



Michael Sonnenfeldt

EDITORS' NOTE Michael Sonnenfeldt was also Chairman of publicly traded Carmanah Technologies Corp from July of 2013 until August of 2017. From 1991 to 1998, Sonnenfeldt founded and led Emmes & Company. In 1980, Sonnenfeldt conceived and initiated the world's then-largest commercial renovation, commencing the transformation of the 2.4 million square foot Harborside Financial Center in Jersey City, New Jersey. Sonnenfeldt received his Bachelor's and Master's degrees in Management from the Massachusetts Institute of Technology where he was inducted to Phi Beta Kappa.

COMPANY BRIEF TIGER 21 (tiger21.com) is North America's premier peer-to-peer learning network for high-net-worth wealth creators. TIGER 21's 565 Members collectively manage personal assets of approximately \$55 billion and over \$115 billion in assets when assets managed for others are included. Members are current and former entrepreneurs, investment managers and top executives. TIGER 21 focuses on improving investment acumen as well as exploring common issues of wealth preservation, estate planning and family dynamics in the context of a unique community of peers. Founded in 1999, TIGER 21 is headquartered in New York City and has groups in Atlanta, Austin, Boston, Charlotte, Chicago, Dallas, Denver, Houston, Los Angeles, Miami, Nashville, New York, Newport Beach, Palm Beach, San Diego, San Francisco, Scottsdale, Seattle, Tampa and Washington, D.C. as well as international groups in Calgary, Edmonton, London, Montreal, Ottawa, Toronto and Vancouver.

You're referred to as a serial entrepreneur. Did you always know that you had the entrepreneurial spirit?

I was selling milk at the drive-thru dairy store when I was in ninth grade and I was the videotape operator at the tennis academy – I was always working one job after another. I met my wife at the supermarket that we both worked at in 10th grade where I was the cart boy and she was the check out girl.

My first entrepreneurial venture was in sixth grade. I sold laser plans in the back of *Popular Science*.

Wealth Creation to Wealth Preservation

An Interview with Michael Sonnenfeldt, Founder, TIGER 21

The one surprise is the serial entrepreneur part of it. If I had an image in my teens of what I would be doing, it certainly wouldn't have included pretty much reinventing myself every five years. Maybe I should have been able to predict that.

Is there a link that connects the businesses you have started?

They're not all a single theme, but they all fall into buckets. Real estate is the place where I've spent the biggest portion of my career. I've started two successful real estate businesses. Philanthropically and politically, national security and climate change are the things I'm most involved in currently, as well as education and financial instability. The foundation that I run has those four areas as the drivers through which we filter our activities.

What was the vision behind the creation of TIGER 21 and how has it evolved?

TIGER 21, which I'm proudest of because of the number of lives we're impacting, is an outgrowth of the successes I've had when I started a business or organization after realizing there was nothing fulfilling a particular need.

When I was 31, I was lucky enough to sell the Harborside Financial Center, which was my first project. It was the world's largest commercial renovation at the time and had been the largest building in the world in 1929, when it was built.

I had a mentor and partner who was twice my age, and we sold it when I was very young. At that time, I didn't have particularly well-defined views about wealth preservation. I was thinking about the next thing I was going to do. I had no intention of retiring, but I didn't know how many companies I was going to start.

I did a lot of things, both philanthropically and in terms of buying houses and through investing in start-ups. Each of them was perfectly reasonable, but when I looked over the risk profile of the totality of activities, I realized I had misallocated to too much risk, because I wasn't thinking about wealth preservation.

I woke up one day and realized I wanted to go back and do it all again and that's when I started my second real estate company called EMMES and Company. That turned out to be a much bigger success than my first, and seven years later, I was lucky enough, at 43, to sell that business.

The insight I had at 43 was that when I had sold the first business at 31, I wasn't very thoughtful about the transition from wealth creator to wealth preserver. I wanted to be much smarter about it the second time by learning from people who were smarter, older or further along the path exploring

the same issues I was. I wasn't looking to learn from consultants, salesmen or brokers who all had an agenda. I wanted to learn from peers who had no agenda other than to help me and for me to help them. This formed the roots of what TIGER 21 would become.

The initial problem I was trying to solve was to be a responsible wealth preserver in an efficient, effective way. We found that, once we created this extraordinary confidential environment where the people at the table had all been vetted – we had done background checks and collected recommendations so we knew the people to be of absolute high standing and they were bound by confidentiality agreements – that the environment was much more conducive to exploring a broader range of issues that other people were facing than just wealth preservation. This includes issues around family, philanthropy, children and legacy.

The third part of the evolution was that we realized that wealth could be very isolating. Most people who are lucky enough to be successful are often lonely at the top. This is especially true if they're a successful entrepreneur who sold their business and in doing so lost their platform or social system. No one is laughing at their jokes any more. Many people think they should be celebrating because they just sold the company, but it's a moment of discontinuity. It's a destabilizing moment, even for the most successful entrepreneurs, because they hadn't anticipated staring into the abyss the day after they sold their company and made a fortune.

The money is great, but other issues quickly rise to the fore: It's about what they're going to do now and the meaning of their lives. Maybe they will become healthier or more spiritual, or rebuild relationships with their families that they didn't tend to while they were building their companies. These are things that were subordinated to the overarching goal of driving a business to success.

What we found was that it wasn't just learning how to be a confident wealth preserver and it wasn't even just having a forum to explore issues, but it was creating a community of peers where people share similar experiences and understand each other in a way the rest of their world couldn't or didn't.

Those are the pillars of what has built TIGER 21 today. We have 565 members and we meet in 35 cities across North America in 50 groups. Every group meets one full day per month and is facilitated by a member of our team. These are some of the most successful entrepreneurs across North America.

Are you focused on continuing to build membership or does it reach a certain size where it's more challenging to maintain the model?

The most important thing we do is create a trusted environment where new members believe that when they walk through the door, the people at the table are bound by confidentiality and are there to teach them something and to learn from them, and that they can check their egos at the door. It doesn't matter if we create this experience in one location or 50 locations.

The only reason we continue to grow is because size matters when it comes to the kinds of benefits and services we offer our members. This year at our annual conference, Mike Bloomberg was one of the key-noters along with Tony Robbins. In February, Condoleezza Rice and Vicente Fox and Howard Schultz will be among 30 speakers who are just as amazing.

What we find is that each time we grow, we're trying to make growth our ally. We have a commitment to our members that the package of experiences, services and learning that we offer will be enhanced by growth and, so far, each time we've done that. I believe we have stayed true to that commitment and, if we weren't, we would not keep growing.

We're a for-profit business, but we have never been run like one because we're owned by members first – I am both a member and the owner. I've publicly stated that, over time, I expect to sell my interest to the members so that it will be membership-owned.

But we've always been owned by a member and I've always subordinated the business aspects to putting every penny back into the business to refine this extraordinary curated experience that we now deliver all across North America and Europe.

Has the membership grown primarily through word of mouth?

Forty percent of our new members come from member referrals. The rest come from a network of vice presidents of membership we have that keep abreast of local communities and what people might be the ideal candidates that we can recruit on an invitation only basis.

We're not pretending to be the best-kept secret because I'm featured in media from time to time and we do give the broader population and the investing public insights into what we do.

We conduct a quarterly asset allocation survey that shows the shifting sands of high-net-worth people in our cohort, which allows us to identify some major trends. We share these with the media because it is incredibly useful information. When we do this, it sparks interest. I've just written a book that chronicles the lives of 25 of our amazing members, and that has had a dramatic impact on people understanding what TIGER 21 is about. It captures the lessons learned over their careers.

Is the book directed at those at the level of your clientele or is it for a broader audience?

No, there isn't a single reference to a dollar amount in the book. These are lessons that young entrepreneurs or corporate executives who dream of unburdening themselves from the shackles of bureaucracy and starting their own business can learn. When they read the book, they may also find out that they're not cut out to be an entrepreneur.

This isn't a how-to be successful book; it follows the arc of 25 successful entrepreneurial careers that range over a dramatic diversity of

activity and reflects from the high mount of success the lessons learned over these incredible entrepreneurs' careers. Women have had many challenges that the men might not be aware of. One woman said she never worked for a salary and always worked for commission because sales don't lie and don't discriminate. She never had to negotiate and go through the filter of some man's vision to determine if her work was as good as someone else's.

Is success characterized more on the financial side or on personal fulfillment?

Success, when measured financially, is on a unique dimensional scale but that isn't the scale of life. Since our members range in investable assets from \$10 million to \$1 billion, we have many cases in TIGER 21 where one member is sitting next to another Member whose annual income is more than the first Member's entire fortune. This could certainly make one wonder how great they really are. We try to avoid that.

The distance someone has traveled is a much better indicator of achievement than where they are in that arc. I know people who started in such horrific circumstances but achieved extraordinary levels of success. It might not match the financial level of the person sitting next to them, but their story and triumph might be infinitely more interesting.

We have a wide range of net worth within TIGER 21. We try not to measure anyone on that basis because everybody has been amazingly successful in their own right. Most importantly, they must come with the ability to teach something uniquely and a desire to learn from their fellow members. Success is important but so is someone's personal evolution. The journey that someone has traveled is an equal indicator to the numbers that might describe their balance sheet.

Can someone learn to be an entrepreneur?

We've always had debates around nature versus nature, and it turns out that sometimes one can compensate for the other, meaning one might be born one way but brought up differently. They both have an impact.

For anyone who is an entrepreneur, if they want to be a student and learn how to be a better entrepreneur, there are things they can do. Professor Daniel Goleman at Rutgers talks about three types of focus that are the indicators of great entrepreneurs: an inner focus, an other focus, and an outer focus. One is to know oneself, one is to be sensitive to one's team, and the third is to understand the landscape that one is fighting against as they're building their business. Great entrepreneurs have to do all three things – they can't be single-mindedly focused on any one thing.

Any entrepreneur could spend time focused on these ideas and determine how to get better at them. When that reveals blind spots, you can hire around them. Anybody who is an entrepreneur can always be more effective if they're a lifelong learner and willing to open themselves to the growth that discipline and hard work takes.

Having said that, there is a basic risk tolerance and a kind of grit that great entrepreneurs have that is cooked in early on.

What is the line between entrepreneurs and operators?

In my case, the greatest pleasure I have is in starting something – taking a blank slate and imaging something and figuring out how to have something come into being that didn't exist before – TIGER 21 is a good example of that.

But I don't run TIGER 21 – its run by a professional team. The president is there every day trying to set the right plans. I'm not a particularly gifted manager – that's not where my strength is, but I have insights and a grit that makes me reach beyond my grasp and keep trying to push the envelope.

There is a natural tension between an entrepreneur and a manager because I'm pushing the team past their comfort zone and, frankly, that is how great things get done. It's an unusual person who is a great manager and a great entrepreneur.

Are you ever able to reflect on the wins or are you always looking ahead?

I'm never satisfied sitting on my laurels. I can appreciate that I have created this amazing collection of incredible people and that what we're doing at TIGER 21 is deeply impacting their lives. However, I'm always considering the future possibilities of what we have created so that we don't rest on our laurels. A part of each of us, as entrepreneurs, is driven to always be looking ahead. Grit outshines IQ most of the time, and great entrepreneurs have to be smart, but what makes distinctive entrepreneurs is the ability to pick themselves up. They learn from their failures, start again and fail, and use each failure as an experience and go from success to failure and back to success, and never stop.

Does business acumen translate to the philanthropy side?

No matter how successful one is, there is still an element of luck that can reward those who are prepared and willing to take the risk. I think most great entrepreneurs whose egos aren't completely out of check realize we live in a society that helps them in ways other societies would not. We have a lot of members who realize this and are happy to give back as a result.

In the book, I talk about Gary Mendell, who lost his son to addiction. Gary's son was an addict – addiction is a disease, it's not bad character. Gary had a multibillion-dollar real estate business and decided to give it up to start Shatterproof, which is on its way to becoming the national organization to fight addiction, which is the number three killer in America next to heart disease and cancer.

Gary, as an entrepreneur, learned how to think bigger in his own business. He decided to again think bigger and set his life's goal to cutting the number of deaths by addiction in half. It takes a real entrepreneur, be it in the social or business arenas, to have the kind of ambition and confidence and guts to take the kind of risk to go through this.

You are known as a master connector. Did you always know you had this ability?

In any community, there are people who are connectors and I would fall into that category. I'm not someone who knows everyone, but I'm still a networker. However, I'm also a loner. It doesn't always matter how much of a networker one is – it's lonely at the top. I'm making decisions that ultimately impact 565 members but also their families and sometimes hundreds of millions of dollars in investments and philanthropic activity that somehow I might influence.

We have a team of 70 people and, still, there are times when I need to make a decision in the middle of the night. With major decisions, no matter how many people I call, the buck stops here. If someone doesn't want to be on their own at the top, they're not cut out for the role. ●