

Local Markets

**An Interview with Gary Kearley,
Senior Vice President-Global Coordination and Development**

EDITORS' NOTE Gary Kearley is responsible for accelerating the company's multi-market customer and partner relationships. Prior to assuming his current role, Gary Kearley ran Active's offices in Australia, France, and Mexico, providing him with the background and experience needed to manage cultural nuances and deliver customized, flexible global solutions to clients. Before joining Active in 2002, he held senior management roles with Young & Rubicam.



Gary Kearley

Is there an understanding in global markets of the opportunities a company like Active can provide and what corporate trade is about?

No market that I've been involved in has a level of understanding and awareness as high as the United States does.

When we go into most markets, we tend to be the first company discussing corporate trade and we get the inevitable confusion with barter exchanges. Barter exchanges are for consumers and small businesses, and they literally allow participants to exchange one thing for another. Corporate trade, on the other hand, is subject to qualitative and quantitative requirements and creates measurable, incremental economic value. It is generally used by larger companies, many among the Fortune 500.

The level of understanding differs greatly by market. In France, there are several companies that are involved in what they refer to as corporate barter, which further adds to customer confusion. The challenge there is very different from a market like Australia where, until recently, we were the only company offering a corporate trade solution.

In those markets, how do you define the value that Active brings, and the services you offer?

In all of these markets, our mainstay product continues to be media, although we offer a range of other services such as retail marketing, corporate travel, event planning, and freight and logistics.

There's no doubt that we deliver value to our clients by returning a multiple of the fair market value for excess assets. However, in my new role, I'm focused on looking at companies and industries on a global basis, and putting together strategies that would help them benefit globally versus only in their local country. This is an untapped opportunity for Active but, more importantly, for our clients as they will be able to leverage our trading abilities more comprehensively and holistically.

Are you focused mainly on the BRIC countries when you evaluate the markets offering the greatest opportunity?

Because the core focus of what we do is media, we need to offer solutions to customers in markets that have reasonable levels of media activity.

I have some recent experience in India, where two years ago, the total media market was of a lower value than that of Australia. Yet there is a population difference of close to 1.2 billion between those two countries.

So the ability to offer meaningful solutions in India against that population base is somewhat limited by that amount of expenditure in media.

China is somewhat of a different situation, and we're currently exploring what we can do there.

We have been in Brazil for a number of years and have a solid business there – and we're looking to grow. ●

Real Estate Services

**An Interview with Mark Ordover,
Executive Vice President-Sales and Director
of Worldwide Real Estate**

EDITORS' NOTE Mark Ordover has been with Active for 18 years. He is currently responsible for two aspects of Active's business: sales and global real estate. Prior to joining the firm in 1992, he was in the Investment Banking Division of Bankers Trust. He received his M.B.A. from Columbia Business School.



Mark Ordover

How did the real estate part of the business develop, and how do you define the overall services you provide?

Active's real estate business was formally developed less than 10 years ago based on the needs of our clients. With a keen understanding of their needs, we were able to design a solution that has

worked very well and has grown considerably.

In 2004, we put a concentrated focus on the real estate business by joining our senior trade professionals with real estate professionals to create a best-in-class service. This allowed us to focus our resources on marketing our service to our current client base as well as to our prospect base. We did a fairly good job of penetrating certain sectors, one of them being the retail space.

Since then, we have executed retail real estate deals in some shape or form with companies like The Kroger Company, Toys "R" Us, Ace Hardware, and Home Depot, where we either bought undeveloped raw land, manufacturing facilities, office buildings, out-parcels, or big box locations. That sector has been a significant factor in propelling our business forward.

In terms of our evolution, with the 2008 financial distress and capital for all types of transactions drying up in the marketplace, buyers and sellers had a big dislocation on pricing, so we were able to further represent our business and complete more transactions.

As a result of the financial crisis, are new opportunities continuing to appear or has the real estate market stabilized?

Lenders are still cautious about putting their capital to work until they are comfortable that their balance sheets are going to withstand further cyclical issues, including a potential double-dip recession.

That said, there is a lot of private money sitting on the sidelines, waiting to get back into the real estate sector.

Given the current economic environment, there are tremendous opportunities for us to use our own capital, whether it's in the form of long-term media commitments or in the form of cash, to help create solutions for our customers.

For example, we are working with a new prospect that wants to test a new concept store but has been having difficulty getting internal commitment for the resources they need. We're discussing Active purchasing the land and building out the new concept store using our capital. We would make the property investment and then lease it back to them. This is a great solution for them, because Active will put its own capital at risk in the transaction and they will pay for it through their existing media expenditures with Active. If we can make this happen, we can roll it out to a whole sector of that marketplace where there are many companies looking to do the same thing.

Finally, we have done a number of very large transactions that have required us to go A to Z in terms of handling issues such as environmental analysis, entitlements, auction process, and disposal of assets, which provides a tremendous benefit to the corporations we work with in that they don't have to employ their own resources to do it. ●