

Cetis 

Life Series.

One mountain at a time.

An interview with Dr. Bing N. Sun



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Chapter 1 - Life Is Hard.



Q: You grew up in rural China in the 1970s?

A: Yes. My father was a farmer, who grew mostly rice. He never went to school and could not write his name, but neither could my mother, which was common for that time. My family was probably the poorest family in the village. I had two brothers and two sisters. I am the second child. My brothers and sisters all worked in a co-op, but we often owed the co-op money since we had a big family. We had no electricity and were really totally disconnected from the world. I had no idea about life outside the village at that time.

Q: Did your father expect you to follow in his footsteps?

A: No. In fact, my father once told me “Son, if you don’t study hard, you will not have enough food to eat.” I remember not having enough food to eat every day. In those days, my family normally had enough food for 9 months, but not the rest of the year, so we had to look for anything else we could find for the other 3 months. Because life was hard, there were really no expectations for a career at that time. The best I could hope to do would be to leave the village and find work, where entry level salaries were about 18RMB (\$3) per month outside the village. I was doing well in my early adulthood to earn 3RMB (\$0.50) a month.

Chapter 2 - Early Education.



Q: Given your difficult living conditions, how were you able to go to school and learn?

A: Living conditions were difficult, but even worse, my father told me years later that I didn't begin speaking until 3 years old and that people in the village told him that I must have a defect. But my father said to them, "Look at his eyes, they are very clear. He's smart, look at his eyes!"

Q: Life proved your father to be right, but what was your early childhood education like in a rural school system?

A: School was organized by village. The teachers were not professionally trained, so I really had to learn on my own. I can still vividly remember my first day at school. I was 4 years old, and could not write my name. This infuriated my teacher, who burned my books in front of the entire class. He told the class that I had no ability to learn and should go home.

Q: That must have been very embarrassing for you, particularly at such a young age. How did you react to the teacher's words and the book burning?

A: My goal was to prove the teacher wrong, and I did, because I soon began to prove my abilities in math and was consistently scoring 100%. I would arrive at school early in morning and wait for the doors to open. I enjoyed school, so was always there first. Because I would be expected to work with my father in the rice fields, I also disciplined myself to study at night. We had no electricity, but I learned to use an oil lamp or candle between me and my book to read. In the wintertime it was particularly difficult to study, because much of the time we had no heat, but I was determined to persevere through the cold and life's challenges to succeed.

Chapter 3 - Early Ambitions.



Q: As you progressed through school, what did you want to do when you grew up?

A: I had no idea other than to study hard and leave the village. I had no knowledge about the outside world, but knew that life in the village was very hard, and that I wanted to change my life, and not follow in my father's footsteps. I didn't want to be hungry all my life.

Q: After a difficult beginning in grade school with the teacher burning your books, how did you progress with your education?

A: Because I attended middle school and high school during Cultural Revolution, most of my teachers were former university professors that the government had sent to the countryside. They actually became my teachers, which really changed my life, since I was then able to learn from some of the best Math and Physics teachers in China.

Q: So, in effect, you were still attending the village schools, but learning at a university level?

A: Yes. In fact, if it were not for the Cultural Revolution, I would have never received such high-level instruction. My teachers gave me very challenging textbooks, so by the time that I graduated from high school, I had already completed university-level studies.

Q: No doubt your teachers observed that you were a highly disciplined student, but did they discern that you were gifted?

A: Yes. My Math teacher saw promise in me. He told my father that I needed to stop working in the fields, so I could focus on my studies and improve my Math skills. In high school my Physics teacher called me Doctor, since I was so good in Physics, and really learning at a university level. He was kidding, and said it in fun, but it helped encourage me to continue to pursue higher education.

Chapter 4 - Higher Education.



Q: What did you learn from your early education experiences?

A: When I was in high school I had already decided to continue my studies at Beijing University and become a successful scientist. In those days in China the most respected and honorable occupations were scientists and university professors, so I choose the science career path. It was toward the end of the Cultural Revolution in the late 70s, so I knew that new scientific employment opportunities were beginning to open up again as well.

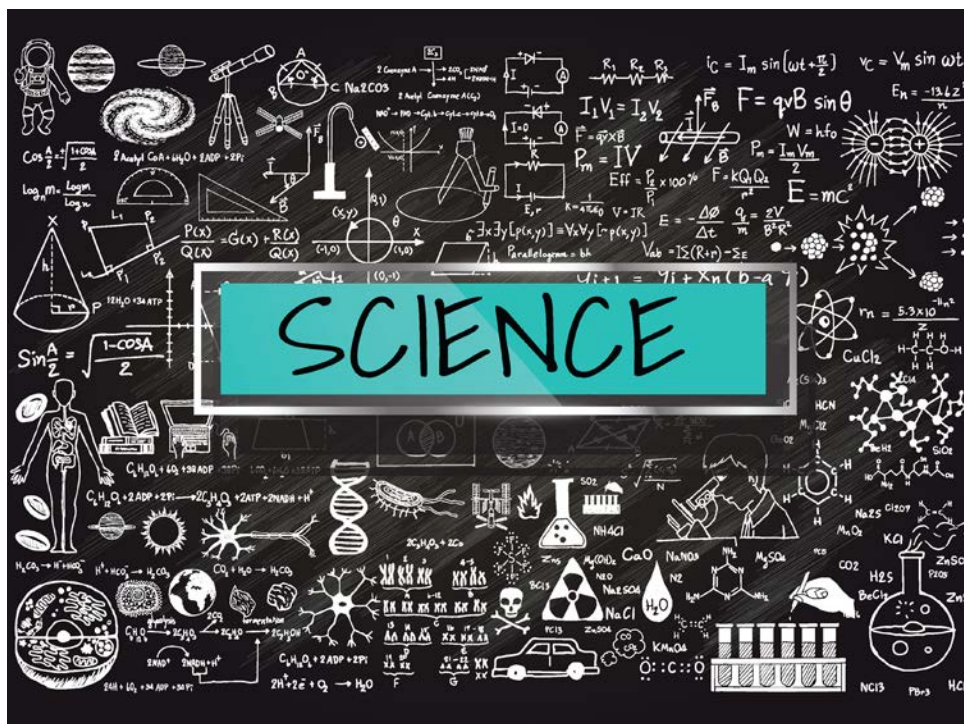
Q: Did you always want to go to college?

A: Yes, that is what I worked so hard to prepare for during middle school and high school. During my final term in high school, I completed the national college entrance exam with excellent scores, and remember receiving my acceptance papers via hand delivery. In those days, study at Beijing University was almost a guarantee of career success, similar to entering Harvard. In fact, at that time, less than 1% of high school graduates in China were admitted to Beijing University, so I was honored to be among that group.

Q: What were some of the highlights of college life at Beijing University?

A: I completed my undergraduate studies at the age of 19. During my first year at Beijing University, however, I began to feel that I wanted to leave China and study abroad, so I spent most of my extra time studying English, so I could go outside China to study. Even though life in Beijing was much better than in my village, in those days I was disappointed with life in Beijing, and wanted something better, so I began to explore opportunities to study abroad.

Chapter 5 - Scientific Pursuits.



Q: Without family education resources, how were you able to study abroad and pursue advanced science degrees?

A: At that time there was an exchange program funded by the French government for qualified students to study in France. But because the program only accepted 130 students from China each year, applicants had to be the best-of-the-best to receive a scholarship. A perfect applicant score was 100, but I actually received a score of 120, because the board granted me additional points for using materials from an American textbook. As a result, I received a full scholarship for 4 years of graduate study in France.

Q: Which university did you attend?

A: I originally selected a professor from the University of Paris, but when he became a minister in the French government, I had to change professors. He sent me to the University of Aix-Marseilles, since I could no longer study under him.

Q: How did you prepare for school in France? Did you speak French?

A: Prior to leaving for France, I spent 9 months learning French at a language institute, and later enrolled for 3 additional months of French classes at the University of Besançon in Eastern France before I entered school.

Q: What advanced degrees did you pursue at the University of Aix-Marseilles?

A: I earned a Masters in Physics, and a Ph.D. in Material Science and Engineering at the age of 24.

Chapter 6 - The Race.



Q: How were you able to complete your Masters and Ph.D. degrees at the age of 24?

A: I was creative! When I first met my professor, I was told that it normally required 2 years of study to complete a Masters degree, and 6 additional years for a doctorate, but I finished both degrees in 3 years and 9 months. I didn't always enroll in the subjects recommended by my professor, which enabled me to spend more time in the laboratory working on my doctoral thesis.

Q: But didn't opting out of recommended coursework place your graduation in jeopardy?

A: That was a concern, because if the professor didn't sign off on my thesis, I couldn't receive my doctoral degree. So I secured letters from two other university professors well known in my field to help encourage my University of Aix-Marseilles professor to award my degree.

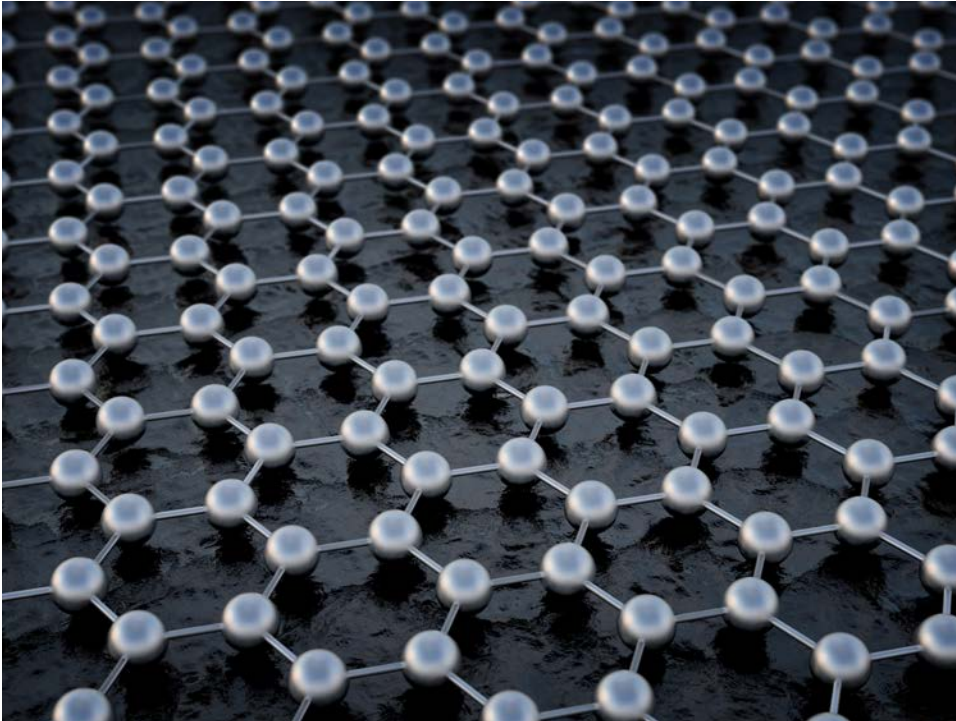
Q: Your strategy must have worked. Right?

A: Yes, because after the other professors read my thesis, they both offered to award me a doctorate degree at their universities, so it did help speed my University of Aix-Marseilles approval. That was selling. I sold myself by using smart business tactics. Thinking outside of the box.

Q: But this still doesn't fully explain how you were able to complete 8 years of graduate study in less than years. It seems like you were running an endurance race.

A: I did have a strong desire to complete my education and begin making scientific contributions in my field, so to me it was just another challenge that required hard work and self-discipline. And I did achieve my goal, but at a cost, because after successfully defending my thesis before the University of Aix-Marseilles thesis committee, later in the day I ended up in the hospital from exhaustion and a bleeding stomach. I spent the next 2 weeks recovering, and later discovered that I had a stomach ulcer which required surgery to correct.

Chapter 7 - Materials Science.



Q: After graduation did you stay in Europe?

A: I graduated from the University of Aix-Marseilles in July 1988, and left that summer to become a post-doctorate fellow conducting materials science, and high temperature superconductivity research at the University of Geneva in Switzerland.

Q: Superconductivity must have been a high priority scientific field at that time?

A: Yes, it was, and I enjoyed my work, but as a foreigner it seemed difficult to find a permanent job in Europe at that time, so after 2 years in July 1990, I left the University of Geneva to join the scientific research staff at State University of New York (SUNY) Buffalo.

Q: What type of research were you involved with at SUNY Buffalo?

A: It was a joint research position between medical science and chemistry, but because I didn't enjoy the subject and preferred to return to materials science and superconductivity research, I only remained in the position about a year.

Q: So that's when you made the decision to accept a new opportunity at the University of Illinois at Urbana-Champaign?

A: Yes. I returned to my study of materials science in November 1991 at the Beckman Institute for Advanced Science and Technology at the University of Illinois.

Chapter 8 - Detour Ahead.



Q: The Beckman Institute is a world-renown scientific center. Can you describe your tenure there?

A: At Beckman I enjoyed my scientific studies, however, the constant diversion of having to look for funding became frustrating. But what ultimately changed my view of academics occurred in the Spring of 1993 when I applied for a university professor position.

Q: What happened to alter your view?

A: Following my interview and presentation, I received a handwritten letter informing me that because the search committee had ranked me as their #2 candidate, but had only one position to fill, that I would not be offered the position.

Q: No doubt you were disappointed, but how many candidates applied for the position?

A: Yes, I was very disappointed. Over 500 candidates from around the world applied for the position, so it would appear that being chosen #2 was a notable achievement, but to me being ranked #2 out of 500 wasn't good enough, so I made up my mind that there was really no future for me in academics.

Q: Having come to that realization, what did you do next?

A: As I was working at the office one day in the Spring of 1993, I just decided to leave. I didn't even take time to clean out my desk, but just walked away and never looked back.

Q: How did you begin to negotiate this career detour?

A: I had always wanted to be scientist, so had never considered opening a business or even working outside of science and research. But once I had made the decision to leave, I began to apply my scientific research skills to the study of business. I read hundreds of books on how to run a business, and spent thousands of hours in the libraries researching business principles.

Chapter 9 - Change Is Good.

CHANGE IS GOOD



Q: How did you apply your newly-acquired knowledge of business to transition from academics to business?

A: Actually, my first idea after leaving academics was to become a scientific consultant, but I later decided to offer business consulting services and sell knowledge.

Q: But your business consulting practice only lasted for a season, right?

A: Right. I believe that change is good, however, since I didn't have millions to start a business, as a consultant also I disciplined myself to listen. I wanted to understand what products and services were in high demand. I applied my logical, scientific thinking to discover what products were in high demand, and eventually began to offer manufacturing services.

Q: How did that work out?

A: Using an 800 toll-free directory, I was on the phone every day talking to sales managers, and asking which of their products had long lead times. One day in 1994, I was on a call with a sales manager in the Atlanta area who was selling PBX telephone systems. When I asked what item had the longest lead time, he told me NEON message waiting lights for hotel telephones.

Q: But you were a consultant. How were you able to better manufacture message waiting lights?

A: True, but when I reached out to my manufacturing network, I was able to offer the NEON message waiting lights with better quality and much shorter lead times at a price that was well below what the customer was paying. So, I simply added some margin, and began to secure orders. There is no secret to being successful in business. You just need to keep your costs as low as possible, offer the absolutely best quality and service that you can afford, and be fair.

Chapter 10 - Hotel Phones.



Q: So you began manufacturing message waiting lights, but what led you into the hotel phone business?

A: As I continued to listen to the market, I discovered that there was a growing demand for reliable hotel phones, so I devised a plan to design, manufacture, and market hotel phones under the original company name Scitec, Inc.

Q: When did you found Scitec, Inc.?

A: I founded Scitec® in 1993 as a custom manufacturing and consulting company.

Q: Why did you choose the name Scitec?

A: Scitec was short for Science and Technology, which was not only a logical expression of my own science, and technology education and experience, but an acknowledgement of emerging science and technology developments in the marketplace.

Q: But when did the company actually begin manufacturing hotel phones?

A: In 1995. As I continued to study the hospitality telephone market, I discovered that refurbished 2500 Series telephones accounted for a big slice of the market, so I made the decision to offer an economy version of the industry standard 2500 desk set.

Q: How did that work out?

A: An instant success! Scitec launched its first 2500 Series telephone under the Aegis® brand in Q2 1995. We pre-sold over 30,000 phones to 200+ hotels throughout the U.S. prior to product release. Then in Q4 1995, we introduced a redesigned low-cost 2500 set priced to compete with refurbished phones.

Chapter 11 - Forty-Six Credit Cards.



Q: Pre-selling to 200+ hotels must have been a great launch into the hospitality market, but how were you able to build on this early success?

A: In Q2 1998, I made the decision to expand our Aegis Series model lineup beyond industry standard 2500 sets, to include feature phone models with full-length faceplates and programmable guest service keys.

Q: That was a bold move, but how were you able to compete against entrenched competitors?

A: It took hard work, and commitment, but it also required faith that we could grow sales in the face of tough competition with the right product and business strategies.

Q: How were you able to secure funding for the expanded product line?

A: That was in the 1990s. The banks and venture capital groups weren't interested in taking risk, but because I had a strong educational background and a Ph.D. degree, the credit card companies at that time were ready and willing to grant me credit.

Q: But interest rates were high at that time. How were you able to fund your company's growth and expansion with credit cards and still navigate the impending debt? That certainly required strong faith!

A: It wasn't easy. In fact at one point I had maxed out 46 credit cards! But because our products became an immediate hit in the marketplace, our sales began to grow exponentially at 120% annually, and we were able to quickly retire the credit card debt and return to a strong financial footing.

Q: Retiring the credit card debt was a major achievement, but didn't you still need operating capital?

A: Actually, after retiring the credit card debt, I was careful to control costs and manage cash flow to avoid further corporate debt, which continues to be my operating mantra today.

Chapter 12 - Awakening A Lion.



Q: So 46 credit cards later, you had established Scitec as a viable hotel phone manufacturer, but didn't you encounter yet another challenge during that period?

A: Yes. In 1997, Teledex, LLC., the largest provider of hotel phones globally, filed a federal lawsuit against my company, claiming that our new Aegis Series products infringed upon their established phone designs. We had awakened a sleeping lion.

Q: Awakened a lion?

A: Yes, because of our early success, it seemed as if all the resources of the then industry leader had been raised up against us.

Q: For a new business funded with 46 personal credit cards, it must have been a big financial burden to defend yourself in a U.S. Federal court.

A: Yes! I was forced to spend hundreds of thousands of dollars in legal fees, airfares, and hotel expenses to travel back and forth from Champaign, Illinois to San Jose, California to defend our position in court.

Q: What was the outcome?

A: After spending 6 months in court and away from running my start-up company, I couldn't afford spending more money and time defending myself. Finally, I decided to settle the case.

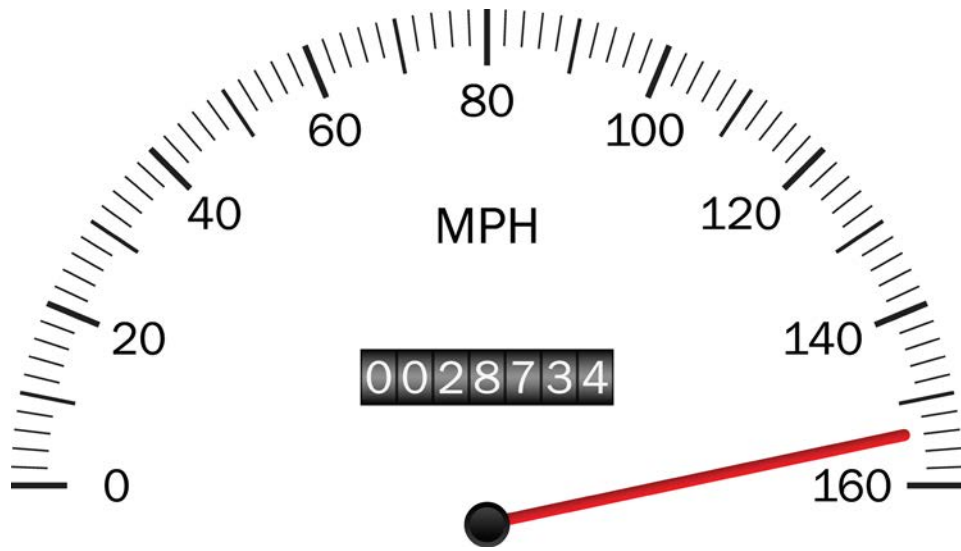
Q: So you settled the case in court, but how did you fare in the hospitality marketplace.

A: Because hoteliers embraced our new products, sales continued to grow exponentially, and we were able to survive the challenge.

Q: What did you learn from this experience?

A: I learned the value of perseverance and thinking positive. Also, being sued by the largest player in our industry dramatically increased my self-confidence. It proved that I was doing something right and successful! And 11 years later, we successfully acquired the assets of Teledex, LLC. Today we manufacture, market, and support Teledex brand hotel phones globally.

Chapter 13 - Scitec Speed.



Q: Throughout your life it seems as if you've been on an urgent mission. You enrolled in college when you were still a teenager, earned your Ph.D. at 24, and it appears have carried this same sense of urgency into the development of your business.

A: During my undergraduate and graduate school years, I wanted to hurry up and complete my studies and begin scientific work in my field, and I did carry that same expectancy into business.

Q: People say that you are a very patient man, but that you have an urgency to get things done.

A: My drive to succeed is born out of a childhood decision to study hard to be the best, not only so I could succeed in life, but also avoid the challenges that I faced growing up in poverty.

Q: What is the meaning of the term Scitec Speed?

A: Scitec Speed was a term that we coined to help communicate a sense of urgency to get things done at a high rate of speed. Early one morning in the 1990s, I was sitting in my office at the then Scitec headquarters at University Avenue in Urbana, Illinois, and realized that by 6:30 a.m. I had already replied to all my emails, returned all my voice mails from different regions around the world, drank 2 cups of coffee, and read several news articles! Suddenly the term Scitec Speed came into my mind, so I immediately sent an email on effectiveness and efficiency to the entire staff. We were the new hotel phone manufacturer in the market, had limited resources, and needed to compete for and win every hotel phone sales opportunity.

Q: Looking back, it's remarkable how you were able to quickly accomplish so much with so little as a startup business venture.

A: To me, my early success is an example of the American dream. As Americans, each of us with a drive to excel and a willingness to work, are able to see our dreams come to life.

Chapter 14 - Elephant In The Room.



Q: It's been said that relationships make or break the success of leaders. In fact, business relationships can be the proverbial elephant-in-the-room for rapid-growth startups that many leaders don't talk about.

A: Certainly, in our early days we did experience some staff turnover. People left for a variety of reasons, perhaps partially due to sales growth expectations and limited resources, but realistically, staff turnover can occur at any growth stage. Over the years, I've sought to maintain an open-door policy with staff, customers, and partners, which helps serve to anticipate and resolve change or conflict.

Q: But success can also usher in new challenges. As you continued to gain market share, did competitors begin to recruit your salespeople?

A: Yes, because we had a well-trained, and effective sales team, some members were recruited by our competitors and left. I remember an occasion in our early years when one of our top salesmen submitted his resignation on a Friday. During a 3-hour meeting on Sunday, he told me that he was leaving to join a humanitarian organization, but on Monday morning I discovered that he was already employed by one of our competitors.

Q: How did you react?

A: I was so angry at the time that I vowed to myself to find a way to acquire the competitor that hired him, and then fire him!

Q: Did that ever happen?

A: Yes. And no. I did acquire the competitor a few years later, but chose to retain him as a trusted member of our new sales team.

Q: How did that work out?

A: Actually, several years later he left again to join another competitor, however, today, many of our other original sales, marketing, and support team members are still with the company serving in management roles.

Chapter 15 - Heading To LA.



Q: Staff turnover can be a challenge at any growth stage, but it certainly didn't seem to hinder your progress.

A: No, it didn't. In fact, in the summer of 2003 we were awarded a manufacturing contract from a multi-billion dollar Fortune 500 telecom company. Our revenues grew exponentially, and I was again reminded that there was a bright future ahead.

Q: How did the contract requirements impact you personally?

A: From a personal standpoint, I decided to move from Champaign-Urbana, Illinois, a university community, to the greater Los Angeles area to position myself to help manage the contract, but to also pursue additional new business opportunities.

Q: As a hands-on CEO, how did you adjust to working remotely?

A: Operating remotely had its challenges, but in Southern California I was positioned to engage more industry leaders, and it also helped facilitate my business travel via LAX. I remained active and hands-on, however, my focus changed from day-to-day tactical decision-making, to strategic planning, and relationship-building.

Q: You were now managing yet another transition?

A: Yes. But although we had successfully navigated the transition from a small startup to an established business, the Fortune 500 contract and my move to LA helped me realize that I was still thinking too small. I began to look for alternative growth patterns that were not limited to increasing hotel phone sales, but toward sustaining exponential growth.

Chapter 16 - Growth By Acquisition.



Q: You mentioned in Chapter 15 that you acquired a Scitec competitor. How did that take place?

A: Our success as a startup had begun to impact the market significantly. Not so much at first, because we were initially selling directly to hotels, and did not yet have a distribution channel, or endorsements with major hotel franchise corporations.

Q: But that changed?

A: Yes, in June 1998 we shifted from direct sales to channel distribution, and over time began to be recognized as a viable supplier to the hotel industry. Maintenance Warehouse, now

known as HD Supply, a major multi-billion dollar hotel supply company based in San Diego, California with distribution centers throughout the U.S., began to distribute our products that year. During that same period, we received our first major hotel brand endorsement from Choice Hotels International, and our sales continued to grow exponentially.

Q: But if things were going well, why did you shift to an acquisition strategy?

A: Actually, I've asked myself that same question, because at the time we were exceeding our sales goals every quarter, had no corporate debt, and our products were growing in acceptance in the industry. However, in 2005 when I discovered that TeleMatrix® of Colorado Springs, Colorado, the #2 hotel phone supplier globally, might be for sale, I investigated the report and found it to be true.

Q: How did that work out?

A: We began meeting and negotiating with their executives, and in 2006 finalized our offer, which was accepted. The acquisition was financed by a bank, and we were able to retire the debt within 18 months! From 2006 to until 2009, when we acquired Teledex, we maintained Scitec and TeleMatrix as 2 legal entities, operated as Scitec, Inc. and TeleMatrix, Inc.

Q: You acquired Teledex?

A: Yes, at that time Teledex, LLC. of San Jose, California, was the global leader in hotel phones, and the inventor of the first hotel phone with pre-programmable guest service keys and a full-length instructional faceplate. We acquired Teledex® in December 2009, merged it with TeleMatrix and Scitec, and formed a new Cetus, Inc. corporate entity in 2010 to assimilate the 3 hotel phone brands.

Chapter 17 - Oops! Sidelined.



Q: The acquisition of the global leader Teledex must have made you proud, and given you a great sense of achievement?

A: No. Actually I was very upset, because the Teledex transition didn't work out as I had planned.

Q: What happened?

A: I was pretty much sidelined. When we closed on the acquisition, I had just been released from a hospital stay and was unable to physically fly to San Jose, California to oversee the transition personally. Also, for quite a few months after the Teledex acquisition we suffered the worst financial crisis in our company history!

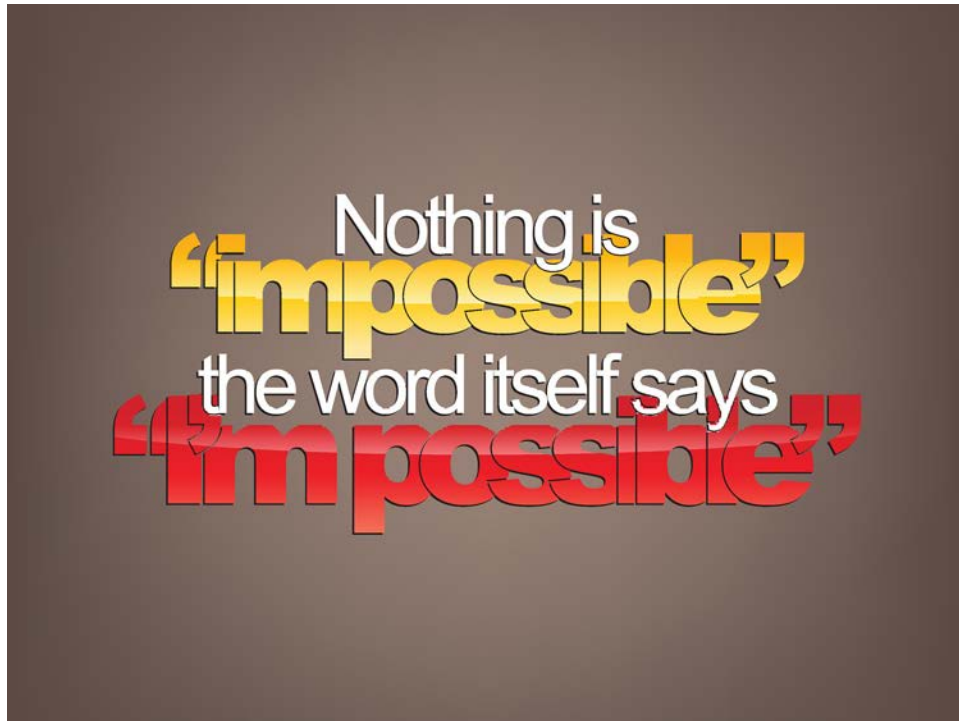
Q: But you had just received funding from your financial partner, so what was the problem?

A: Due to a contractual oversight, our financial partner informed us a couple of months after signing the funding papers that we were in default on the new loan.

Q: What did you do about it?

A: I couldn't change what had already happened, but moved to an apartment near our headquarters in Colorado Springs, and worked there non-stop for 5 months. Less than a year later in December 2010, we again became debt-free, while at the same time investing in the resources necessary to support Teledex customers worldwide.

Chapter 18 - Nothing Is Impossible.



Q: As we conclude our Life Series blog, can you share some of your personal insights about the hospitality industry?

A: Hospitality is a niche market that sets very high standards for suppliers. For a new product or technology to be adopted by hoteliers, it must help enhance guest satisfaction, positively impact occupancy rates, and increase management efficiencies. In our case, a guest who spends a couple of hundred dollar or more per night for a room expects to find a clean, reliable and easy-to-use room phone, regardless of what personal mobile device they may be carrying.

Q: What drives you?

A: Actually, in early 1990s when I first started the company, I used to tell my staff that my greatest hope was for each of them to drive a black Mercedes sedan, and I still feel that way. I've had great personal success, but have never forgotten how poverty feels, so my overarching desire is for my staff, and the people with whom I interact, to be financially successful. That's what makes me happy, and makes me feel that I am living my life meaningfully.

Q: What are your plans for the future, and does it include hospitality?

A: Yes it does. Based on my estimates of 10+ million hotel rooms globally where our phones have been installed, my goal is to develop a way to capture a minimum \$1 per room revenue per night.

Q: That's interesting, because it's known among your management team that you often say Nothing is impossible! Do you truly believe that statement as it relates to business?

A: Yes, I do, because I'm living proof that the American dream is still achievable to the extent that I've been able to overcome some very difficult life challenges, as well as business challenges over the past 23 years in the hospitality industry, and expect to do so in the future.

Q: Your life story is certainly different, but perhaps still somewhat reminiscent of *The Pursuit of Happyness* movie with Will Smith. Do you see a connection?

A: Yes, to some extent, and I did enjoy the movie and could certainly relate to Will Smith's ordeals. In fact, because I have received so many encouraging reader comments from the Life Series blog, and have many more details to share, I am expecting to authorize expanded ebook and printed book versions of my life story in the coming months. As Paul Harvey, the famous radio-era commentator, used to say, "Stay tuned for the rest of the story."!