Economic Indicators
and Their Impact on Business Decisions

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Executive Summary

Ask any senior financial executive to define the word recession and you are likely to get one of two answers: The economic/scientific definition that refers specifically to the contraction phase of the business cycle with at least two consecutive quarters of negative gross domestic product (GDP) growth or the more general, less scientific definition that involves a prolonged period of reduced economic activity. While in economic/scientific terms, the Great Recession in the U.S. ended in the timeframe of June 2009 to July 2009, many people, including some senior financial executives, believe that based on the latter definition, the recession really never ended. The continued high unemployment rate and low consumer confidence coupled with the swelling federal debt and threat of inflation shows that regardless of which definition of recession is used, the reality is the U.S. economy is continuing to struggle to recover from the Great Recession.

This collaborative research project between Financial Executives Research Foundation (FERF) and Merrill DataSite® explored the relationship between economic indicators and how senior financial executives use them in their strategic business plans. In an effort to gain a more robust picture of how economic indicators impact business decisions, the research looked at the issue from both a qualitative and quantitative perspective. On the qualitative side, senior-level financial executives were surveyed using a 15-question online survey instrument. The survey yielded a total of 177 complete responses. On the qualitative side, in-depth telephone interviews were conducted with 19 senior financial executives. These interviews consisted of nine open-ended questions and were completed during July and August 2011. This research report is based upon the findings of both the online survey and in-depth interviews.

Some of the key survey findings included the following:

- The four most widely followed indicators are inflation (57%), the unemployment rate (54%), oil prices (39%), and GDP (32%).
- The two most cited purposes for using economic indicators are budgeting/forecasting (83%) and strategic planning (71%).
- 57% of respondents currently have open positions they are looking to fill.

Some of the key interview findings were:

- Inflation, the unemployment rate and GDP are good general economic indicators but each company should follow those indicators that are the best predictors for their business and/or specific industry.
- Even though the unemployment rate remains high, finding qualified candidates with the needed specific job skill sets has proven difficult.
- Both business and the general public have lost confidence in the ability of the government to make the difficult and unpopular decisions needed to move the economy and country forward.
- Economic Indicators are tools that can be used in the business planning/decision-making process but they should not be a company’s only tools.
Survey Results

Inflation (57%) and the unemployment rate (54%) were the top two economic indicators followed by survey respondents to help facilitate their business decisions. Rounding out the top five were oil prices (39%), GDP (32%), and corporate profits (31%). Some of the “other” indicators cited were commodity prices, consumer confidence and spending, exchange rates, interest rates and the Purchasing Managers’ Index. The bar graph below also reveals the other economic indicators companies follow.

The bar graph shown here reveals the economic indicators that business leaders follow.
For those companies that follow GDP, the graph below shows what they look for in the GDP numbers.

In order to see the trends, it is important to track economic indicators over time; however, 42% of survey respondents do not track at this time. The chart below depicts the results.

**What Companies Look for in GDP Numbers**

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Percentage</th>
</tr>
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<tbody>
<tr>
<td>Changes in Durable Goods</td>
<td>44%</td>
</tr>
<tr>
<td>Changes in Non-durables</td>
<td>26%</td>
</tr>
<tr>
<td>Services to Predict</td>
<td>22%</td>
</tr>
<tr>
<td>Identify Opportunities</td>
<td>27%</td>
</tr>
<tr>
<td>Investment by Businesses into Equipment, Systems, People, Etc.</td>
<td>35%</td>
</tr>
<tr>
<td>Other</td>
<td>16%</td>
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</tbody>
</table>

**Tracking the Economic Indicators Over Time**

- Yes, I personally keep track of the economic indicators I follow: 42%
- Yes, I have my staff keep track of the economic indicators I follow: 31%
- Yes, another department is responsible for tracking economic indicators: 11%
- We do not track economic indicators over time: 16%

In order to see the trends, it is important to track economic indicators over time; however, 42% of survey respondents do not track at this time.
For those that do track economic indicators over time, we asked what the next steps are once a change is observed. Almost half (49%) of respondents said they continue tracking the indicator(s) to see if the changes were due to economic activities or just a temporary reaction in the economy. The graph below illustrates this and other steps taken by companies in response to an observed change in the economic indicators they follow.

<table>
<thead>
<tr>
<th>Change in Indicators Observed; Next Steps</th>
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<tbody>
<tr>
<td>Continue tracking the indicator over time</td>
</tr>
<tr>
<td>Determine if the change is/was statistically significant</td>
</tr>
<tr>
<td>Adjust short-term strategic plan/goals accordingly</td>
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<tr>
<td>Adjust long-term strategic plan/goals accordingly</td>
</tr>
<tr>
<td>Watch to see what the Federal Reserve’s response is/will be</td>
</tr>
<tr>
<td>Benchmark how competitors have responded</td>
</tr>
<tr>
<td>Other</td>
</tr>
</tbody>
</table>

While the debt issues of the U.S. have taken much of the attention of senior financial executives recently, we wanted to know their thoughts on how two recently passed acts (Dodd-Frank Wall Street Reform and Consumer Protection Act and the Patient Protection and Affordable Care Act) might affect the economy and the indicators they follow. The chart below shows the survey responses.

**Perceived Impact of Dodd-Frank Act and Healthcare Reform Act on Economic Indicators Followed**

- They will have a significant impact: 40%
- They will have an impact although I do not believe it will be significant: 26%
- They will not impact the indicators I follow: 9%
- Not sure/difficult to predict at this time: 25%
Given that today’s markets are more global than ever, it is important to look at more than just U.S. economic indicators. The survey asked financial executives about which, if any, international or global economic indicators they followed. The graph below presents those results.

![Graph showing international/global economic indicators](image)

Having a full-time economist or economic analyst on staff or as a consultant might help to make following and studying these economic indicators easier. However, it is a luxury that the majority (91%) of survey respondents simply cannot afford.

Having a full-time economist or economic analyst on staff or as a consultant might help to make following and studying these economic indicators easier. However, it is a luxury that the majority (91%) of survey respondents simply cannot afford. In those cases where companies did employ an economist or economic analyst, most, not surprisingly, were in the financial services industry. The graph below shows these results.

![Graph showing company employment of economists](image)
The survey also looked to determine for what purposes financial executives use these economic indicators. The following graph illustrates these results.

With a fair amount of media attention being given to corporate profits lately, two key areas of interest are mergers and acquisitions (M&A) and hiring. The survey asked financial executives about their companies’ plans in these two areas over the next 6 to 12 months. The following two charts show the respondents’ thoughts on these two topics.

With a fair amount of media attention being given to corporate profits lately, two key areas of interest are mergers and acquisitions (M&A) and hiring.
Interview Results

In addition to the survey results, additional insights came from in-depth follow-up interviews which provided “real world” practical examples of how senior financial executives are using economic indicators in their business decisions. See Appendix B for a list of the participants’ bios (page 17).

Many of the executives interviewed for this report followed at least one, if not more, of the top five indicators determined by the survey (inflation, the unemployment rate, oil prices, GDP and corporate profits). In order to get a deeper understanding of how economic indicators impacted business decisions, we asked the interviewees what other indicators they followed, and, in particular, if they followed any micro-economic indicators.

Freight Shipping

Another good indicator for the economy as a whole that is probably not followed by many executives is freight shipping. As Michael Williams, CFO of Eagle Manufacturing Co. pointed out, “...[T]he more freight tonnage goes up, the more equipment is needed. An increase in freight shipping tonnage translates to an increase in manufacturing and inventories.” Scott Mattox, CFO at Estenson Logistics LLC said, “An increase in manufacturing means we can expect an increase in our business.”

Personal Savings Rates and Investment Funds

Other interviewees were more focused on their specific companies or industries with respect to the indicators they followed. Jim Ritchie, retired financial services executive and audit committee chairman of Old Mutual Asset Management, stated, “It is beneficial for many members of the financial services industry to monitor trends in personal savings rates and to understand the intended use of those funds such as retirement, education, travel and so forth. It may also be helpful for some to track investor preferences as to how funds are to be invested such as in equities (e.g., domestic, global, market capitalization, value, growth, etc.), fixed income securities and alternative investments.”

Assessed Valuation and Taxes

Consultant Tom Rubin gave a few examples based on clients he has worked with. “One client builds schools funded by bonds serviced by property tax revenues. So for them, a key indicator is assessed valuation. The amount of bonds they can sell affects the number of projects they can take on, the number of employees they have, etc.” He said another one of his clients, a transit company, “…is very jobs-driven on the demand side. Revenues vary with employment (they are the last employed and the first to be let go). Sales tax is the biggest revenue for them so tax revenues are key. Also, grants from national, state, and local governments are followed closely.”

Those Who Do Not Track

Many of the senior financial executives we interviewed who track indicators over time say they look for trends and used that information in their strategic planning. What about the companies that do not track indicators over time? As the survey pointed out, many executives, almost half (42%) of those surveyed, did not track economic indicators over time. The biggest impediment to tracking the indicators was resource constraints. The funds, staff and time needed for this task all played a part in each company’s decision not to track indicators over time. As Marc Serrio, CFO of mid-sized food manufacturing company Ready Pac Foods Inc. pointed out, “We do not track over time because of a lack of resources internally.”

A CEO from a digital media company took this one step further. “We really don’t track over time because it’s of limited use for me. The size of our company does play a role when looking at the
time it takes to track indicators versus the value of such exact tracking. I generally have a feel for how hot the hiring market is against historical highs and lows and how the market is trending; but it’s of no real use to know that it was at some level two or three quarters ago. I just follow the hiring in my industry but nothing too scientific.”

Whether companies tracked indicators over time or not, many of the senior financial executives we spoke with obtained their economic indicator information from one of a few main sources, such as the government, financial publications or trade publications. Some of the more commonly cited names were Bloomberg, the Wall Street Journal, the Economist, Moody’s and Kiplingers. It was interesting to note that some of the executives still preferred their hard-copy morning paper to the newer forms of media available on the Internet. Gary Peacock, CPA and director of the Orange County Chapter of FEI said, “I get the basic economic indicators from my morning financial newspaper.”

Serrio used a combination approach: “I receive most of my economic indicator information from the Wall Street Journal, as well as several web-based sources.” Antonio Morales, finance director of Element Six, mentioned several other websites he checks: “As far as the economic indicators, we get them from different sites (Moody’s analytics – economy.com, ism.ws, metalbulletin.com, eia.gov and calculatedriskblog.com, among many more).” He did mention that some of these sites require a membership fee.

Meanwhile, Michael Williams added, “We get our commodity data from Bank of America Metals group; our general economic data from an economist that I subscribe to from Wells Fargo, Jim Paulson, and our transportation industry information from the American Trucking Association, Transportation Topics and IFDA (International Food Distribution Association).” He added, “My team and I also read voraciously with over 16 periodicals and 12 newsletters from industry experts.”

Scott Mattox, another executive who uses trade association information, said, “For the trucking industry, I get most of the information from the American Trucking Associations Inc. Economics Group. Bob Costello, their chief economist, provides economic data and leading indicators on a regular basis. I get transportation industry as well as logistic industry magazines that provide data on warehousing and manufacturing, which is a leading indicator for the transportation industry. I also log in to CNBC.com on a daily basis and get all kinds of data, as well as articles and opinions.”

While economic indicators are important to senior financial executives, it is how these indicators are used that matters most to other executives. The interviewees provided plenty of examples of business decisions that were affected by economic indicators. Todd Endres, CFO of Charter Manufacturing in Milwaukee, gave an example of one of their businesses that sells directly to automakers. He said, “We look at demand projections and what equipment we will need in which region to meet the demand expectation. Inflation, unemployment and GDP wouldn’t specifically cause us to do anything; they do affect our overall business mood, though. Our level of caution has definitely been affected by them lately. They have definitely raised some red flags for us.”

As Prices Begin to Rise

“As gas prices begin to rise, we start planning for a future reduction in orders. There’s usually a lag of about two to three months when future plans are put on hold by many of our customers,” said Ed Odmark, president and CEO of Ultrafryer Systems Inc., a mid-sized manufacturer of food service equipment. He also pointed to a change in the type of steel they use in production. “We used to buy only one grade for everything. Now for non-critical areas we use a lower grade. The three grades we now use are non-nickel, lower-nickel, and high-nickel-based stainless steel.”
Mark Scovera, president of Access Florida Finance Corp., commented how his company is continually making adjustments based on indicators. “For example, we were marketing loans in the $50,000 to $500,000 range. After some indicators began pointing to a downturn, we developed new marketing and started targeting $10,000 to $50,000 and then continued down to $10,000 to $25,000.” He also pointed out that, “As unemployment rates increase, we tend to see an increase in entrepreneurship and an increase in loan requests.”

Unemployment Rate Remains High
With the unemployment rate remaining stubbornly high, it would seem that finding candidates to fill open positions should not be difficult. However, with the threat of a double-dip recession looming and politicians continuing to wrangle over how best to create jobs, many senior financial executives find themselves searching for the proverbial needle in a haystack. Morales commented that, “[T]he economy gives mixed signals so hiring is delayed. We have to prioritize our open positions.”

The main issue isn’t so much finding candidates to fill their open positions; it’s finding the right, qualified people to fill the positions.

“It’s not as easy as you’d think to fill open positions. Finding the right skill set has proven difficult and lengthened the time to fill positions. As an example, some of our most recent hires (analysts and senior analysts, with 3 to 7 years of experience) took a lot longer to fill than we ever expected,” said Endres.

Finding the Right, Qualified Candidates
Bill Micale, EVP of administration and CFO of The Sky Way Group said, “We have numerous positions open but finding the right, qualified candidates has been difficult. Geographic location, skill set and compensation have been some of the obstacles we’ve run into in trying to fill these positions.”

Ritchie said, “Our company has experienced excellent success over the past year recruiting a CEO, CFO and other key members of the management team in Boston, although I have heard from other board members that good, qualified candidates have been hard to find because of geography.” Bob Pruger, CFO and treasurer with The Rudolph/Libbe Companies Inc., has had similar issues. He said, “For non-union positions, there are niches where it is difficult to fill those positions. Usually they are the mid- to senior-level positions. Geography can be a bit of an issue here. Not everybody can or is willing to relocate to Ohio.”

Microeconomic Indicators Specific to Your Business
Seeing an apparent mismatch between the unemployment numbers and the realities of the business world, we asked our interviewees if economic indicators are an accurate enough tool to use for business planning. The CFO of a mid-sized manufacturer would agree that, “They need to be a part of your tool kit.” However, he also pointed out that, “Spending time with customers and getting to know their business and anticipating their needs…” is equally important.

John Burke, a financial consultant working with a developer of geothermal power plants in Central America would agree. He noted, “I think depending on your business, there are certainly indicators that you’d want to follow…I think microeconomic indicators specific to your business are probably more important than macroeconomic indicators overall.”

Similarly, Tony Di Girolamo, CFO of Sweet Street Desserts Inc., commented that, “It’s like trying to look ahead and predict the future. Indicators are a start and can give you an overarching sense of the economy and/or your market. However, I think each industry needs more specifics.”
Current Regulations

An executive director and controller from a large leisure/restaurant company said that, “…[Y]ou have to look at economic indicators as one piece of the puzzle.” She also pointed out that regulation in industry plays an important role as well. “The healthcare act had a huge impact on our industry.” Mattox agreed that following current regulations is crucial. “Our business is heavily regulated, like many businesses. In addition to indicators, we need to be on top of our game with regulations and what Washington is doing. For example, the Department of Transportation is now auditing against GPS logs, the EPA requires cleaner exhaust emissions from our trucks, and the FMSCA is changing the hours that a driver can be behind the wheel.”

Still other senior financial executives believe that economic indicators are of limited use. Steve Armond, CFO of T-System Inc. said, “This uncertainty makes it hard to point to economic indicators as a sole focus for executives… I think rather than economic indicators, executives need to understand the things that have the most profound effect on their business.” (Such as a specialty food manufacturer looking at the commodity prices of the ingredients they need to purchase like sugar or wheat.)

When the interviews began in late July 2011, there was only talk of a potential downgrade of U.S. debt by a number of the rating agencies. However, in early August 2011, Standard & Poor’s made the decision to make good on their warnings and officially downgraded U.S. debt from AAA to AA+. While the threat of a downgrade sent shockwaves through world markets, the actual effects of the downgrade probably have not lived up to their media-hyped billing.

Serio summed up his thoughts on the matter by pointing out, “The primary issue is competitiveness on the world stage.” He went on to say that, “Our debt could become less desirable as the relative strength of the U.S. economy continues to diminish.”

Armond, perhaps benefiting from being asked about a downgrade after the fact, said, “S&P followed through on their threat of a downgrade. For business, this likely means rising costs in debt financing and a trickle-down effect through the banking system and marginal increases in the cost of debt financing. I’ve read about the ‘super committee’ and my perspective tends to be more pessimistic. I personally don’t have confidence in this bipartisan committee and think the political gridlock will continue. As a business person trying to evaluate this for my business, I’d look at opportunities that were not just focused on costs or entirely on revenue. It needs to be a combination of the two.”

Meanwhile, Peacock said, “A small downgrade would not produce a huge reaction. I think interest rates would increase, which benefits those with cash on hand for investing. However, it will cost those that need to borrow. I don’t expect the planet to change much…”

As a result of the downgrade, or perhaps in spite of it, the U.S. government did increase our debt ceiling and proposed a framework for reducing the national debt going forward. While both sides of the aisle championed their success, many executives were less enthusiastic. Asked if they believed the proposed framework was a positive development, the executives we interviewed were not shy about expressing their views. Peacock commented, “If they actually do the things they say they’ll do, it will be a positive. There are really no cuts currently; they were just tinkering with future projections. The U.S. is like a 400-pound man going on a diet to lose 20 pounds over the next 10 years.”

Di Girolamo said, “The process of making people aware was a good thing but I’m already questioning how this will get spun. It’s good to get focused on the issue but there is a complete and
“total resistance to change.” Odmark said, “I wouldn’t call it positive so much as a slowing down of printing new money; we turned the open spigot down a little. They avoided an immediate crisis just to start building toward another one in the future.”

**Political Loopholes and Lip Service**

Still others want to see more details and more being done. A large leisure/restaurant company executive director and controller said, “I was hoping there would be more to it than what we’ve seen and heard. I still hope that maybe more will come in the next wave.” The CFO of a maritime transportation company said he wasn’t really sure. “I guess the question is, will they truly act on it? One of the biggest problems we have is our smartest people are wasting time on non-productive issues, like getting through loopholes.” John Burke said, “I’m neutral because I don’t see any fundamental change. It’s all lip service at this point.”

So with the hyper-attention given to the partisanship of the U.S. government and the S&P downgrade, we asked if the framework and “super committee” were enough to restore America’s credibility and put the U.S. on a path to real fiscal responsibility. Morales said, “It’s a good start but still far from fiscally responsible. At this point, it’s not clear if we can really get there.” Williams noted, “Historically, the government over-projects revenues and under-projects costs.”

Scovera said, “The plan puts us on the path but it doesn’t get us there quite yet. It’s a step in the right direction. I’m not sure an adjustment in tax revenue would work now either because the economy is still very fragile.”

**Universal Indicators**

Every company and industry will focus on the economic indicators which are most important and influential to them. However, some indicators do seem to be universally useful to any executive regardless of industry. The senior financial executives we interviewed gave us their thoughts on which indicators every executive should follow. Many pointed to the big four indicators: inflation, unemployment rate, oil prices, and GDP as ones every senior financial executive should at least keep their eye on.

So just how important can these indicators be? Micale said, “…[I]f executives aren’t following at least some of these indicators, they do not fully understand the macro environment impacting their businesses.” A CFO from a maritime transportation company says that in addition to traditional economic indicators, “…[I]t might not be a bad idea to follow monetary and fiscal policy, also.”

**Consumer Confidence**

Some respondents thought executives should look to consumers for guidance. The executive director and controller of a leisure/restaurant company says, “consumer confidence is also a good broad measure because it shows people’s willingness, or lack of willingness, to spend.” Mattox echoed these sentiments, “I think all the negative news put out by all the different media sources has created a negative psychological impact with consumers, especially if the general public doesn’t fully understand what all the news and numbers mean. The consumers are important; their spending habits will either spur growth or take us into the next recession.”

A CFO of a non-motorized transportation company brought up the point of context. “There is a certain contextual balance you need to have with the numbers. For example, Portland has high unemployment numbers but people continue to move into the area, which adds to the negative indicator. If national unemployment is going down but Portland unemployment continues to increase, that’s generally a bad sign for Portland. I would be careful about using any statistical data without some level of context to help with the interpretation.”
Conclusion

It remains to be seen how long it will take Washington to realize that the only way forward for this country and its economy is to come to the table with an honest and open willingness to negotiate in good faith. One thing is clear, however: The uncertainty that the partisan antics of both Democrats and Republicans have created will continue to frustrate senior financial executives and prevent businesses, both large and small, from making plans and acting on them in a way that could truly move the economy forward. Jim Ritchie said it best, "Right now American business looks like a deer in the headlights."

The results of the survey and interviews will hopefully give senior financial executives at least some ideas how they might be able to use economic indicators in their own business. With many interesting points to be taken from both the survey and interviews, the key takeaways from each are presented below.

Survey takeaways:

- The four most widely followed indicators are inflation (57%), the unemployment rate (54%), oil prices (39%), and GDP (32%).
- The two most-cited purposes for using economic indicators are budgeting/forecasting (83%) and strategic planning (71%).
- 57% of respondents currently have open positions they are looking to fill.

Interview takeaways:

- Inflation, the unemployment rate and GDP are good general economic indicators but each company should follow those indicators that are the best predictors for their business and/or specific industry.
- Even though the unemployment rate remains high, finding qualified candidates with the needed specific job skill sets has proven difficult.
- Both business and the general public have lost confidence in the ability of the government to make the difficult and unpopular decisions needed to move the economy and country forward.
- Economic Indicators are tools that can be used in the business planning/decision-making process but they should not be a company’s only tools.

Appendix A: Research Methodology and Demographics

The Economic Indicators and Their Impact on Business Decisions research was composed of two separate phases. The online survey phase was geared toward gaining a broad overview of what economic indicators executives use in their business decisions and how they keep track of these indicators. The in-depth follow-up interviews phase was to delve deeper into how the executives use the indicators they follow and to discover where they get their economic indicator information.

The 15-question online survey of senior-level financial executives yielded a total of 177 complete responses. These responses came from executives of both public and private companies from a wide array of industries. While the majority of responses (53%) came from small to mid-sized companies, all revenue ranges were represented in the survey responses. Excluding the “other” category (which included responses from Real Estate, Government Contracting and Environmental Services, among others), Discrete Manufacturing (14%) and Financial Services – all others except insurance (9%) were the two most represented industries.
A total of 19 in-depth interviews were conducted during July and August, 2011. The interviews consisted of nine open-ended questions. The objective of these interviews was to provide follow-up to the survey questions and gain a deeper understanding of how economic indicators are used by executives for business decisions. With the exception of one consultant, all of the interviewees were practicing senior financial executives.

The research is not intended to cover a statistically significant sample size. However, the qualitative findings of the survey, in conjunction with the interviews, provide valuable insights into which indicators are most frequently used and how they are used by executives for business planning purposes. The results offer other executives the opportunity to benchmark against their peers and determine which economic indicators should command their attention and why.

The following graphs depict the survey demographics.
Economic Indicators and Their Impact on Business Decisions

Company Annual Revenue

- Less than $25 million: 25%
- $25-99 million: 28%
- $100-499 million: 22%
- $500-999 million: 11%
- $1-4.5 billion: 8%
- $5-10 billion: 2%
- $11-24 billion: 2%
- $25-49 billion: 1%
- Over $50 billion: 1%

Company Type

- Public: 24%
- Private: 67%
- Nonprofit: 8%
- Government: 2%
Appendix B: Interviewee Profiles

The following individuals were interviewed.

- **Thomas A. Rubin, Consultant**
  Thomas Rubin is a consultant specializing in governmental transportation and construction. He is based in Oakland, Calif.

- **Bill Micale, Executive Vice President and Chief Financial Officer, The SkyWay Group**
  Bill Micale is CFO of The SkyWay Group Inc, a Texas-based group of general aviation and aircraft technology service companies focused on improving the performance of Cessna Citation and Hawker-Beechcraft business jets. Micale’s background includes 20-plus years experience with both Fortune 1000 and private growth companies in financial management, corporate planning and business operations roles.

- **Mark Scovera, President, Access Florida Finance Corp.**
  Mark Scovera is the president of Access Florida Finance Corp. In addition, he serves on the board of the Florida Asset Building Coalition. Previously, he was the SVP/CFO for the Florida Black Business Investment Board Inc., a public private partner with the state. Scovera has 20 years experience in accounting and finance starting at Arthur Andersen LLP in the audit division, continuing on serving as the controller and CFO for various companies in the Detroit area. He is a CPA and a member of the AICPA.

- **Robert Pruger, Chief Financial Officer and Treasurer, The Rudolph/Libbe Companies Inc.**
  Robert Pruger is a CPA and has been the CFO and treasurer of The Rudolph/Libbe Companies Inc. (“RLC”) for the past 15 years. RLC is a privately held holding company that owns two regional construction companies, both of which do business in Ohio and surrounding states. Pruger currently is a member and a director of the Toledo Chapter of Financial Executives International and serves on several local community boards including the United Way of Greater Toledo Pension Committee.

- **James Ritchie, Audit Committee Chair, Old Mutual Asset Management**
  James J. Ritchie has served the financial services industry for more than 35 years in various capacities, including as an independent board member, chairman and CFO of various companies operating in the U.S., Europe and Bermuda. Ritchie currently serves as the audit committee chairman for Old Mutual Asset Management.

- **Edward Odmark, President and Chief Executive Officer, Ultrafryer Systems Inc.**

- **Scott Mattox, Chief Financial Officer, Estenson Logistics LLC**
  Scott Mattox is the CFO of Estenson Logistics LLC. Prior to joining Estenson Logistics, he was the CFO for Sunbelt Communications and then Bay Resorts International. He retired from the U.S. Marine Corp after 21 years of active duty. Mattox is a member of Beta Alpha Psi, the American Legion, and is the current president of the Nevada Chapter of Financial Executives International.
Marc Serrio, Chief Financial Officer, Ready Pac Foods Inc.
Marc Serrio is CFO of Ready Pac Foods Inc., one of the nation’s largest producers of fresh-cut packaged salads and fruit, headquartered in Irwindale, Calif. with manufacturing and distribution operations throughout the U.S. Serrio was previously CFO of Zeal Corp. from March 2009 to June 2010, interim CFO and interim COO of Kate Somerville LLC from July 2008 to March 2009, CFO of Detection Logic Inc. from November 2005 to March 2008, and CFO of TriTech Software Systems from March 1999 to November 2005.

Tony Di Girolamo, Chief Financial Officer, Sweet Street Desserts Inc.
Tony Di Girolamo has served as the CFO for Sweet Street Desserts Inc., a midsized dessert manufacturer and marketer for 15 years. Prior to joining Sweet Street, he was the corporate controller for A.B. Dick Co., a printing equipment manufacturer. He has been working in CFO and controller roles as the top financial executive on the team for more than 27 years. Past company experience includes 15 years at Rockwell Corp. in various positions at the printing equipment division, automotive operations and in corporate office roles. Di Girolamo is a CPA, with his early experience at Price Waterhouse Coopers and United Technologies.

Gary Peacock, Business Owner, Gary Peacock, CPA
Gary R. Peacock currently owns and operates his own CPA firm in Orange County, Calif., specializing in tax and general consulting. Previously Peacock served as CFO for several companies, including six publicly owned companies. The six were all successful; one gained more than 4,000% in stock price during his six years.

John Burke, Financial Consultant, Working for a Developer of Geothermal Power Plants in Central America
John F. Burke is a CPA in Massachusetts and an independent financial consultant currently devoting all his efforts to a developer of geothermal power plants in Central America. Burke has more than 25 years of varied financial management experience, including mergers and acquisitions, post-acquisition integration, capital sourcing and financial turnaround management. Prior to establishing his own consultancy, Burke held senior financial positions at Constellation Energy Group, Provant, The Frontier Group and The Mediplex Group.

Steve Armond, Chief Financial Officer, T-System Inc.
Steve Armond oversees T-System’s financial strategy and the implementation of policies and procedures to provide the foundation for continued innovation, growth and long-term market leadership. Most recently, Armond served as CFO of American CareSource Holdings, where he directed financial strategy, business planning and analysis, accounting and administrative functions. He led the company to a successful listing on the NASDAQ and attracted analyst coverage while managing investor relations activities. Armond’s other previous positions include CFO at Data Return LLC, a market-leading IT outsourcing firm, and was a founding executive and vice president of finance of the hosting division of Divine Inc. Armond began his career at The Quaker Oats Co., where he held various financial leadership roles. He is also a CPA.
Todd Endres, Chief Financial Officer, Charter Manufacturing
Todd Endres is CFO, vice president-finance, treasurer and secretary of Charter Manufacturing Co. Inc., a privately held company with annual sales of $1 billion with nine locations in the U.S., China and the U.K. Endres has been with Charter Manufacturing since 2008 and was elected to his current position in January 2011. Prior to this position he was assistant CFO and corporate controller for the company. Prior to Charter, Endres held a variety of financial leadership positions at Brady Corp. and was an audit manager at Deloitte in Milwaukee. Endres is a CPA and serves on the board of directors of the Milwaukee Chapter of Financial Executives International, Great Lakes Hemophilia Foundation and Milwaukee Winter Club.

Michael Williams, Chief Financial Officer, Eagle Manufacturing Company
Mike Williams is the CFO of Silver Eagle Manufacturing Co., a manufacturer of wheeled equipment for the military and commercial trucking industries. Prior to joining Silver Eagle, he was the vice president of finance for HemCon Medical Technologies, an innovative medical device company in the military medical space. Williams has previously worked in the high technology, transportation and consumer products industries for more than 30 years in increasingly responsible roles. Williams is a CMA (Certified Management Accountant) and CPA active in Oregon and has been an FEI member since 2006, where he currently serves as chapter president of the Portland FEI Chapter.

Antonio Morales, Finance Director, Element Six
Antonio Morales is finance director for the Oil & Gas division of Element Six, a manufacturing company that is part of the DeBeers Group and Umicore, with operations in Africa, Europe and the U.S.. Prior to this position, Morales held progressive financial and operational roles at Parker Hannifin (NYSE: PH) where he worked on performance management, lean enterprise, and working capital optimization initiatives throughout Europe and the Americas. He is a CMA and CFM.

In addition to the aforementioned interviewees, four other executives from the digital media, leisure/restaurant, non-motorized and maritime transportation industries were interviewed. For privacy reasons, these individuals did not wish to be quoted directly and asked to remain anonymous. Their titles included CEO, CFO, COO, and controller.

About the Author
Thomas Thompson, Jr. is a senior associate, research at Financial Executives Research Foundation Inc. and author of more than 20 published research reports. Thompson received a B.A. degree in economics from Rutgers University and a B.A. degree in psychology from Montclair State University. Prior to joining FERF, Thompson held positions in business operations and client relations at NCG Energy Solutions, AXA-Equitable and Morgan Stanley Dean Witter.
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