Highlights from the Strategic Growth Forum™ 2016

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Highlights from the Strategic Growth Forum™ 2016

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“You have to know that what you’re doing is right.”
Powering through challenges

Entrepreneurs share a number of traits with great athletes, according to Stephen A. Schwarzman, Chairman, CEO & Co-Founder of Blackstone, one of the world’s leading global asset management firms. At the top of that list? The ability to withstand pain.

Citing the example of Gwen Jorgensen, US Olympic and World Champion Triathlete, Schwarzman said that all athletes “enter that pain zone, and that’s a lot like being an entrepreneur. Almost no entrepreneurs have not gone through a lot of pain, but the ones who make it go through that wall of pain and come out the other side.”

Among his other insights, Schwarzman urged the audience to:

1. **Persevere, even if you have to go through multiple rejections at first.**
   “Have a great concept, find something that is worthy and never give up.”

2. **Have confidence in your long-term plans.**
   “You have to know that what you’re doing is right. If the world doesn’t recognize it at the time, then that’s the world’s problem.”

3. **Don’t turn to your best prospects first.**
   “I made the same mistake as most entrepreneurs and went to my best prospects first. The problem is you don’t know what you’re selling yet because you haven’t heard all the objections yet. Save them for later.”
“One advantage in any business situation is to be written off. They don’t see you coming.”

Barbara Corcoran
Founder of the Corcoran Group and investor on the Emmy Award-winning show Shark Tank

“I prided myself on being prepared. The half-dozen times or so that I didn’t prepare properly, I paid for it.”

Jack Nicklaus
Founder and Co-Chairman Nicklaus Companies
IPOs and exits: insights from the C-suite

Awareness and perspective make for deal success

Several dealmakers who’ve risen to the highest levels of their companies have confronted varied transactions amid the most trying of circumstances. While their perspectives differed, in “IPOs and exits: insights from the C-suite,” they united on some general pointers:

**1. Know the sore points from the very beginning.** “What was really the most difficult is that it was personal,” says Brian Utley, CEO of Periscope Holdings, Inc., about his family business deal. “My father was on the board. All his friends were on the board.”

**2. Value external perspectives.** “If you’re like me, you either feel like the company is doing so fantastically well or the next day you feel it’s an utter disaster,” says Mike Nuzzo, EVP & CFO of PETCO. “You get into a bit of a tunnel vision problem.”

**3. Own your message and your strategy early.** “You’re going to live with this long after the IPO is done. We spent a lot of time crafting the message,” said Fareed Khan, CFO of US Foods. “Now all the bankers have gone home, and we’re living with the commitments we’ve made.”
“To be a disrupter, you have to be comfortable with instability, even though it goes against human nature.”

Christian Sanz
Founder & CEO
Skycatch

Executive insights

Disruption underway
Leaders share their key predictors of disruption and success

To be a successful disrupter, keep learning, be comfortable with instability and don’t overthink it, according to the panel of innovators at “Disruption underway.” And remember: age or years of experience don’t always equal the best ideas. Some other key tips:

1. **Plan for the long term, but not too long.** Things can change quickly in your industry. If you have a yearlong plan, things may change before you get there.

2. **You’ll have to buck human nature.** Most people in big companies are seeking stability. It’s human nature to do so. But when you want to disrupt or find a business model, you need to push people away from stability.

3. **Be authentic and communicate that way.** You may have to change how you connect with younger employees, but the message still has to be genuine.
“Some organizations use vision and mission synonymously, and I think it’s a lost opportunity. Our mission is our overarching objective. Our vision is our dream; it’s our true north.”

Jeff Weiner
CEO
LinkedIn
“All of us want to be connected to something bigger than ourselves.”
Inside-outside strategy to innovation

The health care industry is undergoing massive transformation – especially now, with the Affordable Care Act’s future in question. But as Chairman and CEO of Cardinal Health, George Barrett has equipped the company with strategies built on trends that aren’t changing. He also remains focused on keeping Cardinal Health as nimble as a start-up, innovating in several ways from which others can learn:

1. **Create an environment for experimentation that doesn’t punish failure.** “You can say it, but the first time you blow somebody up for making a mistake, it goes out the window.”

2. **Don’t define “innovation” narrowly.** “We have a tendency to think of innovation as a product ... but business model innovation is powerful,” Barrett said, as is service line innovation.

3. **Keep people motivated.** It’s important for workers at all levels to understand their part of the company’s mission and its importance. “If you establish low expectations, the organization will live down to them.”
Comprehensive tax reform, a potential rollback of many regulations, and more infrastructure spending are among the changes entrepreneurs can expect to see once the Trump Administration takes office in January 2017, according to our “Post-election outlook” panelists.

Dr. Howard Dean, Former Governor of Vermont and Chairman Emeritus of the Democratic National Committee, called on Congress to “stop pretending” that one political party is more important than the country and do something for the good of the United States.

Asked if entrepreneurs needed to do anything before the end of the calendar year to manage their tax liabilities, Kate Barton, EY Americas Vice Chair - Tax, offered this advice:

1. **Review** the House Republican blueprint as you model your future tax strategy.

2. **Determine** how you want to approach Congress, whether on your own or as part of an industry group.

3. **Accelerate** deductions and defer income by year-end. The new law could be retroactive, but no one is sure.
“The largest newspaper publisher in America this year was Donald J. Trump. His newspaper had a circulation of 14 to 18 million over the course of the year, and every article was 140 characters or less.”

Karl Rove
Former Deputy Chief of Staff and Senior Advisor to President George W. Bush
As Co-Founder, CEO and Chairman of AOL, Steve Case was an EY Entrepreneur Of The Year 1994 Award winner.

Kristin Groos Richmond
Founder and CEO
Revolution Foods

“I’m amazed at how few businesses understand the game.”
Place your values and your employees above shareholders. The current trend of shareholder supremacy is like a football coach trying to win games by giving the fans what they want instead of giving the players what they need. Foster a truly innovative culture where employees can be vulnerable. They should feel safe telling their leaders they made a mistake, asking for help or admitting they are in over their heads. Be the leader you wish you had. Many companies have abdicated leadership responsibility. Put as much effort into training your people to be leaders as you do training them to do their jobs.

Simon Sinek
Author & Optimist of Start With Why

“I’m amazed at how few businesses understand the game they’re playing.”

Steve Case
Chairman and CEO, Revolution, and Chairman, Case Foundation

“A lot of it is just about persevering and not giving up. You just have to stick with it.”

Simon Sinek
Author & Optimist
Start With Why
“You can’t really fool the people you’re working with.”
Actions speak louder than words

Manny Stul summed up his worldview with a paraphrase of a popular quote: “I can’t hear a word you’re saying because your actions are speaking so loudly.”

Born to Polish parents in a World War II refugee camp, the Chairman and Co-CEO of Moose Enterprise Holdings & Controlled Entities, a leading toy manufacturer, has been through trying times personally and professionally but often deflects any praise by saying, “It’s the same as anyone else would’ve done.” While admitting to prefer life out of the limelight, the EY World Entrepreneur Of The Year™ 2016 had plainspoken advice for anyone coming up in business and facing adversity:

1. **Survival is a great motivator.** The recall of one of Moose’s top toys put its future at risk. He likened it watching a tsunami come in, but that’s when he and his team did their best work.

2. **Authenticity matters.** For all the talk of culture and mission statements, Stul said those words are empty unless actions back them up. He sets the tone from the top knowing that employees will otherwise see those words as hollow.

3. **If you can marry work and fun, you’re in a very fortunate situation.** After getting out of his first company, Stul wasn’t in a rush to form or join another. But with Moose, he rediscovered the “fire in the belly” and feels fortunate to enjoy going to work every day.
“Preparation is key. I spent more time off the field working than I did on the field.”

Hannah Storm
Co-Anchor, ESPN’s SportsCenter

Joe Montana
NFL Hall of Fame Quarterback

Jerry Rice
NFL Hall of Fame Wide Receiver

“You have a member, What is...”
“When you are in a situation and you suddenly go so far that to go back can be even more expensive, then you just have to go to the limit.”

Deborah Norville
Anchor, Inside Edition

Alejandro González Iñárritu
Academy Award-winning Director, Writer and Producer

“...you have to think of yourself as a member of the human family. What is your contribution?”

Will Smith
Actor, Producer, Musician and Philanthropist
Around the Forum

After sessions filled with advice on growth, tech-driven disruption, innovation and strategic transactions, and hundreds of private meetings, Forum attendees were treated to many special events including a private concert with rock band Journey and a black-tie gala honoring the EY Entrepreneur Of The Year 2016 winners and the 30th anniversary of the program in the US.
Herb Engert
EY Americas Growth Markets Leader

Seth Meyers
Host
Late Night with Seth Meyers

US Olympic and World Champion Triathlete

Stephen R. Howe, Jr.
EY US Chairman and Americas Managing Partner

EY Entrepreneurial Winning Women™
North American Class of 2016
“Your investors are a badge of quality for the organization. If you’ve built a high-quality company and you have high-quality investors along the way, then that sends a signal to your next set of investors.”

Jeff Lawson
CEO and Co-founder
Twilio

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Andrew C. Taylor
Executive Chairman
Enterprise Holdings

“What drives me is that I always want to do the right thing for the business. If you, the family, are supportive of the business, the business will be supportive of you.”
“If you try to centralize everything, you give away innovation and ingenuity. If you are making all decisions, from setting prices to buying the raw materials, how can you hold people accountable.”

Linda Hasenfratz
Chief Executive Officer
Linamar Corporation

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Form a unique employment policy. The business encourages teen and college-age family members to work in the business and then pursue different jobs. They can bring that perspective back to the family later, if they choose.

Provide other ways to get involved. A family council and committees, concerning topics like finance, philanthropy and hospitality, offer a broad array of opportunities for relatives to help scale the business.

Promote transparency and strong governance. Making sure everyone has access to everything relieves pressure, as do outside perspectives. Form robust policies about how in-laws can get involved and when.

Legacy insights

Keeping the spirit alive from generation to generation

Herschend Family Entertainment

When one family bought a cave in the Ozarks over a half-century ago, they probably didn’t expect to create a legacy that required care and nourishment from relatives who weren’t even born yet.

Austin, Jonn and Paige Herschend discussed what has helped their three-generation family business evolve:

1. Form a unique employment policy. The business encourages teen and college-age family members to work in the business and then pursue different jobs. They can bring that perspective back to the family later, if they choose.

2. Provide other ways to get involved. A family council and committees, concerning topics like finance, philanthropy and hospitality, offer a broad array of opportunities for relatives to help scale the business.

3. Promote transparency and strong governance. Making sure everyone has access to everything relieves pressure, as do outside perspectives. Form robust policies about how in-laws can get involved and when.
J.W. “Bill” Marriott, Jr. learned early that companies either change or fall by the wayside.

His father, J.W. Marriott, opened a root beer stand outside Washington, DC, in 1927; that stand became Hot Shoppes, a national restaurant chain.

To diversify, he opened a hotel, but the new operation didn’t get off to a fast start. The senior Marriott was reluctant to enter the hotel industry because “he didn’t like to take on debt,” so as Marriott expanded its hotel operations he entered management contracts rather than buying properties.

“The company wouldn’t be where it is today if we didn’t have this operating model,” Marriott said. In 1993, Marriott International became the first hospitality company to spin off its hotel management and hotel ownership businesses.

Marriott is quick to note that Marriott International’s renowned people-first philosophy has driven the company’s success just as much as its ongoing focus on innovation.

“We’re in the hotel business,” Marriott said. “Our people … have millions of interactions with customers every day. And it makes a big difference when they do something that makes the customer want to return.”

As Marriott reflects on his legacy, he considers his greatest achievement not that Marriott International has reached the top of the world hospitality industry, but that its continued growth will provide more opportunities for associates.

“Success is never final,” Marriott said. “The more opportunities you can provide, the stronger your people and your management team.”

J.W. “Bill” Marriott, Jr.
Overall Award; Real Estate, Hospitality and Construction

The winners
EY Entrepreneur Of The Year 2016 National Awards

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Overall Award; Real Estate, Hospitality and Construction

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Family Business
Trisha D. Lemery
Winsert, Inc.

Energy, Cleantech and Natural Resources
Steven D. Gray
RSP Permian, Inc.

Technology; Venture Capital Award of Excellence™
James Park
Fitbit

Financial Services
David Zalik
GreenSky, LLC

Distribution and Manufacturing
Vernon J. Nagel
Acuity Brands, Inc.

Retail and Consumer Products
Jeremy S. G. Fowden
Cott Corporation
An honor to have lunch w/ @GovHowardDean & @KarlRove today at #sgfus. Great insights & renewed hope in bipartisan synergy to move the US forward.

3:28 AM – 19 Nov 2016

Purna Veer
@PurnaVeer

Palm Springs is amazing on a backdrop of mountains – perfect venue to learn from leading entrepreneurs #sgfus

1:22 PM – 18 Nov 2016

Janine Wegner
@JanineWegner

Loving the kick-a$& all women panel at #sgfus led by @UschiSchreiber talking about the art of the possible. Y'all rock #whatweneedtosucceed

1:19 PM – 18 Nov 2016

“Preparing is 90%. Doing is 10%.” – Will Smith at #sgfus @EY_Growth

12:46 PM – 19 Nov 2016

I always love listening to Jim Nantz call golf. Seeing him walk through the most memorable shots with @jacknicklaus is awesome. #sgfus

6:26 PM – 17 Nov 2016

Alejandro González Iñárritu wowed them at #sgfus. Delighted to interview him!

12:09 AM – 19 Nov 2016

Caroline Quick
@seacue

I always love listening to Jim Nantz call golf. Seeing him walk through the most memorable shots with @jacknicklaus is awesome. #sgfus
Keep the conversation going!

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