

## Executive Leaders Radio

Peter DiGiammarino

CEO at Compusearch  
<http://www.compusearch.com>

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Executive Leaders Radio is dedicated to honoring individuals who have risen to leadership roles through hard work and dedication. This highly popular radio program shares the stories and wisdom of leaders like Peter DiGiammarino with a diverse listener audience with the goal of helping others achieve the level of success that Peter DiGiammarino has



**27:15:**

**Host:** I'd like to introduce to you Peter DiGiammarino. Peter is the CEO of an organization called Compusearch. What is Compusearch?

**Peter:** Compusearch is a 26-year old firm, with 175 people, based in Dulles, VA. The company provides business software to government agencies to help them spend, grant and move money.

**Host:** Interesting, how did you get involved with this organization Peter?

**Peter:** Well, in 2005 The Carlyle Group asked me to help them evaluate the company and decide to buy it, and then to secure funding, and work with the management team to grow it.

**Host:** The Carlyle Group is a private equity fund group?

**Peter:** Right.

**Host:** So a private equity fund asked you to take a look at this opportunity with them?

**Peter:** Right.

**Host:** So, I guess the reason they did that is they wanted to get your input regarding where you saw the up-side and where you saw the down-side, and also what you thought

about the company. They were evaluating you, and also the opportunity, am I right about that?

**Peter:** Right, the Carlyle Group likes to work with CEOs who they are sure know what a business they are interested in is trying to do. In this case, they had a sense that Compusearch was a business that was similar to ones with which I had been successful in the past. So they asked me to look at it to see if that might be right. I assured them that I thought it was and that this might be a good company for that model and that it made sense for me to work with them, to get it funded, and work with the in-place management team to grow it.

**Host:** So you helped get it funded; and you have equity in the firm?

**Peter:** A little bit, yes.

**Host:** And did you have to go at personal risk for that equity?

**Peter:** A little bit.



**Host:** Wait a minute; wait a minute, you put up money?

**Peter:** Just a little bit. (Laughing)

**Host:** Wait a minute, so they came to you, they asked you what you thought; you went ahead and said it a great deal; and then they said to you, well, if you think so, why don't you co-invest with us?

**Peter:** Sure, sure.

**Host:** So you did that?

**Peter:** Yes, they like it when their CEO has a stake in the play.

**Host:** Well isn't that going to mess up your performance and make you all worried and make you make bad decisions?

**Peter:** No, if anything I probably should have put more in.

**Host:** The Carlyle group isn't your run-of-the-mill equity group. These guys have a huge track record; how did they know about you, how did you get to know them?

**Peter:** One of the senior advisors in the portfolio that funds what I am working on now is someone I worked with pretty much my whole career; since I came out of the Sloan

School in 1977 and went to work with a firm that he was running. We did very well in that firm and went on to do other things, but stayed in touch. He ended up at the Carlyle Group. When he saw this opportunity, he said “I’ve seen this kind of thing before, and I know a guy...”, he probably knew a few guys, and I was invited to look at the opportunity. They decided to pick me to help them with this particular one.

**Host:** Why you? Why did they want you?

**Peter:** Well, they knew I had been successful in a similar business. The Carlyle Group, as do most private equity firms, does not want to take unnecessary risks; they have a lot of investor money at work, and want to mitigate risk when they can. They want to change the odds; they want to make sure that money turns out to perform the way they told the investors that it would. So, in their mind, they changed the odds by putting in a CEO that they know has been successful in what they want to have happen with this particular company.

**Host:** Well, after they put you in there did they close their eyes and run away?

**Peter:** No, they stay in touch. They participate on the board; they are always a phone-call away. And I can call them or they can call me, but they do prefer not to get involved in the business. My job is to work with the management team to make sure that we make plan in a consistent, repeatable manner.

**Host:** I’m sure in every organization there are things that are good and things that go bad I guess one of the things you gotta do with the board is manage ‘em. You don’t want to tell them the bad stuff that is going to happen, ‘cause if you tell them the bad stuff they’re liable to yell at you and stuff...

**Peter:** Well, you are right that you have to manage the board, and there is a good way to do that. I’ve been on many boards and worked with many boards, and I think that the great thing about working with this particular board, and Carlyle in general, and this particular group, is that they become part of the team. So my job is to keep them informed, and to understand their relative strengths and interests and to draw on those in an integrated way that makes them part of our team to grow.



**Host:** So is this the first time you’ve been the go-to-guy?

**Peter:** Well, this actually is the first time I’ve ever been the CEO of a private equity owned firm. I’ve been president and COO of a 200 million dollar public company but there was a CEO above me who the board looked at as the number-one guy. I’ve been number one at other private firms but without private equity backing.

**Host:** So you're not really a turn-around guy, you're something more than that, what is it about what you do, that you're especially well equipped for?

**Peter:** Right, I'm not a turn-around guy. I'm also not an entrepreneurial start-up guy. What I do is take companies that are performing well, but not up to their potential, and help them to see the potential and then grow to achieve that potential in a systematic, orderly, repeatable, scalable way.

**Host:** How do you do that?

**Peter:** Well, there are actually a couple of key triggers: one is that I help the leadership to get on track to long term growth and performance by basically affecting their mindset in two principal ways.

One is to make sure the leader realizes that it's not all about the leader. In fact it is just the opposite, you know even Bill Gates and Larry Ellison, who are big personalities who everyone thinks of when you think of their companies, are really part of teams. Steve Ballmer and Paul Allen were in the backroom right there with Gates. In general that's the way it works. The thing I've got to help the CEO understand is that their best bet is to work with their team to build the team, and grow the team, and that it's not about everybody in that company helping the CEO. It's about the CEO helping everybody in the company. In the entrepreneurial phase, it really is important that the CEO be the leader and make everything happen, but as you get to that next stage, which is where I come in, going from what I call start-up to credible, you're building a team, you have a plan, you consistently perform against that plan for long-term growth and performance.

**Lady Interviewer:** Peter what do you think it is that has made you so successful as a CEO? Does it have to do with your upbringing, your education, what do you think?

**Peter:** I do come from a very nurturing environment. I have a father who was a teacher a coach, and a camp counselor; my mother was a teacher and a counselor. All my uncles were teachers, counselors, and coaches. I was the oldest of a generation on my father's side where I have five brother and sisters and some 30 cousins. In that arrangement I grew up with a sense of responsibility for helping everything to always come out right. I learned from my father that command and control, militaristic, "do this -- do that" type of leadership doesn't really work. And that it works better when you help people see the right thing to do and then step away to give them the chance to step forward into the space into which they "do it for themselves". You get great results in the moment and you can get even more results beyond that.

As a result, I always tell people to "never do something because I tell you to; do it because you understand it, you think it is the right thing to do, and you want to do it." I find that this approach lets me help people grow. And then if I help them grow as individuals, and as a team, incredible things can happen.

**Host:** I imagine that give a folks a lot of permission to make mistakes?

**Peter:** Oh absolutely; in fact we want people to make mistakes, and we want them taking risk. However, we also want them to learn from those mistakes. What we don't like, though, is when you make the same mistake over and over and over again. But if you make a mistake it is absolutely fine, please make mistakes, go ahead and take risks, get out there, and then learn from those mistakes, and then take what you have learned and go forward.

**Host:** If you were coaching young CEOs who are just starting their own business and taking it to the next level, other than making it less about them as leaders, what else should they be paying attention to?

**Peter:** They should be open to input, that is, they should be *aggressively* open to input. I found in 1989, when I was running a business that was stuck, that I was trying to do too much myself, and out of my own head because I thought I was supposed to. I thought I was supposed to know what to do because the CEO was always supposed to know everything. But, in reality, there is no way you can know everything and you don't even need to try to know everything! I went to MIT and so was able to figure out that there is no way any one person can know everything. It turns out that you need to know more than one person can know and it's always not even two people who know enough, it is usually three or more, but probably about 3-7... 3, 4, 5, 6, or 7 is about the size of the top team.

What you're going to do is build a team of people who are really good at different things that all matter to the business, who really like working with each other, that is they can't wait to get out of the bed in the morning and go to work with each other, to apply their great strengths to all accomplish a common goal.



The other trick is, whatever success that group has toward achieving that goal, you have to give all the credit for so doing to other people. As soon as anyone in the group starts to want the credit, it starts to fall. If you can architect that, and set up so you have outside subject-matter experts, and other coaches, who can watch you perform and see how you're impacting other people, and give you feedback that you graciously and aggressively take and fold into yourself to become better at what you're doing, it is phenomenal what you can achieve

**Host:** How long do you like to stick around a company?

**Peter:** Until it achieves the goal that we set out at the beginning...which generally takes anywhere from 6 to 18 months, in some cases a few years. I've currently been with Compusearch about 5 years and we've accomplished the goals that were originally laid out. At any point in time there are four options once we reach a goal: one of the options

is to set new goals; another is to execute a transaction where money comes in and we each get our share; or they buy me out; or I buy them out. I am always moving toward a goal, at which point we do any one of those four things

**Host:** what do you find most satisfying about what you do?

**Peter:** Growth; I like growth. I like to see people grow, I like to see companies grow, I like to see communities grow, I like to see societies grow, I like systems that grow, I just love growth, because with growth comes opportunity, adventure, and fun new things. I was with AMS, American Management Systems, when it grew from just a few people to a billion dollars and 10,000 people. Every day I had a different job, because it grew so much and so fast, and that is just thrilling to me. I just love that.

**Host:** How do you handle frustration?

**Peter:** That's a good question because people get all tensed up and maybe even angry at themselves or at whatever caused the frustration. What I realized some time ago is that when you get to the point of anger you are done in that there is nothing else you can do. So what I try to do is to understand what it is that is causing the frustration, and step above it and "helicopter up," look down on the situation to see the different forces at play and see what there is to work with to make it less frustrating.

**Host:** Where did you learn these professional CEOing skills? Is it something that you learned in school; was it something that a mentor taught you, is it something you learned on the job?

**Peter:** You could say I have been learning them my whole life --- working with my family, my siblings, also at camp. I was an overnight camper in lake Winnepesaukee, New Hampshire; I do feel like I learned a lot there. Learned it playing team sports, I learned it at MIT Sloan School. When I went to Sloan in 1975, I happened to come across a study that surveyed people who were 20 years out. And one question that stuck me as interesting was "What was the one thing you wish you had studied more of?" And the number one answer, by far, was Organization Development...which is about how to get organizations to grow through personal and interpersonal development. So I took all the OD classes I could and they seemed to have helped me a lot over the years.

**Host:** What is the Web address for Compusearch?

**Peter:** [www.compusearch.com](http://www.compusearch.com)