

Flynn's Harp: Exvere founder reflects on firm's 20 years (7-27-11)



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When Michael F. Brustkern launched Exvere Inc. as a mergers and acquisition advisory service in 1991, he figured that having been CEO of a public company, general manager of large unit of a global firm and a start-up entrepreneur, he'd walked in the shoes of any business executive who'd seek his counsel.

Founded in the midst of one recession, intentionally downsized just prior to the Dot-Com Bust and now riding the crest of Great Recession-driven "deferred demand" for well-niched private companies, Exvere's prospects as a boutique firm in a crowded sector are excellent, Brustkern is convinced.

That's a vision he shared last week with a gathering of friends and business contacts as Exvere marked its 20th anniversary. It's been two decades of successes as well as the challenges, upsides and downsides in which the firm completed dozens of engagements for an impressive client list on four continents.

In Exvere's early years, says Brustkern, "we really hit the front wave of private-company transactions, and we did a lot of them, in part because we were one of the first providers of those kinds of services."

The intentional downsizing came less than a year prior to the Dot-Com Bust because "we had grown large enough that I was managing a business rather than being part of the deal process. It had become not very satisfying," Brustkern recalls.

Exvere grew gradually as a boutique firm over the next decade, he says, "but now we're growing rapidly because we've built a reputation for successfully closing transactions and for having a high-level valuation system."

He chuckles as he recalled in a telephone interview that in 1984 his business career almost got sidetracked into government or the quest for elective office, at the urging of his friend Booth Gardner, who had just been elected governor of Washington.

Brustkern remembers that Gardner, who had been a successful business executive, then Pierce County Executive before being elected governor, first urged him to run for county executive. Then, when Brustkern declined, Gardner offered him the role of director of the State Department of Trade and Economic Development.

"I Told Booth that I speak my mind too much to be electable or to run a state agency," Brustkern said.

Instead of answering Gardner's call, Brustkern formed Franklin Holdings, which made an investment in

Innova, a microwave-technology company that he served as interim CEO for its first two years while raising capital and recruiting the management team that took it public in the early '90s.

He refers to the down economy of the past three years as “just deferred demand” and predicts that “over the next five years, we think there’ll be a continued ramping up of demand for well-niched companies,” particularly in the industries Exvere has targeted.

Key among those industries are aerospace and the wine industry, where Exvere has put together, a decade apart, the two most high-visibility winery sales.

Most recent of those was the sale of the Betz Family Winery, 10 years on from the 2001 sales of five wineries to Constellation Brands in a deal worth \$100 million over 10 years, including \$52 million cash.

“What is happening is that a lot of pioneers in the \$7 billion worth of wineries in the Northwest, some in business 30 years or more, have children that either don’t want to or can’t afford to continue the business,” Brustkern noted. “So there are a lot of transactions that will need to be done and we’ve found there’s a large number of people looking to get into the wine industry in Washington and Oregon.”

Brustkern started in sales with a Spokane steel-industry products company called ASC Industries in 1965 and had risen to CEO a decade later when it was acquired by Gifford-Hill, a Texas-based public company. He became president of what had become a division of the NYSE-listed company that he grew to \$130 million in revenue.

He says he declined “an invitation to move to Dallas as COO” and opted, instead, for a partnership in ASC Pacific, a Tacoma-based joint venture.

Thus in 1978, at the age of 38, he began his first start-up venture as CEO with some equity, using his Gonzaga University MBA thesis as the business plan for building the company.

By the time he was running Innova, in the late '80s he says he was finding himself “basically providing advisory assistance to seven or eight companies run by people who had come to me asking for help,” Brustkern says.

“It was seeing that very apparent need for advisory and intermediary services that prompted the launch of Exvere,” he said. “The key premise is that, based on my experience, most business owners don’t know what they need to know when they enter into major transactions.”

“When I look back over this career, it can seem like a convoluted tale, but that is often the way of serial entrepreneurs,” he quipped. “A little like Christopher Columbus, who didn’t know where he was headed and if he had, he might not have left on the journey.”

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