FINDING MIDAS

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INVESTING IN ENTREPRENEURIAL CEOs WITH THE GOLDEN TOUCH

PRESIDENT AND CEO OF RENN CAPITAL GROUP

RUSSELL CLEVELAND

with Bette Price

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To the Entrepreneurs of the world.
Thank you for creating jobs and economic growth.

"Simplicity is the ultimate sophistication."
— Leonardo da Vinci

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PREFACE

THE ENTREPRENEURIAL CEO INVESTING concept I introduce in this book is the result of my nearly fifty years of investment experience. I began my career in 1961 after graduating from the Wharton School of Business, University of Pennsylvania, when I joined the old-line investment banking firm of Kidder, Peabody and Company. Since then I have been directly involved in the investing process, devoting the majority of my time to managing private partnerships and a number of closed-end mutual funds. In 1973 I became the principal founder and majority shareholder of RENN Capital Group, Inc., which is the investment manager of the funds.

My experience has been concentrated in emerging growth companies whose capitalization is under $300 million but whose principal is in the $10-to-$100-million range. In this arena I have achieved a noteworthy track record. Lipper ranked Renaissance Capital Growth & Income Fund III, Inc., the number one closed-end fund among its peer group in net asset value growth for 2004 and one-, three-, five-, and ten-year periods through 2006.

Renaissance U.S. Growth Investment Trust PLC was ranked number one for one-, three-, and five-year periods among U.S. smaller company trusts traded in Great Britain.

In recent decades I have focused more on active investment management, serving on boards of directors of companies to help them grow directly, as opposed to merely buying shares in the stock market. These combined experiences have given me some unusual insights into what works and what doesn't as it relates to business investments. For example, at the beginning of 2007, my Renaissance U.S. Growth Investment Trust PLC fund was up 360 percent from its inception ten years ago, and U.S. holdings of the U.S. Special Opportunities Trust PLC, traded on the London Stock Exchange, have advanced 200 percent since 2001. This approach to growth continues to prove itself.

A portion of the genesis of my Entrepreneurial CEO Investing idea actually began some years ago when I was writing an investment column for *Texas Business* magazine. I titled one article "CEO Investing" based on a conversation I'd had with a gentleman named Richard Henshen, a very successful venture capitalist. Henshen began his venture capital work as a hands-on type of investor after leaving Texas Instruments. He got involved in the technology, sales, and marketing of various aspects of companies. In the process, he learned that his micromanaging approach was not nearly as successful as when he concentrated all his attention on selecting and working with the company's CEO.

Henshen had a unique philosophy. He believed that if the CEO had a personal investment in the company, he was much more likely to succeed. He could make money not only for himself but also for the other investors. If he failed, he would be as financially hurt as any of the investors. As a result, the risk and reward were balanced.*

I was intrigued with Henshen's approach and began to examine CEOs in a new light. I began to view them not only from a management standpoint but also according to their successful leadership characteristics, their philosophies, and their commitments to ownership as these characteristics related to their position in the stock market. As you will see, this book contains many examples that illustrate this underlying principle: If you follow a specific set of criteria in selecting the right CEO in whom to invest, follow that CEO's strategies and actions for a number of years, and, accordingly, stay with the investment, your returns could be quite exceptional. For example, a $10,000 investment in Bill Gates when he first took Microsoft public would be valued in excess of $4,250,000 in the year 2007. This return far outstrips such indexes as the Standard & Poor's 500 or the Dow Jones Industrial Average.

An integral part of the Entrepreneurial CEO Investing techniques I have been refining in my own investment experience was developed with the help of my longtime friend and colleague Richard Tozer, Ph.D. A former professor of finance

* For simplicity of style and ease of reading, I will use the masculine pronoun when referring to CEOs throughout the book. I am not trying to ignore female CEOs, who have emerged in recent years, but because the majority are men, I have opted for this pronoun choice.

at Southern Methodist University, Dr. Tozer has been a successful management consultant for many years. He and I formulated a number of checklists and tools that I use for determining which of the many opportunities are best for investment. Together with professor Jerry White, Dr. Tozer and I have conducted numerous seminars for the graduate program at SMU, concentrating on entrepreneurial leadership. We continue to refine the concept of Entrepreneurial CEO Investing and are now ready to expand the awareness of just how important this concept is to the investment experience.

Along the way I encountered another colleague, Bette Price, whose research for and authorship of the book *True Leaders* support our checklist of critical CEO characteristics. I invited her to join my efforts to make *Finding Midas* as helpful as possible to you, the reader-investor, so that you too can embrace this simple, dramatically successful investment system.

I have always said my epitaph should read "Russell Cleveland—Lifetime Student." In the investment area we are all students, learning, growing, and hopefully not making the same mistakes twice.

Russell Cleveland
President, RENN Capital Group, Inc.

INTRODUCTION

WOULDN'T IT BE GREAT to wake up each morning knowing that you're vested in a viable, safe and sound, realistic investment strategy that will allow you to sleep well at night and to enter your retirement years able to live a very comfortable lifestyle? Start reading now because that is exactly what is in store for you. Entrepreneurial CEO Investing is at the heart of a system we call "finding the mega-stocks," that is, stocks that appreciate to 10-20-100-1,000 times your investment. If you are patient, a small investment could turn into a sizable fortune, as illustrated by the examples we include of Entrepreneurial CEO Investing and the mega-gains that occurred in each case.

We have also selected ten entrepreneurs across ten industries, all of whom would meet the criteria described in this book. Part II of *Finding Midas* contains a case study of each of the CEOs, and the book's conclusion includes an investment grid and the companies' annual growth rates. You will probably agree, the numbers are staggering and beat all the various stock indexes by miles.

$10,000 INVESTMENT

CEO Name	Company & Symbol	Year Company Went Public	Current Value*
Warren Buffett	Berkshire Hathaway (NYSE: BRK/A)	1965	$54,425,000
Michael Dell	Dell (NASDAQ: DELL)	1988	$2,917,000
Bill Gates	Microsoft (NASDAQ: MSFT)	1986	$4,257,000
J. R. Hyde III	AutoZone (NYSE: AZO)	1991	$207,000
Herb Kelleher	Southwest Airlines (NYSE: LUV)	1971	$1,600,000
Lowry Mays	Clear Channel (NYSE: CCU)	1981	$1,175,000
Angelo Mozilo	Countrywide Financial Corp. (NYSE: CFC)	1969	$3,000,000
Howard Schultz	Starbucks (NASDAQ: SBUX)	1992	$335,000
Sam Walton	Wal-Mart (NYSE: WMT)	1970	$60,000,000
Meg Whitman	eBay (NASDAQ: EBAY)	1998	$427,000

* Based on prices as of January 4, 2007

Finding Midas will teach you the following:

- How the Entrepreneurial CEO Investing approach works, and why

- Why most traditional investors fail over the long term
- Why the entrepreneurial CEO's significant ownership is so critical
- What to look for when researching the entrepreneurial CEO
- What to pay as a reasonable stock price
- How to determine when to stay with winners and when to dump the losers
- Why investors lost money during the recent corporate scandals
- How to avoid investing in the wrong entrepreneurial CEOs
- How to spot the best entrepreneurial CEOs
- How to apply the Entrepreneurial CEO Investing principles
- Why you must build a portfolio rather than invest in just one or two stocks

You will not want to wait to start applying this system to your own investment strategy because you will clearly see that the returns are incredible. To take a new twist on an old, yet appropriate slogan, the famous Fidelity fund portfolio manager and author, Peter Lynch, had a good quote, "It's not the stock market, stupid, it's the company," in explaining results. I believe another appropriate slogan is "It's not the stock market, stupid, it's the CEO."

As you read through the case studies in particular, you will see that incredible financial success came to the investors of these companies not because of the industry itself, but because of each company's CEO.

Entrepreneurial rich or poor determines whether a country is prosperous or not.

About Entrepreneurship

Because this book concentrates on investing with Entrepreneurial CEOs, it would be good to define exactly what we mean when we use the term *entrepreneurial*. First, what is the difference between entrepreneurial management and professional management?

We believe entrepreneurial management concentrates on seeking new opportunities and trying to fulfill the needs of others. Entrepreneurialism is moving ahead with a clear vision, often with limited assets. An entrepreneur is an owner. Professional management is mostly about making assets more effective and efficient. Both types of management are important, but in our economy and the world economy, it is the entrepreneurs who create most of the economic growth and the wealth for everyone else.

This has been true over the past two hundred years. A small group of entrepreneurs in England began the industrial revolution by automating and mass-producing textiles. This continued in the United States through the efforts of such familiar names as Carnegie, Rockefeller, Edison, Ford, and Watson, to name a few. Entrepreneurs continue to drive the economic success of the United States today.

The new economic miracle of China is not the result of the government but the rising up of individual Chinese entrepreneurs. These people are creating great wealth for themselves, but they are also lifting up the entire Chinese economy. One of the best stories about this era is Dong Ying Hong, a poor teacher who was living in Datong, in northeast China, and making just $9 per month. She owned a sewing machine and began making socks—mainly because they wear out so fast. This turned out to be a good business to be in. Without any government help or direction, this provincial woman and her company now produce nearly 10 billion socks a year, about one-third of the world production. Her enterprise employs thousands of people and has made Dong Ying Hong a very wealthy woman.

Johan Norberg, author of *In Defense of Global Capitalism*, wrote an article in the October 2, 2006, edition of the *Wall Street Journal* in which he stated that entrepreneurs are "humanity's greatest achievement." He went on to speak about how little credit is given to the few who do so much for the many. In the United States, for example, 5 percent of the population pays 55 percent of the taxes! Almost all the new jobs in America are created by smaller, growing companies headed by entrepreneurs. As Norberg advised, "Thank entrepreneurs, not government, for prosperity."

Worldwide you can easily see those countries where entrepreneurs are succeeding and creating the highest growth rates.

China is in the lead, with India and certain Asian countries like Korea, Malaysia, Taiwan, and Japan also participating. Russia, Africa, Latin America, and even Europe are not experiencing rapid economic growth, due to a lack of entrepreneurs. For investors, the entrepreneurial economic climate in a country is the most important factor to consider. Entrepreneurial rich or poor determines whether a country is prosperous or not.

PART I:

THE PRINCIPLES OF ENTREPRENEURIAL CEO INVESTING

1

WAKE UP AND BE RICH—FINDING THE MEGA-STOCKS

Imagine investing a few thousand dollars and waking up several years later to find that your investments have generated a mega-fortune. This doesn't have to be wishful thinking.

It is incumbent upon the investor to do research beyond a stock's history and their broker's highly touted recommendations for its future. This is exactly what I've done for several years, and my own success has proven this to be the one critical factor that separates the winners from the losers.

WOULDN'T IT BE FUN to be like Rip van Winkle? Imagine investing a few thousand dollars and waking up twenty years later to find that your investments have generated a fortune. Further, imagine following a simple investment system that, once you've learned it and followed its basic principles, would enable you to no longer have to worry about the economy, the stock market, or any of the complex variables that so often preoccupy most investors.

Imagine, for example, that you had invested $100,000 and within twenty-five years it yielded you $10 million. Would that make you happy?

This doesn't have to be wishful thinking. You can actually do this. When company executives come in to talk to us, we look at a very specific checklist. Knowing that it's impossible to have everything on the list, we likewise know that the company doesn't have to meet all of the checklist criteria. It must have a high percentage of these characteristics, however, and when it does, it pays big dividends for us and our investors.

Now, in the pages of this book, we will share with you the same checklist that we use, as well as the principles and system by which you too can become a safe, profitable, and successful investor. We want to help make your long-term financial dreams come true.

Taking Responsibility

Investigation is an investor's responsibility: not just the professional investor, any investor. In saying this, we were not so naive as to think that average investors make their decisions after thorough investigation. Unfortunately, the reality is that some investors, even if they had investigated the character of a company's CEO, would have looked the other way as long as their investments were flourishing. Unrealistic returns had become what was expected. It's clear to us that few investors have the slightest idea that they, in part, are responsible for their own losses by failing to do the right kind of research. That means research into the people leading critical decisions—the CEOs.

Each investor must look beyond a stock's history and their broker's highly touted recommendations for its future. Instead, it is far more important to do some in-depth research to ensure that the company has the right CEO. This is exactly what we have done for several years, and our own success has proven this to be the one critical factor that separates the winners from the losers. Your trust in the market will be restored if you can learn what to look for in order to invest in the right CEO.

Why are we compelled to share this information with you? Because we want you to wake up and be rich and have the same opportunities to achieve wealth that we have had. The reality is that you can, if you can adjust your thinking to follow our lead and don't fall prey to the two traditional traps we elaborate on in the next chapter.

Your investigation should include looking for some very specific criteria. If a management company comes to RENN Capital Group to seek financing for its company, it receives the following summary of what we're looking for:

- CEO and management must have a major stake in the business

- A clear vision with above-average growth prospects
- Operations must be profitable
- Valuation must be reasonable

As you continue, you'll read our elaboration on each of these important criteria.

2

WAYS OF INVESTING

There is a better way!

IN INVESTING, you can follow many different investment strategies. We begin with short-term trading, a method through which you trade in and out every day or every week. There are many courses on this method; some are sold in infomercials on TV. While it is an intriguing idea, this daily or weekly trading in and out has not proven successful for most people. The brokers love it, but we always ask, How many traders are included on the Forbes 400 list of "The Wealthiest People in America"? To our knowledge, none.

In long-term investing there are a number of different strategies, most of which can produce results if followed correctly. The first is called value investing. This strategy is to purchase only those stocks that are selling near book value or at low price earnings ratios and to stay with them for a long period.

Another long-term strategy is called growth stock investing. Using this method you would buy shares only in companies that are reporting high rates of growth in sales and earnings. Usually, many of these stocks are selling at high prices in relation to earnings. There is a lot of risk here if you are wrong. However, if a company continues to grow, significant gains can be achieved.

An additional long-term trading strategy is called momentum growth. The idea here is to buy stocks that are making new highs and stay with them until they begin to drop. Momentum players seldom look at fundamentals; they mainly look at trading prices.

In recent years a strategy called hedging has become popular. In this method you buy long certain stocks and sell short others to hedge your bet. This method takes real skill, and we are not sure of the long-term results.

There are other strategies, but these are the main ones. You can be successful in any strategy if you know what you are doing. Almost all successful strategies concern long-term investing, so forget trying to get rich quick. In Entrepreneurial CEO Investing, we are seeking long-term mega-gains using a simple proven method.

Traditional Traps

Two major traps keep most investors from achieving results: (1) buying overvalued stocks, and (2) having a short-term mentality.

Overvalued Stocks

The single greatest loss for any investors, whether individual or professional, is when they buy into an industry fad near the top. A classic example of this was the Internet craze of the late 1990s into the year 2000. This craze was undoubtedly the single greatest loss to investors in history. The NASDAQ Stock Market, the Exchange in which most of these companies traded, dropped from a high of 5048 in March 2000 to 1114 in October 2002. This is a decline of nearly 80 percent. For a while the Internet industry appeared to be fast flying, and the reality is that fast birds don't fly far. Day-trading became as common then as instant messaging is now. But, when the Internet industry came crashing down, unrealistic expectations and lack of proper investigation proved fatal for many investor bank accounts.

The key to mega-stock investing is focusing not on the industry but rather on the entrepreneurial leadership characteristics of the CEO. That's why mega-stock results can come from such diverse industries as airlines (a disaster for most investors), mortgage credit, discount stores, auto parts, and conglomerates with concentrations in insurance, as well as such growth industries as computers and software.

Short-term Mentality

In a quest to make big gains, too many investors have a short-term mentality. They focus on what gains they can make as quickly as possible, as opposed to thinking about the really big, longer-term gains that could be happening behind the scenes. By making a quick small profit, investors with a short-term mentality forsake the mega-profits; they think, unrealistically, that what worked on a few quick trades can be duplicated again and again. These kinds of investors might just as well shoot craps in Las Vegas, where the odds of coming out ahead of the house are just about the same.

There Is a Better Way

To help you avoid falling prey to these fatal investment flaws, it is important for you to begin to view your investing through a new set of eyes.

We don't have much opportunity to spend time with these CEOs, but we can make judgments about people by observing them under controlled conditions, looking for telling responses, and developing decision rules based on past experiences. The best place to begin is to look at their percentage of ownership. Ownership trumps all else.

Significant Ownership

Many years ago the British and the Dutch owned a number of sugar plantations in the Caribbean. The plantations seemed to be very successful while the owners were around, but when it got too hot and the owners decided to go back to England or Europe for a year or two, lo and behold, the natives took over the plantations. You see, the hired hands decided that since there was no one around to supervise them, they would just take the wealth into their own hands.

In a similar vein, this scenario reminds me of what happens when you go into a restaurant whose owner is there to greet you and to supervise the operations. There is a great difference between the quality of service at the time the owner is there and when the owner is gone. It makes sense that ownership makes a difference—a huge difference. So, the first criterion for selecting stocks is to invest only in companies where the chief executive officer—and possibly even his management team—has significant stock ownership of the company.

When you are looking at small companies, the CEO should have enough stock ownership to realize a significant fortune if the company is successful. On the other hand, his investment should be significant enough that if he fails at managing the company, it will hurt him as much or more than any shareholder in the company. It should come as no surprise that history shows that where CEOs are major shareholders, companies do considerably better than others where CEOs have little personal financial commitment. Thus, the premise of our book—and it's not just we who have come to this conclusion.

Boston management consultant Jack Dolmat-Connell has conducted a number of surveys in which he looked at stock ownership versus option granting. In one such survey he looked at

144 companies in ten different industries. What he found came as no surprise to us. The top-performing companies tend to have executives with high ratios of real stock ownership as opposed to stock options.

An interesting ratio results from dividing the value of the stock owned by the salary of the executive. When the stock is worth considerably more than their salaries, the executives tend to do very well. Among those Dolmat-Connell pointed to as examples were Southwest Airlines, where there was a significant ownership, versus Delta Airlines, where there were executives who had mainly been given stock options. He also found this factor to run across almost every industry group, from pharmaceuticals and banking to computers and beverage makers, etc.

In his practice Dolmat-Connell has been advocating that companies stop using stock options as a method of reward. Instead, he recommends they switch to restricted stock grants or create programs in which executives actually become real owners of the company, not simply spectators sitting on the sidelines.

Looking back you will see that the dot.com bubble burst was driven in part by the short-term lure of options. Later in this book we will discuss some of the false prophet CEOs at such seemingly good firms to invest in as Enron, WorldCom, and others, and how the fact that they had too many options and too little ownership contributed to the debacles that eventually took place.

How Much Ownership?

The next question becomes, How much ownership should a CEO have? I believe that the CEO's absolute minimum ownership should be in the 5 to 10 percent range. The specific amount will depend greatly on the growth cycle of the company and whether the company has matured. As a company grows and raises more capital in the equity markets, it is natural for the original investment of the CEO to become diluted and for his interest to go down even though, if the company is financially successful, his total net worth is going up.

The CEO's personal equity investment in the company becomes a measure of the nature and extent of his commitment to the company. Unlike a mere stock option, a significant personal equity investment provides the CEO with a significant financial responsibility and reward for generating positive results for the shareholders. At the same time, it imposes a significant penalty for negative results. The personal investment demonstrates an intensity of belief that is instantly communicated to every individual in the organization. It should send an equally strong message to potential investors.

The whole concept of owning equity in the company is not much different from owning equity in your home. If the value of your house goes up, you make a profit. If the value goes down, you lose. Likewise, if the stock price goes up, the owners (the CEO and the other shareholders) make a profit. Or, if the stock price goes down, the owners lose money. Thus, when the CEO has his own money heavily invested in the company, it makes sense that as a primary owner he is motivated to keep the value of the company up and he is willing to work hard to do so. Ownership simply motivates the vested manager to invest and manage wisely.

Here's a scary thought. When you think about how much a CEO may have invested in the company that he leads, think about this: many corporate CEOs have more money at risk in their own homes than they do in the companies they lead.

Ownership Versus Stock Options

From an ownership standpoint, there is a very, very important distinction between a CEO investing his own money and a CEO being given stock options. When you look at the proxy of any given company, it will show how much stock the CEO and other key executives own. But if you look carefully at the fine print, you will find out that most of the stock is actually owned through stock options that have been granted to these individuals. Often, these individuals don't exercise their options, but they do nevertheless have the option. A common example would be the option to buy 500,000 shares at a stipulated price.

In theory, the philosophy is that if you give the CEO and the rest of the executive team a certain amount of shares and they work to increase the stock price, then they can make their options worth more money and in that way provide benefit to the shareholders. Now, contrast that with someone who has actually used his own money to buy shares and actually has put "skin in the game." Therein lies the difference. When the CEO invests his own money and actually buys shares, it is hugely different from when it appears he has 500,000 shares that are, in reality, only optioned to him but never actually paid for. Those shares are like a gift from the shareholders and not at all like shares that individuals have actually invested in with their own money. Therefore, it is critical that you look at shares bought with the CEO's own money, versus options that have been granted to him, when you're trying to determine the CEO's real commitment to his company.

Control Determines Leadership

The reason this distinction is so important is that the quality and direction of leadership that emerge in a small public corporation are a perfect reflection of the attitudes, desires, and motivations of the stockholders who elect its directors and of the directors who appoint its officers. This electoral process is almost always dominated by a very small number of individuals—typically by one person who may or may not have the title of CEO.

In the classic situation, the controlling person is an individual who founded the company, built it up, and sold stock to others—private investors first, then the public—but retained enough to control the direction of the company. The founder typically remains active in management for many years but may gradually withdraw, choosing to exercise control from behind the scenes. In other cases, the controlling person may be an investor who has bought a significant interest in the company, or he could be an individual with little or no stock who by reputation and political skill commands a majority vote of the directors and shareholders.

Caution is needed when a company divides control or there is no apparent controlling person at all. Companies with no apparent controlling person tend to drift from strategy to strategy as control passes from one clique of shareholders to another. Companies with divided control get bogged down in internal conflict, and in such situations decisive response to significant challenges or opportunities is unlikely. This has happened to many U.S. companies.

From an internal perspective, small emerging public companies are miniature autocracies. The controlling person has the votes, and the votes bring absolute authority over all internal affairs. Legitimate authority generates respect, and business success brings loyalty.

I think of such companies as airplanes. The fuselage and wings are the organizational structure, and the engines are the sales. The passengers are the investors. Employees, customers, and suppliers are along for the ride. The controlling person—the individual with the votes—is the pilot. The weather forecast calls for rough weather, wind, and rain. Some planes will reach their destinations safely; some will not. Selection of the right pilot is the most important factor to guarantee the success of the flight.

Using this airplane metaphor we realize that no sane person would board an airplane that didn't have a competent pilot, but relied on a committee of pilots, or had a student pilot flying alone. In the air we all recognize that it is imperative for someone to be responsible; someone must be available to resolve problems or conflict quickly. We want that person to be as well trained, experienced, and committed as possible. No sane person would board an airplane with the intention of hiring a new pilot from the outside once the plane is in the air, and no sane person would board an airplane planning to bail out if he didn't like the way the pilot flew the plane. We would check out the pilot before taking off. Likewise, we should check out the CEO before we invest.

In the world of aviation we are able to rely on a vast training industry, government agencies, and the airlines themselves to ensure that only qualified pilots fly the planes we board. But in the investment world, we are on our own. No standardized tests or guidelines are available by which to judge a CEO's competency. Therefore we must improvise and create standards on our own. Just what should we look for?

Unfortunately, no one publishes the results of "flight checks" of small company CEOs. From a distance they all look similar. So, can an ordinary investor investigate these issues and make rational investment decisions? The work of a World War II psychiatrist named Eric Berne gives us a framework to consider. During the later days of the war Berne was inducted into the U.S. Army fresh from his residency. He was given the rank of major and told to devise a system to evaluate the mental health of every individual to be discharged from the U.S. military in the city of Chicago. He thought he'd been assigned a dream job until he realized he would have merely one and a half minutes to spend with each person to make his determination. If he made a mistake he might release a homicidal sociopath or, conversely, keep a healthy person unfairly trapped in military service. There were no existing guidelines. He was on his own.

With considerable thought Berne successfully developed a process by which he could accurately evaluate the mental health of an individual in ninety seconds: he simply carefully observed each person's response to a controlled environment and asked two or three questions. He applied his process to hundreds of thousands of people, with few mistakes, and went on to found the important discipline called Transactional Analysis. He then wrote a book, based on his process, titled *Games People Play*, which became a best seller in the 1970s. At the end of his long professional life Berne wrote that the most important tool you can have in evaluating people is your own intuition.

The problem we, as investors, have—and our solution—is conceptually similar to that of Eric Berne. We don't have the ability to gather all the information we would like to have, and there are no tried-and-true measurements to follow. We don't have much opportunity to spend time with these CEOs, but we can make judgments about people by observing them under controlled conditions, looking for telling responses, and developing decision rules based on past experiences. The best place to begin is to look at their percentage of ownership. The next qualifier we will want to look at is leadership strategy and vision—the topic of our next chapter. But even before leadership, never forget that the CEO's personal equity investment in the company will be the greatest measure of the nature and extent to which he is committed to the company. Ownership trumps all else.