

# BLUE HARBOUR'S ROBBINS DISHES: WHAT I LOOK FOR IN A CEO

by ANITA BALAKRISHNAN

**W**hen you invest in a company for two years or more, you need to invest in the management team, an activist investor told CNBC's "Power Lunch" Tuesday.

When deciding whether to invest in agricultural equipment maker AGCO, for instance, it was crucial to spend time with the CEO, Martin Richenhagen, and get to know his record, said Cliff Robbins, CEO of Blue Harbour Group, which manages capital for institutional investors like endowments and pension funds.

"We came to the conclusion that this gentleman was the type of man we'd want to back," Robbins said. "[He's] looking for ways to win. Right now, while business is a little soft, he's working on his margin profile, as he should be, to improve the margins in the business. I think he's open-minded to buying back stock, and he knows he has a very strategic asset, as well."

Robbins spoke from the 13D Monitor Active-Passive Investor Summit in New York City, which focuses on shareholder activism. Blue Harbour, known for its philosophy of finding undervalued public companies and unlocking value without resorting to proxy fights, has been vocal about activist positions in mid-cap companies like Investors Bancorp.

"I spent 17 years in private equity ... and our private equity approach to investing is very much a friendly, collaborative way of investing," Robbins said. "So, if we don't like the management team, if we don't think they're smart and hard-working ... we won't invest."

AGCO focuses on Europe, where there are smaller farms that have equipment in need of an upgrade, and



Adam Jeffery / CNBC

## Cliff Robbins, founder Blue Harbour Group

is doing "all the right things," Robbins said. It has reliable dealers and improving margins, and it's in what Robbins said is a "trough" period, with shares up about 8 percent over the past year.

Shares of AGCO popped 3.5 percent mid-day Tuesday, on a day markets struggled for gains.

"First, we like the industry structure. It's an oligopoly — only three players, principally, around the globe — so the companies can take price, even in weaker markets. And we also just like the industry dynamics. The population's growing around the world, but the world's not making any more arable land. Protein consumption is increasing. So agricultural equipment is a good business to be in."

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