

An Economic Value Fix

An Interview with Clarence V. Lee III, Executive Vice President and Chief Financial Officer, ICON International, Inc.

EDITORS' NOTE As Executive Vice President and Chief Financial Officer, Clarence Lee is involved in all aspects of ICON's business. Lee began his career as an analyst, keen on numbers and having an uncanny ability to identify problems or irregularities. During a stint at the metals trading division of Continental Grain, for example, he discovered several irregularities – enough so that he wound up closing the very division that had hired him. From there, Lee moved on to the position of Chief Financial Officer of Conti Milling, an international animal-feed and flour-milling operation, where he became one of the company's leading experts in commodities trading which led to an assignment with the foreign-exchange, government securities and merchant bank group – Conti Financial. Later, Lee joined ICD Group, a petrochemicals group operating out of the former Soviet Union, which grew from \$500 million in sales to about \$50 billion in 18 months. Eventually, Lee ran into ICON founder, and college friend from Yale, Lance Lundberg, at a social function. He suggested Lee meet with ICON chief executive officer John Kramer, which led to his joining ICON. Lee earned a BA degree in economics from Yale University.



Clarence V. Lee III

30 years, ICON has created customized barter transactions that deliver value at every stage. ICON was first to market, offering cash as payment in a barter transaction, also known as a Vendor Subscription Agreement, in 2001. Recently, the company was issued a U.S. Patent for the invention of the cash-trade transaction. ICON is the only corporate trade company to hold any intellectual rights patents.

Will you discuss the history of ICON?

ICON was founded in 1986 by Lance Lundberg. Lance left the company in 1999 and the company has been managed by me and John Kramer since. In 2001, we sold 51 percent of ICON to Omnicom Media Group, and sold the remaining 49 percent in 2004. John and I ran ICON through June 10, 2021, and we purchased ICON back from Omnicom on that date. John and I own ICON 50-50.

How do you define ICON's culture?

ICON has been named best company to work for in Connecticut in our size category for 12-13 years in a row. The company has paid bonuses and raises virtually every year since 1998 and more than 60 percent of our employees have been with ICON for 10 years or more with 40 percent being here 15 years or more. The work culture is flat and we empower employees with the responsibility to do their jobs and the authority to make their own decisions. While John and I manage all aspects of the business, we set plans and empower employees to operate their work areas.

We constantly hear from clients that "it is obvious you all love each other like we have never seen in any business." While we are friends, we are all able to be blunt and honest with each other, and we have mostly type-A employees who are focused on profitability and client service and very little else.

Will you provide an overview of ICON's services and solutions?

ICON is a barter company. We don't run away from the word "barter" – we are proud to provide barter services despite the name having a dubious reputation from others. We have always held our heads high, performed with the upmost integrity, and run our business as if we were a public company throughout our private and public existence. ICON's services and solutions consist of the following:

Trade credits: the right, but not the obligation, to purchase goods and services from ICON. Trade credits are used as a form of payment for the purchase of assets from companies that they deem excess, obsolete, have lost some amount of their economic value, or are not strategic to their operations. We have purchased everything you can think of during our 36 years, including Porta Potties.

Cash used as another barter form of payment: We invented and have a patent on cash-barter. Cash requires our customer to purchase goods and services from ICON (trade credit is a right, but not an obligation). We have significant capital to engage in barter transactions for all cash. ICON is the largest, financially strong, and best barter company worldwide. Our cash product is the cornerstone of this statement.

COMPANY BRIEF Founded in 1986, ICON International (icon-intl.com) is a specialized finance company engaged in corporate barter to help companies restore value to underperforming assets and fund corporate expenses. For

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Fulfillment services: We provide all forms of media advertising and other forms of fulfillment including freight, logistics, printing, displays, packaging, sustainability, retail store construction, travel and meeting services.

Form of payment: We assist our clients in transferring trade credit to their vendors who can demonstrate their ability to redeem the trade credit as partial payment for goods and services purchased.

Will you tell some of the client success stories which show the power and impact of ICON's offerings?

ICON has over 350 customers and delivers annually approximately \$2 billion of media advertising on behalf of these customers. Customers are in just about every industry. For example:

A large pharmaceutical company owns excess real estate with a book value of \$30 million. ICON purchased the production facility and office building in the Northeast for book value of \$30 million in cash. Over a three-year period, ICON executed the pharma company's media advertising as planned and priced by their media advertising agency. Total media delivery was approximately \$200 million in all forms of media advertising.

A large fast-food restaurant created a new food product that didn't sell at their expectations and they had a large inventory of food ingredients with a book value of \$10 million. ICON purchased the food (with short code) for \$10 million cash. The food was sold by ICON to large food distributors. ICON executed \$70 million of media advertising over the next two years. The

fast-food restaurant's advertising agency worked with ICON's media experts, allowing ICON to deliver flawlessly on their media plan.

An international cruise line sold ICON \$20 million excess cruise cabins over one year. ICON paid the cruise line \$20 million in ICON trade credit. The cabins were sold on the ICON closed-in website to employees of ICON's customers and media vendors. The sale process protected the price list of the cruises but filled “heads in the beds.” The cruisers spent money on excursions, drink packages, etc. As the cruise line purchased media advertising and printing for direct-mail advertising campaigns, the price paid by the cruise line was reduced by the trade credit. ICON delivered approximately \$125 million of services that cost the cruise line \$105 million of cash and \$20 million of trade credit. All services provided were at the cruise line's best negotiated costs.

How do you describe the value of barter?

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How do you focus your efforts leading ICON?

I am involved in all aspects of the business with an emphasis on the financial, finance, accounting, control, contracts and legal, IT and human resources of ICON. It may seem strange,

but I am the leading expert in accounting for barter transactions. I am also significantly involved in sales as barter is a financial transaction. I assist the sales department in structuring deals as they are formed and negotiated. I sign every contract as I am familiar with the entire structuring, financing, credit, and operations of our business.

Will you highlight ICON's focus on building a diverse workforce?

We are focused on hiring experts in their field – media, accounting, procurement services, sales – and then take the time to teach them the business of barter. Over 55 percent of our employees are women. We have a culturally diverse group and have focused on diversity in our hiring practices since 1998.

How does ICON address corporate social responsibility?

We work with our clients on sustainability and the proper disposal of products being destroyed. We also support many causes, including Stamford Boys and Girls Club and Derek Jeter's Turn 2 Foundation.

What are your priorities for ICON as you look to the future?

We are focused on putting capital to work through more deals with vendors and clients, as well as acquisitions of related businesses. We also want to expand non-media fulfillment services with new products and services, and expand “form of payment” assistance in procurement. It is also a priority to continue to make barter a more mainstream product that companies think of to solve problems, since ICON is comprised of creative problem-solvers. ●

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