

This Opening Session Keynote speech was delivered to approximately 90 executives on their first day of an 18-month MBA program. It stresses the benefits of interweaving learning with teaching and practice throughout one's life, presenting instances from my own background where this blend produced powerful results.

St Mary's Keynote Speech--7-27-07

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The Cycle of Growth

I'm a consulting CEO, always driving here and there, meeting with people. Despite my best planning, I end up with gaps in between my meetings. Last July 12th, I ended up setting an 8:30 AM meeting with a VC in Palo Alto, and a 1:30 PM lunch with a business broker in Los Gatos. At least two dead hours in between, so the night before I made a mental note to bring the laptop so I could knock out a CEO case study for my column in the San Jose Business Journal. Get used to cramming studies and work into every nook and cranny in your schedule - cramming is definitely going to become a part of your life for the next 18 months!

As I found my parking spot a bit before 11 AM, I reached around to the back seat and realized that the mental note about the laptop had slipped out of my brain. Too hot to stay in the car, I walked over to the California Café, where I would be having lunch later. I found myself staring at the dozen or so benches in the plaza in front of the restaurant. And I had a flashback to being a student 20 years earlier in Professor Wong's advanced marketing class, right here at St. Mary's. Professor Wong was one well he was... let's just say he kept us students off balance. We'd never know what to expect when he walked into class. One of his odd ideas was Park Time. You see, he believed that with the advancement of technology through the mid-80's -- with fax machines proliferating, cordless phones becoming popular and with the cost of pagers dropping to where anybody could afford a pager, that executives were not thinking enough, they were just reacting. So he advocated that each day, each of us should go to the park for 30 minutes, sit on a bench with no paper or pen, nothing to read, nothing at all in our hands, and think about our deepest and most difficult challenges. He assured us that for the first 15 minutes it would be difficult, and our minds would drift around, and we'd want to reach for our pens to jot things down, or reach for our HP12C calculators to compute something. But in the second 15 minutes, our thinking would deepen, and we'd make real headway on our big challenges.

So in front of California Café in Los Gatos, I decided to sit in one of those benches and just think deeply, like I have done many times after that odd lesson from Professor Wong. Again, true to his promise, I made significant progress on a marketing puzzle that had stalled me for some time.

Professor Wong had offered a fresh perspective on problem solving and innovation. I used what we had learned, applied it in practice, solving a nagging business problem. And here I am, teaching you what Park Time is. So I had learned it, I then practiced it, and now I'm teaching it here. Learning, Practicing, and teaching. It's the cycle of growth.

You're about to do a lot of learning. You'll be tired of it soon, and sick of it by graduation day. But learning is just one of the phases in the cycle of growth. The two other phases that add balance, sustainability, and momentum toward growth at all levels, is practice and teaching. Learning, then practicing what I've learned in the real world, and teaching have shaped my life, and if you blend them together well in your life, you'll enjoy a rich future as well.

I'm going to reel you back to the fall of 1985 when my six years of undergraduate work finally came to a close. I'd been running a small business all those years, which slowed my schooling down quite a bit. But the lessons I'd been learning had been helping me right along.

I remember one day at Hayward State in Quantitative Methods -- despite a horribly boring teacher, I was incredibly excited. He was teaching us exponential smoothing---a technique for predicting future expected results based on past results, but without saving all that past data--which wasn't possible with the computers of that era. As he was speaking, I knew that that very night I would be coding the algorithm in Basic so I could cut the time I was spending at work each week poring over inventory reorder reports from hours down to minutes. That's when I heard the young kid next to me say, "This stuff is stupid and useless. If I ever need this I'll just hire someone to do it". I would be practicing what I learned before I went to sleep. How foolish youth can be. He was 22. I was much older, at 24.

About a month after graduation from Hayward State, it seemed like it would be useful to keep my education going, and I had heard about this graduate program really close -- in Moraga. A few days slipped by, and finally I called, but two days too late for the MBA program that quarter. However, the Executive MBA program was open for admissions for one more day. There was still time to be considered for admission if I could come and meet with the director of admissions, Nelson Shelton, that day or the following morning. They asked on the phone if I was qualified, and in fact I met all the technical qualifications, with the requisite 5 years managerial experience and an undergraduate degree. My GMAT scores reassured them that I had intelligence. But I was just me, a 25 year old, running a business in a warehouse -- not an executive. To me, executives wore three piece suits, were always serious, knew everything about business, and ran huge companies.

I came in for the appointment. Nelson and I chatted a bit, then he challenged me. "Are you confident that you can contribute to your fellow executives in the cohort?" I'd never been intellectually run over before. But in my head, I knew I wasn't an executive. I was just running a small business. In my heart, I didn't have the confidence at all. So I said, "Yes, of course I can contribute!" Nelson bought it, and I was in.

My words had been right, and the lack of confidence in my head and heart were wrong. I was able to learn what I needed, then teach my classmates when they needed it. Accounting -- heck -- I had to practice that at the office, and had learned it recently as an undergrad. I volunteered to lead a few debit versus credit study sessions. When my classmate Christine stormed out of Statistics class, crying with frustration at her inability to understand the Greek that was statistics, I did my best to translate it into English. At my company, we'd started a new business unit while I was in the program. In the capstone strategy class as I read Michael Porter's book about the structure of industries, I was horrified at its prescription of problems to come -- but it was too late, we were already in deep. A team of three students did our final project on my business. We each separately had to write our own personal opinion as well, and my two classmates ripped apart my business plan.

Thankfully, the professor had some kind words about the concept. He was right, and the business survived and grew for 22 years until I left, and it continues on today. So it was especially sweet, when, upon graduation, I was awarded, by my classmates, the Jack Saloma award for student citizenship -- meaning they felt that I had contributed more to the cohort than any other student. I'm proud of this award because it says I gave to my team, and was able to give because I had learned and practiced and taught, compressed all in one 21 month MBA program.

1988 to 1992 were hard years for the business. Some older business units fell away, and the new one, Bentley House, struggled, then finally began to take hold and grow, in the nick of time. I married in 1992 and kept cranking in the business. But by 1995, I started to feel stagnant. The business was cash constrained, and there was little latitude for risk taking and mistakes. I think it was too much practice, and not enough learning and teaching. So I joined the Alliance of Chief Executives, where peer CEOs meet one day a month and both teach each other and learn from each other as they practiced their craft each in their own businesses every day. What a nice balance.

When I got the opportunity to teach in this very program at St. Mary's, I was intrigued. I taught one guest lecture, and it went well. I got the opportunity to team teach the Entrepreneurship class, and prepared two more lectures. Two weeks into the quarter, the veteran instructor fell ill, and Nelson, now associate dean called me and said, "Are you prepared to teach the remainder of the class on your own?". So I took stock of my situation. My wife was pregnant with our first child, on bed rest, at home by herself. My business was busy as always. Each four hour lecture was taking about 40 hours to prepare and hone. I had only two lectures prepared, and needed seven more to finish the quarter. The classes were coming one per week, with the next one days away. So I called Nelson back and said, "Well yes, Nelson, I'm fully prepared." And he bought it.

That quarter I learned and taught by night, and practiced by day. You've got to truly understand it to teach it. I had no time for anything else, and it was really hard on my wife. But that quarter, I lived in fear of an executive -- Marge Jensen, the class representative in my class, who would furrow her brows at me a few times each lecture, essentially saying, "Buddy, you better deliver great value today! We're not cutting you any slack!" That penetrating look of hers kept me up at night, honing and honing my lessons. But I got the better of Marge -- That very class that quarter helped turn her into an entrepreneur, and she runs her own marketing business for some years now in the Tri-Valley area. MBA's here at St. Mary's aren't shy, speak their mind, and keep their teachers on their toes. Of course, neither I nor the rest of the faculty would like it any other way.

One cohort led to another, each quarter making me think about the fundamentals of entrepreneurship as I taught them, while practicing them in my business. Finally I got tired of hearing myself talk about drip marketing, and started writing columns in the industry trades. For each column, I had to think and learn, then teach something useful in the article, usually by drawing upon how I had used the concept in practice. They cumulatively created the perception that I was an industry expert, and built my credibility and reputation.

My St. Mary's lesson on Buying and Selling a Business finally pushed me over the brink when in 1997, I made my first acquisition. My students each quarter that year had a front row seat in the acquisition: They demanded a weekly, blow by blow update. I learned about M&A by practicing, and I taught what I'd learned next class. The second acquisition came a year later. More learning, more practice, and more teaching.

In 2000, I retired from teaching the course after about five years and 300 students. It was time for a change. I suppose it was too much teaching and practice, and not enough learning. And 2001 brought our biggest acquisition of all, Aaron Ashley. That story, blow by blow, is detailed in my book. Two years later, a fourth acquisition came, then a strategic partnership in early 2003. Man, that was an exciting time. I'd blare the theme of Star Wars and other strong orchestral work by John Williams on my car stereo.

But all was not well with my business partners. My interest in growth and charging forward, and the risk that comes with that, wasn't shared by them. In 2004 I set in motion a series of events that led to my decision for a planned succession by the end of 2006. I would leave the firm.

There I was in 2004, having run one company my entire career, in the tiny wall décor industry, walking away from it all, into the unknown. How do you get your head around such a dramatic change? I pulled out my tools -- my saws, my shovels, my hammer, my post hole digger and I built a shed in the backyard. It's a very fine, architecturally attractive little building, and we dubbed it Chez Renee -- after my wife. She really did need a shed since she had a growing business that needed space. And I needed a stress reliever to help me deal with the agonizing two year wait before I could start on my new career in earnest. Slamming the posthole digger into the ground was cathartic. And on about the 12th post hole, a strategy for my future began to form in my head.

I would become a consulting CEO for the next five to ten years. During which time I'd learn about dozens of industries and would be privy to many opportunities to buy or start or run a business. As you might be guessing, I concocted an opportunity to learn, practice and teach as I networked with potential future clients. Through my long standing relationship with the Alliance of Chief Executives, I began interviewing CEOs and writing case studies, which were and still are published in the East Bay Business Times, and the San Jose Business Journal. I got to know each CEO through a one or two hour interview, and they got to know me. I learned from their practical experiences, and then taught the readers. I focused on lessons from their successes, which they liked, and they got publicity as did I. It was a win-win, and the Alliance of Chief Executives got some content about its members too.

I read books so I could learn about how to be a consultant, and got help from a few mentors. While still employed at my CEO job, I got a few clients on the side so I could grow my consulting skills through practice. I embarked on writing my first book, *The Feel of the Deal: How I Built a Company through Acquisitions*, beginning in March of 2006 and finishing the first draft around October, 2006. It printed in March, 2007, and the college has bought each of you your own copy, which I'm happy to personalize after dinner, if you'd like. As you read the book, you'll see it's entertaining, but it's built to teach. In January of 2007, I launched my consulting practice -- where all I do is learn about my clients and their situations, learn about solutions that might be new to me, practice by applying what I've just learned against my experience and knowledge, then teach /pass that knowledge to my clients. I do that 100% of the time now.

So it was exciting a few months ago when a local company in my network thought enough of me to bring me in to meet their entire executive team, even before telling me what they might hire me for, even before they had decided to hire me. But as a young, freshly minted consultant, I was a bit nervous about walking into that meeting full of executives. I tucked a few copies of my book under my arm, copies received only the week prior. I gave a copy to the CEO just minutes before the meeting. It was an operations meeting and each person gave their report around the table, and then it came to me. I had no idea, actually, what my purpose was in being there. So I gave a brief introduction of who I was and shut up. But then the CEO held up the copy of the book I had just given him and said, "Robert's written a book --I want you to know that I'm bringing in a published author to help us grow!"

Thankfully, the reports continued around the table. I was still reflecting internally about what had just happened, but I kept thinking the second to the last executive at the table sounded, and looked familiar. Ten years, a bit of grey and a beard had obscured the fact that Shane, sitting there, on my left, had been my student here at St. Mary's in 1996.

And hired I was. The CEO, like Nelson Shelton before him, figured I could contribute to the executives. That CEO somehow saw the benefits of all that learning, practice and teaching in my personal presence, in my comments when I had first met him a few weeks earlier, and in the cover of my book.

I was still the same Rob Sher, but now with 20 more years of benefits from the cycle of growth that is learning, practicing, and teaching. I'm looking forward to a lot more growth in the next 20 years. It's invigorating. I think it is what life is about.

Use this program to accelerate the cycle of growth for you. Dig out opportunities to weave your learning, your practice, and your teaching together. Find ways to rotate through the three phases of the cycle of growth as rapidly as you can.

You've got an opportunity to do that right now. Take what you've just learned -- park time, or about how the cycle of growth has worked for me -- and teach that to others -- be it your kids, peers, subordinates -- anyone. I'm happy to help -- keynote speaking is a growing part of what I do.

I don't teach at St. Mary's anymore, but I do teach, both to my clients and through my writing. If you leave me your card, I'll give you a personal subscription to my newest column, The Insomnia Factor: What keeps CEOs awake at night and what to do about it.

And last, just to help get you in the groove, I'm going to leave you with a homework assignment. In the next week, find 30 minutes of park time and focus your mind on how you can blend and intensify, learning, practice, and teaching into your life.

Thank you.