Ancestor to several boutique banks, Bowles Hollowell Conner raised the bar for middle market service.

LIVING LEGACY

Chris Williams and Hiter Harris co-founded Harris Williams & Co.

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There are certain firms that become a breeding ground for entrepreneurs and consequently new firms. When Bowles Hollowell Conner & Co. (known as BHC) opened its doors in 1975, the firm was just that. Firm founders Erskine Bowles (who later became President Bill Clinton's White House chief of staff), Thomas Hollowell and Charles Conner had the foresight to see that the M&A market was growing — not just with larger deals, but rather the opposite. An increasing number of smaller deals were proliferating, and Wall Street didn’t seem to care much about them. In the mid-1980s, there were only about 25 middle market private equity funds. Today, there are 2,500. BHC seized on the opportunity and created the first boutique investment bank dedicated to the middle market. The firm specialized in advising companies with annual revenue of between $30 million and $500 million and did so with superb service. Looking back, some argue that BHC’s high-level service was better than that of its much larger bulge-bracket brethren.

During the process of building a legendary investment bank, the founders hired scores of professionals who had the entrepreneurial itch. Indeed, the founders of BHC had a knack for hiring strong talent. In 1993, Harvard Business School published a case study about the firm’s recruiting process. The majority of the people that worked at the firm realized that BHC focused on its employees, which in turn pushed them to do their best.

“"In the mid-1980s, there were only about 25 middle market private equity funds. Today, there are 2,500."" The culture at Bowles Hollowell was different,” says Hiter Harris, co-founder of Harris Williams & Co. and a former BHC team member. “The words ‘middle’ and ‘market’ hadn’t really been put together yet. The firm emulated some of the best banks in New York, but it was also innovative. It was based in Charlotte, versus New York, and the founders really focused on the people. Everyone there was learning,” Harris adds.

In 1998, BHC was acquired by First Union, and then in 2001 Wachovia bought First Union. In the end, some of BHC’s hires left before the bank was acquired by First Union, and others left after. Many went on to launch successful middle market investment banking firms. Additionally, scores of associates left the firm to go to work at private equity firms, such as Advent International, the Audax Group, Berkshire Partners, the Carlyle Group LP (Nasdaq: CG) and Olympus Partners. The following is a look at some of the successful firms spawned by BHC and the legacy the bank has left behind.
Harris Williams & Co.

Harris Williams has solidified itself as a go-to firm in the middle market. Co-founders Hiter Harris and Chris Williams both came out of BHC. Friends since Harvard Business School, Harris and Williams were recruited to BHC in 1987. At the time, there were eight professionals working there. It was the first year the firm had actually recruited in a formal way. The firm had just hired Steve Cummings from Kidder Peabody to come on as a fourth partner, and he started the associate and analyst programs and the recruiting process.

“It was about doing exceptional work, but it was also about quality of life and family. It was unique,” remembers Williams.

Today, Harris and Williams try to run their shop similarly to how BHC operated. The founders focus on hiring the best talent and keeping them happy. Since Harris Williams & Co.’s founding in 1991, only a handful of people have left the firm. What’s more, the firm has now grown to 215 people.

“Our goal was to serve clients well, hire the best talent and enjoy working together. We took these things to heart and knew success would come later if we followed these basics,” says Harris. “For Bowles Hollowell and for us, it’s about the people. We don’t have a lot of assets, and our assets go home at the end of the day. You have to create something special to keep people wanting to work hard.”

“Bowles Hollowell saw the value in providing services to middle market companies when not too many did at the time.”

Adds Williams: “Both firms were founded by people who were entrepreneurial. It drives our culture as it did theirs. These are very important roots. Our experiences there helped us realize that we wanted to be deep in the middle market. We saw more money coming into the asset class from the limited partners and recognized the opportunity.”

During the Richmond, Va.-based firm’s early years, Harris Williams worked with what were then considered small shops, such as the Riverside Co. and Linsalata Capital. Today, Harris Williams still works with these firms and other private equity firms and major corporations. The firm completed more than 75 M&A transactions in 2012.

“We had very humble beginnings. We shared a computer and office, but the seeds for something great were planted,” muses Harris.