

Georgia's Business

Episode # 330 Transcript

(MUSIC)

Richard Warner:

I'm Richard Warner, welcome to this special edition of Georgia's Business. This week we present the first in a series of profiles of Georgia's enterprising entrepreneurs. These are dynamic leaders who've made a mark by building their own companies. Our show this week being taped in front of a live studio audience including students from the J. Mack Robinson School of Business at Georgia State. In our first installment this week we present Frank Argenbright, whose Georgia-based companies employ more than ten thousand. Joining us now with background on the company and the man, is our Marina Kolbe.

Marina Kolbe:

Thank you Richard, Keep Moving Forward, would seem to be Frank Argenbright's motto. He's learned from the past and applying those lessons to his current business's advantage. In 2002 he founded AirServ Corporation to provide outsourced business services to aviation clients. AirServ has grown to more than 8,000 employees. In 2005, he founded a sister company, SecurAmerica to provide commercial security services. I recently met him at an employee appreciation event, where it became clear that this is a man who makes things happen!

(Frank Argenbright Video)

(Applause)

Richard Warner:

And we welcome Frank Argenbright, good to have you here.

Frank Argenbright:

Richard, thanks for having me.

Richard Warner:

How's business?

Frank Argenbright:

It's great. I got to tell you I brag a little bit. But AirServ, my aviation services company earned the right of the number one fastest growing company based in Atlanta in 2005 for the previous three years revenue growth. And then equally as important SecurAmerica my commercial security company earned the right of fastest growing company in 2007 based on the previous three years.

Richard Warner:

This is organic growth...

Frank Argenbright:

Organic growth...

Richard Warner:

Which is the hardest kind...

Frank Argenbright:

Absolutely.

Richard Warner:

You know I see a pattern here, I see with AirServ and with then two companies that follow. There has to be a culture that you create within an organization as the guy at the top. Describe that. What environment do you create that allows that kind of growth to flourish successfully?

Frank Argenbright:

I would probably describe it as passion, persistence, passion, persistence, and perspiration. You try to hire the best, sharpest people and drive them for success, give them the opportunities to succeed.

Richard Warner:

What's the process for that then? I mean I imagine every CEO we've had here would want to say the same thing. But there is a process that leads to results.

Frank Argenbright:

Well base employees, the rank and file, we go to great lengths to hire the best possible people, pay markets rates, and then we promote them. We recognize them. We reward them. We make them feel like they're part of the family. So the average employee on a scale of one to five if you really take good care of them and make them feel like they're part of the family they'll produce, they'll become a seven. So we try to drive them up to a seven by making them feel like they're part of the family. In recruiting management team, we'll recruit at universities. We'll recruit undergraduates. We'll recruit MBA's. We bring them in and we say you've got to have at least a BS degree and that has nothing to do with Bachelor of Science. You know we recruit fancy...

Richard Warner:

They're in sales...

Frank Argenbright:

Exactly, we recruit, I wish I could say different, but that's the truth. We recruit fancy schools. We recruit not so fancy schools. But it's all about Monday, Monday when the gun goes off is it what are you going to do to be successful. We look for three types of people, people that make things happen, people that watch things happen, people

wondering what happened. The latter two don't really get hired. But we have a little trick as far as...

Richard Warner:

Yea, what's the trick?

Frank Argenbright:

The trick, I don't want to tell too many people this but...

Richard Warner:

Don't worry, this is between you and me...

Frank Argenbright:

We bring these young students in and not trying to take away from the MBA's that are in the room or the undergraduates in the room but you hire them. You tell them what you need. And on Monday real quickly when they're sitting there, they're all fired up, you turn out the lights real quick and you look for the ones that have the blow torch eyes. And you'll just look out there and if there's twenty of them in the room there'll be four or five of them with the blow torch eyes. Those are the ones that are going to drive past...

Richard Warner:

What motivates these people? You've got ten thousand people and I'm wondering to what extent money, you say you pay market rate, obviously you got to do that but...

Frank Argenbright:

We do pay market rate. You know it's interesting. It really isn't about the money. I mean I'd argue probably at our level it's a little bit more about the money but it's really about the recognition. It's about being the best of the best. We want to be the best in the world at what we do. And we try to hire the best in the world. And it's all about results. We will pay for the best, but we expect them to produce. And if they don't produce then they don't make it with us.

Richard Warner:

What mechanism do you have to measure results?

Frank Argenbright:

Well we have all kinds of metric systems set up with much smarter people than me. You know I'm just looking for you know can they operate well and then can they sell the customer. And if they operate well and the customer loves them you can keep the business for life. If they can only do operations, they're worth a certain amount of money. If they can only do sells, they're worth a certain amount of money. But if they can do their, they can do both they're worth their weight in gold.

Richard Warner:

The Frank Argenbright story is really in chapters. And it reminds me of that Frank Sinatra song, "That's Life," up and down and over and out. And so rewind to when you

got the five hundred bucks together and started a polygraph company back in the mid 70's. Did you have a vision, a blueprint of where that was going to go?

Frank Argenbright:

I'll start the vision probably a little bit before that. This is 1966. And I'm graduating from high school, a little country town called Madison, Florida. And I'll have to put this in perspective. My mother was my history teacher, my senior year. I had to take her. She failed me. My own mother failed me. You know I remember talking to her, I said mom, you know the fact that you're failing me, her best friend is my English teacher, I didn't do, she gave me a D, Ms. Fog, at least she took it care of me. I said you know you're going to cause me to graduate from high school with a 1.9 average. I mean a 1.9 average even today is not real impressive as far as college and universities are concerned. So she said what do you think you ought to get. I said well how about a C or a B that would cause me to at least graduate with a 2-0. She said but you earned an F. I said well that's sort of irrelevant. I mean you are my mother. But anyway, it didn't work. So I had a 1.9 average. But I vividly remember I'm sitting on career day and I can tell you exactly who was on the front row. Well first we had three people talking. We had a banker, a lawyer and an attorney. And the only think I figured out very quickly is when it's all said and done they charge by the hour, so in my mind rich people charge by the hour.

Richard Warner:

Yea.

Frank Argenbright:

And on the front row was Mary Helen Carsted, Florence Kordy and the other A students. And I'm on the back with Howard Drew was on my right, Kenny Walker's on my left, because we've got 1.9 average. I mean I'm saying how am I ever going to ask them a single question? How am I ever going to go forward? I'm going to be poor the rest of my life. But a couple of things hit me. My father who was a feed salesman, he always sort of talked about the people in my little hometown, they were the rich people. And you know he didn't really like rich people. Because he said rich people...

Richard Warner:

Because he wasn't one...

Frank Argenbright:

He wasn't one, that's right. And he worked it with his hands working with cows and chickens and things like that which is an honorable profession. But I remember he said rich people drive Cadillac's, they don't work, and they belong to golf courses. And I'm saying, you know I go to my mother and say momma what's wrong with that? I mean can you help me, can you help me, can you help me out with that? So I decided well I at least need a college education. So my mother said, good news is junior college in Madison has to take you because you've got a 1.9 average. But she borrowed some money, sent me away for the summer to Eckerd University where they do these body of tests to help kids with potential. You know potential; I mean 1.9 average you've got

much more potential than somebody with a 4-0. So I remember I went through this battery of test with a psychologist and psychiatrist, guy smoking a pipe. And I remember he brought me in after all these tests and he said Frank he said you know have a seat and he's still smoking this pipe of course this is in the 60's. He said you know you have similar interests to first orchestra leader. I'm thinking, ok, second farmer, I'm saying well I worked on a farm so I don't understand the value of those two tests. But he said the problem that we've got here today is that your IQ's just not high enough. And I'm sitting there, I mean, you know I'd been told I was stupid all my life so that really didn't bother me. I mean I learned later on that I have ADD...

Richard Warner:

But that still defines you when you have some authority figure telling you that.

Frank Argenbright:

I mean I'll throw you a little bit of a curve ball. You know the guy's smoking a pipe and he's you know he's got, and I said well you're not going to kick me out of here, I mean my mother had to borrow money to get me here. He said no I'm not going to kick you out. I'll let you finish this. So anyway I went back to junior college. The fact that I'd dated the president's daughter had nothing to do with the fact I graduated 2-0. And then you know Florida State or University of Florida had to take me. So I went there and I decided to be a criminology major, went into criminology. Somebody said why did you say criminology? I said well you know they shoot pistols, I shoot pistols. And I heard it was crimp course and maybe I could pass. So I went on academic probation right out of the shoot. And that's not a good thing. But I found out that you could take clay, turn it into pots, they call that art. And I could go over and I could talk because I can talk fast. I would go over there and I could talk art. And I could get a B or a C in art but I couldn't do very well in criminology but I graduated with a degree in criminology. And the reason I went into to polygraph, I'm coming back to that, just to finish up. I wanted to be an FBI agent there I only hired lawyers or accountants, remember I keep losing out to lawyers or accountants. And so I had a job waiting to go into the military selling cameras at Eckerd Drugs, had to take a polygraph test. Polygraph, gave me a polygraph test. He said what are you doing with a criminology degree. And I told him my little story. He said you ought to think about polygraph. I said why would I want to do that. He said you can charge by the hour. I said oh my god rich people charge by the hour...

Richard Warner:

I'm going into polygraphs...

Frank Argenbright:

So that's what I did. So I'd like to say it was some philanthropic reason but I just wanted to be a rich person charging by the hour.

Richard Warner:

So you bought a polygraph machine with the five hundred bucks?

Frank Argenbright:

That's right. And later on I got myself a Cadillac too.

Richard Warner:

Did you join a golf club?

Frank Argenbright:

I did join a bunch of golf courses.

Richard Warner:

Hey well there you go.

Frank Argenbright:

I've belonged to a bunch of golf courses. Not a very good golfer but I understand the value of golf though.

Richard Warner:

We kind of need to fast forward then through years that wound up with a company through acquisitions and organic growth that goes public, which must have been an adventure in and of its own. And I say that because at the same time, the best of times are also the worst of times. You discover a health crisis.

Frank Argenbright:

That's right. I took my company for to 1994 we hit a hundred million in revenue. My next goal was to build a billion dollar business. So I brought some really sophisticated business executives on board with me which I obviously was not one. And I was convinced to take the company public, took it public in '97, about a 140 million revenue. And we're going around doing these dog and pony shows. I mean where you're dealing with all these fancy...

Richard Warner:

Same thing over and over...

Frank Argenbright:

Fancy, the MBA's and all this. You know and they would bring me in because they know I'm not the fancy talker and I would come in, be sophisticated, and I would say a few words, then press a little button and they'd bring me out and my team would come out and we'd talk that. Well this is '97, we're going to road show. Well at the time I owned 70 percent of this company so very substantial part of it. And then I find out I've got breast cancer for goodness sake right during the road show.

Richard Warner:

Which is a serious situation for a man...

Frank Argenbright:

Well...

Richard Warner:

Not that it isn't for a woman...

Frank Argenbright:

It threw me for a little bit of a curve ball. First that it's breast cancer which you just can't imagine that a guy don't normally have breast cancer. So then I had to go have a mastectomy and then I had to go through chemo therapy. Well when you're on the road show I did over Thanksgiving Holidays had my mastectomy and there were excuses why I didn't do that. And we finished the road show before I had my actually before I had my mastectomy. But in meeting with customers and all I didn't want to tell people that I had you know breast cancer. So I would go take chemo therapy and I would put an ice bag on my head so I wouldn't lose my hair. So nobody except the people right around me in the office knew that I was taking chemo therapy. After I had my mastectomy and of course your weight goes up and my weight fluctuates anyway, so they said Frank I guess you're living well because your weight goes up.

Richard Warner:

Well I mean the good part of this is you have a very positive trend, business wise that I presume helped pull you through the health challenges.

Frank Argenbright:

Well I have a very tough wife. She said ah forget it. You know let's go build a business here. Now that's behind you. So she's tougher than I am.

Richard Warner:

You build the business, you sell the business. The business that's in your name...

Frank Argenbright:

That's right.

Richard Warner:

And the year is 2000.

Frank Argenbright:

2000.

Richard Warner:

Again business in your name...9-11 happens. 9-11 a tragedy in its own right, your business is doing airport security. The business with your name is doing screenings of those hijackers who made it through the system and then disaster happens curtesy of the Attorney General of the United State. What happened?

Frank Argenbright:

Well leading up to that I had said that I wanted to get to a billion dollars. You'll find out that I'm fairly goal oriented. I actually didn't in fact hit the goal. So I got another chore to do with my other companies. But we did get to 980 million. So we're 980 million

revenue, we're 52 thousand employees world wide, in about 204 offices or airports around the world. We were the world's largest aviation security company. We had 40 percent of the U.S. market. Our stock, we missed our number, we hit our numbers 11 straight quarters, stock we had 42 dollars a share, we thought it was going to go to 100 dollars a share, we missed our number, stock tumbled. So my summation of the public arena, I know you didn't ask me this but my summation of the public arena is that there are 8 things that can cause your stock to go up and you can control 4 of them. And there are 283 things that you can that will cause it to go down and you can control 4 of them. So I decided that I wanted to take my company private. So I made a play to buy back the Argenbright companies. And I was unsuccessful in that and a large, second largest security company in the world actually out bid me so I had to sell my own company. And so we closed the deal December 2000. December 200 we closed the deal. I was told because your names on it at the very last we want you to be before we close the deal we want you to be a consultant for a year, 2001.

Richard Warner:

December 2001

Frank Argenbright:

Exactly.

Richard Warner:

You're on the pay roll.

Frank Argenbright:

Exactly. In January they obviously didn't want me to have anything to do with the company. They paid a lot of money for it so they sort of patted me on the head but they just kept sending me and my consulting...

Richard Warner:

But you're under contract. You do have an agreement.

Frank Argenbright:

I am under contract. We have a buy sell agreement. So September 4th, which is an interesting time prior to September 11th, there was an e-mail sent by the CEO saying Frank is now left the company. I didn't work for it anyway but I was a consultant. He's gone, we have a new CEO. His name is David Beaton. He's been replaced. September 11th takes place. My old company screened two of the airplanes, the one that went down in the field and the one that went into the Pentagon. The news media if you can imagine was all over it because it was Argenbright Security. I would have been the logical person to of defended the screeners. And I was immediately notified by lawyers, you can't talk to anybody, if you do any interviews you will be sued and...

Richard Warner:

By us I presume...

Frank Argenbright:

By them, by them. And since I still had 51 percent of the public stock, the share holders could have lost up to 20 million dollars. So I had to sit and allow Argenbright to get beaten up and couldn't do anything to defend the great screeners that were there.

Richard Warner:

Ashcroft. Basically comes after you personally as well as your company and legally you can say nothing. And how do you keep from flying apart?

Frank Argenbright:

Well we had hired, we had some dishonest employees in 1994 that had hired some people who had had felony backgrounds, absolutely dishonest, they shouldn't have done it. They got arrested three of them. One of them went to prison for 3 years. The FAA checked all, at the time, 40 of our airports and it was not done anywhere, it was not part of a company at all. We had to pay a fine. It was a horrific time for our company. So when...

Richard Warner:

And for you...

Frank Argenbright:

Well obviously for me. I mean it was one of the blackest days of my life to have three dishonest employees do something as bad as that. Now no planes were taken over, nothing happened that hurt anybody but we were gotten we were able to get rid of the people. So when Ashcroft came in and trying to find who's to blame, let's go after the screening companies. It was logical to go after Argenbright because we were the world's largest. I would argue with you that we were the gold standard. But we were the world's largest. So if you're going to take out anybody you go after the largest company. And in fairness the British company that bought Argenbright would not defend Argenbright at all. So it was an easy target and no one would defend it when they came in and said here are some bad employees working at Argenbright and Argenbright Securities is not a great company.

Richard Warner:

And this impacts you how?

Frank Argenbright:

Well you know...

Richard Warner:

How honest can you be?

Frank Argenbright:

Put aside you know money, you know you can always make more money but the one thing I've been most proud of I can make fun of my you know about my learning disabilities and my you know my problems and how hard I worked and that. But your

reputation is everything. And that was everything for me, the pride in the employees that had been with me for some of them 20 years and to be being beaten up in the media, trying to defend them, can't do it. And then they end it with on November the 9th in an effort to try to keep Congress from putting in the TSA and doing away with private screening. The company that purchased my company decided to terminate me on national TV. I didn't work for them, didn't have anything to do with them but on all the stations from Kathy Couric to Good Morning America it was today we are replacing Frank Argenbright, isn't it true that you fired Frank Argenbright today, yes today is Mr. Beaton's first day at work. I didn't work for them, didn't have anything to do with them. There wasn't anything that I could do about that to defend myself.

Richard Warner:

We've heard the story of your two companies at the moment. But tell me the story about how you got the money to start those companies, going around to the network you had and saying please help.

Frank Argenbright:

Well in just finishing up you know the 9-11 situation I couldn't do anything in the year 2001 because of this gag order and this agreement. So I waited until January 2002, file suit against the British company, they paid me 5 million dollars not to say anything. And they let me out of my no compete agreement in my aviation services business, which allowed me...

Richard Warner:

Seed money?

Frank Argenbright:

Five, well I would like to say seed money but I owed so much money prior to that most of that in selling houses and things like that went to pay off the banks. So I virtually had no money. So I went to some personal friends of mine, local gentlemen here named Joe Rogers, who owns Waffle House.

Richard Warner:

Waffle House, sure.

Frank Argenbright:

And I said you know I'm going to start a company and he said you know we want to be part of that. So they helped me get started. And I'm proud to say just last month I paid them all off.

Richard Warner:

The lesson, I got a minute, the lesson in life when someone is looking from the bottom up and wondering if they can ever get back, what was the lesson you took from that period of your life?

Frank Argenbright:

Well I guess, it's like I said make things happen, watch things happen, wonder what happened, I mean it is all about making things happen. I am obviously very passionate and I do what I've got to do. I mean it's survival. You put the best people, you hire the best people, you support them, you give them all the support they need, you drive them, you take care of your customers and the customers will take care of you. I can tell you, all the airlines, all the airlines after 9-11, every single one brought me and my employees back. I've got 10 thousand employees now in both companies and over 2 thousand of them used to work for me in my old companies. So the airlines, the customers said we know you've been scapegoated, we know your employees have they opened up with their arms, even through the survival and the bankruptcies of the airlines. Virtually an other issue we didn't even talk about, you say how did business go last year well that's not bad, 90 percent of my customers went bankrupt. I mean that will throw you a little bit of crump. 90 percent of AirServ's customers went bankrupt, all the airlines. And what happened, the airlines, I could have easily have taken the company in bankruptcy if they hadn't supported me. But they said Frank we've done this to you, we're going to help you through that. And so the customers took care of us because we had taken care of our customers.

Richard Warner:

Did you ever think of giving up?

Frank Argenbright:

Oh no I've still got to build a billion dollar business. I failed the first time...I mean I've got to go do it a second time. I mean I've got a long way to go, maybe I'll dye my hair but I got to go build a billion dollar company here.

Richard Warner:

Well Frank Argenbright, quite a story. It is awesome to have you with us.

Frank Argenbright:

Richard thank you.

Richard Warner:

And thank you all very much for being with us as well.

APPLAUSE

(TAKE 2 ON THE SHOW CLOSE)

Richard Warner:

Frank Argenbright thanks for being with us. Thank you to our audience members who joined us this week and also thank you for watching. Every week, Georgia's Business brings you face to face with successful CEOs. And this year we're going deeper than

that, profiling Georgia's Enterprising Entrepreneurs in this series of broadcasts that include a live audience of business professionals and business students. For this week, I'm Richard Warner and for all of us at Georgia Public Broadcasting, till next week, don't sell yourself short.