

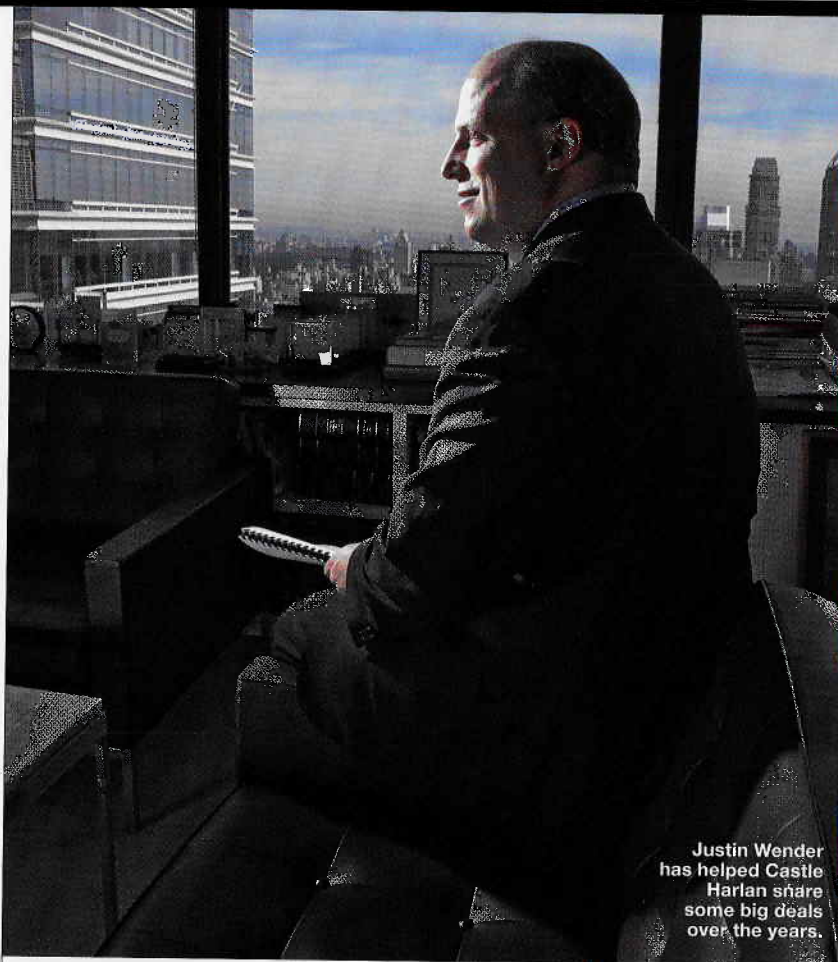
Dealmaker

PREMIERE ISSUE

The Three Commandments

King of the Castle

Castle Harlan president Justin Wender knows how to come away from the negotiating table satisfied. Here, he happily serves up his defining rules **BY RICH BLAKE**



Justin Wender has helped Castle Harlan score some big deals over the years.

Justin Wender is built like an offensive tackle, but his private-equity skills make him more akin to a star quarterback who knows how to read defenses and perform under pressure. And while the 37-year-old New York City native admits he wasn't the best athlete growing up, he was "a guy you wanted on your team."

Why?

"Because I was tenacious."

Such tenacity enabled Wender, who attended Carleton College in Minnesota and later obtained an MBA from Penn's Wharton School, to survive his first year in the investment-banking division of Merrill Lynch, a grueling stretch during which the then-22-

SCORECARD Justin Wender

Age 37

Hometown New York

Firm Castle Harlan

Position President

Education B.A. in political science from Carleton College; MBA from the University of Pennsylvania's Wharton School

Career Arc Spent two years in Merrill Lynch's Corporate Finance Group before joining Castle Harlan.

Really Big Deal Two years ago, Wender led his firm's \$380 million acquisition of Ames True Temper, a leader in lawn and garden tools.

year-old number cruncher pulled at least one all-nighter a week and enjoyed a total of three days off. Financial-modeling hell led to road shows, and by 1993, Wender was working alongside top bankers to help spearhead the IPOs of Starter Corp. and Sunbeam Oster, among others.

That same year, Wender, through a coworker, came across an opportunity at Castle Harlan, a top New York private-equity firm launched in 1987 by John Castle, the former chief executive of Donaldson, Lufkin & Jenrette, and Leonard Harlan, another former DIJ executive running his own real-estate investment-banking firm. Now president of the company, Wender plays a key role in overseeing investments for Castle Harlan's fourth and most recent fund, which raised \$1.2 billion, two-thirds of which has been allocated. Although he remains extremely busy putting that last \$400 million to work, Wender made time to share his three golden rules of dealmaking.

1 TRUST, BUT VERIFY. In seeking out targets and gaining their trust, Wender has to walk a fine line — while skepticism is a virtue, an overly harsh attitude doesn't score points with company executives deciding whether to sell. "You have to be constantly assessing the business, asking questions and doing reality checks without coming off as too abrasive," he says. "It's the old phrase — trust, but verify."

2 IT'S THE PEOPLE, STUPID. "You can find a great business with a promising plan or some tremendous product, but ultimately it comes down to the people who are executing," Wender stresses. Character and integrity count. "A poor manager in a mediocre business is in trouble. Great managers will make good businesses great."

3 PROTECT THE DOWNSIDE. While sweet payoffs require risk, determine the two or three things that absolutely must not get screwed up — and then *make absolutely sure they do not get screwed up.*

In buying the shipping company Horizon Lines, for example, Wender and his partners assiduously studied the future seaworthiness of the expensive 16-ship fleet. They pursued the deal only after an analysis showed an average 20-year lifespan going forward. "Figure out your biggest risk exposures," he says, "and make sure they are at least minimized, if not eliminated." **D**