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HOW DAVID ALFONSO BUILDS
EMPLOYEE CONFIDENCE TO
KEEP EMPIRE INVESTMENT
HOLDINGS GROWING



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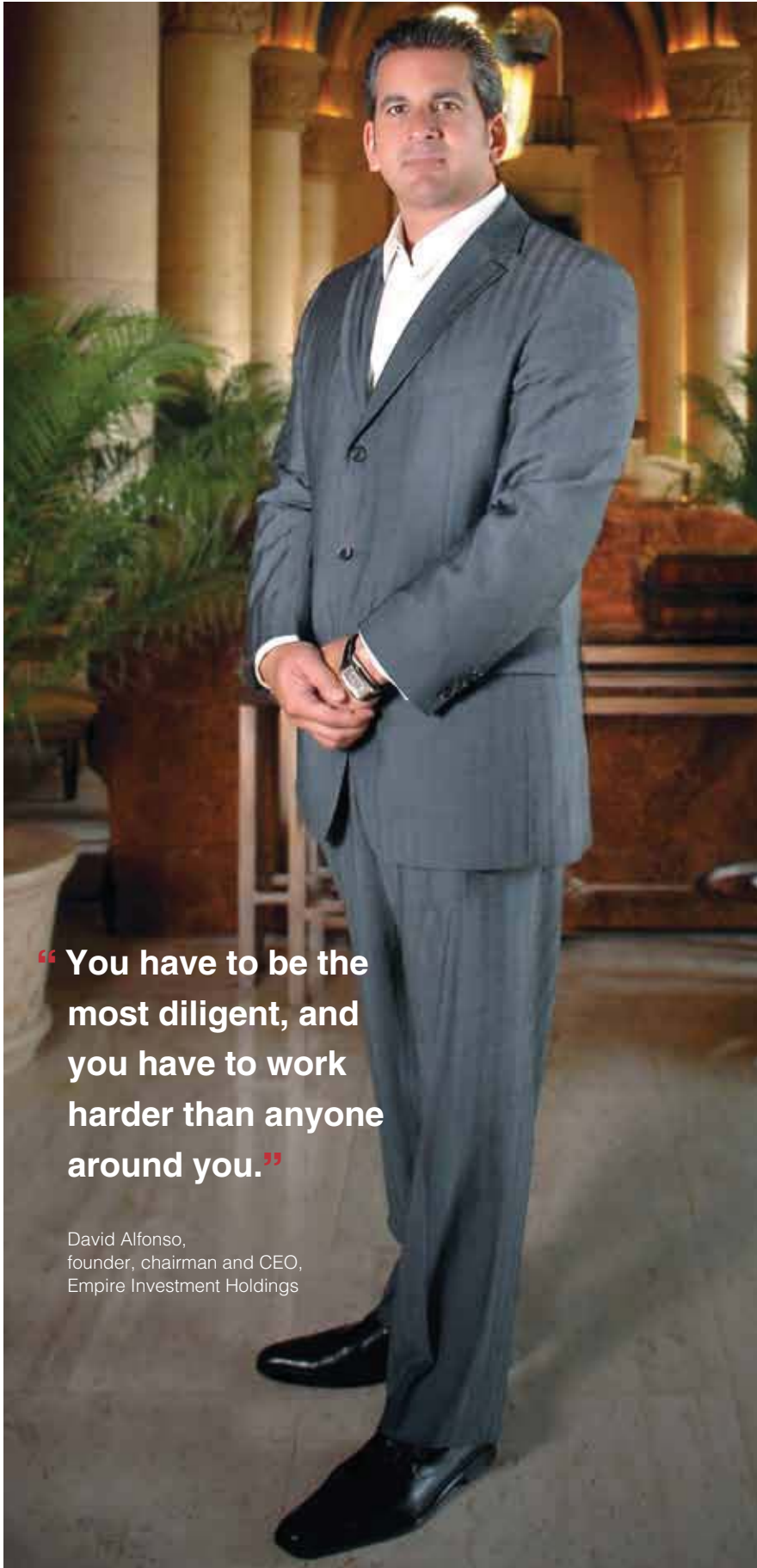
How **David Alfonso** builds employee confidence to keep **Empire Investment Holdings** growing

BY MARK SCOTT

For David Alfonso, success comes from confidence. ♦ He founded his company, Empire Investment Holdings, in 2003 after leaving a lucrative job with Platinum Equity where he had done very well. ♦ “I was very happy at that organization, but something inside of me told me that I could do this for myself,” Alfonso says. “I had that much confidence in myself to not even question whether I had the ability to do it or not.” ♦ His confidence was such that he never allowed himself to think of a scenario in which he would fail. ♦ “It’s hard for me to explain, but it never crossed my mind,” Alfonso says. “I would always tell myself, my wife and those around us at that time that it wasn’t a matter of if, it was a matter of when. It’s strange, but I never thought, what happens if this doesn’t work?” ♦ The confidence that Alfonso built Empire on is the same confidence that he attempts to convey to the struggling companies that his business now seeks to acquire and rebuild. The 800-employee firm targets companies that he believes have characteristics that can be leveraged and developed to create market leaders.



Photography provided by Empire Investment Holdings



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“When we acquire business units from the Fortune 1000, they have been categorized as no longer strategic for the parent’s ongoing business,” Alfonso says. “As a result of that, they tend to be ignored. They are put off to the side because they either are going to be sold or shut down.”

“It’s not that there is a bad business there, but the folks recognize the fact that they are not being tended to and they are not being invested in. There is no one really mentoring, coaching or talking to them. People want to feel as though they can truly make a difference. They really want to be able to make an impact. Those are the very characteristics and qualities that our organization promotes. That’s what we want.”

The ability to convey a plan to employees that makes them feel confident and useful again is a key reason why Empire has been able to process more than 7 corporate divestitures since 2005 and hit \$135 million in fiscal 2009 revenue.

Here’s a look at some of the guiding principles that Alfonso used to build Empire and still uses today to help struggling businesses get turned around.

Show your confidence

“You can have the most creative plan to get your business turned around, but if you don’t have confidence in your ability to make it happen, it’s never going to get you anywhere.”

“If you come into a room and you are going to pitch me, you better be confident about what it is you’re doing and what it is you’re saying,” says Alfonso. “You can tell pretty quickly whether the individuals on the other side of the table believe in themselves.”

“One of the keys for me is whether they are demonstrating the appropriate level of, not only competency, but confidence in themselves in order for me to engage in this relationship.”

Whether you’re an investment firm that is buying other companies or a CEO who is trying to turn your own business around, the challenge is the same. You need to project confidence that you can lead the organization to success and prosperity.

“If the leader truly believes in and has passion for what he or she is doing and what the business is doing, the type of passion where when you talk about it you can even get choked up about it, it’s contagious and it spreads,” Alfonso says.

“Confidence enables a certain level of intimacy. It’s working with everyone in your organization from the top down and being very engaged with the details of every functional area. I don’t know that sitting behind a desk and pounding out memos or communications is the most effective way. It’s by interacting at an intimate level with your work force.”

The Alfonso File

Give people a sense of where they fit into the big picture and be specific about the expectations.

"It's essential," Alfonso says. "Everyone needs to understand, not only where they fit into the organization, but also what is expected of them. More importantly, not just what they're expected to do, but what their function actually does for the organization. How does it interrelate with the other functional areas and how and why does that particular function bring value to the organization."

"Nothing can substitute an in-person meeting," Alfonso says. "You can send out memos and put things in a newsletter, but that doesn't necessarily mean you're touching everyone or that everyone is even going to read it."

In the end, it's both your ability to communicate a plan and your discipline to follow through on its components that will give you the best chance to generate the confidence you need.

"It's consistency," Alfonso says. "You can walk into any organization and give a presentation, maybe someone else even wrote it for you, and you can sound really good. But if you don't live those words, if you don't demonstrate through your personal actions that you are involved and you're following through with things, it won't work. If you make commitments, you better damn well make them happen. Over time, that will counteract the employees' notion that here is just another person giving us a presentation but in the end it's just going to be the same old, same old."

Lend a hand

Just because you're the boss, that doesn't mean you should be above helping your employees who are trying to make things happen in your business.

"Right now, one of our key executives, Chris Cummings, is ingrained in the implementation of an ERP application for our latest acquisition," Alfonso says. "I know that Chris and the team are working long days and nights and weekends, and they are really putting forth an amazing effort to get it done. When I talk to him, I will periodically ask, 'Is there anything on your plate that you want me to get done for you?'"

"It's being able to recognize when your resources are really going above and beyond the call of duty to get something done that is really tying up their time. It's recognizing that they are in that situation and offering them help. Then it's being able to do it."

The key is, when you offer to help, you can't just do it in a subtle way hoping you won't generate any responses.

"If they give you something, get it done," Alfonso says. "It doesn't matter what the task is. There should not be anything that is beneath you."

Born: Hartford, Conn.

Education: Bachelor's degree in international relations, Florida International University; MBA, University of Miami

What was your very first job?

I was 10 years old and had a newspaper route with the Hartford Courant. I did that for a couple of years. Then I started cutting grass and shoveling driveways. It taught me what it meant to have to get up early in the morning, whether rain, shine or snow, to go deliver papers. I was young at the time, but it also helped me understand the importance of earning money and how to spend it. That was the beginning of what cultivated the work ethic that I have today.

Whom do you admire most in business?

Walt Disney. Here's an individual who came from nothing and had so much passion and belief in what it is he set out to do. He had failed a couple times, but it didn't distract him, and look what he created. That's where I get an enormous amount of inspiration. I have a lot of admiration for him. He wasn't given anything.

If you could have dinner with any three people from history, who would they be and why?

Walt Disney, Gen. George Patton and President Abraham Lincoln. Patton is someone who had that drive and discipline that I always try to expect from myself. He just had an uncanny ability to get things done and constantly push things forward. That's something I always look at when I read about him or study him.

With Abraham Lincoln, it's unusual because he was another individual who came from nothing and became the president of the United States at such a tenuous time with the slavery issue and having to deal with the Civil War. I probably would want to talk with him just to understand how it was he was able to deal with situations of that magnitude and still be able to do some pretty amazing things.

If you want to convey an attitude that you're a part of the team, you need to act like it and not seek out special treatment. You'll reinforce the idea that it's not just you and your responsibilities that make the company go.

"Culturally, it's not about getting something off of your desk," Alfonso says. "It's about moving the ball forward. That approach is instilled very early on, during the transition of every newly acquired company, to ensure that this philosophy is well rooted throughout the entire organization. It's all about bringing value and if you truly embrace that, it doesn't matter who you are or what your

title is. If something needs to get done, anyone should be able to do it, including me."

If you want to bring value to your position, you need to be in tune with what's happening and be engaged with your employees. You need to be asking questions and assessing your strategies and checking for efficiencies on a daily basis.

"With a newly acquired company, you really can't answer those questions if you are trusting those around you to answer them for you," Alfonso says. "You have to know for yourself. You have to be the most diligent, and you have to work harder than anyone around you."



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Stay focused

When things are going well and everyone is busy, you'll probably be spending a lot of time with your employees. It's important to build strong working relationships without letting things get too personal.

"I've seen it happen too many times, where people get too close and then the personal relationship interferes with the level of focus required to get things done," Alfonso says. "We work very long hours, and when I get back from a trip I want to go home and see my family and my kids. Finding the right balance is key, there is a time and a place for everything."

This type of work-life balance is an important element when you're trying to be a leader who is engaged with your people and a part of the team.

"I don't allow what's being handled from the business side and the tactical side of

the organization to become personal," says Alfonso. "This is all business and all about getting things done. For those who work with me and around me on a regular basis, there is no fooling around. We've got one task at hand and that's to make sure we get things done for the company. It's not about me or anyone else. It's about the organization. People know that I take that seriously."

"When you work with people as closely as we do and travel as much as we do, you get to know the people that are around you. You get to know who their spouses are, who their children are, where they live and the things they like," Alfonso says. "So it's not black and white, but I maintain an appropriate level of separation."

It's not the extracurricular activities that get the business moving if you have the right people and plans in place. It's a commit-

ment to the plan and a strong effort to bring employees for the ride.

"If I go visit one of our organizations, and let's say that this particular location has 100 employees, I will literally go and say hello to everyone and talk with them. I have that personal relationship with our staff at all levels. We interact in meetings. We are involved. We're engaged owners. It's not like we take a hands-off approach, cross our fingers and hope for the best. We really are involved in what our companies are doing. That goes for our management team, and their management teams, and it rolls downhill."

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HOW TO REACH: Empire Investment Holdings, 305.403.1111
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