

Maine Venture Fund 2018 Board/CEO Event Talk  
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Thank you for the opportunity to speak tonight.

I was nominated by then Governor Angus King to the first fund MVF board, then called Small Enterprise Growth Fund. It was an innovative approach and has done well and been well done, due to the excellence of board members and staff and some wonderful entrepreneurs in this great state. MVF has been a successful, non-partisan effort that has advanced the goals of building high growth companies in Maine and I appreciate the invitation to speak here tonight.

I founded my first company, Newport Strategies, in Brunswick Maine, in 1992.

I turned a problem, that IBM, from whom I'd raised venture capital, would only give me \$100,000 of the \$300,000 I thought I needed (which was about 10% of what I really needed), into the company's defining advantage in data accuracy. We developed a validation system by talking to competitors because we didn't have the money to build the team to do research in the way I'd initially planned. Overcoming obstacles: a key factor in entrepreneurial success. Newport was sold to Thomson Reuters in 2004.

Then I founded Putney in Portland in 2006.

The idea for Putney grew out of Newport, a mathematical understanding of profitability at the end of the life cycle of a pharmaceutical, what makes a "niche product."

Putney's origin story about my cat, Dude, who needed medication that was costly and which need inspired me to found a generic drug company for pets –was a true story.

This combination: a compelling story and market need that is simple, that people can identify with and share your belief in, with the numbers, the financial rationale, is necessary to build a start-up.

Without the math, you have a warm, fuzzy idea, something to talk about in the coffee shop, but not a high growth business.

I think that the idea, and the warm and fuzzy aspects of being an entrepreneur, are over emphasized today in talking about start-ups, including in Maine.

Working hard on a shared goal is really meaningful, but it isn't easy and success requires financial expertise and a model, it's not just about the idea.

This talk will be about being an entrepreneur, from the experience of a successful entrepreneur in Maine.

Who am I?

I am an entrepreneur who has built two companies from the ground up, here in Maine, most recently Putney, which we sold for \$200 million in 2016. Both companies continue to operate as subsidiaries of larger organizations in Portland. Both companies have exceeded forecasts and continued their track records of success under the new owners.

I thrive on hard work, challenge and change, but yet have a wonderful home life, 1 adult son who is an engineer who started a company in Copenhagen, Denmark and a daughter who is a freshman in college pursuing a liberal arts degree. I am close to extended family – family and friends are very important to me.

One characteristic I'm going to introduce as important, central to my success, is what author Malcolm Gladwell calls **disagreeableness**.

I like being disagreeable, I love challenging people. If I inspire you to debate, perhaps to ask different questions as you all work towards a different future, then I've fulfilled my mandate as your speaker.

So, I will start with what matters and hope to inspire you, to challenge you to think outside your own box.

First, a confession:

As a girl, what I loved most were animals and plants.

I trusted them more than the people in my life, who were less reliable.

By the time I was a teenager, I was working at a stable, and taking care of cats, dogs, horses.

When summoned to a sad scene, a dog who had been hit by a car, the upset dog owner asking teenage me to do something, I learned a truth that we must deal with daily: humans, are often unrealistic. That dog was dead. We all need courage, and emotional fortitude, to recognize when an animal or an initiative or a hope, is dead, and to move on.

My earliest career goal? I wanted to be a veterinarian.

My dad discouraged me from pursuing science and math, telling me that I was destined to lead. Later on, he encouraged me to be a president – of America. I did succeed in being president, of several companies, and I found the business world, with its clear measurements of success, to be more satisfying than the squishier goals and slower pace of government or the craziness of my family of origin.

And, as an aside, after my dad died, I learned of his many affairs, and history of sexual harassment in the workplace. People are complicated.

Back to me ..... with that combination of dad's belief in my success, an unfortunately typical girl's undermined confidence in my abilities in technical subjects, I stopped taking courses in math and science. I have few regrets in life, believe in the value of a liberal arts education, and would not change my Chinese History major, but I do wish I had studied more chemistry and economics.

So, confessions out, let's talk about what matters in life.

For me, and I suppose for most of you, life has meaning because of relationships

- My kids, our home in the community of Peaks Island
- My brother, cousins, nieces and nephews,
- The teams I've built and had the privilege of leading
- Relationships around the globe from my 30+ years in the pharmaceutical business

Relationships are central to my life satisfaction, personally and professionally. I suspect most of you feel the same way.

Let's talk more about what matters in business:

Management consultants like one I've relied on called ghSMART (<https://ghsmart.com/>) describe 3 key motivators for business success: power, relationship/affinity, accomplishment.

While relationships provide meaning for my life, I am motivated by accomplishment and by power to achieve things working together with people.

ghSMART observed that the vast majority of the Putney team members had accomplishment as their primary motivator. I suspect many of you fall into that category too.

But power is also important.

Leadership success, indeed almost any success in our complex, interdependent society, requires understanding of and the ability to wield power.

Many people crave power, many more fear it, or express distaste or a lack of interest.

A Google search on "power business success" yielded topics that skirted the subject:

- Power of purpose
- Power of positive thinking
- Maximizing your memory power
- Power of dreams

I'm talking about real power: power in organizations. Jeffrey Pfeffer, a leading American scholar of power in business defined power as: "The ability to effectively mobilize support and resources to take action" (Jeffrey Pfeffer – Stanford GSB)

In order to be effective each of us needs to understand power and organizational politics.

My greatest challenge in building Putney, I knew in advance, and part of my motivation, would be to build an organization larger than any I'd built before, to both wield and share power in a way I hadn't done before: with a board of powerful directors, with powerful investors eager to enhance and protect their millions of dollars, with a more senior and expert management team than I'd had before.

And while my success as building Putney is measured in numbers, that \$200 million sale, a \$64 million run rate, \$62 million in capital raised, a 3.92x return for our institutional investors, my ability to achieve that success was predicated on successful exercise of power, as CEO and chair of the board.

The ability to wield power, to harness and channel the interests of these stakeholders defined my ability to succeed in achieving Putney's goals.

So, in terms of what matters: power, the ability to influence people to get things done, is an integral part of the satisfaction of working effectively with people and building long term, mutually rewarding relationships that advance people's careers, increase owners' financial returns and even stoke board member's egos.

I will state the same thought in reverse: satisfying business relationships and successful, healthy power are interrelated.

As ghSMART further outlines in their slim book, Power Score, successful leadership starts with asking three key questions:

1. Priorities-Do we have the right priorities? (Only 20% of leaders do.)
2. Who-Do we have the right people on the team? (Only 15% of leaders do.)
3. Relationships-Do we have the right relationships that deliver results? (Only 47% leaders do.)

Ignoring the realities of power and influence does not make those realities go away, and, as Stanford Graduate School of Business' Jeff Pfeffer says in Managing with Power, “by trying to build simpler, less interdependent social structures we do not succeed in building organizations that are more effective or that have greater survival value” (Pfeffer, *Managing with Power*, p 10).

Your success requires the ability to “effectively mobilize support and resources to take action” **interdependently**, which in many ways is harder than being managed or managing someone directly in the clear hierarchy of a larger organization.

Learning to use power to mobilize support and take action, to succeed effectively in a changing landscape also requires **entrepreneurship**.

I am an entrepreneur: I see the world in terms of what I can do to change it and make things better. I love new challenges. Frankly, I am incapable of thinking inside the box; it's boring. I love change, though like all high-change leaders I've known, I cherish continuity in my personal life.

Author Malcolm Gladwell, an astute and articulate observer of successful entrepreneurs like Steve Jobs and IKEA founder Ingvar Kamprad, says that entrepreneurs share a rare combination of personality traits.

I heard Gladwell speak at the Goldman Sachs inaugural Builders & Innovators Summit in 2012. Here's what he said: entrepreneurs are **open to experience, conscientious, and disagreeable**. [report from World Business Forum, New York in 2014 and my memory]

- **Openness to experience** describes the way you relate to new information. If you get really excited about novelty and new input, then you're highly open — which Gladwell sees as the greatest predictor of creative achievement.
- **Conscientiousness** describes how well you attend to details. If you're organized, responsible, and plan ahead, then you're highly conscientious — which Gladwell sees as the greatest predictor of career success.
- **Agreeability** describes how much you need other people's approval. So if you're highly **disagreeable**, like me, then you value input but don't really care what people think— which, as Gladwell argues is a predictor of making innovation happen.

Think of Steve Jobs: open, conscientious, and disagreeable.

There are plenty of people who are creative without being conscientious. As Gladwell pointed out — coffee shops are full of them. And there are lots of conscientious people who aren't creative — like, he says, many accountants.

Why **disagreeable**, a trait that I personally embraced, and which is even harder to manifest as a woman, before I heard Gladwell make it sound good? Here's Gladwell in his book "[David and Goliath](#)":

... **innovators need to be disagreeable** ... They are people willing to take social risks — to do things others might disapprove of.

That is not easy. Quoting Gladwell, “society frowns on disagreeableness. As human beings we are hardwired to seek the approval of those around us. Yet a radical and transformative thought goes nowhere without the willingness to challenge convention.”

As I sat and listened to Malcolm Gladwell speak in 2012, I felt validated. It is, I will admit, difficult to be disagreeable and constantly defy the pattern of expectations around me, especially as a woman.

Gladwell triggered an insight into what has been most important to my success as an entrepreneur: **the ability to both listen and ignore**.

In driving success in a changing environment, and in exercising power for good: all entrepreneurs must be able both to listen and perceive the outside environment and yet simultaneously ignore pressure or conventional ways of thinking. Perhaps in your journey to become entrepreneurs and business leaders you have felt similar tensions?

Personally, I have felt this tension: to listen to counsel, from wise board members, to listen to customers, to listen to investors, and yet to filter input, to forge a unique course that steers towards a different and greater future. I suppose it started in both listening to and defying the image my father had for my future.

None of us is Steve Jobs; but you have to be able to see clearly to a better way and you have to challenge people who resist change or are financially tied to their old ways. You have to have some disagreeableness in you, combined with the ability to wield power through relationships and bring other people along. And you must be a stellar listener.

The ability to both **listen and ignore**, choosing the right input to pay attention to but filtering out distractions that undermine formation and execution of a new vision, is exceedingly difficult and absolutely critical to success as an entrepreneur.

Filter out all advice, you become crazy, impossible, or unable to work with other people. Shape yourself to input from the powers that be all the time, you become incapable of change or achieving real growth.

The balance, involving deep listening and interpretation as well as true insight and creativity, a synthesis, and knowing when to listen and what to ignore, between the extremes of megalomania and capitulation to the status quo, is difficult to achieve.

You also need to cultivate **power**, the ability to influence people to get things done (which involves deep listening). And you need to focus on the right priorities and have the right team in place to reach your goals. All these skills are interconnected and interrelated.

## Conclusion

### Power

I've spoken about and encouraged you to learn to wield power, power to accomplish things in relationship with people. You need to be powerful to succeed.

### Being Disagreeable, Listen and Ignore

I've spoken about the three personality traits that define successful entrepreneurs, and talked about the importance of listening as you chart the path forward, especially as things change. And the importance of knowing how to both listen and ignore.

### Priorities, Right People, Right Relationships

I've introduced you to the PWR score concept whereby the three critical elements for organizational success are simple (but not easy): the right priorities, the right people in the right jobs, and the right internal and external relationships. It's called Power Score for a reason.

It is not easy to build a company, lead it through changes, to work hard and savor time to enjoy your families and personal relationships that make life wonderful.

I have built and sold two great companies in Maine, Newport Strategies, in healthcare information technology, and Putney, a generic pharmaceutical company for pets. Meanwhile I've raised two wonderful children, enjoyed my home, cats and plant friends, and learned how to be a better cook. Life is good. After the sale of Putney, I have the incredible privilege of much more free time to pursue my many interests. I have moved to the investor and board side of the table to help build more great companies – all exceptionally agreeable outcomes from being disagreeable.

Two examples of great organizations I'm involved with now in Maine: MedRhythms

<https://www.medrhythms.com/> and the Jackson Labs <https://www.jax.org/> where I recently joined the board.

It has been a pleasure and a privilege to speak with all of you today – thank you for listening.

And, my last message: please vote. Please urge your portfolio companies to support voting, your board members to vote, please give your employees time and support to vote. Exercising our vote as citizens, no matter what our views, is the most important thing we can do to make the world a better place.

<https://www.jeanhoffman.com/>

## Suggested reading:

Who, by Geoff Smart and Randy Street.

<https://whothebook.com/>

Managing with Power: Politics and Influence in Organizations, by Jeffrey Pfeffer. (I prefer this book to the shorter Power by the same author).

<https://www.amazon.com/Managing-Power-Politics-Influence-Organizations/dp/0875844405>

<https://jeffreypfeffer.com/>

Power Score, How the Best Teams Deliver Results, by Geoff Street, Randy Smart, and Alan Foster.

<https://thepowerscore.com/>

The CEO Next Door: The 4 Behaviors that Transform Ordinary People into World -Class Leaders, by Elena Botelho and Kim Powell.

<https://ceonextdoorbook.com/>

David and Goliath: Underdogs, Misfits and the Art of Battling Giants, by Malcolm Gladwell.

<https://www.newyorker.com/magazine/2009/05/11/how-david-beats-goliath>