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[Thursday, June 2 2005]

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### World Wide keeps growing without going public David Steward's technology firm, like Enterprise Rent-A-Car, avoids regulatory costs and hassles by tapping private funds.

- SHERA DALIN
- Of the Post-Dispatch
- St. Louis Post-Dispatch (MO)
- May 20, 2005
- Section: Special Section
- Edition: Five Star Late Lift
- Page 22

**World Wide Technology** Inc. ranks among the area's top 10 privately held companies for the first time, nudging out Maritz Inc., which struggled with a declining corporate-travel business, and rising past Harbour Group to rank ninth. World Wide reported \$1.4 billion in sales for 2004, up from \$1.2 billion a year earlier. The information technology company, founded by David Steward, has performed steadily over the last few years. It has no plans to go public, said Jim Kavanaugh, chief executive. "It's just cost-prohibitive with all the legal and audit components and administrative issues," he said. "We are not having any problems funding our growth." He attributes the company's growth to three factors: \* Hiring the right employees and investing in them. \* Investing in technology. \* Diversifying the business. Government contracts and telecommunications generate about 35 percent of revenue apiece. The remainder falls in general commercial work. "Over the last three to four years, we have seen 25 to 30 percent growth," Kavanaugh said. "The numbers are getting more and more challenging as they get larger." A variety of factors make initial public offerings unattractive, said Anjan Thakor, a finance professor at Washington University. "The main reason to go public is access to public equity markets," he said.

"When stock prices are low, (companies) have to give up more ownership to go public." The costs of complying with the Sarbanes-Oxley corporate governance law make IPOs unappealing, as well, he said. What's more, some owners don't want to report financial results, as required of publicly traded companies, and some don't want to be accountable to shareholders, said Bob Brockhaus, a consultant to smaller companies with the Brockhaus Group in St. Louis. "They may also want to work more on the long term. With publicly held companies, there is the expectation that they have to maximize that market share," he said. Several firms have gone dark, Thakor said, meaning they continue to be publicly traded on over-the-counter markets but their stock is held by no more than 300 shareholders. Other companies have returned to private ownership. Last year, 200 firms applied to be delisted from U.S. stock exchanges, compared with 86 a year earlier, 66 in 2000 and 35 in 1999. Instead, privately held companies prefer to raise money through private placements, Thakor said. "There has been enormous growth in private equity, not just in the United States but worldwide." That's the preferred financing method for Enterprise Rent-A-Car, which retains the No. 1 spot on this year's Annual Report list of privately held companies. "As long as we are able to place offerings in the private debt world, the pressure to look outside is simply not necessary," Enterprise spokesman Patrick Farrell said. Farrell attributes the company's performance to strong growth at airport rental offices, insurance replacement vehicles and drivers renting cars for near-home leisure travel. "Because we had the wide network of local offices, we were able to see that coming, and we were able to address it in a quick fashion," Farrell said. "The opportunities are rich in all the areas where we compete." --- TOP PRIVATE COMPANIES Ranked by revenue RANK COMPANY SALES, 2004 (millions) EMPLOYEES, 2004 ST. LOUIS EMPLOYEES, 2004 1 Enterprise Rent-A-Car \$8,000.00 60,000 3,500 2 Center Oil Co. \$4,900.00 50 49 3 Graybar Electric Co. \$4,093.46 7,700 662 4 Edward Jones \$2,890.00 31,291 4,219 5 Apex Oil Co. \$2,800.00 130 NA 6 McCarthy Building Cos. \$2,770.00 2,100 650 7 Schnuck Markets Inc. \$2,200.00 15,500 10,750 8 UniGroup Inc. \$1,994.78 1,350 1,350 9 **World Wide Technology** Inc. \$1,400.00 636 395 10 Harbour Group Ltd. \$1,300.00 1,200 NA NA: Not available Source: Company reports, Sorkin's Online

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