

Joe Zeno

CEO of ACS Industries.

We started with staff of 4 that has grown to 100 in Kent.

We used City Tax Abatements to get started so we're proof that tax tools can work to stimulate business growth.

Why am I here to speak to you?

Because I think Kent is a good place for all of us. I have no political aspirations, no private agenda. I just want to say thank you for helping us get to where we are as a company today, and use this as my chance to give back to the city helped me get started.

I think I can help because there are business techniques that myself and the other CEO's use everyday that can help the city. The thing is, today's environment changes so quickly and is so specialized that we need to tap into all sources of expertise as often as we can so I want to encourage you to seek the advice of Kent's CEO's, to learn their lessons and to knock ideas around with them.

I believe that a vibrant, strong city enhances business and enhanced business contributes back to the city. I'm not speaking on behalf of all CEO's, just myself today but I think my colleagues would agree with me on this point.

I understand that the City has a \$35 million budget with an estimated deficit of \$2 million or approximately 5%, which in my experience is a very fixable ratio. I also understand that there is about a 3 year window to fix it before city reserves run out. We've all faced this situation in business and the key is to act now on your own terms rather than putting off what needs to be done. If we wait we'll have more painful decisions to make that won't necessarily be on our terms.

It's my observation that the impending financial challenge is not out of the ordinary, almost every maturing city has problems in common with Kent. The infrastructure is aging and needs more maintenance but Kent is largely built out with little new growth opportunities.

The good news is that there isn't anything here that can't have a positive outcome; there doesn't have to be winners and losers. I caution the city to not let dysfunctional politics kill initiative. This is all about Kent, our families, our homes, our lives, none of which should be partisan issues.

If as a team we can identify long and short term strategies, the community will perceive it as positive and people will support it and contribute to the plan.

The City needs a process to talk, to invite community dialogue, hear different perspectives, and then sit down and solve the problem.

We need to look at 2 things:

1. Sources of Dollar Outflow ? How do we do our business and are we getting value for it?

Magnitude of the problem is only 5% so it may not need cuts, it may just mean spending more intelligently.

We all have limited resources and it's important to remember that you have to spend money to make money and do the things we want to do. If we want to enhance the vibrancy of the city we need to spend money. We have to prioritize, ask questions and explore options.

The majority of city costs are in personnel costs, e.g., health care, safety, etc. so we need to start there. I'm sure there is some low hanging fruit but don't stop there, look long term as well.

2. What is the Income Stream ? Sustainable revenues take 3-4 times as long to generate.

I'm not suggesting raising taxes, although we may have to, but we do need to look at levels charged for services and whether we're charging enough. Our goal should be long term revenue enhancement to ensure the vibrancy of city. Vibrant business makes a vibrant city possible. You can't tax your way out of the problem and we very well may have to assess the problem regionally.

It will be critical to communicate with people, let them know the issues and the alternatives. Don't tell them what to think, offer plans for consideration and solicit input around the top 3 ideas. We don't need unanimity but we do need leadership. Everybody wants to be part of a winner and when they feel that they are on a winning team it's amazing what you can accomplish.

We need to act as an enlightened group now. We've got a little problem, let's go fix it.

Be effective in use of CEOs and the community. State the problem, share data, set timelines and seek advice. Avoid platitudes by conveying a shared vision that people want to be a part of. That's what creates momentum.

Use the Holiday Inn philosophy where "the best surprise is no surprise."

We live in a great place, but the days of just showing up and good things happening are done. We have to manage our way forward, there are no more "gimme's."

Joe did a great job laying the groundwork for where we need to go next, I couldn't have scripted a better lead-in to framing the issue. I am grateful that Kent has people like Joe who are willing to step up and pitch in – that's how good communities become great. People get engaged and their individual contributions add up to something more than their sum. We need a little of that collective synergy right now. Are you ready?