

# CFO



# Let's Make A Deal

InnerWorkings has grown by leaps and bounds, thanks in part to a steady stream of acquisitions.

AN INTERVIEW WITH

**JOSEPH M. BUSKY** CFO, InnerWorkings

Joe Busky is a growth-company guy. Since becoming CFO of Chicago-based InnerWorkings in 2008, he has overseen dozens of acquisitions and double-digit revenue growth for the publicly traded print management and promotional services firm. Today InnerWorkings may be one of the least visible \$800 million companies around, but its clients include household names such as Absolut Vodka and Supervalu grocery stores.

Before InnerWorkings, Busky held the roles of assistant controller, treasurer, head of financial planning and analysis, and chief accounting officer at Dade Behring, a medical diagnostics equipment testing company. Dade too enjoyed significant growth, expanding from \$300 million in revenue when Busky started there to \$2.5 billion by the time Siemens Healthcare bought the firm nearly 10 years later.

Busky stayed on at Dade for a year after the sale before realizing he belonged at a high-growth company. "I think I've learned over the last 20 years or so that I'm more of an entrepreneurial-company person," he says. Today, with a global network of more than 10,000 suppliers, InnerWorkings intends to keep leveraging its outsourcing model by expanding into more international locations with its large customers and by winning business from small and midsize companies.

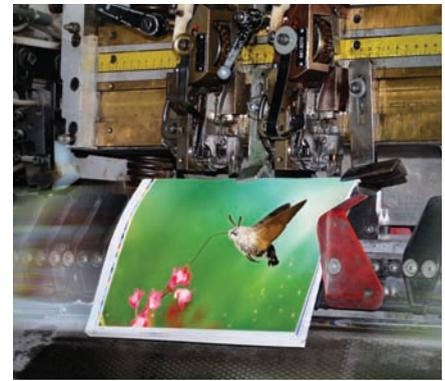
Recently, *CFO* spoke with Busky about the company's growth trajectory and his role as finance chief.

**InnerWorkings has been heavily active in acquisitions over the last several years. What types of companies are you buying?**

We have been buying a lot of tuck-in companies that are much smaller than us. All of our acquisitions over the last seven years have had between \$5 million and \$40 million in revenue. They are asset-light companies, so they don't have any printing equipment. And they typically have good, small-scope relationships with large companies. We look for companies that are not for sale and that have very entrepreneurial owners who can take the relationships they have at big companies and expand them with an InnerWorkings business card.

**What is the benefit of acquiring companies with entrepreneurial owners?**

We have found that the best sales talent out there are the owners of these small brokers we have been buying. These acquisitions obviously bring us growth. But almost as important, they bring entrepreneurial talent into the organization who lead us to other organic growth. As evidence of that, 70% of the enterprise deals we have signed



**START THE PRESSES:**

InnerWorkings is expanding with existing customers into new countries like Russia, China, South Africa and Australia.

over the last three years have had some connection with these former owners and these businesses. Either they introduce us because they have a relationship with someone at a big company, or they help us close the deal.

**What have you learned from all these acquisitions?**

We've learned that, first of all, it's not as easy as it sounds. When you have someone who started and grew a business and had it in their family for years, or even decades, that company is their baby. Sometimes it's hard to integrate them into the InnerWorkings family. But instead of coming in like Big Brother and taking over the business and telling them how to run it, we try to leave these guys alone and let them run things.

There are certain things that, as a CFO, I demand that we do. They have to come on our systems within three months, and they have to move their treasury function to us. But that's usually perceived as a good thing, because it gets an administrative burden off the shoulders of these former owners. And then they're left with just servicing their existing customers the way they have in the past.

**What are your biggest challenges as CFO in this particular industry?**

The biggest one is staying on top of going global. We bought two companies in 2011, one in Latin America and one in continental Europe. And so the process of integrating those companies into InnerWorkings, as well as dealing with the expansion into new geographies with existing clients, is crucial. We're moving into countries like Russia, China, South Africa and Australia with existing customers. It's a safer way to grow around the world

when you're going with existing clients. But nonetheless, expanding into those kinds of locations comes with a unique set of accounting, legal and human-resource risks.

**Within your industry, where do you want to grow?**

We are looking to grow in a lot of areas. Eighty percent of our business is enterprise, where we provide outsourcing services to a large company. So we're obviously looking to grow that segment of the business, by moving into new geographies as well as by landing new customers. The landing-new-customers piece is a very long, difficult sell.

We're also looking to grow the other 20% of our business, the small and midsize market, where we sell more on an opportunistic, one-off basis. We reach out to that market through an inside sales division that cold-calls small and midsize companies, trying to get their print moved to us and away from whoever they're using now, which might be a small broker or a direct manufacturer.

**How much time do you spend on strategy?**

About 25%. Eric Belcher, the CEO, and I spend a lot of time together with the regional presidents to map out growth strategies. Like every company, we don't have unlimited capital or time. So we spend a lot of time talking about which [strategies] we should go after and what the returns would be.

As a public company, we have to take a balanced approach to top-line growth and bottom-line growth. That's usually where I come in. The CEO and the presidents would probably be a little more focused on top-line growth. I try to bring some bottom-line discussion into the conversation. Our publicly

stated growth strategy is to grow the company's top line at least 15% organically each year, and at the same time grow our EBITDA margin in the range of 50 basis points a year. Those goals help us maintain that balance.

**What's a typical day like for you?**

I spend a lot of time with the business, probably more now with the international side. The U.S. business is still growing quite a bit, but as far as the structures, the controls, the accounting, the people, it's much more mature and stable as a region versus international, where we're still putting in people and processes and structures.

The other large chunk of my time I spend with investors. As a small-cap company, we still have a need to get out and talk to investors, and get the name of InnerWorkings out there. InnerWorkings is becoming a fairly big company, close to \$1 billion in revenue. We've been around for 10-plus years. But there's still a lot of people who don't know the name, because it's a B2B [business-to-business] company and it's small-cap. So I go out and do as many investment conferences and nondeal road shows as I can throughout the year, to talk about the company and attract new investors.

**INTERVIEW BY MARIELLE SEGARRA**

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