

REPORT 21
LEADING
GROWTH
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SERIES

The Changing Dynamics of Leadership



**The most effective leaders
“display a compelling modesty,
are self-effacing and understated.
They display a workmanlike
diligence—more plough horse
than show horse. But they are
fanatically driven, infected with
an incurable need to produce
sustained results.”**

*Jim Collins,
Good to Great: Why Some Companies
Make the Leap ... and Others Don't*

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The changing dynamics of leadership

Is leadership monitoring or mentoring? Vision or vanity? Leaders of innovative, high-growth firms across Ontario are following common paths to success in today's fast-changing markets, and exploring the many new facets of leadership to take their businesses to the next level.

Walk down the main corridor in the sparkling new offices of E.D. Products Limited (EDP) in Welland, Ontario, and you will see a framed front-page story on the future of manufacturing in the Niagara region. The upbeat part of the article concerns EDP, an electronic controls manufacturer that has survived the manufacturing shakeout by focusing on higher-value products for international clients. Look a little closer, though, and you will see that someone has pasted a new headline at the top of the page. EDP's President, Joe DeMan, didn't like the *St. Catharines Standard's* choice of headline: "Struggling to Stay Afloat," so he printed his own title and glued it in place, a headline that more closely reflects his company's attitude and success: "Defying the Odds."

There is no doubt that manufacturing in Ontario, as in the rest of North America, has been badly wounded by economic headwinds and the global transfer of production capacity

to lower-wage countries. The growth of EDP (see page 14) and many other Ontario companies in the face of increasing global competition proves that economic trends do not dictate success or failure. Success is a choice. Business leaders who build focused, motivated teams and create sustainable value for their target customers have every chance to win. In effect, DeMan's rewrite of the newspaper's headline reflects the role that leaders play in tough times: assuring their teams that success is achievable and giving them the confidence and tools to shift the odds in their favour. The best leaders write their own stories.

In this report, the 21st in the Leading Growth Firms Series produced by the Ontario Ministry of Economic Development, Trade and Employment (MEDTE), the role leadership plays in Ontario industry today is examined. At a time when many North American businesses are desperately looking for ways to survive, many bold, strategic and

inspiring Ontario business leaders are blowing the doors off with niche manufacturing companies that continue to grow, innovate and re-invest to serve hungry international markets. What makes some companies winners and others victims? What are the characteristics that best exemplify today's successful, visionary business leaders? What opportunities do they see that others do not?

The Changing Dynamics of Leadership answers these questions and demonstrates that business growth is achievable, if not always easy, as leaders of innovative small and medium-sized enterprises (SMEs) across Ontario in all sectors are becoming more aware of the importance of leadership as a critical success factor and are consciously upgrading their own personal and industry leadership to build globally competitive, high-growth companies.

Defining traits of leadership

There are as many forms of successful leadership as there are leaders. However, effective leadership and business success spring from the same roots: clarity of strategy, skill in understanding others' needs and in communicating vision, the ability to create value and build trust, and the commitment to earning the ongoing confidence of employees and customers, not to mention persistence.

For this report, MEDTE started by inviting seven leadership experts to participate in a roundtable (see page 6) to discuss top leadership characteristics of Ontario entrepreneurs and where some leaders may come up short. The participants represent seven different organizations that facilitate executive peer

groups, where business leaders meet regularly to share common problems, challenges and solutions in a safe, collaborative setting. With their ringside seats at these confidential peer forums, these leadership experts offer unique insights into the strengths and weaknesses of leadership across the board. The consensus is that real leaders are the people who understand the needs of their markets and set a clear direction for their organizations. Most importantly, the best leaders create ambitious yet supportive environments in which their team members are unafraid to move forward, take risks and grow.

The panel discussion brings out several areas in which CEOs might strive to improve their skills: communication, listening, patience,

emotional intelligence and that timeless leadership dilemma, working *on* the business, not *in* it. "I see it over and over, the problem of not being strategic enough," notes Peggy Grall, of Peggy Grall & Associates, Inc., a consultant and coach who chairs three Toronto chapters for the Women Presidents' Organization. "Whatever their initial product was, they love doing it, and they want to keep doing it. So they struggle between strategy and tactics all the time."

The panel members also agree a common struggle of many leaders is the inability to develop future leaders and that growing leaders from within as opposed to always recruiting outsiders is essential. They also see many companies neglecting to develop the

leadership skills of the next generation. One panelist, James Perly, President of Perly Fullerton Inc. and a representative of the board of the Toronto Chapter of Entrepreneurs' Organization, suggests that developing leaders is one of the "last bastions"

of innovation tactics that can give a company lasting competitive advantage. Alan McLaren, co-CEO of Infinity Communications Inc. and a member of the international board of directors of the Young Presidents' Organization, notes that even your youngest,

newest employees can benefit from leadership training. It can start the very next time they ask you a question about how to do their jobs. Instead of telling them what to do, you say the magic words, "What do you think?"

The evolving strengths of leadership

Clearly, the requirements of leadership also change over time. Business, like society itself, is always in flux. Corporate cultures, work-force demographics, technologies, generational expectations and the very nature of work are all changing rapidly, so it should come as no surprise that the characteristics of successful leaders also evolve.

Dr. Steven J. Stein, founder and CEO of Multi-Health Systems Inc. (MHS), is an expert on the changing nature of leadership. Stein has built his high-growth company into a world leader in psychological assessments. At the beginning of 2013, MHS released its much anticipated new leadership report, based on its assessment called the EQ-i 2.0. Built on years of analyzing the traits of top-performing individuals, the EQ-i 2.0 evaluates key aspects of emotional intelligence and the leadership report relates these results to the challenges leaders face every day. In this way, the test is more than an assessment tool; it is also a manifesto, the declaration of a new way of managing organizations and leading people. These are the four fundamental traits of successful leaders that Stein sees emerging today:

1. Authenticity: Today's best leaders must be viewed as credible, fair and "real," says Stein. For these leaders, humility is a strength. Bombast, "putting on airs" and dominating other people are out. The new Internet-saturated business environment of transparency and accountability means it is becoming harder to disguise self-serving behaviour, says Stein. Stein notes that morally dubious individuals can still reach high positions, but he predicts that will become harder to do: "You can only hide so much." Above all, those who do not project the traits of authenticity and humility will be at an increasing disadvantage, he says. "People will respect you more, go the extra mile for you, if they think you are real," he says. "If they don't see these traits, they won't follow you. They'll punch the clock, but they won't go to the wall for you."

2. Coaching: For generations, says Stein, the role of leaders has been to "check up on people." Today's more equitable workplaces run on collaboration and mentoring, not policing. "Coaching means going out of your way to make sure people realize their full potential," says Stein. "Generation Y, especially, will leave a job unless they feel they are getting something out of it." The best leaders coach their teams through tactics as simple as town-hall meetings, "management by walking around" and one-on-one meetings where they listen to employees' concerns, offer feedback and guidance and take responsibility for removing any roadblocks that prevent employees from achieving success.

3. Insight: To Stein, insight combines two essential leadership skills: truly understanding the organization, its mission and its values, and communicating those messages in a form that will inspire employees, customers and suppliers. "At great organizations, everyone knows the purpose of the organization and what it stands for," says Stein. He says more and more companies are realizing they are not just in business to make money or produce a certain product. Developing a sense of higher purpose (Google says its mission is "to organize the world's information and make it universally accessible and useful") heightens engagement and motivation for employees and other stakeholders and helps attract and retain the right people. Stein cites Ontario companies such as BlackBerry Limited (formerly RIM), Tim Hortons and apparel makers Roots Canada Ltd. and Canada Goose as companies whose brands resonate with mission. "That's what makes a company exciting," he says. "You can be good operationally, you can get by and do well, but if you want people lining up to work for you, you have to have a meaningful purpose."

4. Innovation: More and more, says Stein, success will accrue to organizations that encourage all their employees to think

Dr. Steven J. Stein, PhD



creatively and champion new procedures, products and services. That doesn't mean everyone gets their own research and development (R&D) budget, but it does require that leaders give their people more autonomy and licence to explore changing customer needs and that they provide a fair, safe and encouraging environment when employees propose new ideas. "Many organizations used to create a climate of 'Don't make mistakes. Just get your quota, and don't take chances,'" says Stein. In today's faster-moving markets, companies need all their creative resources moving forward together.

The EQ-i 2.0 report notes that when business pressures mount, leaders often neglect exercise, hobbies and other essential non-work activities. Maintaining your health and wellness, balancing work and play and getting sufficient sleep every night are all crucial to staying fit and resilient in both body and mind. According to Stein's research, "meditation and exercise boost stress tolerance and optimism, both of which help you refocus attention and manage competing priorities." Furthermore, notes the report, "leaders devoid of hobbies or extracurricular activities are not well rounded, which can prevent a holistic or alternative view of the organization." While you are reviewing the possibilities for self-development, don't neglect your physical conditioning. To self-assess your own leadership performance, take the quiz Stein has developed for this report (see page 26).

Sharing leadership successes

Out on the front lines of industry, leadership pundits are of the opinion that most of today's business leaders are just beginning to understand and articulate their own visions of leadership. Through the profiles on pages 10 to 23 and the Smart Leaders' Showcase (see page 24), you will meet business leaders from innovative high-growth firms across the province who are using a variety of hard-driving leadership strategies and tactics to meet tough challenges, create new spaces in tough markets, master technology and change the face of their industries. Collectively, their experiences paint a comprehensive portrait of effective leadership and management practices that CEOs, presidents and owners are employing to innovate and grow their companies to take them to the next level.

Market Leadership: Hematite

Manufacturing has developed its own closed-loop system for recycling waste plastics from automotive assembly plants and selling those raw materials back to the automakers in the form of innovative auto parts (see page 10). John Pavanel, President of Hematite, creates double value for his customers by reducing their waste-disposal costs and by creating industry-leading parts that solve nagging problems for automakers. Hematite's success shows that it takes a trifecta of competitive advantages—market insight, process innovation and production smarts—to make an impact today. “We push ourselves harder than any other company in the market,” says Pavanel. “You've got to come up with innovative solutions that the big guys would have to struggle to solve.”

Competitive Leadership: A former rower on Canada's national team, Joe Camillo has used his competitive instincts to succeed in an industry most Canadians had given up for dead: sportswear. His Hamilton, Ontario-based Niko Apparel Systems produces custom “teamwear” for Olympic and amateur athletes (see page 18). Niko competes with rivals such as Nike and Adidas by investing in technology, high-quality designs and innovative marketing. There is also added value through its innovative team order shop, which offers his in-house brand of performance garments, Nine-O, plus a variety of products from other manufacturers. Many Ontario companies could learn from

Camillo's success formula: “People ask how I survive and I say, ‘Keep moving forward on all levels: equipment, design, marketing and customer service.’ People are becoming more aware of the value and benefit of buying Canadian-made products.”

Customer Leadership: Optelian Access Networks Corporation is an Ottawa-based producer of fibre-optic networks that help meet the global demand for ever-greater bandwidth (see page 12). Despite competition from some of the world's biggest technology companies, Optelian is now expanding into global markets. Its edge comes from the fact that co-founders David Weymouth and Mike Perry created a company that asked customers what they needed before they ever started designing products. “Quality and service,” says Weymouth. “People say that's old-fashioned stuff, but when all your team members live that, you can really have an impact on a market.”

Sustainable Leadership: In Brockville, Ontario, Newterra Ltd. has leveraged customer loyalty into an expansion strategy (see page 16). Newterra began as a supplier of products for cleaning up contaminated industrial sites in Ontario and Quebec and developed a customer-service ethic that fuelled its growth across North America. Now it is betting its future on wastewater treatment, hoping that its commitment to customers, combined with industry-leading technology, will lead to market dominance in a faster-growing field. Its new Centre of Excellence for Advanced Water Treatment will create a global showcase for its technology and future customer collaborations. Newterra is also a leader in the art of rebranding—turning a manufacturer of commodities into something greater by adopting and communicating higher purpose.

Personal Leadership: Dan Steinhaur is an engineer who never expected to be running his own company. After losing his job when a transformer plant in London, Ontario, closed, he started Stein Industries Inc., which produces transformers for low-volume specialty markets (see page 22). Like so many other manufacturers adapting to today's market realities, Steinhaur discovered that product excellence is not enough. For his company to grow, Steinhaur realized he had to make

himself a stronger, more disciplined leader. Working with a business coach, he learned to tolerate employee mistakes, encourage initiative and inject more rigour into shop-floor processes. The result is a more motivated, satisfied team, where everyone values learning and growth. Steinhaur calls “build to order” the world's best business model, although it wouldn't have succeeded had he not recognized that without inspirational, focused leadership, even the best business models can fail.

Strategic Leadership: Despite increasing competition in the manufacturing of cable harnesses and electronic controls, E.D. Products Limited of Welland, Ontario, has increased sales by more than 10 times in the past 15 years (see page 14). DeMan has consciously moved the company up the value chain, producing ever-more complex products for demanding global customers. In the process, EDP has re-invented itself as a solutions partner, beefing up its engineering know-how and collaborative skills to make it an irreplaceable ally for clients whose demands for quality and innovation outweigh the need to buy from low-cost providers. As DeMan says, “It's through times of challenge that great companies are forged, not the easy times.”

Technological Leadership: Ottawa-based Energate Inc. produces industry-leading control systems, software and communication networks that enable consumers and electrical utilities to work together to reduce peak energy consumption, saving millions of dollars by delaying the construction of new generating plants (see page 20). Co-founder and CEO Niraj Bhargava shares that society's energy-efficiency crusade has taken longer than expected, but with projects wrapping up successfully in Ontario and the United States, Energate appears set to bust out. Bhargava, a former professor of entrepreneurship at Queen's University in Kingston, Ontario, has learned the secret to selling advanced technology: “Having the best technology and ability to strategize is not enough,” he says. “It's not just about the product; it's about execution and relationships and getting clarity around the message.”

Brand leadership: What do you stand for?

Ted Matthews
Brand Coach, Founding Partner
Instinct Brand Equity Coaches Inc.



It takes hard work and committed leadership to build a company with winning products, motivated employees and satisfied customers. Increasingly, however, more companies are realizing that they have to go one step beyond and establish a unique brand identity that includes their products and services, the needs of their customers and the company's unique mission, vision and attitude.

Of the companies profiled in this report, two have recently launched new branding identities. Guelph, Ontario-based Hematite Manufacturing, a producer of auto parts made from recycled plastics, has created a clean, colourful look with the tagline "A *renew* way of thinking." It has also trademarked the word "Reform" to describe Hematite's process of acquiring its customers' plastic waste materials and transforming them into finished products (see page 10).

In Brockville, Ontario, three companies were united by management under single ownership and a single brand: Newterra Ltd., an environmental firm specializing in purifying wastewater chose a slick, clean graphic identity based on the colours blue and green, along with the tagline "Welcome to a new era." CEO Bruce Lounsbury says the rebranding will help Newterra stand out in the market and ensure the three divisions offer more consistent customer service (see page 16). Both companies are on the right track,

says Ted Matthews, a Toronto-based brand coach and the author, with Andris Pone, of the best-selling book *Brand: It Ain't the Logo** (*It's What People Think of You*). He says businesses and marketing experts have misunderstood branding for years, dismissing it as a visual exercise when it actually touches all aspects of the business, from employees to products to customers. In fact, says Matthews, "a brand is what people think of you." Strategic branding isn't about looking good; it's about building the reputation and value of the entire company.

As a brand consultant, Matthews proved his point in the 1990s when he was hired by Oxford Properties Group, a major developer of office buildings, to help reduce costly tenant turnover when leases expired. Realizing that all major office buildings offer much the same tenant experience, Matthews focused on one differentiator: customer service. Back then, landlords only talked to tenants at renewal time or when they called to complain about office cleaners or repairs. Matthews convinced Oxford to become more tenant-friendly by opening ongoing conversations with tenants and setting higher service standards.

The result was a branding campaign built around 310.maxx, a telephone and web-based customer service platform. By calling one number from anywhere in Canada, tenants can request repairs, new light bulbs or temperature adjustments and be assured of prompt, friendly service. Oxford changed

its culture to fit the new brand, renaming its tenants "customers" and hiring custodial staff who were truly dedicated to customer service. The result is happier tenants, more renewals and higher profits.

If you can rebrand commercial real estate, you can brand almost everything—and you should, says Matthews. "These days, almost everything is a commodity," he says. "And if it isn't when you invent it, it will be by Day 3." When you stand out in the marketplace for a unique set of values and customer benefits, you engage customers on a new level, where price is no longer the focus.

By reviewing the company's objectives, its culture and its customers' views on the company, Matthews says any company should be able to articulate a unique "brand foundation" that will create a permanent differentiator as well as attract more motivated clients and pre-aligned employees. If you really can't define your differentiators, take that as a warning, says Matthews: "If you're that mundane, you might as well close your doors before someone comes along and disrupts your industry."

In fact, Matthews considers branding the secret weapon that can help North American companies to survive. As he writes in the latest edition of his book, he even declined to have his book translated for publication in East Asia in keeping with his core purpose.

Leadership under the X-ray

What leadership characteristics lead to the greatest success? How can CEOs, presidents and owners of Ontario small and medium-sized enterprises (SMEs) hone their own leadership skills while creating more leaders within their companies? To answer these questions, the Ontario Ministry of Economic Development, Trade and Employment assembled a group of hands-on experts who are involved with CEO peer groups. The seven participants, all leaders in their own right, discussed what they have learned as facilitators, mentors or members of confidential forums where entrepreneurs meet to share their goals, fears, wins, losses and best practices, with the mutual goal of growing their businesses.

Moderator: You are all privileged to be the confidantes of Ontario business leaders. So let us start by asking, How do you define leadership? What difference does leadership make?

James Perly, Entrepreneurs' Organization (EO): Let's say you are taking a canoe trip. A manager is someone who comes up with the list of everything you need and makes sure there is enough food. Then you go off in your canoes. You hit some rapids, the canoes flip over and all your stuff gets lost. At that point, it takes leadership to get everybody back home safe and sound. Leadership boils down to the ability to deal with new situations, ideate solutions and then get others to follow you in your vision.

Karen Gallant, Communitech: To me, leadership comes from someone who is visionary and inspirational, who can get everybody on board and take the team in one direction.

Peter Allen, Innovators Alliance (IA): I like James [Perly]'s analogy. Leadership is about direction, not just recovering from the rapids, but making sure you are going in the right direction so everybody avoids the rapids.

Peggy Grall, Women Presidents' Organization (WPO): One of my favourite quotes is, "You don't empower people; you create an environment that allows them to realize they have power." For me, great leadership is creating the right environment.

Larry Bourk, TEC Canada: I think leadership is all of that, but it's situational. It requires someone who can not only visualize and provide direction but also adapt to circumstances and apply the right focus in different situations. Adaptability is crucial.

Owen McManamon, Presidents of Enterprising Organizations (PEO): Leadership comes from a person in whom people believe. It's about believing in the person who is leading the charge.

Alan McLaren, Young Presidents' Organization (YPO): You know leadership when you see it or feel it; it's the touch on the shoulder, the motivating word. You never feel you work for a great leader; you feel you work *with* them. When you have that, people will follow you to the ends of the Earth.

Allen: I like Peggy [Grall]'s notion that you create the environment in which other people can step forward. It's hard to do, but it's incredibly powerful. We often think leaders are the alpha dog, but sometimes you have to lead from behind the team and let somebody else run.

Moderator: Your peer associations have given you a chance to know great leaders over time. What do you see as the key strengths of the leaders you work with?

McLaren: One trait they all have is their ability to take shots to the head and move on. All of them, also, have a thirst for learning. They don't think they know it all; they always want to grow.

McManamon: The leaders we work with have very sound knowledge of their marketplaces. They know the world they work in is changing every day. As Alan [McLaren] said, their desire to learn is amazing. Leadership is a skill you can hone by observing other great leaders. Also by observing poor leaders and understanding what they do wrong and making sure you don't do the same thing.

Bourk: When I look across the group of presidents that I work with, their strengths are primarily a clear understanding of the marketplace and their customers. And that generates a passion.

Grall: At our 2012 WPO conference, we had [well-known author of business books] Jim Collins speak. He made a comment that the "X factor" of great leaders is humility. Humility is the key that allows them to be the learner, nurture the team and create that environment in which people can grow.

Allen: Three strengths pop to mind. The first is being great communicators because they have to convince everybody that this is where the canoe or the bus is going. They also have to have humility, but balanced with confidence. The great theme for me is perseverance. You're always going to get knocked down, and you have to get up again.

Gallant: Successful CEOs of rapid-growth companies are really in tune with what problems they are solving. They know what they are doing for the customer, and they are responsive to their needs.



James Perly,
Entrepreneurs' Organization (EO)



Karen Gallant,
Communitech



Peter Allen,
Innovators Alliance (IA)

“The ability to build relationships inside and outside the business is key.”

“Successful CEOs are really in tune with what problems they are solving.”

“I think what’s missing in a lot of leaders is patience.”

Perly: I see the ability to build relationships as being key, both inside and outside the business. Another aspect of leadership is entrepreneurs’ ability to manage their gifts. Some may have exceptional sales ability and a brain that moves at the speed of light, leaving a path of destruction behind. I’ve found the key to massive success is learning how to harness that. Properly harnessed, it’s a superpower.

Moderator: James [Perly], you have anticipated our next question. What are the key weaknesses you have noted in the business leaders you work with?

Perly: An entrepreneur’s gift for chaos can be a hideous disability. Tons of great ideas may get started, but there’s always confusion about where the business is going. They usually lead by force of will and personal energy, but if they don’t manage the chaos, these firms can blow apart.

Allen: I think what’s missing in a lot of leaders is patience. The wake that cascades behind the entrepreneur running a mile a minute can be very destructive, so patience is critical.

Gallant: The companies we work with in Waterloo Region are often led by young people with technical skills, but not a lot of business acumen yet. Many could benefit from bringing on people with more business experience.

McLaren: I would say leaders could use more EQ [emotional intelligence quotient]. That

manifests itself in listening, which is one of the most important leadership skills. You learn so much when you listen.

McManamon: Micro-managing could be considered a weakness. In organizations, leaders need to avoid micro-managing and do their own job, which is leading the organization, making sure the vision is correct, anticipating market trends and letting their staff look after the details.

Grall: Amen to what James [Perly] said. I see it over and over, the problem of not being strategic enough, wanting to work *in* the business, not *on* the business. Whatever their initial product was, leaders love doing it, and they want to keep doing it. So they struggle between strategy and tactics all the time.

Moderator: How do your organizations help your members grow as leaders? What are the areas where you make a difference?

Bourk: It’s the sharing of key performance factors, best practices around the table, enabling people to sort through that and assimilate what makes sense for their business. One of my members did an employee-engagement survey and brought the results to our TEC meeting. We were all surprised at some of the weaknesses that showed up in the survey. Before I knew it, two other members went out and had surveys done. They had learned the importance of listening and being prepared to be surprised when they do.

McManamon: The other thing that works well is for facilitators like me to ask leaders

about the quality of their lives or their personal objectives. We’ve seen a number of aha! moments, when they sit down and admit their family lives could be improved or that they’ve been delinquent in nurturing personal relationships. It’s great to see them focus on this and make improvements.

Grall: Peer groups allow members to help each other when it’s time to take a big step—you know, when they’ve got a big opportunity, but there is a lot of money on the line. The group format allows their peers to ask, “Have you thought about this? And what about that?” So the members who are taking the shot feel really ready, knowing their colleagues have got their back. There’s this sense that “I’m not alone in doing this.”

Allen: At IA, we work out each other’s business ideas and sometimes say, “Don’t do that! I’ve made that mistake.” It’s not about best practices per se, but more about saying, “That is a chasm. Don’t go there.” We do say supportive things when they are great ideas, but we see ourselves as willing to challenge you over all the downside potential.

McLaren: What a good peer group does is call somebody on their stuff. We may say, “We hear what you are saying, but we don’t believe it.” When people do that, you get at the root cause of what’s really motivating you to do or not to do something. What amazes me about successful CEOs is how insecure they really are when you get inside the walls. Your job as a peer is to call them on that and help.



Peggy Grall,
Women Presidents' Organization (WPO)



Alan McLaren,
Young Presidents' Organization (YPO)



Rick Spence,
Moderator

“Great leadership is creating the right environment.”

“Listening is one of the most important leadership skills ... you learn so much.”

“What about the paradox of great leaders who aren't great role models?”

Moderator: We have touched on this a bit, but tell us about times when your group members really helped each other out. What happens when you get peers around the table who trust each other?

Gallant: At Communitech, one of our members was being sued. He ended up winning, but throughout the process, his peer group was his support system. They shared all the bad moments, like, “We lost that particular battle; what am I going to do?” The group rallied around him by saying, “Have you thought about this or that?” We encourage sharing not just best practices, but also failures. They often generate more learning than successes.

Bourk: One of our members always says, “The last time I got real information was the day before I became president. Now, the question is the quality of information I get.” So we spend a lot of time making sure we don't answer questions, but question answers to make sure the quality of information our members get is sound.

Moderator: What about the paradox of great leaders who aren't necessarily great role models? I am thinking of Steve Jobs at Apple, who was a visionary, but probably not the supportive sort of CEO you would like to have.

Perly: Part of the problem is that being a dictator does work. You can become wealthy and powerful through brutal tactics. In this day and age, I do think it is becoming less and less possible because to have the best workers

you have to engage them. You have to respect them and treat them like human beings.

Allen: I think all of us, as business leaders, need to recognize that at the beginning we run hard, but as things change we need to evolve. Right now my experience in my own company is about leading from behind. It's hard to step back and say, “Okay, I could do that in three hours, but I'm going to wait three days until some other people learn it, and try to guide them.” But things change, and what got you to a certain level isn't necessarily going to take you to the next.

Grall: Leaders need to know who they are. At WPO, we have done assessments of all our members, looking at their strengths and limitations. The really smart leaders figure out who they are and then mitigate the damage that they might otherwise do. I have had CEOs who aren't people leaders, so they consciously hire other styles around them so their organization can have the best of both worlds.

Moderator: Peter [Allen] noted that “what got us here may not get us where we need to go.” How good are the leaders you know at recognizing these stages and upgrading their capabilities?

McLaren: I think that's where advisory boards and boards of directors can really make a difference. As an entrepreneur, I can do whatever the heck I want, when I want, in my business, and that's dangerous. So having someone hold you accountable to what you said you would do is critical.

McManamon: It's important to match leadership capabilities with the company's position in the market. Steve Jobs was exactly what Apple needed at the stage it was at. In our peer groups, when people become aware of opportunities to improve, they usually gravitate to it very quickly. When you have six or eight trusted people talking about how you can improve, you take that seriously.

Moderator: For business owners who don't have a peer group or board, what signs should they look for that their skill set is falling behind?

McManamon: The first sign would come from the people you're leading. You can see it in poor results, poor attendance, people not showing up for work.

Graff: I think, also, when your product starts to suffer, when it starts to get dated or irrelevant, that's often a sign that the leader is out of touch.

Allen: I find that the larger the company gets, the more out of touch the leader can get with the customers. I'm not saying you have to get into the muck, but you've got to inspect what you expect.

Perly: You have to make that leap from “I'm going to drive this place forward” to “I'm going to learn how to drive it forward through other people.” But I find most people can't make this leap. For me, this was very challenging. Last October was the first time I had no job in my own business; I had hired



Larry Bourk,
TEC Canada



Owen McManamon, Presidents of
Enterprising Organizations (PEO)

“Leadership requires the ability to adapt to circumstances and apply the right focus.”

“Leadership is a skill you can hone by observing great leaders.”

someone to hand things off to. It took nine months to get used to my new role, which is to lead the organization forward and nurture it.

Moderator: Some say that a leader’s most important function is to develop new leaders. How would you assess business owners’ ability to build the next generation of leaders?

McManamon: I think it’s a huge responsibility for the leader to develop people. Most companies I know identify the top four or five people in the organization and mentor them because it is much better to promote from within than to bring in people from outside.

Gallant: For our companies, it’s a big issue to take people who have achieved technical success and give them people-management responsibilities. Growth organizations are so busy expanding, they don’t have time to set up the infrastructure to do mentoring and coaching. So they really look to external training opportunities, bringing in education from outside to help people close those skills gaps.

Bourk: We are experimenting with operating TEC groups within a company. A chair meets with a cross section of middle and senior managers and works with them as a group to develop their managerial capabilities. It’s early days, so we’ll see how it goes, but clearly there is a need.

Grall: In the coaching I do, I see organizations where everyone talks about succession planning,

but it’s mainly lip service. Their people are asking, “Who is going to mentor me?” These companies are moving so fast, they don’t have time to bring someone up properly.

Perly: I think the people side is one of the last bastions where you can be truly innovative. Many business leaders don’t think about how you work with your people as being an innovation. I think that is changing quickly. A lot of businesses are very innovative in how they engage their people. We have experimented a lot in our business, and it has led to massive gains in collaboration and productivity.

McLaren: People tend to think leadership is all about management. I think every employee has an opportunity to be a leader. If we redefine “leadership” to include everybody who contributes to serving the customer, you give everybody permission to lead. We have examples in my own company. When kids come in, at 23 years old, we used to start giving them responsibilities by saying, “You should and will do this.” Now we have learned to ask, “What do you think?” And oh my, the whole world changes when you turn it into a question. They start to come up with new ideas. And when they realize they don’t have all the answers, they come to you and say, “I’m not sure here.” And then you say, “That’s great. What do you think?” You keep pushing back. They grow. And then boom ... you’ve got one less person to worry about. This is an opportunity for every company, because it’s so easy to do.

Roundtable Who’s Who

Rick Spence (*moderator*), business writer and consultant specializing in entrepreneurship, writes a weekly column for the National Post and is the former publisher and editor of PROFIT magazine.

Peter Allen, President, Electrical Contacts Ltd., Hanover, Ontario, is former chair of Innovators Alliance (IA)—www.innovators.org

Larry Bourk, business consultant and CEO of Just Like Home Senior Residences Inc., is a Toronto chair with TEC Canada—www.tec-canada.com

Karen Gallant, Senior Director of Talent Networks, Communitech, a Waterloo, Ontario, region technology alliance that administers numerous peer-to-peer groups—www.communitech.ca

Peggy Grall, Peggy Grall & Associates, Inc., is a business consultant, coach and chair of three Women Presidents’ Organization (WPO) Toronto chapters—www.womenpresidentsorg.com

Alan McLaren, co-CEO of Infinity Communications Inc., Oakville, Ontario, serves on the international board of directors of Young Presidents’ Organization (YPO)—www.ypo.org

Owen McManamon, former President of Pennzoil-Quaker State Canada, is now a facilitator of peer advisory teams with Presidents of Enterprising Organizations (PEO)—www.peo.net

James Perly, President, Perly Fullerton Inc., and former President, Perly’s Maps Inc., represents the board of the Toronto Chapter of the Entrepreneurs’ Organization (EO)—www.eonetwork.org

Recycling pioneers achieve market leadership



“Customers are very good at telling you what they need, but you have to be able to listen.”

John Pavanel
President of Hematite Manufacturing

Hematite's President gained market leadership for his company by turning plastic waste into innovative products for the auto industry long before "green" was the way to go

There is a generic prescription for succeeding in North American manufacturing today: go upmarket. Produce more complex, higher-value components to blunt other regions' cheap-labour advantage. In Guelph, Ontario, however, Hematite Manufacturing has discovered a different path to market leadership: identifying low-value opportunities no one else pays attention to and owning those niches with innovative products and processes that keep competitors at bay.

Hematite produces plastic automotive parts that most motorists never see: the fender liners inside the wheel well, plastic plugs to fill holes in the car body and gaskets that provide a tighter, quieter seal between two or more components. The common denominator is that all Hematite's products reduce the impact of noise, water penetration and air inflow, producing a more comfortable and economical drive. Hematite also has another ace up its sleeve: its products are made with plastic recycled from the auto industry's own waste streams, which reduces customers' costs and guarantees competitive prices.

"Today, the automobile industry is a world of parts," says Hematite President John Pavanel. Selling auto parts to North American auto plants hinges on creativity and customer insights: "You've got to come up with innovative solutions that the big guys would have to struggle to solve."

Thanks to this winning formula, Hematite today works with most major automakers (including General Motors Company, Ford Motor Company, Chrysler Canada Inc., Toyota Motor Corporation and Volkswagen Canada) and employs 180 people. Each year, it recycles 20 million tonnes of scrap.

In 1978, Pavanel's father, Charles Pavanel, a chemical engineer, was running an industrial lighting company when Ford asked him to find a use for millions of pounds of waste plastic produced by two Detroit-area trim plants. Charles devised a process that turned scrap polyvinyl chloride (one of the most durable and versatile plastics) into new

products. Better still, he came up with the idea of selling the products back to Ford to create a "closed loop" of benefits.

"We started from scratch, with no knowledge of the auto industry," notes Pavanel, who, after just two years of business school, became the new business's first employee. Over time, Hematite's product list grew from basic floor mats to die-cut gaskets that nestle air-conditioner controls snugly into car dashboards. Later came an array of products, from seat-back insulators to body seals and door water shields.

After Charles retired, the lighting company was sold as Hematite grew, profiting from Pavanel's commitment to understanding his customers and solving their problems. "Customers are very good at telling you what they need," he says, "but you have to be able to listen."

In addition, says Jerry Jean, Hematite's Manager of Special Products, Pavanel excels at hiring entrepreneurially minded team players who enjoy helping customers. Also, one constant at Hematite is innovation. "You have to be different," says Jean. "Our markets are different, our products are different, our service is different. We push ourselves harder than any other company in the market."

Pavanel takes his market-leading mission even further. Hematite technicians regularly tear down samples of their customers' vehicles to identify problem areas where firm, flexible gaskets and shields might reduce noise, vibration or drag. He says the cars, too, can speak for themselves: "If you know where to look, you can see where the opportunities are."

The Hematite way, branded as the "Reform process," now includes four plants, plus an engineering and sales office in Detroit. Pavaco Plastics Inc. is the recycling facility, where scrap thermoplastics are shredded and separated, then blended with special additives to produce better-than-raw materials.

Hematite's four manufacturing plants (three in Guelph and one in nearby Brantford, Ontario) enable it to provide four different production

processes: injection moulding, extrusion, compression moulding and thermo-forming. Hematite also conducts ongoing research and development (R&D) to create better recycled materials.

Hematite also works with a partner manufacturer in Ohio. Pavanel says automakers increasingly demand local suppliers, so as the industry shifts southward, Pavanel says Hematite will have to build more production capacity along the Interstate 75 corridor. "Ontario is a great location, but you can't just be here," he says. He also foresees manufacturing with a partner in Mexico and opening a plant in Europe.

Although Hematite was an early adopter of International Organization for Standardization (ISO) environmental-management certification, for years the company downplayed its green roots. "We wanted to project all the bells and whistles of a big company," says Pavanel. He changed his mind after attending a trade show in Wolfsburg, Germany, where everyone he met was starry-eyed about sustainability. Now the company happily brands itself with "Reform" and "a *renew* way of thinking."

Juggling so many opportunities takes high energy and attention to detail, says Pavanel. "You have to manage every part you do. It's expensive, but it's how the industry works." By being fast, flexible and hungry, he says, Hematite can make a profit on a 50-cent plug. "That's hard to do, and the big guys don't like to do it. They would rather work on a \$15.00 acoustic product for the dashboard."

MARKET LEADERSHIP

Sector: Cleantech/Auto-Parts Manufacturing

AT A GLANCE

In business since	1978
Annual sales	\$33-mil
% Export sales	70%
Number of employees	180
Three-year growth rate	120%

A man in a dark suit and glasses is sitting on a black office chair in a server room. He is smiling and looking towards the camera. The room is filled with server racks, cables, and computer monitors. The lighting is bright, and the overall atmosphere is professional and technical.

Propelling growth by putting the customer first

*“Quality and service:
that’s what got us started
and that’s what we sell
today. When all your team
members live that, you can
really have an impact on
a market.”*

David Weymouth
CEO of Optelian Access Networks Corporation

By offering high-quality service, leading-edge products and a better experience for their customers, the co-founders of Optelian have realized record company growth

The world's telecom companies are running a race against time to ensure global data capacity increases with the exploding demand for Internet services, such as smartphones and real-time movies. According to a new report from Waterloo, Ontario-based Sandvine Corporation, Netflix alone, the leading source of live-streamed movies and TV shows, now accounts for one-third of downstream traffic at peak times. In the second half of 2012 alone, mean monthly usage of North America's fixed-access data networks increased by more than 70%, from 32 gigabytes (GB) to 51 GB. With the explosion of wireless tablets, mobile advertising and cloud computing, how will the carriers keep up?

Clearly, carriers will depend on hardware makers to provide bigger, faster and more efficient networks. That need is fuelling record growth at Optelian Access Networks Corporation, an Ottawa producer of fibre-optic networks designed to help telecom and cable companies, utilities and large enterprises expand their network capacity quickly, easily and profitably. That mandate helped propel Optelian onto Deloitte's Technology Fast 50 list of Canada's fastest-growing technology firms in 2012, with five-year revenue growth of 251%.

In a decade, Optelian has installed more than 19,000 systems for 180 clients worldwide, but that is just the beginning, says CEO David Weymouth. With the industry counting on new technologies to expand capacity tenfold, Optelian is leading the charge to next-generation networks. The 200-employee company is also starting to make a dent in Asia, where demand is growing faster than in North America. By the end of the year, Weymouth hopes sales outside North America will account for 10% of Optelian's revenues compared with 5% in 2011. In September, for example, Myanmar Post and Telegraph chose Optelian's LightGAIN Dense Wave Division Multiplexing (DWDM) system as the backbone for its expanding national network. A Myanmar official praised the product's flexibility, scalability, quality and reliability.

Despite Optelian's commitment to technology, its real claim to fame is customer focus. Weymouth and co-founder Mike Perry, a Bell Canada sales veteran, founded Optelian in 2002 not just to produce better optical networks, but to provide "a better experience to our customers." Both Perry and Weymouth thought the big utilities and telcos needed higher-quality, more user-friendly systems and better customer service than the tech industry generally supplied. "The market had not been well served," says Weymouth. "Quality was an issue."

The founders learned their market wanted products that were modular, robust and rugged, with fewer of the "silent failures" that plague such systems and erode efficiency, and they wanted it on time. "Quality and service: that's what got us started and that's what we sell today," says Weymouth. "People may say that is old-fashioned stuff, but when all your team members live that, you can really have an impact on a market."

Optelian knows how to approach customers. Its first clients were Bell-type U.S. telcos, and the company recruited many sales and service staff from that sector. "We hired telco people who shared our customers' values and behaviours," says Weymouth. "They advocate for their customers and bring that attitude back to our company." Overseeing sales from Optelian's U.S. office in Marietta, Georgia, which was opened to meet the needs of an expanding North American customer base, Perry insists the company's mission is not just to produce technology, but to "make our customers more successful." When an Optelian system arrives on time, works out of the box and operates problem-free, it is enabling its customers to bill *their* customers sooner and keep them longer.

In the early days, it became clear that Optelian's focus on customer basics instead of heavy intellectual property was not a fit for a venture capitalist funded model. The founders went down their own path and today combine a focus on both. The company now invests 20% of its budget in research and development (R&D). When you compete with giants such

as Alcatel-Lucent, Fujitsu and Cisco Systems, Inc., you need all the edge you can get. In 2007, determined to move Optelian into global markets, Weymouth challenged his engineers to develop a product that would be one-third the price of its competitors, one-third the size and consume one-third the power. "It cost several million to develop," says Weymouth, "but it took us places we had never been before. But you can't ever stop," he adds. "You get feedback from your customers on what they need, and you just keep going."

Still, going global has been tough. "It's difficult to have your brand accepted on an international scale. It's more difficult than we ever thought," says Weymouth. Optelian has found that many Asian markets expect its equipment to meet different standards than apply in North America and offer unique features. Yet he also met Asian customers asking for affordable, modular solutions they could build on with ongoing help from customer support. "I realized we have a whole lot of what they want," says Weymouth. "There are great spots around the world where we know we can make a difference."

While Weymouth expects sales to double again in the next three or four years, he says one thing won't change: Optelian will continue making its products in Ottawa. "Our edge in quality and time to market has a lot to do with the fact that we do our manufacturing here," he says. "We never offshore. Other vendors that did have realized it was a big mistake. I think we'll see a trend of manufacturing coming back to North America. As a society, yes, we need to add value at higher and higher levels, but we'll always have to be good at manufacturing."

CUSTOMER LEADERSHIP

Sector: Network Technologies

AT A GLANCE

In business since	2002
Annual sales	N/A
% Export sales	95%
Number of employees	200
Three-year growth rate	200%

Leading the way through changing times

A man with a goatee, wearing a dark suit and a white shirt, is sitting on a blue metal ladder. He is smiling and looking towards the camera. The ladder is positioned in a large warehouse or factory setting. In the background, there are numerous shelves filled with spools of thread in various colors (red, blue, green, yellow, etc.). The shelves are organized and extend far into the background, creating a sense of depth. The lighting is bright and even, highlighting the man and the surrounding environment.

“We knew we had to go to new markets with a sense of collaboration. If you can supply what customers need when they need it, you will get their business.”

Joe DeMan
President of E.D. Products Limited

Strategic decisions by the President of E.D. Products have paid off at a company respected for exceptional quality, service and ethics

Remember those vending machines that dispensed four types of coffee, along with hot chocolate and weak tea? Joe DeMan, President of E.D. Products Limited (EDP), recalls them vividly. When he bought the Welland, Ontario-based electronic controls company from his father and brother, the company's biggest source of revenue was supplying the wiring for hot-beverage machines. That was in 1997, though, before Starbucks and Tim Hortons turned coffee into a personal statement. "Consumers became more sophisticated," says DeMan. "They would rather go to Starbucks and pay \$3.00 for a total caffeine experience than pay 50 cents to a machine."

In recent years, many manufacturers have seen their markets dry up (although not quite as literally as EDP's). As increasing competition and rising costs threatened Ontario manufacturers, DeMan identified two paths to survival: optimize your expenses and engage new markets where quality, service and most importantly time matter more than price. DeMan's strategic leadership has paid off. Since 1997, the company's sales have grown more than 10 times and EDP has just moved to a five-hectare property that can support years of future growth. DeMan insists he had no grand plan, saying, "At heart I'm just a simple tradesman. It is my staff that deserves the credit. If there is one truism in industry you can bet that it's that 'great people make great companies.'"

There is a little more to it than that, however. DeMan grew up in the family business. "At 14, I was handed a pair of wire strippers, a crimper and a heat gun. That is how I learned my trade. My father truly was my greatest teacher." DeMan also went on to earn technical certifications in a variety of disciplines, including automation, controls and fibre optics, and studied business at Brock University, in St. Catharines, Ontario. Although just 26 when he took over the company, DeMan responded strategically when he saw markets starting to evaporate in 1999. He realized the company had to move from producing high-volume work of low complexity to producing smaller runs of more complex, higher-value assemblies.

One coffee machine, he says, contained 40 to 50 circuits; today, EDP's wiring harnesses may contain 600.

To bring about this kind of evolution required a culture change. "We knew we had to go to new markets with a sense of collaboration," says DeMan. "Instead of offering me-too products, we had to offer a greater scope of engineering and technical services; we had to blow away our clients with quality expectations and engage sophisticated inventory-management and stocking programs." EDP now has a six-person team of technologists, including its vice-president and business-development manager, that works closely with clients to help them solve problems and reduce costs. Purchasing plays a key role; since his clients face tight deadlines, DeMan says EDP has to anticipate their needs and keep sufficient stock on hand. "If you can supply what they need when they need it, you will get their business," he says.

Here are some of DeMan's strategic accomplishments:

- EDP actively sought out new markets for its products, especially in oil, gas, mining, agriculture and industrial equipment, and looked for clients in sticky industries that put a high value on collaboration and demanded excellence, such as Sandvick AB, Emerson Electric Co. and Toyota, to name a few. Its wire harnesses even run some of the world's biggest trucks, such as the giant construction vehicles that mine Alberta's oil sands. The math is simple, notes DeMan: a \$10.00 savings on a failed or undeliverable cable assembly from China that holds up the production of a \$10-million mining truck or the extraction of \$100 million of bitumen is not really a savings. DeMan says the electrical system accounts for 0.25% of the cost of a truck; paying a premium for North American-made wiring, he says, "is a cheap insurance policy" on a \$10-million truck.
- EDP staff oversaw the growing sophistication of EDP's production process, bringing in an enterprise resource planning (ERP) system in which every unique part and every activity has its own barcode for quality and logistical tracking. EDP also went "lean," adopting the

Toyota Production System (TPS) for quality control and continuous improvement, which includes holding *asaichi* team meetings every morning to discuss the day's schedule, safety issues and quality concerns. As a Toyota supplier, EDP is audited frequently by Toyota to ensure compliance.

- DeMan isn't letting commodity manufacturing get away without a fight. In 2005, along with a small group of partners, DeMan purchased a U.S. company with manufacturing operations in Reynosa, Mexico. There, EDP is able to oversee production of lower-value products that are exported around the world. Last year, EDP accounted for 50,000 person-hours of production at Reynosa.

To maintain the company's competitive edge, DeMan says it re-invests between 50% and 80% of its profits every year in new machinery, inventory and procuring talent. In the end, however, he maintains the company owes its success to its commitment to the disciplines outlined in its mission statement: "Mastery, Chemistry and Delivery." DeMan describes "Mastery" as ensuring that the company is the best at what it does, but he says that is not enough to produce a great company. It must also be a fun and empowering place to work (which accounts for "Chemistry"). The last—"Delivery"—is perhaps the most important as it encompasses many of the gut checks you can only overcome through endurance, a strong belief system and unwavering commitment to task. Delivery means having the tenacity to follow through, not matter what difficulties you encounter. After all, says DeMan, "it is through times of challenge that great companies are forged, not the easy times."

STRATEGIC LEADERSHIP

Sector: Advanced Manufacturing

AT A GLANCE

In business since	1984
Annual sales	\$14-mil
% Export sales	50%
Number of employees	110
Three-year growth rate	130%

A man in a dark suit and striped shirt is sitting on a wooden stool in a water treatment facility. He is smiling and looking towards the camera. The background is filled with industrial equipment, including large blue tanks, pipes, and a green pump. The lighting is warm and focused on the man.

Merging innovations creates smart water solutions

*“It’s **all** driven by what the customers tell us they want. Our [wastewater-treatment] systems are plug and play and arrive on site ready to go.”*

Bruce Lounsbury
CEO of Newterra Ltd.

Newterra's strong roots, growing reach and CEO leadership are creating close client relationships, innovative technologies and brand equity for sustainable solutions

According to the United Nations, one of the most urgent development challenges of our time is the need to manage the planet's freshwater resources to provide healthy and sustainable supplies for personal use, communal services and industry. As the birthplace of water-purification firms such as Trojan Technologies and ZENON Environmental Inc., Ontario has played a key role in the development of water solutions. Now there is a new name on the list: Newterra Ltd. of Brockville, Ontario, a wastewater-management firm with growing reach and global ambition.

Formed in March 2012, Newterra represents a coalition of three Ontario companies (Maple Leaf Environmental Equipment Ltd. [MLE], Pacwill Environmental Ltd. and Filter Innovations Inc.) under one bold brand: "Smart technology. Sustainable solutions." Newterra has two major lines of business: groundwater-remediation equipment and services, which represents about 40% of sales, and wastewater-treatment technology, which represents 60% of sales and will be the focus of future growth.

Newterra's roots are strong. Brockville-based MLE was named to Deloitte's list of Canada's Best Managed Companies five years in a row for its leadership in building professional, long-term business relationships. Founded in 1992 by former Esso Resources Canada Ltd. engineer Bruce Lounsbury and Calgary entrepreneur Robert Kulhawy, MLE began by selling systems to oil companies and manufacturers for remediation of former gas stations and industrial sites. While its initial market was Ontario and Quebec, MLE evolved into a continent-wide manufacturer and distributor. "We saw a big opportunity to improve the quality of the equipment and the quality of the service," says Lounsbury, Newterra's CEO. "The standard of customer support in the industry was lower than we thought it should be."

MLE's success created the model for Newterra: find a niche where customers are underserved, get to know those clients better, develop more innovative products and services to solve their biggest problems, and expand geographically

as your reputation grows. "We want to build close relationships with our customers and invest time and effort in understanding them to make sure we know what they need," says Lounsbury. "Our slogan is: 'Every customer is a repeat customer.'"

Confident MLE's formula could work in other sectors, Lounsbury and Kulhawy acquired Pacwill, a distributor of air-quality management equipment, and Filter Innovations, which produced advanced water-filtration systems. With last year's rebranding, says Lounsbury, "we wanted to standardize under one brand so clients would have the same experience no matter what part of the company they were working with."

The flagship product of the new company is its MicroClear membrane-technology water filters, which separate impurities—oil, grease, organic waste and even viruses and bacteria—from wastewater in one pass. Self-cleaning, with no need for chemicals, these systems enable users to recycle wastewater residues and reuse the purified water for industrial, irrigation and other applications. "We turn wastewater from a liability into an asset," says Lounsbury.

Membrane technology was pioneered by Burlington, Ontario-based ZENON two decades ago, but with ZENON's 2006 acquisition by industry giant General Electric (GE), opportunities to adapt the technology for smaller clients opened up. Newterra's edge is the cost-saving modularity of its systems, which use cassette-type filters that can be configured to any capacity, yet require half the space of competing systems. "It's all driven by what the customers tell us they want," says Lounsbury. "Our systems are plug and play, and arrive on site ready to go."

Listening to customers sounds easier than it is. "When you're offering technical equipment, there's a tendency to put the effort into the design and then offer it to the market," says Lounsbury. "We've fallen into that trap a few times." His innovation formula involves training sales people to listen better, getting maintenance people to report back on customer problems

and making sure somebody *reads* those reports. Newterra invites clients into its plants and stays in touch after the sale. "If you don't talk to your customers after they've bought from you, you're missing an opportunity to find out what you can do better," says Lounsbury.

Meeting customer needs quickly and economically is essential to Newterra's strategy. In a market dominated by big companies such as GE or Veolia Environment, says Lounsbury, "we can provide a more customer-focused experience because the projects are smaller and competitors cannot put effort into them." Last year, Lounsbury sewed up the MicroClear technology for Newterra by buying its German manufacturer, Weise Water Systems.

These are good times to be Newterra. Last year it received an equity injection from Toronto-based XPV Capital Corporation, an investment firm specializing in water businesses. After enjoying revenue growth in 2012 of 30%, Newterra's sales are expected to jump 60% this year. The company now has 170 employees, with 110 in Ontario, although those numbers will keep rising with the company's growth.

Right now, Lounsbury is most excited about a 140,000-square-foot innovation centre the company is building in Brockville. Newterra's new Centre of Excellence for Advanced Wastewater Treatment will help Newterra develop more intellectual property and showcase its innovative technologies in new markets. "It will be the core of our manufacturing," says Lounsbury. "There have been great water technologies developed in Ontario, but we still have a long way to go."

SUSTAINABLE LEADERSHIP

Sector: Environmental Solutions

AT A GLANCE

In business since	2012
Annual sales	N/A
% Export sales	> 50%
Number of employees	170
Three-year growth rate	> 30%

Winning the race in gold-medal style

A man in a black long-sleeved shirt and blue jeans stands in a factory, leaning on a wooden workbench. In the background, several industrial embroidery machines are visible, with black fabric items laid out on the workbench. The scene is lit by overhead fluorescent lights.

“I’m making a product that is better than you can get from an importer. People are willing to pay a little bit more if it’s right and delivered on time.”

Joe Camillo
Owner of Niko Apparel Systems

The owner of Niko Apparel Systems is using a variety of leadership strategies to successfully expand in the niche world of custom team apparel manufacturing

When the Canadian men's "eights" rowing team stood proudly to receive their silver medals after a thrilling rally at Dorney Lake during the London Olympic Games, they were wearing their high-performance, eye-catching "unisuits" from Niko Apparel Systems of Hamilton, Ontario.

Like Canada's hard-pulling rowers, who pressured the powerhouse German team right to the end, Joe Camillo, owner of Niko, deserves a medal for persistence in the face of brutal economics. Founded in 1996 by Camillo, a member of Canada's 1987 national rowing team, Niko specializes in high-quality athletic clothing for the whole team, whether they are into rowing, football, hockey or cycling. Apparel production may be a lost art in most of the industrialized world, but Camillo has made Niko a contender by focusing on a few high-end niches: custom-made performance apparel for markets that are willing to pay for quality, endurance, the right fabric and the perfect fit.

"I'm making a product that is better than you can get from an importer," Camillo declares. "Also, it's cool, and there's value added. That's how I get my margin." National-level rower or not, Camillo's competitive leadership is never far from the surface.

Rowing is one of the most demanding of sports, requiring power, endurance and balance. In other words, it is a lot like surviving in the apparel production and sales business. With revenues surpassing \$2 million in 2012, Niko is on its way to the big leagues. Revenues last year rose a healthy 7%, and the company has been profitable every year but one (yes, it was 2008).

That has given Camillo the ability to invest in new equipment to increase Niko's value add through better design capability and more sophisticated production. When you are competing with giants such as Nike, Reebok and Canadian Tire, you have to be bulking up. And if that isn't enough, Camillo is continually developing innovative new products and brands to diversify the company's revenue base.

Niko (named for the first of his four children, Nicole) started as a spinoff of RegattaSport in St. Catharines, Ontario, Canada's first store devoted to selling team uniforms and other rowing paraphernalia. Co-founded in 1988 by Camillo and former national rower Chris Cookson, Regatta attracted attention from rowing clubs all over North America.

While Regatta helped its clients source uniforms, jackets and hoodies, it was paddling upstream: both Regatta and its customers were frustrated by intransigent suppliers that offered few options and an "I don't know, maybe soon" service ethic. Camillo, who had earned an MBA from McMaster University, started out working for the business part-time, in addition to his full-time job in marketing at Nortel Networks. When the team business began to grow, he quit Nortel to focus on sourcing more and better designs and fabrics for increasingly demanding rowing crews.

After more years of being caught in the middle, Camillo realized in 1996 he could get better results by doing his own production. Joining forces with a local family that had textiles experience (which he later bought out), Camillo formed Niko to give his customers the quality and speedy service they were happy to pay for. He invested in high-quality CAD (computer-aided design) systems, in-house designers and equipment to provide high-end cutting, sewing, embroidering and sublimation (an image-transfer process that produces sharper and more vibrant sports mascots and company logos).

Niko can now handle almost any job, in any quantity, faster than any local competitors. Its website overflows with testimonials from athletes, parents and coaches praising the company's products, service and delivery.

"People ask how I survive," says Camillo, "and I say customers are becoming more aware of the value and benefit of buying high-quality performance garments and Canadian-made products." The company has also invested in production processes that process orders

with minimal touch points to reduce potential mistakes. In the custom trade, he notes, "redundancy and rework will kill you." Niko's flexibility means that besides rowing uniforms and sports jerseys, it also produces dancewear, school uniforms, corporate wear and specialized men's swimsuits for major department stores.

Technology is also a key player in Niko's lineup; its Nine-O brand of performance garments employs state-of-the-art designs to promote comfort and reduce chafing while wicking moisture and sweat away from the athlete's body. Niko has just introduced Vulcan FR, a line of shirts, sweaters and fleece products made with fire-retardant yarn.

With all this innovation, Niko has not been neglecting its core sports clients. In 2011, it converted a former delivery bay at its 13,000-square-foot plant in Hamilton into a showroom called Team Headquarters, where entire teams can come out to be fitted for team jerseys or a full head-to-toe fashion makeover.

Camillo has a lot of oars in the water, but that is because he sees so many opportunities for Niko's unique capabilities. The new brands represent a gamble to get national retailers and distributors to carry his products; creating his own showroom demonstrates he will compete with anyone who doesn't want to partner.

"To survive and generate a profit, I need to diversify," says Camillo. "As long as we stay innovative and experimental, there are markets to win."

COMPETITIVE LEADERSHIP

Sector: Apparel Design and Manufacturing

AT A GLANCE

In business since	1996
Annual sales	\$2.1-mil
% Export sales	30%
Number of employees	35
Three-year growth rate	15%

Turning up the heat in a new energy era

“With air conditioning, home energy use is growing globally, driving the need for more costly power plants. We must manage this better for the good of our planet.”

Niraj Bhargava
CEO of Energate Inc.

The vision and technological leadership of its principals propel exponential growth for Energate as households across North America save serious megawatts and dollars

“Man, it’s a scorcher out there. I had better turn down the air-conditioning.” If this reasoning puzzles you, read on. Around the world, society is entering a new era of energy conservation, and as more households grasp this logic, a new generation of environment-control companies will be in demand. One beneficiary will be Ottawa-based Energate Inc., whose interactive systems are now being deployed in homes across Ontario and in the United States.

Energate’s value proposition is simple: its Consumer Connected Demand Response system encourages homeowners to consume less energy at peak times. Energate’s combination of smart thermostat controls, apps, software and wireless communication networks make it easy for homeowners to automatically monitor the activity of air conditioners, water heaters and other energy-sucking appliances and adjust them when their local utilities are nearing peak demand. In return for extra price breaks, they can even let the energy utility dial down their energy use.

Underlying these adjustments is the costly fact that most electrical utilities are hard-pressed to meet peak demand, usually on hot summer afternoons. The soaring cost of building power plants is leading more governments and utilities to focus on moderating energy demand rather than forever constructing new supply. And with more utilities adopting time-of-use pricing, consumers can sweat serious savings when they turn down the air conditioner or pool pump at high-demand times.

Business has pursued energy conservation for years, but North America’s 130 million households have always been dismissed as unconnected and unmanageable. With wireless systems such as Energate’s, this is finally changing. “Home energy use is out of control,” says co-founder and CEO Niraj Bhargava. “With air conditioning, home energy use is growing globally, driving the need for more costly power plants. We must manage this better for the good of our planet.”

The competition is intense from companies small and big (think General Electric, IBM,

Cisco Systems, Inc., even Google). Nine years after its start, however, Energate is turning up the heat. After years of product development and testing, Energate has completed nearly 40 in-home trials, testing different controls and interfaces and evaluating different incentives designed to enlist consumers in the conservation crusade. Within the next 18 months, Bhargava expects to win additional contracts as many of these projects evolve into operating programs. “The electrical industry is moving into residential deployment, and we’re in the lead,” says Bhargava.

Currently, all eyes are on Oklahoma, which is rolling out one of the most advanced demand-management projects in North America. OG&E Electric Services, which serves 800,000 homes, is in the middle of a three-year program that aims to delay construction of two new generating stations past 2020 by reducing home energy use. Energate is supplying the smart thermostats that, combined with dynamic-pricing management, can save each participating household \$200 a year. By late 2012, more than 40,000 homes had signed up and reduced peak energy use by 70 megawatts (MW), boding well for OG&E’s target of 120,000 participating homes and a reduction of 200,000 MW a year.

Thanks to programs like OG&E’s, Energate is on a roll with a series of successes. It now has 47 employees, in Ottawa, Toronto, and cities across the United States. Bhargava says the company’s revenues tripled in 2011 and doubled again in 2012. Best of all, he says, the company is expected to break even by the end of this year.

It has been a long road, but that is a reflection of the vision and technological leadership of Energate’s principals. A professional engineer with an MBA from the University of Western Ontario’s Ivey School of Business, Bhargava joined GE Canada’s business-development team in 1991, where he launched a new division devoted to energy management. He later joined Enerstat Limited, a company formed to commercialize the world’s first digital programmable thermostat, as its CEO. Enerstat was ahead of its time, though, and the U.K. company that acquired it later moved the

head office to the United States. Bhargava stayed in Ontario, where he had become a business professor at Queen’s University. In 2004, with wireless communications beginning to enable the dream of managing household energy use, Bhargava teamed up with the inventors of the programmable thermostat, his former colleagues at Enerstat, to form Energate. He remained a part-time executive for three years, while his co-founders developed new technology; he joined the company full-time in 2007.

Bhargava admits the energy-management market “has taken longer to unfold than the experts had predicted.” In the long run, however, he says every utility in North America will embrace demand management. The lure of this market has enabled Energate to raise venture capital, totaling more than \$15 million, and Bhargava spends considerable time working with investors.

Bhargava sees tremendous opportunities in Europe, South America and especially Asia, where, he says, “they can’t build power plants fast enough.” His target is to see a million Energate-enabled homes in North America by 2016, and for Energate to achieve no less than \$100 million in revenues.

Bhargava explains that growing a business is harder than teaching about it. “Having the best technology and ability to strategize is not enough,” he says. “That’s what we teach—it’s not about the product; it’s about execution and relationships and about getting clarity around the message. That’s predictable, but it’s still tough.”

TECHNOLOGICAL LEADERSHIP

Sector: Cleantech/Energy Management

AT A GLANCE

In business since	2004
Annual sales	N/A
% Export sales	90%
Number of employees	47
Three-year growth rate	> 100%

The entrepreneur's journey

A man with short grey hair, wearing a blue denim shirt and khaki pants, stands smiling in a factory. He is holding a pair of glasses in his right hand. The background features large industrial machinery, including a tall grey cabinet and a white cylindrical component with a stack of insulators on top. The lighting is bright, coming from overhead fixtures.

“[The mentoring process] was like six months of psychotherapy. [My mentor] told me people are always going to make mistakes; it’s what you do about it that matters. It was a very, very powerful lesson.”

Dan Steinhaur
President of Stein Industries Inc.

Self-assessment and peer-to-peer mentoring transformed the President of Stein Industries into a motivational and empowering leader

Dan Steinhaur, President of Stein Industries Inc., never set out to run his own business. A 1980 engineering graduate from the University of Waterloo, he enjoyed working on business-process improvements as a product manager at Westinghouse Electric Corporation plants in Hamilton and then London, Ontario. His hopes of climbing the corporate ladder faded in 1992, however, when Switzerland-based ABB bought Westinghouse's transmission and distribution business and closed the London factory. The new owners intended to supply the Canadian market from its U.S. plants.

Steinhaur was offered a job with ABB in Virginia, but he and his wife didn't want to leave London. Besides, he saw an opportunity to supply industrial markets with specialty one-off transformers that big companies such as ABB struggled to produce. As soon as his one-year non-compete agreement expired, Steinhaur teamed up with three other ex-ABB employees to launch Stein Industries to serve major companies and utilities that had special needs when it came to electrical transformers and were willing to pay for them.

After three years of struggle, Steinhaur realized he had caught lightning in a bottle. By integrating research and development (R&D), sales, engineering and production to ensure maximum focus on customer needs, Stein Industries attracted a host of clients, including Ontario Power Generation, mining and forest-product companies and industrial giants such as General Electric and Siemens AG. Even ABB is a repeat customer. Stein Industries now posts annual sales of about \$8 million and grew 25% in the last three years.

Steinhaur's one-off customization strategy proved a perfect response to the manufacturing slump. Stein Industries markets expertise, not products; its products sell on quality, not price. "Customers come to us for our value add," he says. "We have the world's best business model."

Even great strategies can fail if not executed consistently, and this is where Steinhaur has demonstrated outstanding personal leadership. Changing oneself may be the hardest thing

anyone can do. Five years ago, Steinhaur recognized he didn't have the training to run his growing company more professionally. When a mutual friend introduced him to Chris Allinson, a former manufacturing CEO turned consultant, Steinhaur welcomed the opportunity to learn. In particular, he worried that he was growing impatient, even angry, when employees made mistakes. In custom manufacturing, errors mean doing the work again and incurring extra costs. As proprietor, Steinhaur worried that a few bad mistakes could cripple the company, but asking employees, "What did you think you were doing?" didn't seem to help.

Coming on board as an interim general manager and mentor, Allinson was astonished with the quality of the products and service of Stein Industries, but he found the tone at the top uneven and basic processes lacking. He set about to change Steinhaur's approach to motivation.

"It was like six months of psychotherapy," says Steinhaur. "Chris told me people are always going to make mistakes; it's what you do about it that matters. Yelling and blaming doesn't add value. It just makes people more likely to stand around and say, 'Tell me what to do and I'll do it.'" He embraced Allinson's advice: "When someone makes a mistake, allow three seconds of remorse and move on. Say, 'It's all right, but I know you could have done that better. Come back after lunch and tell me how you'll sort this out.'" Steinhaur says that simple change of tone turned things around for Stein Industries. "Employees realized they should solve these problems themselves, and it took a lot of pressure off me," says Steinhaur. "It was a very, very powerful lesson."

Before Allinson, Steinhaur was like many other accidental entrepreneurs. He didn't realize that his role is not to muck around in operations but to inspire his people to do their best work. "I thought I was just an engineer who happened to own the business," he says. "Chris taught me to understand the influence I have."

The consultant's other contributions to the company included organizing the shop

floor, structuring regular sales meetings and increasing product testing to detect mistakes sooner. Most importantly, he pushed Steinhaur to get out and visit customers. He also taught him to ask one last question on every visit: "Is there anything more we can do for you?" Steinhaur says that single question has doubled the company's sales in the past five years.

Allinson says Steinhaur created the platform for his success: "He's a quick study and very open to suggestions. All he needed was some presidential mentoring." He notes many business owners encounter plateaus they don't know how to get past. "They keep doing what they're doing and hope for the best." He credits Steinhaur for reaching out. "He needed to realize how important his core group was and that when people feel appreciated, not only do they work better, they make fewer mistakes," explains Allinson. "It's a typical entrepreneur's journey."

With his new positive attitude, Steinhaur now sees many avenues for growth, from undertaking ever-bigger projects for clients to expanding into such growth areas as pipelines and renewable energy. Despite the downturn in North American manufacturing, he sees unlimited opportunities for nimble, problem-solving "boutique manufacturers."

"So many companies have very specific requirements that assembly-line companies can't match," says Steinhaur. "If you can be nimble enough to create the exact solution they need, you have a very protected niche and your users will crawl over broken glass to get to you."

PERSONAL LEADERSHIP

Sector: Engineering/Manufacturing

AT A GLANCE

In business since	1992
Annual sales	\$8-mil
% Export sales	41% (2012)
Number of employees	34
Three-year growth rate	25%

Smart leaders' showcase

Hoselton Studio Limited

The art of the turnaround



Located on seven forested acres in Colborne, Ontario, Hoselton Studio Limited produces unique handcrafted sculptures in polished recycled aluminum. With the artistry depicting everything from animals and nautical images to functional tableware and custom executive items, Hoselton pursues both the collectible and corporate-recognition markets.

In 2006, the family business, incorporated in 1971, was facing a challenging economy and stressful succession issues. As an alternative to closing, President and CEO Jan Hoselton bought out her sister's share and became sole owner of the business founded by her late father and uncle. Then she led a reinvention.

"We needed a better foundation in business management skills," Hoselton says. Adopting a "lean" culture and a mantra of continuous improvement, she reviewed and overhauled every function, from staffing to production to shipping. She implemented new technology and process improvements, such as computerized inventory tracking, laser engraving equipment and ergonomic efficiencies. She re-interviewed employees to pair people with the right jobs and cross-trained staff to perform multiple tasks.

The result was a streamlined, efficient company able to handle more and larger orders, a 25% reduction in costs and a productivity increase exceeding 35%. The turnaround came just in time; during the 2008–09 recession, sales dropped 50%. "If we hadn't made a lot of the changes, we wouldn't be here now," says Hoselton. Today the company is on an even keel, and Hoselton hopes to triple sales to \$5 million within three to five years. She sees ample growth in the corporate market by building on her customer base, which includes such global firms as Bombardier Inc., Rio Tinto Alcan and The Coca-Cola Company.

top:

Jan Hoselton, President and CEO
Hoselton Studio Limited

bottom:

Victoria Sopik, CEO
Kids & Company

Kids & Company

Business-model leadership is kids' stuff

When Victoria Sopik and Jennifer Nashmi launched Richmond Hill, Ontario-based Kids & Company in 2002, they wanted to build a different kind of childcare company. They eschewed the traditional daycare model, with its high risks and little to no profitability, in favour of an innovative business-to-business model. Their clients are companies and their employees who are parents. Kids & Company enables its clients to offer flexible full-time, part-time and emergency childcare services as a creative benefit for their employees.

"It had to be a different business model in order to grow, attract investors and have the strength we needed to be a key player in the industry in Canada," says Sopik, the company's CEO. Clients such as Royal Bank of Canada, IBM and BP pay an annual flat fee of \$5,000 to \$10,000 to enable their employees to access a local Kids & Company centre, a game-changing benefit for employees who need dependable, convenient childcare.

Sopik's challenge was convincing corporate clients to buy a service they had never seen before. This required extensive education about the unique benefits of the Kids & Company model, such as increased employee retention and reduced absenteeism.

Now, Kids & Company enjoys the security of a recurring revenue stream and built-in market growth as satisfied clients demand childcare accessibility for their employees across the country.

Kids & Company now has 50 locations in Canada, and 20 to 30 more are in the planning stages. This year, Sopik will expand into the United States, opening locations in Boston, New York and Chicago. The company's revenues have jumped from \$13.7 million in 2007 to a projected \$50 million this year. When it comes to business model innovation, it's child's play.

Shopify Inc.

Building a global network

What do General Electric, Pixar, Tesla Motors, Inc. and Sony Music Entertainment's Foo Fighters have in common? They have all created online stores using e-commerce software developed by Ottawa-based Shopify Inc. Founded in 2006 when two snowboard enthusiasts needed an easy, cost-effective way to sell snowboards online, Shopify lets anyone create a digital storefront. The results are truly extreme: more than 42,000 online stores, from 101 countries, selling more than \$1 billion in merchandise. *Fast Company* magazine last year named Shopify on its list of most innovative companies, while *PROFIT* magazine recently dubbed it "Canada's Smartest Company."

Unimpressed by other companies' web storefronts, Shopify's brainy co-founders spent 18 months developing their product. That dedication to product development continues today. The firm recently added new features for tablets and iPhones; it encourages third-party developers to enhance the core product with apps and extensions (sold through Shopify's app store); and it is building a global network of web designers and marketing gurus called Shopify Experts to help customers with setup and customization.

Shopify also looks after its 160 employees (up 100% in the last year). It offers such benefits as catered lunches, maid services for their homes, a bonus structure based on "helpfulness" and opportunities for side projects, which fosters engagement, creativity and mentoring.

The sky may not be the limit. In 2012, Shopify's revenues grew 318% over 2011, and the company has already raised \$22 million in venture capital. CEO Tobias Lütke says he hopes to take the company public no later than 2015. As he told *PROFIT* magazine, "I love this idea of participating in the full spectrum of what capitalism has to offer."

TekSavvy Solutions Inc.

Taking on the titans

Telecom is a tough, competitive industry and even more daunting for local, independent players, but TekSavvy Solutions Inc., a Chatham, Ontario-based upstart provider of Internet and phone services, is gaining ground in a market dominated by giant incumbents such as Bell Canada, Rogers Inc. and TELUS Communications Company.

Founded in 1998, TekSavvy keeps pace with its big competitors by investing in leading-edge technology. It also stands out with its personal approach to both customers and employees.

Fresh, fun messaging touts the TekSavvy difference: lower prices, no contracts, no hidden fees. The company's motto: "We're different. In a good way."

Co-founder and CEO Marc Gaudrault positions himself as an advocate for TekSavvy's 195,000 residential and business customers across Canada, blogging extensively and encouraging national discussions on key industry issues such as usage-based billing, regulation and privacy.

Says Gaudrault: "We strive to deliver a lot of value for money, treat people with respect and do the best we can by our customers."

Fast, knowledgeable support is essential to Internet providers, so TekSavvy strives to be an employer of choice, offering higher-than-average pay to new employees, as well as generous benefits, including free food and free home Internet service. The payoff has been hyper-growth. The 320-employee company posted revenues last year of \$75 million, up from \$45 million the year before.

For 2013, Gaudrault projects sales of more than \$100 million. "It's been like riding a bucking bronco," he says. In a good way.



top:
Tobias Lütke, CEO
Shopify Inc.

bottom:
Marc Gaudrault, Co-Founder and CEO
TekSavvy Solutions Inc.

Self-assessing your leadership performance

Taking this short leadership quiz, developed by Dr. Steven J. Stein, CEO of Multi-Health Systems Inc. (MHS), will make you aware of how your emotional intelligence directly affects your leadership qualities.

What does it take to be a great business leader today? Emotionally intelligent leaders, who embody such traits as great interpersonal skills, high stress management, adaptability, empathy and problem-solving skills, are more successful

and garner more revenue in their companies than leaders who lack these skills. Based on 20 years of research on emotional intelligence and performance from the MHS team, Stein has put together this simple leadership quiz for you to complete. It looks at four leadership dimensions, all related to emotional intelligence (see page 3). This is not a scientific test, but rather a short quiz that we hope will draw your attention to important qualities of successful leaders.

Being honest gives you a more accurate report. One way of adding to the integrity of your rating is to ask for feedback from others and compare your own rating with their responses.

Select one option on the right for each item as it best describes you. You will then better understand whether you have realized your leadership potential or whether you need to develop certain skills to help bolster your leadership success.

Leadership Quiz

	DESCRIBES ME PERFECTLY	DESCRIBES ME SOMEWHAT	DOES NOT DESCRIBE ME AT ALL
AUTHENTICITY			
People in my organization see me as a role model	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I deal fairly with everyone in my organization	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
What you see is what you get with me	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
My employees respect my judgment	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I communicate openly with employees	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
COACHING			
I help people realize their full potential	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I mentor people in my organization	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I listen to my employees' concerns	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
People at work come to me when they need help	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Employee successes are celebrated at work	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
INSIGHT			
Everyone in my organization knows our values	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
My vision for the organization is clear to everyone	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Goal setting is part of the culture of my company	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I communicate a sense of optimism about the future	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Employees understand the purpose of their work	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
INNOVATION			
I take risks in my company with products and markets	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Original thought is valued in my organization	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
People are encouraged to think outside the box when solving problems	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Learning is part of the culture here for everyone	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Questions are openly received at work	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
TOTAL			

Scoring guidelines

Describes me perfectly

If the highest number of check marks is in this category, congratulations. You embody many of the skills that great leaders possess. Employees look to you as a source of inspiration and as a role model to foster new ideas and stimulate risk taking within the organization. You lead with an honest, genuine approach that promotes continuous learning and ingenuity. Continue to utilize the same approach as it helps spur employee engagement and retention and bolsters employee morale. Enhanced productivity, decreased employee turnover and higher profits may ensue.

Describes me somewhat

If the highest number of check marks is in this category, you are likely a pretty good leader, but some continuing education could help you become a great leader. You may not be fully immersed in the business, may take a hands-off or avoidance approach or may only help others when you receive equivalent support in return. There are many avenues that you can take to enhance your emotional intelligence skills. You may want to work with a coach to further explore emotional intelligence and strategies you can leverage to harness your full leadership potential.

Does not describe me at all

If the highest number of check marks is in this category, it appears as though you need some help in reaching your leadership potential. You may not be fully immersed in the business, may take a hands-off or avoidance approach or may only help others when you receive equivalent support in return. To enhance your emotional intelligence skills, you may want to work with a coach to further explore emotional intelligence and strategies you can leverage to harness your full leadership potential.

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About Multi-Health Systems Inc.

Dr. Steven J. Stein founded Multi-Health Systems Inc. (MHS) in 1983 and has grown the company to become a leader in providing psychological assessments and services. MHS has developed several proprietary models to measure emotional intelligence in leadership. His latest book, *The EQ Edge: Emotional Intelligence and Your Success*, co-authored by Howard E. Book, was a *Globe and Mail* bestseller. Here's a quick excerpt dealing with an often overlooked leadership trait—**empathy**:

“At its core, empathy is the ability to see the world from another person’s perspective, the capacity to tune in to what someone else might be thinking and feeling about a situation—regardless of how that might differ from your own perception. It is an extremely powerful interpersonal tool. When you make an empathic statement, even in the midst of an otherwise tense or antagonistic astute encounter, you shift the balance. A contentious and uneasy interchange becomes a more collaborative alliance.”

Selected resources

Recommended reading

To learn more about emotional intelligence and its connection to leadership, the following books are excellent resources and provide an in-depth look at how emotional intelligence can help you succeed:

- *Emotional Intelligence for Dummies*, by Steven J. Stein (John Wiley & Sons, Inc., 2009).
- *Emotional Intelligence in Action: Training and Coaching Activities for Leaders, Managers and Teams, Second Edition*, by Marcia Hughes and James Bradford Terrell (John Wiley & Sons, Inc., 2012).

- *The EQ Edge: Emotional Intelligence and Your Success*, by Steven J. Stein and Howard E. Book (John Wiley & Sons, Inc., 2010).
- *Handbook for Developing Emotional and Social Intelligence: Best Practices, Case Studies and Strategies*, Marcia Hughes, Henry L. Thompson and James Bradford Terrell, Editors (John Wiley & Sons, Inc., 2009).
- *Make Your Workplace Great: The 7 Keys to an Emotionally Intelligent Organization*, by Steven J. Stein (John Wiley & Sons, Inc., 2008).

Social networking

Join the conversation regarding emotional intelligence in the LinkedIn group [The Emotional Intelligence Connection](#).

Leadership development

Multi-Health Systems Inc. offers psychological assessments and services. Visit www.mhs.com to find related resources or to complete a Leadership Report that explores how you fare on emotional intelligence facets that help fuel your success as a leader.

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Smart Leaders' Showcase

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Leadership organizations

Executive peer-group organizations can provide excellent mentoring, networking and professional development opportunities to support leaders at all stages of growth. Meeting with like-minded individuals who share common problems, challenges and solutions opens doors you didn't even know were there.

Below is more information on the seven CEO peer organizations whose champions participated in the “Leadership under the X-Ray” roundtable for this report.

Communitech is a Waterloo Region hub for the commercialization of innovative technologies supporting and building a tech cluster of nearly 1,000 companies. A member of the Ontario Network of Excellence, which is funded by the Ontario government, Communitech supports tech companies at all stages of their growth and development to increase the number of successful global businesses for Ontario and Canada. www.communitech.ca

Entrepreneurs' Organization (EO) is a global business network of 8,000+ business owners, with 122 chapters in 35 countries, enabling business owners to learn from each other, leading to greater business success and enriched personal lives. Its vision is to build the world's most influential entrepreneur community, which aligns with its mission of supporting entrepreneurial education and engaging entrepreneurs to learn and grow. www.eonetwork.org

Innovators Alliance (IA) is a network of high-performing entrepreneurs who empower each other to build great companies through profitable innovation. While continually exploring new methods of creating value and building solutions, Innovators Alliance members encourage one another to adopt and discover the impact of true innovation. www.innovators.org

Presidents of Enterprising Organizations (PEO) is a leadership and performance services organization, enabling leaders to realize their potential. PEO provides its leadership community a unique suite of programs, services and networks, all designed to drive success in the lives and experiences of the leaders it serves. www.peo.net

T.E.C. (The Executive Committee) Ltd. offers a unique model of continuous learning for successful business leaders. The TEC Canada forums have been built on a strong foundation of executive peer mentoring, leadership development opportunities, access to quality resources and a global network of 15,000 like-minded leaders who aspire to business excellence and outstanding enterprise advancement. www.tec-canada.com

Women Presidents' Organization (WPO) is a non-profit membership organization for women presidents of multimillion-dollar companies. Through global, confidential and collaborative peer-learning groups, the WPO accelerates business growth, enhances competitiveness and promotes economic security. Women presidents from diverse industries and backgrounds address business concerns in a roundtable format and function as an informal board of directors for their businesses. www.womenpresidentsorg.com

Young Presidents' Organization (YPO) connects 20,000 business executives in more than 120 countries. Through chapter experiences, industry roundtables, seminars, forums, global events and more than 55 networks connecting YPO members with shared interests around the world, business leaders can develop meaningful and lifelong connections and gain leadership skills through education and idea exchange. www.ypo.org

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