



**CFO**  
chief financial officer summit

a **marcusevans** event

May 18-20, 2011 | The Westin Diplomat Resort & Spa | Hollywood | Florida

# Fortuna Advisors:

## Driving the Company's Value through an Ownership Mindset



Gregory Milano of Fortuna Advisors, a solution provider at the **marcus evans CFO Summit XXII Spring 2011**, on driving value in an organization.

Interview with: Gregory Milano, Chief Executive Officer, Fortuna Advisors

### FOR IMMEDIATE RELEASE

"When senior executives embrace an ownership mindset, a culture where people think and act like shareholders develops, enabling CFOs and their teams to be more aggressive in seizing opportunities and more careful in managing risks," says Gregory Milano, Chief Executive Officer of **Fortuna Advisors**, a solution provider attending the **marcus evans CFO Summit XXII Spring 2011** in Hollywood, Florida, May 18-20. Milano discusses how such a state of mind rebalances the emphasis on driving returns with ensuring adequate investments in future growth of the business and why **Chief Financial Officers** (CFOs) must be adequately strategic and entrepreneurial to succeed.

### Why do you consider an ownership mindset important to a company's success? Is this what really makes the difference?

Gregory Milano: An ownership mindset is a different way of thinking about the business. There is a strong benefit to structuring incentives to simulate the rewards and risks of long term ownership to encourage managers to treat the company's capital as if it were their own. We have found a dramatic difference between privately owned and publicly owned businesses. In some publicly owned businesses, people don't drive results as much as they simply try to ensure they cannot be blamed for any mistakes.

### Your organization states rebalancing the emphasis on growth and return is the key principle to create value. Why is this critical?

Gregory Milano: In the 60s and 70s, people were so consumed with growth that diversification and conglomeration started to get out of hand. In the 80s and 90s they realized they had to be careful that investments earned adequate returns. In our view, the pendulum has swung too far in this direction; companies are now too focused

on maximizing near-term returns and not investing enough into long-term growth. Reinvestment rates simply are not high enough.

### What should be on CFOs agendas today?

Gregory Milano: We all know markets are cyclical, yet it seems almost shocking how companies ignore these cycles and base investment decisions on how things are today. My advice to **CFOs** is to make strategic decisions and establish business processes in such a way that their company "wins" at all points through the cycle. CFOs need to have a plan in place but maintain flexibility to respond to the cycle and the opportunities that are created by those less prepared to deal with the cyclical realities.

### Any final thoughts?

Gregory Milano: There are many misconceptions about what drives value, which often lead well-intentioned, hard-working CFOs to making sub-optimal choices that are at odds with what would be in the best interest of the company's owners. These misconceptions often originate from the shareholders themselves. We recommend clients evaluate their internal decision processes and incentives and work to instill a culture of ownership that adequately rewards and balances the trade-off between growth and efficiency.

We recommend clients to, "Go by what investors do, not what they say". Nearly all companies face a constant clamour from investors asking or even demanding that the company use their excess cash to buy back stock. However, in our experience, companies that devote cash into buying back stocks deliver lower total shareholder returns in terms of dividends and capital gains, than those that invest more of the cash flow back into the business. Shareholders ask for dividends, but reward reinvestment.



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### About the CFO Summit XXII Spring 2011

This unique forum will take place at The Westin Diplomat Resort & Spa, Hollywood, Florida, May 18-20, 2011. Offering much more than any conference, exhibition or trade show, this exclusive meeting will bring together esteemed industry thought leaders and solution providers to a highly focused and interactive networking event. The summit includes presentations on building financial strength, implementing enterprise risk management and positioning the organization for long term success.

For more information please send an email to [info@marcusevanscy.com](mailto:info@marcusevanscy.com) or visit the event website at [www.cfosummits.com](http://www.cfosummits.com)

### **marcus evans** group - finance/insurance sector portal

Please note that the summit is a closed business event and the number of participants strictly limited.

### About **marcus evans** Summits

**marcus evans** Summits are high level business forums for the world's leading decision-makers to meet, learn and discuss strategies and solutions. Held at exclusive locations around the world, these events provide attendees with a unique opportunity to individually tailor their schedules of keynote presentations, think tanks, seminars and one-on-one business meetings. For more information, please visit [www.marcusevans.com](http://www.marcusevans.com)

### About Fortuna Advisors

Fortuna Advisors are experts in shareholder value and capital markets to provide clients with insightful, market-based strategic advice and performance metrics to motivate owner-like behavior. All analyses and recommendations are state of the art, clear and understandable to assist clients in deploying capital, improving business management and driving their share price higher.

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