

Executing On a Vision

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

EDITORS' NOTE A native of New York, Alan Elkin began his career at Kaiser Broadcasting, the predecessor to Katz Media Group. 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. Elkin received his B.A. from Brooklyn College.



Alan S. Elkin

COMPANY BRIEF Founded 25 years ago and 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 virtually every industry. The company 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. With offices in 11 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.

Do you feel the economic crisis has somewhat stabilized, and is there any optimism that we're starting to see recovery?

There's a slight stabilization, but we're not out of the woods yet. A lot depends upon how much spending the Obama administration is going to

do, which causes concern with regard to a sinking dollar and higher inflation. So if we go toward universal health care and it costs a trillion dollars or more and we put more stimulus money into the market that costs us more, we could have a very severe recession.

Many believe that while government involvement was necessary initially, recovery is going to essentially be driven by entrepreneurs and the private sector. Do you agree, and is that where the focus needs to be?

I don't believe big companies can get us out of the recession. I truly believe that it's the entrepreneurial companies that will take the risks, be bold, go back to hiring people, and find new ways to do business before the large companies do. Large corporations will not take that risk.

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Many relate entrepreneurship to small and growing companies, but there are many large companies that also refer to themselves as entrepreneurial. At Active, which now has substantial size and scale, is it challenging to keep the entrepreneurial spirit alive within the company, and do you feel it is possible for a company to continue to be entrepreneurial once it reaches a certain size?

Yes, given the size of Active, it is more challenging to be entrepreneurial. What we try to do is balance a corporate thought process with a strategic approach but embed it with an entrepreneurial spirit. One of the most critical components is the people you bring on. You

must hire the right people that are able to balance that corporate view with the entrepreneurial spirit or else it gets diluted.

Are you born with entrepreneurial spirit or is it something which can be taught?

Both. There are people who are born that way and there are people that it can be taught to. But when one individual has a desire to build something, and is building a business, it doesn't mean that person is necessarily entrepreneurial. It means that he or she has the attributes to see opportunities and capitalize on those opportunities in the hopes of building a business.

Do downturns and recessions offer increased entrepreneurial business opportunities?

Absolutely, but only if you're the type of individual that can see opportunities. In a recessionary economy, people tend to dwell on the negative as opposed to the opportunities. In today's marketplace, there are great opportunities but you have to be bold, you have to have a certain degree of confidence, and you have to go out and make it happen.

Many entrepreneurs talk about the need to take risks and make things happen, but along with that come mistakes and failures. Did you struggle with making mistakes and contending with failure throughout the course of your career?

I've made every mistake in the book. I don't think that I've left a mistake untouched. But it's an interesting view that mistakes and failures are learning methods, and it's what you get out of that mistake or failure. If you allow it to take you into the valley of death, then you're not going to be able to learn from those mistakes so that you can apply the lessons you learned and do things differently. You have to be able to acknowledge the mistake, learn from it, and move on.

There is so much good being done today by companies with regard to job creation, economic growth, and philanthropy, but that positive message doesn't get out and the public perception of business and corporate leaders is still negative. Do you worry that the ability to be successful as an entrepreneur is stymied with all of the pressures and negative perception of business?

I do. Businesses create jobs and keep the economy moving, but it's easy to paint

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companies as the villains. Of course, in some cases it's true, but the mistake is to assume that all businesses are bad and that the people who run them are all self-serving. The majority aren't, so it's a mistake to paint everyone with the same broad brush.

Many successful entrepreneurs talk about the importance of community involvement and social responsibility. Is that a critical focus for leaders today?

I believe it is. When your business is in a particular community, and you employ people from that community, you are a part of that community. Being a good corporate citizen is the natural thing to do, and I know my feelings are shared by many executives. Business is not brick and mortar – it's about people. And for the people that come to work for you, you want to be able to create a good relationship within that community because it's important to them and they are important to you.

During challenging times like these, when your time is being pulled in many different directions, is it even more important to maintain the communication with your people to make sure they understand where the company is going and how the challenges are being addressed?

More so than ever before. There is so much uncertainty in the marketplace that you simply must communicate that to your people. Sharing your vision with honesty and confidence is more important than ever, and this is what wins the hearts and minds of your employees, not just today but for the long term.

It would seem that during these challenging times, Active's business and the corporate trade industry would be an area where there might still be growth and opportunity. Has there been a heavy impact on the business, and are there more opportunities for your business right now?

There are always more underperforming assets in a recessionary economy, so it tends to be a bit more positive for us. However, what makes our business model unique is that it works well in any economy and for virtually every large company in business today. The larger issue is that executives are finding it more difficult to make decisions and that certainly impacts Active.

Your business operates in many markets globally. Have you found any area of

the world where there is still a substantial growth, or is this truly a global downturn?

I see it as a reset of the economy in that in the past two decades, there was tremendous growth on a global basis. Today, I believe that economies around the world are resetting. Those go-go years are gone, and I suspect that they won't come back for quite awhile, so from that perspective, we expect to see slower growth globally.

How do you define entrepreneurship?

I would define it in a number of ways: it's having a vision and being able to execute on that vision. What good is an idea if you can't bring it to life? Entrepreneurs also have an ability to take people with them and to persuade them to go along with this bold effort that they're trying to make. Great entrepreneurs see things that other people don't see, are prepared to take risks that most people will not take, and they take bold steps. They also never take no for an answer, and in the event that they fail, as most entrepreneurs do, they just pick themselves up, dust themselves off, and go back and do it again. It takes a rare individual to do that but those are probably the components that come together as an entrepreneur.

Now that Active has achieved a certain size and scale and has become a true leader in the industry, is it still as enjoyable for you, and do you miss the days of building the organization?

Every day to me is a new day. In today's trying times, you have to recreate and reinvent your business. I'm excited today about the opportunities that exist out there for us, and we're changing the way we do business. So it really isn't about yesterday – it's all about tomorrow, and I have the passion for tomorrow. That's the most important thing. What will I do tomorrow that is better than what I did today? It's about constant improvement.

You have an executive team at Active which has been with you for many years, as well as a partner who still works closely with you in leading the company. Are you proud to have built those loyal relationships and to see your people as part of Active's culture?

Yes, I'm very proud of that, and that speaks about trust, confidence, vision, and that the growth of this company is based on a team, not an individual.

Technology has played such a role in the way companies operate, externally and internally. Is it challenging to maintain that people focus today in such a technology-driven world?

You need both; it's just the reality of today. However, you can't just count on new technology to achieve your goals – you have to be able to touch people and work with people, and today, I truly believe that partnerships and relationships are more important than they were in the past. At the same time, technology offers new ways to connect and nurture those relationships.

Having held the position of CEO for many years, has it changed or evolved over time, and how do you define what makes a successful CEO?

Communication, knowing your marketplace, touching your clients, touching your people, having a pulse on the market, and being able to navigate through all the new technology; it's as simple as that, and probably as complicated as that also.

With so much pressure coming both internally and externally during these times, how do you make sure you carve out that client time and maintain those relationships?

It's not always easy because everyone's schedules are so demanding, but it's the most important element of the relationships we develop with our clients. So you have to remain focused, you have to be disciplined, and you have to have a good sense of time management.

You seem to be as excited about the business as ever. Do you think about slowing down? Is there a time where you could foresee stepping back a bit?

No, I don't. I enjoy the involvement with people. I enjoy being able to create and execute on new things every single day. It's not work – it's exciting.

When you reflect on Active today, it must be hard to imagine the early days when it was really a dream. Do you ever think about how much impact and success this company has had and the way it's grown?

No, I don't.

Is that for another time?

It probably is. When I do retire to a beach and write my memoirs, I'll have plenty of time to reflect on that. Right now, I look toward the future and to being able to create improvements every day. ●