



Sharing secrets

Peer groups can help businesses get ahead

By Susan Hirshorn

HEARING MIKE KUKOL of Horizon Landscape & Irrigation Company talk about sharing his confidential business information with the owners of nine other landscaping companies, you might initially wonder if the owner of this Wyckoff, New Jersey, firm is a bit crazy.

Kukol and his fellow landscapers are members of a peer business adviser group, which is loosely defined as six to 12 business owners or executives who meet to discuss their companies' challenges. With the help of a trained facilitator, the participants share their successes and obstacles, giving them opportunities to learn from others who've had similar experiences.

Kukol says he isn't worried about spilling secrets to his competitors "because each member of my peer group operates in a different geographical market and we all signed agreements to the effect that what is said in the group stays in the group," he explains.

The reasons for joining a peer group are many. Beyond reducing the sense of isolation that often comes with being the boss, peer groups enable participants to share strategies that can increase profitability. Kukol says his group helped him boost profits during the economic downturn by showing him how to

better organize and interpret his financials and how to identify unprofitable areas that needed to be changed or eliminated.

"There's real support here—a kind of intimacy," says Kukol. "I remember one of the guys calling me at night to say that he thought I was making a mistake on an issue and that he wanted to make sure I corrected it. He did not have to do that, and he actually convinced me to make the change."

The right peer group can also open doors that might otherwise be shut, as Jeffrey Anderson, co-owner of Bulletproof Info Tech of Red Deer and Calgary, Alberta, discovered. He is part of a peer group of 12 information technology service firms, each from a different Canadian province or American state.

"In our field there are big players who get a lot of attention from vendors," says Anderson, a Costco member. "Our company is one of the smaller players—only 19 people right now. Getting the attention of some of those vendors can be easier if you're part of a peer group."

From Napoleon Hill to the Internet

In the quest for solutions to increasingly complex business challenges, Anderson and Kukol agree, peer groups are a valuable

resource. However, they are not new. Modern peer groups evolved from the "mastermind group" concepts laid out in Napoleon Hill's classic book *Think and Grow Rich*, which was first published in 1937. Since then countless self-described mastermind and peer groups have emerged in business, professional, educational and social spheres.

Today's peer business advisory groups are usually put together by business associations or private consulting firms (see "Peering further"). They typically unite like-size companies, based on annual revenue, into different groups to keep the discussions relevant. Aided by the explosion in online communication, today's groups increasingly combine in-person meetings with email, secure Web video conferencing and cloud-based data-sharing platforms such as Dropbox or SharePoint.

But don't confuse those free (or nearly free) groups formed on social networks (such as LinkedIn) and industry discussion boards (such as Service Roundtable) with genuine peer business advisory groups. With peer groups, membership fees can range from several hundred to many thousands of dollars a year. Also, you must be voted in by group members and you get to know them personally. Social networks and discussion boards,



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on the other hand, may be populated by thousands of folks you don't know.

What to consider before joining

Beyond the cost of membership, there are some key issues to consider before joining a peer business advisory group.

Which type? Peer groups fall into two broad categories: *industry-specific* (like Kukol's and Anderson's), where member companies come from the same field but operate in different geographical markets; and *cross-industry*, where members are in different, noncompeting fields.

With industry-specific groups, participants generally share similar business processes. A key advantage is that you can know how you compare with others in your field and learn how to close the performance gap. The geographical diversity of members isn't an obstacle to this; as Anderson explains, "Although a member in New York City may have a higher billing rate than one in Calgary, they also typically have higher expenses. So if we look at things on a percentage basis, such as gross profit as a percentage of revenue, our financials are very comparable."

Cross-industry groups typically comprise businesses from the same geographical region. Participants can give each other a better understanding of the local business environment, build up each other's local referral network and offer insights on shared issues. For example, the Canadian Association of Family Enterprise hosts peer groups that deal with such issues as transitioning leadership in a family-owned firm.

A good facilitator. A facilitator holds the key to creating a comfortable and informative environment. "He or she should stimulate discussion and keep it on track," says Jeffrey Scott, a Costco member in Trumbull, Connecticut, who serves as facilitator of Kukol's group. Scott employs a process he calls "peeling the onion." "This involves moving people beyond the knee-jerk responses and encouraging them to ask more questions to get at someone's underlying issue," he explains.

Challenges and rewards

Peer group participation is far from the touchy-feely stuff of talk shows. Prep work and attendance are required if you expect your peers to take you seriously. Accountability is part of the culture, as is being able to give and take constructive criticism.

Warns Kukol, "You have to defend your numbers and business practices to your peers. Sometimes it feels like answering to a board of directors and sometimes like being on the witness stand with nine prosecutors." But he is quick to emphasize that his peer group experience "made me think and act more like an owner and more professionally."

Anderson agrees, adding that when he and his peers first got together "everyone felt guarded—afraid of disclosing our secret sauce. After a while we realized that we've all got the same problems and most of us have the same secret sauce. Since joining the group we execute our plans more quickly." [E]

Susan Hirshorn is a frequent contributor to The Connection.

Peering further



Industry-specific peer advisory organizations

- **The Leader's Edge** (landscaping companies)
www.jeffreyscott.biz/leadersedge.html
- **HTG Peer Groups** (information technology service companies)
www.htgpeergroups.com
- **AgWeb** (farmer peer groups)
www.agweb.com

To locate groups in other industries, contact your professional or trade associations.

Cross-industry peer advisory organizations and business associations

- **The Alternative Board**
thealternativeboard.com
- **Vistage International (Vistage Connect)**
www.vistage.com
- **The American Small Business Coalition**
www.theasbc.org
- **Renaissance Executive Forums**
www.executiveforums.com
- **The Chief Executive Officers' Clubs**
www.ceoclubs.org
- **Women Presidents' Organization**
www.womenpresidentsorg.com
- **Entrepreneurs' Organization**
www.eonetwork.org
- **Northeastern University Center for Family Business (Massachusetts)**
www.cba.neu.edu/cfb/peer-groups
- **The Conway Center for Family Business (central Ohio)**
www.familybusinesscenter.com
- **The O.Berk Company Family Business Forum (New Jersey)**
view.fdu.edu/default.aspx?id=1218