"As is often the case in life and business, we sometimes fail to realize what our shortfalls are until a tragedy occurs that forces us to assess our way of business."

ROSELINE MAHMOOD (PICTURED)
EO MALAYSIA
"Running a Risley Business" pg. 11

The Ugly Reality of Deception JASON MIDDLE, EO ORANGE COUNTY
"Several years ago, a fellow EO member and I purchased a print shop. Shortly thereafter, we discovered that it was misrepresented by more than US$1 million a year in revenue. Here is how we recovered."

How the Swine Flu United My Company LUIS G. GONZALEZ-ASPURO, EO QUERETARO
"If the government ruled against mass meetings due to the possible spread of swine flu, we would be out of business. By uniting as a team, we were able to come up with three basic actions that would help us stay afloat."

In the Eye of the Storm ERIC MORGAN, EO NEW ORLEANS
"Have you ever thought about taking a few hours to grab whatever you could from your house and business before high-tailing it out of town, not knowing when or if you'd ever return? That is what I awoke to on one memorable Sunday morning."

Running a Risky Business ROSELA MAHMOOD, EO MALAYSIA
"We sometimes fail to realize what our shortfalls are until a tragedy occurs that forces us to assess our way of business. It was up to me to ensure that my business and staff were as protected as they could be in the eye of the storm."

Make Your Own Miracle NANDO IMBODI, EO SPEAKER
Nando is a bestselling author, business leader, television producer and renowned speaker. His story of perseverance has taught millions of people how to move beyond personal and professional adversity.

Fuel Your Curiosity in SAUDI ARABIA
Snorkel in the Red Sea. Visit and learn from Saudi Arabia’s largest companies. Explore picturesque mountain regions. These are just a few of the things you’ll experience at the highly anticipated 2010 EO Saudi Arabia College, to be held 18-22 January.

EO INVITES YOU TO FUEL YOUR CURiosity BY emerging yourself in the Middle Eastern culture and exploring the minds of elite Saudi entrepreneurs. To secure your place at this can’t-miss EO event, visit http://events.eonetwork.org.
Risk. It’s defined as an uncertain danger or hazard, and it’s a fundamental part of an entrepreneur’s journey. Some would even argue it’s the very thing that makes business building worth doing—the rush that comes with defying the odds, the careful balancing act of priorities and the pouring of every ounce of energy (and sometimes money) into a dream. There’s no getting around it: Risk is a part of the blueprint on which businesses are built. But what happens when the unexpected occurs? When emergencies creep up and threaten to destroy everything you’ve worked so hard to achieve? That’s when leadership skills are truly tested.

The surest measure of a person’s character is to see how they react when confronted with adversity. Some people buckle under the pressure, while others rise to the occasion and make their mark. As some of the world’s most successful entrepreneurs, you’ve weathered your share of troubled times, all of which molded you into the leaders you are today. Rather than raise that white flag of surrender the second things got tough, you rolled up your sleeves, summoned up the courage and got down to business. It’s a fundamental part of the blueprint on which businesses are built. But what happens when the unexpected occurs? When emergencies creep up and threaten to destroy everything you’ve worked so hard to achieve? That’s when leadership skills are truly tested.

Speaking of crises, it’s been a tumultuous year for businesses and those operating them. And yet, there’s an upside. These crises afford you opportunities to assess your approach, fine-tune your processes and analyze ways in which you can become better business owners. With the business landscape in need of direction, the world needs entrepreneurial leaders. The risk you took when you first put your business plan to paper has helped you prepare for such a task. United by one common dream to innovate and inspire, you and your peers can build a better tomorrow by driving growth today.

In this issue, we highlight these kinds of leaders, all of whom experienced crises that changed the way they approach life and business. Whether they’re redefining their business plan in the wake of a natural disaster, learning to adapt to unexpected emergencies or safeguarding their business and data, each member offers their lessons learned as it relates to emergency management. You’ll also hear from Nando Parrado, a survivor of the ill-fated Uruguayan flight that crashed into the Andes Mountains in 1972. Learn how he persevered in the face of unimaginable catastrophe and how he applied what he learned to his subsequent business ventures.

I hope this issue inspires you as much as it did me!

Best,

BOB STRADE
EO EXECUTIVE DIRECTOR

As entrepreneurs, we benefit greatly when our companies succeed; we also own every problem that impacts our businesses. While each year brings success, joy and some sort of growth, it also brings a share of emergencies, issues and struggles.

Emergencies are just as much a part of the entrepreneurial establishment as business plans and bottom lines. As a serial entrepreneur, I’ve come to see calamities as stepping stones and learning opportunities. As the old adage goes, “Experience is what I get when I don’t get what I want.” The true mettle of a business owner is not measured by accolades and hard numbers, but how he or she handles pressure in the face of crises. Emergencies can test our instincts and challenge our sense of security, but they cannot extinguish what drives us toward greatness. Surmounting the insurmountable is in our genes. It’s what makes us successful—it’s what makes us entrepreneurs.

If there is an upside to emergencies, it’s that they often force us to get real about what’s truly important in our personal and professional lives. Emergencies offer an opportunity to rethink how we do what we do; create better systems and procedures; and learn and grow. As entrepreneurs, managing the heavy load of our day-to-day functions can be arduous. Because we are in a perpetual state of activity, we often have very little time to stop for a perspective check and remember why we’re doing all of this in the first place. Crises remind us of what we have, the value of our accomplishments and how our goals impact others. They also help us band together, which is an integral part of my plan for this new fiscal year.

Like you, I have experienced adversity during this troubled global economy. I am thankful to EO and EO’s members for the support I have received, as well as for the help that will ultimately make my company, and my personal life, stronger than it was before the economic crisis occurred. EO has also experienced adversity due to the troubled economy. We are weathering the storm by breaking ground on new initiatives and leveraging our collective experience.

In FY2008/2009, we hosted record-breaking global events that offered superior take-away value, introduced new Web platforms to increase peer-to-peer networking and won prestigious awards for our communication vehicles.

What does this mean for you? It means EO remains fit to serve as our guide through both calm and choppy waters. We are continuing to succeed as an organization because we remain united and committed to excellence. To give you a broader look at our recent success, this issue includes an extensive FY2008/2009 Annual Review. This review will highlight the various accomplishments, innovations and changes EO has realized in the past year.

With your support and effort, we will continue to thrive despite today’s challenges and make strides in positioning EO as an elite community of entrepreneurs. I hope you enjoy this issue, and get ready for another year of unity!

Respectfully,

MATTHEW STEWART
EO CHAIRMAN

FY2009/2010 STRATEGIC PLAN

EO speaks with one voice and acts in service of one vision: to engage leading entrepreneurs to learn and grow. With 7,300+ members branched across 42 countries, we stand united to achieve success and significance on the personal, business and global stage. How will we do this? Together, we will:

• UNITE EO to offer more relevant and personalized experiences to our members.
• UNITE EO to continue delivering relevant, significant value to members, resulting in retention and growth.
• UNITE EO to increase the number of valuable strategic alliances.
• UNITE EO to increase external awareness.
• UNITE EO to recognize, empower and appreciate EO’s leaders.

For a complete overview of my vision for FY2009/2010, visit http://resources.eonetwerk.org/about/boardnotes.

The Regus Group offers companies immediate access to fully furnished, professional workspace in case their businesses are affected by natural disasters or unplanned interruptions in operations. For more information, visit www.regus.com/disaster-recovery.
EO Helps Guide its Members During the Global Economic Turmoil

EO helped guide its members during the global economic turmoil by offering various education programs. One of these was a global economic teleconference series, hosted by industry and economic experts. These popular Webinars provided members from around the world with valuable tips and lessons learned regarding financial growth recovery.

Reaching Out to New Partners

Every year, EO works to acquire partnerships that offer members the best in business products and services. This year, the organization partnered with SUMMA Magazine, Continental Airlines, Tadlock International, iSecurity, American Express and Image Source. Each partner offers benefits that will help members accomplish their business goals.

EO Introduces New Technology

To encourage member communication and improve peer-to-peer networking, EO created several innovative online platforms, including EOtv, a weekly Webcast offering better business practices; EOCommunity, a social network that helps members share content and solve challenges; and EOAccess, a platform providing “one-stop shopping” for everything EO through a single chapter Web portal.

EO Addresses the Global Economy

EO Shatters Event Records

EO hosted several record-breaking events this year, including the EO University: Boston, EO Singapore University, EO LAC Conference, EO European/African Conference and EO Arizona University. Both the Boston and Arizona Universities achieved record ratings with an 8.56 and 8.42 score (out of 10), respectively. The satisfaction level of these and other EO events is a testament to members’ desire for higher learning and growth.

Opportunities for Leadership Growth

Earlier in the year, EO announced the latest in its top-notch executive education offerings: the EO/Bell Leadership Institute Executive Education Program and the EO/Babson Executive Education Seminar. These programs are created to help members grow on a personal and professional level, as well as learn how to lead from some of the world’s most brilliant business minds.

Learning How to Lead

In September, Global Board members, committee chairs, Global committee directors and service staff attended EO’s first truly global Leadership Summit. In total, 58 members gathered in Canada to help Global align its thoughts and actions globally, regionally and locally. Two months later, many of those leaders helped EO launch its inaugural Leadership Academy. With an overall rating of 9.6 (out of 10), the program was a resounding success!

Record Participation at GLCs

For the second straight year, EO raised the learning bar with two highly attended Global Leadership Conferences (GLCs). The GLCs were held in New Orleans, Louisiana, USA, and Hong Kong, China, from 7.9 and 28-30 May, respectively. Not only were they the highest-rated GLCs ever, they attracted a total of 814 members—that’s 64 more members than the previous year! All member leaders in attendance were afforded innovative peer-to-peer networking opportunities and stellar learning sessions.

The Power of Emerging Programs

The 2008 Global Student Entrepreneur Awards (GSEA) final competition attracted 1,000 collegians from 300+ universities in 11 countries—the highest attendance ever! Dominic Corvall, owner of Garmont Valet and a student at Northeastern University, beat 26 finalists to win first place at the global finals. Meanwhile, the Accelerator program expanded to three countries, 20 cities and 375+ participants. Also, a recent participant survey revealed that 1,500+ new jobs have been created through Accelerator. The program engaged more than 100+ EDers as mentors, speakers and supporters and has seen 40 graduates enter EO and adopt a leadership position.

Memorable Strategy Summits

The most recent EO Strategy Summit season was by far the greatest to date! Seventy-two chapter boards (exceeding the goal of 54) came together to hold one of these learning events. With more than 550 attendees in all, the common themes among Strategy Summit participants were “alignment,” “motivation” and “accountability.” The onsite creation of the one-page Measurable Accountability Plan (MAP) set each chapter board up for success by laying out their plan for the year.

EO and Chapter Expansion

EO currently boasts more members than it has ever had in its 22-year history. More and more people are joining chapters, creating startups and establishing new EO locations. This year EO Germany split to establish chapters in Berlin, Hamburg, Munich and West Germany. In addition, EO Spain spun off of EO Barcelona. This year also saw the creation of the EO Oman and EO Quebec chapters. Congratulations to the member leaders involved in these startups for dedicating the extra time and energy to see success!

Octane Receives Gold Circle award

Octane, EO’s quarterly magazine written for members, by members, received another prestigious accolade in the form of a Gold Circle Award. The award, presented to EO by the American Society of Association Executives (ASAE) & The Center for Association Leadership, recognizes the organization’s extraordinary communications efforts. The Gold Circle Award is presented to the best of the best, and serves to identify publications that strive to promote excellence.

Membership Growth Milestone

To cap off an exhilarating FY2008/2009, EO announced that it proudly supports more than 7,300 members to learn and grow! This increase in members is a testament to the value of the organization and its far-reaching impact on business owners worldwide. This milestone could not have been achieved were it not for EO’s member referrals, chapter officers, staff and Global leaders. What a great way to conclude the fiscal year!
MEMBERSHIP COMPOSITION BY REGION

This chart represents the number of EO members in various regions of the organization as a percentage of the total membership.

EO BREAKDOWN BY REGION

<table>
<thead>
<tr>
<th>REGION</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asia Pacific</td>
<td>1,877</td>
</tr>
<tr>
<td>At Large</td>
<td>32</td>
</tr>
<tr>
<td>Canada</td>
<td>710</td>
</tr>
<tr>
<td>Europe</td>
<td>582</td>
</tr>
<tr>
<td>Latin America</td>
<td>499</td>
</tr>
<tr>
<td>United States</td>
<td>3,700</td>
</tr>
</tbody>
</table>

HOW LARGE IS YOUR CURRENT PRIMARY BUSINESS?
(Listed in US$ millions)*

MEMBERSHIP GROWTH

<table>
<thead>
<tr>
<th>Year</th>
<th>Members</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>5,021</td>
</tr>
<tr>
<td>2001</td>
<td>5,369</td>
</tr>
<tr>
<td>2002</td>
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<td>2003</td>
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<tr>
<td>2004</td>
<td>6,613</td>
</tr>
<tr>
<td>2005</td>
<td>7,064</td>
</tr>
<tr>
<td>2006</td>
<td>7,308</td>
</tr>
</tbody>
</table>

allocation of members' US$1,300 global annual dues

A detailed breakout of EO’s FY2008/2009 dues allocation appears below. The percentages include overhead (staffing, supplies, etc.) in each area. EO’s detailed audit information can be found on EOnetwork under “About EO.”

MEMBER SURVEY RESPONSE BY REGION

The FY2008/2009 member survey was sent to all members in March 2009. Responses were collected through early April 2009.

EO MEMBER SURVEY HIGHLIGHTS:

- EO is addictive: 93 percent of respondents would recommend membership to another qualified business owner. What’s more, 96 percent of respondents plan to renew this year.
- Our chapters deliver outstanding value: 91 percent of respondents rated the quality of chapters as a seven or higher on a 10-point scale—that’s a five percent increase from 2008.
- Our chapters are stronger than ever: Chapter satisfaction rose in five of the 10 areas measured on a 10-point scale. Members are most satisfied with their Forum experience (8.3) and the quality of other chapter members (8.0).
- Our members’ voices are heard: 45 percent of the membership (1,000 members) responded to this year’s survey, which is 711 more members than in 2008.

MEMBERSHIP composition by REGION

This chart represents the composition of EO members in various regions of the organization as a percentage of the total membership.

ORGANIZATIONAL SNAPSHOT

(As of 30 June 2009)

- US$11 billion total sales of all members worldwide
- 1,116 total number of chapters worldwide
- 1.2 million total number of members’ employees worldwide
- 40 average member age
- US$17.3 million average member sales per year
- 185 average member employees
- 42 number of countries represented
- 7,996 total members worldwide
- 157 number of countries represented
- 185 average member employees
- 40 average member sales per year
- 1.2 million total number of members’ employees worldwide
- 40 average member age
- US$17.3 million average member sales per year
- 185 average member employees
- 42 number of countries represented
- 7,996 total members worldwide

FY2008/2009 ORGANIZATIONAL NET REVENUE

Though EO receives support from several other sources, the majority of the organization’s revenue comes directly from member dues. This revenue is then used to support the EO membership experience.

- Dues: 86% (US$9,038,110)
- Grants: 8% (US$822,442)
- Interest & Other: 1% (US$22,454)
- Contributions: 1% (US$27,750)
- Forum Training & Events: 4% (US$86,671)

Total: US$10,473,571

EXPENSES

Like any business, EO has expenses associated with delivering value to its members on a global level. Below you can see the breakdown of various expenses by percent.

MEMBER survey response by REGION

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- Our members’ voices are heard: 45 percent of the membership (1,000 members) responded to this year’s survey, which is 711 more members than in 2008.
Several years ago, a fellow EO member and I purchased a print shop. Literally overnight, we grew our print brokerage to five times its original size. At the time, we were both 27 years old, and the average age of our 50 employees was 68 years old. We thought we had it made—it was good and business was booming.

Shortly after we bought the business, however, we discovered that it had been misrepresented by more than US$1 million a year in revenue, among other things. Before long the bank took over the business, and my partner and I went bankrupt. What’s worse, we ended up in a seven-year legal battle challenging our bankruptcy. If we had lost, then we would have owed more than US$1 million in perpetuity and racked up more than US$100,000 a year in interest fees alone.

We eventually won, if you could call it that: I lost years of productivity and sold my house and possessions to pay the attorneys. It was a difficult time for me, one full of heartache, business pains and valuable lessons learned.

Ignore Your Ego
When we purchased our new business, we let all of the staff who were related to the seller go. One of the employees was the seller’s nephew. When the seller passed away several months later, any who was in charge of a multi-million dollar trust, and who hated us with a passion? This nephew pursued us for seven years, spending half a million dollars in attorney fees of other people’s money to exact his revenge. We were completely in the right and knew that we would clearly win in the end—we did. However, it clearly would have been a much better business decision for us to have offered settlement money instead of defending ourselves. Our sense of “right” and our ego got in the way of a purely practical decision that could have saved us years of lost time and money.

Not Everything Can Be Delegated
As obvious as this lesson is, somehow I overlooked it. I should have made it a point to personally understand the process of buying and selling a business. I delegated my authority on this to my business partner, my bookkeeper, a crooked “business broker” and a deceptive seller. I had become so wrapped up in allowing other people to know things for me that I didn’t know the details of how the most important transaction in my business history should have worked. Had I made it a point to understand the process better, I would never have been in that situation.

Learn from Others Who Have Done It
Nearly 10 years later, I still call EO the best insurance policy I could ever have. I had been in Forum when this whole transaction went down, my peers would have made it clear to me that I needed my own attorneys, and they would have helped me understand the pens and pitfalls of a major transaction. They would have referred me to the proper experts in the field, and I wouldn’t have had such a brutally painful learning experience.

Focus Forward, Not Backward
During the legal battles, I constantly thought that if I made any money, I would only lose it in court. So I held back, was cautious and hurried into safety mode. The crisis prevented me from being who I really am. Looking back, I should have stuck to what made me successful in the first place. If I focused on making a lot of money then, I wouldn’t have worried as much and I’d be years ahead in my business now. Unfortunately, I let myself become a quiet victim to my circumstances.

Find Your Real Value
At the time of this business emergency, I was young and based my selfworth on the size of my business. I believed I was a good person because I had 50 employees that were all twice as old as I was. Then I lost the business, and I realized that I was still a good person, regardless of the money, the employees, the size of our building, etc. I’ve since adjusted my thinking, and I’ve netted higher quality results that have helped me become a better business owner.

Luis is the founder of Asgar Corporation, a training company. He has served as a sponsorship Chair and Learning Chair in his chapter. He is currently a Senior Sponsorship Chair. You can reach Luis at luis@asgar.com.mx.
I live in New Orleans, Louisiana, USA, one of the most interesting and culturally unique cities in the US, and one of the most vulnerable places on earth when it comes to hurricanes. On 28 August 2005, I awoke and turned on the television. Looking at the weather reports, I saw the most impressive storm churning in the Gulf of Mexico. It was less than a day away from New Orleans and packing winds of more than 150 mph. This Category 5 storm was coming right for us.

The standard operating procedures for a hurricane evacuation is to pack the essentials for about three days of work/life, just long enough for the storm to blow over. I grabbed a laundry basket of clothes, all the photo albums I could find, my hands on and my dog. I also grabbed some work folders, my books for the class I teach, and my laptop. I had to leave town this morning, I couldn’t contact just about everyone through alternative means. Having multiple ways to contact key people is invaluable.

One thing I managed to do well was keep my staff informed. Given a large Tupperware cart. If a storm is approaching, everyone grabs some work folders, my books for the class I teach, and the back-up tapes for the server and my laptop. All vital stuff, and if I was nowhere near prepared for what Mother Nature had in store.

The magnitude of this crisis made me realize that my marketing firm and the four employees on staff were in no shape to handle the internal operations that are required to ensure all of our clients’ needs are met. This unexpected emergency taught me that my firm and the four employees on staff were in no shape to handle the internal operations that are required to ensure all of our clients’ needs remotely. I also realized that I wasn’t equipped to handle the internal operations that are required to ensure all of our clients’ needs remotely. This unexpected emergency taught me the hard way. Yeah, me either. But that is what I awoke to one memorable Sunday morning.

Running a Risky Business

For those who say starting and running a business is “high risk,” they couldn’t be any more correct. For 22 years I’ve served as managing director of a security business. My employees operate in a risky environment where our cash in transit—known as CITS—are robbed, or robberies are attempted, on a reasonably frequent basis. One event made me re-think how I operate my business, and it taught me how to become a better leader in the process.

On 29 August 2008, one of my teams was picking up and delivering cash to a client when they were ambushed by an armed gang. With great sadness we learned that a member of our staff was killed during the robbery. We all knew this particular security officer well, and the subsequent emotional impact of his death affected the entire company. The morale was very low and the fear of continued attacks heightened as they became more common throughout Malaysia.

As is often the case in life and business, we sometimes fail to realize our shortfalls until a tragedy forces us to reassess our way of business. It was up to me to ensure that my business and staff were as protected as they could be from unexpected crises. After conducting a thorough inquiry of the event, I came away with some insights that helped me teach my staff how to prepare for and respond to these types of events.

Improving Staff Training

One of the main lessons I learned was that we not only had to protect our high-value cargoes to a higher standard, but we also needed to provide better training, awareness, threat intelligence, equipment and leadership to our guards. We had to equip these men and women with the appropriate knowledge to ensure their safety is always the first priority. Like in any business, the more you educate key players, the more efficient they become.

Sticking to the Right Priorities

Sudden, unexpected changes in any company can severely impact the operational cash flow. For us to move forward, we had to make changes to any priorities that didn’t support our operational staff in high-risk environments. I began by drawing on internal resources and examining how we could utilize existing equipment and knowledge. I also rewrote and re-instituted our standard operating procedures to deal with the newest threats, and spent funds so our staff had the best protection.

Maintaining Continuity

The most important lesson we learned was that a business continuity plan (BCP) must not only be in place, but that it must be reviewed and managed as a living document. In alignment with this plan, we established a committee that automatically activated during crisis mode and followed the established plan. Finally, to maintain continuity in our business, we conduct quarterly “mock runs” on the BCP and assess its success and shortcomings. Afterward, we make the necessary corrections.

Building a Budget

When it comes to preparing my company for emergencies, a crisis management budget must be set. By building such a budget—a percentage of our revenue earned—we know we will have enough funds set aside for emergencies. I added this cost into the general operating budget. With our budget secure, we now know that we will be able to effectively manage any crisis without disrupting the business.

In the end, I learned that you can never be too careful when it comes to protecting the people in your business. While I had to learn this lesson the hard way, it has given me a great opportunity to improve my company—and the people supporting it—for anything that life or business throws our way.

Eric is the founder of Morgan + Company and Zymeaux Specialist in marketing and communications-related business. He specializes in helping companies create dialogues with their customers. You can reach Eric at eric@zymeaux.com.

Roselina is the managing director of Mahsuri Security, a Kuala Lumpur-based security firm. She has been an EO member since 2007. You can e-mail Roselina at roselinam@mahsuri.my.

OCTANE

ROSALINA MAHMOOD

EO MALAYSIA

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In the end, I learned that you can never be too careful when it comes to protecting the people in your business. While I had to learn this lesson the hard way, it has given me a great opportunity to improve my company—and the people supporting it—for anything that life or business throws our way.

Eric is the founder of Morgan + Company and Zymeaux Specialist in marketing and communications-related business. He specializes in helping companies create dialogues with their customers. You can reach Eric at eric@zymeaux.com.

Roselina is the managing director of Mahsuri Security, a Kuala Lumpur-based security firm. She has been an EO member since 2007. You can e-mail Roselina at roselinam@mahsuri.my.
“I do not see failing as being unsuccessful. When adversity comes, I look at the situation and determine the best course of action.”

It is one of the most famous survival stories of all time. In October 1972, Uruguayan Air Force Flight 571 crashed into the frozen Andes Mountains, leaving 16 people to survive for 72 days. After waking from a concussion, only to learn that his mother had died on impact and his sister was near death, Nando Parrado became obsessed with surviving. He and rugby teammate Roberto Canessa emerged as heroes when they tried to be the same type of leader in my companies, and it has worked. I give people my best, and they give me their best. My people are my companies, not the other way around.

In this special Q&A, Octane sits down with the entrepreneur to talk about leadership, taking things one day at a time and making miracles of your own.
Six Steps to Surviving an Economic Crisis

OPINIO ALVAREZ
EO DOMINICAN REPUBLIC

The Dominican Republic has faced three financial crises, one in 2003, one in 2006 and the current slowdown. These economic crises, while unfortunate, have given me a lot to think about in terms of how I run my auto-detailing business. As an entrepreneur, it is not my ability to predict the future that helps me survive, but my ability to plan for it when it arrives. Here are six simple rules I’ve adopted to survive these tough times:

1. Return to the Beginning
In the face of industry troubles, I try to always remember what made me great. Business ideas usually start from a lack or a necessity; returning to that moment when it all began reminds me that I am in this business to satisfy a need. Looking back at my progress also gives me the confidence I need to overcome any challenges. I remember how tough it was in the beginning, so I use the experience and lessons learned to move forward and succeed.

2. Adjust to Customers’ Needs
In the face of adversity, creating customer loyalty is paramount. This requires a successful measure of efficiency. To survive in my industry, knowing the problems customers are facing and being prepared to offer solutions is essential. This implies listening to customers more frequently and becoming a more astute problem solver. In times of economic upheaval, auto-detailing firms need to provide added value in order to help customers solve their needs in the face of industry troubles. As it turns out, these business crises made us a stronger, more unified company. Such is the legacy of hard times!

3. Understand Employees
Amidst a financial crisis, it is typical for employees to be unmotivated. Properly structured to avoid compromising the quality of customer service. Also, I must avoid focusing solely on the financial part of my business and consider the human aspects, as well. By organizing my business around an employee-friendly environment, I can structure my business to anticipate the hard times and guarantee quality service.

4. Maintain Quality of Service
An unhappy employee leads to poor service and results in unsatisfied customers. If cost reduction is eminent, then it must be properly structured to avoid compromising the quality of customer service. Planning is essential in any organization. For instance, in my industry, higher oil prices raise the price of chemicals, a vital part of my business. Even though it is difficult to anticipate the exact price of oil next year, it is possible to channel our expenses in such a way that we can save and invest to mitigate this risk and diversify.

5. The Power of Planning
Planning is essential in any organization. For instance, in my industry, higher oil prices raise the price of chemicals, a vital part of my business. Even though it is difficult to anticipate the exact price of oil next year, it is possible to channel our expenses in such a way that we can save and invest to mitigate this risk and diversify.

6. Monitor the Financial Leverage
It’s no surprise that there are negative consequences of poorly managed financial leverage, especially during a financial crisis. Extremely leveraged businesses have a higher risk of collapsing; however, I have discovered that leverage can sometimes be an advantage. It can increase shareholders’ return on their investment. As such, leverage should not be entirely avoided, but carefully considered and monitored once acquired.

It’s 28 February 2001. I’m on the phone with our health insurance broker, following up on some important coverage details. It’s a great time in my organization’s life. We just finished a US$100,000 build-out of our second location and our 32 employees are as busy as can be. Then the ground begins to shake. We’re having an earthquake; I tell the broker. She can feel it 40 miles away.

I hang up the phone, get under my desk and yell for everyone else to do the same—it’s a big one. The floor beneath us ripples and rolls like water, and the rumbling seems to go on forever. A crack, in our concrete floor forms and runs down the length of the building. Our bookcases and computers are falling, and it’s incredibly noisy. And then before we know it, it’s over.

We’re all stunned. Our intern, an ex-fireman, knows just what to do: He gets us out of the building as fast as possible. We look across the street at Starbucks’ headquarters, where windows have exploded and the mermaid clock tower has fallen to the ground. We’re all OK, but we’re literally and figuratively shaken by the 6.8-magnitude earthquake. My business wasn’t prepared for such an event, and had things been worse, we might not have been able to recover from the ensuing trauma. That was the first punch.

The second punch to my business’s gut happened seven months later after the 9/11 terrorist attacks. Along with the emotional shock the nation felt, normal business stopped, too. Like with most businesses, this tragedy forced me to assess the health of my business and prepare for the economic struggles that would unfold. Because I’m an optimist, thinking the turnaround was just around the corner didn’t work for me. Instead, I decided to take a step back and look at the total picture of my business. It was necessary to take stock of our new goals and how to meet them. We also decided to bank our bonuses instead of spending them, just in case we needed them later. What’s more, we decided not to go into our line of credit no matter what. Instead, we instituted across the board temporary salary reductions of 15 percent. We also started a best practice of calling for accounts receivables on day 31. Together, these decisions enabled us to survive unexpected business emergencies.

Another lesson we learned is to never stop innovating. Like our successful foray into the healthcare industry, we’re growing our products and services in two new areas as a result of the economic downturn. This diversification will broaden our new business targets and offerings, which will help when times get tough down the road. For now, I’m happy to admit that we’re well poised for any upturn in business. We have low overhead, a strong team, no debt and new lines of business. As it turns out, these business crises made us a stronger, more unified company. Such is the legacy of hard times!

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Key among these lessons is to respond to downturns quickly, a lesson we have been adamantly applying since the one two punch. Instead of waiting until we had maxed out our line of credit, at the first sign of tightening budgets we got our team together to figure out our new goals and how to meet them. We also decided to bank our bonuses instead of spending them, just in case we needed them later. What’s more, we decided not to go into our line of credit—no matter what. Instead, we instituted across the board temporary salary reductions of 15 percent. We also started a best practice of calling for accounts receivables on day 31. Together, these decisions enabled us to survive unexpected business emergencies.

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CONSIDER THE SCENARIOS
When it comes to preparing clients for emergencies, I tell them to analyze all likely scenarios. They should start by examining the probability of each case occurring, the consequences that would ensue and how the company can best prepare to face each scenario. With a little experience, the line between exaggerated lists of accidents and company-related crisis scenarios can be drawn.

ESTABLISH CRISIS CENTERS
For my clients to operate their businesses successfully during troubled times, the following needs to be in effect: clear rules that can be followed in emergencies; agreement on which crisis manager is to handle which scenario; a truly functional communications infrastructure that consists of phone and e-mail lists; and top managers who are trained to withstand the media barrage. Additionally, a crisis center should be established. While the people manning the centers gather all of the information, the crisis managers’ hands are free to approve guidelines for media, employees, customers and suppliers in a quick and across-the-board fashion.

MEASURE RESPONSE TIMES
At the root of emergency response is the speed in which an organization will respond to the crisis. Often, it is only a question of hours before a client will find themselves facing the media spotlight. Emergencies require quick thinking, as well as expedient and transparent actions—no ducking the issues, long discussions or drawn-out deliberations of the options at hand.

PREPARE LEADERSHIP
Preparing top management and affected employees for media attention is a top priority. I teach my clients how to handle stressful situations—being prepared gives them confidence and is a safeguard against over-reaction. My clients are then better able to set up a swift and expert decision level in the crisis center, and the people manning the centers gather all of the information, the barrage. Additionally, a crisis center should be established. While the people manning the centers gather all of the information, the crisis managers’ hands are free to approve guidelines for media, employees, customers and suppliers in a quick and across-the-board fashion.

For more information or to register, please visit http://events.eonetwork.org or contact events@eonetwork.org.

Volker is a founder and director of FAKTOR 3 AG, a communications agency. He has been a member of EO since 2005. You can reach Volker at V.Martens@faktor3.de.
There’s no getting around it— business disasters will happen. I’ve learned that while you can’t avoid unexpected emergencies, you can impact the way you work through a disaster. Regardless of industry, thinking during crises depends on how prepared and protected you are.

I own a data back-up company, and I’ve seen my share of turmoil. Running an emergency-oriented business has afforded me a ton of insight into the importance of preparation and response. In my experience, the companies that most experience crises can be divided into three basic groups:

1. Unprepared and Unprotected – These are the businesses that called for help after they experienced a major data loss. They got lucky, and while their lack of preparation didn’t put their business under, they try and do everything possible to avoid a future incident.

2. Protected but Unprepared – These businesses were protecting their data; however, they didn’t have a full contingency plan in place. Although we were able to help them retrieve their data, they weren’t prepared to deal with the other elements of the disaster.

3. Prepared and Protected – These are the business owners who sleep well at night (or at least they would if entrepreneurs ever slept!). Their company data is protected, so they know they can recover it quickly. They also know what everyone in the company will do in an emergency, how they’ll communicate, how they’ll reach their vendors and where to find the information they need.

While most businesses strive to be a part of the “prepared and protected” group, many fall short. In my experience, it all starts with data back-up. If a business is looking to maximize protection, minimize risk and make things as simple as possible, online back-up is best. There are different levels of service when it comes to online back-up, ranging from do-it-yourself to full-service options. When selecting a provider, I tell my clients to ensure they offer the following:

- Pre-installation analysis of business needs
- Setup process guided by a support engineer to ensure correct configuration
- Daily monitoring of back-up activity to guarantee backups are always running correctly
- Support provided by experienced, knowledgeable engineers, as opposed to call center employees with a script in hand
- 24/7 availability for emergencies
- At least AES 128-bit encryption technology to protect your data during transmission and storage
- An encryption key that the client creates and the provider does not know
- Financial stability, i.e., they won’t go out of business any time soon (and take your data with them!)

By selecting an online provider that meets the above criteria, entrepreneurs can be prepared for, and quickly recover from, any type of emergency. However, being fully prepared for a crisis requires having a comprehensive plan that covers all aspects of business. For example, I have a disaster recovery plan in place that outlines things like alternate office locations, work-from-home information, staff roles during emergencies and contingency communication plans.

In order to ensure this plan is accessible to my employees at all times, I’ve uploaded these documents to a secure online document storage site. In the event of an emergency, my employees will be able to access this information regardless of their location. I will then be able to implement my recovery procedures right away. By having my information adequately stored, I can rest easy knowing I’m ready for the unexpected.

There is what I tell my clients to keep them, and their businesses, safe.

SECURITY SYSTEMS

I ask them to start by looking at their buildings from a burglar’s perspective. If they lost their keys, how could they most easily get inside? I also suggest they protect all of their pedestrian doors, and then back that up with a few strategically placed motion sensors. Modern motion sensors are inexpensive, very stable and reliable; false or “nuisance” alarms are much less common than in the past.

Before my clients purchase security systems, I encourage them to inquire about the length of the monitoring agreement. If the agreement is longer than their lease, they shouldn’t buy it. What’s more, they should consider checking on set-up charges and monthly pricing for a cellular link to the monitoring service. Phone lines are the most often accessible and easily cut, rendering a traditional dial-up system worthless. Cellular monitoring is available in most markets, and it gives more peace of mind for just a little more price.

SECURITY CAMERAS

Video tape-based security systems are now obsolete. Remote-viewing (via broadband) digital video recorders (DVRs) are very affordable, and they can even be set up to let people view their facilities in real-time via a Web browser. If I had to install only two recorders in my business, one would be located at the main entry so there’s a face shot of everyone entering the facility, and a second camera would be located at the rear entry.

I am an expert in the “who,” not the “what.” Most people are tempted to put in the widest view cameras to cover the most area possible. In this case, they may end up with distant views of people they can’t identify. Face shots tie specific people to specific times, providing better information in the event of an incident.

There is also an overload of information, but when it comes to ensuring the safety of your business and the people therein, every little bit counts. I’ve worked with hundreds of clients who took pre-emptive measures to ensure the security of their companies, and not one of them regrets preparing for emergencies in advance. After years of working in the security industry, I have learned it’s better to prepare for the unexpected than to wait for the unexpected to occur.

Rick is the founder and owner of Omni Fire and Security Systems. He is a member of the National Fire Protection Association, and has been an ED member since 2008. You can e-mail him at rick@omni4alarms.com.
On 3 July 2009, leaders from EO joined organizations from around the world in Stresa, Italy, at the G8 Young Business Summit. Held in conjunction with the 2009 G8 Summit, the event brought together entrepreneurial leaders, academics, representatives of civil society and community leaders to discuss innovative solutions to the current global economic situation. EO leaders Cindy Boyd, Greg Crabtree, Sergio Fernandez de Cordova, Kevin Langley and Shelby Scarlett attended.

Chapters Talk Money at EO Event
EO New York member Chris Ficco recently served as Day Chair for a gathering held at the New York Stock Exchange (NYSE). Members from EO New York, EO Toronto and EO Ottawa—100 members in all—engaged in mock trading on the Stock Exchange floor with actual NYSE traders. CEO of the NYSE Duncan Niederauer spoke at the event.

Political Consultant at Army War College
EO Nashville member John Rowley, a nationally recognized political consultant, was nominated to be a “new member” of the Army War College in Carlisle, Pennsylvania, USA. Leaders from around the country are brought in during National Security Week in June to provide graduating military officers with a non-military perspective on America and leadership.

Member Business Listed Among Best in World
EO New Zealand member Jacqui Speck’s business, Touch of Spice, has been named among the top villa vacation rental companies in the world. The USA’s Condé Nast Traveler has selected the Queenstown-based business as one of only 49 villa rental agents around the world best qualified to match its readers with suitable holiday properties.

Member Company Wins Six Awards
EO Chicago member Carolyn Geradin’s business, Gerard Design, was recently rewarded for its stellar design work. Each year, the Business Marketing Association (BMA) recognizes excellence in business-to-business marketing communications through its Tower Awards program. At a recent BMA awards gala, Gerard Design took home six tower Awards.

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Member Firm Ears Prestigious Accreditation
EO Austin member Bill Leake’s search engine marketing firm, Apogee Search, was recently certified as a Google Web site Optimizer Authorized Consultant. Apogee Search is one of a select group of companies worldwide that have been awarded this recognition.

EO Member Creates Jobs for Non-Profit
EO Los Angeles member Douglas Pick was recently honored with the “Partner for Independence Award” by New Horizons, a non-profit organization that helps adults with developmental disabilities. Pick was also recently featured in Investor’s Business Daily and the Los Angeles Business Journal for his remarkable overhead free outsourcing model.

EO St. Petersburg Member Named Entrepreneur of the Year
EO St. Petersburg member Sergey Vykhodtsev was recently awarded Ernst & Young’s “Entrepreneur of the Year” award for his outstanding ability to turn an unusual idea into a successful project. Sergey is the president of VELLE, which is engaged in the development, production and promotion of a special bio-oats product.

Member Business Recognized as Company of the Year
EO UAE member Rabea Ataya’s company, Bayt.com, was recently recognized as “Company of the Year” at the TECOM Investments Pearl Awards. Bayt.com was judged by its innovation, adaptation to the UAE market, overall performance, investment in people and contributions to the UAE economy.

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EO ASKS: WHAT HAVE YOU LEARNED FROM A BUSINESS EMERGENCY?

“At the same time the 9/11 terrorist attacks happened, my business went into its lowest point ever. Same company, same product, same markets, same me... and nothing seemed to be going right. During this time, I learned that as the leader of the organization, I must communicate with my team clearly and honestly. I also learned that I have to keep my eye on the ball all the time.”

ARVIND AGARWALLA  
EO SINGAPORE

“When it comes to emergencies, there is never a better time to innovate. It takes an entrepreneurial mindset to see that what most people view as a crisis is actually an opportunity for you to pick a battle you can win. When everyone else is taking flight, it’s the perfect time to stand and fight because the odds are in your favor.”

MIKE MADDOCK  
EO CHICAGO

“I’ve learned that management’s commitment to safety plays a fundamental role in the success of safety management efforts. Also, that successful leaders are those who don’t wait for the accident to happen; they minimize the odds through actions and not reactions.”

NADA ALAWI  
EO BAHRAIN

“I have found that when there is effective communication with key stakeholders regarding the company’s state of affairs, they will generally feel reassured and confident of the business’ ability to withstand a calamity.”

THENDO RATHNITANGA  
EO SOUTH AFRICA
As an EO member, you play a vital role in the success of your peers. On 19 November 2009, you can make a difference on a truly global scale. EO24 will represent 24 hours of knowledge-sharing and offer real-time learning to drive economic growth in 42 countries.

Now is your chance to support the next generation of entrepreneurs. Play your part in the growth of the entrepreneurial dream— register to participate in EO24 by visiting www.eonetwork.org/eo24 today.