



THE ECONOMY: A CANDID CONVERSATION



MARCUS



MESSINA

The federal debt limit, the downgrade of the U.S. credit rating by Standard & Poor, tumbling stocks, and banking woes across the Atlantic have the nation on edge. What are Wisconsin business leaders making of all this? We caught up with two whose companies couldn't be more different. Gregory Marcus, president and CEO of the Marcus Corporation, oversees nearly 700 theaters in the Midwest and 18 hotels and resorts nationwide. In its 76th year of operation, fourth quarter earnings for the publicly traded Marcus Corporation were up 15 percent. George Messina is the president and CEO of NorthStar Nuclear Medicine, a private biotech start-up. NorthStar aims to be the first U.S. company to produce, on a commercial scale, an isotope used in medical imaging. Backed by private investors, including Diane Hendricks of Hendricks Holding, NorthStar recently announced plans to break ground in mid-2012 on a \$194 million production facility in Beloit, and bring over 150 high-tech jobs to the state.

Do you think a double-dip recession has arrived, and if so, how are you seeing it play out in your sector?

MARCUS: "I don't know that I'm the guy to ask on this. Our theaters are not necessarily dependent on the economy. They're product-driven ... and we're not seeing signs of it yet in our theaters ... and with hotels, people don't cancel their vacation plans because of reports over the last 30 days. It takes time to impact our system. We're not going to be the canary in the coalmine. We're going to be the last to know."

MESSINA: "I don't think it has arrived but I certainly think we're on the verge of it. I think there are several problems and the first is how this whole debt ceiling problem was handled in Washington. Rather than sit down and put their heads together, everything is pretty much party-driven. How many months did it take before we heard President Obama say the word compromise? This was an issue in the news for many months, and between the doom and gloom from both sides in Washington and the media chiming in at the same time, why is anyone surprised that Americans have closed their wallets?... The second issue I see that is exasperating the problem is the current banking environment. We have gone from qualifying people who clearly were not credit worthy to the opposite extreme where your credit worthiness must be perfect. This problem is also exacerbated by the expectation from the federal government that banks

who are in financial trouble must fix these problems immediately. In my opinion, this demand is having an extremely negative effect on small businesses. These two situations make it impossible for a small business to survive, let alone finance any growth opportunities that may be presented to them.

Has the news of the last 30 days changed the way you do business?

MARCUS: "We try to have a very long-term focus. We capitalize our balance sheet very conservatively. We don't have a lot of debt. We've built ourselves to weather storms. And the good news is, after the storms, the sunshine comes."

MESSINA: "For NorthStar Nuclear Medicine, it's a totally different ballgame. We're providing a solution that's desperately needed in the medical marketplace and we think we can bring the price of healthcare down. This is especially true as we see baby boomers getting older and the health problems they will eventually be confronted with. Because we believe that our process is cleaner, more economical, and more reliable compared to our competition, we continue to move ahead as we would if this financial situation was not facing us. On the other hand, we remain vigilant as to what may happen to our industry that will force us to take a different path. We are always considering alternative plans based on "what if" scenarios that may affect our market or business plans."

What do you lose the most sleep over these days?

MARCUS: (Laughs) "There's lots of things I lose sleep over. I stay awake late and monitor stuff. These are really challenging times, but you have to put it in perspective ... That being said, we don't welcome the economic storm. You may have the best drainage system on the planet, but who wants the rain? I want the sunshine."

MESSINA: "The economy, the spending binge in Washington, what I consider to be the poor banking environment for small businesses and the housing industry, and we still have to pay a great deal of attention to our security, and that's not only here in the United States but as Americans travel abroad. I am concerned that (in) our focus on all of these other issues that we will take our eye off that ball."



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