

# The Evolution of Corporate Trading

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



Alan S. Elkin

**EDITORS' NOTE** A native of New York, Alan Elkin received his BA from Brooklyn College and began his career at Kaiser Broadcasting, the predecessor to Katz Media Group, the largest media representation firm in the United States. Since founding Active International with Arthur Wagner 24 years ago, Elkin has been awarded the Entrepreneur Of The Year award by Ernst & Young and has received the Averell Harriman International Trade Award and the BritishAmerican Business Inc. (BABi) Award, in recognition of Active's entrepreneurial global accomplishments. He has served as President of the Corporate Barter Council for the International Reciprocal Trade Association and has been on its board of directors for the past 10 years. 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.

**COMPANY BRIEF** Founded 24 years ago and based in Pearl River, New York, Active International ([www.activeinternational.com](http://www.activeinternational.com)) is recognized as the global leader in corporate trade, providing financial benefits to Fortune 500 companies in virtually every industry. The company acquires underperforming assets – including surplus inventory, real estate, and capital equipment – at up

to full original value, in exchange for cash and/or a trade credit, which is used to offset future operating expenses. With offices in 17 countries, 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. Since 1984, Active has created more than \$1.5 billion in cash savings for its extensive client base.

**Have you been happy with the strength of Active's business as of late? Does a market like this actually present more opportunities to a corporate trading firm?**

The corporate trading business has become more of a mainstream business with advertisers that have underperforming assets, and it has become part of the planning process with these companies because excess, slow-moving inventory, or distressed real estate needs to be addressed. In this economic environment, there are more underperforming assets than ever before, and companies are looking to find creative solutions. Active, as a corporate trading company, delivers those solutions.

**How has the industry changed over the past several years?**

The corporate trading industry has evolved to offer more financial solutions transactions than the garden-variety barter transactions we typically offered 10 or 15 years ago, and the industry has evolved to be much more comprehensive in terms of its solutions and much more creative in terms of its financial tools.

**You're providing financial strategies and bottom-line solutions. With that in mind, do you need to work with a company's C-level executives in order to provide your client with the best possible value?**

The relationship and understanding of the transaction is usually at the level of the CEO, CFO, and CMO. You're dealing with individuals who have P&L responsibility, because corporate trading transactions affect the bottom line quite dramatically, as well as with individuals who are responsible for a global brand.

**You started this business and, some would even say, created this industry. How has this brand changed, and do you define it differently today than you did when it was founded?**

Yes, we do. There's no question. For any company in business 24 years, it needs to be able

to change to become more relevant to the marketplace. We are more relevant to the marketplace than ever before, and that's because we evolved to be more than just a barter company.

**You also have a strong global footprint. Are you focused on providing seamless services and consistent messaging around the world, or do you have more of a local view?**

Although the product selection is similar all over the world, the application is more on a local scale.

**Does the market have an adequate understanding of the corporate trading industry? Or do you find that potential clients still have a lot to learn in terms of the services you offer?**

The corporate trading strategy is becoming more well known, but we do need to educate corporate executives. It has been slower going abroad than in the United States, but it is certainly accelerating more.

**How broad is the range of transactions in which Active is involved?**

Over 24 years, Active has evolved to become much more than a barter company. Today, we offer solutions for merchandise, real estate, capital equipment, receivables, and bad debt, as well as travel, on a global basis. And each of these asset classifications has somewhere near trillion-dollar potential.

**Do prospective clients have a good understanding of Active's size and scope? You're one of the largest media companies out there, but is that recognized by the market?**

We are a large media buyer, but we certainly don't have the recognition of an Omnicom Group or a WPP, and rightly so, because these are large advertising holding companies. Active's recognition lies more on the financial side. Active helps companies grow their businesses by providing innovative marketing, business, and financial solutions – that's how we're known. And the purchase of the media, although very important, is a tool to retire trade credits. That's why travel is an important aspect of our business – because it helps retire trade credits. It's a tool in the toolbox. Active has acquired a freight-and-logistics company. We did that to add another tool in terms of retiring trade credits. In terms of market perception, it's important that we're seen as being able to handle the marketing and business solutions of our clients.

**Describe a complex Active transaction – something beyond just barter.**

Let's suppose there is a factory with a book value of \$20 million, but, because of the real estate marketplace and the factory's technology, it's really worth only \$15 million. Active would acquire the entire factory for \$20 million, with part cash and part trade credits or 100 percent trade credits or 100 percent cash. In the exchange, the client would use the \$20 million to purchase media, goods, services, travel, or freight through Active. The creativity of the transaction is creating value for the client. Instead of selling it for \$15 million and taking a loss, the client receives \$20 million in cash and/or goods and services.

**To deliver those creative solutions, you need to employ talented individuals with a certain level of expertise. You have continued to add to your executive team, bringing in top talent. What types of skills do the next generation of leaders need?**

New leaders need a combination of financial skills and media skills, as well as the ability to structure transactions from a conceptual point of view and articulate them in the simplest forms, so people understand them.

**Are you happy with the team you have around you today?**

We have, by far, the best team that we've ever had, and we constantly train and work with our executives in the office and in the field.

**Are new direct competitors entering the marketplace?**

There are competitors in every one of our international markets, as well as in the United States. Even advertising agencies have entered into our space. But we welcome all competitors, and we certainly welcome the advertising agencies, because it raises the bar in terms of the credibility of the transaction. So they have brought a greater awareness to our industry than ever before, and it has been very helpful to us.

**With the company's success, you have put a major focus on giving back and being involved in the community through Active Cares. How critical is that kind of activity to you, both personally and as a leader of Active?**

\$1.2 BILLION MEDIA VOLUME INTEGRATED MEDIA OFFERINGS		
<b>NATIONAL TV</b>	<b>LOCAL BROADCAST</b>	<b>PRINT</b>
Network Cable Syndication Multi-cultural Direct response	Broadcast Cable Syndication Multi-cultural Direct response	Consumer magazines Trade magazines Newspapers
<b>RADIO</b>	<b>DIGITAL</b>	<b>OOH</b>
National Local Sports DJ endorsements Traffic Satellite	Display Mobile Search engine marketing Ecommerce Email Social networking Affiliate marketing	Billboards Bulletins Airport Transit Kiosks Street furniture Cinema

For me personally, it's extremely significant to give back to the community in a way that's beneficial. I also think that most Americans tend to be givers, and we're very charitable as a nation. The people in our company are givers of their time and their money, and they do this with great passion for hospitals and research centers. It's important that we look to help stamp out as many of the diseases that take people's lives around the world as we can.

**Do you ever step back to appreciate the impact this company has had and how it has grown?**

No. It's a very interesting question, but we're very focused on our day-to-day work, so

we really never take a step back to look at what we've achieved. We're too busy doing what we're doing, and there's a high degree of enjoyment in what we do. I visit a lot of companies; I see companies that have great passion and happy employees, and I see companies with no passion and no happiness. At Active, our people have fun with what they're doing. Our people have a passion for what they do. When we celebrate – and we do celebrate – there's never a discussion of where we were and where we are now. It's always a discussion of what we have yet to do.

**How critical is client interaction for you? Are you able to still make that time?**

I make the time. It's my key focus today, and it's my key focus tomorrow. I think that the CEOs of the 21st century need to be closer to the market and closer to the client than ever before, and we need to be able to understand our clients' businesses and issues and be able to add value for them. If we can't add value, why would any client continue to do business with us? So it's important for not only me, but also the rest of Active's key executives to visit with our clients and understand what their needs are.

**Many who know you would say it is hard to picture you slowing down. Do you ever think about taking it easy?**

No. I'm having too good of a time. I'm rather blessed to have some great people around me, and there is a camaraderie and a passion to accomplish things and make things happen. Sure, there's hard work, but it's hard work with an enjoyment to it, and that makes a big difference. The day that I'm no longer happy is the day that I will leave. But I don't see that ever happening. I'm very fortunate that I picked the right industry and the right businesses. ●



**STRATEGIC SOLUTIONS**  
• Brand Advocacy • Consumer Insights • Proprietary Research • Alliances

MEDIA	MUSIC	RETAIL MARKETING	TRAVEL	LOGISTICS & TRANSPORTATION	REMARKETING
Broadcast Print Out of Home Digital/Emerging Direct Response - Broadcast	Download Promotions Branded Physical CDs Mobile Ringtones Virtual CDs Music Licensing	Retail Consulting Retail Merchandising Retail Promotions Retail Environments Retail Media	Hotels Resorts Corporate Meetings Event Planning	Ocean Freight 3PL Customs Brokerage Supply Chain Solutions	Direct-to-Retail Wholesale Direct-to-Consumer Export Intranet