

Improving Business Performance

An Interview with Alan S. Elkin,
Chairman and Chief Executive Officer



Alan S. Elkin

EDITORS' NOTE Alan Elkin co-founded Active International with Arthur Wagner 30 years ago. Since then, he has been awarded the Entrepreneur of The Year award by Ernst & Young and has received the Averill Harriman International Trade Award and the British American Business Inc. (BABI) Award, in recognition of Active's entrepreneurial global accomplishments. Active Cares, which he created with Arthur Wagner in 1997, has provided contributions to more than 600 charities. In 2005, Elkin received the Medal of Honor from Good Samaritan Hospital for his work with Active Cares. In 2006, the company acquired the naming rights for the Active International Cardiovascular Institute at Good Samaritan Hospital. Elkin received his B.A. from Brooklyn College and is a native of New York. He began his career at Kaiser Broadcasting, the predecessor to Katz Media Group.

Active will be celebrating its 30-year anniversary. How have you remained relevant for three decades?

When we started the company in 1984, we had a belief that we could deliver measurable economic value to companies that had challenges with excess and underperforming corporate assets. In many organizations, it's common to view underperforming assets as liabilities. For some companies, we solve immediate problems. For others, we are part of their long-term planning. In every case, we help them manage their risk exposure while reducing costs for the business services they need. That value proposition is as relevant today as it was 30 years ago.

There have been signs that the economy is recovering. Does the economic climate matter in terms of the value a company like Active offers?

It seems logical that we would perform better in a sluggish economy but it's actually not the case. Companies always have some type of excess or underperforming assets. Excess assets are not always directly related to sales performance; sometimes they're related to a change in the marketplace. For example, as more employees telecommute, companies don't need as much corporate real estate. In the case of apparel or home-building products, weather might impact sales. The question is, how do you remove the risk from an inventory or underperforming asset and recover more value. Our model offers an alternative to traditional methods of handling excess or underperforming assets.

With operations in 14 countries, you recently opened an office in China. What's your view of this marketplace?

We believe China is a viable marketplace. The country is slowly evolving into a consumption-based economy, where the middle class – approximately 300 million people – wants much of what the Western world has. In addition, there's a large number of the population that is emerging from poverty and they need schools, housing, clothing – this helps to fuel the economy as they become consumers. However, this is not a short-term proposition. The process for launching a business in China is quite complex. Only companies with global experience, the ability to make investments, an understanding of the culture, and the tenacity to stay the course will be the ones that succeed here.

COMPANY BRIEF Active International (www.activeinternational.com) consults with the Fortune 1000 on ways to optimize their enterprise assets, typically excess and underperforming inventory, real estate, and capital equipment. As the global leader in corporate trade, Active has successfully helped many of the world's leading brands recover value, reduce costs, and increase market share. Providing a dynamic financial tool, Active has helped its clients improve their business performance, delivering \$1.5 billion in economic benefit since 1984. Active International is based in New York and has offices in 14 countries.

As the media landscape changes, how have you remained ahead of the curve, especially as it relates to digital media?

It's a complex environment because there are so many opportunities to consume and interact with media. What sets us apart from other companies is that we invest and trade with media companies. As principals, we have a unique opportunity to partner with different media providers, getting in at the earliest stages, and developing relationships and services that we can bring to our clients. We're able to offer the most current media opportunities to our clients and they're able to pay for it with their excess assets. It's a pretty great place to be.

As Active grew into a global organization, why was it important to maintain its entrepreneurial culture?

Our company is based on innovation – it drives everything we do. It would be easy to get big and complacent, but we thrive on being able to adapt to market trends, offer new products, and create new ways of delivering value. You can't be agile if you have competing priorities. We have one priority: improve business performance for our clients by recovering value for excess or underperforming assets and reducing costs. This is at the heart of our trading model and if veered away from our entrepreneurial mindset, we won't be able to deliver on this promise. It's not always easy. You work at it every single day. You hire the right people and motivate them in the right way. Every company that is growing and makes bets on certain things also makes mistakes, and we allow our

people to make mistakes. You learn from mistakes and build on the shoulders of other ideas.

Is the value that corporate trade provides well known?

The awareness is growing, but I'm never satisfied. I know the value we can deliver and I believe we have an obligation – as the largest and only truly global corporate trade company – to bring this awareness to every brand.

Talent is always important. Your strategy is to focus on "A" players. Why is this so important?

"A" players represent the best in their area of expertise and those are the people we cultivate at Active. Some of our employees have built their careers here and others joined in later stages of our growth, but they share several attributes: they are assertive, they engage, they are bold, and they are smart. They're never satisfied with the status quo and they always want to accomplish more. Isn't that what companies should be offering to their clients?

Did you imagine this company would grow into what it has become?

It has exceeded my expectations, but I always have greater expectations every year. ●

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