

Defining and Managing Risk

An Interview with Barbara Martino,
Executive Vice President-Client Development, Active International

EDITORS' NOTE Prior to assuming her current post in December 2008, Barbara Martino was President and Chief Executive Officer at G Whiz from September 1998. She received her B.S.B.A. from the University of Delaware.



Barbara Martino

COMPANY BRIEF Active International (www.activeinternational.com) consults with the Fortune 1000 on ways to optimize their enterprise assets, which typically include excess consumer packaged goods, real estate, and capital equipment. As the global leader in corporate trade, Active International helps the world's leading brands use their corporate assets to reduce costs, solve inventory challenges and fund media and marketing initiatives that increase brand awareness, consumer engagement and loyalty. Providing a dynamic financial tool, Active has helped clients improve their business performance, delivering \$1.5 billion in economic benefit since 1984. Active International is based in New York and has offices in 14 countries.

After a successful career in advertising, what intrigued you about Active?

I grew up in the advertising agency world and, as a result, I have seen the corporate trade industry go through a lot of change. One of the biggest evolutions has been around its perception and use. Initially agencies were not sure how it worked so, understandably, there was some trepidation. Also, in the past, there were some firms that didn't deliver the results they promised to the client. However, over time, and with best practices developed by companies such as Active, the industry is vastly different than it was even 10 years ago. Now companies are seeking us out. Corporate trade has become much more of a recognized and valued tool. As someone who worked closely with clients and with Active, I knew firsthand that this was a company that was focused on delivering the best service and results to its clients. Since that was a foundation of my career, it was a natural transition.

What is it about Active's model and services that have helped it perform so well?

Our belief in the value that corporate trade delivers has always been our foundation. Over nearly three decades, we have acquired assets and developed relationships that have enabled us to grow and expand, becoming a recognized and respected provider of media, marketing, travel, retail, shipping, and other vital business services.

With the worlds of marketing, procurement, and finance continuing to collide, everyone is focused on optimizing the value of their assets and expanding the tools they have at their disposal. Our model is particularly relevant because we do just that: we deliver a financial benefit that's measurable and scalable.

In addition, we have a very broad range of products and services. This includes media, retail marketing, travel and hospitality, freight and logistics, and LED lighting and displays, and we continue to develop new offerings based

on marketplace trends and what we believe our clients will need.

In a way, this becomes an insurance policy to our clients. The reality of our engagements is that our clients are accepting a private currency and in order for them to realize the benefit, they need to be able to spend it. Having more than one way to spend that currency is critical. We're the only company in the industry with the ability to develop and offer such a broad range of services.

Would you explain a bit about how corporate trade at Active works?

We consider ourselves global media, asset, and trading specialists, and we trade with our clients and our partners on a global basis.

Using our trading model, we create programs that deliver a financial benefit. For our trading partners, this can include zero-cost financing, increased market share, support for their revenue goals, reducing the amount of cash they need to pay for planned expenses – it depends on what our trading partner needs.

In return for either an investment we've made or a trade we've created, we gain the right to pay for future services with cash and trade credits. Trade credits are our currency and one trade credit equals one dollar. The result is that we've created a private marketplace where trade credits are accepted as payment for goods and services.

On the client side, we buy excess assets from manufacturers and retailers. This can be end-of-life inventory, outdated capital equipment, and surplus real estate, as well as first run inventory. We pay above market value with cash and trade credits.

In both cases, our trading partners and our clients purchase services in the private marketplace we've created. As you can imagine, having the breadth of partners and products becomes an important component for success. Sometimes people think that this marketplace

is limiting, but much of what's available in the cash marketplace when it comes to, say, media or events, is available in our marketplace too. The only difference is how someone pays.

Does corporate trade work globally?

Absolutely. We have offices in 14 countries and work with many multinational companies. A global relationship can start in the U.S. or abroad. Sometimes the global element is added when we resell an asset we've purchased. Our clients have strict distribution guidelines and we always agree on distribution before anything gets shipped. We might purchase an asset in one country and resell it in another in order to protect or even expand distribution channels. As clients see the benefit, they typically expand into other markets where they have offices or other brands. We have a well-oiled process and a dedicated team to help companies work through the implications of cross-border transactions, but companies should know that it's absolutely feasible, controllable, and measurable.

What are the ways a company can use corporate trade?

It depends on the priorities of the client. We've had clients that have excess assets that they need to address. We have had clients that need to create a budget for a product launch and just don't have the funds. We have helped clients keep their marketing budget flat even though rates are rising.

The flexibility of our business model lends itself quite well to this business environment, where all eyes are on measuring results. Many times we get creative with the model once we understand what our clients need to achieve. Together, we develop programs that are relevant for them. It's pretty exciting to take a proven model – one that has delivered measurable results for almost 30 years – and find new ways to help brands do more.

What would you say to companies that think this is too risky?

Companies need to define what's risky for them. I would say it's a bigger risk to sit by the sidelines and do the same thing. I'm not saying corporate trade is for everyone; it's not. What I believe is that this is the time and marketplace to consider corporate trade as a viable tool to help companies navigate the challenges that face most brands. A true risk assessment should be done to evaluate the viability and benefits that a trading program can represent. Clients will benefit. Active has been in business for almost 30 years, working with some of the largest brands. There's a reason they keep coming back. ●