

Roundtable Series: South Florida CEOs tackle issues impacting how they do business

June 14, 2018

South Florida Business Journal

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Local CEOs like what they see from their view at the top, but they're still wary about the increasingly uncertain business climate.

That was the general consensus at the CEO Roundtable discussion held June 1 at the Business Journal's Brickell offices. Some of the region's top CEOs from various sectors – including real estate, technology and nonprofits – discussed issues impacting their businesses and how their leadership helps position their companies for continued success.

Panelists, including those in their roles for more than a decade, shared how their businesses have benefited from an accelerating economy and the renewed confidence of their clientele. Still, companies can't remain complacent, so they're making adjustments as their workforce evolves, and keeping an eye on potential disruptors and policy changes.

Editor-in-Chief Mel Meléndez moderated the discussion, which is part of the SFBJ's ongoing Roundtable series where leading CEOs, CFOs and HR executives discuss important topics of interest to readers.

The conversation was supported by presenting sponsor Comcast Business, corporate sponsors GCI Worldwide Corp. and Randstad Professionals, and associate sponsor the Business Development Board of Palm Beach County.

Good times are here, but economic uncertainty abounds, CEOs say

Consumer confidence is high. Tax reform that favors corporations has come to pass. The latest data show record-low unemployment, which hasn't yet translated to exorbitant costs to businesses in the form of higher wages.

Yes, economic indicators are impressive both locally and nationally. But that doesn't mean South Florida CEOs are complacent.

Whispers of an escalating trade war and hostile policies against immigrants are complicating plans for their companies' futures in one of the hottest and international markets in the U.S., said business leaders participating in the Business Journal's recent CEO Roundtable.



"There's the uncertainty of where we're going to get our labor," said Robert P. Kornahrens, president of Advanced Roofing. "It's not like these immigrants are taking work [away from anyone] or we're paying them less."

Kornahrens, whose Fort Lauderdale-based company hires temporary H-2B visa workers, says those employees are typically paid more than his non-immigrant workers. His company competes nationally for the limited number of such visas approved annually. President Donald Trump has expanded the number of H-2B visas offered since his inauguration, but has barred some immigrant groups from participating as part of his "America First" policy.

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The policy heavily affects the construction and agricultural sectors – two major economic engines in South Florida. Trump has generally favored policies that narrow the U.S. borders for both immigration and trade.

"If the regulations and changes occur as they've been threatened to be implemented, we will have a serious effect in construction," said Michael I. Kaufman, president and CEO of Kaufman Lynn Construction.

As for the effects of tax reform, panelists were mixed.

"I think it was some help, but I don't think it was as helpful as they made it out to be in Washington," said Malcolm Butters, CEO of Butters Construction.

The Tax Cuts and Jobs Act of 2017, which Trump signed into law on Dec. 22, reduced corporate taxes.

"I think the tax reform is going to benefit the country and community, said Steven D. Sonnenreich, president and CEO of Mount Sinai Medical Center. "When you look at the repatriation of so many dollars, that has to have a positive impact."

Florida and U.S. policy changes are also top of mind for some South Florida CEOs. The 2018 governor's race is heating up, and a change of leadership, coupled with new policies, makes it difficult for nonprofits like the Urban League of Broward County to plan, said Germaine Smith-Baugh, president and CEO of Urban League of Broward County.

"How do you attract the best and brightest to the nonprofit world when you can't plan?" she said.

Some organizations are struggling to prepare for contingencies.

Uncertainty on federal budgets is a growing concern for nonprofits, said Peter Kaldes, president and CEO of the South Florida Institute on Aging.

"[This] political climate and not being able to plan for the future are huge issues for us," he said.

The full effect changes in government policies may have on businesses and other organizations remains to be seen, panelists said.

"There's a lot of rhetoric over the last few months that gives a lot of people an inability to plan for the long term," said Mukang Cho, CEO of Morning Calm Management. **"I think that's going to be a key issue for a lot of folks around this table. We think things are going to be OK. But how do we know?"**

A changing workforce means new strategies for success

South Florida's workforce is changing rapidly, and CEOs are prepared to make adjustments to lure and nurture top talent.

Aging communities, a new millennial work culture, and a swelling, diverse population are all factors shaping how the region's companies will seek and retain the vital talent they need for future growth, CEO Roundtable panelists said.

From an influx of workers escaping hurricane-damaged Puerto Rico, to the political and economic refugees of Latin American countries such as Venezuela and Brazil, panelists say they see new business opportunities arising from our changing demographics.

"They're creating an uptick of business coming to the area," said Rachel Sapoznik, president and CEO of Sapoznik Insurance. "They're creating a new economy, like what happened when Cubans came in."

More than 1 million Cuban refugees – many of them professionals or entrepreneurs who started their own businesses – have immigrated to South Florida since the late 1950s, fleeing former President Fidel Castro's communist regime.

Recent economic and political crises in Venezuela and Brazil have prompted millions of workers and business owners to spurn their home countries – and South Florida benefits from that influx, panelists said.

"There are great tech people we have hired from Latin American countries," said Ron Antevy, CEO of e-Builder. "Hopefully, similar hiring moves will grow the technology business down here."

South Florida's workforce is experiencing cultural changes not only attributed to new ethnic populations, but to the growing number of millennial professionals who are replacing older staffers.

"A millennial workforce is about culture. So, how do you create a culture where the millennials will want to work in your environment?" Sapoznik said. "Millennials want to stay when they really believe in the organization and [feel] the top-level executives care about their future. It's a different mindset we have to grasp."

A large part of Cruise Planners' staff is made up of millennials, and CEO Michelle Fee says work-life balance is among their top concerns.

"Years ago, we had to take [personal time off] for things that they want [flexible] time for today," Fee said. "At first, you want them to fit into your mold, but you totally have to change your thinking."

In addition to implementing more malleable workdays, local CEOs are investing more in better benefits as they battle a tight labor market.

"As we expect to bring on 150 people in the next three years, we have to calculate that in our business models, because they're going to change," said Robert Flippo, CEO of MobileHelp. "It's going to be harder to keep and retain talent in the form of benefits and pay. When we were a startup, unemployment was high. But now we have to be competitive with some of the biggest companies out there."

Office events, an increased frequency in evaluations with individualized goals, and improved compensation are among the tactics panelists have utilized to maintain their hard-fought staff and stave off turnover as South Florida's population shifts.

Chief executives on leading business as the region's workforce evolves

CEOs can truly make their mark during times of hardship.

South Florida's economy is accelerating along with that of the rest of the nation. But the veteran CEOs serving on the roundtable know that changes in economic tides can be swift, and it's during times of economic uncertainty that their roles in maintaining the status quo are truly tested.

"When something unforeseen happens, the stress level is higher. And depending on how bad the situation is, it can be really high," said Robert Flippo, CEO of MobileHelp. "It's important to make sure your team works together [to weather those challenges]."

Making sure a team keeps its composure often comes down to whether the CEO can keep his or hers.

"It's about being level headed and making sure your team can come together and make good decisions, but you're the one making the final decision," Cruise Planners CEO Michelle Fee said. "When you surround yourself with great people, it makes you look great."

In times of economic strife, distrust can silently sow tension among a company's workers. Kaufman Lynn Construction President and CEO Michael I. Kaufman said transparency helps defuse stress among staff.

"We spend a lot of time and resources in communicating to all of our associates the good, the bad and the ugly," he said. "Fortunately, for the past few years, there hasn't been a lot of bad and ugly, for the most part. But we report it as it happens, and it creates a deep level of trust."

In tough situations, a CEO should be visible, said Steven D. Sonenreich, president and CEO of Mount Sinai Medical Center

"Our job is communicating the vision and what the pathway is, [so during] unexpected challenges you have to be the most visible," he said.

For health care executives, a crisis doesn't just equate to revenue lost, though, as sometimes it's an instance where lives are in danger or lost.

"During a hurricane or manmade disaster, that's when we go in – when other people are going home or evacuating," Sonenreich said. "During those times, that's not a time to delegate. The captain leads the ship."

Another sign of effective leadership is taking all the credit when situations go wrong and crediting your team when things go right, Sonenreich added.

One attribute, above all others, was touted by panelists as paramount for successful leadership during trying times: listening.

"[This] is the No. 1 trait you need to have," said Ron Antevy, president and CEO of e-BUILDER. "It enables you to bring people together to achieve a goal. It's what you need to develop as a leader."

QUOTABLES

Is being the CEO what you expected?

Fee: "No, because I didn't know I would have to know so much about so many things, and every day the number of things continues to grow."

Butters: "Yes. It's been tremendously rewarding and humbling to see how we have affected so many lives and families by creating jobs."

Smith-Baugh: "Yes. I had a good idea of what the CEO would or could be because I was second in command for 10 years."

Antevy: "No, because I'm an engineer by training, and I realized the CEO is less about analytics and data, and more about people, culture and things I never expected early on."

Sapoznik: "No. I always thought the CEO position was very sexy, but it's one of the most difficult positions and we need to keep learning. It's been a journey."

What's been the most valuable lesson you've learned during your career?

Kaldes: "Overcoming my fear in failure. I'm more bold."

Flippo: "I learned not to internalize my business. As an entrepreneur, your business becomes part of you. It becomes an emotional issue, but it's not a personal thing."

Cho: "I no longer expect everybody to be a particular type of person or ... to somehow change. If anything, I've changed more in allowing people to be who they are."

Kaufman: "Maintain integrity, honesty and trust – no matter what."

Antevy: "An important lesson has been, no matter how bad things might be, it passes. You make it through. Conversely, no matter how good things are, that passes also."

Is there a leader – dead or alive – that you admire or strive to emulate?

Sonenreich: "Theo Epstein. His championship win with the Boston Red Sox speaks volumes about surrounding yourself with the right people."

Flippo: "John McCain. He never departs from his principles."

Kornahrens: "Peter Schutz, the ex-CEO of Porsche."

Smith-Baugh: "Harriet Tubman, because she didn't sit back when she was comfortable. She had the courage to go back and help others when she could have done nothing."

Butters: "Winston Churchill."

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