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5 QUESTIONS FOR THE BOSS

'You got to carry more to the table than appetite'

Herman Russell discusses ingredients for business success.



Herman Russell built his company into the 15th largest black-owned business in America.

By Henry Unger

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From a shoeshine business at 12 to building one of the largest black-owned businesses in the country with \$250 million in annual revenue, Herman Russell kept nurturing his entrepreneurial passions through good times and bad.

Growing up as the youngest of eight children in segregated Atlanta to a father who owned a plastering business, Russell was an early student of hard work, saving money and taking calculated risks. Before he turned 40, he owned nearly 2,000 rental units, a property management company and an insurance agency.

Russell built his construction business brick by brick — first as a subcontractor and then as a general contractor, joint-venture partner and project manager. Among the Atlanta buildings that H. J. Russell and Company helped construct are Coke, Delta and Georgia-Pacific headquarters,

the Carter Center, Georgia World Congress Center, Georgia Dome, Turner Field and Philips Arena.

Russell, now 83, recounts his story in a new book, "Building Atlanta," set for release April 1. In a recent interview, he recalled important moments in his life, including what the Rev. Martin Luther King Jr. asked him to do for the civil rights movement.

Q: Where did your entrepreneurial drive come from?

A: My mother and father were my shero and hero. My father had a plastering business. At a very young age, I had to work there.

At 12, I started a shoeshine business where I also sold Coca-Cola and shoelaces.

Back in those days, I faced some tough segregation. When I was 14, I went in front of the Atlanta City Council (known then as the Board of Aldermen) to ask for the rezoning of a lot that the city owned so I could expand my business. I got nervous in front of all the white aldermen. I also had a stuttering problem at that time.

One of them looked at me. He used the n-word and asked, "Why can't you shine shoes on your front porch?"

That's when I was reborn.

No child 14 years old should have to be faced with that issue. It motivated me. I was determined to make a difference.

Q: After graduating from Tuskegee Institute, you took over your father's business. Where did you get the money to expand into other ventures?

A: My daddy was up in age and turned over the operation to me. He owned real estate and had \$12,000 in the bank, which was a lot of money back then.

I got capital (to expand) by saving my money, dating my (future) wife in a pickup truck. When I finally got ready to buy a car, I could pay cash for it and buy a half-dozen more.

I didn't keep up with the Joneses. I lived with my parents until I was over 30 years old and got married. I'm cheap and proud of it.

I built rental housing units. They needed insurance, so I opened an insurance agency. I saw another opportunity to start a mortgage company. I bought control of a bank.

One business fed off of another. And diversification reduced the risk from any one business.

Q: How did you manage all that?

A: People. I never want to hire people who are as dumb as I am. I want to hire people who are much sharper.

Q: You were low bidder on many construction projects, which helped build your business. What else helped?

A: You got to carry more to the table than appetite. There's no free lunch.

I don't care how much you want to get in the game, there's one thing you have to remember. You have to have bonding capacity, and that's what we had. We had enough capital, which is important. In joint ventures, I put my pro-rata share of money in.

We also did quality work. We brought in the job under-budget and on time.

We had to be superior. If not, the word would get around that you did poor workmanship. You had to be very good because that made a difference in people doing repeated business with me. People won't do that if you mess up the first time.

Q: Your business success helped the civil rights movement. What did you do?

A: Dr. King used to say to me when he came to my home to relax and take a dip in the pool, "Herman, we're not going to let you be arrested because you have bonding capacity to bond hundreds of people out of jail."

I'm a born entrepreneur, and if Dr. King wasn't called to be a civil rights leader he would have been one of the best entrepreneurs I ever met.

He realized that if you don't have the resources, the money, that you could not improve the quality of life for people.

Bonus questions

Q: What were your biggest mistakes?

A: I was 16. I bought land from the city. Since I paid cash, I didn't call someone to survey the lot.

One day a guy came by and said, "Do you know you have built this house on my lot?" Then he showed me.

I said, "I'm so sorry. Can we exchange lots? They're the same size."

"Yes young man," he said. "If you have that much courage to do what you've done, we can exchange lots."

That was a lesson learned. I could have lost the whole thing. Do your homework. Pay attention to details.

Q: Any other memorable mistake?

A: You don't make money from every deal you touch. And sometimes you miss an opportunity.

I turned down a chance to invest at Jimmy Carter (Boulevard) in Gwinnett during the early stages of its development. That was a terrible error.

Q: You've turned over the operation of your businesses to your three children, but you're still chairman. Why?

A: I get high every day and I'm not using drugs. I get high off the satisfaction of what I do. I still go in (the office) two or three hours a day. I love what I do.

Q: How much of a role did luck play in your success?

A: I want to say God. There's no way in the world that I would be where I am today if God didn't send his little angels down to take care of me.

Russell's remarks were edited for length and clarity.