



Robert Half International's Executive Roundtable Series

Business Growth: The Drivers, Influencers and Obstacles

Location and Date

Hilton Columbus at Easton
Columbus, Ohio
April 20, 2006

Panelists

John Barren
Senior Vice President
& Controller
Chase

Chris Conner
Chief Information Officer
IGS Energy

Alan S. Cullop
Chief Information Officer &
Senior Vice President
NetJets, Inc.

Glenn L. Martin
Consultant
THE GARLIKOV COMPANIES

Moderator

R.J. Valentine
Chief Operating Officer,
Chief Financial Officer
& Vice President
MPW Industrial Services
Group, Inc.

About the Robert Half International Executive Roundtables Series

Robert Half International has sponsored Executive Roundtables in key markets in the United States and Canada since 2002 and for more than two decades in Europe. The sessions present a forum for senior-level executives to participate in a structured discussion with their peers about new challenges and opportunities they face in their business. This report summarizes some of the key issues covered at a recent roundtable held in Columbus, Ohio.

Introduction

Financial executives are responsible for driving top-line revenue growth, bottom-line earnings growth and improving shareholder value. This challenging role has become more complex in an increasingly global business landscape.

Panelists at the Robert Half International Executive Roundtable in Columbus shared business perspectives and strategies they employ to drive business growth amid global competition, rising costs and emerging technologies. They also exchanged views on ways to address the impact of multiple regulations on their companies, all while balancing resources throughout the organization. Additionally, panelists discussed managing risk, attracting and retaining top talent, and implementing emerging best practices and principles to advance business growth in the 21st century.

Following are excerpts from the recent Columbus, Ohio, roundtable discussion that offer a sampling of our distinguished panelists' responses to questions addressed to them. This snapshot highlights some of the strategies progressive companies are using to enhance business growth.

Q&A Highlights

Q. What factors have the most influence on growing your business, and how do you address them?

- A. Chris Conner, IGS Energy:** For us, it's primarily prices. We want to find the best price we can for our customers, but we don't set the price for the product we sell. The price for energy is traded daily, and so we know that prices are going to swing up and down, and we need to be able to react very quickly. To do this, we've created a playbook that enables us to pre-process as much marketing data as possible, so we can run drills based upon prices going up and down.
- A. John Barren, Chase:** We are in a business that is driven by interest rates, and we need to be able to react to that. We have to think both nationally, as well as locally. Credit is always a driver on our business, as is the economy, which impacts the housing, purchase and refinance markets. So, it's a combination of all those factors that drive us, and we expand and contract based on each of those dynamics.
- A. Alan Cullop, NetJets, Inc.:** We are essentially running a very high-end, high-touch airline, and the economy has probably the



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biggest impact on our company. Recessions change the dynamic of disposable income available for companies and individuals. Another factor is our ability to secure slots at airports. There are only so many planes that can fly into Aspen each day, so that puts a cap on how many seats we can sell. And finally, manufacturers can produce only so many high-end aircraft, so that factor plays into our growth as well.

Q. How are recent federal, state or local mandates affecting growth within your organization?

A. Conner: The regulatory environment has a direct bearing on our organization and our ability to grow. Generally, there is a utilities commission within every state that is involved with enforcing regulations, and then helping to manage the change in the environment over time. Our growth is directly related to that. The regulatory environment doesn't allow for competitive pricing, so if the utility isn't being held to the same market standards as individual marketers, we could have a false deflation in pricing. The regulatory environment has immense impact.

A. Cullop: One of the biggest external factors impacting us would be regulatory. The government has a tremendous influence on our ability to grow. We're managed by the European Union, the Federal Aviation Administration and the Transportation Security Administration. State and local governing bodies don't have so much of an effect on us, but the larger, more sweeping governing bodies have a tremendous impact on how we operate.

Q. In an effort to more closely align IT and overall corporate strategy, how can CFOs and CIOs work together to focus resources that will add value to a company?

A. Cullop: We focus on thoroughly understanding how each of our projects reflects company priorities, how they stack up, and how they rank financially, and then we involve all of the leaders of each of the business units in those processes. Everyone can discuss the merits of their particular project and why it's needed, and then we can determine what the return on the investment will be for those projects. It takes a lot of emotion out of the mix and allows us to look at these things in terms of financial benefit to the corporation.

Q. How do planned acquisitions affect information technology (IT) projects and the related company strategy?

A. Barren: Consolidation is something we expect in our industry, given rising interest rates. The need for IT support in acquisitions is, of course, just one of the areas that comes up, and we prioritize those needs when they arise along with all others. The goal in IT is to be on time and on budget, and provide speedier service to customers. Everyone faces too many IT projects with too few resources, which can place a too-strong dependency on the use of third-party vendors to accomplish goals. We address this by having a governance board and having every project go through them. Our CEO sits in on every one of our bi-weekly meetings with our head of IT, the head of the accounting and the head of finance, so that we have proper representation and prioritization of our projects.

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— Alan S. Cullop, Chief Information Officer & Senior Vice President, NetJets, Inc.

A. Glenn Martin, THE GARLIKOV COMPANIES: I have experienced about 40 to 50 acquisitions during my career, and probably the biggest challenge I have seen when you make an acquisition is in the area of IT infrastructure. In any planned initiative, from a company, finance and IT perspective, we make sure that we have a clear view of what we want to do. We have a strategic agenda, we have an operating agenda, with three to five items that are fairly general and broad, and we must have a capabilities agenda, so we know what we have available, what our resources are and where we need to go if we don't have those resources.

Q. Your ability to grow no doubt depends heavily on the talent of your employees. Given the tightening labor market, what initiatives are in motion today to: 1) retain your best employees and 2) attract top new talent?



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A. **Barren:** To keep people, you need to give them realistic goals that they can achieve. You don't manage people via e-mail; you have to be physically present with your staff. I walk the floor constantly during the day. You need to see what people are doing, and people also need to see you. Every employee wants to be treated fairly and for you to be friendly towards them, but they also want to know where the boundaries are.

A. **Conner:** I try to hire managers who will not only challenge their employees, but also be an advocate for them, especially in IT because things can get especially stressful there. I want people who are calm, cool, collected, and can manage a team. I look for managers who are going to look at both sides of the issue and make sure the right thing is being done for the company and for the employee. This creates the kind of environment that attracts—and keeps—good employees.

Q. **How has your company financed its growth? Through debt, equity, or organic cash flow?**

"I try to hire managers who will not only challenge their employees, but also be an advocate for them..."

— Chris Conner, Chief Information Officer, IGS Energy

A. **Cullop:** Building a business based on debt is not a long-term win. We make sure that when we are going to request money we understand what our rates are, what the structure of those rates are, and whether we've got enough revenues and income to sustain or to offset the cost of those. We put rigor, smarts and discipline into it.

Q. **Regulations have a decided impact on growth. We touched on this earlier, but what other solutions have you found to be successful in dealing with regulatory requirements?**

A. **Conner:** We've got multiple people who work proactively at all time with the state utilities commission and with consumer advocacy groups to help get our message out. We need to make sure all our constituencies understand all sides of an issue. We go through a variety of scenarios and document what we come up with to create a play-

book to guide us going forward. And then we drill on that playbook to understand these various scenarios that will support our customers. It's been working very well for us.

Q. **How do you quantify the "soft benefits" associated with IT projects? In other words, how do you assess those things that are hard to measure, such as efficiency and reduced down time?**

A. **Martin:** Soft benefits can, indeed, be a tough thing to quantify, so you need to have a very systematic approach to approving the capital that is needed for IT spending. Sometimes, the benefits are so soft that business judgment, intuition and a little luck have to come into play. It's a challenge.

A. **Cullop:** We can't pay the rent on soft benefits, but we do include them in the discussion, so they are influencers. We do set aside funding for projects where return on investment is hard to quantify. The decision to fund these projects is made with the CEO and business leaders of the company. If there are two projects that are close in terms of financial return to the corporation, the one that has the greater soft benefits wins the day.

There are multiple factors that affect business growth. Organizations today are addressing areas such as information technology, financing, the regulatory environment, and many other influencers and obstacles, as they aim to drive business growth and improve shareholder value. We hope the preceding roundtable highlights provide executives with valuable insight into these issues.

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