

ALLIANCE OF CHIEF EXECUTIVES

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EXCHANGING STRATEGIC INSIGHTS

TAPPING COLLECTIVE EXPERIENCE

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Since 1996 the Alliance of Chief Executives has been helping CEOs solve their most profound, strategic challenges.

As the premier organization for chief executives in Northern California, we gather leaders from virtually every industry and market sector to engage in confidential exchanges that typically wouldn't—or couldn't—take place anywhere else.

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Good News for a Bad Economy Alliance members discuss recent wins — and share what they did right

By Warren Lutz

For David Weber (Group 105), President and CEO of Union City-based pharmaceutical firm MacuSight, it's all about financing through key milestones and "planning well enough ahead."

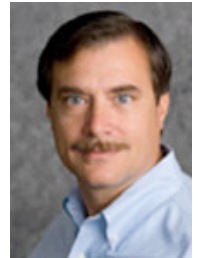
MacuSight, which is developing drugs to treat severe ocular (eye) diseases and conditions, was preparing to raise Series B funding when it secured an R&D and licensing agreement with a large Japanese pharmaceutical firm that gave MacuSight \$50 million upfront in funding. The Japanese firm, Santen, received rights to commercialize MacuSight's Sirolimus drug in Asia.

The deal gave MacuSight a financ-

ing "safety net," and its investors were happy the company didn't have to raise Series B funding. But Weber said if the deal didn't happen, "we would have been right there with Series B."

Even as MacuSight's future looks bright, Weber is running through risk scenarios, trying to mitigate anything that might disrupt the company's goal.

"Your job as CEO is to worry," Weber said. "You don't want to get an ulcer, but you can't



David Weber
CEO, MacuSight

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Beware the Innovation Deficit Judy Estrin: Risk, openness key to new ideas

By ACE Staff

Today's business leaders aren't doing enough innovating and, as a result, we risk the creation of an actual innovation deficit, Judy Estrin recently told South Bay Alliance Members.

Estrin has been named three times to Fortune Magazine's list of the 50 Most Powerful Women in Business. A former CTO of Cisco Systems, Judy also founded four technology companies and is on the Board of Directors of Walt Disney Company and FedEx



Judy Estrin
CEO, JLABS

Corporation.

Estrin said that plenty of innovation is taking place on incremental levels but these advances have been building on more basic innovation that stems from the 1970s.

She laid out the core values to successful innovation, which must all be in balance with each other:

- Questioning
- Risk
- Openness
- Patience
- Trust

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Good News Stories in a Bad News Economy

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be complacent."

Weber is just one of many Alliance Members who have found ways to move forward in an otherwise dismal U.S. economy. Another is Jon Fernandez



Jon Fernandez
CEO, TriNet

(Group 105), CEO of Livermore-based TriNet Communications, who has found success by solving a particularly problem in his industry.

TriNet's customers, which include some of the nation's largest telecoms, have trouble getting audio and visual equipment because they use such large quantities, and manufacturers can't keep up. So TriNet formed a new business, All Systems Broadband, and is now manufacturing cables and some patented products in China.

TriNet now enjoys significantly higher margins and already has all of AT&T's and Verizon's business and two-thirds of Comcast's.



Jim MacDonald
President,
R.F. MacDonald

"Over the past twenty years, we developed really good close relationships with these telephone companies and cable TV companies, so we already had the contacts," Fernandez said. "We knew how to get product field tested and approved. So that was a big plus."

Looking outside TriNet's traditional areas of growth was a huge launching point, Fernandez said.

"This is certainly outside-the-box for us," he said. "We just slowly kept pushing, pushing and pushing."

At R.F. MacDonald Company, an industry leader in supplying and servicing boilers and pump systems for commercial and industrial applications in California and Nevada, "deep roots" are carrying the organization through rough waters, according to President Jim MacDonald (Group 107).

Due in part to an inherently long sales cycle, R.F. MacDonald steadily built up its service offerings to augment sales. "I would put it right up there, or equal to the sales side,"

MacDonald said. "It's a much bigger contribution to our net income."

Last year was R.F. MacDonald's best year in revenue. The company is increasing this year's budget and continues to diversify its services, such as helping companies meet a growing number of environmental safety mandates.

"There's market diversity, there's customer diversity, and then there's the diversity of what you can do for these people," MacDonald said.

For Brent Meyers (Group 108), CEO of San Ramon-based consulting firm Manex, success lay in part with what his organization didn't do.

Manex, whose clients include manufacturers, distributors, and their supply chains, was preparing to launch new sustainability and logistics solutions when, as Meyers says, "we just shelved

"There's market diversity, there's customer diversity, and then there's the diversity of what you can do for these people."

them." The demand just wasn't there, and most of Manex's clients needed more help staying in business or gaining market share against weaker competitors.

Manex instead focused on a service it calls "Rapid ROI," where its consultants will go inside an organization, identify wasted cash and materials "and get rid of it as fast as we can and help these folks," Meyers said.

The company's revenues are up between 7 and 8 percent this year. The firm's laser-like focus on customer service has been a key strength, said Meyer, who estimates he spends only 20 percent of his time in the office.

"Sometimes we'll be asked, 'What sort of market research do you do to better understand the marketplace?'" he said. "Our answer is we're always out there, *in* the marketplace."

In San Rafael, Richard Stone (Group 202), President of Salient Wealth Management, is wrapping up a deal with a competing wealth management firm that figures to raise the company's

profile considerably. Stone has already been named as one of the top three wealth advisors in the Bay Area by the San Francisco Business Times.

But the deal didn't come easy.

The economy turned south soon after discussions began. "We started evaluating whether it made sense to continue," Stone said. "There were plenty of distractions."

But by prioritizing customer service and putting in many long hours, the deal stayed on course.

"We felt that was going to create a very strong model for us," Stone said. "It's not very often that you get this sort of opportunity."

Chris Crawford, CEO of ClearPath Business Advisors, isn't big on "hunkering down" when things get rough. It's a good thing, too.

By being flexible with his business model, Crawford (Group 107) has kept his business growing at a time when others are struggling for solid ground.

Based in Pleasanton, ClearPath delivers strategic financial consulting to businesses and specializes on mergers and acquisitions. While M&A activity has slowed down, demand for the firm's core strength — strategic financial consulting — "has taken off like a rocket," Crawford said.

"We realized this is an area where we could help companies, right now," he said.

As a result, ClearPath's growth has gone from 15 percent last year to between 20 and 25 percent this year.

"Taking action is critical," Crawford said. "As soon as the M&A market changed, we were very aggressive in pursuing new business."



Richard Stone
President, Salient
Wealth Management



Chris Crawford
CEO, ClearPath

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