

## Cocktails and Community

Posted by *Anthony K. Tjan* on January 26, 2010 9:00 AM

Laurel Touby sold Mediabistro, the company she founded, for \$23 million in 2007. It was the conclusion of a long story that began in 1994 with cocktail parties and mixers for media professionals and grew into a much larger online endeavor that still continued its activity in the real world. I recently sat down with Laurel and spoke to her about the lessons she learned along the way, from hiring people who are better than you to finding a focus when there are a million things you could work on. Check out the video below, which we filmed in the apartment she is renovating, for some of the details on how she turned small meet-ups into a big media success story.

### **Laurel, why don't you start by giving us an overview of Mediabistro and the inspiration for starting it?**

I started out as a journalist, basically writing about business, and I discovered while I was writing about business and hanging out with other journalists that there was a need for community that wasn't being met, and so I started a community of journalists and media professionals. That community turned into a huge group of people that I took online with a website I later named Mediabistro.com. And that website provides all kinds of services to people in our community — everything from job listings to classes and seminars to membership and premium content. So it's kind of a one-size-fits-all website for media professionals — everyone from writers and editors to advertising people.

### **With that as inspiration, how did you get started? What was your first move?**

So here I was, a journalist, working in New York City, hardly knew anybody. I had no network at all, and so I basically started a series of cocktail parties. The cocktail parties built the community offline for several years before I took that community online in 1996.

### **How large is that community now?**

Mediabistro now has about seven to nine million page views, from about a million registered users. That's a million people who have registered on the site, given us information, traded information, because they feel that there's a value to that.

### **What was a key pivot point you encountered along the way?**

You are always at a pivot point — whether you decide to use this marketing message or another one, whether or not you decide to launch this or that product, and when, and how. So there are always pivot points along the way, and dealing with those each day was a part of what building the company was about.

### **Looking back at the long history of Mediabistro, what are the top lessons you learned as an entrepreneur?**

One big one is that you can do a million things, but you have to really focus in on three core things. You can't do more than three things really well. Another one is about interacting with your

customers. The only way we get new ideas is from people out in the world who tell us what they'd like. We don't just sit in a room and try to think up new ideas. If a customer isn't coming to us and saying there is a need, there isn't a need.

Everyone talks about how they're so customer oriented, outward facing, and it's baloney. You have to sit down with your customers and physically talk to them. As a media company, we've learned that. We sit down and we have focus groups, we have dinner parties, we have cocktail parties- we're constantly listening. And we're constantly reading your mail, so if you've been writing us, we've been reading it, and we write back. We're very high-touch, I would say. And there's no reason in this day that any company shouldn't be that high-touch.

### **How did you think about hiring people?**

Another lesson: hire people who can do things better than you; don't try to be the jack-of-all-trades, don't try to do all the jobs. This is not just about delegating. This is about hiring people who are better, smarter, quicker, more efficient than you at different tasks that you cannot do. So hire against your strengths. Hire people who have strengths where you're weak. This is very critical. I am not a huge numbers person. That's just not where my strength is. But sit me in front of a customer, and I will go crazy finding out and drawing information from that person, bonding with that person, and figuring out how to serve that person. That's where my strengths come into play. So I hired really great people who could do the numbers, who could do the operations side of the business, and I was the outward-facing CEO. That said, understand the concepts of the different aspects of the business, and make sure your team can explain it to you, that you can grasp what is going on with the business and what is going on with your technology. Don't just ignore it and say "Oh, that's too complicated; let them do it." So it's kind of a balance between handing over some of the power and handing over all of the power. You have to really balance that. You have to recognize when you're not going to be able to do a function, but you also have to recognize that you still have the ownership and responsibility of what that function is accomplishing or not accomplishing.

### **Can you isolate one or two core factors that have really driven Mediabistro's success?**

One of the things that has made us really successful is the fact that we're online and offline. We're a hybrid. A lot of online companies make the mistake of saying, "Okay, good — we can save all that cost on bricks and mortar, and just do it online." And I contend that you really have to have a physical relationship with your customer, as well as a virtual relationship with your customer. Whatever type of company you are, you can organize some meet-out, some connecting event, where you bring people together. And that makes the customer bond with you, with your company and with your brand in a way that they don't ordinarily do with a virtual company.

### **When you were little, did people think you would be an entrepreneur?**

I don't know if anybody would have said "Laurel's going to be an entrepreneur," or "Laurel's going to be a writer," or "Laurel's going to be" anything. I think someone mentioned to me, after seeing some video of me as a child, that I always looked determined, and I think that's a good word for me. When I set my mind to something, I go after it in a fierce way.

## VC Larry Cheng on What Makes a Great Entrepreneur

Posted by *Anthony K. Tjan* on December 7th, 2009 5:19 PM

I recently sat down with Larry Cheng, a partner at Fidelity Ventures. He writes one of my favorite VC blogs, Thinking about Thinking, named after a course that both of us had the chance to take many years back at Harvard College. As part of my ongoing interview series investigating what lies at the center of entrepreneurial success and failure, I asked him to share a few thoughts from the venture investing perspective.

**Larry, why don't you start with a quick introduction and summary of how you've gotten to where you are today.**

I'm a partner at Fidelity Ventures, investing in technology companies, and I've been in the venture community for about twelve years. Working backwards, I was at Battery, and then Bessemer, and then Fidelity over the last twelve years and was in consulting prior to that. I came out of Harvard undergrad and grew up in San Diego. My parents ran a computer store when I was younger so that was my first introduction to technology.

**How were you introduced to the venture world?**

The first time I heard the word "venture capital" was in college. I was running a business — a student-run company. One of my board members was a venture capitalist, and the simple explanation I received was that VCs help young companies grow. They create jobs, they create new products, they help create value. And it's different for each company.

What you hope is that in each company you do at least one thing that creates substantial value, shareholder value, beyond just providing capital. Sometimes it can be hiring the right executive. Sometimes it can be in the M&A process, when the buyer makes a bid and you're the one who says "You should just walk away." Sometimes it's the key customer or key partner introduction, and sometimes it's just an idea around strategy.

**How do you think about priorities?**

Probably the biggest priority is to create priorities, and the problem with a lot of founders and CEOs is there's a ton of ideas. Especially at a young stage, you want to do so many things. And I find that I have to preach the sermon of priority a lot, because it can kill a young company if you try and pursue too many ideas.

**What are your favorite types of investments?**

I think ultimately you have to invest in what you find fun and interesting. Sometimes when you stray from your own personal interests, you're not being true to who you are, and it's harder to be successful. I used to be more enamored with great concepts, and now I am more enamored with great businesses. Sometimes they are one and the same, often times they are not. A lot of venture capitalists prioritize being on the ground floor, the first investor. Sometimes we're that investor, but I don't need that. I'd happily invest in a good business even if it's well past the concept stage.

It's hard not to be energetic in this business because you're around energetic people all day. I view as my constituents the CEOs of my companies. For the most part they're founders, and they've invested their lives in trying to solve a particular problem for a particular customer, and they're just passionate about it. Oftentimes their ideas will change the world and they've never been done before, and we're trying to build something special together. That's what makes every day fun and exciting.

### **What makes for a great entrepreneur?**

It's probably a number of things, and a passion for what you're trying to do is certainly one of them. Oftentimes these folks have experienced a problem firsthand and they're consumed with solving it. And they refuse to quit.

A lot of the great founders and entrepreneurs I've worked with are micromanaging, detail-oriented, paranoid people. They want to know everything, and they care about everything. Interestingly, most of my companies have a key executive who never graduated from college, and probably two of my six CEOs never went to college. And the CTO at another company, the star at that company, did not go to college.

### **How would you rank the following factors of entrepreneurial success: heart, smarts, guts, and luck?**

I think it was Jeff Bezos I heard yesterday saying that his success was half luck, half timing, and the rest was smarts. I tend to agree with that. There's no way around luck. Sometimes the capital markets are with you, and that helps a lot; or you fall into a customer opinion that is just perfectly there. Things happen that you just can't plan, and so it's always good to be lucky. And between heart and guts, the courage you need to go out there and fly by the seat of your pants is huge.

### **How do you think about failure?**

There are several examples of entrepreneurs who have failed multiple times and ultimately been successful. If you haven't had failure yet, you're not living in reality yet. Failure is how you learn.

### **What inspires you?**

People who do things differently; people who don't go the conventional route. I think it's wired into me, when I see someone do something novel, and especially if it turns out to be successful, I just really admire that.

## DailyCandy's Accidental Entrepreneur: An Interview with Dany Levy

Posted by Anthony K. Tjan on Thursday October 14th, 2009 at 8:00 AM.

Over the past several months, Dick Harrington, a research team, and I have interviewed entrepreneurs, business owners, VCs, and academics on the lessons gained from success and failure in the pursuit of opportunity. We're working on a book — I'll keep you posted on that.

I'm kicking off the project with Dany Levy, founder and editorial director of DailyCandy. Dany (pronounced Danny "like the boys name," as she told me), founded her online media company in 2000 after working for *New York Magazine* and *Lucky* and writing for *The New York Times*, *Martha Stewart*, and *Vanity Fair*. The concept, a daily email newsletter that provides readers with an essential nugget of hip, insider advice about "what to do today," began in New York and soon spread to a dozen other U.S. cities and London. She first sold a majority stake to media mogul Bob Pitman in late 2003 for a valuation in the single digit millions. In 2008, Comcast acquired DailyCandy for a reported \$125 million, validating what I think will be the defining characteristic of "Web 3.0" — a more verticalized, local, and editorialized web. Today the site has an estimated three million subscriptions and has been profitable since 2001.

I met Dany for a drink last month at the Chateau Marmont in LA. She picked the venue, "garden, not bar, please." Below you will find a video excerpt of our meeting and the interview.

### **Gives us a little history on your background and how it led to you where you are today.**

I graduated from Brown, where I studied creative writing. I decided I wanted to go into print journalism, so I spent 1994 to 1999 in the print industry. In fact, I learned everything I needed to do DailyCandy working as the assistant to the managing editor of *New York Magazine*. The managing editor makes the trains run on time and is the liaison between advertising and editorial, scheduling, writers' contracts, etc. Then I started writing and editing. In 1999, I worked on the prototype of *Lucky*. I hadn't spent much time on the Internet, and I was kind of late to the game. But I looked at this and I was amazed that there was no lead time. You could see that the peaches at the Union Square market are amazing and post it pronto. Wow. So, I quit *Lucky* in December of 1999 and sat down to work on DailyCandy in January 2000 and launched on March 6, 2000. It was just me, working from my kitchen table in the West Village.

I talked to some venture capitalists in the process and everyone said that it had been done before. I told them they didn't get it. I was fascinated by the rest of the world's fascination with the burgeoning trends of New York City, and the Internet was providing this democratic way for anyone in the globe to have access to that.

### **How were you describing DailyCandy then?**

One simple thing in your e-mail inbox that told you one thing you needed to do that day. Not too different from today, and that's something I'm really proud of. It was meant to save people time and keep them plugged in. Not everyone can afford to eat at Mario Batali's new place, or some other hot, new restaurant, but this kind of knowledge is cultural currency. It's water-cooler conversation.

It struck me, having worked in print journalism, that the cost of acquiring a subscriber was pretty damn high compared to the Internet space. I would sometimes get three of the same e-mails — maybe a virus warning, or something fun and cool — from three different people who had no relation to one another. E-mail had a built-in marketing tool, which is that forwarding button. And that's valuable. We have grown DailyCandy almost entirely through word of mouth.

### **Did you know how you were going to make money with it?**

I thought it was going to be like a magazine. I was going to write editorial and sell ads. But the first year, I wanted to focus on just creating compelling content. I thought that if I created compelling content, subscriptions will follow, and ads will come. I didn't worry about selling ads first year.

**What was your inspiration?**

It was something I knew I'd love to have. I liked doing the digging; cutting out pages of magazines and tacking them to my bulletin board. And I knew progressively more people didn't have time to do that. It seemed like a great filter for people, to know what was going on in their city.

**When did you know you had made it, that you had something with momentum?**

There really wasn't a precise moment, but there's a funny story this reminds me of. My whole family thought I was crazy for leaving Condé Nast and doing this whole internet thing. But my Aunt Betty, a real Park Avenue lady, said to me one day that she was having lunch at Bergdorf Goodman and the women at the table next to her were talking. And they were talking about DailyCandy. It was like, "I have arrived."

**Were you ever scared?**

Oh, yes. But I'm also surprised how I wasn't scared sometimes. It was almost as if I was possessed by this idea.

**What's a key lesson you learned along the way?**

It's all about hiring the right people. I made a point of hiring around my weaknesses.

**Think of these four characteristics of entrepreneurs: hearts, smarts, guts, luck. Which one were you?**

It was my heart.

**What was your highest moment? Your lowest?**

My lowest moment was when I almost went under in late December 2000. I was about to start buying lottery tickets at that point. We were really stretching things, paying invoices on a 60 day schedule. I missed weddings and I missed dinners, but I also realized who my friends were.

My highest moment, and I just have to laugh at this, was about two months ago. There was a question on Jeopardy! and the answer was DailyCandy.

**Would you describe yourself as more visionary or execution oriented?**

Visionary, and I hire execution people.

**Looking back at childhood, would they have said, "Dany, she's going to become an entrepreneur?"**

No. Maybe a writer, as I was always making up stories. I was really the accidental entrepreneur. You can't just say, "I want to be an entrepreneur." You have to be taken with an idea.

**What was a key turning point in DailyCandy's history and how did you deal with it?**

Selling a majority stake to Pilot Group (Bob Pittman's venture group). Working with someone — Pittman — who knew more than I did, in certain ways, and who I knew more than in certain ways, made it a perfect fit. Bob had tremendous respect for our vision and helped us take it further than I could ever have imagined. Comcast saw the potential of what we as a team — the DailyCandy staff especially (I cannot give them enough props) — had built.

And that's ultimately the best thing you can hope for from your partners, at any stage of the game.

## Lessons from 30 years of Leadership

Posted by Anthony K. Tjan on Tuesday August 11th, 2009 at 8:20 AM

Recently, I had dinner with [Dick Harrington](#), former CEO of Thomson Reuters and now my partner at Cue Ball, a Boston-based venture firm. We talked about his three most significant lessons learned over his very successful 25+ year career as a Fortune 250 executive.

**Tony Tjan (TT): Dick- attempt the impossible and give us the top three business lessons learned over three decades!**

**Dick Harrington (DH):** First, you have to have an "approximately correct" strategy -- you have to know where you are going, but directionally correct is the key. Two, you have to be highly focused and intensely execute that strategy by motivating and aligning the troops you have. And three, it always comes back to the customers and the fact that you have to manically know your customers and drive everything from that.

**TT: Nicely done. So let's start with the first point. People often worry about architecting a perfect business plan or strategy and then get lost in the minutia. How do you know when you are "approximately correct," as you say?**

**DH:** You want to be approximately correct instead of precisely incorrect. There is a point at which additional information or research will not change the basics of your strategy. When you get your strategy there, you have to "Nike it" - you just do it. If you continue to refine and refine, you'll never get into action, and the incremental value of research just won't be worth the time and money. Schedule time frames and be religious about them to launch, get feedback, and see if the strategy is acceptable to the customer or if you need to adjust.

**TT: Your second point is about execution focus. What's the best way to rally people and spread that intensity?**

**DH:** First, you have to communicate what you are trying to accomplish. And you need to know the team members who are going to make it happen and those who are going to keep it from happening. It's important to have time with them so they have an opportunity to discuss and debate what's critical.

At the same time, you have to draw the line at some point and say "Okay, we have everyone's input. These are the five most important things we need to accomplish and they are the only things we are going to work on." You want everyone - probably 4-5 key people, maybe 10-15 at larger organizations -- in the same boat so you can accomplish those things on a timely basis.

**TT: Can you use operating metrics or dashboards to help imbue people with a sense of ownership?**

**DH:** Absolutely. When you think about executing a strategy, you need operating metrics to see how you are doing. But keep them simple, so folks can easily see if they are being successful and adjust along the way as needed. This is the key, the dashboards or metrics a company uses should be simple and frequent enough so that all key members on the team can use them to keep score and see how their actions translate into performance (or not). Most companies don't internally communicate their metrics frequent enough, or if they do they are often measuring too many things or, even worse, the wrong things.

**TT: The third big lesson from you is your "golden rule," which is that ultimately it just comes back to the customer. But how can people possibly forget this?**

**DH:** It's an ego thing. The biggest reason people don't do this, and we've seen it a lot, is that they think working in an industry a long time means they know everything about the customers' needs.

What I've been able to do over the years is make sure we have appropriate customer intimacy and research - not a billion dollars worth, but enough -- to prove to others that they don't know their customers as well as they think they do or as well as they ought to.

**TT: What is a simple first step someone can take for big impact customer research, particularly for the budget constrained firms that may be reading this?**

**DH:** Find your smartest 10 customers and talk to them; those are the ones who can actually give you valuable information. It's about spending time with them and going over 10-15 questions to learn about how they use the product and what you can do to make their lives easier. From those questions you'll probably get another 15-20. That's a great start and you can use that information to consider other more structured methodologies for more specific feedback.

When I was tasked early in my career with running an auto repair manual business that had the leading market share, I first wanted to go talk to customers. I found out right away that customers didn't even like our product--they just hated our competitors' more! After some rounds of feedback, we were able to start producing what people wanted, not just what would suffice, and things took off from there.

I should also add that these days a lot of your customer feedback and research might already be out there - there are at least three of our portfolio businesses where we can just go to Twitter or Yelp to see what customers think. The web is an amazing customer research forum and more people should use it not just to search all the good things people are saying but more important to identify early possible areas of customer frustration and product improvement opportunities.

## Can the VC Model Help Cure Alzheimer's?

Posted by *Anthony K. Tjan* on Monday June 15, 2009 9:37 AM

Legendary venture capitalist and Chairman of Greylock, Henry McCance, is a co-founder in Cure Alzheimer's Fund. Incorporated in 2004, the fund uses a venture approach to disease research. The results have been nothing short of extraordinary as their work linking new genes to Alzheimer's has been named by Time as one of the top ten medical breakthroughs of this past year. Their message and approach continues to widen awareness as two of their researchers, Dr. Rudy Tanzi and Dr. Sam Gandy, joined music celebrities in this month's GQ Magazine feature and photo spread on the "Rock Stars of Science."

I have been fortunate enough to have Henry McCance as a mentor, friend, and investor. Last month we sat down to talk about Cure Alzheimer's Fund and specifically how he has applied lessons from 40 years plus of venture capital experience into an inspiring non-profit model. Here are some excerpts from that conversation. A video of the conversation can be found below as well.

**Tony Tjan: Take a step back for us and describe how large the Alzheimer's problem is and why it's so important to get breakthrough research now?**

Henry McCance: I knew nothing about Alzheimer's disease until it touched my family personally. It was discovered just over one hundred years ago and the only fool proof diagnosis is an autopsy of the brain. There's no blood test or MRI scan one can take. There are about five million Americans with the disease and it costs the country about \$100 billion of Medicare and Medicaid expenditures annually. Not captured in that figure is the price tag of the stress and burden of the caregivers or spouses. Estimates suggest by the time we reach 2050 there will be 16 million people in the U.S. with Alzheimer's disease with someone developing the disease every 33 seconds. Between now and 2050 -- unless we find a cure -- the cumulative expenditures of Medicare and Medicaid will be nineteen trillion dollars.

**TT: Those are sobering statistics. How did Cure Alzheimer's Fund come into being?**

HM: Like a lot of ventures, it started with sketching some things out on paper with like-minded people coming together somewhat serendipitously. In 2004, Cure Alzheimer's was started by three families: venture capitalist, Jacqui Morby, whose mother had Alzheimer's, and her husband, Jeff; the Rappaport family of Boston, and our family.

**TT: Describe the exact model you are using for Alzheimer's research and how it is applying best practices from the VC industry?**

HM: A successful VC is proactive about finding the most interesting markets and fields and providing growth to the world-class leaders therein. We try to do the same.

We were exceptionally fortunate to recruit Dr. Rudy Tanzi of Mass General Hospital, who would be our chief visionary, develop a world-class research consortium around him, and finally to find Tim Armour, HBS '75, who just left the JASON Foundation as executive director, to join as our CEO.

**TT: What made Dr. Tanzi stand out so much for this new Fund?**

HM: I've spent my whole career as a venture capitalist, studying and analyzing entrepreneurial talent, and when I met Rudy, I knew that he was a world class research talent in his field. He was smart, charismatic and could explain complex subjects simply.

**TT: Let's get back to that VC model approach - how else did it manifest itself?**

HM: The most important way it did was in our mission: we are daring to be great. VCs don't seek 5% improvements; they try to invest in things that will be transformational, like Google, Cisco, Red Hat, and others. We wanted to apply the same upside-seeking strategy to Alzheimer's research. We looked at the way research was traditionally done and said we needed a much more entrepreneurial and VC mindset towards funding projects that could move us more rapidly to a cure. When we hosted a dinner for some leading neuroscientists, we learned that they spend a disproportionate amount of time, 30 to 35%, filling out bureaucratic forms to receive research grants from the NIH or other well-meaning organizations. The worst part is that the grant making peer review process is so risk adverse resulting in incremental progress. That kind of funding is the equivalent of a one-yard plunge by a full back from the New England Patriots, a far cry from the breakthroughs we wanted to fund. The scientists told me that they don't have any funding available for the twenty and thirty-yard pass kind of research. This was like the early days of VC when some very talented entrepreneurs did not have good funding sources for big ideas. After that, I was convinced that there was a role for Cure Alzheimer's Fund.

**TT: What kind of monitoring or evaluation systems do you have for the research you fund?**

HM: We're taking a higher risk set of research projects and hopefully we are doing it in a more sensible way with checkpoints on the way so we're not going to waste the dollars. It's very important to define the projects in a way you can see tangible evidence in a relatively near term. To date we've funded about \$8.25 million in research and are very pleased with the outcomes.

**TT: On that note, Cure Alzheimer's Fund had a terrific past year. Can you comment on some of these wins including being named a top ten medical breakthrough by Time Magazine?**

HM: When I first met Dr. Tanzi, he explained that there was a manageable, very important project we could tackle right away. As a geneticist, he was convinced that the funding of an Alzheimer's Genome Project (AGP) was critical towards rapid research advancement. The goal of establishing this project was to identify and map the full set of disease risk factors so that better therapies could be better developed. The project was picked by Time as one of the Ten Medical Breakthroughs of the Year for publishing details of a subset of seventy new genes linked to the disease.

Prior to 2006, the time we started the research, virtually all the work being done on the genetics of Alzheimer's was done around four genes. We recognize that there is still a lot of work to be done, but at the same time are incredibly proud of the progress we helped make happen.

## 'Learn from Everyone': An Interview with Centurion Holdings CEO Joe Grano

Posted by Anthony K. Tjan on Monday May 18, 2009 at 10:23 PM

*One of the most enjoyable parts of writing my blog is when I have the opportunity to interview leaders with great experiences and wisdom to share. Recently I had the chance to speak with one of our firm's brain trust advisors, Joe Grano, on a range of topics from small business investments to managing in a time of crisis. Joe currently runs an investment firm, Centurion Holdings and prior to that served as Chairman of UBS Financial Services (formerly UBS PaineWebber). Additionally, he fought in the Vietnam War as a Green Beret.*

**Tony Tjan: Joe, can you please start off by giving some background on yourself.**

**Joe Grano:** I started my career at Merrill Lynch, where I eventually headed the whole retail system of about 20,000 employees. I later became President of Paine Webber and, after that, CEO of its holding company. I left in 2004 to start Centurion Holdings to invest in and advise high growth private and public companies.

**TT: What are the key differences between what you have done in the big company world versus the smaller, high-growth, private companies in which you are currently involved?**

JG: The management doctrine really doesn't change between small and large firms: the fundamentals of how you approach everything are basically the same. That said, small companies come to us because they don't have sufficient managerial acumen or enough capital to make the leap to the next level.

**TT: Let's zoom in from the macro view and look at what you do day-today. How does the economic climate affect your work?**

JG: With regard to the companies I advise, valuations have changed a lot. You can't just walk into a VC and think your idea is worth \$20 million. Investors are holding on to cash and they have a lot of options on what to do with the cash.

**TT: What are you telling your portfolio companies to do?**

JG: The most important thing is to have enough cash flow to survive for the next two years. Maintain your value proposition to your customers and cut some investment if you have to.

**TT: Joe, as both a Green Beret and a business leader, you are particularly well-equipped to manage in a crisis. Give us advice on managing in a crisis?**

JG: The most important thing is the reaction: instead of finding fault, figure out the solution first. Oftentimes the only person who can fix the problem is the one who made it, so looking for culprits just drives people into foxholes.

Second, excellent communication skills are critical. People retract in a crisis and need a leader to be calm, concise, and reassuring.

**TT: What's the most challenging crisis you've been through?** JG: Personally, it was recovering from the war with 60% of my body in disability from an explosion in Vietnam.

**TT: You are working on a book about dealing with crises. Give us a synopsis of the themes in the book.**

JG: Of course. Since my work has forced me to sacrifice family time, I wanted to give my son a diary of life experiences for his high school graduation gift. I realized that I should share the material with other young people and a book was an obvious way to do that.

The book covers my leadership experiences during crises, like the Russian default in '98, and the proven management principles you must follow. I also discuss organizational hierarchy and why the secretary is just as important to the firm as the chairman.

**TT: On that subject, do you think leadership can be taught?**

JG: I have a chapter in the book called "Are leaders born or made?" Good managers can be trained to be adequate leaders, but the great ones are forged by their environment and their DNA.



**TT: So, who inspires you?**

JG: To be honest, almost everyone inspires me. I have just as much fun talking to the gardener as other CEOs. I've never met anyone who I couldn't learn from, and when I approach relationships with that mindset, they are always inspirational.

## Don't Let the Finance Crisis Become a Health Crisis

Posted by [Anthony K. Tjan](#) on Tuesday March 17, 2009 2:47 PM

*In this interview, medical expert Dr. Mehmet Oz speaks with Cue Ball's Tony Tjan on how the financial crisis is shaving years off of lives, and what you can do about it. Dr. Oz is Professor and Vice Chairman of Surgery at Columbia University, a world-renowned cardiologist, New York Times best-selling author, and Oprah's medical expert.*

**Tony Tjan: In this uncertain economy, what are some real health concerns we have to watch out for?**

**Dr. Mehmet Oz:** Chronic stress and its side effects are the biggest cause for concern. Acute stress is temporary and event driven, like what you feel if the market is down for the day, or if you almost get in a car accident - while scary, it doesn't pose a big issue to your health.

Financial stress, though, is a chronic type of stress. It therefore is similar to the kind of persistent stress our ancestors felt from famine. Instead of responding with the normal fight-or-flight hormones, like epinephrine and norepinephrine, your body has to deal with a more low-level, constant stress and responds with steroids, like cortisol.

**What is a good example of how stress manifests itself?**

Obesity is the best example of all. A thousand years ago, when famine was the only driver of chronic stress, our ancestors responded by increasing the amount of cannabinoids, whose name comes from cannabis, in their body. These receptors are the same ones stimulated by pot and make you want to eat more. Chronic stress elicits the same famine-adapted response: you release more cannabinoids, and also more steroids, which are soaked up by omentum, that belly fat layer that causes a big waistline.

**And you have repeatedly warned about watching your belly fat as an early warning sign to heart disease and...**

As that fat grows, it comes alive and does three things:

1. Puts pressure on your kidneys, and the kidneys, which regulate blood pressure, elevate your blood pressure because they need more blood.
2. Poisons your liver, so you get more of that lousy LDL cholesterol and less of the healthy HDL cholesterol.
3. Blocks the effect of insulin on muscle, so you are prone to diabetes.

**What's your rule of thumb for watching our weight and belly fat?**

Check your waist size with a tape measure: it should be no more than one half your height.

**Any other tests we should be monitoring carefully?**

Blood pressure. If you don't know your blood pressure, it's like not knowing the value of your company. It's the number one cause of aging, and you should check it once a quarter. Get a reader for your home or office. They only cost about \$25.

**We all know that we should test for blood pressure. But give us the rationale behind that again.**

Blood pressure tells you about the effect of omentum fat, and it also tells you about subconscious effects of chronic stress. If you have chronic stress, your arteries are all going to be a little bit tighter. But there are ways to deal with this. People with high blood pressure have repeatedly shown that biofeedback can reduce

blood pressure without medication.

### **How else does stress negatively impact people?**

Sleep. When there is a psyche-disrupting event in your life, it can prevent you from getting the long blocks of sleep at night that are so important to healthy aging. Unfortunately, half of us over the age of fifty do not get normal sleep: 7 hours for females and 7.5 hours for males.

### **So what can we do to sleep better?**

Four things:

1. Dim the lights a half hour before going to bed. Our ancestors' bodies would release melatonin, which makes you sleepy and drowsy, after the sun went down.
2. Wear loose-fitting clothes to sleep.
3. Sleep in a cool environment.
4. Invest in a high quality mattress that doesn't trap heat.

### **People are feeling a lot of anger right now in the world. How should we deal with that?**

Anger is not necessarily a problem. It's a natural response to crisis, and you shouldn't tell an angry person to calm down. The opposite of anger is not calmness, it's empathy.

Hostility, which is different from anger, is a problem. Hostility comes from loneliness, from not seeing yourself like a drop falling into the ocean of humanity like everyone else.

The fundamental solution to all of this is empathy, which involve "mirror neurons." These structures allow us to see what others are doing and appreciate and mimic it. You need to have the ability to put yourself in someone else's position and see the world from their perspective.

### **Could you summarize the ways people can cope with increased chronic stress?**

Sure: Get better sleep, exercise regularly, watch your diet, and use your social network to deal with problems that arise. You also need a quick fix stress reducer. For me, it's deep breathing. I take deep yoga belly breaths: inhale while pushing your stomach out and then exhale while sucking your stomach in.

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## Big Company Lessons for Small Businesses

Posted by Anthony Tjan at 3:38 PM Thursday February 26, 2009

*Dick Harrington* was most recently the CEO and President of the world's largest information media company Thomson Reuters and is largely recognized for his transformation of the company from a diversified holding company to the information services juggernaut it is today. He currently serves as my Partner and Chairman at our early-stage investment firm, . He and I recently had a conversation about the wisdom of applying big company lessons to small ones. Here are some highlights from that conversation: *Cue Ball*

### **After spending about a decade running a Fortune 500 - the world's largest information media company - what motivates you to now work with early stage and small businesses?**

Small businesses employ over half of all American private-sector employees and are responsible for most of the growth within the United States. Over the past decade, they have generated about 75 percent of new jobs annually. Most important, it is where our most creative thinking comes from. Still, most small companies fail because they have poor basic business practices. So I get excited about having the opportunity to mentor them and hopefully share some lessons. Think about it: it's a lot more exciting to get a company from 0 to \$100M than getting a billion dollar company its next \$100M.

### **What is the biggest misconception people have between small and big businesses?**

Most small businesses think that big companies have limitless resources and tons of money, and accordingly can do whatever they want. At the same time, most large companies think that all small ones are entrepreneurial, acting quickly, and bursting with creativity. Neither of these common beliefs is true. Most big companies do not throw a lot of resources at every project, and most small companies tend to become stagnant when they are through with their initial, entrepreneurial stage.

### **Give some examples of how you are applying big company lessons to the small firms you are investing in today.**

The questions we asked ourselves while I was at Thomson are the same ones that every small business has to ask itself. At the end of the day, business is business. The size of the organization doesn't matter. We all must understand our customers and the markets we serve, put the right people in the right places, and be sure the organization is aligned to deliver on our goals and objectives.

### **What strengths should entrepreneurs focus on?**

Small businesses have important competitive advantages. When founders are leading the company, they do so with an authentic passion to deliver on a vision. It's their life. They know their business and customers better than anyone else, and this knowledge can be hugely leveraged with the right operational practices. A large company may have more money for research, but the leader of a small company almost always has more direct interaction with their customers. I am a huge believer that customer-driven strategies win over the long run.

### **What is the most significant challenge facing small businesses?**

The biggest issue is how well the entrepreneur can scale. It's important for entrepreneurs to realize that one person can't control everything, that they can't be VP of marketing, sales, operations, etc. That kind of mindset just won't work in the long run.

### **How can an entrepreneur meet that challenge?**

It's important to let go - to trust people you hire - and to be okay with them making mistakes along the way. Even if a manager makes a decision 180 degrees in the wrong direction, it'll probably be okay. Let them learn from their own mistakes.

### **What other lessons have you learned that would be helpful for small businesses and emerging leaders reading this?**

Years ago I started a plumbing supply company with some partners. We did not have a lot of capital so we sometimes had to get creative on how we filled orders. We went out of our way to ensure that every order was filled, always. Sometimes, this meant getting the parts from competitors or buying at retail to complete the order. But that was okay. What mattered was never disappointing a customer. We had "Yes, we can" years before Obama did.

In addition to the customer-comes-first principle, I always had the motto that the higher you get in an organization, the harder you have to work. Success rarely happens on a nine-to five schedule. Also- dive into the important issues and from time to time "work the line" with other employees. The best way to shape people's behavior is to inspire them by doing it yourself.

Finally, focus. Don't sweat the small stuff. Save the intensity and for the most important company priorities and always make sure those are done first. To help make that happen, deal at most with five things at a time, and don't put #6 on until #1 gets knocked off. You'll definitely increase your chances for success.