TABLE OF EXPERTS

Running a Successful Private Company

PHOTO BY MICHAEL THOMAS
Left to right: Rusty Keeley, Keeley Companies; Tad Edwards, Benjamin F. Edwards; David Peckinpaugh, Maritz.

Private companies enjoy a level of flexibility that publicly held firms often cannot match — but that freedom calls for its own strategic discipline. As public markets continue to reward short-term gains, privately held firms are navigating a different set of choices, from how much to reinvest in talent and technology to how early succession planning should begin. They are also confronting the rapid disruption of a high-tech, post-pandemic economy.

What does it really take to run a successful private company in this environment? Is it the foresight to think beyond quarterly earnings? The ability to protect culture while scaling nationally? Or the discipline to keep innovating through uncertainty?

Three leaders who have steered their companies through multiple economic cycles recently shared how they balance long-term vision with day-to-day performance and how to turn private ownership into a strategic advantage.

Robert Bobroff, publisher of the St. Louis Business Journal, led the conversation with:

- **David Peckinpaugh**, President and CEO, Maritz
- **Rusty Keeley**, CEO, Keeley Companies
- **Tad Edwards**, Chairman, CEO and President, Benjamin F. Edwards

BOBROFF: Tad, looking back at the initial stages of your business, what was the single most critical decision or strategy you implemented that you believe laid the foundation for your long-term success?

TAD EDWARDS: Because of what happened at A.G. Edwards — we were bought out — it was critical that we have a company that is independent and privately held. We cannot be bought out. That was the first decision that was made; it was an easy decision to make. Other than that, it was to hire the best people we could get, people who had character, integrity and just wanted to find a home away from home and have a lot of fun.

RUSTY KEELEY: One of the coolest things about your business is how you bring to life the history. I mean, you bring it to life from the second you walk in the door, from the walls to your stories. It's really pretty incredible how you leverage them. Certainly, the buyout and things, you may have a little bit of a sour taste in your mouth, but you learn from those sawtooth moments in life. You've sort of managed to bring that story to life so eloquently that, I mean, that's what you hear time and time again when you're with people from your firm.

DAVID PECKINPAUGH: I would add, from a Maritz perspective, with a firm that has been around as long as Maritz — 132 years — I think my observation of the Maritz enterprise and family has been constant innovation. We started as

THE EXPERTS

TAD EDWARDS
Chairman, CEO and President
Benjamin F. Edwards

Tad Edwards is Chairman, CEO, and President of Benjamin F. Edwards. He founded the client-first firm in 2008, directing its growth to over 100 offices in 34 states, managing over $50 billion in client assets with no debt. Under his leadership, the firm has earned national Top Workplaces honors for five consecutive years. Tad, a wealth management expert who previously held executive roles at A.G. Edwards, ensures advisors have the freedom to serve clients with trust, integrity, and mutual respect.

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RUSTY KEELEY
CEO
Keeley Companies

Rusty Keeley is the CEO of Keeley Companies, a family-owned enterprise of companies building communities and serving as the single source for investment, development, management, construction, and restoration. Rusty is passionate about people, serving on multiple boards, building careers, and giving back to philanthropic organizations across the nation. He is dedicated to growth and his words drive the Keeley mission: "If you get the people right, the results will follow."

KEELEY

DAVID PECKINPAUGH
President and CEO
Maritz

David Peckinpaugh joined Maritz in 2011 and assumed the position of President & CEO in 2021. David has led the company through significant growth, placing renewed focus on clients, industry partnerships and global presence. He has also invested in reenergizing the company's culture, introducing the company's signature core value "Take Good Care of Each Other," which has led to the company-wide purpose of "Unleashing Human Potential." This aspirational initiative is based on a focus on a triple bottom line where financial, people and sustainability results are equally recognized and celebrated. In addition, David champions the company's fight against human trafficking.

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a jewelry watch manufacturer 132 years ago, and now we couldn't be further away from manufacturing watches.

That constant ability to evolve and change with the marketplace, it may not be a specific strategy, but it's the core of what makes the company what it is.

BOBROFF: David, how do privately held companies balance short-term profitability with long-term growth?

PECKINPAUGH: There's always short-term pressure for profitability, whether it's banking relationships or ownership requirements. But the great thing about private ownership, and one of the things that attracted me to Maritz 15 years ago, is the ability to look down the road and have a long-term perspective. So we do strategic planning in the fall, and our fiscal year starts April 1. And we work through our strategic plan — that's the driver of everything we're going to do in the next 12 to 36 months. And the discussion we have with the board is, "What investments are now required in order to achieve that strategic plan, either in a very near-term or mid-term?" And then we have that conversation with the board and ownership.

And if you're reporting to public investors, you've got all that pressure. You see the layoffs that have hit the news even this week, tens and tens of thousands of layoffs from publicly held companies. While we still have to maintain and monitor market conditions, we're not under the same kind of pressure. So what we do is a very diligent process of determining what investments are required and what the ownership's and the board's willingness to allow us to invest. And a lot of that is focused on long-term growth. AI is a great example, right? We have and will invest heavily in AI-driven initiatives, and that will pay off in the long term. That's going to hurt our short-term profitability, but it's that long-term play and mindset that really allows us to do things very differently.

And it also allows us to do things for our people. Coming out of COVID, we were devastated. Eighty-five percent of our revenue disappeared on the event side of the business. But the decisions that the family made with a long-term mindset allowed us to not only survive, but take care of the people that remained, and then to successfully rebuild.

EDWARDS: By not being public, you

don't have to worry about quarter-to-quarter. I think that does make a difference. We can think long term, even if in the short term it may not help us. We're being innovative and building for the future, and there aren't shareholders looking over our shoulder.

KEELEY: What we do is we encourage our leaders with entrepreneurial spirit to come in and tell us how we can grow our business. What does that look like? What's the plan? How much money do you need? So, they'll present what we call a "pioneer plan" to a separate committee. For the first year, it goes on our company overhead, and then the second year goes on their overhead, which obviously drives performance and could affect bonuses. So, they get a year to try out this new idea that's been approved by this committee. They have skin in the game, but then it's their ideas on how they grow it. In a way, it's almost like internal M&A, and we get powerful results year over year.

BOBROFF: Rusty, as your company grew, what decisions or philosophies guided you to maintain success and culture on a national scale?

KEELEY: The first thing that comes to mind is what I call "human leadership." You put people first. I believe that if you get the people right, the results are going to follow. That's why we invest a lot in recruiting, retaining and developing top talent. We have Keeley University, which has an internal platform as well as stackable degrees with some partnerships that we have. We encourage people to continuously reinvest in themselves, and we empower them to do it.

When I took over the business from my dad in 1992, we were a $5 million paving company, and now it's a multibillion-dollar platform that does a lot more than paving. We're building wastewater treatment plants all over the country, petrochemical plants and the grid to support the data-center evolution. The company has grown from being a paving company to being part of the partnership that built the St. Louis soccer stadium. If you have the right people, you can diversify your business and you can grow it.

BOBROFF: David, building a values-driven culture, how do you maintain it as the company scales?

PECKINPAUGH: When I think about scaling coming out of COVID, we had a significant downside. We lost 85% of our revenue, so we were down probably 1,200 employees. You go from 100 miles an hour to almost zero within 90 days. And then the whiplash effect of having to hire back, 2,000-plus mostly new employees, created a huge cultural challenge.

We went back to the basics, which are our core values, and our first is to take good care of each other. That's a four-stakeholder model: it's our people, our clients, our partners and our communities. We used that as a filter for all the decisions we had to make during and after the pandemic. Our commitment was that we were going to be a better company coming out of it than we were going in. So we never took our foot off innovation — we kept our innovation team, kept investing in new products and services. We also kept a lot of our senior leadership, which may be an unusual decision, but we felt like that was the team we needed to keep in order to rebuild. Otherwise, you lose so much intellectual capital and experience.

There were some other basics that we did. We were focused on the triple bottom line — our people, our profit and the planet. We've never lost sight of that. We also anchored ourselves in our core values. So how are we treating our people? How are we treating our clients, the communities in which we operate and our partners? And we made a commitment to communication, having town halls every Friday during the pandemic for almost a year. Each one of those areas has paid dividends for us.

I'd also point out that I had joined the Tugboat Institute in 2019, and that was just perfect timing. I had this network going through COVID — other CEOs of purpose-driven companies, value-based companies — to understand what they were doing. Many of them had very successful years during the pandemic, so really hearing and learning what they were doing made a huge difference for me.

EDWARDS: When I was still in college, my grandfather told me something I still remember. He said when you hire people, the first three criteria would be: one, integrity, two, character and three, trust.

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>
> **DAVID PECKINPAUGH**
> Maritz

And I said, "Granddad, how about talent? How about brains? How about this or that?" He said, "Talent's fourth," that in his 50 years in business, the number one reason some people weren't successful was an inability to work with other people. It was usually not how smart they were or how hard they worked; it was the people side, the leadership side. If you don't have the integrity, the character, and the trust, you're going to get toxic people.

So, we do work really hard on that. I think you're right, David, the culture is defined by the people, and by the mission statement — the reason you exist.

And I think all of us exist because we want to make a positive difference in people's lives. It's really about understanding what they need and trying to give them a great experience. That's why we have these thinking rooms in our building, where our people go to dream and imagine and brainstorm: How can we make the experience better between our branch system and our home office? How do we make the client experience better?

BOBROFF: Tad, beyond financial performance, what does success mean for your business, and what key non-financial metrics or indicators do you

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prioritize to ensure you achieve that broader vision?

EDWARDS: I think our goals are a blend of the financial side, the growth side and the culture side. In our industry, we want to be the place where everybody wants to work.

Because there are choices. So, why would someone want to be with us over somebody else? There are a lot of other good firms in our industry. I respect all of them. I get along with all of the CEOs. But we compete, and we like to win. We all do, right?

We need to be successful financially because we want to be able to pay our people, attract great people and retain great people. And if we're not successful, we don't have that ability. So that has to be a piece of the equation, but not the whole piece. One thing I feel strongly about is that if I'm in the office, I like to say something to everyone in the office every day. It might be two seconds, but I think if you have people who feel valued, worthwhile, needed and part of the future, you get better contributions out of them.

PECKINPAUGH: And you know, the key is the little things. It's not that hard. It just takes a little extra effort and attention to detail. It's the personal handwritten notes. It's birthday recognitions. It's knowing what's going on in someone's life, good, bad or otherwise. And it's hard as you get bigger and bigger, and you get more removed. But it's really not that hard, and yet so many people lose sight of that.

EDWARDS: You know, my father never closed his office door. He was accessible, and even answered his own phone unless he was in a meeting. So when our offices were built, I had mine built without a door. I do have a pocket door if I want to close it, but I never close it, because I want people to know I'm available.

Ultimately, I think we all believe in the Golden Rule. You treat everybody the way you want to be treated. And I think that makes people want to work in places like that.

BOBROFF: Rusty, how did you evolve your leadership approach as the business expanded across the country?

PHOTO BY MICHAEL THOMAS

My morning starts every day with a report for all the various platforms with everybody's birthday. I look at it as a banner for the company, as well as recognizing that individual. So I'll send them a birthday note and blind copy the appropriate company. So, like today (Halloween), I can be transparent and corny and say, you know, have a BOO-tiful day! Basically, I want them to know that I put my pants on the same way as they do. It's very similar to the Golden Rule. Plus, it's engaging — if there are 15 birthdays today, there'll be at least three to five that respond, "Thank you. How are you doing?" And, you can then take the time to respond to them. So, that's a great way to start my morning, with that human touch.

And then the second way is we created a system that's very transparent.

It's the only non-negotiable to being Keeley'n; we call it the Keeley Way. It's a model where you have your mission and values — who you are, how you live each day. And then it's a wheel with five-year visions, five-year business plans, five-year org charts with that growth, with names, five-year budgets — and that's all in pencil. So we want to dream big.

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> **TAD EDWARDS**
> Benjamin F. Edwards

And then what we do is we break that into annual scorecards. So, if you have five-year visions, you have five steps. That's in pen, and we set those up on January 1, and they never change. You have to figure it out. And from the annual, we drive it monthly with this action plan system, where you have to be accountable every month to get a point. If one person across our entire platform misses one time, it affects your bonuses. It's a discipline and it's accountability, but it's totally transparent. Everybody sees all my action plans. You can also say, "Hey, I'd like to collaborate and help you with that action plan." Really, it's a system that we have continued to evolve over the years that really drives the results of our business.

PECKINPAUGH: That's great. I think one of the things I would add to that is the environment of the hybrid or virtual employee. That's really something that has affected our business and me as a leader. How do you lead? It used to be a lot easier when everyone was in one office. I go back to the Maritz days, where the campus was thousands of people on just the St. Louis campus. That would

have been a real treat, because you had the ability to see a lot of people every day. Now, around 65% of our employee base is not in St. Louis.

So we're very decentralized, and I think that creates a whole different leadership challenge. That's why we do a goofy birthday video for everybody, welcome notes and gifts for every single new employee, things to try to add a personal touch as much as possible. We do work anniversaries, confetti points — which are internal recognition points they can spend on experiences and merchandise — as part of our recognition program.

I met with our internal communications person yesterday, who has put a great plan together for all the different touch points and how we make a non-St. Louis employee feel connected to what we jokingly call the "Fentagon" (our headquarters in Fenton)? How do you make them feel like they're part of the culture, part of the business and connected to leadership, connected to all the different areas of the business. It's a huge challenge, and we're not the only ones struggling with it. We have some large clients who have actually hired us to help them figure that out. with their employee base, with their campuses.

BOBROFF: David, talk to us about leadership succession, planning and privately held firms. How early is too early?

It's never too early. I mean, that's an easy answer, but again, I'll point to the pandemic. We've always focused on succession planning. We have three in-person board meetings a year, and our May board meeting is dedicated to people — all people-related issues like compensation and culture — and succession planning is a big part of that. I would say in 2021, that really started ramping up, because we saw the retirement cliff that's coming up. I'm an example of that, right? I'm a boomer; I'm not a spring chicken anymore. I'm not going to work until I drop, so it's an ongoing process.

So two years ago, we started with my leadership team, the Maritz leadership team. Every one of us was required to put a plan together for our immediate mid-term and long-term successors. And now we have quarterly meetings with each of those leaders to go over that plan and how it's being developed. And asking, "What are you doing to develop those individuals to be ready for that next opportunity?"

We then took it down to the VP level. So, every VP in the business has the same requirement. And, again, we're experimenting, but we're in the process of seeing that transition happen right in front of our eyes. And the next one to three years is going to be significant.

BOBROFF: Tad, what was the most significant challenge or setback your business faced, and what specific actions did you take to overcome it? What lasting lessons did you learn from that experience that shaped your business approach today?

EDWARDS: One of our inflection points that we've gone through was during the pandemic.

The pressure from our people to work remotely, because they started to get comfortable with that, was pretty tough. And our leadership team tried to convince me that three days a week in the office would work — not for them, all the leadership teams are there every day if we're in town. There are people who want to work remotely, and we do have a few groups that do some of that, but we decided on four days a week. And, you know, we got a lot of pushback on that, but that was a big decision, because I believe — and I know everyone doesn't agree with me on it — but I believe that one thing that helped me when I was coming up in the business is that I had mentors. I could watch how people walked, how they talked, how they interacted with others and led a meeting, how they handled adversity on the job, how they developed talent, how they made mistakes. And if I'm at my kitchen table alone, I don't see that. So, we want all of our people to have mentors. We also want our people who have been there a while to be responsible and accountable, to mentor other people, just like people who mentored us.

I would say the other part is that succession is always a challenge. But I spend more than 50% of my time trying to figure out if we have the right people in the right place, at the right time and for the right reasons. And the answer could also change in three years. We may have the right person, but maybe there's more responsibility, and maybe certain people step up and certain people don't step up. So, I've got to know those people. That's why I'm on the road, going to all these offices. You can have a successful business for generations, but if you don't get succession right, it can really impact the business. So, I focus more than half my time on that for all the different pieces of our business.

PECKINPAUGH: Do you have a preference for internal promotion vs. external? Because we're going through that right now, and we have a balance. We see the advantage of bringing in new eyes, a new outside perspective, but we also want to continue to promote from within.

EDWARDS: It is a challenge, with no magical formula. We really work hard at promoting from within. If I had a choice of someone from the outside who was a little better, I'd give the shot to the hungry person inside, because at one point someone gave me a chance. So, I believe in giving people a shot. If they make some mistakes, I believe in giving them another shot. The ball is in the court of the leadership team to help develop those people.

On the other hand, there are times when we do need to go outside and get some talent that we may not have. And we don't want to promote from within just to do it, and then not be able to compete. Then everybody loses.

KEELEY: Yeah, I would say we're probably 80-20 promoting from within. But with explosive growth, with a lot of our expansion, there is a benefit to having some outside experience as we build a business. Somebody who has run a $1 billion company can bring incredible value, where you might not have that specific person within the company.

You know, we just went through a transition last year, and we spent two years getting ready for that transition. And the thing that probably kept me

up the most at night was that I knew I couldn't screw it up. We just brought in the next generation as well. It was a two-year process — I was involved, but I wasn't leading it. I weighed in, and outside consultants weighed in, as well as all of our presidents, weighing in on how you bring in that next generation and set them up to be successful. How do you make sure you have the right person in the right seat? When you think about it, when you were successful, you did that. And when you weren't successful, you probably didn't have the right person in the right seat.

EDWARDS: You know, I went to something some years back — the 100 Best Companies to Work for in America had these annual symposiums. The number one company in America one year was a company down south, and I spoke with the owner. He told me that they'd made 22 acquisitions over 22 years, and all but one of the acquisitions worked because they worked financially and culturally. But they had one that was so financially compelling that everyone said they had to do it. And that was the only one that didn't work. When I asked him why, he said it was a cultural misfit. It was a disaster. It ended up infecting the whole organization because they let the financial part drive it and forgot about the cultural side.

BOBROFF: David, how do privately held companies stay innovative without the pressure of quarterly earnings?

PECKINPAUGH: I think it comes down to planning. I would point to our strategic plan. That's our driver. Our Maritz leadership team meets once a month, and it's strictly focused on the strategic plan. As we're going through budgeting, we have a three-year plan, because in this world, right now, looking three years or further is really tough. Things change so quickly. So, we have a rolling three-year plan, but we focus on the next 12 months. In our next fiscal year, what are our filters and priorities strategically? What are the investments required for us to achieve success in each one of those? And we typically have three to five key strategies that we zero in on.

So for us, that's the driver. And that's where we're deciding what money we are going to invest, where we're going to innovate, what new products and services we're going to bring to market. What are we going to do for our people? What are we going to do for our customers, and so on. So that makes it pretty easy, because we do that as a leadership team. We then review it with the board, get the board buy-in, and that's what drives our final budgeting that we complete in February. Then we're off and running, and we have a scorecard to see how we're doing against that. That's how we keep our foot on the accelerator around innovation.

BOBROFF: Rusty, as your business grew, how did you preserve the values and culture that made it successful in the first place?

KEELEY: I'm blessed because I have an 87-year-old father who still walks around our office. He's sort of the culture magnet, which is pretty cool. We have an incredible relationship. But even though he had built a $5 million business, with such a culture around people, I think we had such anxiety and fear that we were going to lose that as we grew. In a way, I think we almost overcompensated for that.

So, when you talk about mission and values, how do you bring that to life? On the construction side, we have 6 a.m. Monday morning meetings — people are very happy that those aren't in person after COVID — but it's about bringing it to life. Another example is what we call an E3: Empowered to Exceed Expectations. People submit those, and we review them in detail. It could be at the craft level, or it could be at the professional level. So for us, it was when you go and expand, you have to be really aware and intentional about how you try to do that.

It's also helped over the years that our culture is authentic. I think it's tough for people to build an incredible culture if it's not authentic to the people. And so, when we look across it, we have seven cultural pillars that drive our business, whether it's Keeley University, Keeley Life, Keeley Safe, etc. And every one of those has an internal champion, but they also have a committee and a scorecard. They're treated just like an operational group. You set down your goals, and then we're going to hold you accountable to drive that culture. So I think overcompensating ended up really helping us think more strategically about how we approach culture overall.

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RUSTY KEELEY
Keeley Companies

PECKINPAUGH: From a Maritz perspective, it starts with the (Maritz) family. I think if you talk to just about any employee, there's a loyalty to that family that is hard to describe. I'm sure it's the same with your organizations. We're there to support and work for the family. I never lose sight of that. I'm an employee who is there to make the family successful. Without focusing on that, we try to make sure everyone understands that. I think that has really driven a lot of loyalty to the family.

Steve (Maritz) did a video when COVID first happened that is still talked about, because it was emotional, it was authentic, it was personal. He was reassuring, "Hey, we're going to get through this." And so to have that from the family is always an asset to me as a leader, because I can always sort of pull that in and make sure that we don't lose that touchpoint.

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