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MANAGING FOR SUCCESS

CEO ROUND TABLE

Overcoming Adversity Opens A Path To Growth

Building a company requires a high tolerance for adversity.

Successful entrepreneurs rarely let nasty surprises or severe setbacks break their spirit. Here's how three founders of thriving firms overcame hurdles along the way:

■ **Chip Conley**, president and chief executive of San Francisco-based Joie de Vivre Hospitality and author of "Peak: How Great Companies Get Their Mojo From Maslow," about understanding motivation in corporate culture:

After 9-11, our hotels took a hit. I didn't take a salary for over three years, liquidated my retirement funds and got personal loans from six friends.

I had to pull it together. I started reading Abraham Maslow's work on the hierarchy of needs. Maslow said we have base needs and aspirational needs. I had the idea to apply his pyramid of needs to our employees, investors and customers.

First, I created a pyramid for our employees with compensation

needs at the bottom, recognition needs in the middle and meaning at the top. Things changed as a result.

In our weekly 16-member Executive Committee meetings, we started devoting the last 15 minutes to having each member mention an employee who deserved recognition. For example, the VP of operations might discuss a bellman's effort during a power outage.

Another member would volunteer to call the bellman and thank him. That broke down silos and increased employee recognition throughout the company.

Our market share wound up growing 20% in the three years after 9-11. During adversity, fear grows. But we reduced those fear ripples.

■ **Dawson Rutter**, CEO, Commonwealth Worldwide Chauffeured Transportation in Boston:

I started my limo business in 1982. By 1998, I had 35 employees and flat revenues of \$1.5 million. I had been drifting along, playing too much golf.

A large national competitor of-

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Dawson Rutter, CEO, Commonwealth Worldwide Chauffeured Transportation

fered me a buyout in '98. I was bought and sold on the idea of selling my company and I had a nice senior exec job lined up with them.

But at the final meeting to sign the papers, they offered 60% less than what they had led me to believe they'd offer. I was angry and hurt. All my plans suddenly vaporized.

I developed an "I'm going to show you" mentality. I rejected the deal and started marketing my company aggressively, hiring salespeople for the first time. For me, adversity was like a kick in the ass that got me re-

started on growing the business.

We have 340 employees now and we'll do \$48 million in revenue this year.

■ **David Hauser**, co-founder, GotV-Mail in Needham, Mass.:

We started in 2003 with a small amount of capital and a desire to use only personal funds. It was tough to grow without raising venture capital. With no revenues and no history, we didn't get favorable terms or much attention from vendors.

We decided to approach our vendors as partners. Instead of just buying stuff from them — like telecom equipment and software — we shared our business plan with them.

I could see in their eyes that they believed in us. They started to see the value we gave our customers, and they gave us favorable credit terms and pricing. Now we integrate our "vendor/partners" into what we're doing, and we've grown almost 2,000% since 2003.

Morey Stettner