

SMALL BUSINESS

Listen to criticism— that is, if you find it

By Ann Meyer

Special to the Tribune

Taking criticism is a necessary evil to grow a business, but a frank assessment isn't always easy to come by.

Even paid consultants often are reluctant to be entirely candid, fearing they might lose their clients if business owners don't like what they hear, experts say. That's why peer-to-peer advisory groups are so valuable.

"The most important part of these CEO development groups is the feedback one receives," said **Dr. Joel Brasch**, the physician who heads up Chicago IVF Advanced Reproductive Health Centers, a 40-employee practice with four offices in the Chicago area. "You can't buy straightforward feedback and brutal honesty."

Brasch is a member of Vistage International, formerly known as TEC, or The Executive Committee, which has some 13,000 members worldwide, including about 650 in the Chicago area. Vistage is one of more than a dozen peer-to-peer business groups in the Chicago area, and most report growing participation.

Part of the draw is anecdotal evidence that companies with executives who participate in peer-to-peer learning tend to improve their companies' growth rates and survive challenging times, experts say. For example, Vistage member companies grow 2½ times faster on average after they join the group, said Gaye van den Hombergh, Vistage's Midwest regional president, citing research conducted by Vistage and Dun & Bradstreet in 2004.

At Vistage, groups of about 12 to 16 executives from non-competing businesses meet for a full day once a month, often with an expert speaker presenting on a business topic for part of the day. The rest of the day is spent discussing one another's businesses, offering anecdotes from their own experiences and asking how strategic plans are progressing.

Some other peer-to-peer business groups skip the outside speakers or devote less time to meetings, but most emphasize the monthly forum, in which business owners serve as sounding boards for one another.

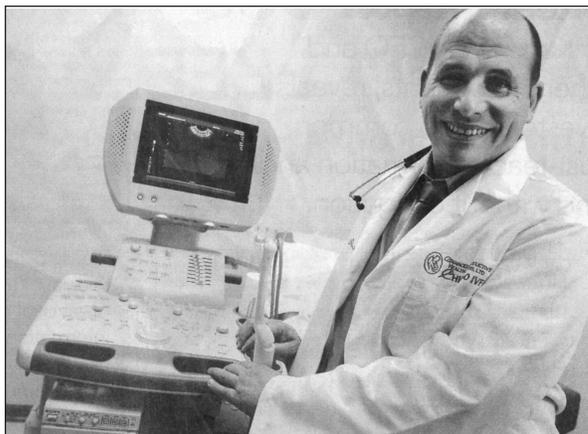
Most peer-to-peer business groups charge membership fees on a monthly basis, ranging from about \$100 a month to \$1,000 or more. The Edward Lowe Foundation, a non-profit in Cassopolis, Mich., with a focus on peer learning, charges \$1,500 a year for its PeerSpective round-table groups. Vistage's fees, which run about \$12,000 a year, go toward one-on-one coaching each month, paid facilitators and speakers and access to online business resources, the company said.

Peer-to-peer learning works especially well for companies in the "second stage" of growth, after they have survived the start-up years and have new issues to deal with, said Penny Lewandowski, director of entrepreneurship development at the Edward Lowe Foundation.

"The power of peer learning really kicks in when you are able to be around folks that have been there, done that," she said.

While many second-stage companies have a

Even consultants paid to give honest assessments often hold back, so a growing number of executives are turning to peer groups for feedback about their business operations



Tribune photo by John Smierciak

Dr. Joel Brasch of Orland Park likes the "brutal honesty" he gets as a member of peer-to-peer business group Vistage International.

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formal board of directors, the directors often are the company's own lawyer, accountant and banker, plus insiders. If the founder or chief executive sees that sales are falling, he might not want to alert the board early on, Lewandowski said.

Instead, she said, "This group of advisers who are also their peers becomes their trusted source that they can bring an issue to before they ratchet it up the ladder."

An important aspect of peer-to-peer groups is the accountability factor. Just knowing you will have to report back to your group with an update on the company's progress is an incentive to get to it, experts say.

"Your board or superior can hold you accountable in certain ways, but when you're in a group that has no vested interest in whether you make it or not, you get brutal accountability. You get tough questions," said Jim Matson, president and chief operating officer at Performance Trust Capital

Partners, A Chicago financial services firm focusing on bonds.

One member of Matson's Vistage group has been after him about a growth plan he mentioned several months ago, he said.

Often, the type of information exchanged is practical knowledge that entrepreneurs don't always have when they start their businesses. For example, when Brasch brought his concerns about a banking relationship to his group, the members convinced him to find another bank.

As a doctor, Brasch said, "I spent 17 years in training, and I didn't know how a patient was billed, nothing about human resources law, nothing about running a company."

Even entrepreneurs with a master's degree in business administration don't learn all they need to know in the classroom and find peer-to-peer groups valuable. Russ Rosenzweig, chief executive of the Round Table Group Inc. in Chicago, which finds experts for law firms and other companies, said joining the Entrepreneurs'

Organization, a peer-to-peer group with 6,000 members worldwide, "is probably the best business decision I ever made."

"It made all the difference," he said, noting that the early years of building his company were challenging. He started the company in 1994 fresh out of Northwestern University.

"We had a great idea but little experience. We were 23 and didn't know much about what we were doing," said Rosenzweig, who holds an MBA from the University of Chicago.

EO, as the group is commonly called, offers formal business seminars at conferences it holds throughout the country, but most members join for the peer-to-peer learning that takes place through forums at the local level, said Maria Velasco, vice president of learning at the Alexandria, Va.-based non-profit.

"A lot of times what it takes is to hear someone's story of how they dealt with a specific issue as opposed to a text-book example that may or may not apply to your situation," she said.

EO also creates opportunities, Rosenzweig said. He credits his involvement with the group for encouraging him to apply to Inc. Magazine's contest for fast-growing companies.

"By explaining why this is important, EO made it a priority for us, and we were accepted three years in a row" to the Inc. 500, he said. The honor led to more business. "It snowballs," he said.