

Georgia's Business

Episode # 330 Question and Answer Session Transcript

Richard Warner:

This is our version of Ophra's after the show. We've just completed a half interview with Frank Argenbright who's chairman and founder of AirServ and SecurAmerica a thirty minute telecast of Georgia's Business. We have an audience here from the J. Mack Robinson College of Business at Georgia State University and we're going to take questions. These are unscripted, unrehearsed, no net but Frank you've already been through the half hour on television so this will be easy I'm sure. We'll start with our first questioner, go right ahead.

Question 1:

Great, I'd be really interested to know I would assume as CEO you have to possess a strong level of competence in all the fundamental areas of business, be it operations, or marketing, or sales, or financing, the question for me is which do you think is most important and then secondly how did you develop or how did you grow in your knowledge in each of those fundamental areas to the point where you can kind of look down from above but each one and make educated decisions?

Frank Argenbright:

Boy that's a lucky, you gave me with two questions...

Question 1:

Which one is the most important...

Frank Argenbright:

I've got ADD and I've got dyslexia so let me (laughs) ...You must be an MBA student (laughs) ...You have to be on account of the question like that. The truth of the matter is I'm not a sophisticated business person. And when I realized to go from 15 million to 100 million I was sort of capable of doing that. So I'm sort of sitting at 100 million taking a billion, I really wasn't capable of doing that so when I recruited a guy his name is Ed Mellit, he was an MBA, he was an MBA award, a hot shot at Pepsi Co, hired away by a little company called Coke, rose up to be president of Coke USA, president of Coke Europe. So since I owned the company I decided to call myself chairman co-CEO, call him vice chairman co-CEO. And so I would describe our partnership as I was top line, he was bottom line, he was the brains and I was the brawn. Truth of the matter is I'd be in there and people would say what do you know about finance, I don't really pay a lot of attention to profit. I mean I shouldn't be saying that, it is all top line driven. It is organic growth. I pay other people to do that. If they don't do that they don't stay with me very long. I have very smart financial people around me but I really don't honestly don't understand that. I took a management course at Georgia State by the way with my wife. She got an A and I flunked it (laughs). I mean that is the truth. So of those things the only thing I know how to drive is I drive top line and operations. If the customer isn't happy I'm not happy, people lose their jobs.

Question 1:

Thanks.

Richard Warner:

We did not touch on this as we were doing the show, releasing people, I mean one thing that I can sense in your answer was you don't have any problem doing that when the conditions warrant. You have to be good at that. Did you have to get good at that?

Frank Argenbright:

Well the nice thing, you own your own company. You understand when you own your own company the ultimate decision maker's me. And if I don't make it, if I find out that someone's keeping the company from growing then that person's hurting everybody else, everybody else's ability to grow. So in the old days they would refer to me I guess as the Terminator. I wouldn't want to think that I'm that way but if I hire people to do a certain thing I expect them to do it and I reward them well, if they don't do it then I will give them a couple of warnings, give them a fair chance but then I will terminate them. I mean that is a tough call but you've got to do it and somebody has to do it. So I don't like doing it but when you do it the next day the birds are chirping, the world's a better place the customer's happy because you say they didn't succeed. But the one's that succeed really when it's, deep down people want to with a winning team...

Richard Warner:

Oh yea.

Frank Argenbright:

And they know when people aren't producing. And so you're doing everybody a favor by moving them down the road.

Richard Warner:

Next question, go ahead.

Question 2:

Hi. I wanted to know besides the material rewards, what deeply motivated you to press on through all your trials and tribulations, and then why the aviation industry?

Frank Argenbright:

Ok. I think that was three questions. (laughs) Let me try this out. The aviation industry was, it is about this complicated. I was doing polygraph work, in the little, I got a free office space in the Sheridan Hotel near the Atlanta airport doing polygraph tests. And somebody came in and said you know what too bad you don't know anything about the bus business. And I said what do you mean? Well that new airport right across the street, Delta Airlines, Republic Airlines are putting out their bus contracts. So I said great. I found someone who knew something about buses. I paid them to put together the contract and I got it. So maybe it was absolutely opportunistic. I mean I knew nothing about airlines. And that's the way I started. And before that the passion, you know I wish that my daughter who is the opposite of me, she's my little left wing, pay co

communist daughter. My daughter would say my father's too materialistic. And I would say sweet heart that's true, I mean I just sort of grew up poor and I'd say, I'd hate to say that my drive was in the old days was about sort of making money. I mean I wish I could be much you know much better about that and I'm still waiting for Mazola's need hierarchy so we have this money that you can go out and do great things. And I do want to do great things. But it is really about, it is really about the team, the management team we've got now, most everybody's been with me, one guy's been with me 28 years. So I mean the second time around is pretty sweet. And we and we had some bad things done to us. And you know pay back can be even sweeter. So revenge is probably a good answer too. (laughs)

Richard Warner:

Go ahead.

Question 3:

You mentioned you have ADD. I have ADHD myself. What did you find to be most difficult either academically or professionally for you?

Frank Argenbright:

Academically, I never passed an English course. I made a comment earlier that my mother's best friend was Mrs. Fogg, English teacher. She gave me a D one time, rest of it she failed me and she said, Frank let me tell you something with all the little deals you've got going on because I was always selling stuff and doing deals. And she said you going to probably make a lot of money one day but she said you better have a great secretary. (laughs) So my secretaries, when I came to Atlanta, I got myself a secretary, I said what did Coca Cola pay. And that's what I got because I have great secretaries. So people just think boy he's very sophisticated because of that. So academically it is awful. I'm a ferocious reader of magazines, because they have pictures. I can't read books. People will give me books and they'll say here's this great book, I want you to read. I used to take it but I can't read it. So I would say I really honestly can't read books. So it's just quick bites. Now on the other side of the coin once I found out I had ADD with hyperactivity and I threw in dyslexia, so I mean if you really want to talk sort of foaming at the mouth retarded (laughs) I mean when my wife has sent me to the grocery store and give me a list of ten things, I'd get the first you know I'd get the first and last thing. When I'm talking to people with ADD I do think it gives you a distinct advantage because I think the world is sort of made up of hunters and farmers and we just sort of think of ourselves as farmers. So I think, I had a guy, a professor one time, I loved it, whether it was true or not, he said you know Frank, he said you're not very sophisticated, he was talking about marketing, he said you're not so very sophisticated and you're certainly not you know real educated, but he said you do have RLC. And I said what does RLC mean? He said Rat Like Cunning. (laughs) So maybe if that had something to do with ADD then I'll say that's a positive thing.

Richard Warner:

Does that mean that your mind is always racing and that you're dealing with this but you're checking your e-mail and you're doing things while somebody's standing there and you're infuriating them because you're not giving them your full attention?

Frank Argenbright:

It is like, it's like zzzz, you know when everybody says sort of in slow motion. I mean it really is you know (snaps fingers), I mean I like, if you see around the people that I'm around it is quick and it is fast. It's quick or faster. I'm not going to say smarter because I'm not. But it is, your mind unfortunately you can't stay focused, less than about 30 to 40 minutes...

Richard Warner:

Well you did great here for 27 minutes...

Frank Argenbright:

Thank you for that.

Richard Warner:

Go right ahead.

Question 4:

My original question was about how you made the transition from polygraph to airline security, you talked a little bit about that, what was it in your mind that allowed you to make such a shift, because that seems like a really drastic shift?

Frank Argenbright:

Oh that's a great, great answer. You know how college professors stick to your knitting. I mean we've all heard that right? I mean I'm polygraph business. My goal was to be the world's largest polygraph company, because I worked for the world's largest polygraph company. So by 1986, I'm doing about 8 million in revenue. I am the world's largest polygraph company. Ted Kennedy and the labor unions decided they wanted to do without polygraph. I was chairman of American Polygraph Association and polygraph got outlawed, 1986 we got sort of put out of business. So I didn't have a whole lot of choice. Fortunately, I didn't listen to the professors that failed me. And when I got into the bus business I started diversifying. So fortunately, when I lost the polygraph business I could say the government put me out of business one time, I was the world's largest polygraph company. I was also the world's largest aviation company. They got me, you know they got me there. In ticket checking, recently, TSA just took over ticket checking, guess who's the world's largest company in ticket checking at airports? So it wasn't, it was simply opportunistic. I mean you just take the hit and you just you know move on, fortunately, I had diversified. So with my learning disabilities I can't stay focused on one thing, so if you just sort of got five things going on hopefully out of those five maybe two will hit. Don't tell anybody the rest of them. They think you're a success. They don't realize you fail three out of five times.

Richard Warner:

Go right ahead.

Question 5:

Hello, you mentioned earlier 9-11 as one of your biggest, one of your biggest challenges. So my question to you now would be as you grow your company to one billion dollar business, what challenges are you facing today in aviation security industry?

Frank Argenbright:

Well there's aviation security is sort of no more existent for companies like mine in the U.S. because the TSA's taken it over. Now it is interesting because in the European arena and in the old days the European arena was considered a much higher level of security. We were the world's largest aviation security company; we were also the largest outside of Europe. Most of our employees in Frankfurt for example spoke three languages and had college degrees. So it is interesting. In the U.S. it's in sourced. And in outside of the U.S. it's you know they're looking at out sourcing it. So I don't think there's any opportunity for me to grow in the aviation security business. Commercial security, I plan on doing that.

Richard Warner:

Are we safer today, in the airport, on a plane?

Frank Argenbright:

You know I, the answer is, the answer is yes. People said to me about you know about 9-11 and if I'd ask the audience right now what is your perception of what happened in 9-11? I would argue to say 90 percent of you would say those screeners let those box cutters get through screening, get on the airplane, they took the plane down. I'm here to tell you they didn't go through the screening locations. They just simply didn't do it. They went on the plane on September the 10th, not through the screening locations. If in fact what I'm saying is true, then your perception is well wait a minute, if the screeners didn't let the box cutters, which would have been approved anyway, because they were less than 3 and a half inch blades, but that was the bad, the bad boy in the whole thing was those terrible screeners let those weapons get on board those planes. I'm telling you they didn't get through screening. It is illogical for 20 people that are going to die that day and only 19 die, that day for them to go ahead and put box cutters in their pockets to try to get through screening when they could just take them and put them on the airplane the day before by carrying them on the plane. So if in fact that didn't happen then all of a sudden 30 thousand good screeners lost their jobs for no reason.

Richard Warner:

Are you saying that they got on the plane going other ways circumventing security?

Frank Argenbright:

In my opinion absolutely, they were put on board, one of our ex employees, didn't work for me because I sold the company on September the 10th caught four people going through an employee door by passing screening, stopped them, kicked them out because

they didn't have proper uniforms on, September 10th. 2 of them he identified as the terrorists. So if you're a terrorist and on September 10th you're in Dulles walking around in a secure area, why would you not put something there, come back out and go through screening the next day and run the risk of getting caught. So...

Richard Warner:

I hadn't heard a whole lot about that.

Frank Argenbright:

Because they're not, there not been anything heard I would be the one...

Richard Warner:

Guy, go ahead.

Frank Argenbright:

Sorry....

Question 6:

Yea, I am a small business owner and I noticed you were talking about networking and what a strong network you have. I was wondering if you have any comments on that any good advice on networking?

Frank Argenbright:

Networking? You know people ask me about starting your business and what's the first thing you can do in starting your business. I mean you know I'm not going to beat up any college professors but if you ask the perfect college scenario it would say here's what you need to start your business, well educated, well capitalized, and well conceived. And you say what's well conceived mean? Well bread, I mean rich parents right? (laughs) I mean that's perfect, that's a perfect sort of three scenarios. Well if you don't have one of those three then I call it just get yourself a contract. Like I went out and got myself a Delta bus contract, didn't know anything about buses, went to Georgia State because I was taking a course at night called Endangered Species a Small Business Plan. I went to my professor and said do you by any chance do consulting, didn't know that was the only reason he was there. I paid him 75 dollars an hour for three hours to look at my bus contract that I had already signed. And he said Frank you're under capitalized, don't do it. Yea, ok, great. I mean that really helped me out a lot. So the way I look at it, I came back to it, don't know a lot about numbers but I understand sales. And if you get yourself a contract and you do a great job and you find a great bank that will work with you and drive through it, that's the way you start your business. And you take care of the customers; the customers will take care of you.

Question 6:

All right, thank you.

Richard Warner:

Go for it.

Question 7:

Right now the economy's not as good as it was back in the 90's, how does that effect your business?

Frank Argenbright:

Well last year 90 percent of my customers went bankrupt. That's a slight, I mean that does, that does mess you up a little bit. But they've come out of it. The airlines aren't doing great but they're doing a lot better than they were last year. The good news for us, the ones that survived and a lot of vendors like, a lot of contractors like myself you know didn't survive it. But the good news is they were able to get out of a lot of contracts, union contracts, I hate to say that but when they were able to get out of contracts, we could take those contracts over, save the airline 50 percent and do a substantially better job than the people were doing before, substantially better. So we were able to A, lost money last year but getting a lot more business because of that. So it's through tough, you know you've just got to find a way to survive the tough times, everybody can survive, everybody can do great in a great economy.

Richard Warner:

Frank Argenbright ladies and gentlemen. (Clapping) There you go. You passed.

Frank Argenbright:

Thank you Richard. I appreciate it.