



Second DRS CEO Mark Newman Looks Back At Years of Growth Through Acquisition

When Mark Newman took the reins in 1994 to become the second person to serve as CEO of DRS, revenues had recently fallen in half and the company was in dire need of a turnaround. Newman and the management team responded not just by surviving but setting a bodacious stretch goal: to transform the company from a small start-up to a mid-tier titan in the U.S. defense industry, growing revenues ten times greater to \$500 million annually. Newman looked back at the pivotal strategy that led to the amazing acquisition of more than 24 businesses over a ten-year period, along with the great technology and people who shaped the future of Leonardo DRS into a culture of innovation.

Tell us how you instilled the vision to become a mid-tier defense company?

Newman: "At the time we questioned whether we even had a future and knew we had to turn the business around. It was at the end of the first Gulf War when the military drawdown was in full swing. We asked ourselves what it would take to survive. We had a considerable amount of cash on hand and knew we had to do something with it...fast. We got the idea that if we remained a little specialty company we would just get shoved aside. We need to be bigger and stronger to survive."

"To unlock the value of DRS, we had to have the support of our customers by performing on programs. We had to nurture our employees. And we had to be innovative."

Mark Newman
CEO 1994-2012, DRS Technologies, Inc.

Why would a mid-tier company be less vulnerable?

Newman: "Mid-tier companies are in a sweet spot with sufficient technical and management resources to survive the cyclicity of business. At that size, we would have enough money to invest in research and development and a sufficient volume of programs to balance the ups and downs of individual revenue streams. We could have tried to grow organically, but to do it more quickly and aggressively we concluded that the best way was through acquisition."

How did you select the companies to acquire?

Newman: "Some of it happened by luck. When Raytheon itself was growing through acquisition, the U.S. government required it to divest its infrared business to alleviate anti-trust concerns. Next, I was on a bus with a Boeing executive who by chance told me to consider acquiring one of their infrared businesses. Once we had

a core technology to leverage, the investment bankers started coming around with additional opportunities that fell into our laps. Management's focus was to sift through the opportunities to find the candidates that would best fit together."

How did you create a corporate culture and sense of purpose from so many different businesses cobbled together?

Newman: "Remember that we had assembled a single business from other businesses that people did not want. We began by making our people know they were very special to us and they could create their own culture. People were honored to make products for the U.S. military. We emphasized that if we would work together as a team, we could solve critical problems and be the very best and most affordable in what we did."