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treats everyone  
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# Hot wired

How Greg Kenny lifted  
General Cable to  
\$700 million in revenue  
growth in four years

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# HOTWIRED

## HOW GREG KENNY LIFTED GENERAL CABLE TO \$700 MILLION IN REVENUE GROWTH IN FOUR YEARS

BY RAY MARANO

**W**hen Greg Kenny, president of General Cable Corp., was given the additional title of CEO in 2001, there was little doubt that he was taking on a tough job. For General Cable, things had gotten about as bad as they could get.

The telecom industry had melted down — taking many key customers with it — and a general recession started to choke the cable and wire manufacturer's balance sheet.

"I became CEO in 2001, when we began to see some of that happening," says Kenny. "Some of it was the Y2K aftermath, some of it was exacerbated by the 9/11 tragedy."

The end result was tough times for everyone in the industry.

Kenny saw competitors getting squeezed by lenders, their margins shrinking or disappearing as they struggled to retain market share. Shareholder value was being eroded, and companies were losing control of their destinies.

"I think it was critical to really both see to

the appreciation of the share price over time and the protection of both the lenders' and the shareholders' investments in the company," Kenny says. "That's part of the equation. The other part is, if you don't get better and you lose control, you also lose your best customers, you can lose your best people, and when you start doing that, you start losing the company. I think it would have been a grim outcome."

To avoid a gloomy result, Kenny and General Cable took a two-pronged approach to revitalizing the company by improving its processes across the enterprise and by establishing the company as a global business with more diverse product offerings and capabilities. Because most of the products General Cable made are commodities, the way to protect profitability was to lower production costs.

And to hedge its bets, establishing a global presence in multiple business lines would spread its risks and give it access to additional markets.

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## Process improvement

Kenny says the industry meltdown led General Cable to the conviction that the necessary first step was continuous improvement in processes that would cut costs.

As a result, he instituted Lean Sigma, a process that focuses on best practices and elimination of waste.

Kenny empowered his workers to come up with improved processes to cut waste and time by eliminating steps and improving throughput. Giving the shop floor workers a chance to participate engaged them in the process and secured their buy-in.

“You need to do projects early that immediately change the lives of that work force, where they have the tools to do that job, where they feel responsible for that job, as opposed to simply manning a machine and being told what to do,” says Kenny.

And the company extended the Lean Sigma process through the entire company, improving processes at the support and administrative levels as well as in the manufacturing plants.

“What we did was adopted some of the best practices to our industry and then took it not just to the shop floor but also to how we touch a piece of paper,” says Kenny.

A customer order, for instance, was studied for how it comes in, where it goes, who touches it, how quickly it's responded to and whether there were quality or delivery issues.

“We carried that to Europe and the Asian-Pacific region, so now it's something that's going on globally and it's not just a U.S. phenomenon,” says Kenny.

The Lean Sigma approach cut costs and, in the early stages, helped General Cable stay solvent in a market with heavy price pressure.

“This was a journey that we started very early in 2001,” says Kenny. “It allowed us to take out a couple of percent in costs a year, and that was critical in keeping us in business ... because while we were pulling costs out, we were giving it away in terms of pricing concessions.”

The process has also helped the company establish closer relationships with customers and vendors that have helped to shave costs for all three parties by working collaboratively to improve processes.

“We learned this years ago, in part from some of the retailers, where they would sit down with us and say, ‘Let's discuss everything we do to

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Greg Kenny,  
president and CEO,  
General Cable Corp.



waste money and annoy each other;” he says. “You put it all down on paper and then attack it systematically. We do the same thing with our suppliers.”

The company looks at every step of the process, not just the part at General Cable. For instance, with the help of its suppliers and customers, it follows copper from the time it is mined to the time it appears in product form on a customer's shelf. The process helps identify waste that occurs anywhere in the supply chain or within General Cable itself.

Every little bit helps, because Kenny says the cable business typically experiences operating margins no higher than about 12 percent, making cost-control king.

“So this notion of continuous improvement and integration with our customers and suppliers builds very strong bonds and builds very low-cost models,” says Kenny.

## Acquisitions for diversification

Once General Cable had developed low-cost production and operations best practices, it could leverage that expertise by acquiring companies and instituting similar cost-saving measures, all while diversifying its own markets and product lines.

“I think the second big decision for us as we began to recover was to look at what core skills we have,” says Kenny. “Instead of running away from our industry, which can be cyclic and can be tough, especially when demand falls, we said, ‘We're really good at certain things.’

“We looked at core skills around continuous improvement and even around the way we organize business teams, and said, ‘We can globalize this company and not be dependent on any one client or any one market segment but be very focused on wire and cable.’”

Kenny saw the high-voltage cable industry, which provides cabling for large power companies, as an emerging opportunity. Utility infrastructure, much of it built between the 1920s and the 1960s, was in need of upgrades in the developed world, and the developing world would require such expertise as well as it built out infrastructure for the first time.

To build such capabilities in-house would require decades and millions of dollars in investment, so Kenny sought to acquire businesses that could

# The Kenny file

provide that expertise. One of the businesses it found was Silec Cable, a French company with a long history in the high-voltage cable industry that General Cable began to pursue in the late 1990s and finally closed on its purchase last year.

Kenny says the bet is paying off. Silec, which had done about \$220 million in revenue and was barely making a profit prior to the acquisition, is now running at a profitable \$400 million.

"I think the globalization of the company and picking a market before others were focused on it and having the courage to stay with that conviction, even though the market went sideways or down for awhile, was probably critical to this company and really positioned us for where we are today," says Kenny.

## Team approach

Instead of maintaining a dedicated mergers and acquisitions team, General Cable's approach to growth is to assemble a team of executives who investigate opportunities to grow both organically and by acquisition.

"We've said we're going to train the top 20 or 30 people to think about growth, both internal growth and growth through acquisitions or joint ventures, and trust them on these sensitive matters not to speak about them as we work on them," says Kenny.

Having a core team that follows an acquisition from the first explorations to the integration creates ownership for the initiative. It also creates a responsibility to find added value by effectively integrating the acquisition into General Cable and maximizing its value by applying Lean Sigma or other processes to improve performance.

"If you don't create ownership as soon as you buy one of these things and it needs work, if there hasn't been that buy-in upfront, often these acquisitions fail because they become orphaned," says Kenny. "If no one takes ownership, it just exists, and you don't make it better."

And the group's membership doesn't remain static; its composition may change from project to project, depending on its requirements.

"In general, I'd say there are 10 to 20 people touching the growth equation in a general way, sometimes in small groups or together," says Kenny. "Part of getting a broader group of people involved beyond simply a mergers and acquisitions functional office is you create those human connections, the vision, power and will to finish that acquisition."

All group members have other jobs with

**Place of birth:** Long Island, N.Y.

**Education:** Georgetown University, liberal arts and business, MBA

**First job:** Foreign service officer with the U.S. Foreign Service

## What are your favorite business publications?

I find that the most powerful thing for me is looking at the Financial Times, which does a tremendous job capturing global ideas and events.

## Whom do you admire most in business and why?

I admire the folks that work here and in other companies without the celebration of their deeds but just show up every day, do the right thing for the company and care deeply about their company. They're not the celebrities, but in the end, they enable our success.

## What are the most important qualities a CEO should possess?

A great sense of what's right. Fairness and humility are critical. The ability to be courageous and to act when it's pretty lonely at the top, the willingness to make a decision, as opposed to punt or send for more information, and a high level of energy and curiosity.

## How would you describe your leadership style?

Hands-on. It's probably pretty deep into the facts and issues, but in the end you want people to succeed because they want to please themselves and please others, not because they're afraid of you or even afraid to fail. I give feedback on the spot privately when I see an area where they've done well or they've not done well. You can't get better when you discourage people from telling you when they think you're off course or they have a different opinion.



in the company, so they have full-time responsibilities in addition to their growth-team commitment.

"What we'll ask them to do — in some ways it's part of educating that team around the world we operate in — is to open up their eyes and their vision beyond simply what they manage and control today," says Kenny.

He calls it a broad educational process of the top executives, learning the best practices and the worst practices from the acquisitions the company's done.

"We continue to improve what we do, then are fanatical about the integration and synergies that we've identified, measuring and marking any new ones and taking any ones that don't work off the list," says Kenny.

His changes have helped grow the com-

pany from \$1.7 billion in revenue in 2001 to \$2.4 billion in 2005. A net loss of \$2 million was turned into net income of \$39.2 million in that same period.

The stock price has rebounded from single digits several years ago to around \$50 in recent months, fulfilling Kenny's vision to protect shareholder value.

Says Kenny: "That's a four-year movement and really born from some big bets we placed, as well as a culture that says let's keep getting better and never stop getting better and an expectation that we remove cost every year so that in a business that's supply-and-demand driven in terms of profitability, we are always the low-cost producer or, if not, we plan to get there."

**HOW TO REACH:** General Cable Corp., [www.generalcable.com](http://www.generalcable.com)