Richard Faulkner

Preserving Investment in People

When Richard Faulkner, the founder of IQ Exchange, set out for his first active duty posting in Germany, he took along a tool one doesn't expect to find in a young officer's duffel: a carpenter's level. He didn't plan to undertake any building projects, but the level had been a gift from his mentor, and Richard believes that when you're given a gift, you should use it.

"Charlie always talked about the importance of getting things set right from the start so you wouldn't wind up with unexpected outcomes," Richard says, "and I wanted to remember that. Get your foundation set up correctly, so things are true."

That true foundation is a crucial factor in Richard's ability to make the most of another gift he received years later on a battlefield in Iraq: a second chance at life. He uses that gift now to help other people maximize their own gifts of talent.

"I'm looking to change the way companies and talent connect," he says. "Talent is the new scarce resource, so retaining your investment in people and their investment in you is win-win."

Richard describes IQ Exchange as a marketplace where companies can loan and borrow the talent they need to complete a job. "Trusted Workforce on Demand," he calls it. "Companies are not finding the right people with the right skills in the right geography," Richard explains, "and those problems are manifesting in the number of postings that stay open after traditional searches."

"As a service-disabled veteran, I could have gone into government contracting," Richard explains, "but I wanted to build something that didn't exist, that could be the next disruptor. So I asked myself what would happen if there were a way people could borrow and loan to each other instead of having to hire and let go. That was a market shift," he says.

"I saw this problem when I was managing the technology platform for contractors on the battlefield—this whole circulation of people. And I asked myself if there was a way people could keep their careers with companies, and also if there was a way to help the government get a better deal. If you can reduce churn, overhead and rates come down over time. That was the thesis: taking care of people first and then trying to keep costs under control."

Richard's feelings about taking care of people are exemplified in an incident he describes as one of the defining moments in his life.

"On the day after the cease-fire that ended the Gulf War," he explains, "I drove into Kuwait City with some peers to survey the damage and see how we could help. We came to a check-point that was flying the Kuwaiti flag—it was all smoke-stained from the oil fires burning everywhere — and we were looking for Kuwaiti flags to take home as souvenirs, so we stopped and got out."

The checkpoint was manned by two Kuwaiti officers who were not in uniform because the invading Iraqi army had been killing all the Kuwaiti military officers it could find, along with their family members and therefore many went into hiding. "When they realized who we were, they invited us into their tent to have tea," Richard remembers. "They had just come out of hiding, so they had no food except for one bruised apple, but they cut that apple into pieces and they served it to us as their guests—people who had nothing giving us all they had."

That encounter with human generosity in such difficult circumstances would influence Richard's choices moving forward.

"What they didn't know," Richard says, "is that we had brought a whole vehicle full of food. We dropped the gate and started off-loading and said 'will you please make sure that others get

this' and they were extremely grateful. But they had no idea what was coming when they gave us the last thing they had to eat."

Richard was born in St. Petersburg, Florida, and he lived there until a promotion moved the family to Maitland, near Orlando. He spent much of childhood roaming freely out of doors—biking, skateboarding, swimming, and fishing with friends. "A lot of parents in the neighborhood had dinner bells they rang when it got dark," he says. "Until then, they didn't know where we were."

Richard describes his father as an excellent provider with a great work ethic who was gone much of the time. He grew up with three sisters with whom he was sometimes at odds. "I was a rather distracted young person," Richard says. "You see something new and you're off on a tangent. It's both a gift and a curse." One consequence of having "an 8-track mind" was that Richard didn't always do his homework, and that caused some problems, he says.

All of those factors must have been perceptible to Richard's neighbor, Charlie Rose, a retired Air Force colonel, who took Richard under his wing.

"He'd see us playing football in the street, and he'd come out to throw the ball with us and give us pointers—in college he played at UK—and then he'd invite me back to the house for Coke and cookies. I guess he and his wife saw something in me they wanted to nurture."

Charlie introduced Richard to military culture. He had served in World War II, Korea, and Vietnam, and he was active in the local veterans' community. "One day I was at the PX with Charlie," Richard says, "and he heard a familiar voice in the next aisle over. He told me to stay there with the cart, and he went over into the next aisle. Next thing I know I hear him say, 'Well, you S-O-B! You're still alive!'"

That kind of connection between people who hadn't seen each other in 20 years appealed to Richard, so when his parents decided that he needed a more structured academic environment, the transition to Riverside Military Academy was relatively easy.

"The teachers there really inspired me," Richard says. "I had a speech class where we had to give five-minute presentations on current events every day. That taught me to boil things down and stand up and talk to people in public. I joined the drama club and the math club, and I learned to read a lot." He graduated with honors.

From Riverside, Richard went to Stetson University on an ROTC scholarship. "I wanted to go to the University of Florida, but Dad thought I'd be too distracted at a big school, so he wanted me to go to Stetson. With four girls to every guy and twenty minutes to Daytona Beach, I'm not sure it was easier to focus there."

At Stetson, Richard especially enjoyed the collegial environment created by the Vietnam veterans who ran the ROTC detachment. "I think that sense of teamwork, unity, and purpose is what attracted me most to the military," he says. Richard ascended through the ROTC ranks and earned one of the few appointments to active duty, being posted to Germany.

Among the many things he learned during those early years in the Army, Richard points to one particular leadership lesson as especially formative. After the Gulf War, he was posted to a Calvary squadron at Ft. Stewart, Georgia, which was run by a man he had worked with in Germany. Under that man's leadership, Richard advanced quickly; he was even promoted to troop commander over a couple of more senior peers. One day in a meeting, Richard says, "I immaturely started picking on the person who had backfilled my maintenance officer position—I knew the answers backward and forward, and I didn't allow him to speak for himself. So later my boss called me into his office, and instead of chewing me out as I expected, he just said, 'I'm disappointed in you. You're so much better than that.'"

"I was ready with the Teflon," Richard says, "where they throw bad things at you and you just let them roll off, but not for getting inside. I cared about him and his family. And that really taught me that good leaders can treat people kindly and get the same results—if not better commitment."

"I always loved people, but typically it was mostly about me, and I really started learning the lesson—why did I feel so bad? I just didn't want to let him down! And the impact when he said 'I can't believe you did that, I'm disappointed'—that was so much more powerful than the direct assault. And that really caused me to re-examine how I would lead for the rest of my life."

During that same time-frame, Richard married Ginger, whom he had known in college

but didn't date until many years later. Shortly after getting married, he was transferred to Ft. Leavenworth, Kansas to work on force design, and during that time he completed a master's degree. After completing his degree, Richard was offered two assignments: the desert in California or unaccompanied tour in Korea. "And I said, 'I need an option C,' but they said, 'That's all you've got.'" So at that point Richard decided to transition out of active duty to reserve status, and he went to work for Pillsbury, first in manufacturing and later in corporate materials management.

That was the first of several positions in industry that shaped Richard's thoughts about talent as a corporate resource worth protecting. After four years with Pillsbury, he was recruited by a new e-commerce company called amazon.com. "At first they didn't know what skills they would need, so they were hiring people from a lot of different backgrounds to blend their talents for problem-solving," Richard explains. He was hired away from Amazon to help start K-Mart's e-commerce division, bluelight.com, which he found very exciting. "That was one of my favorite jobs, up until what I'm doing today," he says. Then K-Mart merged with Sears, and they started going through cash problems, so the company down-sized, and Richard was laid off for the first time ever, which was kind of a shock.

"Even when you're happy and things are going great," he acknowledges, "there are still things you can't control."

He moved to Virginia and went to work for Target Corporation doing supply chain and distribution, and he continued in that role until he got a call from an Army friend who said, "Your name has come up on a list to be mobilized." So Richard returned to active duty in 2005.

"I started working on that contractors-on-the-battlefield problem, and that became my seven-year project. Congress wanted to know how many contractors were out there, who they were, and whether taxpayers were getting a good deal. We set out to answer those questions."

During the seven years Richard ran that program, he was deployed to Iraq and Afghanistan many times to implement new technologies or train new users, and on the last day of the last of those scheduled deployments, he and his colleagues headed out for their last stop, and their vehicle was hit by an improvised explosive device. The blast wave threw Richard against the side of the vehicle, causing traumatic brain injury, which ultimately reshaped Richard's priorities.

"That was the beginning of a long road, first to reintegration and then to what I call my new normal," Richard explains. The effects of that kind of injury aren't immediately apparent, so Richard went back to work soon after the incident. "Too soon," he says, "at my own insistence. I had to keep busy so as not to think about it." But eventually he was admitted to Walter Reed Hospital for the first of a series of surgeries and treatments that would extend over several years.

"For the longest time, my boys didn't understand what I had been through, because I didn't get my Purple Heart until I retired," Richard says. "I kept putting it off. I just didn't want it. I didn't feel like I'd earned it. That was stupid. Things happen for a reason. If I had left two minutes later, the outcome would have been completely different—I was switched to a different vehicle two minutes before we pulled out. If that hadn't happened, I would be completely gone. But things happen for a reason. It really gives you a gut-check on what's important in life — learning that you're not invulnerable, and things happen for a reason, and that if you're given a gift, to use that gift."

"It took me a long time to accept that award," Richard says, "but eventually I did, with my wife's insistence."

Richard met Ginger in college—she was his best friend's cousin—but they didn't start dating until years later. He describes her as a person who is quick to make a friend and quick to laugh. "I'm plan-for-the-future," he says. "She's live-for-today. When I get discouraged, she tells me I'm smart, I know what I'm doing, and I should keep the faith." They were married in 1993. Griffin, their first son, came to them in '97, and Lane followed in '99.

"I once heard a saying that life is like a three-legged stool," Richard says, "your work, your family, and your hobbies, and you can only do two of them well. I've always chosen family and work."

One might think of IQ Exchange as a boon to work and family.

"Traditionally when companies have to say goodbye to somebody because they can no longer afford them," Richard explains, "there's not a plan B for employees. They're just told, 'I'm sorry, we'd love to keep you but we can't.' I lost a

lot of my own good people on contracts as I was expanding my program or we were re-competing those contracts. People had no assurance of what was next, and they had to meet their mortgages and personal obligations, so they had to start planning what to do if the contract didn't work out. The driver behind IQ Exchange was finding a way to allow companies to retain people through difficult business cycles, and for talent to stay put at a company they really like.

"If you look at churn, there's about 22% turnover in the workforce every year, and a lot of that is transfer of talent between companies that win contracts and companies that don't. That's what's created this whole vortex around, 'Am I being hired for a career, or am I being hired for a project?' In most cases, it's a project. IQ Exchange is all about connecting parties that have excess talent with parties that have need.

"If you think about the 65 to 75 days minimum required to hire somebody and get them started, and then everything you invest in training somebody and getting them to be effective—when people leave, they take all that with them, and they usually go to your competition.

"When I was working inside the Department of Defense, I saw huge migrations of people moving around between companies, and when we had transitions between vendors, there was not a strong spirit of cooperation—why would people want to turn their talent over to make somebody else successful? So that's what got me wondering if there was a way for companies to share, because they'd both benefit.

"We had four beta customers in 2015, with a few transactions to get feed back on how it should work, and we really shifted gears this January with our first large company, SAIC, and we just signed our second large company, AECOM. When you think about 22% turnover in a 20,000-person company, you begin to see where those numbers really start adding up.

"Saying it, thinking about, building it, and sticking with it—it's been a great lesson," Richard says. "Thinking and seeing the future and figuring out how to close that requirement gap has been a wonderful learning environment. So far, nobody's told us we're wrong."

When asked what word would best describe his leadership style, Richard pauses. "I've grown into this word," he says, cueing it up. "Collaborative. I've learned that I don't have to understand everything; I just have to have the right people at the table. My goal is to hire people much smarter than me. Then you get a lot out of listening to their opinions even if you already know the answer."

His advice to young people would be to follow their passion. "Don't try to fit into your major," he advises. "You'll do much better if you pursue what you enjoy instead of trying to fit into a mold."

"I've said to many people that the definition of an entrepreneur is somebody who looks in the mirror and says, 'Are you crazy?' like six times a day. And then you work your way down to once a week. I think I'm down to every other week now."

– By Gordon J. Bernhardt, CPA, PFS, CFP®, AIF®

About Gordon J. Bernhardt
President and founder of Bernhardt Wealth Management and author of Profiles in Success: Inspiration from Executive Leaders in the Washington D.C. Area*, Gordon provides financial planning and wealth management services to affluent individuals, families and business-owners throughout the Washington, DC area. Since establishing his firm in 1994, he and his team have been focused on providing high-quality service and independent financial advice to help clients make informed decisions about their money. For more information, visit www.BernhardtWealth.com and Gordon's Blog.*