

CFO ROUNDTABLE

CFOs face the future with guarded optimism

BY BRIAN BANDELL • BBANDELL@BIZJOURNALS.COM • 786-533-8215 • @SFBJREALESTATE



CFO Roundtable at Randstad Professionals in Fort Lauderdale.

JOCK FISTICK

INTRO EXECUTIVES PREPARE THEIR COMPANIES FOR OPPORTUNITIES AND OBSTACLES

Predicting the direction of the economy is difficult, even for an experienced executive. But it's a CFO's job to ensure the company is prepared for whatever lies ahead — whether an opportunity or a downturn.

Having open and honest communications with other members of the C-suite can help a CFO keep the company ready for changing economic conditions. This strategy also filters down to the rank and file, as an effective CFO will make sure all employees know how they can contribute to the company's success.

Those were a few takeaways from a Business Journal discussion with CFOs from major South Florida companies on the future state of business, held Dec. 1 at the Fort Lauderdale office of Randstad Professionals. During the CFO Roundtable, the panelists candidly described how they take an active role in their companies and fulfill their leadership responsibilities.

The discussion, moderated by Editor-in-Chief Mel Meléndez, was sponsored by Grove Bank & Trust, MBAF and Randstad Professionals. It is part of the Business Journal's ongoing Roundtable Series, where leading CFOs, CEOs and HR executives discuss a salient topic of interest to our readers. ■

South Florida's unemployment rate is the lowest it's been in more than a decade. National GDP growth has been strong, and Florida's economic growth has been outpacing the nation. The Dow Jones Industrial Average seems to hit a new high every month.

Yet, when South Florida CFOs are asked about the future of the economy, they're not all smiles.

Indeed, it's the job of a CFO to be cautious and remind corporate leaders not to overextend themselves in good times.

Boca Raton-based TouchSuite spends thousands of dollars to acquire a customer and set him or her up in a mobile payments system, and it takes months to recover that initial investment, said Richard Feldman, the firm's chief corporate development officer and CFO. That's why it's so critical for the company to manage available cash as it grows.

"I see South Florida as doing well, but I'm nervous about the broader economy," he said. "There's more capital in the financial services industry than I have ever seen. It's a little bit of euphoria. People are chasing anything fintech or AI [artificial intelligence], and there is a discrepancy between the real economy and things driving growth."

There's also talk of speculation in real estate, especially in South Florida neighborhoods where property values have doubled or tripled in the past decade. The

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RICHARD FELDMAN,
CFO/chief corporate development officer,
TouchSuite

question is whether rents and home prices will continue increasing enough to justify those prices.

In this real estate environment, the key is leverage, said Jose Luis Gonzalez, CFO of Monument Capital Management, a Miami-based commercial real estate firm that counts former New York Yankees star Alex Rodriguez among its largest investors. Real estate firms must maintain strong liquidity and make sure that their financing is long term, he said.

Obtaining long-term contracts has also

been a focus for GardaWorld Cash Services, said Mark Brockelman, CFO of the Boca Raton-based firm, which manages cash logistics for companies, including with armored cars.

Many of its customers are in retail, so they're under tremendous competitive pressure from e-commerce. Instead of annual contracts, he's pushing for clients to sign five-year deals that cover 100 percent of their business and lock in prices. That provides financial certainty for GardaWorld.

"The job of a CFO is to measure things and be on a long-term strategy," Brockelman said.

As a general contractor, Hedrick Brothers Construction doesn't have many deals that run longer than a few years. With Florida's boom-and-bust development cycle, construction firms have traditionally been vulnerable to the dry spells of the economy, Hedrick Brothers CFO Eric Engstrom said.

The West Palm Beach-based company has achieved more financial stability by locking in prices with developers early, and diversifying the type of projects it works on — such as doing commercial, residential and education, he added.

"Our C-suite has decades of experience. They have been there before," Engstrom said. "If we stick to the strategic

CONTINUED ON PAGE 22

DECEMBER 15-21, 2017

21

CFO ROUNDTABLE

MEET THE PANEL



JOSEPH C. BERARDINELLI
Senior VP/CFO/treasurer, Kelsier University
1900 W. Commercial Blvd., Suite 180, Fort Lauderdale 33309
(954) 776-4476
josephb@kelsieruniversity.edu



ANDREA BOHR
CFO, Wantman Group Inc.
2035 Vista Parkway,
West Palm Beach 33411
(561) 687-1110
andrea.bohr@wginc.com



RONALD C. BRANDENBURG II
VP/CFO, Holy Cross Hospital
4725 N. Federal Highway,
Fort Lauderdale 33308
(954) 776-3012,
ronald.brandenburg@holy-cross.com



MARK BROCKELMAN
CFO, GardaWorld Cash Services
2000 Corporate Blvd. N.W.,
Boca Raton 33431
(561) 939-779-0888
mark.brockelman@garda.com



ERIC ENGSTROM
CFO, Hedrick Brothers Construction
2200 Centrepark West Drive,
West Palm Beach 33409
(561) 689-8880
eengstrom@hedrickbrothers.com



RICHARD FELDMAN
CFO/chief corporate development officer, TouchSuite
1081 Holland Drive,
Boca Raton 33487
(561) 609-4776
rfeldman@touchsuite.com



JOSE LUIS GONZALEZ
CFO, Monument Capital Management
5200 Blue Lagoon Drive,
Suite 400, Miami 33126
(305) 529-3204
jlgonzalez@mresgmt.com



MARK KNIGHT
Executive VP/CFO, Jackson Health System
1661 N.W. 12th Ave., South Wing
117, Miami 33136
(305) 585-4211
mark.knight@jhs-miami.org



RICHARD OUTRAM
CFO, Cross Country Home Services
1625 N.W. 136th Ave., Suite 200,
Sunrise 33323
(954) 835-1912
routram@cchs.com

CONTINUED FROM PAGE 20

plan, we will have the ebbs and we will have the flows, but we will be able to sustain the business.”

Right now, most firms in the Florida real estate sector are doing well.

Spending on public infrastructure such as roadways should benefit engineering and planning firms like Wantman Group Inc., said Andrea Bohr, CFO of the West Palm Beach-based company. WGI has grown about 65 percent in the past two years, and she expects another good year in 2018. Bohr said the biggest challenge is finding enough employees to handle all the work, as there's a shortage of engineering students in colleges.

Bohr has allocated resources for WGI to tell its story at networking events, and to build an attractive website so recruits know its growth story.

At some companies, the outlook depends more on politics more than

Challenges for CFOs go beyond financial



Jose 'Joe' Gonzalez
Monument Capital Management

South Florida's economy. Keiser University Senior VP, CFO and Treasurer Joseph C. Berardinelli said his university, which has about 80 percent adult learners, is dependent on the ability of students to obtain loans for college. Changes in the availability of student loans and proposals to make college free would have a big impact on Keiser.

People need health care whether the economy is good or bad, and Jackson Health System is more impacted by the level of government reimbursements for health care services, said Mark Knight, executive VP and CFO of the Miami-based public health system.

Jackson has been profitable for six consecutive years, but changes in Washington, D.C., or Tallahassee could blow a hole in its budget. Given the growing federal deficit, there's constantly talk in political circles of limiting or cutting spending on Medicare and Medicaid – the two largest sources of reimbursement for Jackson.

At the same time, Jackson has utilized a voter-approved bond to expand its facilities.

"In our organization, I feel like I'm trying to temper romantic ideas of expansion and growth and build some reserves," Knight said. "I'm trying to sock money away in response to this cautious optimism we hear today."

Holy Cross Hospital, which is part of nonprofit Trinity Health, has prepared itself for a possible downturn by getting leaner and cutting out waste, said Ronald C. Brandenburg II, CFO of the Fort Lauderdale-based hospital. By lowering the cost per patient discharge, the hospital can build cash reserves and build the cash on its balance sheet. ☐

The bottom line for CFOs is the financial bottom line, but that's far from the only measuring stick these days.

From cybersecurity to hiring to technology innovations and more, a CFO must prepare for the company's biggest challenges.

Richard Outram, CFO of Cross Country Home Services, has faced these challenges on many fronts. The Sunrise-based company provides warranties for home services, so it must protect sensitive customer information, deliver its services with the latest technology, and compete for the best employees.

Outram said there's a real war on talent, especially for technology experts. Cross Country is working to digitize the customer experience, and it needs employees to understand how important they are in that process when it comes to the company's success, he added.

"Don't manage from profit and loss," Outram said. "Use metrics and numbers that people in the rank and file can understand, and that they can influence on a day-to-day basis."

With millions of dollars of cash to transport and secure, trust and integrity are key qualities that GardaWorld Cash Services looks for in its hires, CFO Mark Brockelman said. Recruitment will be its biggest challenge in 2018. That's why it has partnered with the military to hire veterans, he said.

Of course, competitors are thinking the same thing when it comes to recruiting. They'd love to snatch talented employees away from another firm. No one knows better than a CFO how costly it is to let a star employee walk out the door.

Eric Engstrom, CFO of Hedrick Brothers Construction, said his strate-



**Mark Brockelman of
GardaWorld**

PHOTOGRAPHY BY JOCK FISTICK

gy to maintain talent includes constant training, including employees in planning activities, and allowing them to choose specific jobs. He said employees are encouraged to innovate and take on big projects, and told that it's okay to fail because they can get up and try again.

Keiser University Senior VP, CFO and Treasurer Joseph C. Berardinelli said when the university considers new programs, it listens to input not just from C-suite executives, but from faculty members, those in student admissions, and about 400 campus advisers.

It's also important that high-achieving employees are recognized for their good work, said Richard Feldman, chief development officer/CFO of TouchSuite. His company does this through gift cards, money or bonuses during weekly meetings. Employees know that such recognitions will lead to promotions down the

road, he said.

In technology, CFOs aren't expected to be IT wizards, but the position requires leadership and management over the purse strings. Brockelman said GardaWorld hired a VP of transformation to set the technology strategy, while the IT department is the "arms and legs" implementing the plan. Under this model, the company developed a system to track the location of its bags of cash and armored trucks in real time.

Berardinelli said Keiser University made a large investment in moving its platform into the cloud with Microsoft Azure. He approved this because it will lead to long-term savings since the university won't have to maintain server farms. Of course, it will also require paying extra attention to securing the privacy of data in the cloud, he added.

He isn't concerned about a hack-

DECEMBER 15-21, 2017

23

CFO ROUNDTABLE

er stealing data from Keiser University and holding it for ransom because the data is backed up. His biggest concern is educating employees and faculty about avoiding phishing scams.

All of the CFO Roundtable panelists said cybersecurity was a top concern.

"You can't ever protect yourself completely," said Andrea Bohr, CFO of Wantman Group Inc. "We have a co-location that is secure. We have backups for data every hour."

Health care firms worldwide have been among the industries most frequently targeted by hackers. They literally can't operate if they lose access to patient data, and the unauthorized disclosure of patient information can be both embarrassing and financially damaging – not to mention subject the health care organization to federal fines.

Jackson Health System Executive VP and CFO Mark Knight said he's looking for ways to register patients without recording personal information that isn't necessary to provide care. The system is designed to hide information such as Social Security numbers and diagnoses from the billing staff.

"There's much greater risk with technology than in a paper environment," he said. **Z**

QUOTABLES

WHAT'S THE BEST ADVICE YOU EVER RECEIVED AS A CFO?

"Always communicate, and always listen and be a team player."

JOSE LUIS GONZALEZ, Monument Capital Management

"One thing CFOs don't do very often is to connect with staff. Since I am new to Holy Cross, I made it a point to get to know them."

RONALD C. BRANDENBURG II, Holy Cross Hospital

"Learn to say 'no' to the CEO and stand your ground."

JOSEPH C. BERARDINELLI, Keiser University

"Always keep your eye on the cash. The cash doesn't lie."

MARK BROCKELMAN, GardaWorld Cash Services

"Establish relationships outside of finance and really know how the business makes money."

RICHARD OUTRAM, Cross Country Home Services



Joseph Berardinelli of Keiser University.

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