

STEVE MARITZ MOVES ON

With family squabble resolved, firm's revenue rises to \$1.45 billion

BY GREG EDWARDS

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No one can blame Steve Maritz if he sounds relaxed and relieved after an almost five-year legal battle with his siblings that ended with his gaining full control of Maritz Inc.

"I don't have to check with an army of lawyers every time I do something," said Maritz, chairman, president and chief executive of the St. Louis incentive company his family founded in 1894. "It's helpful not to have dissident shareholders and threats of litigation."

Those dissident shareholders were his brothers, Peter and Philip "Flip" Maritz, and sister, Alice Maritz Starek. Steve Maritz, 49, bought them out for an undisclosed amount in a settlement reached Sept. 8. Before the settlement, he owned 60 percent of the company.

The settlement "represents stability more than anything," Maritz said. "Any time there is a substantial ownership issue, putting it behind you is a good thing for our employees and our customers."

Despite the distraction, Maritz Inc. will grow revenue more than 14 percent during fiscal 2007, which ends March 31. Maritz customers include 28 of the world's 50 largest companies, such as Toyota Motor Corp., Bank of America Corp., AT&T Inc. and GlaxoSmithKline.

"We anticipate \$1.45 billion in revenue for the fiscal year," Maritz said, up from \$1.27 billion in fiscal 2006. For fiscal 2008, "God willing and the creeks don't rise, I see continued growth at that pace or perhaps better than that pace."

Revenue grew 32 percent in the Maritz division that helps companies use credit card reward programs to retain current



BRIAN CASSIDY

Steve Maritz predicts a stable business environment, barring a catastrophe such as domestic terrorism.

customers. That division's clients include nine of the top 10 U.S. financial institutions, such as J.P. Morgan Chase, American Express, Bank of America and U.S. Bank.

Demand is strong, said Shea Long, vice president of sales and marketing for Maritz Loyalty Marketing. "The biggest concern we have is managing that growth."

The escalating competition that companies are facing also is driving growth.

"In the simplest of terms, we run a variety of sales and marketing services for our customers," Maritz said. "They are experiencing intense competition out there in the marketplace. Our set of tools is excellent at helping them to motivate their employees, their channel partners — their dealers and distributors — and their customers."

In addition to loyalty marketing, the services include incentive, reward and recognition programs; product launches; meeting management; customer satisfaction research; and employee training. The

Maritz®

Headquarters: 174 acres in Fenton

Clients: 28 of the 50 largest companies in the world

Employees: 3,665, including 2,205 in St. Louis

Fiscal 2007 revenue: \$1.45 billion*

Fiscal 2006 revenue: \$1.27 billion

Forbes ranking: 297th among the 500 largest privately held U.S. companies

*Estimated

SOURCE: Maritz inc.

company does not disclose dollar revenue by business line.

Many Maritz customers are spending more money to improve what is called the customer experience.

"CEOs are very focused on the customer experience," said Brian Carlin, president of Maritz Learning, which designs programs to satisfy that demand. A recent survey found that 25 percent of 175 North American companies with annual revenue greater

MARITZ: *Has 2,205 employees in St. Louis*

than \$500 million have appointed a chief customer officer or equivalent to address the issue at the highest level, he said.

The challenge is sustaining that interest. “Companies will turn this into the program du jour,” Carlin said. “We’re all good at kicking off initiatives but not so good at sustaining them.”

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Maritz customers also are seeking help in managing sales and training meetings. “For many companies, we operate as their strategic partner to help them manage their spending, making sure they have the right people and programs,” Maritz said.

Looking ahead, Maritz sees a stable economy. “Business is good, and it seems

to me the economy is doing OK — neither too hot nor too cold,” he said.

But he added: “The biggest risk I’m concerned about right now is terrorist activity — another 9/11 or worse. The disruptive potential of that would be bad. Something like that worries me.”

“Travel took a real hit after 9/11,” said Chris Gaia, vice president of marketing for Maritz Travel, but more recent terrorist attacks in Europe have not had much impact on travel, though there were shifts in destinations. “We didn’t see the big downturn the last couple times.”

Karen Renk, executive director of the Incentive Marketing Association, said Maritz Inc. and its biggest competitors, Carson Marketing and BI, both based in Minneapolis, also must remain vigilant against possible legislation that would restrict incentives.

“Several years ago, the pharmaceutical industry imposed self-regulation on incentives,” she said, “and in the era of Sarbanes-Oxley, there’s a risk that sales campaigns could be deemed an inappropriate use of corporate money.”

Maritz has 3,665 employees, including 2,205 in St. Louis. Other top executives include John McArthur, chief operating officer; Rick Ramos, chief financial officer; Dennis Hummel, chief sales officer; and Scott Bush, chief marketing officer.



Scott Bush

The company has long prided itself on creating a fun work environment. “We have a motto to work hard, have fun and get the job done,” Maritz said. “Fun can be a competitive advantage, and we’re in the fortunate position that our line of work is supposed to be fun.”

So, is it more fun for the boss now that he has full control?

“I’ve had fun along the way,” he said. “Despite the challenges presented by the former shareholders, it was still fun.”

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