

# FINANCIAL POST

FP ENTREPRENEUR

## You don't need an MBA to build a really successful business

[Brad Cherniak](#) | May 11, 2015 10:58 AM ET



Tom Szczerbowski/Getty Images *Rick Watkin credits his success in part from his good Canadian hockey background, which taught him to be "very disciplined at knowing what we were good at, and how to win."*

Toronto entrepreneur, Rick Watkin, could be the Horatio Alger of the Canadian small business novel. Although he has no Ivy League MBA, or even a university degree, he stewarded KUBRA, a small, privately held customer interaction management solutions company, to more than 400 employees and well in excess of \$100 million in revenue, from a staff of 10 bringing in \$2.5 million.

Profits and company value have followed a similar trajectory, making KUBRA a mainstay on 'best managed companies' lists, along with filling a shelf full of awards and honours to boot. Watkin recently sold a controlling interest in the company to New York-based Hearst Corp., which earned KUBRA's investors 13.5 times their investment.

His success doesn't surprise me, having gotten to know him during the time my firm advised him and his team in its enormously successful management buyout in partnership with Clairvest, a leading Canadian private equity firm.

Watkin's many key insights into how to build a successful business can be helpful for private business owners and operators looking to grow.

**The core vision** His success comes in part from his good Canadian hockey background, which taught him to be "very disciplined at knowing what we were good at, and how to win."

Watkin says the vision of the company is "what it wants to be — and everyone in the company must be committed to the vision and maintain the discipline of staying with the vision."

While he admits to taking on some business in KUBRA's early days to bring in some much-needed cash, he says it was always seen as just that, and not part of the company's strategy. For the most part, the company would stretch only to its discomfort level in the core business, and never make diversification moves outside the core, even if the financial opportunity was great.

**Executing on the vision** On the executional end of things, Watkin says businesses need to start with strategy, then figure out structure, and finally, people. People, he says, should always be the last piece, and the company should never try to fit around specific people.

When it came to strategy, Watkin says, his had to be dynamic and responsive enough to surf the tsunami waves of the rapid evolution of the web, which changed the transactional end of the business world from a paper-based one, KUBRA's original focus, to an electronic one; a complete change in focus from large corporate customers to individual households in a service-to-the-home model; and taking on the U.S. market from an exclusively Canadian historical base. All the while maintaining growth and profitability.

On the structural side, Watkin prefers a free-flowing and engaged culture that fosters leadership up and down all levels of the company, evidenced by: Having more than 50 employee-mentors within KUBRA, available to anyone who wished to have a mentor; a variety of free-flowing internal blogs that give people a

voice to share best practices; a shared service across the company to train any and all employees on its products and services (in his case, KUBRA University); fireside chats held across departments that don't necessarily interact day-to-day, creating a sense of engagement and a way for management to share past results on the company's audacious targets and what to look forward to in coming quarters; meeting the challenge of having offices spread across North America by using video links if not face-to-face participation.

The free flow of information extends to goal-setting and performance reviews. Everyone in the company is responsible for three to five objectives and two to four key results associated with each objective.

At KUBRA, the objectives can come from anyone. "Everyone has a voice in building toward the vision of the company," Watkin says, adding that objectives are laid out around five conceptual pillars, which for each employee could have unique meaning. Those pillars are:

1. Accelerate (e.g. sales, product development, staff professional development)
2. Innovate (everywhere)
3. Retain (e.g. knowledge, business, sales, customers)
4. Client excellence (in every way)
5. Strategic growth (every move makes the company stronger under its core vision)

Performance against the objectives and key results is measured typically every three months. Everyone's performance of their objectives and key results are public. Employees are expected to score themselves, and their assessments are also seen by everyone. So there is an element of peer pressure driving how aggressive the objectives are, and performance against them. There is nowhere for a slacker to hide.

Employees are expected to stretch, and fail. One of Watkin's core principles is that "achieving 60 per cent of the impossible is so much better than 100 per cent of the ordinary."

Interestingly, none of this objective-setting and performance measurement system ties to compensation.

**Next month: Compensation and people, the third leg of Watkin's business model.**

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