

Advise & consent

Vanessa Strike PhD '08 finds that Most Trusted Advisors derive their power not from the advice they give, but the way they give it

Queen Elizabeth I had courtier Sir Francis Walsingham. Don Vito Corleone had family lawyer and consigliere Tom Hagan. From ancient Chinese dynasties to present-day family firms, "Most Trusted Advisors" have been quietly wielding power for centuries.

Vanessa Strike, Assistant Professor at the Rotterdam School of Management, became intrigued by the role of Most Trusted Advisor (MTA) years ago when she asked a long-serving person in a family-controlled firm what exactly he did. He replied, "If nobody knows who I am, or what I do, then I know I am doing my job."

When she began her PhD at Ivey, Strike looked more closely at the role of MTAs in family-controlled firms, but found very little research on the subject. "They're a hard group to tap into," she says. "They tend to be very private, yet they have an integral role in holding many family firms together."

Family-controlled firms are a

key driver of economic growth. In Canada they employ 30 percent of the population and account for \$1.3 trillion in annual revenues. Despite their success, family firms have many distinct challenges. Research shows that only 30 percent of them survive to the second generation, and fewer than 30 percent of these survive to the third.

A rich brew

"You've got a cocktail shaker and you put in all kinds of things that come from other people, but the shaking up of the drink and making it new, it's only you who can do that. So you get input from a lot of people, but in the end you take that and think about it and it becomes you and you decide. But some people have more influence on that drink you are going to serve. That's the difference between the advisor and the most trusted advisor." ~ Owner of family-owned firm

MTAs are different from other kinds of consultants. They are usually employed full-time by the family firm, and advise the firm on both business and family matters. They occupy a position of exceptional trust, which enables them to challenge ideas and offer new perspectives. They try to prevent the worst from happening: succession problems, family breakup, and business collapse. Unlike many other consultants, money is not their primary motivation.

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Institute Buzz

By Stewart Thornhill, Executive Director,
Pierre L. Morrisette Institute for
Entrepreneurship



Outside my window indicators of spring abound: snow is melting, days are getting longer, Tim's rims are rolling, and College Pro Painters are on campus looking for new talent.

College Pro, founded by Ivey alum Greig Clark, HBA '74, is one of five entrepreneur-led companies participating in the 2009 Bruce Dodds Integrative Program Event. This event engages Ivey's first year HBA students with the opportunity to work with entrepreneurs and industry experts to solve real-time, real-world business problems. Other companies participating this year are The Healthy Butcher, OurPlane, Camp Tamarack Ltd, and Eva Redpath.

The focus of the Bruce Dodds event – helping entrepreneurs identify opportunities and overcome challenges – is similar to the Ivey case series published monthly in *Financial Post Magazine*. "On the Case" presents a dilemma faced by an entrepreneurial firm, along with commentary by two independent experts. Just like a corporate 'who done it?' you have the opportunity to test your analytical skills by considering solutions from the perspective of the corner office, or you can head straight to "The Outcome" for the big reveal. To view current and past cases, visit FinancialPost.com/magazine.

I'll mention one more connection with College Pro – their 2008 Rookie Manager of the Year for Southwestern Ontario is an Ivey student presently completing an HBA and our Entrepreneurship Certificate. Last summer, Justine Kilby generated record sales and achieved 100% customer satisfaction in a region hit particularly hard by the recent economic downturn. Justine's entrepreneurial aptitude was recently recognized by Ivey as she was awarded the Teyva Rosenberg HBA Scholarship in Entrepreneurship for 2009. Congratulations Justine!

Another budding entrepreneur and recipient of the 2009 Benjamin D. Anyon MBA Award in Entrepreneurship is Adwoa Mould-Mograbi, who will be blogging on the Institute's new Facebook page. If you're a regular Facebook user or if you just want to check us out visit us at: www.facebook.com/pages/London-ON/Entrepreneurship-at-Ivey/57559819313, or www.iveyentrepreneur.blogspot.com.

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INSTITUTE BUZZ... CONTINUED

Justine and Adwoa, along with Tara Longo - HBA '01 alum and Co-Founder of The Health Butcher – are part of a new generation of women entrepreneurs. We had a chance to meet with them and many more on February 17 at Ivey Women Entrepreneurs Connect, our first event for entrepreneurial alumnae hosted by Verity and sponsored by KPMG Enterprise. For highlights about this event and information about upcoming events, visit www.ivey.uwo.ca/entrepreneurship.

I'll close with kudos to Vanessa Strike, HBA '93, PhD '08 – one of Ivey's newly minted doctoral graduates with a specialization in entrepreneurial strategy, family business and corporate social responsibility. Her research on the role of the Most Trusted Advisor to family business leaders is featured in this edition of Ivey Entrepreneur.

Enjoy the newsletter!

AlumniSpotlight

ENTREPRENEURIAL IVEY ALUMNI... IN THE NEWS

The Institute is always delighted to shine the light on successful alumni entrepreneurs. In this edition of Ivey Entrepreneur, we're doubly delighted to tip our hat to **Sarah Morgenstern, MBA '93** (left) and Minnow Hamilton, co-founders of SavvyMom Media, who are reflecting that light onto women entrepreneurs across Canada. The SavvyMom Mom Entrepreneur of the Year Award is their way of "Celebrating great ideas and innovative solutions developed by savvy Canadian moms (because we know you like good ideas as much as we do)."

Their philosophy is simple and direct: "Across Canada, entrepreneurial moms are developing ways to make their lives more efficient, more aesthetically pleasing or more eco-friendly. SavvyMom Media celebrates the Mom Entrepreneur movement and these women's good ideas, especially as they pertain to finding solutions for busy moms."

SavvyMom has just announced their 2008 SavvyMom regional and national entrepreneur award winners. Visit their website to see who's in the spotlight now.

www.momentrepreneuraward.ca/top5gallery.aspx



Student Watch

On January 29, the Institute held a dinner to honor the Donors who support entrepreneurship at Ivey through the establishment of Awards and Scholarships for entrepreneurial students, and the HBA and MBA students who have been recognized for their outstanding academic and leadership accomplishments, as well as their entrepreneurial passion and drive.



Benjamin D. Anyon MBA Award in Entrepreneurship

Donor: David Anyon, EMBA '97
Recipients: Cameron Carver, MBA '08
Adwoa Mould-Mograbi, MBA '09

John R. Currie HBA Award in Entrepreneurship

Donor: John R. Currie, HBA '60
Recipient: Gabriel Diamond, HBA '09

Hydrogenics MBA Award in Entrepreneurship

Donor: Pierre Rivard, MBA '83
Recipients: Joe Mocanu, MBA '09
Jordan Wickett, MBA '09

Pierre L. Morrissette HBA Award in Entrepreneurship

Donor: Pierre Morrissette, MBA '72
Recipient: Jean-Francois Obregon, HBA '09

Tevya Rosenberg HBA Scholarship in Entrepreneurship

Donor: Teddy Rosenberg, HBA '73
Recipient: Justine Kilby, HBA '09

Schulich Award in Entrepreneurship

Donor: Seymour Schulich
Recipients: Ramit Kar, MBA '09
Tory McKillop, MBA '09

Ivey Women Entrepreneurs connect

“You are a powerful source of new ideas, perspectives and insight,” said Carol Stephenson to a group of 70 women who attended the first Ivey Women Entrepreneurs Connect event in Toronto on February 17. “We owe a debt of gratitude” to women entrepreneurs who contribute \$18 billion annually to the Canadian economy, she continued.

Women are a driving force behind a large portion of Canadian start-ups, representing approximately one-third of the self-employed sector. As well, the number of women-owned businesses is rising faster than the number of businesses run by men.

While companies owned by women entrepreneurs are among the fastest growing segments in the Canadian economy, women-owned businesses tend to expand less quickly than those owned by men and are less likely to grow beyond small- or medium-sized, when compared to their male counterparts, due to a lack of managerial experience, spousal support and peer networks to aid growth.

Ivey Women Entrepreneurs Connect was launched to address these concerns and limitations, by creating a forum for women entrepreneurs to share their business expertise, discuss common concerns and challenges, and build a supportive network of like-minded women business owners and affiliated professionals.

The event featured a panel of three prominent business women who chose to found and now lead a successful company. Each shared her particular strategies, challenges and insights with respect to launching and growing a business, securing financing, managing staff, engaging an advisory board and building a supportive network.



Arlene Dickinson, CEO Venture Communications, talked about the importance of networking

Mary Aitken, Founder and Managing Director of Verity – a professional women’s club in downtown Toronto and the host venue for this event – observed that women fail to network enough. She told the audience that it’s important to take the time to get out there.

Arlene Dickinson, CEO of Venture Communications and a judge on CBC Television’s *Dragons’ Den*, echoed this message stressing that it’s all about your own interaction and putting yourself out there.

Ivey alumna Tara Longo, HBA ’01 provided valuable perspectives on establishing and expanding The Healthy Butcher, an organic food store that she

co-founded and co-leads with partner Mario Fiorucci. Following the successful launch of their flagship store, Tara and Mario began to seek financing to open a second location. With only one store, banks considered them too small and independent financiers questioned their sustainability. After two years of investigation, Tara and her partner decided to finance their second and third stores completely on their own. Today, they are proud to wholly own and operate The Healthy Butcher in three locations in Toronto and Kitchener.

Sponsored by KPMG Enterprise, the evening was truly a success. “If history is any indication”, said Stewart Thornhill, Executive Director, Pierre L. Morrisette Institute for Entrepreneurship, “we’ll likely see an increase in people seeking to fulfill their entrepreneurial ambitions during the economic crisis. Given the rapid increase in women-owned businesses in the past decade, it makes sense that women will be leading that charge.”

Fueled by the encouragement and demand of Ivey’s alumnae entrepreneurs following the inaugural Ivey Women Entrepreneurs Connect, plans are underway to host a second event later this spring. Visit our website or join us on Facebook for more details.



Women entrepreneurs and affiliated professionals had opportunity to connect during a welcome reception

In her research, Strike conducted in-depth case studies of five Canadian family-owned firms, all from different industries and ranging from 30 to 100 years old. Access to these MTAs did not come easily. After an initial contact, she was able to build her network through personal introductions. She conducted interviews of MTAs, CEOs, spouses of CEOs, family members, and directors. The youngest MTA was in his mid-forties, and had served his firm for nine years; the longest had served for 31 years.

The goal of her research was to focus on three questions: what do MTAs do, how do they do it, and how do they add value to their firms?

Right to be heard

"I can't have the situation where my advisor says 'I'm right, damn it all, I'm right.'" There can't be trust if egos start getting in the way." ~ Owner

The role of the MTA is to "direct the attention" of the CEO, says Strike, and this requires a strong voice. "Most trusted advisors must be true to their values, absolutely trustworthy, and have the family's best interests at heart. They need to be self-aware, but without a strong ego or need to win."

An MTA also needs "weight" to gain the right to be heard. Weight is a combination of expertise and experience. "MTAs have a depth of competency and a breadth of knowledge," says Strike. "As one of the owners said about his MTA: 'He ain't God but nobody has a head like him.'"

A good soldier

"If they've heard and understood you, but they still make a decision that's contrary to what you feel is right, you have to be prepared to go with whatever they decide and make it work. You have to be a good soldier." ~ MTA

An MTA needs to understand his or her role in relation to others and to the group as a whole, says Strike. "He also understands that the decision belongs to the decision-maker. Once the decision has been made, he has to commit to that decision."

Often managers feel that they lose face when their advice is not accepted, and their position is weakened. But Strike found that MTAs actually strengthen their positions when they work to implement a decision that they didn't support. "I found that it was not the advice itself that mattered," she says. "It was more important that the advisor got the decision-maker to stop and think, to reflect on the different aspects. The decision-maker must feel that no matter what happens, the MTA has their best interests at heart."

Better decisions

"They were locked into this panic mode, with a lot of things crashing around them. I was able to sit down and say 'okay guys, let's just think clearly about this. Here's what you can control. Here's what you can't control. Focus on the things you can control.'" ~ MTA

In each of the companies she studied Strike was struck by the presence of "mindful governance," which she defines as an "increased awareness of the thoughts, actions and motivations

of the decision-making process and the methods by which those decisions are implemented or not implemented." Ultimately, mindful governance is the value that MTAs add to their firms. "MTAs create a better environment for making decisions," she says. "They pay attention and ask questions. They see things that other people don't see. They make sure the decision-maker understands the implications the decision has on the family."

Advisors – most trusted and otherwise

"Very few people make it to the most trusted advisor because they are too much a slave to their own discipline, and to making money. They say 'if I bring these other people in they're going to take a piece of it and there's going to be less of it for me.' They are good advisors and they have a role to play, but they are not the most trusted." ~ Owner

There are clear differences between MTAs and other advisors, but there are also important parallels, says Strike. Every good advisor possesses some of the qualities of an MTA: voice, weight, competency, and a sense of self in relation to others.

Strike believes that her findings can be extended to other kinds of governance structures, like boards of directors or advisory boards. Her research also helps advisors think about the kinds of skills they can learn to enhance their effectiveness. "Board members and advisors who have these competencies are better able to capture the attention of the decision-makers, and then direct it," she says.

Mindful entrepreneurship

"I'm an entrepreneur. I move fairly quickly – too fast sometimes. Because he gives me a different opinion, I think 'slow down, easy does it.' I might not take his advice, but I make a better decision." Owner

Family-controlled firms all begin as entrepreneurial ventures. Research shows that the success of new ventures often depends on the quality of their advisors. Although new ventures don't have the resources to employ an MTA full time, connections are often made early in the venture that lead to a key advisor taking up this position in the future.

"Advisors help entrepreneurs get better access to resources, create long term plans, and put in place good decision-making processes," says Strike. "My research gives entrepreneurs an idea of the qualities they need to look for in an advisor, an understanding of what a good advisor can do, and how he or she can do it."

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