
CHAPTER 1 – THE EARLY YEARS.....	7
CHAPTER 2 – SEIZING THE INITIATIVE: ENTREPRENEURSHIP	11
CHAPTER 3 – MY YEARS PREPARING TO BE A CEO	19
MAI – GENESIS ONE	19
DECISION DATA	21
AURAGEN SYSTEMS.....	25
CHAPTER 4 – MY YEARS AS A SERIAL CEO	29
AUDIO VISUAL LABS (AVL).....	30
PANSOPHIC GRAPHICS PRODUCTS DIVISION.....	38
NORTHSTAR TECHNOLOGIES	46
DATALOGIX INTERNATIONAL	49
MAGIC SOLUTIONS INTERNATIONAL.....	53
CHAPTER 5 - MY YEARS AS A VIRTUAL CEO	59
SUMMIT PARTNERS	60
CHAPTER 6 - CEO LEADERSHIP PHILOSOPHY AND PERSONAL BELIEFS	67
CHAPTER 7 – THE CRUCIAL IMPORTANCE OF MENTORING AND ROLE MODELS	79
WHAT MAKES A GOOD MENTOR?.....	84
PAY IT FORWARD: WHAT MAKES MENTORING WORTHWHILE	84
CHAPTER 8 - LESSONS LEARNED	87
CHAPTER 9 – CONCLUSION	111
CHAPTER 10 - FAVORITE QUOTES	117

Foreword

*You must scale the corporate mountain yourself
– but you don't have to scale it alone.*



What's the difference between true leadership and being an effective CEO? There really is no difference. True leaders and effective CEOs, for the most part, have both mastered their EQ (emotional) skills. As I developed my career, I didn't fully appreciate how important EQ skills are until I became a CEO. I also underestimated how difficult it can be to leave one's comfort zone. The toughest part for me was making that transition from my functional skill knowing that what made me very successful might be an impediment to becoming a successful CEO.

I also realized early on that our lives are not designed by a master plan – they evolve from who we are as defined by our early years and evolve over time into a specific roadmap. We formulate our values and interests, learn from our environment, choose our mentors and role models, focus on academic (IQ) achievement, and develop

our EQ (people) skills. Your life story provides the context for your experiences, and through it, you can find the inspiration to become a CEO and make an impact in the world.

Will there be obstacles on your career journey up that mountain? Without question. Sooner or later, we all run into mudslides and avalanches – personal and professional. But with every setback, successful CEOs *learn, regroup, and continue* the climb, fueled by a renewed confidence that so much is possible – *if* you're willing to work hard and learn along the way. However, the higher you climb, the more your ultimate success will depend on developing relationships with the people around you.

The words of John Ruskin, one of the 19th century's great critics and thinkers, ring true: "What we think, or what we know, or what we believe is, in the end, of little consequence. The only consequence is what we do."

And the first step to taking positive action as a CEO is to create and maintain a positive outlook. I am a big believer in that old Henry Ford quote: "Whether you think you can or you think you can't – you're right." Never let yourself focus on limitations. Focus on being your own personal best

as a leader, a CEO, and a role model. As novelist and columnist Anna Quindlen said, “The thing that is really hard – and really amazing – is giving up on being perfect and beginning the work of becoming yourself.”

Zig Ziglar, a famous motivational speaker, once said, “Your attitude, not your aptitude, will determine your altitude.” In other words, *you have to climb the mountain yourself - but you don't have to climb it alone.*

Regardless of your final destination, a rich and exhilarating climb is full of possibilities – triumphs and failures, happiness and disappointments. In 2015, I founded The Everest Leadership Academy, a nonprofit organization, to help less-advantaged children in underserved communities and to memorialize my passion to help influence the next generation of leaders.

My CEO experiences incorporate public and private companies; start-up, early-stage and later-stage companies; stalled companies; underperforming companies; and growth companies. This is unique because each type of engagement requires a different skillset. In my case, I developed situational instincts and awareness as I assessed the circumstance and

applied the appropriate leadership style and solution.

I orchestrated numerous mergers and acquisitions, which is very common in the high-tech sector. Downsizing, rightsizing, talent upgrading, growth, and scaling initiatives were all common challenges as a CEO. Inasmuch as all of my engagements were venture-backed companies, I became a well-known figure in the venture capital and private equity communities.

I focused on the “business model components” consisting of external and internal issues. I embraced the Grid Alignment template as a diagnostic self-test. This grid highlights the key components of business issues by aligning the strategic and execution issues.

Where and how did it all start? In the pages that follow, I will share a bit of my own background and experiences as well as examples of how embracing the principles of leadership and CEO skills have dramatically impacted my life. Many of these experiences describe what happened as I grew up. Others talk about the guiding principles I learned (sometimes the hard way) as a CEO with the good fortune to work with so many great people and companies.

WHY I WROTE THIS BOOK

I was ambivalent about writing this book. Throughout my career, I preferred to operate by influence and behind the scenes – not by taking credit. However, many of my CEO mentees suggested writing a book so that the next generation of leaders could benefit from my experience. My response was that every CEO would reply by saying their circumstances were different, so my experience was not all that relevant. It took a lot to convince me that my experiences as a serial and virtual CEO might help carry out my legacy and be very beneficial to the next generation of CEOs. I only hope this book accomplishes that goal.

Chapter 1 – The Early Years

The early decisions you make have a significant influence in who you are and what you become.



In hindsight, my career and lifetime passion as a CEO started early on in my life. Growing up, I was a little guy, and all my friends on the block called me Pee-Wee, which might have made me a little salty at times. But, in retrospect, that might have been one contributing factor that turned me into a “Type A” competitor. Yes, I was smaller than most of my friends – so my only response to this was to throw myself into athletics, including softball, handball, and weightlifting. I loved competition, and I loved being the underdog who had more than his fair share of triumphs.

After all, in the Bronx, the street was your playground, and your neighbors were your teammates. That’s where we played stickball using a mop handle for a bat. And the stairs leading to our house – that’s where we played stoop ball with a Spaulding pink-rubber ball.

In the winters, we loved to ride our sleds down the sloped streets while throwing snowballs at one another.

In the summers, we practically lived at the schoolyard three blocks from our house, arriving in mid-morning and staying until dinner playing table hockey, handball, and softball. I literally went nonstop all day and never felt tired. After dinner, I liked to work out with weights. In hindsight, I wish I had set aside more time in the library reading and learning. However, my parents were not school-focused and didn't emphasize learning or provide much of an academic environment.

Very early in life, I was bitten by the entrepreneurial bug and a very strong work ethic. It started at age 10 when I founded my first company. Although part of my motivation was inspirational, I had to earn money to pay for my tuition while attending high school and college. On average, I worked about 20 hours a week from the time I was a freshman in high-school. Would I have preferred to work fewer hours? The answer is yes, but that was the hand I was dealt, and I have no regrets.

Like many, I had to overcome numerous obstacles growing up. But, mentors and role models along the way helped me develop leadership skills that supported me throughout my life. I made the most of what was available to me, and when there was a shortfall, I pushed forward with what I had: education, desire, and leadership. As I learned when I was very young, opportunities are only options and possibilities. They don't turn into successes without hard work.

The most difficult part of growing up was realizing I would have to leave behind some of what I learned and venture off into the unknown. That meant leaving my comfort zone and my core group of friends, enrolling in a new high school far away and so different than what I was accustomed to, and fitting in with a new culture that had different expectations and rules. It was a struggle, but I was never overwhelmed. How I came to terms with this at such an early age remains a mystery to me. I suppose it all plays back to an elementary school teacher who patted me on the back one day and said I had a gift for math, which became an inflection point in my life and gave me great confidence to move on. My dad's cousin Raymond, a first-generation American and Harvard graduate, was also an inspiration.

Chapter 2 – Seizing the Initiative: Entrepreneurship

Defy the odds and the expectations.



Second only to education and leadership skills, my bent toward entrepreneurship from the time I was 10 years old proved extremely powerful in my life and prepared me to be an effective CEO.

We often think of entrepreneurs as larger-than-life characters. They take big risks. They make their own rules. They innovate and experiment, questioning things everybody else takes for granted. All of us are born with the ability to take smart risks, think creatively, and challenge conventional wisdom. And we all would do well to tap into those traits in our lives and our careers, whether we work for ourselves or not. I always encourage my mentees to “think outside the box.”

Most, if not all, entrepreneurs are leaders. They are inspirational, loyal to their employees, very decisive, and persistent. Entrepreneurs have followers who believe in their shared vision with great passion and conviction. As entrepreneurial

start-ups scale, it is extremely important to nurture and preserve the spirit, emotional ties, and culture. There is always the temptation to implement structure, systems, and rules that put at risk the very culture that energizes the company. A delicate balance between professionalism and a creative culture must be done thoughtfully. It is possible to maintain a small-company culture that can coexist in a very large organization.

For hundreds of years, America has been blessed by wave after wave of pioneering entrepreneurs – from Henry Ford, the automotive pioneer, to Steve Jobs, the cofounder of Apple Computer. These risk-takers – these “business daredevils” – set out to defy the odds and develop new products and services that are beneficial to society, raise our standard of living, create jobs, and enhance prosperity. Collectively, our nation owes an unpayable debt to these fearless people. Instead of playing it safe, they took the loans and investment capital, they risked their personal fortunes, and they doggedly pursued their visions and missions – often in the face of long odds and much skepticism.

I have always loved and respected entrepreneurs. I am in awe of people who can come up with a

concept and bring their vision to reality solely through hard work and perseverance. Psychologists, sociologists, and business experts alike all acknowledge that the core entrepreneurial traits we prize can emerge as early as grade-school years – and the psychographic profile is both distinct and appealing. These people demonstrate an unusually high appetite for risk. They enjoy the creative challenge of solving problems. They have an exceptionally high motivation to succeed. They are very competitive, often seeking out opportunities for leadership roles in sports and in just about every aspect of their lives. Entrepreneurs must be self-confident, independent, flexible, creative, knowledgeable, versatile, and diligent to create and maintain a successful business.

Our children (and grandchildren) are the next generation of entrepreneurs. The next Fred Smith (who started FedEx) or Jeff Bezos (who founded Amazon) is out there somewhere – and we must do all we can to help him/her emerge to pursue entrepreneurial visions and passions. That means parents must encourage, support, and facilitate their children's ambitions and endeavors. Sometimes that even means silencing one's own doubts and instead offering support and

assistance. Here are some ways we can all support the young entrepreneur:

- Encourage, but not push, children to take calculated risks that can lead to great successes.
- Help children find their passion. The likelihood of success increases when the budding entrepreneur enjoys the work and finds it interesting.
- Lend children money – *but* hold them accountable for paying it back.
- Empower children to feel they can be creative in their choices, but know that they will also take responsibility for their actions. Allow them to make decisions and help them learn from their failures as well as their successes.

Entrepreneurs also have a bulletproof resistance to failure. When it (inevitably) occurs, failure doesn't take them out of the game. It's simply a detour to a better answer. We can also learn a great deal from our own failures – if we are willing to admit them. Sir Winston Churchill is noted for saying, "Success is the ability to go from one failure to another with no loss of enthusiasm." I

know that to be true from firsthand experience: I was rejected by both engineering colleges I applied to and accepted by only one liberal arts school. I even failed the CPA exam on my first attempt. But it's important to press on. Not only did I go on to graduate from college and pass the CPA exam, I went on to graduate school and earned an MBA with honors.

An entrepreneur's single-mindedness, sweat, and zealous disregard for obstacles represent a spirit of indefatigable optimism. Entrepreneurs pursue the prize because they are sure they can get it. They're less afraid of striking out than of not taking every possible turn at bat that comes their way. Michael Jordan is noted for his famous quote, "You miss 100% of the shots you don't take." As a nation, we want and need these people in our businesses and in our culture because they make the impossible possible.

I developed my own entrepreneurial spirit from an early age, starting with a car-washing business – just 25 cents a car. I also mowed lawns – 15 cents for an hour's work. And back then, we weren't using any power mowers or tractors. No, this was strictly the push-reel kind, which was physically exhausting.

In my teenage years, I was always busy. At one point, in fact, I held as many as five different jobs simultaneously. One job was playing in my brother's band at age 16 – something I kept doing professionally for another 12 years. I worked at Bronx Trailers, a U-Haul-like business. Another job was decidedly less glamorous and fun – it was at the local gas station, where I pumped gas and fixed flat tires. At the same time, I started a car-detailing business on the side.

In my junior year at Iona College, I started a Christmas-tree business, using some of my experiences and lessons learned from working with my neighbor. This was my very first real business experience, and I learned a lot by trial and error – and it ignited my lifelong passion for business. What a learning experience this all was. It was my first true entrepreneurial venture – with real “skin in the game.” When I needed helpers, naturally, I hired some friends.

As my business prospered, I found that college and entrepreneurship were a difficult combination to juggle. Day and night, as I was selling Christmas trees and studying for college finals in mid-December, I slept in the shack on the property, just to guard my tree inventory. There I was – midnight on a cold December's evening – watching

over my trees while I studied the intricacies of tax accounting.

In college, I also started a small tax practice, though I didn't continue it after graduation. In hindsight, that may have been a mistake. I sometimes still wonder if I missed a chance to build a big business, but fortunately plenty of opportunities lay ahead.

Little did I know at the time, but all these experiences set the stage for my career as a serial CEO – my undeniable passion.

Chapter 3 – My Years Preparing to be a CEO

Coping with challenging high-tech companies.



I was fortunate to engage at a very early age in challenging leadership roles for high-tech companies. I became the youngest officer in a computer company and never looked back. The first phase of my career was in finance and operating roles. I learned firsthand what it was like to work in the trenches and on the front lines. The three companies highlighted below served as a training ground for me before I became a CEO.

MAI – GENESIS ONE

A very successful turnaround

At Genesis One, a wholly owned subsidiary of MAI, I got my introduction to the computer industry and leadership. I was eager to exit public accounting, so I was willing to accept a job with a company that was literally on the brink of bankruptcy. I understood the risks, but was more

interested in getting into an operating role that would better prepare me for the CEO office.

The company managed to avoid bankruptcy, restructure, realign its market strategy, and transition into a very successful outcome. The company went from a liquidity crisis to a period of surging revenue. The company grew from \$50 million in revenue to more than \$400 million in less than 10 years. The stock price catapulted from 15 cents to more than \$30 per share.

Although I went to business school and earned an MBA, in many ways, MAI-Genesis One was the true street-smart business education for me: decades of lessons in less than 10 years. I was promoted to chief financial officer at age 27, making me the youngest officer in the company. I was engaged in every aspect of the business, from mergers and acquisitions to functional activities dealing with sales, marketing, R&D, finance, and support. The diversity was an excellent training ground for someone with CEO ambitions. Little did I know at the time that I had two mentors in the organization – the CEO of the parent company and the president of North American operations.

I was more than just a CFO producing monthly reports. I was involved in all operational activities. I always made myself very visible by

visiting with the operational vice presidents. I took an interest in what they did and always wanted to learn more. I felt that, by having greater insight into their strategy and execution issues and venturing beyond a strictly financial role, I would be a better CFO.

I also loved interacting with people and enjoyed the cultural and management issues far more than counting beans. I sensed I might have a greater career calling in a broader management role. I enjoyed managing people and had a great sense of achievement and accountability. I was a problem-solver who loved to think outside the box and make a difference. I wanted to venture beyond just a finance role.

DECISION DATA

A successful turnaround

Soon after I made the break from MAI, my former mentor at MAI asked me to become the CFO of Decision Data Computer Corp., a \$100 million publicly traded computer company in Pennsylvania, where he was the CEO.

At the time, Decision Data was an underperforming company. We competed with IBM, which had just announced a competitive

move that devalued our offerings in the marketplace. Despite this disruptive threat, we managed to restructure/revitalize the business and put it on a growth path. One of my major accomplishments was avoiding a default in meeting payroll, which, as a public company could have been devastating. Here's how we did it.

I met with our credit and collections team – the manager and six clerical people, the folks who collected our receivables from companies that owed us money. They were very nervous. They weren't in the habit of sitting in meetings with the CFO. I had no choice, so I laid it on the line and told them that, at that very moment, they were the most important employees in the company. The challenge was to accelerate collections by \$3 million to enable our company to meet payroll in the next 30 days. I presented an incentive plan that was very well-received and told them that, if they succeeded, the vice president of sales would give them bonus payments in front of the entire organization. That part of the incentive was extra motivation, because I was well aware of the friction between the two departments.

In less than 30 days, we far exceeded our goal. The biggest thrill for everyone was when the sales vice president made the bonus payments – and these were no small stipends.

The next big challenge was a total refinancing of the leasing paper we sold to third-party leasing companies. For quite some time, Decision Data used a leasing firm in Connecticut. Operating leases helped customers purchase our expensive products on terms that were less disruptive to their cash flows.

After I reviewed the third-party terms and conditions and the economics, I realized we could get a much better deal elsewhere – and improve our profit margins in the process. As we started to make this move, I hired a well-respected Wharton graduate as our treasurer, someone who had extensive experience in third-party lease financing.

When I informed the Connecticut company we were changing financing sources, they seemed to think I was bluffing. They said they would not honor making payments 60 days out, which would have caused a major cash crisis and would have disrupted our company.

The treasurer and I bolted out to a firm in California to cut a deal. We had less than 30 days to get it done before the incumbent vendor defaulted on funding our leasing paper. The negotiations went well, but I held out on one major point that had significant positive economic implications to Decision Data.

We got back on the plane without a deal – the clock was ticking. A week went by without any resolution. Finally, we got the call we were waiting for – they agreed to our demands and were prepared to buy our leasing paper that month. I savored the opportunity to call the Connecticut folks and put them on notice that we were cancelling the relationship. The margin impact was very significant and, when we announced the new arrangements to shareholders, the stock price reacted very well.

I loved working at Decision Data, and I formed many alliances and made many friends. I was always challenging the organization – all functions, not just finance. I managed by walking around and visiting every department at least once a week. The sales folks were always very arrogant, and the R&D and finance folks were very reserved.

However, after two years of doing the reverse commute, I was ready for a change. It was tempting to stay, since I was offered the position of president and chief operating officer. I decided to announce that I was leaving for personal reasons. I was touched that so many employees from all functions in the company attended a surprise offsite meeting and roasted me. Picture me sitting on a stool, in tears, facing a couple of hundred employees. The sendoff gathering will stay with me forever.

AURAGEN SYSTEMS

A startup company

After leaving Decision Data, I joined a startup in Ft. Lee, N.J. called Auragen Systems Corp., which aimed to develop a fault-tolerant superminicomputer. I was the CFO reporting to the CEO, and we had 50 software developers and 50 hardware engineers designing and developing a bleeding-edge product to compete with Tandem computers. The CEO was from IBM and was an absolute genius. At age 27 he was IBM's youngest product manager for its legendary System/370 mainframe computer. He remains one of the smartest individuals I've ever had the privilege of knowing and working for.

I won't tell you it was all wine and roses. I came home after my first day on the job... and I was pretty depressed. I'd just left a large public company with a staff responsibility of more than 100 people and passed up the opportunity to be its president and COO. It was a very difficult transition, to say the least.

But I soon learned to enjoy the company culture. Auragen Systems Corp. was more like a university than a business. We were on the outer perimeter of bleeding-edge technology. I'll never forget when Gordon Bell, the chief scientist at Digital Equipment Corporation and the inventor of the VAX minicomputer visited our facility. Our young software and hardware engineers were thrilled just to be talking with Gordon, who was a legend in our industry.

One of the best things about this position was that I learned an awful lot about business and entrepreneurship and, in particular, the high-tech industry where software product lifecycles were measured in months, not years. There is always tension between creativity and operational efficiency. You miss one product cycle, and you are out of business. It was a risk-reward proposition. As high as the risks were, if

you were right and managed to survive, the rewards were astronomical. I hold a special place in my heart for people who have the guts and skills to start companies.

The CEO and I ventured out to Anaheim, Calif., to raise venture capital, which was a new experience for me. After he gave his presentation, we soft-circled \$30 million, sitting around a dinner table that night with prominent venture capitalists. Soon, we closed the financing round.

The average age of the development folks was 25 years old. Under one roof, we had philosophy, English, history, and math majors who were absolute geniuses. In some ways, we were like Google – 20 years before its time.

After spending our \$30 million venture investment, we failed to develop a working, competitive product. At the last formal board meeting, we had to acknowledge that our product development was a failure. We closed the operations and terminated all the employees. Not surprisingly at all, virtually all of the employees – including management – went on to very successful careers. These were the best and brightest America had to offer. The odds of

succeeding were against us, but we gave it our best. We were dealing with not just leading technology, but bleeding-edge technology. We were pushing the envelope, but ultimately just couldn't make it happen. But as Warren Buffet summarized, "failure is a fertilizer for success."

Chapter 4 – My Years as a Serial CEO

Transitioning to a CEO role



After my time with three companies, I soon became a serial president and CEO for eight different venture-capital-backed companies, five of which I'll describe in this chapter. At first, I was very nervous about assuming such responsibility until I realized I loved every minute of being a CEO.

But to go back to the true beginning, I believe my CEO career started when I was probably 12 years old. I didn't know it at the time, of course, but in hindsight I think all of the signs were there: a passion (and aptitude) for business, leadership, people skills, sports-driven competitiveness, and a type-A personality. I actually built an office in the basement of my house at the age of 16 where I collected and read many business management books. Peter Drucker was my first mentor (not literally) – I read all of his books.

AUDIO VISUAL LABS (AVL)

A successful rightsizing and exit

One day, I got a call from a senior recruiter from Heidrick and Struggles. "Ray, a VC firm wants us to recruit a CFO for Audio Visual Labs in Acton, New Jersey," he said. "We think you'd be perfect for the job." I met the people there and was offered the position with the company, a \$15 million supplier of graphics and multi-image computer systems. I immediately hired my controller from my Auragen days to join me before I even started.

We both showed up on Monday morning, ready to start our new jobs. As we walked in, we happened to bump into the external auditors. After only a brief conversation, it was quite evident that the company was in serious financial difficulties, none of which were disclosed to me by the CEO. There was a major disconnect between what he presented to me during the recruiting process and the reality of the situation. I realized it would not be fair to me or the organization to start this position without a complete reset. I left the building, called the search firm, and submitted my resignation.

He was disappointed, but he understood my position after I explained the circumstances. That

night, one of the venture investors called and asked me to reconsider my decision. We briefly met in the lobby of a Hilton Hotel in New Jersey. I explained I would never consider a purely financial role in such a distressed company. He suggested coming on as chief operating officer, where I could have more influence on the outcome. I agreed.

After only 30 days on the job, I realized just how dysfunctional the company was. I alerted the investor group that I would stay on for only another six months – enough time to allow them time to recruit my replacement. The CEO was so incompetent that, although I was COO, I could not make a difference with him in place. “I refuse to fail for the wrong reasons,” I told the investor group. “By staying on, I would just be doing you a disservice.”

I guess they liked what they heard and were impressed with my passion and conviction. The board invited me to participate in a telephone meeting that night. I had no idea that they wanted me to become the CEO the following morning. I accepted, realizing this was a once-in-a-lifetime opportunity.

The next morning, I walked into my new office as the CEO of a \$15 million computer company. I immediately called my friend and mentor to share my news and, more importantly, seek his advice. I explained I was nervous about the responsibility and the board's expectations. "Good!" he said. "I'm glad you're nervous. If you weren't nervous, I'd be worried. You'll make a great CEO. Just follow your instincts."

Morale at Audio Visual Labs was at an all-time low. My gut told me we needed to make some bold moves – quickly – to get everyone's attention and turn around our momentum and company culture. In front of the building, right outside the lobby, all of our executives' expensive cars were parked. Customer parking? That was out behind the manufacturing plant. I called a meeting of my executives and informed them of two things. The first was that they would no longer park in front of the building. They could park out back and let customers park in reserved spots up front. The second was that, effective immediately, we were returning all of our expensive leased vehicles. End of meeting.

Next, I visited our vice president of manufacturing, who explained how low morale was. I toured the plant and saw how much idle

space we had. I told him I wanted a full basketball court installed and pool tables added to the rear of the plant. At first, he thought I was kidding until I gave him two weeks to get it done.

Later that day, I went back to my executives to explain why it was wrong to be driving around in fancy cars when the company was in a cash crisis and other employees were asked to sacrifice. The message was received grudgingly.

But in a short period, the company started to come alive. Morale started to improve. I met with all of the departments, which, sadly, was a new experience to the folks who never talked with the former CEO.

Two months later, I had my first board meeting, and business was already starting to perk up. Board members were curious about what I did. I told them about the leased cars. More importantly, I told them about the basketball court and pool tables. Every day, during lunch and after hours, there were game activities. Every Friday was pizza day, and we held departmental competitions, such as basketball games. I always got a kick to see how the rough and tough manufacturing folks piled on the sales department.

As the company revitalization was underway, we hit a major speed bump. I brought in a new vice president of manufacturing and made other management changes, which created a backlash among the old guard. Employees felt threatened, and that led to a handful of organizers promoting a union. I learned a difficult lesson the hard way.

The union vote was on a Friday night, and I was handcuffed. By law, I could not confront employees prior to the vote. The following Monday, on my way into work, I learned the union was voted in. This was, of course, a major setback, and I took full responsibility for it and learned from my mistake. I truly felt like I had let down the organization.

When I arrived at the office, two union delegates were waiting in my office, and it was a fascinating encounter. The delegates made all kinds of outrageous demands, none of which could be met, since we were still a struggling company.

We realized that the escalating costs and unabsorbed overhead made the option of outsourced manufacturing far more appealing. I retained a good friend to search for an outsourcing firm in South Carolina. It took three months for us to be in a position to pull the trigger. The day of the announcement, I invited the two union

delegates to attend a meeting with manufacturing. You can imagine the total shock on their faces when I announced the plant was being shut down. We vacated that building and moved into a much smaller operation with much less overhead. Profit margins soared.

As operations stabilized, we hit another major speed bump when we were alerted by the New Jersey Department of Environmental Protection that, at a prior location of our manufacturing facility, ground pollution had been detected that was traced back to chemicals used in a manufacturing process. The venture investors were very concerned about liability coming back to the respective firms. Before meeting with the DEP, we found out that a Fortune 500 company also occupied the same facility and was also engaged in manufacturing. I had a discreet conversation with the DEP representatives to point out that the Fortune 500 company was also culpable and, by the way, had very deep pockets. This lessened our legal exposure considerably.

Unfortunately, our core multi-image business was being seriously threatened by digital imaging technology – video was the next killer app. We attempted to develop a video product to enhance and eventually replace our core products, but we

lacked the technical expertise. I reached outside the organization to cut a deal with two brothers who developed a leading-edge video product. They had the technology we needed, and we had the distribution channel they needed. However, as hard as I tried to get an agreement, we never came to terms.

As a result, we had a very serious problem: We had a dying cash-cow multi-image business threatened by video technology and the graphics initiative, which was also being commoditized by disruptive applications. There was a constant culture clash. The folks in the core business resented that the new initiative was taking the entire company down.

After finally conceding we did not have the technical expertise to compete in either business, I positioned the company for two sales transactions. First, the digital graphics division was put up for sale – two years after I started to manage the company. It was like putting a tuxedo on a hospital patient. After finding a buyer and negotiating a term sheet, I arranged to have all of the deal's key players, including lawyers and accountants, get together the night before payroll was due with the understanding that nobody could leave the room until the deal was done and money

was set to be transferred the following morning. At 11 p.m., the Chicago lawyers tried to delay another day. I was very annoyed. I called the parent company's CEO and explained that if the deal didn't get done that night, there would be no deal. As we talked, I kept my fingers crossed. He agreed that was the intent and asked his lawyers to continue. I also called my vice president of development at 3 a.m. about some last-minute due-diligence technical questions.

Fortunately, we snuck in under the wire. The money, which was crucial to meet payroll, was transferred that morning at 9 a.m., just two hours before payroll was due.

About a year later, we retained a broker and found a serious buyer – a publicly traded firm – to acquire our remaining core multi-image business. During the negotiations, the DEP issue was raised as a potential deal-killer. I persuaded the buyer's CEO that the liability exposure was minimal and very manageable. He countered with a request for a valuation reduction of \$500,000 to reflect the risk as it was a stock transaction. I agreed, and we settled on a price and closed in 30 days. The venture firms were ecstatic because the potential DEP liability was now resolved.

In summary, as a first-time CEO, I rescued the company from financial collapse and turned a \$7 million loss on \$15 million in revenue into a profitable operation in 18 months. I divested an unprofitable graphics division and repositioned the company. And I negotiated a final sale with results far exceeding investor expectations. It was a great run.

One of the directors invited me to his club in Boston for dinner to celebrate the final liquidity event for AVL. I knocked on this large brownstone door and was greeted by a butler wearing white gloves. He ushered me to the second floor where I was greeted by the entire AVL board and investors. What a surprise, as I sat at the head of the table. Sitting around me were some of the most well-known venture capital partners in all of New England. After a wonderful dinner, I was presented with a silver plaque from the board of directors engraved with "An outstanding CEO with great appreciation – October 1988."

PANSOPHIC GRAPHICS PRODUCTS DIVISION

A successful restructuring and exit

I got a call from the CEO of Pansophic Systems, a \$250 million publicly traded multinational

software services company. He wanted me to consider a position in Syracuse, New York, to head up its Graphics Products Division. This was the same division that bought AVL's graphics business unit, so I was very familiar with the market and the business model.

We met at the CEO's office in Chicago and discussed the situation "The question I have for you is, are these issues self- inflicted or market-driven (external)?"

"A little of each," the CEO replied.

We didn't reach any agreement about my interest in the job, but I told him I would give it some thought. The following week I was skiing in Utah when I got a message from the CEO to call him. I was at the top of a mountain when I found a public phone off one of the trails. I called him and told him where I was as I watched skiers shoot past me. He wanted to correct his assessment of the division's condition. The "little of each" was now "a lot of each." On my way back from Utah, I once again stopped by his office in Chicago and accepted his offer to be president of the Pansophic Graphics Products Division.

On my first day, I caught a flight out of Westchester County Airport to Syracuse. When I got in the taxi, I asked the cabbie to take me to Pansophic Graphics Products Division. He was confused. "You mean Genigraphics?" I assumed he was right, since that was a company Pansophic had recently acquired. We finally arrived, and I met with the parent CEO. We drove to a nearby hotel where 600 employees awaited our arrival.

Before introducing me, the CEO of the parent company cautioned me not to disclose the true condition of the company during the Q&A period with employees. My philosophy is a little different: I always assume that people are not dumb and know more than we think they know – and that reasonable honesty is the best policy. Plus, if I came across as untrustworthy, how could I lead the organization? This was a big opportunity to gain their support.

He introduced me and then sat in front of me as I introduced myself and opened the meeting for Q&A. The first question was, "Is the company experiencing difficulties?" As I was about to answer the employee, the CEO signaled me to be discreet with my answer. But that's not how I roll. I responded candidly:

"I'm afraid that, yes, the company is indeed, having difficulties." The next question was from a middle-aged man.

"Is a RIF (a layoff) possible?"

"Most likely," I answered. Next, an older woman in the back of the room stood up and said she was one of the company's original employees – an old-timer.

"Thanks for being honest," she said. "I've seen many presidents come and go over the years, but you're the first one to be honest with us." She sat down and everyone stood up and applauded.

The following morning, on my way into the office, I noticed as I was pulling into the parking lot that the name in the entryway said "Genigraphics." I now understood the taxi driver's confusion the preceding day at the airport. I walked in and asked to meet with the maintenance manager.

In a lighthearted way, I asked him, "What's the name of this company?"

"Pansophic Graphics Products Division," he said. So I encouraged him to get a white bed sheet and a magic marker, and wrap the white sheet around

the entrance structure and use the magic marker to print the correct name of the company. It was a small step – but meaningful.

Over my first few days, I interviewed many of the employees to get a quick assessment of the mood and the issues. It was obvious that the vice president of operations was more a part of the problem than the solution. Unfortunately, he was on vacation. Also, he commuted from Canada. I met the vice president of human resources and informed her I was terminating the vice president of operations. Despite the risk, I knew this was the right thing to do and would probably result in a significant morale boost.

Next, I visited the Shipping and Receiving department and realized the woman in charge was the same older woman from my introductory all-company meeting. She was very nervous as I walked in. Apparently, she hadn't previously had the chance to talk with the former CEO. I told her it was my privilege to have a conversation. She immediately acknowledged she only had a high-school education and was not very business-savvy. However, she was very helpful. "For every two systems we ship, we got one back," she said. "That doesn't make a lot of business sense to me."

“What happens to the returned systems?” I asked. She pointed to another warehouse adjacent to the main warehouse where all the returned systems were stored. “Well, OK,” I said, “then what happens?”

“Well, the vice president of marketing and sales controls that inventory.”

Back to HR I went and added another name to the termination list. “Can you prepare the paperwork – this time to terminate the vice president of marketing and sales?” We had a busy first couple of days.

When the vice president of operations returned, we informed him he had been terminated, and a general announcement was made to the company. It was a Friday night, and virtually the entire company went to a local hotel to celebrate. At that moment, I knew I was well-received as the new leader.

To keep our momentum positive, we had an all-company meeting every Friday. The HR department called it the Rap with Ray sessions. For that first meeting, all 600 employees assembled. It was important for me to explain where we had fallen short as a company. A good

part of the morale problem was the blame and guilt assigned to the employees. Of course, the company's shortcomings had little or nothing to do with the employees. It was strictly a failure of management and leadership – plain and simple.

The president and the vice president of marketing and sales both lived in Chicago and flew in every so often to visit with the folks. One person described it as the CEO fly over: dropping his s--t and leaving. The quickly terminated vice president of operations commuted from Canada. It was absentee management at its finest. I explained to the employees they were set up to fail. The business plan for the year was not achievable, even under the best of circumstances. I always feel it is criminal to establish company goals that are not achievable. People end up failing for the wrong reasons, the company becomes demoralized, people lose confidence, and the "A" players leave.

Unfortunately, the condition was beyond repair. The company was hemorrhaging cash and had run out of runway. The business model was broken and the market had shifted so that we no longer had a competitive solution. Our unique product offering was being commoditized by a leap in technology.

After just two weeks on the job, I had to present my findings to the parent company's board of directors in Chicago. In many ways, my assessment came as a major shock to the board. They considered this to be a material event that must be disclosed the following morning in a press release. The stock dropped from \$15.00 to \$8.00 per share.

Back at the company, I had to prepare for a major restructuring and RIF. The solution to the company's circumstances simply couldn't be resolved internally, and I had to think outside the box. I identified a potential merger candidate and planted a seed to gauge their interest level. Within weeks, I got a call from that company's CEO expressing interest in a deal. In the meantime, I was under pressure from the parent company to discontinue operations so that the parent company could record the results of operations below the normal profit line and satisfy Wall Street investors.

Soon, I secured a letter of intent and called the parent company's CEO to inform him that I had an LOI to sell the business within 30 days for \$20 million. It happened that it was his birthday, so I positioned it as his birthday present. Within days, however, the parent company's CFO convinced the

CEO to announce a discontinuance of operations, which, for all intents and purposes, devalued the graphics division considerably. That made it extremely difficult to close the transaction at the agreed value of \$20 million. However, I didn't budge and ultimately got the deal done at \$20 million, and the stock price rebounded to \$15 per share. After the deal closed, I was offered a position as an executive officer at the parent company in Chicago, but I declined.

NORTHSTAR TECHNOLOGIES

A realignment and successful exit

Next, a Boston-based venture capital firm asked me to take the reins at Northstar Technologies, the market leader in LORAN and satellite positioning systems for the marine and general aviation markets. At the time – the early '90s – the marine market was slumping badly. At the same time, the market was transitioning to a new breakthrough satellite technology better known as GPS. The venture investment was driven by what was thought to be a working prototype of a GPS engine. Unfortunately, the prototype was not fully developed and never became a viable commercial product. Northstar had no choice but to embrace the new technology or be left behind. So I immediately struck a deal with Rockwell

International to buy its GPS engine on an OEM basis.

Then, we took advantage of Northstar's core competency: developing software applications and user-friendly interfaces. As the market for marine navigation started to rebound, we were well-positioned to capitalize on our new GPS products and the Northstar brand. Eventually, we built ourselves a very nice culture. The badminton court we built in the back of the building and our Friday afternoon barbeques helped turn things around.

I have to admit, it was not a bad time working with a company whose primary markets were boating and flying – two of my favorite hobbies. Each year, I attended boat shows in Ft. Lauderdale and Miami, and I always made sure to have an experienced tech with me as we toured the boats.

It was a kick to walk up alongside the mega-yachts that all had Northstar's GPS products prominently installed. We were the market leader in high-end navigation. So as we approached these luxury yachts, the captains knew I was the CEO of Northstar, and we were treated like royalty.

Every August, we went to the famous Oshkosh General Aviation show in Oshkosh, Wisconsin,

where we promoted our M-1 navigation system for small planes. One year, I rented a high-performance Bonanza plane and flew from White Plains Airport with my instructor, James, and Northstar's vice president of sales. As we flew over the Great Lakes, north of Chicago, my instructor tested me on my ability to fly in instrument flight rules (IFR) conditions. He steered us into a few very dark clouds, where I was not allowed to look at any of the panel instruments. After about one minute he asked me what the position of the plane was. "We're level and on course," I replied.

"Take a look at your instruments, Ray," he said to correct my misperception. In actuality, we were descending at 150 knots and were banked slightly to the right. Lesson learned.

As part of its marketing initiatives, Northstar sponsored "The French Connection," a husband-and-wife aerial stunt team. Over time, I became good friends with them. Sadly, after leaving Northstar, I learned that they were both killed in a midair crash at an airshow in Europe.

Although we were making progress – and despite the decent recovery we'd made – the venture investors were eager to cash out. I met with some of our key engineers to gauge their interest in

floating a possible management buyout. Unfortunately, I don't think I was very persuasive. Also, I was always a little risk-averse – especially since I had a family to support. Ultimately, we sold the company to a Canadian firm, which eventually became somewhat successful. In hindsight, a management buyout might have been a better alternative.

DATALOGIX INTERNATIONAL

A realignment and successful exit

In the mid-'90s, a venture capital firm asked me to join Datalogix International, a \$60 million publicly traded provider of client/server software for process manufacturing, where I would be the COO reporting to the company's CEO. That was the plan, anyway. But in less than two weeks, I was named the company's CEO.

We arranged a management meeting at the Kittle House in Chappaqua, New York, to announce the promotion. I noted that the president of North American operations did not attend. "Ray, he's not here because he plans to submit his resignation to you tomorrow morning," Joan, the vice president of human resources, told me. "Well, before he can resign, I want to meet him," I said. "Can you

arrange for him to meet me for breakfast tomorrow morning?"

Over pancakes and coffee, I convinced the president of North American operations to stay on. "Look, I'm sure you're disappointed that the CEO title went to the guy who's only been here two weeks – and not you," I offered. "But I want you to think about your direct and indirect reports. These are some tough times and they need you – and I need you – to hang in there." I'm happy to say he did decide to stay with us and, within a few months, we formed a very solid working relationship and friendship.

In just my second week on the job, I convened a meeting of my management team: the North American president, two executive vice presidents, our CFO, the chief marketing officer, and the chief technical officer. I asked them to bring all of their business cards to the meeting. You can imagine the confused looks I got from my assistant as she conveyed the message to the team.

As we started the meeting, I said, "Take out your business cards and put them in the center of the table." I joined them in this process. Then I shared with them all of the feedback I had received from our customers. Unfortunately, this was very

negative feedback – yet you'd never have known it internally because we were complacent and introverted.

“In the two weeks I've been here, I haven't heard one of you utter the word 'customer' even once,” I noted. “So we're changing all of our business cards – here and now. From now on, each of you will have a simple card that reads 'Customer Advocate.' “If we don't figure out how to make our customers happy, we will not be in business for long. Our customers decide whether we survive, not us.”

Then we really went to work over the following months. We repositioned the company to implement a rightsizing strategy, coordinated with Oracle to consolidate a best-of-breed concept, and redefined our synergy with Oracle.

After two quarters of mediocre results, I was convinced the solution to our serious problems lay outside the company – it wasn't going to happen internally. The strategic intent with Oracle was not sustainable because we were acting as an OEM, yet we not only provided a best-of-breed product to Oracle, we took on the responsibility of selling and servicing costs.

After very poor second quarter results, our stock plummeted 50 percent to less than \$4.00 a share. I was under a lot of pressure from shareholders to improve the share price. So it was time to think outside the box.

I invited the account manager from Oracle to meet at our headquarters in Valhalla, New York, where I hoped to convey a message that would get back to high-level Oracle management. We put some economic modeling data on just one sheet of the flip chart that highlighted the issues in the current partnership model. If there was no change, we would be unable to sustain ourselves as a going concern. I planted this seed to provoke a response from Oracle to get them to reconsider our relationship. Fortunately, it worked.

Two weeks later, I received a call directly from Oracle. Datalogix was an integral part of the customer solution because we provided the manufacturing software module that interfaced with the Oracle database. What's more, Oracle owned 20 percent of our publicly traded stock, which it acquired prior to the recent IPO.

The conversation was short – but very sweet. Oracle offered to buy all the outstanding public securities for \$7.00 per share. The stock was

trading at about \$4.00. I was obligated to take the offer to the board, which, after some negotiation, settled for \$8.00 a share. The transaction was consummated in less than 90 days.

MAGIC SOLUTIONS INTERNATIONAL

A rapid growth company and a successful exit

Coming off the win at Datalogix, I got a call from the founder of Magic Solutions, a \$30 million provider of client/server software for help desk applications. He was a very successful entrepreneur with a fascinating background. He was a Jewish immigrant from Russia where both of his parents were doctors. At the airport, as the family had prepared to leave Russia to settle in Israel, his parents cleared immigration, but the founder was detained. The reason? He hadn't completed his mandatory military service (he was in his late teens at the time). After careful deliberations, he was released to his parents. He never learned the precise reason for the delay, but he was fortunate to get out of Russia with his parents.

In Israel, he attended the best engineering university and served in the military as a tank commander. He was extremely intelligent and was

probably an engineering genius. After completing his military duty, he emigrated to the U.S. In the early 1980s, he settled in the tri-state area and applied for government engineering jobs. Unfortunately, he was turned down for security reasons because he was a Russian. The employment market was very tough in the late '80s, so, to get by, he drove a taxi in New York City.

Soon, he saved enough money to start a computer service dealership. He serviced computers but gradually realized that hardware and software failures could not only be tracked better, in most cases, they could be avoided or fixed onsite. He recruited a team of Russian engineers, mostly friends from Israel and Russia, to come to the U.S. and start a help-desk software company.

My first meeting with the founder was uneventful. We met for about an hour and discussed the job in detail. He was reluctant to give me the title of president, but I made it quite clear I would not consider anything less. Given the dysfunctional organization caused by his management style, the title was important to send a message to the organization that a new leader was in place and things would improve. Although we hadn't resolved the title issue, he invited me to attend a trade show to meet some of the executive team.

It was eye-opening. To a person, the entire management team was not only engaging, they also made it explicitly clear that if there were no changes at the top, most of them would leave. After returning from the show, the founder called me. As part of his evaluation process, he asked me to create and deliver a presentation to about 20 vice presidents and managers on a topic of my choosing. I agreed... and proceeded to create a presentation on the founder and the company's growing pains. I obviously struck a chord with the employees. The day after the presentation, he polled the group. The vote was 19 in favor and one against.

The founder finally acquiesced and offered me the position as president. I accepted and started in August 1997. Immediately, I restructured the business and doubled revenue to \$60 million in one year. We improved our operating profit from breakeven to 15 percent in less than a year.

The most challenging part of the job – as it always seems to be in situations like this – was changing the culture. The founder was a control freak, unwilling to admit that, as the company grew, he would have to change his style. As president, it was my job to help him make that transition.

As a leader – in any situation, really – I have always been very conscious of the essential importance of fairness, honesty, and integrity. It was customary at year's end to pay performance bonuses to the executives and some middle-management employees. The vice president of international operations, who reported to me was a woman who not only met but exceeded her goals. Her bonus was \$50,000. I submitted the paperwork for payment, only to learn from the CFO that it had been delayed. I immediately approached the founder to understand what the issue was. He acknowledged that the vice president was due to receive the bonus, but delayed making the payment.

I let the vice president know there would be a slight delay in getting her bonus and assured her the delay would not be long. The following day, I again approached the founder and told him if the earned bonus was not honored and paid immediately, I could no longer lead the company. I gave him one day to decide. The following day, the bonus check was cut. She subsequently learned what had happened and thanked me for my intervention, but no thanks were needed. This was an easy one: Honor your commitments.

Soon enough, Network Associates made an unsolicited all-cash offer to buy Magic Solutions for \$120 million. On the day the transaction closed, we summoned all employees to a local hotel to watch a videoconference announcing the acquisition. In astonishingly poor language, the executive from Network Associates who was leading the acquisition team referred to our Magic employees as falling into “three buckets”: the “stay,” the “terminated,” and “the to-be-terminated in six months with retention bonuses.” It was an extremely upsetting presentation, to say the least.

I asked for the microphone and proceeded to clarify the message – there and then. I felt it was essential to express this message in more human terms. In our careers, we are all in the same bucket.

Although I did not know it at the time, my career as a serial CEO was about to change dramatically. I was about to become a virtual CEO.

Chapter 5 - My Years as a Virtual CEO

Transitioning from a hands-on to a mentoring CEO



After being a president and CEO for eight different high-tech companies, I started to experience burnout. However, I was still very reluctant to consider anything other than being a CEO. The next move was an inflection point in my career – a virtual CEO position. At first, I hesitated until I realized the positive impact I could have by leveraging my many years of battle scars for the benefit of a multitude of CEOs. I went with my gut and never looked back and loved every minute dealing with the CEOs and working in concert with the Summit deal people.

Having dinner with many CEOs, improving their competencies, creating operational efficiencies, and occasionally recommending a replacement was very commonplace. My office was often a restaurant with a full meal and a bottle of wine.

SUMMIT PARTNERS

A prestigious growth private equity and venture capital firm

In 1998, in what I think was a pivotal move for my career, Summit Partners expressed interest in hiring me. Coming off my latest engagement at Magic Solutions, I didn't know if I had enough energy left to go back into another CEO role. I joined Summit Partners as an executive-in-residence, acting as a virtual CEO for many different companies in its investment portfolio. My job was to help execute corporate re-positionings and restructurings, suggest new initiatives, and mentor CEOs and other senior executives. It's a job I snagged in a very roundabout way.

It started in 1998 as I was having lunch with R. Stephen McCormack, a friend from Mass Commonwealth Capital. He suggested I contact a firm that was conducting a search for Summit Partners, which was seeking an operating executive to join the firm. I subsequently met with one of the cofounders of Summit Partners. We spent an enjoyable two hours talking about flying, fishing, and scuba diving. Never once did we discuss the job scope.

We continued to meet over the next year, gradually getting to know one another and, usually, focusing much more on personal issues than on business topics. I had mixed feelings about joining Summit. I would have to leave behind my days as a CEO, something I enjoyed immensely. On the other hand, I'd be lying if I didn't acknowledge that I'd gone through some burnout along the way after many years as a CEO in tough high-tech environments. This role as a "virtual CEO" for Summit's portfolio companies was intriguing.

After some serious thought, I concluded this might be the right step. As I returned from a business trip on a Sunday, I listened to a very deliberate message from the cofounder. "I want you to come in on Monday morning," he said. I figured that, if for no other reason, after more than a year of interviewing, essentially, I owed it to myself to listen to the offer.

The Monday meeting went well. We discussed compensation and role. I was to become the go-to operating guy at Summit, a skill that was very much lacking internally. Most of the deal people at Summit were skilled finance pros, but they had little, if any, operating experience.

Despite what I humbly like to think of as a solid career as a CEO, it was not easy to assimilate into the Summit culture. The employee population was not your typical bell curve. These were all graduates from elite colleges: very competitive, obviously very smart, type-A individuals.

So along comes this guy Sozzi out of corporate America who's going to be an operating advisor to the deal folks and the portfolio companies. I learned very quickly that this was going to be a Darwin's "survival of the fittest" sort of sink-or-swim situation. Respect had to be earned the hard way – with results, which I always embraced in my career as a CEO. If I didn't take the initiative early on to aggressively engage, I probably would not have lasted a year. It was make-or-break time, but I also realized that, ultimately, my failure or success was within my control.

When I first walked through those doors to join Summit Partners, I had no idea what to expect. But 18 years later as I retired, I can honestly report that every day was a thrill. As a virtual CEO and mentor, I helped more than 60 portfolio companies of all sizes: early stage and later stage, fast-growing and not growing or underperforming, and companies transitioning from a founder culture to a more professional organization.

I mentored dozens of CEOs, mostly founder-CEOs or first-time CEOs – even many of my colleagues at Summit. I always mentored people in the prime of my career as a CEO, but felt an even greater inclination toward mentoring as I got older and wiser. It was an honor and privilege to work with such a great firm.

I devoted most of my energies to helping CEOs and intervening in underperforming companies or managing growing pains. Given the diversity of Summit's investments, it was almost impossible for me to understand the market strategies in detail, so I focused on the operational aspects and the business models. I was known for the dinner engagement and a bottle of wine. I always felt that a casual environment was far better than sitting in one's office. I preferred interviewing CEO candidates at dinner and, if appropriate, occasionally on the racquetball court. I enjoyed helping people and was very generous.

I had the privilege of watching the firm “grow up,” with all the normal growing pains. It was a significant cultural shift to a more institutionalized firm where a balance of self-control and flexibility become the norm, where the vision and creativity were institutionalized. When

the new leadership style succeeds, the organization moves to the next stage of development and enters the prime stage. Along the way, I always promoted the significance of “no unimportant people in any organization.” I also had very strong feelings about “empathetic toughness” as the appropriate leadership style that blends the best attributes of the Marine Corps and the Peace Corps. You have to be caring enough about people to demand their very best. Through caring and compassion, by being an enthusiastic leader, by building communities, by doing favors, and by helping people, you can have a tremendous impact on an organization. Trust also motivates people to go beyond mere compliance with authority. The more people trust and the more they are trusted, the more they'll risk.

I loved every moment at Summit, which had both an inspirational and caring culture and a heart that supported me when difficult personal circumstances arose – which speaks to the soul of the firm. The people were very smart, determined, engaging, type-A people “on steroids,” who were also very nice to work with. I made many friends and knew, since I would someday leave, that I would miss them very much.

The farewell dinners were very moving: one in Boston and one in Menlo Park, California. I never expected such a farewell send-off, so when it happened, I was caught off-guard. As part of the sendoff, I was given an oil painting of the Summit logo surrounded by all the portfolio companies I touched in my 18-year tenure. The bottom of the painting was inscribed with "In grateful recognition for 18 years of leadership, dedication, and friendship." This generous recognition will stay with me for the rest of my life and beyond.

Chapter 6 - CEO Leadership Philosophy and Personal Beliefs

The most effective leaders and CEOs use a collection of distinct leadership styles – in the right measure, at the right time

Your handshake and caring smile are two of the greatest attributes to CEO leadership



The saying goes that leaders are born, not made. That debate has been going on forever, it seems. I believe leadership is a combination of both. Leadership can be a skill – just like skateboarding or playing the violin or speaking French. Everyone has different levels of talent, but we all can learn to lead.

It has been proven that role models have a very significant influence on the ultimate leaders in society and that, more often than not, it comes from a family member, teacher, or coach. The best leaders make an effort to relate to people with respect and treat them fairly.

So, what, exactly, is an effective leader or CEO? Does it mean always having the right answer to every question at every moment? Not hardly. In my mind, leadership combines emotional intelligence with the courage to raise the tough questions, challenge people's assumptions – and risk losing their goodwill. It demands a commitment to serving others; some skill at diagnostic, strategic, and tactical reasoning; the guts to get beneath the surface of tough realities; and the heart to take heat and grief. It also requires character that may be less visible than the leadership skills but, nonetheless, just as important. Abraham Lincoln once said, "Nearly all men/women can stand adversity, but if you want to test a person's character, give him or her power."

In my career as a CEO for many years, I liked to be the guy who wasn't afraid to get his hands dirty. I was the one willing to prune the trees, till the soil, lay the foundation, and build an effective organization. As a leader, I made it a point to get immersed in the organization – quickly and deeply – to better identify the underlying problems (not just the symptoms) and then fix them.

I relished the opportunity to lead and inspire and I've always been a strong advocate of "empathetic

toughness.” As I highlighted earlier, this blends the best attributes of the Peace Corps and the Marine Corps and it can be summed up this way: *You have to be caring enough about people to demand their very best.*

I must admit that, like many type-A overachievers, I was driven by the pursuit of success as well as the fear of failure. Ironically, however, it was a big failure at Auragen Systems Corp. that proved to be one of the most valuable learning experiences.

I also feel strongly that an optimistic view of the world is a key driver of one's success. As Sir Winston Churchill once said, “A pessimist sees the difficulty in every opportunity; an optimist sees the opportunity in every difficulty.” I always tried to do what I said and practice what I preached.

Throughout my career, I've always been intrigued by the so-called “IQ vs. EQ” debate. In other words, which is more important and relevant: intelligence (IQ) or empathy/emotion (EQ), the so-called people skills? There are certain skills you can learn in a classroom, laboratory, or textbook. But they're not enough. Leadership skills and life experiences are equally important (and, in many instances, more important).

IQ – “book smarts” – is the basis of the hard skills that are essential and that we can learn. These are things that are often objectively right and wrong. They are often represented by tests for a particular field and are easier to observe and measure. For instance, an accountant earns a CPA designation, or a physician earns his board certification in a specialty.

By contrast, EQ relates to the soft skills that can only be developed gradually. However, unlike IQ, these skills are difficult to observe and measure. When I've had the chance to work with MBA students (interns or new graduates), I've explained that we can learn statistics, accounting, economics, and marketing principles by listening in the classroom, reading textbooks, and doing homework. On the other hand, there are very few – if any – classes called “Leadership 101.” In the financial world, $2 + 2$ always equals 4. But in the very unstructured, dynamic world of business, $2 + 2$ sometimes equals 7. A high IQ is a great asset to have, but seasoned judgment (something you can't get in any classroom) is equally or more important. This doesn't mean higher education isn't highly desirable and beneficial, but it does mean that the wise use of knowledge is more important than knowledge by itself.

Soft skills are far more important than hard skills in a leadership capacity. People who manage to get to the C-suite are there because, more often than not, they have exceptional soft skills. I always felt my role centered around having an inspirational temperament by sensing not just how people feel but what they needed from me.

I also quickly made sure people were aware that there were consequences for nonperformance. Leaders at all levels make a difference when it comes to performance. They make performance meaningful.

People skills are needed for everyday life as much as they're needed for work. They center on how people relate to one another, communicating, listening, engaging in dialogue, giving feedback, cooperating as team members, solving problems, contributing in meetings, encouraging and motivating others, and resolving conflicts. I always tried to understand what people were saying – but I also strived to hear what people were not saying, too. I also tried to tune into not only what people were saying, but how they were saying, it.

I was a conversational CEO, spending most of my time listening to all levels of people in the organization and sharing my thoughts in a caring and trustworthy fashion. The conversation is less about giving orders and more about asking and answering questions.

Being a CEO is kind of a juggling act. You must learn to associate with excellent people, communicate clearly, set good examples, and trust others. Ultimately, you have to create the conditions that help others make the right choices and excel. In other words, the CEO should model how others should act. At the same time, you must also set the tone and define the organization's culture and values by your words and actions.

It's also important to recognize that no one has an inherent "right" to lead. Loyalty and respect are earned. CEOs easily lose the team if their vision is unconvincing, if the actions are inconsistent with the values they preach, or if their self-interest appears to trump the welfare of the organization. They must realize that success ultimately depends on the ability to enlist voluntary commitment instead of forced obedience of others.

The CEO must not get totally absorbed in the role or go on a "power trip." As strange as it may seem,

I strived to be the dumbest person in the room. I wanted to be surrounded by people who were smarter than me. My job was all about having the right questions like, “What if...?” and “Why not...?” and “How come...?” In leadership, IQ is important, but what is more important as a CEO is judgment. You need to separate the trees from the forest, to assimilate information, and to develop common-sense solutions.

As a CEO, I never – ever – felt I was superior to or above anyone in the companies I led. In my view, we just had different titles and responsibilities. We all played important roles. I have always viewed leadership as a relationship between the leader and the led. There were no unimportant people in my companies. Every person, regardless of race or ethnic background or socioeconomic level, was worthy of deep respect. I have always strived to make others feel important and be gracious in showing my appreciation.

I've always possessed a strong desire for responsibility, goal persistence, self-confidence, and tolerance. My management style was situational and *laissez-faire*, but I demanded results. I knew of course, that I was only as good as the people around me, so I constantly strived to improve their performance or hire new people. I conducted myself with a high degree of integrity

and honesty and expected that from the people working with me. I always felt that leadership was autobiographical – it is a very important part of one's life story.

By my nature, I'm a very direct person. My approach is always to avoid getting lost in the manure and keep decisions really simple. Direct, simple questions require simple answers, which forces management to think deeply. "Keep it simple was my mantra."

I am not a fan of PowerPoint presentations. I always appreciated a report that was two pages or less to explain a problem and propose a solution. I suggested to my management teams that, when we met, they should leave their titles outside the room. And that also included me, too. I always avoided having a traditional office with a big, demonstrative desk. I preferred a circular table where all participants are on an equal footing.

I was always interested in developing positive relationships with people, helping them live better lives, and mentoring them to reach their full potential. I was always willing to give away leadership, delegate authority, and empower others. It was a form of humility. As the author C.S. Lewis wrote, you don't have to think less of yourself, but maybe just think of yourself less.

For people to care about me, it was important they understood I cared about them. The same is true of trust. I really love mentoring people – showing them how to improve, how to become more human. In bad times, I always took full responsibility for anything that went wrong. In good times, it's better to pass around the praise. The old saying is true: It's amazing what you can accomplish when you don't care who gets credit.

I recently read an interesting article regarding leadership in the August 2019 edition of the *Harvard Business Review*. The article was written by an MIT professor and two research associates: Deborah Ancona, Elaine Backman, and Kate Isaacs. They identified three distinct types of leaders: the entrepreneurial leaders – visionary leaders who move their customers into unexplored territories; enabling leaders who provide the start-up entrepreneurs with the resources, talent, and management team they need to succeed; and architecting leaders who oversee the entire organization by managing the culture, high-level strategy, and organizational structure.

Entrepreneurial leaders are very self-confident people willing to act and promote a strategic mindset. These leaders (in many cases, CEOs)

“sense and seize” growth opportunities and lobby for early-stage resources. They’re resilient in the face of failure and have a lot of charisma to attract “Type A” players.

The enabling leaders are mentoring and coaching CEOs much like myself. They tend to ask questions rather than offer answers. They usually manage by influence and delegate responsibility, accountability, and authority (the most important). They find ways to connect with people and give honest feedback. They’re always keeping an eye on ensuring the organization’s values remain aligned with the strategic objectives.

The architecting leaders (once again much like myself) focus on the big picture that may require a repositioning or restructuring as the company scales and its requirements change. I used the annual “diagnostic self-test” template to determine whether the business model was in alignment with the strategy and execution.

I have to admit that, after becoming a serial CEO, I was more of an enabling and architecting CEO than an entrepreneurial CEO. I was always too risk-averse to be an entrepreneurial CEO, despite having those tendencies and instincts in my early years.

There are no one-size-fits-all leadership books. What works for one leader may not work for another. However, after reading more than my share of books about leadership, and on-the-job training, I determined that effective leadership has two very common traits. First, offer a handshake when interacting with people – and not just any handshake but a firm handshake. Second, have a smile – and not just any smile but a caring, sincere smile. Your handshake and smile are two of the greatest attributes and assets you can possess... and they're free. One time, an acquaintance pulled me aside and commented that I always seemed to be upbeat and smiling. My response? "Isn't that preferable to always being pessimistic and depressed?"

Although I sort of "grew up" in the high-tech world, I have tried to avoid spending too much time in front of a computer emailing people. I need visual contact – the handshake and a smile. I remember meeting former President Bill Clinton on Jan. 21, 2001, the day after he left the White House and began his post-presidency. He had a very effective way of communicating his personal appeal: handshakes that he holds for just a fraction of a second longer than you'd expect. It's a powerful but subtle way to underscore the importance of

interpersonal contact to build enduring relationships. I always greeted people with the small talk. “How is the family? How are the kids?” This approach tends to humanize the relationship.

My personal style is MBWA –management by walking around. I visited as many of my employees as possible. I never ate in the executive dining room. I greatly preferred to eat with the people who were in the trenches and on the front lines. The things I’d learn were invariably insightful – and sometimes amazing. I was always curious about how people felt about the company and its management. Sometimes we talked about their families.

Chapter 7 – The Crucial Importance of Mentoring and Role Models

Advantages in engaging with people who have been there and done that.



When you're scaling a world-class mountain or aspiring to be a CEO, it helps to have a guide, someone who's traveled that route, who knows the pitfalls, and who understands the challenges. We learn from their mistakes, and we learn from their triumphs.

Or, if you want to think of it this way, mentoring is a lot like coaching athletes. Almost all coaches are former athletes. They've played the game for a long time and know lots of tricks, techniques, and strategies. The key is this: A mentor should help you get the most out of your abilities and your situation. After all, no basketball coach can turn you into Michael Jordan, but a great coach can make you a better player and a better teammate. And that's what a mentor should do.

Mentoring is a highlight of my journey. So, what defines a good mentor? Two characteristics are most relevant:

- **Trustworthiness** – Trust is critical, the currency of a mentoring relationship. A young person needs the ability to disclose and discuss highly sensitive topics, secure in the knowledge that the conversation will go nowhere else. Both mentor and mentee must have high degrees of personal integrity. Trust is also defined by the level of chemistry that exists between the mentor and the mentee.
- **Experience** – It's essential for a mentor to have a track record of success. The hard-won lessons and experience create a great deal of confidence and unmatched credibility.

The right mentor plays an invaluable role in your life, helping you develop your self-confidence, expand your network of friends and coworkers, improve your leadership skills, and avoid the common pitfalls experienced by people who've blazed the trail ahead of you.

Role models and mentors – especially in the early years – are very critical to a successful journey. In my teenage years, I was fortunate to meet and

listen to many mentors who provided me with so much valuable advice, such as my sixth-grade teacher who encouraged me to develop my math aptitude. These mentors let me use them as sounding boards to talk about school options, classes to take, subjects to study, and just so many other important decisions that require good common sense.

My earliest role model was my father's cousin, Raymond, who was well-coached by his immigrant parents. He became the first member of his family to go to college – Harvard, in fact. After Harvard, he spent a year in Rome studying economics on a Fulbright Scholarship before attending Columbia Law School. He later became a very successful attorney for a Fortune 500 company and retired from the former Primerica Corporation as vice president and deputy general counsel. I firmly believe to this day that Raymond's stellar example was a significant factor in the pursuit of my dreams.

In the most successful companies I've observed, advised, or had the privilege of working for, there's been one constant thread: the CEOs who've led those companies are surrounded by all-star teams of smart, forward-looking advisors. The fact is, the financial metrics we focus on so intently are merely yardsticks – they're proxies – that help us

measure a company's performance and its prospects for future success. They're the results, not the causes. At best, they're a quick glance in the rearview mirror.

Usually in an underperforming company, the CEO operates in an almost bunker-like mode. He or she lacks the benefit of outside, objective, experienced, and hard-hitting business management (and personal) advice from people they trust and respect. Countless times, I have been able to rely on that invaluable mentoring counsel from people with whom I've forged mentoring relationships.

As you know, there's no "user manual" that comes with the corner office. Being a CEO – especially in small or mid-sized companies can be a very tricky proposition. That's particularly true if the CEO is young or relatively new to the role. Many first-time CEOs are entrepreneurs who founded their companies. Others have risen to the top by virtue of being the company's best salesperson. And at other times, when companies are experiencing tough times, the CEO is simply the "last man (or woman) standing."

Ultimately, however, there's no substitute for experience. In sports, athletes benefit from "reps" – the countless repetitions in training and the

previous competitions they've experienced. When I meet with an inexperienced executive stepping into a new position as CEO, I often notice that he or she can suffer from an inflated (and often quite incorrect) view of their own capabilities. So often, that outsized ego is simply an attempt to mask or compensate for their own insecurities. As their mentor, I find it's a very useful warning signal that must not be ignored.

As I mentioned above, the first time I became CEO, I called one of my trusted mentors and admitted fear and insecurity only to be told by that mentor that it was normal and the fact that I was willing to admit it, and seek advice from a very experienced CEO, was a very positive sign that I was on the way to becoming effective and successful.

It is important for a mentor to have actual operating experience and have been responsible for the whole P&L, especially in sales and operations. Experience is an absolute baseline. You want a seasoned chief executive with many years of experience and many battle scars to prove it.

WHAT MAKES A GOOD MENTOR?

How should you structure a mentoring relationship? In my experience, I like both formal appointments and informal check-ins. First, commit to a series of consistent, formal meetings or phone calls – maybe every month or every quarter, whatever suits your style and situation. These meetings are on your calendar and they create a small sense of accountability and “reporting” to your mentor.

But challenges don't always arrive on schedule. The best mentoring relationships happen when the CEO feels empowered to simply pick up the phone on an impromptu call-anytime basis to check in about a hot challenge. In those situations, I've acted as a real-time sounding board – sort of like President Andrew Jackson's “kitchen cabinet” of informal, off-the-record advisors.

PAY IT FORWARD: WHAT MAKES MENTORING WORTHWHILE

During my tenure as a CEO, I came to realize that leadership involves mentoring employees on the softer attributes of being effective and successful not only in business, but also in life. The principle of having the proper attitude applies to one's professional career as well as one's personal life.

The painful truth for any CEO (founder CEOs in particular) is that “What got you here won't get you there.” The significant benefit a mentee derives from a strong mentor is the perspective of someone who has been down similar roads. It accelerates learning by engaging the services of a high-profile veteran from outside the company. CEOs should connect with mentors rather than assume that theirs is a burden to be shouldered alone.

In very difficult situations, CEOs need wise mentoring. That's not the same as coaching. Although executive coaches are often superb at providing feedback and closing gaps in specific skills, few have actually worked in equivalent roles themselves. Mentors, by contrast, are role models who have “been there and done that.” They offer timely, context-specific counsel drawn from experience, wisdom, and networks that are highly relevant to the problems to be solved. That means CEOs can avoid costly mistakes and become proficient in their roles faster.

You might reasonably wonder, “What's in it for the mentor?” In other words, why does any mentor work so hard to develop the next generation of leaders? I know from my own experience that I

really love mentoring. I really love people – I love talking to them, interacting with them, and unleashing the talents within them because I know what's possible from my own life experiences. I really love showing them the purpose of life, how we can be more human. This is what I love to do in my life. In my view, we derive more value from living by helping those who follow us.

For me, and I suspect many mentors, these relationships are inherently gratifying and give us an opportunity to “pay it forward” and contribute to the next generation's success.

Chapter 8 - Lessons Learned

*Wisdom comes from experience and experience
comes from failures and
lessons learned*



I've been blessed with a 50-year career that started in the trenches and has led me to numerous CEO roles. Let me share with you examples of leadership and some lessons I've learned along the way before and after my tenures as a CEO.

Know Who You Are and Be Who You Are

I was nearing graduation at Iona College, where I was majoring in finance and accounting. Naturally, I applied to many accounting firms for an entry-level position. Oh, and, as an afterthought, I applied at a company called IBM, which, at the time (and for many years later) was the world's most successful computer company. They were the Google or Apple of their era. Little did I know how significant IBM would be to my career. They made me take an accounting test, and then I interviewed with numerous people. I was

offered a job (and so was my best friend from college).

It was a big decision, and, before I made my choice, I wanted to visit IBM's headquarters in Armonk, New York. The HR person I met was very helpful as we toured the facilities. We started on the first floor where I saw row after row of desks, seemingly to the horizon. I had to ask, "How long do you work on this floor?"

"Well," the HR rep replied, "if you're an A-level performer, you'd likely work here six months. But the average tenure is closer to 12 months." We went to the second floor, where another team worked. I asked the same question. I got the same answer. The third floor? Same question, same answer.

As the day unfolded, I was forced to be honest with myself. I knew in my bones that IBM was not for me. It was too big, too bureaucratic, too impersonal. To the near shock of my parents who were certain I was crazy, I decided not to accept the offer from what was the world's most prestigious corporation.

I didn't know it at the time, of course, but my experience visiting IBM matched the perspective

of a more famous first-time visitor to Armonk. In his 2003 memoir, "Who Says Elephants Can't Dance?" Louis Gerstner, IBM's CEO from 1993-2002, described his first exposure to IBM in a remarkably similar way. "I will never forget my first impression," he wrote. "IBM corporate headquarters in Armonk, New York, reminded me of a government office – long, quiet corridor after long, quiet corridor of closed offices. All the men were wearing white shirts except for Louis Gerstner."

I knew myself, and I knew IBM was not a fit for me, my personality, or my ambitions. After rejecting the company they called "Big Blue," I joined the exact opposite: a small accounting firm. I quickly earned some recognition for my work and was clearly on track to become a partner in the business at a very early age. But I also knew public accounting was not a long-term career for me. My entrepreneurial side kept spurring me to think of different opportunities to spread my wings. As Confucius once said, "Choose a job you love, and you will never have to work a day in your life." Spending your life pretending to be something other than who you are is unsustainable. You have to know who you are, and you have to be who you are.

Know How to Say No

As Warren Buffet said, "The difference between successful people and very successful people is that very successful people say 'no' to almost everything." It isn't easy to develop this skill because it requires a significant amount of self-confidence. However, it is literally that message of self-confidence that generates respect, so that you are perceived as a leader rather than a follower. In my CEO roles, I was always direct, honest, and straightforward. I learned early on that every time I said "no" I got a promotion. I can only assume that most people do not appreciate "yes" people who agree for the sake of agreeing. I much prefer the person who is willing to exhibit conviction and honesty despite the consequences. Debate is more important than compliance in a leadership role. The only exception I can think of is when a company is in great distress and requires a dictatorial leadership style.

Doing your Best may be More Important than the Final Score

Whether coaching a team or leading a group as its CEO, I impressed upon the people around me to give their best effort at all times. As a CEO, I was usually less interested in the outcome and more interested in people doing their best. I enjoyed

winning, but also knew how to lose. For example, as a soccer coach I emphasized to the team to go out and do their best not only for themselves but, more importantly, for one another. If we lost but gave it our best, I was satisfied. If we won and did not give it our best, I was unhappy.

I applied this same management philosophy as a CEO. However, always doing your best but not getting results did not necessarily mean you kept your job. What it meant was that the job was not a good fit. I always gave people enough space and responsibility to either fail or succeed, so that I could hold them accountable. Even if you fail by doing your best, you become a better person.

Prepare a Diagnostic Self-Test Every 12 Months

Depending on the industry sector you are in, you may want to adjust the timing of the self-diagnostic. The doorknobs market is less volatile than the high-tech sector, after all.

Given that most, if not all, of my experience has been in high-tech, I advocated for annual offsite meetings with management at all levels to focus on external strategic issues and internal execution issues. As a CEO, I was always aware of the management team's instincts for self-interest and

self-preservation – especially when the market was in transition.

Be Honest

My experience at Pansophic Graphics Products Division illustrated the importance of honesty. Obviously, honesty as a leader must be conveyed in an intelligent and sensitive manner. When dealing with employees, I always assumed that people are not dumb and know more than you think they know – and that reasonable honesty is the best policy. If the employees knew the company was having difficulties, they just needed me to be honest. These are opportunities to gain their loyalty, trust, and commitment by being honest. If I came across as untrustworthy, how could I lead the organization?

Honor Your Commitments

Leadership requires honoring your commitments and being trustworthy. My experience at Magic Solutions was a test for me to honor a bonus commitment that was well-earned. As I expressed to the founder, as the leader I would be unable to lead the organization if I am unable to honor my commitments.

Be Empathetic

Sensitivity to others' needs is a truly precious human ability. But it is not a complex act. It simply means spending time with people on the factory floor or in the showroom or warehouse or back room. It means being acutely aware of others' attitudes and feelings and the nuances of their communication. I was always interested in making a human connection. My behavior as a CEO truly came from my heart and love of people. I treated every employee as a person first and then an employee.

Don't Fail for the Wrong Reasons

The best way to avoid any regrets in a CEO role is to make the best decision you can at that time, knowing you will make some bad decisions. Go with your instincts. Regrets come when you look back and say, "I could have... I should have... and yet I was persuaded by someone or something else." Although failure is a prerequisite for success, don't fail for the wrong reasons. Do not take on responsibility and accountability without authority. Be confident and strong enough to make the tough decisions and be prepared to accept the consequences – good and bad. The worst thing to do is to make no decision.

Be Responsible

One of the most formative experiences of my life was when I had the chance to serve our country in the military. This was well before I became a CEO. Now, not everyone is cut out for the military life, but for some people, it can provide excellent opportunities to develop leadership skills. Like perhaps no other organization, the military demands the utmost in accountability – to your superiors and to your fellow soldiers and sailors.

I had just completed basic training, and normally I would have been assigned to advanced artillery training at Ft. Sill, Oklahoma. Instead, my military occupation status was changed to communications, and I was transferred directly to Ft. Ord, California, a staging area for troops prior to deployment to Vietnam.

I was the first to arrive at Ft. Ord for communications training, about a week before it was to start. I met with a first army sergeant who had served three tours of duty in Vietnam. He looked through my file and suggested I consider an acting sergeant role, heading up a platoon of about 40 soldiers. The Vietnam War had stretched out the U.S. officer's corps, and there was a significant shortage of officers and staff sergeants. I thought this would be a great opportunity, and it came with many fringe benefits such as no KP duty and

a private room in the barracks. It looked great – on paper.

It was only when the troops began to arrive that I recognized the magnitude of the responsibilities and challenges I faced. While most troops were about my age, in reality, we were all still young kids. Most of them – and possibly me – were going to a war in Southeast Asia, and some of us weren't coming back. I didn't yet understand how to lead a group of young kids, but I was very willing to accept the challenge.

As you might guess, our circumstances made my job more complicated. I had a responsibility to ensure these troops received an education in advanced training to improve their survival rate in combat. I conducted my classes in the barracks every night to help them prepare for exams – a practice that was unheard of in the military, since these classes were typically only held during the day.

One night, the base colonel paid an unannounced visit to our barracks. In shock at seeing soldiers studying, he quietly approached me. "How on earth are you able to get this many young men to sit quietly and study army combat practices?" he asked.

“Sir, it’s actually quite straightforward,” I replied. “I simply got the group together and explained the statistics of life expectancy in battle. The forward observer’s life expectancy is often measured in minutes. I just told them that knowing what to do might save their lives, and I guess that was a compelling reason.” I was very fortunate not to be deployed to Vietnam.

I truly believe every citizen should serve the country in some meaningful and responsible way. It needn’t be in a combat unit crawling through a jungle. But everyone should serve in some capacity for at least one year when they are in their late teens or early 20s. The one-year commitment could be anything from military service to helping the needy, mentoring disadvantaged children, serving in the Peace Corps, or working in a government agency.

Unfortunately, far too many Americans take their freedom for granted. They see it as a one-way street and lack any sense of appreciation for or understanding of the sacrifices made by previous generations. It seems to me that many Americans have insufficient knowledge of our history, and that trend only seems to worsen as our country ages.

Responsibility for the consequences of actions is not the price of freedom, but one of the rewards. Knowing we have responsibility for the consequences of our actions is a major part of what makes life worth living. Winston Churchill once said, "The price of greatness is responsibility."

Know When to step Aside as a CEO

The first-time CEO must assess his/her likes or dislikes in the new role. That assessment should take place within the first six months, if not sooner. If you hate being a CEO, find a way to exit before you impact your health or damage to the organization. Competent CEOs plan an exit as positive and graceful as their entrance was. On the other hand, if you love being a CEO, keep moving forward.

As for board members, I always advised them to consider replacing a CEO the first time a board majority is thinking about it. I rarely heard board members say they replaced a CEO too early. What I often heard was, "We waited nine months too long." The damage by waiting is not linear – nine months could be a two-year setback.

Lead by Influence, not by Directives

There are various leadership styles that are appropriate based on the circumstances. For example, if the company is experiencing a cash crisis, a dictatorial style might be appropriate. However, under more normal circumstances, an influential style may be more effective. You influence others by making suggestions to your management team and then observe their actions. It's a more *laissez-faire* style of leadership.

I was a mentoring CEO, managing mostly through influence and by example. I focused on developing a winning, trustworthy, and caring culture. I emphasized listening to employees rather than dictating to them.

Lead by Walking Around

I have always been amazed of the information you get from the organization by just walking around. Hallway conversations or elevator chats will sometimes tell you all you need to know about the status of your organization. In a more casual setting, people are more than willing to tell you all you need to know.

Delegate Responsibility, Authority, and Accountability

To delegate, you must be willing as a CEO to make yourself more vulnerable. The only way to measure the capabilities and competency of a management team is to allow them to fail or succeed. I also understood that, at the end of the day, I had full responsibility.

As a First-Time CEO, be Prepared to Leave Behind your Functional Skill

The most challenging experience as a first-time CEO, or any CEO for that matter, is to unlearn (partially) the very functional skills that made you successful. Your strong capabilities in sales, finance, or marketing will not make you a successful CEO – unless you are willing to relearn the skills necessary to elevate you to the CEO role.

Think Outside the Box

In my experience, too many companies are introverted. They think internally rather than embrace options outside the organization – the so-called NIH (not invented here) factor. At Apple, Tim Cook aimed to outsource manufacturing without sacrificing quality and productivity. That decision alone solved one of Apple's biggest problems by creating an efficient supply chain.

Develop a Situational Leadership Style

As much as I always adjusted my style to be consistent with the circumstances, I never compromised my style of empathetic toughness. Regardless of the circumstances, I always felt my basic style was appropriate. First, you must care about your people so that you may be demanding of their best performance and results.

Manage up as well as Down

In addition to managing the executive team, the CEO must also manage the board of directors. In my experience, board members are very busy with very little tolerance for small talk. When I traveled, I could always recognize a board member holding and reviewing a 50-page PowerPoint presentation in one hand and an adding machine in the other hand trying to understand what was going on.

Ken Banta and Stephen Garrow in *Harvard Business Review's* "10 Must Reads" echo my beliefs in how CEOs can work with an active board:

1. Work with board members individually as in the group – and selectively seek their help. In addition, by creating a personal bond with individual directors, the CEO lowers the odds

that they will undermine or blindside him or her.

2. Communicate less formally, more intensively, and more often. By taking the lead in inviting the board to engage on business-critical matters, the CEO can better manage the process and avoid one of the biggest downsides of an active board: disruptive interference in business operations.
3. Expose level-three and level-four managers to the board. Active board members are also very interested in the levels below the C-suite.
4. Handle strategic planning... strategically. The key to navigating this challenge is to keep strategic planning in the hands of management while inviting the board to provide advice and feedback from the beginning.

Louis Gerstner, IBM's CEO, refused to attend meetings where there are hundreds of four-color slides being presented. "Keep it short and simple; two pages or less; black and white."

Jack Welch, the CEO of General Electric, said, "Reducing a complex problem to a simple chart excited the hell out of me."

Ed Whitacre, GM's CEO, said, "I don't need all those charts. I just need the end conclusion or larger point – tell me that, and then let's talk about it. But tell me – don't point with some laser from the other end of the room and click, click, click through 50 slides. Tell me what you want to do, and I'll tell you what I think. And if you're unable to talk to me in a focused, intelligent way about something without a bunch of slides and a clicker, then my assumption is that you don't know your subject very well... so come back when you do."

Conduct Meetings Around a Circular Table

I was never one to take position power in a meeting. To prevent a position advantage, the circular table puts every meeting member on an equal footing. It also provides a more productive dialogue when everyone is a peer.

Know that One Size Does not Fit All

Therein lies the mystery of being an effective CEO. I have experienced all kinds of CEOs who are successful leaders: smart and not so smart; tall and short; introverted and extroverted; charismatic and not charismatic; selfish and unselfish; hated and loved.

What works for one CEO may not work for another. However, based on my experience and observations, effective CEO leadership has two common traits. First, offer a handshake when interacting with people – and not just any handshake, but a *firm* handshake. Second, have a smile – and not just any smile, but a caring, sincere smile.

Don't Underestimate the Importance of the Planning Process

The day after you submit your annual business plan, it's obsolete. Maintain a dynamic plan during the year and be prepared to wipe the slate clean at least once a year. The diagnostic self-test is typically based on current events, market conditions, and financial performance including an assessment of the management team.

The problem with a fixed plan is plain. In volatile times, you find yourself spending enormous resources analyzing and explaining negative variances, instead of anticipating them and implementing corrective actions in advance. A monthly rolling forecast is your rudder. Allocate at least one day per month of senior management's time to formally engage in the future.

I learned a very important lesson as a private pilot when my instructor taught me the value of preparation and planning. Flying has very little to do once you are in the air. Flying is all about the go-or-no-go decision you make on the ground. His message to me was compelling: "Would you rather be on the ground wishing you were in the air? Or in the air wishing you were on the ground?"

Know What you Don't Know

Know when what you know is no longer so. However, if you don't know what you don't know, you won't grow. This is critical because what you think you know (but don't) can lead to serious miscalculations. I managed by coaching, by knowing what I didn't know and hiring "A players" who did.

People Don't Care How Much you Know, Until They Know how Much you Care – John Maxwell

First you need to care about your employees in order to demand their best. I cared very much about my people. There were no unimportant people in my companies. We just had different titles but we all served a vital role in the ultimate success of the company.

If you Don't Have the Trust of Your People, You'll Never be a Great CEO

Say what you mean and mean what you say. The most important aspect of a relationship is trust – which means loyalty and honesty. I was always less interested in the other person's IQ and more focused on the EQ, which is a much better metric for trust in a relationship.

Under-Promise (Within Reason) and Over-Deliver

To maintain a high level of self-confidence in your management team, it's important that the team is motivated by achievement. Recurring small wins are far better than developing a defensive mood by measuring negative variances throughout the year. I am not suggesting that you sandbag the annual budget, but just make the targets achievable. The worst thing a CEO can do is establish incentives that are not achievable.

As Mark Clement advocated, “Leaders who win the respect of others are the ones who deliver more than they promise, not the ones who promise more than they can deliver.”

No CEO has the Inherent Right to Lead

Loyalty and respect are earned. It is important that the CEO enlist voluntary commitment instead of forced obedience of the team.

Be Prepared with Contingencies

Apple's Tim Cook is famous for noting that, "In business, as in sports, the vast majority of victories are determined before the beginning of the game. We rarely control the timing of opportunities, but we can control the preparation." Cook's obsession with preparation was key to his success at Apple.

As a CEO, I always had Plan B and Plan C in my hip pocket. It enabled me to feel secure knowing that I had options.

Avoid Politics and Bureaucracy

You can be a "big" small company. As the company grows and processes become more dominant, you must retain at least a 20% entrepreneurial cultural component. Continue to be nimble, honest, and straightforward as much as possible.

Also, I must admit I despise politics. Nothing of value comes out of politics – it only undermines the organization. "A" players leave, and mediocrity seeks its own level.

A conversational and entrepreneurial approach with your employees is an approach that allows a large company to act like a small company.

Understand What is Being Said, but be Sure to Hear What's not Being Said

Consciously or subconsciously, people will, at times, tell you what you want to hear. They may promote a certain agenda and say whatever is appropriate to foster that agenda. The CEO can counter this with "what-if" questions. More often than not, this Q&A can lead to the heart of the issue.

What is Said is Very Important, but it's Equally Important to Observe How You Say It

Eye contact and body language can be very revealing. I rarely discussed major business issues by phone or through email. I preferred a more casual conversation around a table in a conference room instead of sitting behind my desk. For me that was easy because I never had a corner office. The conference room was my office.

The CEO Should Make Talent Management a Core Initiative

Determine which people are the top 20% producers. Spend 80% of your time with the top 20%. Cultivate the 20% of your employees who will generate 80% of the results. Encourage the many, mentor the few.

Solve Problems, not Symptoms

The problem definition should be time-consuming, collaborative, and intense. I can't tell you how often I've seen management rush to judgment to discover that the issue gets much worse because they misdiagnosed the problem. It is not unusual for the CEO and/or management team to be in denial and are more inclined to keep busy with the solution rather than be truly honest. Once again, I applied the 80/20 rule. Spend 80% of your time defining the problem and 20% developing the solution.

Don't let Strengths Become Weaknesses

A culture of inflexibility develops if people put too much faith in their strengths. So be prepared to abandon your best moves. Show respect for what works. If you're doing the right things, you don't have to do them perfectly to get great results. There is no permanent solution.

Avoid the Inertia of Success

According to Intel's Andrew Grove, "Successful people continue to implement the same strategic and tactical moves that worked for them during the course of their careers. But such a repetitive approach leads to inertia and is extremely dangerous because it reinforces denial."

Effective Mentoring is a two-way Proposition

Honesty and humility on the part of the mentee are absolutely crucial. To establish a productive relationship, both the mentor and mentee must be prepared to be vulnerable. The mentee must be willing to recognize his or her strengths and weaknesses and the mentor's job is to encourage this form of self-awareness in order to maximize the benefits of the relationship.

CEOs Must Lead and Manage day by day

Providing feedback should be immediate and, if the feedback is critical, the CEO should do it privately. Criticizing your subordinate in public serves no valuable purpose other than developing mistrust in the relationship. It will also cause the subordinate to become risk-averse and prone to ignore disagreements. If managed properly, the annual reviews should be a confirmation of what is already known – no surprises.

Embrace the Pareto Principle of Leverage

Prioritize where you spend your time. Unresolved problems that put the company at risk must take priority. According to Pareto's Law, also known as the 80/20 rule, 80% of the output from a given situation or system is determined by 20% of the input. For example, 20% of customers may contribute 80% of the revenue; 20% of products

generate 80% of the profit; 20% of your team members produce 80% of the results. A great CEO generates significant outputs (80%) from small inputs (20%). Efficiency is the foundation for survival. Effectiveness is the foundation for success.

Chapter 9 – Conclusion

My final thoughts



I hope this book has given you principles that will make you a better leader and CEO. As you can tell by my journey and experiences, there is no secret formula for effectiveness and success as a CEO. Passion is key to any job, but it's especially vital to be an effective CEO. The CEO leadership style of empathy and toughness, I believe, is the most effective style and produces the greatest results. This style reduces the risk of failure and enhances the chances of success.

During the workday, I spent a lot of time in elevators, hallway conversations, and with lower-level employees. Many times, I was approached by outsiders looking at my CEO title and conveying a sense of power and glory. I explained to them that a CEO serves many masters: board members, vendors, customers, government agencies, employees, investors, and more. More often than not, these constituents were not on the same page and had many different agendas, motivations, and expectations. It was my job to deliver the arm's-

length best result (to shareholders, in particular) despite all the special interest groups.

There are exceptions to the normal tenets of being a great leader and CEO. As much as I believe in empathetic toughness, I admit there are visionary leaders who are outside the normal boundaries of leadership definitions. They get their leadership from their followers who are willing to overlook style and focus on passion, genius, commitment, and vision. Steve Jobs comes to mind – he defied the laws of gravity.

When it comes to living a fulfilling career and productive life – a life with meaning and impact – what truly matters is the journey. Yes, the view of a CEO from the top of the mountain may be breathtaking. But the real thrill is in the climbing.

As a famous French essayist said, “You can spend your life any way you want, but you get to spend it only once.” And we create a happy and productive journey as a CEO by choosing to be connected to others and to engage in meaningful work. You can certainly write the script of your own life.

As we continue our journeys, I think there are several important prerequisites that we must have

in place to become a successful leader/CEO as we climb the mountain:

- **Love of Self** – If you don't love yourself, you will undermine everything and everyone around you. If you don't believe in yourself, the universe is a frightening place.
- **Education** – Read, read, and then read some more. Keep learning and never let your brain be idle. Learn from those who have succeeded.
- **Persistence** – It takes failure to succeed. We can't let ourselves get stopped by setbacks – because they are an essential ingredient of success.
- **Respect for Others** – We need to honor the efforts and accomplishments of everyone we meet, because *everyone* has accomplished something. Every individual we meet is worthy of respect.
- **Mentors** – Savvy, experienced people can help us overcome many obstacles by reinforcing the right values and providing a sounding board on careers and life decisions.
- **A Role Model** – It's crucial to have at least one

individual whose best aspects you try to emulate and incorporate in your own life.

In a speech to students at the University of Florida in 1998, Warren Buffett started with a game. “Think for a moment that I granted you a right – you can buy 10% of one of your classmate’s earnings for the rest of their lifetime.” The decision should be based on merit, Buffett advised, so it’d be unwise to pick the person with the highest IQ, the richest parents or the most energy. “There’s nothing wrong with getting the highest grades in class, but that isn’t to be the quality that sets apart a big winner from the rest of the pack.” Warren said. “You’d probably pick the person who has leadership qualities, who is able to get others to carry out their interests. That would be the person who is generous, honest, and gave credit to other people for their ideas.” Here’s what Buffett looks for in a good hire: “habits of integrity”:

- Fulfill your promises
- Be honest
- Be trustworthy
- Give credit where credit is due
- Be mindful and emotionally intuitive
- Manifest humility
- Be willing to admit you’re wrong
- Offer help when needed

- Treat others with respect
- Be charitable
- Be patient

Intelligence and ambition are valuable traits, but even so, a lack of integrity won't make you stand apart from the others – nor will it get you hired, at least not by Buffett.

Chapter 10 - Favorite Quotes

Profound statements, usually, are found in very few words.



Over the years, I've read countless autobiographies of business and political leaders, entrepreneurs, and other thought-leaders around the globe. I've often found myself writing down key phrases and quotes that describe the philosophies and principles by which I've tried to live my life. Let me leave with you a number of them that I hope you'll find as inspirational as I have.

"Never separate the word accountability from responsibility."

- *Buck Rogers (IBM)*

"Love to win, and at the same time, accept the risks involved in losing."

- *Buck Rogers (IBM)*

"Good judgment comes from experience. Experience comes from bad judgement."

- *Walter Wriston (Citicorp)*

“The greatest sadness in life is not to fail, but failure to try. Trying – it takes failure to succeed – if you risk nothing, then you risk everything.”

- *President Richard M. Nixon*

“There is no limit to the amount of good you can do if you don't care who gets the credit.”

- *President Ronald Reagan*

“In life you're either a passenger or a pilot. It's your choice.”

- *Kamari aka Lyrikai*

“Integrity without knowledge is weak and useless, and knowledge without integrity is dangerous and dreadful.”

- *Samuel Johnson*

“We should not let our fears hold us back from pursuing our hopes.”

- *President John F. Kennedy*

“Others can stop you temporarily; only you can do it permanently.”

- *Don Ward*

“Pay no attention to what the critics say; no statue has ever been erected to a critic.”

- *Jean Sibelius*

"If you risk nothing, then you risk everything."

- *Geena Davis*

"People with humility don't think less of themselves; they think of themselves less."

- *C.W. Lewis*

"The inherent vice of capitalism is the unequal sharing of blessings. The inherent virtue of socialism is the equal sharing of miseries."

- *Winston Churchill*

"If you're going through hell, keep going."

- *Winston Churchill*

"Never give up. Never, never, never."

- *Winston Churchill*

"The harder you work, the harder it is to surrender."

- *Vince Lombardi*

"A life isn't significant except for its impact on other lives."

- *Jackie Robinson*

"If you strive for excellence, you may not always succeed at leading, but you will certainly succeed at living."

- *Michael Eisner*

“A good leader is a person who takes a little more than his share of the blame, and little less than his share of the credit.”

- *John C. Maxwell*

“Don't just leave money, leave a legacy. Leave things and acts that helped or inspired others and you will live forever in the minds of those you have served.”

- *Jeffrey Gitomer*

“A parent, if he or she has the means to do so, should give their children enough to do anything, but not enough to do nothing.”

- *Warren Buffet*

“It takes 20 years to build a reputation and five minutes to ruin it. If you think about that, you'll do things differently.”

- *Warren Buffet*

“Some say failure should be avoided at all costs. That cost is too high. I see failure more as a fertilizer for success.”

- *Warren Buffet*

“It is not the critic who counts, not the man who points out how the strong man stumbled, or where

the doer of deeds could have done them better. The credit belongs to the man who is actually in the arena; whose face is marred by dust and sweat and blood; who strives valiantly; who errs and comes up short again and again; who knows the great enthusiasms, the great devotions, and spends himself in a worthy cause; who, at best, knows in the end the triumph of high achievement; and who, at the worst, if he fails, at least fails while daring greatly so that his place shall never be with those cold and timid souls who know neither victory nor defeat.”

- *President Theodore Roosevelt*

“When you are faced with a decision, the best thing is to do the right thing; the next best thing is to do the wrong thing; and the worst thing is to do nothing.”

- *Roger Enrico (Pepsico)*

“If you don't know how to lose, you'll never know how to win.”

- *Jack Welch, (GE)*

“It was always important for me when meeting with my management team that I was the dumbest guy in the room.”

- *Jack Welch, (GE)*

“There are four kinds of people:

- Those who make things happen
- Those to whom things happen
- Those who watch things happen
- Those who don't even know things are happening."

- *Louis V. Gerstner, Jr. (IBM)*

"Some succeed because they are destined to; most succeed because they are determined to."

- *Anatole France*

"People don't care how much you know until they know how much you care."

- *Mike McNight*

"Leadership is action, not position."

- *Donald McGannon*

"Search for eagles and then teach them to fly in formation."

- *D. Wayne Calloway*

"People are not your most important asset. The right people are your most important asset."

- *Jim Collins, "Good to Great"*

"Leaders who win the respect of others are the ones who deliver more than they promise, not the ones who promise more than they can deliver."

- *Mark Clement*

"Ninety-nine percent of failures come from people who have the habit of making excuses."

- *George Washington Carver*

"Prefer a loss to a dishonest gain; the one brings pain at the moment, the other for all time."

- *Chilon*

"True success is overcoming the fear of being unsuccessful."

- *Paul Sweeney*

"Like Jack Welch, I never wanted to be the smartest person in the room. I just wanted to be surrounded by the smartest people in the room. I always felt that my role centered around having an inspirational temperament."

- *Raymond Sozzi, Sr.*

"When a lot of people are in charge, nobody is in charge."

- *Raymond Sozzi, Sr.*

"Never take no for an answer, but know how to say no."

- *Raymond Sozzi, Sr.*

“I always wanted to understand what was being said, but was also listening to what was not being said.”

- *Raymond Sozzi, Sr.*

“I never thought about failing, I always focused on winning.”

- *Raymond Sozzi, Sr.*

“It is important what you say, but just as important as to how you say it.”

- *Raymond Sozzi, Sr.*

“Management is like holding a dove in your hand. Squeeze too hard and you kill it, not hard enough and it flies away,”

- *Tommy Lasorda*

About the author

Raymond Sozzi, Sr, is a general management executive and business entrepreneur with a successful track record in the computer industry as a president and CEO for eight different venture-capital-backed software companies where he orchestrated several successful turnarounds and growth strategies. In 1999, Ray joined Summit Partners, a prestigious growth private equity and venture capital firm, as an executive-in-residence. In this advisory role, Ray acted as a confidant, coach, and mentor to more than 60 founder CEOs and first-time CEOs. Throughout his career, he demonstrated strong leadership, strategic, and analytical skills and acts as a change agent in very challenging environments.

Ray has served on many public and private company boards of directors and is a member of the Association for Corporate Growth. In 2015, he founded The Everest Leadership Academy for underserved children to maximize their untapped potential as leaders. He published three books: “My Life’s Journey as a CEO and Mentor,” “Embracing Leadership Principles,” and “The CEO Handbook.” He is also the author of “Leadership: The Essence of Being a Mentor” which was published in *Leader-to-Leader*, a quarterly journal.

