

## **THE DISTANCE DIRECTOR™**

### **A new concept in governance**

#### **CONCEPT:**

**Create a special Director position—the Distance Director—that offers the benefits of a regular Board Director (e.g., governance, oversight, consulting input, etc.) but at significantly lower cost than a regular advisory board/director, and minimizes travel expenses, etc.**

Gain access to 50 years of business and extensive board experience and knowledge, plus other attractive benefits (e.g., “on-demand consultation,” networked associates, etc.) at about half the normal fees. Add other special needs (e.g., strategic plan facilitation, budget reviews, etc.) on an “a la carte,” (as-needed) basis, only paying for what is provided.

Key: Limit travel to once per year—for on-site, face-to-face interaction—use flexibility of technology (teleconference or videoconference) to “meet/confer” at regular (quarterly?) intervals and add “on-demand” support for special situations/issues.

All of this—governance, oversight, consulting input, and more—can be available at a fraction of the cost of a typical board-director—including ad hoc advisory input from professional associates, with established expertise in particular need areas. Benefit from the learning curve and continuity of a continuing engagement and familiarity with the business and its issues/opportunities.

#### **Background:**

About twenty years ago, I developed and implemented the concept of a “time-shared executive advisor,” upon which I built a consulting and advisory practice. After many years, this naturally evolved to being invited onto boards.

I have been a member of six for-profit boards, a private equity board, and two not-for profit boards. One was a public company (which we took private) and the others were privately owned “advisory boards” but several of them had fiduciary/oversight responsibilities. Owners were often private equity companies, who valued the combination of oversight and advisory input to the CEO and senior management. I have served on audit and compensation committees as well as serving as Chairman of three boards.

In the past 6-7 years, one of my board positions has been eliminated each year, usually because the companies were sold to new owners, who reconstituted the board of directors with their own choices, or merged them with companies that already had boards. Without exception, the companies grew stronger, both financially and competitively, during my tenure as a director, which varied typically up to 10 years in three instances.

#### **How this would work:**

Seek and choose two companies with which to serve as a Distance Director. Ideally “mid-market” (\$100MM to \$1B in revenue) or “small” companies (\$20-50MM), that expect to grow rapidly. The ideal situation is a company that wants to grow profitably, (and/or is already doing so), or companies that are struggling to find profitable growth, (or have grown, but encountered problems, and want to work through the problems and sustain the growth, profitably.)

NOTE: I am not a “hard-turnaround” specialist; there are already plenty of them available for hire.

## **PROCESS:**

### **Initial discussions, meeting and agreement:**

After telephone conversations (and often a referral) meet or teleconference with the owners and CEO of the company, to discuss its situation. If we reach a “meeting of the minds” that working together with a Distance Director would be beneficial, we will execute a one-year letter of agreement, (with options to add one-year extensions). This would be a simple agreement letter outlining costs/fees, duties, and the scope of expected work, confidentiality/non-disclosure agreement, indemnifications, non-compete clause and legal responsibility sections.

Typical meeting intervals will be quarterly, scheduled at the appropriate points of the company’s operating and financial cycles: e.g., for a calendar fiscal year, January (after 4Q & YE close), on site visit: April or July—April (after 1Q results), July (after 2Q results) when starting strategic plans for the next year’s budget cycle, and October (after 3Q results and mid-budget cycle).

### Annual in-person, on site meeting (once/year)

As the Distance Director, I would travel (at the company’s expense), to the company to meet with the CEO and executive staff (direct reports, plus). The company will have provided (in advance) recent information about its performance—both financial and operational—and relevant background information, issues/challenges and any other specific meeting topic(s). This meeting would follow an agenda similar to a normal board meeting, with presentations by the CEO and senior/executive staff and might take ½-day to a full day.

The owners and the CEO will decide on attendees, (with my input) to assure the best interaction, communication, and outcomes. At the conclusion of the meeting, there will be a “to do” list, which the company needs to do (complete with? who, will do what, by when”), and an “unresolved issues” list to carry forward for future discussion. There will also be (seasonal) specific matters: strategic plan, budget summaries, “course corrections,” etc.

### Distance meetings

The three succeeding quarterly meetings will be done via teleconference (or computer-based videoconference), and will typically last 2-4 hours. In each case, the most timely, relevant information will be provided—at least one-week in advance (unless mitigating circumstances preclude this.)

The Distance Director may forward questions before the meeting, after reviewing the information, and/or may raise questions or make recommendations during the meeting. Additional information that will be provided as part of the Distance Director agreement will consist of relevant written works, and copies of at least two books: *The Complexity Crisis*, and *Roadmap To Profitable Growth*.

### Typical costs

The costs and fees will be determined based on company size/complexity, range of issues/needs and time required of the Distance Director for meetings and preparation. Typical director fees for mid-market companies are \$50,000 per year and up, part in a retainer and part in meeting attendance payments. There is often additional compensation in the form of equity.

A Distance Director cost will be significantly lower—typically 50% (\$24,000 base retainer, payable in four quarterly installments) plus any additional a la carte requests, quoted individually.

NOTE: Typical one-day projects cost \$8-10,000 plus travel if necessary, and must be scheduled at the convenience of the Distance Director’s schedule.

### **If your firm is interested in the Distance Director**

Contact John Mariotti between 10AM and 4PM EDT Mon.- Fri. via Mobile phone: 614-499-5577

Or via email anytime: johnmariotti/me.com. A detailed resume will be provided via email upon request.

Also see [www.mariotti.net](http://www.mariotti.net) for more information about John Mariotti’s work and background

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**The Enterprise Group:** *A coalition of time-shared executive advisors* —**1994 to date**  
**Founder, President and CEO**

#### **INDEPENDENT CAREER 1994-to date**

##### **Board Member, Consultant and/or Advisor**

Currently a **board member** of MCM Capital Partners-II, and most recently (2000-2013) a **Director on multiple corporate boards**: Until Oct. 2013, World Kitchen Inc. (CorningWare/Corelle/Pyrex), retired after 11 yrs. service including as non-Executive Chairman during its 2003 Ch. 11 emergence; Petmate, Inc. 7 yrs. 2004-2011, (pet products); Henkel Consumer Adhesives 11 yrs. 1998-2009 (tapes & adhesives); HomeCare Industries 10 yrs. 2000-2010 (vacuum bags and filters); Union Tools 5 yrs. 2000-2006 (long handled garden tools); Amrep, Inc. 5 yrs. 2003-2008 (Industrial, janitorial & automotive chemicals; and Levick Strategic Communications, 2 yrs. 2008-2009 (DC crisis management firm). Goodwill Industries of Dayton, OH 1988-1991, Chairman 1990-1991

**Advisor/consultant** to many well-known companies including: The Scotts Company, Titleist-Footjoy, Dirt Devil/Royal Appliance, Char Broil/W. C. Bradley Co., Emerson, Invacare, Fitness Quest, Quill Office Products, DP-Vitamaster Fitness, Shearer's Foods, Roadmaster Bicycles, Procycle (Canada), Suncast, Inc., Fitness Quest, Cruise West-Alaska Sightseeing, Amrep, Inc., Astec Industries, American Harvest, Henkel Consumer Adhesives (Manco), Midland Press, Sports Market Research Group, Emaginit, Identity Systems, Inc., Evenflo, Inc., Arthur Andersen, The Wasserstrom Company, and many others.

##### **Speaking And Writing**

**Award Winning Author of eleven business books and a novel:** including *The Power of Partnerships* (1995), *Award Winner: The Shape Shifters* (1997), *Smart Marketing* (2000 & 2006), *Smart Things to know about Brands & Branding* (1999), *Making Partnerships Work* (2001), *Marketing Express* (2001), *Collaborating for Success* (1998), *Smart Things to know about Partnerships* (2000). Contributor to: *Business—the Ultimate Resource* and the *Encyclopedia of Health Care Management*. **A multiple Award-winner**—*The Complexity Crisis* (2008) and *The Chinese Conspiracy* (2010—a novel), *Hope Is Not A Strategy—Leadership Lessons from the Obama Presidency, with D. M. Lukas.* (2012) and most recently, *Roadmap To Profitable Growth*.

**Contributing Editor and/or Columnist:** **IndustryWeek**, (1995-2000); Judge and Moderator—IW's America's Best Plants & Conferences (1995-2000); Contributor: **Management Centre Europe** (2000-2002), Weekly columnist: **American Management Association** (2000-2001), **Fortune Small Business** (2000-2001), and **SmallBusinessTrends.com** (2007-2008),

**Regular blog contributor** to **Forbes.com** (2010 to 2012), **American Express Open Forum**, 2010-2011, **SmallBizTrends.com** (2007-2009), **TheBrennerBrief.com** (2012-to date). Creator & editor of a weekly newsletter **The Enterprise**, (2001-to date).

**Founder & Host:** The Reunion Conference Series, 1997-2012. **Radio talk-show host:** *The Life of Business & The Business of Life*, North American Broadcasting Network (2001).

**Keynote speaker:** UTi Logistics, Emerson, Deere & Co., Hill's Pet Nutrition, Alabama Power, Tennessee Valley Authority, NITL (National Industrial Transportation League), National Health Service Trust Hospitals (UK), Colortech, Inc., Henkel Consumer Adhesives, ACG (Association for Corporate Growth), AME (Association for Manufacturing Excellence), ASQ (American Society for Quality), NAPM (National Association of Purchasing Managers), APICS (American Production & Inventory Control Society), SMACNA (Sheet Metal National Association), AGTA (American Ground Transportation Association), CLM (Council of Logistics Management), N. Y. State Agricultural Association, Louisville (KY) Chamber of Commerce "Business at Breakfast" series, and many other smaller events.

**Guest lecturer at colleges and universities:** Georgia Tech University, the University of Tennessee—Knoxville, Rensselaer Polytechnic Institute, University of Akron, University of Dayton, Maryville College, Oberlin College and The Ohio State University.

## **CORPORATE CAREER —1963-1994**

### **The University of Tennessee (Knoxville), College of Business Administration—1995**

#### **1995: Director of Corporate Relations**

A one-year, 80%-time transitional appointment to the Office of the Dean—building relationships with major corporations and supporting/advising faculty in the MBA, MACC, Ph. D., and other graduate programs. Acted as “on-demand” speaker for Executive in Residence series, and regular speaker for the Management Development Center programs.

### **Rubbermaid, Inc.—1992-94**

#### **1992-94: Group President, Rubbermaid Office Products Group**

Multi-national \$200MM+ group of 9 business units on four continents—North America (US, Canada), Europe (UK, France, Germany), Asia (Japan) and Australia, producing and selling all types of non-powered office products under the Rubbermaid, Davson, Micro-Computer Accessories and Eldon brands. Completed successful HQ & DC relocation, consolidation, restructuring and financial turnaround, reversing sales decline, doubling profits and return on assets.

### **Huffy Corporation—1979-1992**

#### **1983-1992: President, Huffy Bicycle Company**

Chief Executive of the world’s largest bicycle manufacturer (\$325 MM+), a business unit of Huffy, Inc. (NYSE). Recognized as the innovation, promotion and market share (33%) leader; and the best-known bicycle brand in the USA. Acknowledged as the most productive bicycle plant in the world during this era, while located in the U. S. (OH), with 2000 United Steelworker union employees. Achieved record sales and profits in 8 of 10 years.

#### **1979-1983: President and General Manager, Oklahoma Bicycle Division**

Completed successful startup of Huffy’s new Oklahoma Bicycle Division and plant, a \$16MM project, on time and on budget. Later merged into what became Huffy Bicycle Company

### **L. R. Nelson Corporation—1967-1979**

Senior executive of one of the oldest, premier companies in the lawn and garden, hardware and underground watering industry, and supplier of 50% of the OEM garden hose couplings in the US. Led major company expansion, made several acquisitions; ran OEM & Sears business (40% of sales), while responsible for all Operations, with multi-plant and multi-distribution center facilities.

**1976-1979: Vice President Planning and Development (including R. & D.), 1975-1976: Director of Logistics, 1974-1975: Materials Manager, 1969-1974: Manufacturing Manager (all Operations, 3 plants, 3 DCs, & OEM Sales), 1967-1969: Assistant to the Vice President Manufacturing**

### **Automatic Electric Company, a division of GTE—1963-67**

Led the design/development of electronic packaging and hardware for the first working electronic telephone office (EAS) in the GTE System, and developed the worldwide telephone system used by the US Armed Forces—Autovon. Developed the first GTE-Automatic Electric pilot production facility for semiconductor and integrated circuit modular production processes for use in telecom systems.

**1966-67: Staff Supervisor; 1965-66: Staff Engineer; 1964-65: Design Engineer; 1963: Process Engineer**

### **Outside Organizations & Positions:**

President, Bicycle Institute of America 1989-1992. Chairman, Board of Trustees, Goodwill Industries of Dayton (OH)—1990-1992; Chairman, Board of Directors, Productivity Communications Center—1983-1986, Industrial Foundation: Ponca City, OK 1980-1983; Governor’s Steering Committee on JPTA, OK, 1982; Executive Committee HuffyPAC 1980-1991; Rotary International 1980-1983; BPO (Elks) 1980-1983; Kiwanis 1997. Columbus Downtown Quarterback Club, The Ohio State University, 2011 to date. Columbus (OH) Rotary Club, 2013-to date.

### **EDUCATION:**

**Bradley University, BS Mechanical Engineering; University of Wisconsin, MS Mechanical Engineering**