

Active Internationally

An interview with Fredrick Fuest,
President-International Division, Active International

EDITORS' NOTE *Fredrick Fuest is also the Managing Director of Active's German office. He brings more than 35 years of international, sales and operational experience to Active, where he was previously COO before becoming President of the International Division. Prior to Active, he held a number of leadership roles during his 23 years at Hoffman-La Roche.*



COMPANY BRIEF *Based in Pearl River, New York, Active International (www.activeinternational.com) is recognized as the global leader in corporate trade, providing financial benefits to Fortune 500 companies in nearly every industry. Founded 25 years ago, Active acquires underperforming assets – including surplus inventory, real estate, and capital equipment – at up to full wholesale value in exchange for cash and/or a trade credit, which is used to offset future operating expenses. Active has led the industry in the development of new standards of excellence for the acquisition of assets, the effective remarketing of those assets, and the provision of an efficient means for its clients to use their trade credits. With offices in 11 countries, Active has created more than \$1.5 billion in cash savings for its extensive client base.*

Is the value of what Active offers well understood in some of the emerging and lesser developed markets?

The value of the service provided by Active International can be readily understood by business people in virtually any market in the world. The challenge is that many markets do not possess the business, advertising, and remarketing infrastructure required to support our business model. Essential elements include a highly developed media environment with television, radio, newspaper, magazine, and outdoor advertising and an extensive secondary market in which Active can resell the assets it acquires. In terms of currently emerging markets, Active has been most successful in Brazil where these elements exist. We also see future potential in several Asian countries as these markets continue to evolve.

Are there new areas Active is developing?

At Active, we are continuously enhancing our product offerings to meet the changes and opportunities in the marketplace. Originally, our transactions primarily involved uplifting the value of unsold product inventories. Today, they include real estate, capital equipment, bad debt, and virtually any asset that has lost its value. In terms of trade credit utilization, our offerings today include printing, travel services, event planning, land and ocean freight, and virtually every type of media. In some markets, we have also added extensive business services such as temporary help, uniforms, and cleaning services.

For those who have not been involved in the type of business that Active provides, what are the types of structures you offer to clients?

We offer a number of transactions, each designed to meet specific client needs. The type of transaction is usually dictated by the market value of the asset, the client's ability to utilize the trade credit, and the client's desire for a cash component.

To provide maximum value restoration Active purchases an underperforming asset with a trade credit. The value paid is typically about three times the asset's current market value, which is often equivalent to the original wholesale value. After the purchase, the client utilizes the trade credit to partially pay for goods and services that they would have purchased entirely with cash.

Often, to meet a client's needs or to properly size a transaction, the asset purchase can involve a combination of cash and trade credit. In yet another variation, if a client wants to deal entirely in cash, this also can be achieved. In such a case, Active will purchase an asset for 100 percent cash and the client will enter into an agreement to purchase a predetermined amount of media or services from Active over a specified period of time.

Having been in this business for some time, have you seen it become more complex, and are the deals more complicated today than they used to be?

The basic concepts behind our business are not complicated, and we always strive to keep our transactions as simple as possible.

Sometimes however, due to client needs, additional elements or features are required to achieve the desired result. We are fortunate to have developed several trading tools that can be applied in such cases. The basic premise remains the same: to create maximum value for our clients and trading partners while keeping the process as easy and as seamless as possible.

How challenging is it when you're dealing with different markets and time zones to budget your time for direct client time?

Being based in Germany, where I also hold the position of Managing Director for the Active Germany office, a lot of my time is focused on the German and surrounding European markets. Frequent visits to our Paris and London offices always involve significant interaction with staff, prospects, clients, and our fulfillment partners. My evenings are usually spent communicating with our operations in North and South America, Australia, and Asia. I try to visit at least one of these more distant markets at least once a quarter. Again, the primary purpose of these visits is to meet with and engage key clients and our trading partners in media and other business services.

We have recently begun to install sophisticated personal videoconferencing equipment in all of our offices. This will add an important new dimension to daily communications with and between all of our operations. We expect that these capabilities will eventually enhance interaction with clients as well.

When the opportunity presented itself for you to lead the international business and to move overseas, did you know it would be the right fit for you?

Absolutely. When I joined Active over 14 years ago as Senior Vice President of International Operations, I played a key role in establishing and developing our initial International Offices. Later, as COO of Active, I kept close ties with our International Division and always believed that it would become a major component of our business. As that became a reality, it made sense for me to return to the International Division as President to personally guide this important component of our company. Being based overseas has also proven to be an excellent decision for the company and me personally. ●