

CHANGING OF THE CASTLE GUARD

BY DAVID CAREY

Justin Wender doesn't fit central casting's image of the rising LBO star. With his genial, mild manner, he resembles director Ron Howard more than a Gordon Gekko wannabe. But within his firm, **Castle Harlan Inc.**, he's known as an extremely astute dealmaker with strong leadership skills and a consensus-builder.

On June 1, those attributes earned Wender, 37, the presidency of the 19-year-old middle-market New York buyout firm. The latest promotion, coming two years after he was named chief investment officer, cements his status as heir apparent to John Castle, 65, who co-founded the firm and remains its chairman. As president, Wender succeeds Leonard Harlan, 70, the firm's other co-founder and its second-ranking partner.

At an age when many of their peers have retired or reduced their hours, Castle and Harlan both will still work full-time. Indeed, Castle and Harlan took their sweet time to map out succession plans, remarks one of the firm's limited partners.

"What they used to tell the LPs was, 'We're not going anywhere, we come from good genes and we plan to be here for the next 15 to 20 years,'" one

investor recalls. "That's not what LPs wanted to hear." But this LP said he is "unequivocally" satisfied with the firm's anointment of Wender, whom he calls "very sharp."

As president, Wender will help set compensation and involve himself in hirings, firings and promotions. Harlan will chair a new executive committee and says he will continue to help source deals and oversee Champ Private Equity, the firm's Australian operation.

A native New Yorker, Wender graduated cum laude from Carleton College in Minnesota and picked up his M.B.A. from Wharton. He worked two years as a financial analyst at **Merrill Lynch & Co.** before joining Castle Harlan in 1993. Over the years, he led or co-lead Castle Harlan's buyouts of the steakhouse chain **Charlie Brown's Inc.** and other restaurant sector deals; **Ames True Temper Inc.**, a maker of lawn and garden tools; and **Truck Components Inc.**

Wender credits Harlan and, especially, Castle for sharpening his investing style.

"Going back to his days at Donaldson Lufkin & Jenrette [where as CEO he launched DLJ's venture capital and private equity operations], there are very few people who have owned or run as many businesses as John Castle," says Wender. "He's had a tremendous impact on my vision of how to look at companies."

In particular, he says, Castle taught him to zero in on "two or three critical

questions" about a business. He also gleaned a rule of thumb: "If you need more than two or three things to go your way, you probably shouldn't be making the investment."

Since its founding Castle Harlan has acquired 43 businesses with a total enterprise value of more than \$8 billion. It's now investing its fourth fund, a \$1.2 billion vehicle that closed in September 2003.



Wender: heir apparent?



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