Knowing What You Don’t Know; Learning What You Need to Learn

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George Casey
Chief Executive Officer at Stockbridge Associates, LLC and Vis…

Small and mid-sized companies, including family owned companies, have ways to outgrow their competitors and avoid pitfalls. It is easier than you would think.

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The expression “It is a wise man who knows what he doesn’t know” is sometimes attributed to the ancient Greeks (the wise ones, I would guess).

Its core truth is that by knowing and admitting what one truly knows and doesn’t know the first step to learning and improvement is made. If you believe you have all of the answers or your ego inhibits the admission of incomplete knowledge, the ability to improve is compromised.

If anything, businesses are learning and adapting organisms. By learning what a customer wants and then how to deliver that product or service at a cost less than what the customer is willing to pay, a profit and longer-term prosperity are possible. Along the way, self-fulfillment and personal advancement are at least possible.

in revenues per year) are numerically the backbone strength of the US economy. Many of these companies are family owned and inter-generationally managed.

In many areas, there are services and infrastructures to encourage and enhance the start-up and early phases of new companies. Sometimes tied to universities, the Small Business Administration, and a variety of government sponsored efforts; there are resources that focus on getting ideas to become fledgling commercial enterprises.

The successful ones are wildly valuable and a feather in a region's cap.

Larger companies have the economic heft to hire consultants and highly experienced boards of directors to help them through the evolutions of growing and adapting to the marketplace.

But those enterprises in the middle have a more tenuous road for growth and are highly susceptible to either missing opportunities or making critical decisions incorrectly. The "grey-beards" available to the startups through SCORE and other programs focused on startups are gone; the deep financial resources of large companies are not available yet; and the business owner/CEO is on their own in many situations to fend for themselves.

If the companies "in the middle" can learn to grow smarter, it is good for not only the company and its owners and employees, but for the larger community and region, also.

It is a risky path those in the middle often navigate.

But there are ways for those in the middle to mitigate this risk. Here are a few:

- **Advisory Board**. Typically, the owner/CEO will choose a small group of acquaintances to meet two to four times per year to help review what is going on in the business and to offer advice and experience. Many times this group includes the company's attorney, accountant, financial advisor, or other business friends of the owner/CEO. The positive is that the owner/CEO at least has a structure for getting advice. The negative is that there is no penalty for not taking the advice and, in too many occasions, the board members are reluctant to be confrontational or truly independent critics, as the relationship with the owner/CEO may suffer. Cost range: $0-40,000 per year for medium sized companies.

- **Board of Directors**. One step beyond the Advisory Board, a Board of Directors in frequent occurrences has a legal authority vested in it and many times this involves the ability to remove or limit the activities of the owner/CEO. This structure is best used when there are several shareholders in the company who may not have exactly coinciding interests. The members of the board are many times either chosen by or influenced by the owner/CEO. The diversity of experience will vary based on the high possibility of couched criticism (due to familiarity or the favor of being on the board) and usually limited diversity, both in size and experience. Cost range: $10,000-200,000 per year depending on company size and number of directors.

- **Consultants and Trusted Advisors**. Rather than relying on a group, owner/CEOs sometimes rely on one-on-one meetings with consultants and trusted advisors, such as attorneys, accountants, and bankers to gain advice and perspective. The plus, again, is that there is outreach for wisdom. The negatives are that there is no structure (in terms of repetitive times during a year or agenda), the advice is sometimes colored by the fact that dissenting view could lead to loss of a professional relationship, and the group dynamic of testing a breadth of experience and alternate solutions is missing. Cost range: $0-100,000 per year.

- **Industry Best Practice Groups**. Often known as “20 Groups”, these put together the owner/CEOs of businesses in the same industry, which usually do not compete directly with each other, oftentimes due to geographic reasons. Most meet two to four times per year at the location of one of the members, share best practices, benchmark against each other on a variety of industry metrics, and develop strong social ties. The advantages of the groups are a regular structure and timing, common language for problem solving, and the development of relationships for good sharing of performance, information, and common industry strategies. The negatives are that honesty can sometimes be compromised (don’t want your industry friends to know your real dirty laundry), the relative infrequency of meetings, and the need for mostly national travel to attend meetings. Many groups hire a professional facilitator for the group meetings. Cost: $5000-$100,000 depending on meeting frequency, facilitator, and travel variables (hotels, meals, etc.).

- **Peer Advisory Groups**. Typically these are groups of around 15 owner/CEOs in a relatively tight geographic area, but from different and non-competing industries, who meet frequently (often monthly) to work on their business and leadership issues together in a confidential setting. Some groups bring in regular speakers on business issues. Others foster frequent travel abroad with spouses to develop broad networks and relationships. The positives of these groups include diversity of membership (in terms of industry, gender, age, experience and education), a regular structure (timing and agenda), local meetings, professional facilitation and coaching, access to speakers, and open and frank discussion, advice and criticism in a caring way. Many groups have methods of accountability for actions back to the group. No one is worried about being fired. The diversity leads to non-traditional approaches to issues and opportunity that singular-industry players sometimes lack. The negatives are primarily the time commitment for both meetings and travel (for programs offering that service), and the willingness to be challenged by peers. Cost: $10,000 to $200,000 per year, depending on social travel participation.

limited.

Any of the noted methods help to bring outside viewpoints to bear to help make better decisions; reduce risks caused by inexperience, group-think, or fear; help the owner/CEO grow; and ultimately make the business grow and perform better.

Top performing owner/CEOs often take advantage of multiple avenues. It is not uncommon to find CEOs (both public and private company) to have a formal board of directors, belong to a 20 Group, and also belong to a peer advisory group. The formal board is responsible for the governance and oversight of the business. But, a board is sometimes not a CEO's friend. The 20 Group provides technical and industry insight that helps the company benchmark with its peers. The peer advisory group provides a regular structure for the CEO to work "on" rather than "in" the business. It also provides experience and diverse insight in both a frank and non-threatening manner from a close group of other CEOs who face similar pressures. The diversity of gender, age, education, industry, and experience in a peer group allows the "lightning in the bottle" moments for non-traditional approaches to problems and opportunities, both business and personal.

The combination of these approaches allows owner/CEOs to both grow themselves and their businesses. They force the leader to change and grow both personally and professionally. But the leader has to be willing to accept constructive advice and to change when necessary.

Owner/CEOs who are willing to invest in these types of programs usually perform significantly better than those who don't.

But it first takes a willingness to know that which you don't know and then do something about it.

As in golf, the hardest course, but most rewarding, is played between the ears.

For CEOs and business owners who are willing to mentally bring themselves to the point that they understand that they do not know it all and that there are ways to drive both themselves and their businesses to be better, the opportunities for successful personal and business growth are nearly unlimited.

George Casey is the CEO of Stockbridge Associates, LLC, a consultancy in Freeport, ME. He has been the CEO of three different building companies and has served on both public and private boards of directors and advisory boards. He has belonged to author of the book *"Is the Juice Worth the Squeeze: The Valuable Habit of Learning from Your Business Experience"*, holds an undergraduate degree in Environmental Engineering from Rensselaer Polytechnic Institute and a Master of Business Administration from the Wharton School of the University of Pennsylvania.

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Chairman of the Board and Vice President at Four Plus Corporation

"It is a wise man who knows what he doesn't know" Where have I heard that before?

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George Casey 9mo
Chief Executive Officer at Stockbridge Associates, LLC and Vistage Chair

Good to hear from you, Andrew. The wise man is still one of the great nuggets I took from Bob. Got it the first week I was there in June 1979 and have followed it since.

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