



## **John Stancavage: Who will follow Frissora at Hertz?**

**BY JOHN STANCAVAGE World Business Columnist | Posted: Tuesday, September 9, 2014 12:00 am**

Now that Mark Frissora is out as CEO of Hertz Global Holdings, the question becomes who will replace him?

“Who” could be Tulsan Scott Thompson, the former Dollar Thrifty Automotive Group leader. He left the company when it was bought by Hertz in 2012.

The embattled Frissora resigned from the car-rental company on Monday, citing “personal reasons.”

Thompson, who still lives in Tulsa, appears to be the front-runner for the post, according to analysts.

Hertz is mired in accounting and performance problems. Thompson, meanwhile, is a former accountant and has a reputation for quick turnarounds. As a result, the Hertz board and larger shareholders may see him as a good fit.

Wall Street seems to think the idea is sound.

Michael Millman of Millman Research Associates, said in a note to clients Monday that Frissora’s resignation was almost inevitable after Linda Fayne Levinson’s recent appointment as independent chair of the Hertz board. That move came after the company was forced to abandon the financial guidance it had issued to investors earlier this year.

“The odds-on investor favorite to replace (Frissora) is Scott Thompson (favored in fact for several years, since DTG was purchased by HTZ),” Millman wrote.

“Based on his work at Dollar Thrifty, we believe not only would he get Hertz through its problems, but the industry (pricing) would likely benefit.”

CNBC stock analyst Jim Cramer and financial writer Reuben Miller of the online publication Deal Reporter also have mentioned the Tulsa leader's name as a candidate for the top spot at Hertz.

Thompson declined to comment Monday.

Frissora, 59, had served as CEO since January 2007. He is being replaced on an interim basis by Brian P. MacDonald, president and CEO of Hertz Equipment Rental Corp. MacDonald, 48, has served as president and CEO of the equipment division since June.

Hertz, based in Park Ridge, New Jersey, said it would do a national search for a permanent CEO. The company reportedly will work with an executive staffing firm. Officials said both inside and outside candidates will be considered.

Frissora stepped down for "a broad number of things," and not just activist investor pressure, a person close to the matter told the Wall Street Journal on Monday.

Hertz has been reeling and its stock price has suffered since the company said in June that the financial numbers it had reported for the last three years could not be trusted. As a result, Hertz failed to file its second-quarter results.

Frissora came under increasing fire for lagging performance and an inability to fix the financial issues quickly.

Some of the scrutiny came over Frissora's spending. He paid \$2.3 billion for Dollar Thrifty after being rebuffed several times. Several of the failed takeover bids came at far lower prices, but Frissora stubbornly refused to drop his pursuit of the Tulsa firm.

The CEO also raised eyebrows by deciding to move Hertz to a costly new headquarters building in Estero, Florida.

Both of those decisions eventually came back to bite the CEO, a local money manager said.

"I think, overall, that there are four things that did in Frissora," said Fred Russell, principal of Fredric E. Russell Investment Management.

"One, he paid \$87 a share for Dollar Thrifty when he could have bought it a couple of years before for just a few dollars a share. Second, he probably never should have moved the company to Florida — too expensive.

"Third, the need to restate financial numbers was making Wall Street squirm.

“And fourth, the growing power of organized shareholders put pressure on him.”

Fir Tree Partners, which owns 3 percent of Hertz, reportedly has already spoken with Thompson.

In addition, Icahn had said he had a “lack of confidence in management.”

Frissora was a veteran executive. Prior to joining Hertz he was chairman and CEO of Tenneco Inc. from 2000 to 2006.

His compensation from Hertz in 2013 was \$16.3 million.

Thompson took over as CEO of Dollar Thrifty in 2008, and in 18 months turned the company around from near-bankruptcy to one of the most profitable competitors in the industry.

After Hertz bought Dollar Thrifty, however, Thompson was jettisoned and the new parent began cutting DTAG’s Tulsa staff, which once numbered at least 700. Some of those jobs were lost as the overlap of basic functions between the two companies was reduced, but others were positions that were moved to Florida.

A source close to the company said the current Tulsa employment may be down to 200 to 300. DTAG has declined to provide an updated number for some time.

Dollar Thrifty Plaza, the company’s three-building campus located on 31st Street just east of Yale Avenue, recently was put up for sale or lease. Dollar Thrifty officials say the company plans to lease back enough space for its remaining Tulsa employees.

Shares of Hertz finished up 4 cents at \$28.50 Monday. The stock hit a 52-week high of \$31.61 on Aug. 19. Its 52-week low of \$19.73 came on Nov. 5.

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Mark Frissora

FILE - In this Sept. 3, 2014 file photo, Hertz Chairman and CEO Mark Frissora celebrates the 25,000th Dream Cars rental, in Miami. Hertz on Monday, Sept. 8, 2014 said Frissora has stepped down from his posts for personal reasons. He had had served as CEO since January 2007. (AP Photo/Hertz, Mitchell Zachs) ORG XMIT: NYBZ134