

A Focus on China

An Interview with Alan Brown, President, Active International Holdings

EDITORS' NOTE *A principal of the company and a member of the Board of Directors, Alan Brown has direct responsibility for global strategic development as well as strategic oversight of Active's domestic and international media and non-media trading products, models, and strategic partnerships. Known for his innovation and creativity, he has developed trading programs and products that have become industry standards. Brown also has oversight over Active China.*



Alan Brown

How has Active's business model evolved and what have been the keys to Active's industry leadership?

Our corporate DNA is really predicated on trading as a core competency. This enables Active to acquire the services that we provide clients, primarily media, at a lower cost basis. That margin is basically being shared with clients, not necessarily through pricing discounts, but by allowing them to use underperforming assets as partial payment for their pre-budgeted media expenses.

That key component of being a corporate trading company is embedded within everything we do. The real evolution has been getting ahead of the market and the technology and making sure that irrespective of how a client pays, that the services we provide deliver the exact outcomes that our clients expect and demand.

You oversee Active's business in China. Will you discuss the opportunities for growth in China and Active's commitment to this market?

China, as everyone knows, presents a huge opportunity because of its size and scale. It also has huge challenges based on its business culture and dominant government control. With that said, on every level, China looks at the corporate trade model as a great opportunity for China. It has been met with open arms from a government perspective as well as a client point of view.

China has a relationship-driven business landscape. Those relationships can't be willed into existence. They have to be developed. They can't be developed over the telephone, and you can't parachute in for a meeting and jump out just as quickly. Active has been in China for 10 years, and the time spent to date has been vastly on building relationships. I can say that we've only truly been open for business in the last couple of years, and in that time we have been met with a lot of

acceptance. It is an opportunity that is still emerging, but the industry categories that are wanting and needing our services are pretty vast from manufacturers to agencies to media providers.

To service a country like China, do you need to have offices in the country and has it been important to hire local talent?

Yes. A decision was made when we opened internationally, that the office has to be represented by the people from the country it is in. Our office in France is a French office that is run by

the French. In Germany and the U.K. it is the same way. Active leads the training, but they are also training us. We need that local expertise and we very much need boots on the ground. You can't build an international operation and run it remotely. This applies to all the countries where we operate, including China.

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How important has it been over the years to build an understanding within the media agencies that you work with that Active is a partner as opposed to a threat to those agencies?

It's hugely important. At the early development of Active, agencies might have seen us as a threat because we were going directly to clients offering services to help with underperforming assets and upon completion of a transaction,

the agency would have to relinquish some of the advertising spend to Active. So without fully understanding our model or capabilities, it was easier to fear us than to embrace us. However, back in the late '90s, when Omnicom invested in one of our competitors, it opened up the door to legitimize the corporate trade industry. It was time to put down the swords and work together in service of the client.

Now, not only has it been legitimized, but it is embraced. Others have tried to create their own versions of a barter company, but they are not using the investment models that we developed. This adds an element of risk that they usually don't associate with media placement. On the whole, agencies tend not to put out their own capital into media in advance of knowing what clients want. Proper risk management is really at the core of how we develop those trading partnerships. We're helping our media partners and other companies from a financial point of view and taking positions, and this is something that most agencies don't do.

When you look back 30 years ago when you joined Active, did you imagine that this would be a place where you would spend your career?

I absolutely believed in Active. I was passionate about the model. I was passionate about the vision of our founders, Alan Elkin and Arthur Wagner. I had dealt with them prior to coming to Active when I was on the trading side and they were on the media sales management side. I knew that this would not be a short stay for me since there was a clear vision and it was an environment that rewarded creativity. Success or failure was not measured just by financial results.

Failure was viewed as not going to the next level or not trying new models. The fact that each model had varying degrees of financial success was understood. Active was really an incubation lab for creative people who understood what the goals were and knew how to manage risk.

I still see a greater potential for Active, even though we're a \$2 billion company now. I think that we have just scratched the surface. We have more tools and more weapons in terms of relevant products and services to bring to the market than we ever had before.

Active has a solid reputation and is viewed positively by the marketplace, not just here in the United States, but internationally as well. I am proud of the past and even more excited about our future. ●