

Reloaded: Firm turns to an old CEO for aid

CompuCom's return chief works on relations with clients, employees

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Jim Dixon became CompuCom CEO again in 2004. He's working on client satisfaction and employee morale.

The call came to Jim Dixon out of the blue. A private investment firm, Platinum Equity, wanted him to run a computer services company it had just purchased, Dallas-based CompuCom Systems Inc.

Mr. Dixon, a veteran of Bell Atlantic and IBM, was running a technology consulting firm.

But another part of his résumé made him ideal for the job, Platinum Equity believed. Mr. Dixon had already run CompuCom.

Mr. Dixon began his second term as chief executive in late 2004.

He's charged with finishing the job he started when he ran CompuCom from 1988 to 1996, helping the company become a dependable technology supplier for clients that are willing to pay extra for top-class service.

That's not easy. The technology services industry is filled with companies that want to establish long-term relationships with business clients. Those relationships are far more lucrative than CompuCom's older business, selling hardware and software made by other manufacturers.

And Mr. Dixon has given himself another challenge – giving the company's 6,000 employees a sense of pride and loyalty, feelings he believes were beginning to erode in his absence.

"People believe in it, they understand it, but they got frustrated," he said. "We've dusted it off."

CompuCom's headquarters serves as a symbol of Mr. Dixon's values.

The North Dallas office building was once home to Electronic Data Systems Corp., the granddaddy of the computer services industry.

The old office of EDS founder Ross Perot, who instilled a fierce work ethic in his employees, sits intact in a museum-quiet room, a chair unoccupied behind a small, stately desk.

Like Mr. Perot, Mr. Dixon likes to talk about how closely his company works with customers. He spoke fondly of E. & J. Gallo Winery, whose chief information officer held a wine tasting for CompuCom employees during a visit to Dallas.

Tight team

CompuCom has zero turnover among employees on the Gallo account, Mr. Dixon boasted. Those workers get to know their client well, developing a close-knit relationship that pays off in the long run, he said.

FedEx Corp.'s Kinko's unit, based in Dallas, is Mr. Dixon's other favorite case study.

The copy store chain has unique needs because of its sophisticated printing technology, so CompuCom's Kinko's team has its own copier equipment set up amidst its cubicles. That allows CompuCom's technical support staff to walk through problems that Kinko's employees encounter.

Bigger tech companies such as EDS have more resources, but they're not able to provide that kind of custom support, Mr. Dixon said. Some medium-size companies will pay a premium for technology work that's tailored to them, he said.

"Most of our business comes from our top 100 accounts," he said. "I can't afford to lose one of them."

When Mr. Dixon left CompuCom in 1996, shares were at a peak. Mr. Dixon decided to cash out. "I just needed a break," he said. "The stock was up. It was a good opportunity."

The company he left behind began to struggle, its reselling business undercut by technology makers who were beginning to sell directly to customers.

CompuCom has been moving to its customer-friendly services model for several years, but its leaders have never seemed to get the company out of the funk it fell into after the dot-com crash.

Platinum's plan

In October 2004, Platinum Equity swooped in, buying the publicly traded company's outstanding shares for \$254 million. Two months later, Platinum bought General Electric Co.'s IT Solutions unit and said it planned to combine the two firms.

Platinum may have been a pioneer. In the last six months, big-name computer services firms such as Computer Sciences Corp. and Affiliated Computer Services Inc. have been the subject of buyout talks, though neither firm has been acquired.

"It's easier to fix profitability issues in a private setting," said Ben Trowbridge, chief executive of Dallas outsourcing advisory firm Alsbridge.

"It will be interesting to see what happens in the rest of the market. Was CompuCom a leading indicator of what we're seeing now?"

Platinum is treating CompuCom as a long-term investment, said Mark Barnhill, a senior vice president at Platinum.

"We think Jim and his team, and in fact all the associates of both companies have done a terrific job of bringing the cultures together, creating a single strong IT solutions provider that we're just very pleased with in terms of performance," he said.

Platinum wants CompuCom to keep increasing its services revenue while it maintains its business in product sales, he said. Last year, CompuCom's services sales grew 15 to 17 percent, the company said.

The company doesn't have to disclose exact financial figures because it's privately held. In 2003, it had sales of about \$1.5 billion.

Platinum might also look at other acquisitions to combine with CompuCom, Mr. Barnhill said.

Meanwhile, CompuCom keeps adapting to the technology services business. It's opening an office in India this year, adding a piece that's almost a prerequisite in the outsourcing industry.

"We're in a position now where we do have a strong company and an opportunity to look from a strategic standpoint at ways to continue to grow," Mr. Barnhill said. "If management does the right things, opportunities are going to present themselves."