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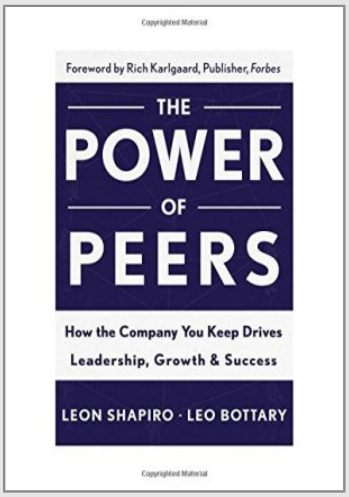

The Power of Peers

How the Company You Keep Drives Leadership, Growth, and Success

Leon Shapiro and Leo Bottary
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240 pages
Book: getab.li/27340

Rating

8

9 Applicability
7 Innovation
7 Style

Focus

Leadership & Management
Strategy
Sales & Marketing
Finance
Human Resources
IT, Production & Logistics
Career & Self-Development
Small Business
Economics & Politics
Industries
Global Business
Concepts & Trends

Take-Aways

- CEO peer advisory groups give CEOs support and reduce their isolation.
- Participating in a CEO peer advisory group helps you grow as a person and gain insight, such as shared wisdom about future trends.
- Engage with your peers by: "connecting, networking, optimizing and accelerating."
- Connecting means meeting other CEOs and sharing common interests and events.
- Networking calls for selecting individual, trustworthy peers for reciprocal relationships.
- Optimizing lets you work in peer groups, like "tiger teams," to tackle specific objectives.
- Accelerating means surrounding yourself with powerful peers in safe, confidential relationships.
- Optimizing and accelerating are strategic, structured methods leading to peer advantage, a powerful reinforcing loop of learning, sharing, applying and achieving.
- Take peer influence to the next level by creating "peer advantage."
- To gain peer advantage: Select the right peers. Create a safe environment. Find a smart guide. Foster interaction. Hold group members accountable.

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Relevance

What You Will Learn
In this summary, you will learn: 1) How CEOs benefit from finding or creating peer advisory groups, 2) How a peer advisory group can help you by building "peer advantage," and 3) What factors make a peer advisory group successful.

Review
Chief executive officers, business owners and other top-level executives who join peer advisory groups can learn from their compatriots' experience and may not feel as "lonely at the top." Consultants Leon Shapiro and Leo Bottary show CEOs how joining a peer advisory group can help high-level leaders grow personally and professionally. In any industry, CEOs face common problems in HR, finance, marketing, and more. Having a sounding board of high-ranking industry peers aids troubleshooting. This three-part volume explains the power of "peer advantage," the best ways to foster it and the factors that make a CEO peer advisory group successful. At times, Shapiro and Bottary use meaningless buzzwords – such as "optimize" or "accelerate." And their advocacy openly stems from their leadership of an executive peer-group consultancy. However, reciprocal peer support at the highest corporate levels makes sense. *getAbstract* recommends this anecdotal manual as fresh meat for top dogs who want to join a pack.

Summary

"CEOs are faced with a singular reality: There are very few people they can rely upon for impartial advice."

"Peer advantage is power. Power to change, power to manifest your vision, power to win and power to differentiate you from your competitors."

Lonely at the Top
Many CEOs struggle with isolation. They have few people they can turn to for help or counsel. Nearly two-thirds of CEOs don't receive leadership advice from outside their organizations. While CEOs might take continuing education courses, attend conferences or hire coaches to overcome isolation, the best solution is starting or finding a CEO peer advisory group.

Why Peer Influence Matters
CEO Paul Caskey needed help from his peers. In 1983, a year after graduating with a degree in chemical engineering, he joined CCP Inc., a company that made hair bleaching powders for the cosmetics industry. When Caskey started, CCP employed 10 people and had $640,000 in sales, but it wasn't making a profit. He became general manager and built CCP to $4 million in sales within a few years. The company promoted him to CEO. During one August meeting with his CEO peer advisory group, he explained a dilemma unique to his company: Because moisture in the air reacts violently with hair bleaching powders, he had to shut down production over the summer, a 25% facility reduction. A fellow CEO asked, "Why is that acceptable? Isn't there anything else you could be doing instead?" This CEO spurred Caskey to consider new options. Caskey took the CEO's suggestion to heart and began to think of alternative items his factory could produce year-round. CCP expanded into bath salts, fragranced talcum powders and drawer sachets, which it could manufacture with existing equipment and sell to current customers. CCP eliminated the problem of seasonality, doubled its business and "grew to $12.5 million in sales."

"Impartiality"
Caskey realized that his CEO advisory group provided unique benefits: impartiality, a sense of ownership, shared challenges, empathy and opportunities to continue learning. His peers could raise tough queries and question his ideas without worrying about hurting his feelings.

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Peer influence is pervasive. It affects your self-confidence, accountability, workplace interactions, and more. Your peers can hold you accountable and drive learning. Consider the experience students gain in graduate school, where they often tackle projects in teams. They learn to work together as colleagues rather than competitors. They experience the value of dialogue and trust. They learn the whole is "greater than the sum of its parts." Learning extends into the workplace. Your peers can be powerful influencers in your group, your firm and the corporate world.

"Is a specific peer advisory group right for you, and will you be a good fit…It has to be a win-win."

Four Methods of Peer Engagement

People "participate in the four basic methods of peer engagement – connect, network, optimize, accelerate – simultaneously and through various methods." Connecting and networking are individual pursuits; optimizing and accelerating are strategic efforts that lead to "peer advantage."

- Connecting involves exchanging information – like swapping business cards – introducing yourself, joining a conversation, exploring common interests, sharing material online and participating when you choose to.
- Networking takes connecting to the next level, when people go beyond exchanging data. They work with others to create opportunities. They select specific, trusted peers who are working toward mutual goals. They collaborate with people they can recommend to others. True networking involves building relationships and creating reciprocity, either implied or stated. Doing for others without expecting something in return creates a strong bond. It shows that you care. Social media create further networking opportunities.
- Optimizers tend to work in groups or teams toward a collective goal. They build a safe environment that encourages sharing. That means accepting the group structure and the collective goal. Optimizers find that participation is essential, not optional. For example, some leaders form "tiger teams" to tackle specific projects.
- Accelerators tend to surround themselves with people who share their drive, understand the importance of meeting with peers who have different viewpoints, commit to helping others, appreciate deep discussion, value a safe and confidential environment, and accept that participation and accountability are mandatory.

"Environments that afford complete safety are rare. For many…they may be nonexistent."

Peer advantage creates a powerful reinforcing loop of learning, sharing, applying and achieving. To gain these benefits within your advisory group, leverage the "five factors of peer advantage":

1. Finding the Right People

The members of successful groups come from different industries, but as individuals they share values, beliefs and goals. Because CEOs make decisions within their own companies, some may have a hard time making the transition to a group of peers in which everyone has roughly the same corporate responsibilities. To use a term that Dave Logan, co-author of *Tribal Leadership*, coined, some CEOs operate "Stage Three" workplace cultures. They employ a command-and-control managerial style instead of empowering employees. As you come to appreciate your peers' collective wisdom, you can apply their knowledge to your organization. Regardless of industry, many CEOs share similar challenges in finances, marketing, and more. Your peers can ask tough questions and hold you accountable.

"The group setting is where you'll be asked the hard questions… from people who know what it's like to sit in the CEO's chair, are blind to sacred cows and have no tangible self-interest in the outcome."

2. Creating a Safe Environment

Brothers Greg and Brad Fricks credit their peer advisory group for giving them a confidential, useful and safe place to vent about problems within their family-run concrete flooring business. The brothers developed a 10-year plan to buy out their father. They

"Working with a diverse group of CEOs is a way… to stop working in your business and start working on your business."

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completed their payments in five years, but their father hung on to his salary and benefits. He harbored an unhealthy attitude about the company and he often pitted Greg and Brad against each other. Having learned in childhood to respect their elders, the brothers found it difficult to make a clean break. Their peer group helped give them the courage to confront their father. He was furious at first, but agreed to let go. After that, their company prospered as sales nearly tripled.

"True smart guides lead with the guiding hand of a servant leader; they listen, ask good questions, build camaraderie, consider themselves coaches rather than consultants, and wear their passion for the role on their sleeves."

Many CEO advisory group leaders set up an orientation or onboarding process to acclimate new members. Confidentiality is paramount. "Members understand that all meetings are under the 'Vegas Rule': what happens in the meeting stays in the meeting." Often, members discuss sensitive business issues. For example, take Scot Dietz who has the title "head cheese" at 3 Blind Mice Window Coverings. In 2006, his business was booming and a local publication recognized his firm as the region's second-fastest-growing company. Then the recession hit. In three years, the company fell from sales of $5.5 million to $1.2 million. Dietz was paying $8,000 a month for office rent. He told his peer group that his company was considering filing for bankruptcy. A group member offered him free space for six months and a $500-per-month rent for the next six months. That helped Dietz stay in business. His company is going strong today.

"As the CEO, you may not always be the smartest one in the room, but at the office you're often treated that way because you are the ultimate decision maker."

3. Naming a "Smart Guide" or Group Steward

A smart guide steers the group but doesn't "direct" it. Effective peer advisory groups are a triad, with a smart guide, individual members and the group members holding their relationship together in the middle. The triad model has a better chance of sustainability than a traditional hub-and-spoke model with a leader in the middle. Smart guides push people out of their comfort zones and know how to install some fun as well.

4. Fostering Valuable Interactions

This means engaging everyone in conversation. CEOs benefit from framing issues in the proper context and discussing them within their peer advisory group, often by way of using an "issue processing protocol" that gained popularity during the mid-1970s. Think of an hourglass-shaped figure as an issue/opportunity flowchart. The flow starts at the top when someone asks, "How do I…?" This helps a CEO garner specific advice from his or her peers. Group members ask clarifying questions to drill down on solving the problem. As time passes, a group becomes more skilled at addressing these open-ended questions. Members help individual CEOs decide whether their original question addresses the real problem or an ancillary issue. Once the group decides on the core issue, the member restates the initial issue. This might provoke another round of clarifying questions. If not, the CEO thanks the group for their advice. A member may take notes to help the CEO digest the information. The CEO shares his or her plans or solutions at the next meeting.

"In a business setting, no one is going to die or risk starvation from appearing vulnerable. It's not about death, it's about the fear of being judged."

To foster dialogue, use the "fishbowl" or the "fly on the wall" approach. The fishbowl features a circle of CEOs sitting with the member who needs help. They address the problem while other CEOs sit outside the circle and gather information. The outside group switches with the inside group and repeats the process. The member then becomes a fly on the wall while the group has a no-holds-barred discussion of the issue. This member understands that the discussion comes from a place of caring ("carefrontation"), and takes the suggestions to heart without defensiveness.

"A lack of trust among peers can poison a workplace culture and drive an organization into the ground."

5. Instituting Accountability

Peer advisory groups hold their members accountable for their actions. Many CEOs put off tasks they don't want to do. Researchers found that 15 main reasons drive procrastination,

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including "ignorance, skill deficiency, apathy, fixed habits, inertia, frail memory, physical problems" and "appropriate delays." The last could mean waiting for the right time, needing time to think things over or being distracted by some other opportunity that "will never come again."

"With each passing meeting, there's a little bit of extra trust, an increased willingness to be open…the more people do this, the more trust builds in the group."

"Leading with Peer Advantage"

Because a CEO peer advisory group is a safe environment built on trust, many CEOs discuss personal issues with their groups. Individuals might be dealing with a child on drugs, a rocky marriage, a sick relative, a major health issue, and more – all of which can affect their businesses. Californian Bob Dabic, a former CEO, has led CEO peer groups for decades. He says peer groups help members identify self-limiting beliefs that hold them back, such as shifting from a need to feel in control to becoming able to trust others and delegate. But he cautions: "This process sounds easier than it is because while the truth may set you free, it will irritate you first."

Robin Stanaland's peer group helped her build confidence as a leader. Initially, she hesitated to open up to the group because she had less experience than her CEO peers. Eventually, sharing her vulnerabilities with the group and gaining their counsel helped her build her trucking company from $5 million to $25 million. When Andrew Lynas, then 26, became managing director at his family-run business, Lynas Food Service, he joined a peer advisory group to gain outside perspectives on managing his company and balancing his work and his personal life. He learned how to blend his home life with running a firm of 370 workers and more than 5,000 customers.

"Confidentiality and safety are the keys to what makes these groups so powerful and effective."

Dealing with Crisis

Being part of a peer advisory group can help you avoid potential crises and anticipate future trends. The 2008 financial meltdown had a bad impact on Adia Kibur, a jewelry and accessories company with merchandise in 2,000-plus stores. CEO Nadia Lee was a popular trend consultant and designer. When the recession slowed the luxury market, Lee's peer group encouraged her to travel and exhibit at trade shows, despite her firm's losses. Lee's persistence paid off when Macy's became her client in the third quarter of 2011. A year later, she increased her top line 40% through solid business relationships and collaborations with other vendors.

"No CEO, business owner or organizational leader should ever have to go it alone."

Some CEO groups, such as the one Linda Gabbard leads in Atlanta, saw the financial crisis coming. In 2006, a banker in her group suggested that a market crisis loomed and would hit in late 2008 or 2009. The group made a pact to prepare and to stick together no matter what. The banker suggested that every CEO prepare for three possible scenarios: 1) staying with their current bank, 2) switching banks or 3) experiencing a cutoff of their lines of credit. CEOs depend on credit, so the third situation was the most dire. Because of the group's proactive thinking, each CEO was able to keep or get new financing when the crisis hit, making credit almost impossible to obtain. Nobody left the group when times were tough, and each business is thriving today.

About the Authors

Leon Shapiro and **Leo Bottary** work for Vistage Worldwide, an international peer advisory membership organization for CEOs, business owners and executives. Shapiro was its CEO from 2013 to 2016 and is now on the board of directors. Bottary is vice president of Peer Advantage.

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