

THE STONEWOOD PERSPECTIVE

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StoneWood Interview Series

From Tech Ventures to Alpine Adventures

An Interview with Tony van Marken

In 1994, Tony van Marken joined Toronto-based Architel Systems Corporation and over the next 5 years helped grow the telecom software vendor from \$1mm to \$50mm in revenues while taking the company public on the TSX and NASDAQ. In recognition of his contributions, he was awarded the Canadian Entrepreneur of the Year (1996) award by the Canadian Venture Capital Association (CVCA) and was named one of Canada's Top 40 Under 40 (1999). Architel was subsequently sold to Nortel for US \$400mm.

In 1999 Tony became a partner in venture capital firm XDL Intervest and over the next 5 years played an active role in the creation and nurturing of a number of Canadian technology firms. While still a partner at XDL Intervest, Tony moved to Sophia Antipolis in France and for a 3 year period devoted himself to climbing the world's seven summits, the highest mountains on each continent, as well as many of the world's classic peaks. Tony then moved to South Africa where he is now Executive Chairman of Vox Telecom, a rapidly growing \$300mm per year alternative telecom operator. Bob Hebert spoke with Tony about his life as a CEO and world-class climber.

Let's get right to it. How does someone go from Toronto-based CEO and venture capitalist to world-class Alpine climber?

One of my young children had severe issues with asthma that prompted us to leave Canada and seek out the Mediterranean climate of the tech area of France. While there I happened to see an advertisement for a one-week climbing course in Scotland. I discussed it with my wife and thought it might be a lot of fun so I decided to go.

It was actually an awful six days of snow, ice and rain. But on the last day we had the chance to apply everything we had learned in a technical climb. It just happened to be

a perfect day, and the experience was out of this world. I returned home and convinced a group of friends to join me three months later for a climb of Mt. Kilimanjaro. When the time came however, they all backed out so I went to Tanzania myself and did the climb solo. I was hooked. I started to train in the French Alps and cut my teeth on Mont Blanc, the Matterhorn and many of the classic Alpine 4000m peaks. I started out as a complete novice, but with the help of a French guide and friend, learned to climb on rock, snow and ice. I traveled the world climbing classic mountains such as Mount Cook and Mount Aspiring in New Zealand, Cho Oyu in Tibet, the Djebel Toubkal in Morocco and Cotopaxi in Ecuador amongst others.

Inspired by Dick Bass, who wrote the great book Seven Summits about his quest to climb the highest peak on every continent, I set out with a new mission. It took me the next 2.5 years, but I did it and became the first South African to climb the seven summits.

What is the attraction of climbing?

A lot of what I love about business is what I love about climbing. Both require planning, discipline, determination, endurance, passion, team skills and total focus in order to be successful. Also, much like the venture capital business, every climb is different and nothing is mundane.

With climbing, you go to some of the most remote areas on the planet and live in extreme conditions. While you need to develop climbing skills in a variety of environments you also need to learn to survive in areas like Antarctica and Alaska. The sport demands that you be physically fit, technically proficient and mentally ready to deal with adversity in some of the most challenging conditions imaginable. It is really no different to business.

Can you give a specific example of the similarities between climbing and business?

Business is a team sport. Good companies need everyone on the same page, working well together, believing in the same things, looking out for each other's back.

Climbing a major peak is also a team activity. But on a mountain your team can be the difference between life or death and so you really count on each other. Climbing requires a lot of coordination, and a lot of decisions covering who does what and when, and what happens in this situation or that situation.

The challenge is not how everyone behaves when things go well, but rather how everyone behaves when things do not. How will someone react in a panic or crisis situation? This is not some abstract question. Climbing regularly tests people, tests their character, their fiber. Climbing is unpredictable. It presents situations that are challenging and you really need to know how people will react and cope.

Assembling a team to climb therefore is more than just reading a resume and conducting an interview. I really need to know what makes someone tick before I will climb anything serious with them. My life is at stake as are the lives of the other team members.

Business is no different. You want to assemble a team that you can trust and count on. You want people who share your values, your passion and your commitment. The tech sector is fraught with naysayers and potholes and you need people who will persevere, who will overcome adversity and work collectively as a coordinated unit.

In what area can business learn most from climbing?

That is easy. It is decision-making. Business has a lot of in built procrastination. We talk and talk about a problem, lay out possible solutions, discuss it some more and put off the decision until tomorrow. There is always another day.

Mountains on the other hand do not give you that luxury. You are half way up a mountain, someone is sick or hurt, or the weather is changing for the worse. Can you push the team harder? What if the weather deteriorates even further? Do you keep going, do you stay put, retreat or call it a day? You never have perfect information on a mountain but you do have to make a decision. And you have to make that decision with the knowledge that a poor decision can have consequences that are not incidental. There is no dithering in climbing.

Business can learn a lot from mountain climbing. Why can't you make a decision today? Why don't you differentiate your firm by being more decisive? You never have perfect

information out there and decisiveness can get you where you want to go far ahead of others. Mountaineering has intensified this element of business for me and I now make decision-making a competitive advantage.

I assume that careful planning, preparation, attention to detail and flawless execution are critical in climbing. How does this compare to the demands of running a company and what can be learned from the rigors of climbing?

When you are on a high-altitude expedition to a remote area like Tibet, Nepal, Alaska or Antarctica you better hope that you did not forget anything because the closest Walmart is a long, long way away.

I was 500 feet from the summit of Cho Oyu, the sixth highest mountain in the world located in Tibet, when one of my team members started to become disoriented. We stopped and investigated only to find that the regulator on his oxygen tank had broken. Fortunately, we brought a spare, replaced it and were back on our way.

When I was on Everest in 2005 a member of a Singaporean team was a thousand feet from the summit when the same thing happened. Unfortunately, they had not prepared for this contingency and were forced to turn around and descend. Five years of work and preparation ended because of a lack of attention to detail.

In climbing the tiniest attention to detail can be the difference between success and failure. And trust me when it comes to a climb that will take months to complete, there are thousands of details and contingencies to consider.

One of the reasons I love climbing is that I am a very organized and systematic person. As a business person, I have learned about myself that I am not the early stage seed guy that creates something from nothing, I am the guy you bring in after a business's potential has been identified and it needs to be organized and managed so that it can realize that potential. I would call myself a structured entrepreneur. I bring a single minded focus, drive, intensity and an organized mind by which to scale a business. I am good at seeing the whole picture and from there packaging, pricing and positioning a business for success, and then executing.

Climbing allows me to use these very same strengths. In fact I would argue that all businesses should be more planning oriented, should know where they want to go and how they plan to get there. They should attend to the details, monitor their progress and use the feedback to adjust.

Are climbers born or bred?

Climbing requires a few things to be successful. There are technical skills that must be learned. I cannot climb El Capitan

in Yosemite for example. These would be considered big wall rock climbing and I am more of an alpine climber. Different terrains call for different styles and climbers respect that. That is no different than business where there are different business situations that call for different skills. Leading a big company is a different set of skills than an early stage start-up. This plays to people's natural preferences and training.

On the physical side, climbing is a grueling endurance sport. It took me 78 days to climb Everest. Some days I was on my feet for 12 hours and on other days for 18 hours. Some days I was moving forward and on other days I was retreating. Plus, keep in mind that I was climbing at high altitude with a big, heavy pack on my back.

Conditioning is critical and I have seen many climbers who were simply not able to physically deal with the challenges. I perhaps had an advantage in this respect. I was a marathoner before I became a climber. I even did ultra-marathons so I have a stomach for the rigor required for endurance sports. That said, even I found the preparation for this grueling. I trained almost like a professional athlete leading up to Everest with two training sessions a day.

Business is also an endurance sport that requires the commitment of time and effort and stamina to be successful. Executives often do not appreciate the importance of their physical health and endurance to pull this off.

Finally, the mental side of climbing is what makes or breaks many people. Climbing is grueling. The natural elements change quickly and violently, as does your physical health. It is not uncommon to become ill on a climb or expedition. Typically one has to deal with some form of altitude sickness and the various side-effects of high altitude. These include lack of appetite, continuous coughing, diarrhea, disorientation, extreme fatigue, loss of weight, severe headaches and chest infections. If altitude sickness gets really bad one winds up with cerebral or pulmonary edema both of which have fatal consequences. The elements test your commitment and determination to overcome and persevere. Again, this is no different than business. People tell entrepreneurs all of the time what they cannot do, that their ideas won't work. The entrepreneur has to have the single mindedness to persevere, the resilience to deal with failure, and the determination to overcome all of these obstacles.

What other quality would you say is critical for a climber?

One of the greatest climbers in history is Reinhold Messner. He is the first climber to ascend the world's fourteen 8000m peaks which are located in the Himalayas. He was the first person to climb Everest solo and without oxygen. He typically climbed each mountain via a new unclimbed route. The man is a legend. What is fascinating about him is that

it took him 16 years to accomplish this, in part because he turned back on 15 out of 29 attempts. Imagine that for a moment – his failure rate was over 50% yet he is considered the greatest high altitude mountaineer in history. Here is a person who prepared for years for these climbs but he was disciplined enough that even if he was only 100' from the summit, he would turn back if the conditions were not just right. It could have been bad weather coming, avalanche danger, his health, whatever.

The man was focused, centered and extremely self-disciplined. You could ask whether those aborted climbs were successful or a failure? That depends on the measure. This guy knows he can climb so he doesn't need the validation of proving he can get there. He wanted to summit, but he also wanted to live to fight another day. Pretty impressive. In climbing we say that the summit is optional, but getting back is compulsory.

I think that this discipline and single mindedness are such critical qualities in business as well.

Can we talk a little about your career? You successfully transitioned from CEO to venture capitalist and back to CEO. We have relatively few venture capitalists in Canada who have made that journey. Can you talk about the transition?

Well actually, it was quite the transition and I learned a lot. We raised our money at XDL right in the bubble and unfortunately we did not know it was a bubble at the time. We invested near the peak and then watched everything ride downwards in an awful spiral. Failure is an effective teacher, one whose company I would have preferred to avoid but one that I became quite familiar with nonetheless.

I also had to adjust from being a CEO where I had been focused and accountable into to a role where I offered advice. It took a while for me to get comfortable with that. I would also say that my background as an operator was helpful and I was able to help guide CEOs based on my experiences and to caution them about mistakes I had made.

At the same time, I came to respect the fact that there is an equally important role for venture capitalists with specialized finance type backgrounds who can look at and through numbers for what is really going on in a business and what makes sense or doesn't make sense. You really need both types in an organization. I still believe the best VCs bring financial and business acumen in one package and the experience of having run a business is a critical factor.

Looking back, what observations would you make on the 5 years you spent as a VC in Canada? What did you like and dislike? What are the dominant lessons you took away?

For one I learned that I enjoy being an operator more than being a venture capitalist. I think I was pretty good at guiding

and mentoring CEOs and management teams in building companies, but I am probably a better operator than VC. Certainly my results reflect that.

I have a lot of respect for practitioners in the venture capital field. While I was at XDL we looked at some of the top venture deals of all time and analyzed great tech companies such as Amazon, Google, Oracle, Cisco, Microsoft, Netscape, Apple, Yahoo etc. We found in many instances that these firms were started by young guys, drop-outs in many instances with ideas which on the surface looked ridiculous. Google had no business model in the early days. How do you know as a VC who will succeed and who will not? You can fail 9 out of 10 times and then hit a home run with a Yahoo, Cisco or Google. It is not a cookie cutter business and people who are good at it have to be respected for it is not easy.

The best VC I ever worked with was Ben Webster, founder of Helix Investments. He was chairman of the board at Architel until the time he passed away. We provided a great return for him but it took him 10 years to get it. The man is a legend who funded firms like GEAC, Corel, OpenText, Hummingbird and countless others. What made him great? I do not really know. He was extremely intuitive, and did relatively little or no due diligence. He would look you in the eye and write something on a matchbox and a deal would get done. He was also incredibly patient. All I know is that whatever made him great you cannot easily package.

Do you still climb and what drives you now?

I still climb whenever I get the chance, but nothing as extreme as I used to. Each year I arrange a company adventure. Last year I took the senior management team of Vox Telecom and a group of employees to Tanzania to climb Kilimanjaro. I put them on a 12-month training program and we achieved 100% summit success. The expedition changed people's lives and gave them enormous confidence in the work place.

This year we went to Ecuador to climb the 5 highest volcanoes including Chimborazo, Cotopaxi and Cayambe. Our team completed four summits, but had to abandon the fifth due to a severe storm. Nevertheless, it was an amazing achievement. Our climbing exploits at Vox have created a view inside the company that nothing is impossible and we have managed to inspire employees across the whole

organization. All of our board rooms and meeting rooms are named after mountains which re-enforces the metaphor of striving to get ahead and getting to the summit.

Later this year I will be taking 18 CEOs, who are members of YPO International, to Tanzania to climb Mount Meru and Kilimanjaro. This will be my 6th summit of Kilimanjaro and it is one of the most amazing places on the planet. I get great satisfaction from seeing others achieve their dreams. I am also planning on climbing Kilimanjaro with my son Matthew who is turning 13. I am hoping to explore the world with both my sons as they get older.

Climbing for me is about the journey, the preparation and planning, the physical and technical training, the infinite variation, the people, the places you see, the challenge and of course getting to the summit. I strive to get better all of the time and to learn from my mistakes and those of others. I also enjoy the many people I have met in the sport who I get to climb with and learn from. Success and failure go together in the climbing world and just like Reinhold Messner you have to be prepared to fail in order to achieve ultimate success.

I think business is very similar to this. In climbing and in business you need to be prepared to get out of your comfort zone and do something different. It is easy to find a reason not to do something. I believe you should find a reason to do something difficult and challenging. Success is not about hitting a home run or whatever metaphor you want to use but rather about the lifelong pursuit of learning. You have to be prepared to deal with the consequences of success and failure otherwise you will achieve nothing. You have to get in the ring in order to win or lose and both results can be good for you. That is what stimulates me in climbing and in business.

Note....those wanting to look at photographs of Tony's breathless mountaineering feats can log onto www.tonyvanmarken.com.