## Doug Rodgers

## Trust and Confidence

Above Doug Rodger's desk is a large framed photograph of Doug's wife and two children at an Oklahoma lake house. It was where he and his wife Jane raised their son and daughter on weekends. "The relationship of trust and confidence we have as a family unit is by far the most important thing in my life," he says today.

As the CEO of Focus Investment Banking (Focus), Doug takes the currents of that fundamental family relationship and uses them as his guiding professional philosophy—an approach

that has been vital to his success in business over the years. "I've focused my work on building and leading organizations because I enjoy building trust with people and developing their confidence," he explains. "That's really what growing a business is all about. You have to behave in a way that employees will want to follow you, and you have to inspire people to want to be your clients. It all comes down to trust and confidence."

Conveying the proficiency and care needed to inspire faith in their clients is particularly important, given the nature of the task at hand. "At our essence, we sell people's life's work," he says. "When someone gets ready to retire or has grown their business to the point that they're ready to sell, it's important that it's marketed and sold properly. We facilitate what is often the biggest transaction of a person's life."

Founded in 1982, Focus specializes in merger and acquisition deals between \$5 million and \$300 million. It's affiliated with M&A Worldwide, a group of 39 investment banks around the globe, and engages in international transactions that include European companies looking to buy or sell U.S. assets. Their clients run the gamut from small businesses to large cross-border companies. Over 60 percent of clients hire Focus to sell their company, while 30 percent are looking to acquire a company. The remaining ten

percent seek their assistance in raising money for an acquisition via debt or equity financing.

For the bulk of its work, Focus operates according to a specific, detailed consultative process that can be tailored to each client. It begins with the recognition that the most desirable buyer isn't a private equity firm, whose mission is to buy low and sell high; nor is it a succession plan that involves gifting a company to the owner's employees or children. The best candidate is a strategic buyer looking for that perfect piece that

fits in their strategic puzzle. Over eighty percent of Focus's last 120 transactions have involved acquisitions by strategic buyers, who are identified by the company's research staff. "People don't buy one of our client companies because we're great salespeople and know how to pitch it really well," Doug points out. "They buy because they need the company for some strategic reason, from geographic expansion to picking up a new skill or customer set. In every case, we think long and

hard about what kind of business would already have a description on their 'ideal buy' whiteboard that matches our clients' companies. It's about finding that perfect fit."

One of Doug's earliest sales challenges was a business that set up fire, security, and access systems in commercial entities like shopping centers, office buildings, or banks. The owner was ready to sell and retire, so the Focus team set to work finding the buyers with a strategic fit. To do this, they went to the client's customer base and realized they served both the Federal Reserve Bank of Richmond and the Federal Reserve Bank of Philadelphia. Identifying this trend, they looked for buyers who like to provide services to banks. They followed the thread to a large public multibillion-dollar company, which provides security products to banks and financial institutions worldwide. "As it turned out, that company did all

the security for the Federal Reserve banks except for fire protection, and the Fed had demanded that they add that capability," Doug recounts. "So they were looking for a high quality fire protection company that already had experience and a relationship with the Federal Reserve banking system. It was a perfect fit." As a result this buyer offered to pay 30% more than the other buyers approached in competitive auction type process.

Since Doug joined Focus in 2002, the firm has grown from a three-person operation to over 65 employees, split almost evenly between fulland part-time team members. All of this growth is thanks to the seasoned minds and talents that Focus calls its own. "People think our key skill set is numbers since we're in the business of finance," Doug says. "That's certainly one of the required skill sets, but at the end of the day, we're in the psychology business. We have to take what the client says they want, and then peel it back to figure out what they really want. For example, a business owner might think they want to sell for the highest possible price, but once they meet and begin to understand several potential buyers, they realize that the highest bidder might not have the best interest of the company in mind and their employees wouldn't thrive there. Getting a high price is important, but it's also important to find a place where the company and its people really fit."

Focus tends to sell businesses in technology, manufacturing, distribution, and other regulated industries. "Our bankers have applicable experience across a number of sectors that include aerospace, defense, government contracting, telecommunications, healthcare, energy, and technology," Doug says. "We can also help companies identify unique pieces of value they can double down on to maximize their value and appeal to buyers. In this way, we work to find a handful of buyers to create competition that raises the acquisition price and gives our clients options."

Since 2005, when they began keeping a detailed track record, Focus has facilitated over \$1.5 billion in transactions. That's \$1.5 billion in life's work of clients that trust the firm Doug and his partners have built through leading by example. "I think that if you're a trusted leader, people will, to some extent, emulate what you do, regardless of what you say," he says. It's as true in business as it is in family life, and much of the success Doug enjoys today stems from the examples he observed as a kid. Born and raised in

Lyndon, Kansas, Doug grew up the oldest of three siblings in a small town where everyone knew everyone. His father worked in the land title business, while his mother was a homemaker. "I live in Georgetown now, and it's more like Lyndon than any other place I've lived because it has that small town friendly feel," he says. "My grandfather taught me to say good morning to everyone on the sidewalk and to greet a person by their name if you know it, or to say hello or good afternoon. I still do that on the sidewalks of Georgetown, and it still works well."

A marked challenge that stands out against the backdrop of an otherwise peaceful childhood was Doug's development of a stutter, which lasted through grade school. "I think it was because I was trying to talk too fast," he recalls. "I never went to a speech therapist and eventually just overcame it by practicing reading aloud. That was an important achievement for me, and key in developing my self confidence. As an adult, I served as a lectern at our church for a few years, and I spoke at my mother's funeral. I don't take that ability for granted, and I still think of it as an accomplishment."

As a kid, Doug would play sports after school until dark unless he had chores to do. He always held odd jobs, like delivering the hand bills for the grocery store that detailed what was on sale that week. He worked in the hardware store and in his father's office. "My dad was one of the most influential people in my life," Doug recounts. "He was extremely talented with his hands and always had a project going on, building something in the basement or the garage. He was a great artist who was always teaching me how to build things. We'd design and build model trains, planes, and boats."

Doug's true passion growing up, however, was airplanes. His father and grandfather were both pilots, and his grandfather had a small plane they'd fly together. Doug decided to get his pilot's license in high school, which meant driving thirty miles to Topeka each week for flying lessons. "That was a leadership experience for me in that I was leading my own life, pursuing passions that diverged considerably from what most of my peers were interested in at that time. It also meant balancing my interest in flying with my interest in doing well in school and participating in sports."

Doug's mother always taught him that if something's worth doing, it's worth doing right the first time. But he also knew the importance of perseverance, even if things don't go right the first time. When he was rejected from the Air Force Academy, he didn't give up on his dream of becoming a military pilot. Instead, he spent a year at the University of Kansas and then applied to the Academy again—this time, with success.

That summer, Doug underwent rigorous basic training which included a week of survival. "We were organized into a squad of eight guys, given a day's rations, and left out in the middle of nowhere," he recalls. "We had a map and some basic supplies, but nothing else, as if we were an air crew that had to bail out. I was a boy scout growing up, so I did a lot better in that situation than most of the other guys. It was the first of many experiences at the Academy that built a new kind of confidence in me."

Doug spent a year at the Academy in Colorado Springs until, unfortunately, a football injury stripped him of his flight qualifications. He returned to the University of Kansas to finish his undergraduate degree, empowered with the character-building experiences of the Air Force Academy. He decided to major in aerospace engineering, joined the Sigma Chi fraternity, and met Jane, now his wife of 44 years. To help cover tuition costs, he worked as a flight instructor and charter pilot, giving flight lessons at the airport and flying shorter charter trips.

Upon graduating, Doug received several job offers and chose the furthest one from home – a position as the manager of consumer affairs for Piper Aircraft Company in Lockhaven, Pennsylvania. "If a customer was unhappy with their airplane for some reason and planning to sue the company, I was responsible for working to resolve the situation," he recalls. "It was a fine job, but Jane and I decided we didn't want to live in Lockhaven forever. I've told my kids as they've grown up that one of the most important decisions you're ever going to make is where you live. It's better to take a job somewhere you're willing to live for a long time."

Doug and Jane moved back to Lawrence, where he began flying commercially in 1973. He flew corporate jets until 1977, when he decided he was traveling too much. "We wanted to start a family, so I took a job with a family-owned real estate development firm," he says. "We did work in Oklahoma, Texas, Arkansas, and Louisiana. The company owned several airplanes, which I managed and flew. I was also responsible for

finding new sites for projects around the region—my bridge from the flying world into the business world."

It was a world for which Doug was well suited. Working with large corporate clients like TG&Y Stores, Eckhardt Drugs, and Safeway, he conceptualized and managed new real estate development projects. He took on his first management role and relished the responsibility of building and leading a team. By 1982, at 32 years old, he had worked his way up to the second-highest position at the company. At that point, however, he hit the ceiling. "My employer had a son, and I realized I'd probably never get the top job there," he recalls. "But I've always wanted responsibility—to be able to say, the buck stops here. So I decided it was time to start looking for something else."

Around that time, Doug was approached by a former client with a business proposition. He was in the auto parts industry and knew of a successful truck parts company, about a hundred employees in size, ripe for acquisition. "He wanted to buy the business but didn't know how to go about doing it," Doug says. "He knew I was good at conceiving of new projects and then getting them planned and financed, so he came to me. Upon analysis, I could see it was a nice business making \$1.5 million a year on \$12 million of revenue, so we agreed to take a run at it."

They successfully bought the business in 1984, splitting ownership. Then, in 1986, Doug facilitated the buy-out of his partner and assumed leadership of the company. "It was a watershed event for me—something I had always wanted," he remarks. "Around that same time, the Oklahoma economy was tanking, so those were some character-building years. Our customer base shrunk dramatically and we had to cut costs, so I had to shrink the business before I could grow it back up to a decent size. Eventually, though, we got there."

Rollups were en vogue at the time, and in 1995, Doug began the process of combining his business with nine other businesses. The simultaneous transaction occurred in 1996, and the resulting company went through an initial public offering that same day—a monumental feat that took incredible precision and planning. The event marked Doug's first exit, and upon its successful completion, he took some time to figure out what he wanted to do next. "Reflecting back over my

time running that industrial parts company, we went through three different generations of computer hardware and software," he says. "The technology sector was growing in prominence, yet it left a lot to be desired in deploying new software. I decided I could do it better, so I decided to go that route."

Doug then connected with a small threeperson software company in Oklahoma City, which specialized in software for 911 call centers. He decided to invest in the business and took over as CEO in 1997. Then, in 2000, he received an offer to move to Washington, DC to run an e-commerce company. "I thought that sounded great, so I identified someone to take over my role as CEO in Oklahoma City," he recounts. "With minimal specialized expertise, I had been able to successfully lead the selling of our 911 software to the first twenty towns across Oklahoma, Kansas, and Texas. But to take the company to the next level, I knew the company needed someone who knew the public safety industry on a national scale. That worked out well, and years down the road, they ended up hiring Focus to sell that company."

In DC, Doug raised \$10 million in venture capital for the e-commerce company before the dotcom bubble burst and he had to swiftly reevaluate their strategy and direction. In 2001 the company was sold to one of its large clients, and Doug resolved to make one more pivot with his career to delve into the world of mergers and acquisitions advising. "Reflecting back on my career and what I had enjoyed most, it wasn't running the store," he explains. "It was the significant transactions we had undertaken. I liked that each transaction was a project that began with an idea and had a clear trajectory, from beginning to end."

Focus, at that time a three-person firm, fit the bill. Doug made a deal with the founder to buy into the business on the condition that the two work together for ninety days to ensure their compatibility. The trial period went well, and Doug took over the management and growth of the firm, ultimately joining several colleagues in buying out his partner in 2007. "My father relished having a new project, idea, or invention, and he taught me how to start things," says Doug. "But he'd often get halfway done and then move on to the next thing, because the fun for him was in the creating. It was my mother and grandfather who taught me how to finish things. I'm grateful I have

the ability to do both, and I use that ability every day in my work at Focus."

In advising young people entering the working world today, Doug reminds us that the key to happiness is to be passionate about your work. "When you love what you're doing, it doesn't feel like work," he says. "If you don't, figure out why, and if you can't change it, change jobs. The passion for your work won't just show up five years later. I've worked in several different industries through my career, and that's partly due to this commitment I have to always being passionate. If I consistently look at the clock at 3:00 in the afternoon and wish it was 5:30, I've lost passion. But if I look at the clock hoping it's 3:00 and realize it's already 6:00, I know I'm in the right place."

When he finally makes his way out of the office for the day, he's grateful to return home to Jane, who has been a crucial part of his success over the years. "She's expected a lot of me and held me to a high standard," he says. "I wouldn't be nearly as happy or successful now without her help all along the way. She's just an exceptional person with a lot of character and integrity who has always backed me up, supported me, and worked through tough decisions with me."

Now, the two children in the photograph above Doug's desk are grown, and the Oklahoma lake house is long gone. But wonderful things have come in their wake—years of passionate work at successful companies, two grandchildren so far, and life in the nation's capital that somehow still retains the charm of his small hometown. It's enough to inspire trust in what the future holds, and confidence in the many successes to come.

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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

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