

THE STONEWOOD PERSPECTIVE

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StoneWood Interview Series

'From Hockey to High Tech to Hockey'

An interview with Florida Panthers Assistant General Manager, Randy Sexton

Randy Sexton was part of the founding team which brought the NHL back to the city of Ottawa in 1992. Over a four year period he served in capacities including President and General Manager of the hockey team. Randy left the Ottawa Senators during the 1995-96 season and subsequently worked for three software companies in senior sales and general management roles. He then became General Manager of the Bell Sensplex Arena in Ottawa before being appointed Assistant General Manager of the Florida Panthers in January 2007. Randy's responsibilities include day-to-day hockey operations, negotiating player contracts, assisting on scouting, and working with the team's director of hockey operations on matters related to the team's AHL affiliate in Rochester, N.Y.

StoneWood's Managing Partner Bob Hebert sat down with Randy Sexton to discuss major career transitions and lessons learned from both the hockey and high technology sectors.

When you first left the Ottawa Senators you were a hockey executive in a high-technology town. Can you talk a little about the challenges you had in finding your next role?

When I first left the Senators, I started making calls and was pleased that almost everyone that I contacted agreed to take a meeting with me. I figured this transition stuff was going to be a breeze.

But as I soon found out, while many met with me because of who I was in the hockey community, few knew what to do with me. Some just wanted to talk hockey with me while others promised that if they ever moved into the hockey software business that I would be the first person they called. Then I had a meeting with a prominent member of the technology community who told me that

the sector needed 'good leaders' just like me and that he and several other senior executives were working on a plan to help outsiders transition into the tech community. I was so excited until I learned that his plan was to sponsor me in a four year engineering program. As a married guy with three kids and a couple of business/finance degrees, that simply wasn't going to happen.

After scores of meetings I started to realize that not only was I unlikely to enter the technology sector as a senior executive, I was going to have to work incredibly hard just to get in the door. One day a friend called who worked for a supply chain software company in town. He told me that his firm was creating a new role for someone to establish channel partners. I immediately called the president and was given a meeting. While the interview went well, I could see that my lack of related experience had him scratching his head. So I suggested that he put me through some sort of test that would prove to him that I could do this job. After thinking about this a little, he suggested that I come back in and make a sales presentation to the management team as though I was their channel manager selling to a potential partner.

Over the next week I put myself through a crash course on the company, its industry and products. I read and studied what I could and even had someone do a demo for me. My friend helped me tremendously in preparing. I knew almost zero about software but the firm took pride in the ease of use of their product and after some preparation I thought I knew enough to pass the test. Anyways, I did the presentation and at the end they asked if I could also do a demo. Fortunately I could, though with absolutely no follow-up questions from the audience, and low and behold they hired me on the spot. And that is how my technology sector career started. I am pleased to say it went very well from there and soon I was promoted from the channel sales role to the VP Sales.

What advice would you have for others trying to make such a dramatic career change?

I would say a few things. First, be prepared to pay a price to make a big change. I went from General Manager of an NHL hockey team to essentially a salesman. But I did what I had to do to get in the door and it worked. Second, believe in yourself. A lot of people will question you and try to dissuade you but you have to believe in yourself. I knew that if someone gave me an opportunity that I would be successful. And I never wavered from that conviction. Third, be prepared to work hard because you will have to prove yourself all over again. And finally, do not be too proud or afraid to ask for help. I got a lot of help along the way, but I had to ask for it.

What surprised you most about the tech sector?

There were a number of things that surprised me, some big and some small. For example, just walking into my new employer I was surprised to see the diversity of people and cultures all working together. This was a difference for sure as the hockey community at the time was only beginning to embrace players from around the world.

Another difference that struck me is that my new employer had relatively little market visibility. While this is not that unusual for a small company it was a liability in that many of our potential customers did not know us. For me it was strangely a wonderful thing as I had just come from an organization which was arguably too visible. I had just spent years where I was under a microscope all of the time. Every single decision I made, every action I took was scrutinized to the point that even my kids were affected by it at school. Moving to this small software company, I could actually do my job without having to read about how I did the very next day. In a way it was wonderful.

Related to this last point, at the start-up company we worked with a business plan against which we were measured annually by our board of directors. I was very comfortable with this as I could plan my work and work the plan as it were. By way of contrast, in hockey we were measured every night. Did you win or lose? Are you making the playoffs or not? What are you doing about the two losses in a row? It is difficult to keep a longer term perspective with the kind of scrutiny you get in an NHL team. You might recall that we came into the league at the same time as the Tampa Bay Lightning. They elected to position their team to be competitive immediately while

we committed to a longer term building formula. We knew that this would not be a popular strategy for fans who wanted to win now and have all of the problems fixed now. And the pressure to act can be so intense that you end up doing things for short term gain which are only guaranteed to create longer term pain.

Lastly, I found tech refreshing in that I finally did not have to have all of the answers. I could go to clients with a pre-sales person or an engineer and at a certain point turn the discussion over to that person. I could never do that in hockey. When someone asked why I made a trade or drafted someone I could not tell them I did not know the answer to that question and turn them over to someone else. I had to have all of the answers, all of the time. Ironically, my hockey experience did lead me to think that having all of these pre-sales types was inefficient, and I did make a point of hiring sales people with a stronger technical pedigree that would reduce the need for a whole team to make the sale.

What was the hardest part of the transition?

Undoubtedly learning the technology was hardest. I was a real neophyte and there was a lot to learn. It was like mastering a new language as an adult, and it was embarrassing at times. I would ask people basic questions like 'what's an operating system' and they would roll their eyes. But I was coming from a different world and I had a lot to learn.

The other thing, for me personally, was stepping back and parking my ego. I am a pretty self-confident person and I had run a business. As I transitioned into a new world, I had to listen and learn and resist the temptation to speak up and take control all of the time. It was a good lesson for me personally.

Both hockey and the tech sector depend on talent – how would you describe the differences in approach to managing talent between the two businesses?

At the end of the day, both are people businesses in which their primary assets walk out the office or rink every day. Thus, hiring, organizing, motivating, and retaining people are keys to both. It is all the same.

The challenges of motivating hockey players are no different than those of motivating tech sector workers. It requires understanding the needs and drivers of the individuals you are dealing with. For some it is recognition, respect, learning, money, and/or simply

winning. I also believe that the stage of a person's career has a bearing. In hockey, a young player can sometimes be motivated through more ice time while a seasoned, grizzled veteran may have only one or two key goals left in his career. It really is the same in the business world. That sales person that works for you has needs and wants and you need to learn how best to support him or her to be successful.

Another thing that is common is that you build a team around certain core people. These are people who share your values, who exhibit behaviors you value and who model them for others. They are your core and you build your team around those individuals. In hockey you sign those players to long term deals and in the tech sector you sign them to attractive options packages. Either way, you build around your core.

How is drafting a player different than hiring someone in the tech sector? And what have you learned from each?

The biggest difference is that in the tech sector, you can hire someone with a track record. If you are hiring a sales professional, you interview a number of people who have some sort of track record that you can compare. You examine what kind of results they have had, how they achieved those results and how well this will fit into your organization and its requirements.

In hockey you are drafting 17-18 year old kids whose lives are still being formed. These are young people who have lived somewhat sheltered lives in a hockey bubble. It is tempting in hockey to rely on statistics – how many goals did the player score or prevent. But you are also trying to gauge how they will develop over the next five to ten years, both physically, and emotionally. This is very difficult because it involves a large number of factors.

If I recall, when you were with the Senators you were among the first to really think about character when you drafted players. Can you talk about this and how the issue has evolved since your days with the Senators?

This is interesting because we did think a lot about character when I was with the Senators and even though we were young, inexperienced guys we actually did some outside-the-box stuff back then.

I have come to learn that while talent does matter, and don't get me wrong it matters a great deal, with few exceptions the differences between most players relates to character. NHL hockey players have reached the

pinnacle of their profession because they are talented. The difference between a player that lifts a team and one that brings it down comes down to attitude and character. It is qualities such as perseverance; how the players deal with adversity; their sense of integrity and honor; how selfless or selfish they are; whether they can be counted upon; how they behave with their teammates. These are not just leadership issues they are about being a good human being.

As I have come back to the NHL, I am more convinced than ever that high tech and sports are exactly the same in the importance of character players. I would say that the difference between the two though is that professional sports, with so many teams in each league, tends to get seduced by talent and can overlook character. Look at the Cincinnati Bengals with nine players arrested last year. I have read that the team management believed that players who behaved poorly in college would somehow change when they rose to the professional levels. But for every such reclamation project that works out well there are likely twenty where the player becomes more of a negative than a positive force. The opposite is true as well. Look at the Toronto Raptors this past year. Brian Colangelo engineered a major turnaround of that team in one year. If you read interviews with him, he attributes some of that success to selectively bringing in individuals he called 'character types'.

Though character is important in both sports and business, sports is a very public business so character also becomes an issue in how our players interact with fans, and the community in which they play. Though their performance is measured on the ice, their value to their organization includes how they perform off it as well and the best players do both very well.

So we spend more time now considering character in all of our player decisions. For example, when we draft players we not only talk to his coaches and teammates but we talk to the player's teachers and parents. We talk to their billets when they live away from home – did they clean their room, were they helpful around the house, did they do what they said they would do, did they get along with other household members? What are their habits? What is important to them? While that player will mature and change over time, we can predict a lot about how that future unfolds by looking at today.

We are fortunate to have hired recently retired Joe Nieuwendyk to assist us in Florida. Joe spent 20 years in the NHL and was one of the most respected players in

the league in large part because of the quality of person he is. Among his responsibilities is to advise us on the character of players throughout the league.

What would you say is the single biggest learning from the tech sector that you have tried to apply in your role at the Florida Panthers?

Probably the single biggest learning I got from the tech sector was the importance of metrics. In the tech sector we had a whole set of KPIs (key performance indicators) by which we managed the business. I had not seen that before. That is not to say that we were unsophisticated in the NHL, just that the tech sector was more rigorous in focusing organizations on certain things that were agreed to be most important for their success.

I have really taken those lessons to heart and am trying to apply them in our organization. Take scouting for example. In hockey, you draft someone at a young age and it could be 4-5 years before you start to see whether they have a real future in the NHL. It is difficult to even remember who the scout was sometimes by the time the player realizes or fails to realize his potential. We are trying different things now. We are setting scouting goals around the number of draft picks who become NHL players, we are introducing new metrics by which to evaluate and keep track of players, and we are looking at how we organize, compensate and deploy our scouts so as to maximize our overall effectiveness. And we will do this across all parts of our organization.

Corporate culture is the other thing. Hockey is often reduced to winning and losing and whether you make the playoffs, but good teams have a culture, one that players thrive in and long to play for. In one of the tech firms I worked for, the CEO constantly reinforced a culture which valued hard work, innovation, fun, and work/life

balance. We are doing the same kind of things in Florida. We want innovation and are constantly evaluating the manner in which we do things. For example we are looking at how we train and condition our players, how we reward them, how we build team spirit, the criteria we use to draft players, and even how we interact with our fans. We are embarking on some very innovative leadership development programs this year which will not only have the effect of building team spirit, which can be difficult with so much movement in the league, but also the players as individuals and future leaders. There are no shortages of opportunities to innovate in our business and innovation has to be everyone's job.

Balance is probably the most difficult aspect of our culture as we have such an intensive, high travel business. But it is important and we are working on a number of initiatives involving family that try to recognize that the player on the ice is more than just an athlete, he is a husband, a father and a son and we have to make room for all of those responsibilities. If we are going to tell our players that character matters, we have to live that at a team level as well.

Would you return to the technology sector?

I really enjoyed the technology sector. I was given wonderful opportunities there and had the chance to work with some superb people, some of whom will be my friends for the rest of my life. But hockey is in my blood and for me there is no place else I would rather be.