VISTAGE

Member*Stories*

Jay Coughlan, CEO
XRS Corps
Minneapolis

At a glance

Role: *CEO*
Industry: *Trucking industry software*
Employees: *200*
Vistage chair: *Brian Davis*

Company background

XRS Corp. delivers fleet management and compliance software solutions to the trucking industry to help maintain regulatory compliance and reduce operating costs. XRS Corp. is leading the trucking industry's migration to mobile devices for collecting and analyzing compliance and management data.

In 2006 XRS Corp. hired Jay Coughlan to turn the company around in the midst of changing customer needs, more intense competition and emerging technologies that were poised to transform the industry. It looks like the XRS board hired the right guy, a career technology executive who spent several years as Lawson Software's CEO. This fall, (2014) XRS announced it was being acquired by Omnitracs at an 82 percent premium off of the company's high stock price. The company was sold for $178 million.

"The acquisition delivers an attractive premium for our shareholders, and is good for our employees and customers," said CEO and chairman Jay

Coughlan, in a statement.

In an interview with Vistage, Jay explained he actually led XRS through two turnarounds. "When I showed up in '06 we were about a $20 million hardware company selling GPS systems to semi-truck owners," he said. XRS (XATA corp. at the time) was providing solutions to the trucking industry and building domes permanently affixed to roofs on class 6, 7, and 8 trucks. It didn't take Jay long to figure out the company was losing money at revenue of $20 million.

The Apple iPad as inflection point

After talking with scores of the company's customers Jay began to zero in on their most compelling needs. Truckers and trucking companies desired information that would provide insights into roller coaster fuel costs and government regulations that were growing increasingly more complex. That revelation inspired Jay to radically shift the company's course away from hardware to software.

And in 2010—on the heels of Apple's iPad launch and continued proliferation of smartphones—Jay

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turned XRS in yet another new direction. This time, he transitioned the company from a software brand to an enterprise mobile app brand. “The inflection point for us was the rapid corporate adoption of the iPad combined with the meteoric rise of mobile apps,” he explained.

On the surface, software may look similar to mobile apps but Jay said the development cycles are different. Plus he had to explain the transition to customers who already had an investment in the company’s software products. “I went out to our big customers and said, ‘You know that money that you've given me for that product, well I'm going to keep it compliant, but all my R&D money is going to this new product over here,’” he said. Some of those conversations were hard and XRS lost a few customers because of the change in direction.

Jay also said the transition to the enterprise app was rough for awhile. “We came out with a product that initially hiccupped, like most technology products do,” he said. But once XRS was getting traction with the new app, it quickly became a differentiator. That’s when Omnitracs showed up at Jay’s doorstep with an offer to buy XRS.

It would have taken Omnitracs three years to develop what XRS had already done. “That was really the reason they paid the premium for us,” according to Jay. The acquisition by Omnitracs was the culmination of a lot of hard work and sleepless nights for Jay, but at the end of the day his strategy paid off for all of his stakeholders: customers, employees and stockholders.

The transformation of XRS from hardware to software to mobile app was adroitly led by Jay because of his ability to predict an industry shift. In fact, he authored a white paper, Convergence of Force, detailing the collision between social, mobile and cloud computing, the technologies that made the company’s new product possible. When tech industry titan Gartner Group foretold the trend Jay documented in his white paper, he knew he was on to something. XRS, in effect, had leapfrogged the rest of its industry.

Vistage: a silent partner

While leading XRS on the journey of becoming an enterprise app company, he discovered Vistage. A friend introduced Jay to Vistage chair Brian Davis two years ago and he was hooked almost immediately. One of the first ideas Jay adopted as a result of his Vistage membership was the integration of key performance indicators (KPIs). He directed his team to build a dashboard that would allow him to track customer acquisition metrics. The KPIs measured leads coming in, proposals going out and close rates. Jay’s dashboard would also reveal his customer acquisition costs, a metric that helped control marketing and sales costs.

As CEO of Lawson Software for eight years, Jay had grown it to a $500M company, taken it public, and then merged it with a European company of almost the same size. Along the way he had learned a lot of lessons and had worked with high priced executive coaches, but he didn’t know what to expect in working with a Vistage coach. “What I wasn't ready for was how valuable it would be for me. The speaker model was intriguing to me; speakers were better than I thought and continue to be better than I thought,” shared Jay. He found the wide range of topics, from marketing to sales to recruiting beneficial. Every month Jay was able to translate speaker messages into a lesson he “could take back to his shop.”

Vistage also coached Jay to look closely at the company’s recruiting practices, which have been increasingly more challenging in the Twin Cities

where mobile app developers are difficult to find and expensive. While unfolding the company's enterprise mobile app strategy Jay had to turn to Silicon Valley, Canada and China for hard to find developers. Jay has since hired top R&D executives out of Silicon Valley and turned to New York and New Jersey to find sales people. Vistage speaker Barry Deutsch, an expert in hiring and retaining top talent, provided Jay and his team with essential ideas for fine-tuning the company's hiring practices.

Jay credits Vistage chair Brian Davis with helping him deal with a range of issues, many which focus on working with investors and various stakeholders in the public company. "Brian has been a great partner in challenging my thinking and helping me to reframe issues. He has been a tremendous resource in helping me assess my leadership team and in formulating strategies to influence my board."

When it comes to working with others in his Vistage group, Jay thanks Brian for building transparency with members through trips and outside activities. He cites a trip to West Point that netted huge lessons in leadership and a "chance to get to know my group members a lot better," Jay remarked.

He's in Vistage mostly for the learning. "I've been a CEO for some time now, but I keep learning. The day I stop learning is the day my arrogance gets in the way," he said. Learning also takes time and it's easy to talk yourself out of taking time away from your office. "A day a month is a lot, but for me it's worth the time," Jay said. "And like most things in life," he explained, "If you put something in, you'll get it out." ***V***