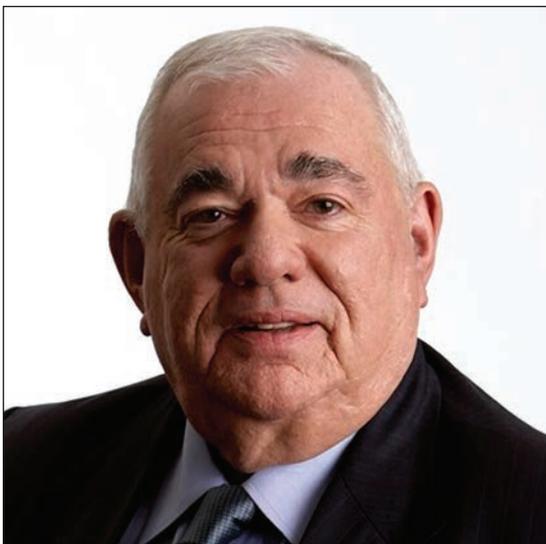


Harnessing Disruption

By Alan S. Elkin,
 Chairman and Chief Executive Officer, Active International



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brands, Active has helped its clients use their assets to fund marketing programs, create cash savings, and realize economic benefits that otherwise would not be possible. With offices in 14 countries, Active has created more than \$1.5 billion in cash savings for its extensive client base since 1984.

IN 1958, THE AVERAGE TIME A COMPANY spent on the S&P 500 was 58 years; in 2008, that shrank to 18 years. Real life examples of companies that failed to adapt litter the business landscape: Blockbuster, Kodak, Circuit City – the list goes on. This seismic shift in corporate longevity and success underscores the point that no business is immune from obsolescence, whether those forces come from technology, globalization or consumer-driven expectations.

Survival in such a fluid environment means thinking, listening, and managing differently. It means developing new processes that scale rapidly, allowing you to enter new markets quickly and adapt to competitive influences now and not tomorrow. It means gaining acceptance for new offerings more quickly and creating an expectation that the customer experience will be delivered locally but will also measure up to global standards.

Since most companies experience their global growth organically, this means that leadership is a critical element in operational performance and communication.

Following are six imperatives for survival and growth in these unprecedented, turbulent, and exciting times:

EDITORS' NOTE Alan Elkin co-founded Active International with Arthur Wagner 28 years ago. Since then, he has been awarded the Entrepreneur of the Year award by Ernst & Young and has received the Averill Harriman International Trade Award and the British American Business Inc. (BABI) Award in recognition of Active's entrepreneurial global accomplishments. 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 and is a native of New York. He began his career at Kaiser Broadcasting, the predecessor to Katz Media Group.

COMPANY BRIEF 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. Founded 28 years ago and based in Pearl River, New York, 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. Working with the world's leading

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Yet these same factors provide unprecedented opportunity for companies that have the vision and motivation to adapt. For every company that doesn't survive, another fills the gap. We are reminded that we must change our expectations and think differently about virtually everything. McKinsey Global Institute research suggests that 400 midsize emerging market cities, many unfamiliar in the West, will generate nearly 40 percent of global growth over the next 15 years. McKinsey also states that "Overall, global organizations are struggling to adapt."

Give in to Disruption

The media business was the first to experience disruption. Audiences began building their own media menus as a result of anywhere/anytime access, and the electronically mediated marketplace in which we operate provides databases that capture detailed customer information, allowing product customization which then changes and even heightens customers' expectations. Media providers may have been the first to experience this painful transition, but disruption is not limited to media since technology is a great equalizer.

On the one hand, social media has increased the noise level in the marketplace, with brands virtually shouting to be heard. At the same time, it has changed how consumers find and value products, it has changed the speed at which a consumer can purchase or reject a product, and it has changed how consumers feel about a company.

Harnessing the potential that resides amidst this chaos means accepting the fact that flux is the new constant. We must accept and manage complexity, rewrite the rules, and kill some sacred cows. Integrating disruption into your day-to-day thinking adds layers of complexity, but it also opens new freedoms for employees, who may rewrite the way your business functions. The empowered consumer is in the driver's seat and there has never been a better time to leave the "business-as-usual" mindset behind than right now.

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Redefine Your Brand

The strength of a company's brand has always been a key measure of its value, but today it takes on even greater importance. With social media and technology providing customers with a way to interact with brands when and how they want, they are now exercising their right to shop, purchase, and discuss every element of your business. What they want – beyond good service, reliable products, and value – is to engage with companies that stand for something bigger than corporate profit.

According to Jim Stengel, former CMO of P&G and currently leading a think tank and consultancy focused on a new ideals-driven framework, "Any brand is simply the collective intent of the people behind it. If you want great business results, you and your brand have to stand for something compelling." Beyond a tagline, this means digging deep and articulating what your company is about. Beyond functional benefits, what do you offer that no one else offers? What are the emotional benefits that your customers get from working with you or buying your products? Do you make a difference? Defining what you stand for is no easy task and it's only the beginning. Once you've defined your brand ideal, you need to make sure employees in all markets are onboard.

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Assess Talent

The old adage "we're as strong as our weakest link" was never more relevant than right now. To foster a culture that embraces disruption, there can be zero tolerance for "culture killers." Gone are the days where one person has all the answers. Just as the world has become a complex matrix influenced by opinion, technology, geography, and information, so must your organization. Starting with your leadership team and permeating the entire company, this shift in mindset requires moving from low-tech to high-tech; from independent agent to collaborator; from predictable to innovative; and from transactional to service-centric. Everyone needs to buy in or move on, and you need to drive that change.

Cultivate a Global Mindset

To harness the potential within an organization and develop the skills needed to adapt to our modern world, it's critical to cultivate a global mindset, which is easier said than done. Finding the balance between global standards and local operations is different for every company and requires a deliberate focus on embracing differences, uncovering similarities, and creating a spirit of interdependence.

One of the best ways to do this is through the creation of global teams. By rethinking boundaries as well as contributors, teams offer a tangible way to disrupt internal processes and expand thinking. Boundaries shift, followed by procedures, processes, and ultimately thinking.

Creating global teams requires thought and preparation. The best teams function with clear rules of engagement, including roles and responsibilities, ongoing accessibility, defined milestones and deadlines, and the right tools.

Show Your Human Side

As leaders, we've been taught to create a personal brand that hides our weaknesses. Social media and the ability to connect with someone anywhere in the world has created a new dynamic where being human matters. It's quite a shift to show our vulnerability, but trust is the newest currency and its impact on global transformation cannot be overstated. For those of us who haven't grown up in this age of total transparency, here are a few tips to help us connect:

- Be willing to discuss challenges and accept advice.

- Mix professional with personal; it's easier to build trust if people have a more holistic view of who you are.

- Don't accept the status quo; too often we try to avoid upsetting people when in fact provocation assures people that they are seeing the real you.

- Promote others. Social networks are not just about promoting ourselves and our work. If that's all you're doing, it will turn people away.

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Exploit Technology

The counterbalance to teams and the people aspect of leadership is technology. Just as showing our human side is, in effect, a tool, so too is technology. While we're surrounded by it and we talk about it incessantly, many companies are not exploiting the tools available right at their fingertips. While the youngest generation of employees do this in their sleep, this is a sea change for more seasoned executives. This means embracing social media, despite the fact that a mishap is bound to occur – this is nothing more than a healthy, calculated risk. It means investing in an infrastructure that fosters collaboration. It means being curious and it means being willing to make mistakes in order to integrate technology into your business at a foundational level. ●