

Managing 'Fast & Furious' Growth

CFO Tony Bartys has a real appreciation for store-level challenges

By Don Longo

Tony Bartys, CST Brands' senior operations vice president and chief operating officer, spends at least 50 percent of his time in the field. In recent months, much of the travel has involved the integration of the company's numerous acquired stores from a series of deals consummated over the past 12 months.

Bartys' day starts early — *really* early. He rises between 3 and 3:30 a.m. and usually meets CST's Chief Marketing Officer Hal Adams and Chief Financial Officer Clay Killinger at the CST gym in the central support center, where they work out together. He's in his office by 6:45 a.m. to go over the morning's fuel reports, particularly checking out crude oil prices and the direction of the value of the dollar.

"I look to see where the dollar is going because that will tell me what's going on with the price of crude," said Bartys. "I try to see where the margin is going to be today and what it's going to be down the road."

Bartys pointed out how technology has changed the job. "Store managers used to do the fuel pricing at the store based on surveys of the competition. Now, it's all done electronically, right here from the office. We can change prices automatically three or four times a day," said the executive, noting that CST utilizes PriceAdvantage's fuel pricing software and LED store signs by Skyline Products.

During the day, Bartys will have meetings with the executive team (CEO Lubel and CMO Adams) and two of his regional vice presidents who are based in San Antonio. He keeps tabs on all his regional vice presidents by phone at least once or twice a week.

Out in the field, Bartys gets to as many stores as possible. "I look to see how we are treating the customers," he said. And he doesn't give the stores a lot of advance notice of his visit. "I like to see how things really are."

At the time of our interview, he had just returned

from visiting Nice N Easy stores in Syracuse, N.Y. "We're getting ready to turn them over fully to our CST operations group," he noted. "I wanted to see them to be sure we preserve all the good and unique things they are doing."

As part of the executive team of a new public company, Bartys also spends more time than in the past on meetings with investor groups. "I have to schedule my time around earnings calls, disclosure meetings and investor calls," he explained.

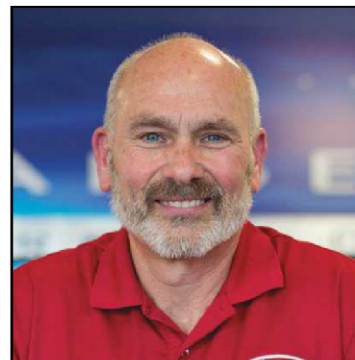
Bartys is quick to add that he actually enjoys these financial meetings.

"I used to be an accountant, so I like talking about our company and reviewing P&Ls and category margin reports."

The executive observed that even with the record fuel margins experienced by CST and many other petroleum retailers last year, "we're working to move more of our gross profit dollars to the store side. We actually produce more gross profit dollars from store sales than from fuel sales now."

Bartys is also heavily involved in CST's Store of the Future meetings. "We're just starting the journey," he said about the future store design plans for Corner Store, but he definitely foresees alternative fuels playing a role. "We have 50 to 60 stores selling E-85 now."

"I see alternative fuels growing, especially in new stores off freeways," continued Bartys. But he's quick to add that diesel and gasoline are still going to account for 90 percent of CST's fuel sales for the "foreseeable future."



Tony Bartys