

Building value in business and life key to Shaner's success

4/15/08

ALFRED, NY Lance T. Shaner, chairman and chief executive officer of the Shaner Group of Companies, delivered the ninth annual Cutco Foundation Lecture on Entrepreneurial Leadership Tuesday, April 15, at Alfred University. In his lecture, titled "Creating Value in Life and Business," Shaner spoke about the core values he adhered to as he built a business enterprise that includes one of the largest privately-held hotel companies in the nation, employs more than 2,000 people and manages approximately \$1 billion in assets. Shaner's path to success began at Alfred University, where he graduated in 1975 with a bachelor's degree in history and today serves as a member of the Board of Trustees. After leaving Alfred, he started working for Hughes Tool Company (owned by Howard Hughes) delivering supplies to oil and gas drilling rigs in Pennsylvania, New York and Canada. All the while, he dreamed of one day owning his own business, just as his father and grandfather had before him. "I decided that perseverance and a commitment to educate myself in finance, investing and capital was the only way I was going to move forward with my dream of owning my own company," he said. Shaner would convince a Rochester bank to let him take over the defaulted loan on a student housing property in Geneseo. Three years later, after countless hours attending to repairs and maintenance on the property, he sold it and paid off the bank loan, with the \$50,000 profit becoming seed money that would be used to start Shaner Hotel Group in 1995. Today, Shaner Hotel Group is one of the leading privately held owner-operator hotel companies in the United States, with ownership in more than 20 Marriott, Hilton and InterContinental hotels. The firm recently completed a \$400 million partnership with Rothchild Investments and has committed to building 15 new hotels. It is part of a group of companies in Shaner, headquartered in State College, PA, that includes Shaner Solutions, which provides comprehensive accounting, payroll and tax services for all Shaner properties and affiliated companies, most prominently in the energy and hospitality industries. Shaner also founded Rex Energy, an oil and gas production and exploration company that in 2006 became the publicly-traded Rex Energy Corporation. Throughout his successes in business, Shaner has held true to several core values he said have also helped him create value in his life. They include a desire to be fair to employees, associates and customers; to strive for excellence and recognize and reward employees based on performance; seeking out honest dialogue as a way to solve problems and create new ideas; and taking risks. Many of those values were shared by the ownership of Marriott International Companies and helped convince William Marriott, head of Marriott International, to bring Shaner on as a partner. "He (Marriott) simply expected our company, as his partner, to operate the best hotels in the world. He expected more, he wanted the associates that worked in our hotels for Shaner Hotel Group to be satisfied, to feel that they made a difference and that the company cared about them. He wanted to make sure that we paid competitive wages and benefits and when an associate needed help that we would step up and be there for them," Shaner said. "Our company had already decided years before that those were our values, so in the end I was finally able to persuade the Marriott family to let us join one of the greatest family companies, I believe, in the world." Shaner said success in business takes courage, vision, determination and a willingness to take risks. Those values were evident when he started Rex Energy in 1996. At that time, oil and natural gas were selling for a fraction of today's cost, but Shaner said he believed that investment in oil and gas production would someday pay dividends. Today, Rex Energy produces thousands of barrels of oil and millions of cubic feet of natural gas in the United States each day. Shaner hopes the company will help the country decrease its dependency on foreign oil. Philanthropy is an important component to building value in business and life, Shaner said. His business is actively involved in and supportive of charitable organizations that help the disadvantaged. Two such organizations are Bridges, which helps mainstream handicapped people into the workforce; and Paul Newman's Hole in the Wall Gang summer camps for children suffering from serious illness. Shaner was co-chairperson of a capital campaign that doubled the size of the YMCA in State College and has led fundraising efforts aimed at paying YMCA dues for area children and is also a past recipient of the Golden Hammer Award, given by Habitat for Humanity. "Philanthropy and charitable activity in my view is a critical part of a well-lived life and the Shaner companies fully embrace this commitment from both a company and an individual basis," he said. "We want to make a difference in people's lives in the communities in which we operate our businesses and that includes not only money, but personal time as well." Shaner said a willingness to demonstrate fairness and compassion will create value in business, and in life. "Business is not a zero sum game where the winners take all the chips and the losers walk from the field feeling taken advantage of or abused. Rather, creating value in business has to be a win-win game for the shareholders, your associates, your family and society as a whole," Shaner said. "What this

means is creating balance in your priorities and decision making where you need to recognize what is a fair and equitable transaction with some benefit to all parties concerned."The Cutco Lecture series, sponsored by The Cutco Foundation and Alfred University, is made possible by a gift from Erick and Marianne Laine and the Cutco Foundation. Erick Laine is chairman emeritus of Alcas Corp. of Olean, NY, and is a former Alfred University trustee."Each year, the lectures we've had have been outstanding," Erick Laine commented. He complimented Shaner, calling him "a successful entrepreneur, in every sense of the word."Erick and Marianne Laine endowed the Cutco Lecture as a way to bring nationally prominent entrepreneurial leaders to campus to meet with students, faculty and friends of Alfred University. Shaner is the latest of several renowned entrepreneurs to deliver the Cutco Lecture. Tami Longaberger, president of the Longaberger Company, delivered the first annual lecture, in 2000. She was followed by David Oreck, chairman of the Oreck Corp., in 2001; Peter Cuneo, then-president and chief executive officer of Marvel Enterprises, Inc., in 2002; Doris Christopher, founder and chairman of The Pampered Chef, in 2003; and Andrea Jung, CEO and chairman of the board of Avon, Inc., in 2004; Richard Smucker, president and CEO of the Smucker Company, in 2005; and James R. Houghton, chairman of the board of Corning Incorporated, in 2006; and Joel Moskowitz, founder and CEO of Ceradyne Inc., last spring. Cutco is the largest manufacturer and marketer of high-quality kitchen cutlery and accessories in the United States and Canada. The Cutco corporate "family" consists of Alcas Corp., the parent company; Cutco Cutlery Corp., manufacturer of Cutco products since 1949; Vector Marketing Corp., marketer of Cutco products directly to consumers via sales representatives, and Cutco International Inc., responsible for international marketing of Cutco products.